

**Toyota Production System**  
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**Module No # 04**  
**Lecture No # 17**  
**Role of Leaders in Manufacturing Philosophy**

Welcome friends. So, now, we are moving into the third part of the Toyota Production System, we are moving to another important area of Toyota production system which is you can say the third P of Toyota Production System first 2 P's we discussed and the foundation is philosophy, where we discussed that how long term vision is required and once you have that long term vision and you are not looking for short term immediate gains, then only you can take the benefit of Toyota production system.

So, the excellence cannot be achieved by following the shortcuts, that is the message of this long term vision you need really need to work hard and work hard consistently over a period of time, then only you can achieve the highest level of success. So, that is the basic understanding on which other P's are there. Then, second P we focused in last minute sessions that was based on process the idea was that if you follow the right process, right product will automatically come.

So, the focus is on process and when you develop the processes, when you empower your processes, when you strengthen the processes, your output will accordingly be of the standard. And therefore, we discussed around 7 principles for improving the processes, how to strengthen the processes and with that idea with improving the processes, we address the issues related to waste where waste minimization, waste elimination was one important focal area.

If our processes are better, waste will be less and accordingly quality will be better. So, that was the idea we discuss with respect to second P. And second P of Toyota Production System was also more about various tools and techniques. In the beginning of our discussions, we discussed the concept of house of Toyota production system and in that house of Toyota production system.

We discussed that in many organizations when we are going for implementation of TPS, when we are going for implementation of lean manufacturing, the focus remains only on that process

aspect, how to implement 5 S how to implement JIT, how to implement Kanban. So, only those you can say superficial aspects are implemented, but superficial aspects are incomplete without they are grounded properly into the philosophy of Toyota production system.

Now, in this session, we are moving to third important P of Toyota production system that is people and partners. Now, when we are talking of people and partner in our last session, when we were talking of adopting the reliable technology, we particularly emphasized if you remember on a particular aspect, that was your adoption of new technology should add value to your people.

So, that is the importance that is the significance Toyota gives to the people and that is why Toyota is a different type of culture, then rest of the other cultures in the automotive industries.

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### III "P" of TPS

Add Value to the  
Organization by Developing  
Your People and Partners

III P

Because this is third P of Toyota production system. So, what does this third P or this P of people and partners says that add value to the organization by developing your people and partner. So, that is the third P and we need to do that kind of processes, we need to adopt those kind of technologies, those type of systems which help us in strengthening in improving in adding value to our people and partners.

And if we can add value to people and partner if a worker working at the shop floor can also speak philosophy of your organization that is the real value addition for the organization. That

means you are able to convey you are able to develop a system where each employee from the top to the bottom understand the concept of organization why what we are delivering to the customer, we are delivering car to the customer or we are delivering his solution for his transportation requirement.

So, once you once even a small employee in the organization once the shop floor worker also understands who all the time are busy with respect to nuts and bolts can also speak about the philosophy of the organization that is the greatest strength of Toyota production system. So, that is where we are going to discuss next few sessions on the third P of Toyota production system, the principal on which we are going to discuss in this session that is the principle number 9 of Toyota production system.

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### Principle 9:

Grow Leaders Who Thoroughly Understand the Work, Live the Philosophy, and Teach It to Others.

And this principal 9 of the Toyota Production System says that grow leaders who thoroughly understand the work live the philosophy and teach it to others .That means we need to develop we need to create an environment in which we can develop leaders from within the organization and that is a very important thing. Because you see plenty of examples in this session also we will talk you see plenty of examples where we borrow leaders at the top position from some other organization.

They are the parachute leaders they are not grounded well in the philosophy of the organization and therefore, they have limited success in taking organization to the world class level because

you are not successful you are given a time of 1 year 2 year then what happens you will be replaced by a new leader. And therefore, there will not be any long term vision for the organization.

Each leader comes with his or her own idea and he also brings some lieutenants with him and they all try to implement that idea it may get success it may not get success and when it does not get success, then that entire team is replaced by a new set of commander and his or her lieutenants and therefore, organization is not moving on a consistent path it will always follow the zigzag kind of path because of new philosophies are being coming from different leaders.

So, the Toyota principles say that grow leaders, those who are understanding your philosophy in a thorough manner, what are your values? For what values you are living? If you make some American, the CEO or important leadership position in a Toyota organization, that American may not be able to live the values for which Toyota is known. So, unless until Toyota creates leader from within Toyota culture cannot survive.

So, that is one important thing that you need to grow leaders who are well versed who understand your values and they can live your philosophy and they are not only living that philosophy, but they can also propagate your idea they can also teach they can also train the successors. So that is series of leaders can be developed within the organization. So that is this principle on which we are going to elaborate.

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- In Many top organizations, top persons such as CEOs are brought in from outside to turn around ailing companies.
  - They bring in a group of their own handpicked outside lieutenants to help in the turnaround.

Now, we see that in many top organizations, top persons such as CEO's are brought in from outside to turn around ailing companies if you are running a low performing organization, if you are not doing well in the market. So the first thing what you would trying to do that you will hire some top persons from some good company and you expect that they are coming with some kind of magic in their heads they are going to turn around your organization.

So, this kind of myth is there in the market that these people they have some magic in their hands and they will help my organization to get immediately from red zone to green zone. But it is not possible all the time. It is very difficult. And you highly have some success stories like concepts Lee Iacocca that is one rare example where Iacocca change the fortunes of Chrysler. But it is not a day to day basis that if you hire somebody from outside, he or she is going to change the fortune of your company.

So, what they actually these top persons who are being hired from outside as I am saying that they bring some of their confidence. So, that with the help of those confidence, they think that they are able to implement their ideas. So, that way, the entire new team of the top management is being replaced and when new team is there, they implement new kind of philosophy, new ideas and that is where we will see that most of these organizations are not going to achieve the success for which they are hiring these top level people.

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## Automotive News: The Newsmakers of 2002

- **Bill Ford (Ford CEO):** Talks up revitalization, brings back Allan Gilmour, promotes David Thursfield, and stars in TV commercials. But it's tough out there. Ford Motor stock remains mired in the \$10 range.
- **Robert Lutz (GM Executive VP):** At 70, former Marine pilot inspires GM's troops and revolutionizes (and simplifies) product development, giving car guys and designers a bigger voice.
- **Dieter Zetsche (Chrysler Group President):** Turns the Chrysler group around a year early with three quarters in the black.
- **Carlos Ghosn (Nissan President):** Perennial newsmaker produces more incredible results at Nissan. U.S. market share moves up again. Ghosn truly deserves to be called the Mailman. He delivers.
- **Fujio Cho (Toyota President):** Toyota president presides over rise in operating profit to industry record. Takes lead on hybrids. Grabs 10 points of U.S. market. Joins with Peugeot for plants in Eastern Europe.

This is a list of some of the top automotive news maker from the year 2002 this magazine, automotive news published annually the list of newsmakers for that particular year. So, this is from the 2002 issue of this magazine. Now if you see that 5 persons are named in this list, and these are Bill Ford, Robert Lutz from which who is from GM than Dieter then Carlos and only one name is there Fujio Cho.

And you see that all these names and Fujio Cho there is a difference between these names and this Fujio Cho that all these names, who were the automaker's of that year, and the Fujio Cho that that Fujio Cho is a Toyota men and he was in the Toyota company since long and all other people 1234 they were actually hired for changing the fortunes of these companies Ford, GM Chrysler and Nissan.

So, there are some commonalities in 1234 and this Fujio Cho to that is the last name that was a person who was groomed like a leader within the Toyota. Now when we see that when 4 persons are there, who were hired from different organizations, for improving the ailing organizations. So, now, why we are talking that leadership needs to be developed within the organization, what type of benefit it provides, if you have leaders within the organization.

So, that will be seen, if you read about what were the achievements of these people, when they were named as newsmakers. Now, he talks of Bill Ford, the CEO of Ford brings back Allan Gilmour promoter David Thursfield and stars in TV commercials, but it is tough out there. Ford

Motor stock remains at around dollar 10 per share at that time, though Bill Ford was basically from Ford company, but his career was in doldrums some time he worked for Ford, then he moved to GM. And then again he joined Ford company.

So he was not a very consistent in his tenure, he was coming and going. And even at the middle level in the Ford, His performance was not up to the mark. But since he was from the Ford family, so he was given the position of CEO, but despite because I am saying that he was not that much insider, because he spent considerable time outside Ford also. So even though he was named as automaker, but his performance was not up to the mark.

So that you can say that he achieved something remarkable, though he tried, but nothing great happened for Ford company in that year. Then came the GM executive VP, Robert Lutz. So, he was like a very much outsider to this company. He was very successful marine pilot and he actually tried to give you can say a lot of motivational speeches, motivation and analyzing the top management of GM, but nothing great happened other than giving lot of his speeches.

So, that also was not very successful example. Similarly, because we need to run faster we had the cases of Chrysler Nissan, here also these people could not achieve much thing, though, to some extent, the Nissan President delivered some success and he moved from the low credibility which Nissan was having during these days to make it a more credible organization more reliable organization.

But this person Fujio Cho he was a very important thing, he created the industry record for getting the operating profits. So, that is something where we have highlighted his name in the green, if you see because he actually created something tangible for Toyota and he was totally insider person from the Toyota and you can see this is just a small list, but you can see many such examples that those who are coming with the philosophy in that organization, they understand the organization much better, rather than somebody who is dropped from the top to overlook the organization.

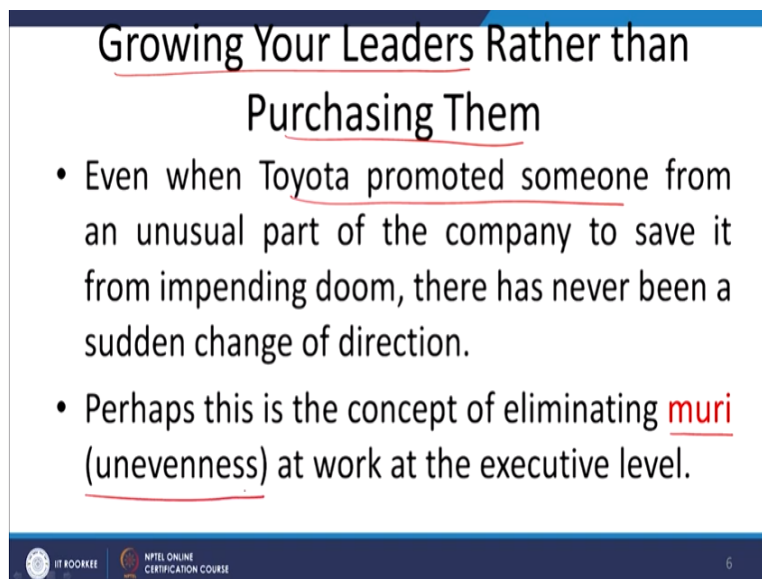
I am particularly talking in terms of Indian organizations, where this problem is even more severe. Many a times, if we see our public sector organizations, we get a lot of chairman, managing directors who are from the inside of the organization, and those chairman and

managing directors, if they are from inside of the organization, these organizations achieve a higher level of success.

For that purpose if I talk in terms of BHEL so BHEL, as an organization which is Maharatna PSU, they have considerable consideration for this very aspect that their CMD should an insider, large number of their CMD'S are always groomed within the organization. So, that is you can say one of the reason of their success that they know what are the values of the organization and I have seen some of the educational systems also where the top positions are given to somebody who is not related to that organization.

And good organizations are being ruined, because of wrong selection of the top people. So, this is very important that your leadership should we develop the within the organization and they will be doing justice by adding value they will be having some kind of believe in that value system and this will further strengthen the culture of the organization.

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Growing Your Leaders Rather than Purchasing Them

- Even when Toyota promoted someone from an unusual part of the company to save it from impending doom, there has never been a sudden change of direction.
- Perhaps this is the concept of eliminating muri (unevenness) at work at the executive level.

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So, we say that we need to grow our leaders, rather purchase them. If we are hiring somebody from the outside, it is said as that we are purchasing the leader and when we have a culture that we have a proper succession planning, were leaders are automatically coming to the top. So that is the meaning of growing leaders within the organization. So, it is a normal system at Toyota and when you have this type of system in the organization, it will also help you in eliminating a particular type of waste if you remember and that waste is of Muri.



So, the Muri means unevenness so when you are purchasing managers, when you are purchasing CEOs, leaders for your organization, so, different leader will come with different type of ideas. So, some time the leader will say go to east so the entire organization is moving into east tomorrow a new leader comes that leader will say go to north. So, everyone is going to the north, the new leaders joints that will say go to west everyone starts moving to west. So, we keep changing our direction because of new leaders joining my organization and that is creating unevenness in the performance of the organization.

We will follow different direction during the tenure of different leaders. But if we develop leader if we grow leader within the organization, then what will happen then this Muri will not be there because they all know what are the values of my organization and accordingly we will continuously work in the same direction there will not be any issue with respect to change of direction of work of my organization and this Muri at the execution level will be eliminated.

So, by developing the leader inside your organization, we are also addressing it is not a philosophical issue, but it is also getting translated into the elimination of waste that is Muri that is the unevenness. So you will be able to solve this problem when you are growing leaders within the organization.

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## genchi genbutsu

- Deeply observing the actual situation in detail.
- Leaders must demonstrate this ability and understand how work gets done at a shop floor level within Toyota.

Now, this concept is also known as this idea of growing leader within the organization not hiring top managers or top leaders from the outside that is a Japanese term known as a genchi genbutsu. Now genchi genbutsu means that you are deeply observing the actual situation in detail you have since a long extinct in the organization. So, you are able to deeply observe that what is happening in the organization.

You are perfect person to otherwise you are sitting at the top and you will not be able to understand what is happening at the ground. So, because you are thoroughly into the organization, so, you are able to adopt the concept of genchi genbutsu. So, and here you can demonstrate the ability and understand how work gets done. And it is very important if a leader is not able to demonstrate that yes, I also know how to do work by hands.

And when you have this skill, this ability automatically you get extra power then everybody starts following your instructions. But if people below you, if your subordinates know that you are dependent on them to get this work done, that it is very difficult to propagate your idea to propagate your philosophy. So, it is very important that leaders to demonstrate the ability his skills and leaders should know that how the work is to be done.

And if you are having these skills, this will help you to get a better command a better power at the workplace. And since all the leaders in the Toyota are coming from the shop floor to the top level in the organization. So they are already master then only they are reaching to senior positions that yes, how to do work at this particular level. So, that is the concept of genchi genbutsu Toyota expects its leaders to teach their subordinates the Toyota Way.

So, it is a part of their working system that whatever philosophy I understand, I need to transfer that knowledge to my subordinates. So, the concept of this type are normally discussed under the classes of knowledge management, but you see the comprehensiveness of this straight away that in their leadership, they expect that we need to grow our people we need to grow our partners and how can we grow I do not want to do separate training programs for that purpose.

Rather, it should become the part of our daily discussions that knowledge which I have that I need to transfer to my subordinates. So, that is the important thing.

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- Toyota expects its leaders to teach their subordinates the Toyota Way, which means they must understand and live the philosophy.
  - Toyota expects its leaders to support the culture year after year so it can create the environment for a learning organization.

So, it needs to be told to my juniors to my subordinates, to my team members, that what is the philosophy of the organization and for what purpose the organization is existing. So Toyota expect his leaders to support the culture year after year, so it can create the environment of a learning organization. So, how the learning organization will be created, the learning organization will only be created when people actually add value to the culture.

So, when I see that, my seniors used to discuss work related problems used to discuss the philosophy of Toyota away the same thing I will do with my subordinates. So, that is the whole idea of developing the leaders within the Toyota system. And if we talk in a language of another very popular name, in the field of quality management, who did wonders in Japan.

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According to Deming's terms,  
Toyota uses constancy of purpose throughout  
the organization, which lays the groundwork for  
consistent and positive leadership as well as an  
environment for learning.



That is Deming and Deming in his quality management principles say that there has to be a constancy of purpose and that constancy of purpose can only be achieved, when you have some sort of continuity in your leadership, when you have a development program of leaders within the organization, then only that constancy of purpose can be achieved. So, if you see the Deming's principles of quality management, this constancy of purpose becomes a very important thing.

And this idea of Toyota production system is exactly matches with the idea of Deming most of the time in Toyota company there used to be presidents from Toyota family only. And in 1999, the first American became the president of Toyota Motor manufacturing Company.

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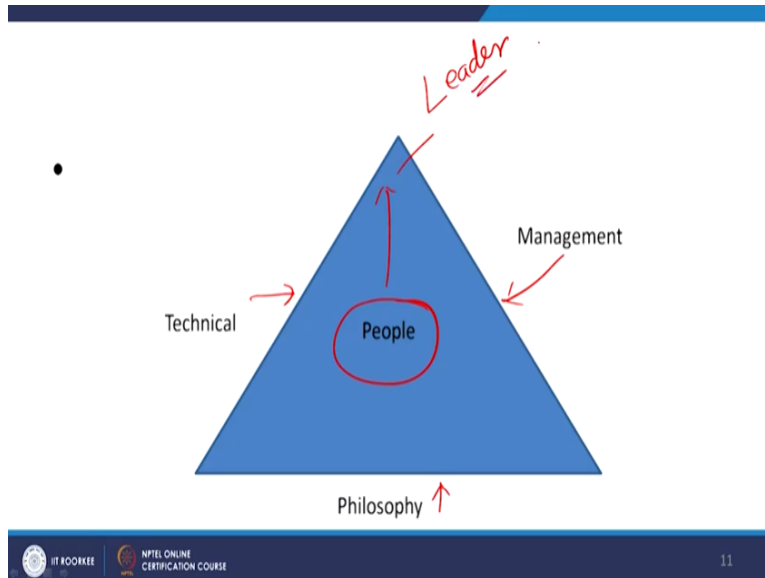
## First American President of Toyota Motor Manufacturing

- Gary Convis was named the first American President of Toyota Motor Manufacturing in Kentucky in 1999.
- It took Toyota executives about 15 years to develop Convis into someone they could trust to carry the banner of the Toyota Way, but the result was a true Toyota leader.

And his name is Gary Convis now Gary Convis when it became president of Toyota Motor Manufacturing Company, it was like a news a breaking news, because he was the first person outside of Japan or outside of Toyota family to become the president of Toyota Motor Manufacturing Company. But it also did not happen automatically, it was also not like purchasing a president before becoming president Convis was spent around 15 years of time to understand the Toyota way.

And when he perfected into the Toyota way, then was offered the president ship and he said in many interviews, that after joining Toyota, it was like, starting everything from scratch, learning ABCD of not only the professional life, but the personal life also. So, Toyota way is such a philosophy called idea that it may affect your entire personality. So, your working life and your personal life will also become tuned to the idea of Toyota way of manufacturing.

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And if we understand the Toyota way of manufacturing so, now, because we are discussing this people aspect people and partner, so, people and partner are at the center and technical things, managerial and philosophical thing all these dimensions are there to support your people. So, that triangular arrangement, the technical managerial philosophical that is to support the people in your organization and to grow people, so, that they may become a leader for tomorrow.

So, that is the purpose of this kind of support system. And when we talk of leaders in Toyota Production System, they have defined 4 types of leadership and in that, there is a typical term which is not discussed in human resource literature.

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- Managers are not just managing technology or tasks; they are promoting the culture. The absolute core of the Toyota philosophy is that the culture must support the people doing the work.

The Toyota leader and they say that, managers are not just managing technology or tasks, they are promoting the culture, the absolute core of the Toyota philosophy is that the culture must support the people doing the work. So, it has all people centric approach and initially, when this Toyota philosophy came into existence, there were many people who used to say that it is a human centric manufacturing system. Then, as I am saying that, when we were discussing the Toyota way of manufacturing.

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### The Common Themes of Leadership at Toyota



The common theme of leadership at Toyota, so, that is this Toyota leader this concept is there. And in this concept, you see that there are 4 types of leadership roles, which are being defined group facilitator, bureaucratic managers, builder of learning organization and taskmaster. So, this Toyota leader is a combination of all 4, but in that the maximum percentage is coming from builder of learning organization.

And the least is coming from the bureaucratic managers who are following the concept of follow the manager kind of approach. So, you can say that, around 70 to 75% is those idea, who are helping you in developing a learning organization that is the major purpose of Toyota leader. Then the Toyota leader also involved equally almost in facilitating the employees that how to empower the employees and also getting the work done.

So, that is another important two areas 10% each you can say and then the least is follow the rule that is the top down directive kind of leadership role, that is the minimum component in the

Toyota leader. So, these are 4 kind of, you can say classification or top down, bottom up general management expertise and in depth understanding of worker. So, these are the dimensions on the basis of that we have 4 type of leadership approaches and all those 4 are required.

But the maximum which we expect from a total leader, that leader should be creating learning organization and he himself is a result of that learning organization. So, continuously you will get the leaders coming from your own organization, it is another indicator that if you are not able to have leaders from your own organization and you are actually hiring top managers from the outside of the organization, it means you are not a learning organization.

Therefore, only you are in a condition to get leaders from some other organization. So, automatically you understand that there is something wrong in my organizational culture if I am not getting leaders within the organization. So, with this, we come to end of this session, and we will continue this people and partner part in our next session also thank you very much.