

**Toyota Production System**  
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**Module No # 04**  
**Lecture No # 18**  
**Development Exceptional Teams**

Welcome friends. So, now we are discussing the people and partners in the Toyota Production System. In our last session, we started discussions about this aspect of Toyota production system and we discussed that how it is very important to develop leadership within the organization. If you have that culture in the organization which can promote successive leaders, then you can also eliminate the waste related to Muri.

The waste related to unevenness because of change of leadership idea of new leader may change the direction of working of the organization, your values may also change and that creates waste related to Muri unevenness and therefore, many a times workers, the executives get confused that which path to follow. And it is therefore, one important point from the Toyota that we need to develop a system where we have leaders within the organization.

And if you have leaders within the organization, you have same philosophy continuing in your organization for years and years, then only you can have long term vision for the organization then only you can eliminate various different types of waste otherwise, if you are a leader for a small period of time. So, your interest will be most of the time to achieve short time success and short term success some time achieved at the cost of long term vision.

And the Toyota philosophy is just opposite to that, that you sacrifice your short term success for the advantage or for the strengthening of your long term vision of the organization. So, all those things are revolving around people. We discussed in our previous session that people is at the center whether it is technology? Whether it is management? Whether it is philosophy? All these things all the dimensions of the triangle are actually adding value to the people.

So that you can create a learning organization and when we were talking of learning organization, we also discussed the Toyota model of leadership and in this session also, we will

devote some time to further elaborate that model of leadership proposed by Toyota and in this session, we will also focus on development of exceptional teams, there are always two issues, whether we focus more on development of teams or we focus more on development of individuals.

So, development of individual and development of teams are two aspects, so how Toyota has created a balance between development of individuals and development of teams, that also will be discussed in this session.

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- Principle 10:

*Individuals*  
Develop Exceptional People and Teams Who  
Follow Your Company's Philosophy



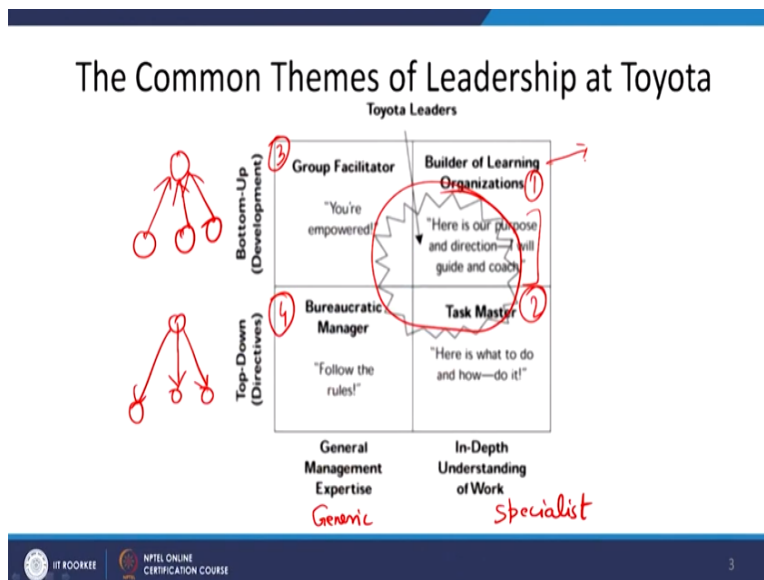
So, the principle on which this particular session is based that is, develop exceptional people and teams. So, the principle says that you need to develop individuals and teams who follow the company's philosophy. The company's philosophy is being followed by individuals and individuals make the team so, therefore, it is important to understand that Toyota has created a unique balance between the development of individuals and development of teams.

And they have very carefully designed the system that what is the role of individual and what is the role of team how both supplement each other because the unit the building block of team is individuals, but individual cannot achieve higher level of success, another individual cannot do any organizational objectives. So, teams are required and when teams are required. So, how teams importance how individuals importance need to be balanced, that is what Toyota has achieved.

And therefore, this becomes a very interesting principle also, that we need to see the growth of individuals we need to see the growth of teams and individuals and team should be able to follow the philosophy of the organization. And before we go further into this principle of development of individuals and development of teams, we like to go back to that model of Toyota leadership.

So the total leadership model, which we were discussing in our previous session, so, it has 2 dimensions. And these two dimensions are based on the communication flow, whether it is top to bottom or bottom top.

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So, it is top to bottom, you are getting instructions from this position to this position. So, that is top to bottom and this is a bottom up here you have various people who are contributing to give information to give suggestion to the senior position. So team members are giving suggestions to team leaders, that is bottom up and top down team leader instructing team members that is the directive or that is a kind of authoritative way of working in the organization.

The other aspect on which this classification is being done, that is whether you are having a more general kind of expertise, you are more like a jack of all trades. So, that is one dimension that you have a general management expertise, you are not a specialist in a particular activity. And the second part is, so, it is more you can say generic type of people and here you have in depth understanding of the work that is a specialist.

So, you have generic people's those who are in our layman language, we can say jack of all and these are the specialists who are having in depth knowledge of a particular working area. So, now that is how we classify the leaders in our literature, no on the basis of that, you have 4 type of leaders. Now, these four type of leaders are one is builder of learning organization. So, they are having the bottom up, they encourage their employees to give suggestions.

So team members are giving suggestions to team leaders and they are also specialist. So, they can help they can actually demonstrate by doing things through their hands that what is right, what is not right. So, they are acting as facilitator as well as they are also acting as a coach to their team members. So, it is a two way communication from bottom they are taking the suggestions and from top they are mentoring them, they are coaching them, they are guiding them that how to do things in more productive manner.

So, that is the one type of activity which is combination of bottom up and specialist then you have a top down in top down and specialist combination which is the second level here we just tell our people that what is to be done and how it is to be done. So, you give rules regulations procedures standard operating process for doing a particular task. So, you are more into a kind of getting work done from your employee.

So, you are a task master you know, this is the process and you have defined the process, you are now asking your employees to do or to deliver the work according to that process. So, that is the taskmaster the third is group facilitator. Group facilitator means that you have again a bottom up approach you are involving your employees, so that they are giving you these suggestions.

So, you have created a feeling of empowerment and in this because here you see at the bottom, you are not a specialist, you do not have that kind of in depth skills. So, therefore, you are creating more motivational environment, but you own your own are not able to coach you are not able to mentor your subordinates. So, that is a more like group facilitator a kind of environment.

So, that is the third category of leaders according to this classification, the least effective according to this system, the least effective kind of leadership is the bureaucratic managers that is the least effective approach where neither you are empowering your employees you are trying

to become authoritative yes, this has to be done. And at the same time, because you do not have any kind of hardcore skills, you are like a generic expert.

So, you are not able to coach them you are not able to tell them how to do things. So, that is bureaucratic approach, just simply follow the rules, I will not tell you how to do things, but rules are there and you simply need to follow and deliver according to rules. So, that is the least effective kind of approach in this classification. So, Toyota way of doing the business, the total leadership is mostly influenced by the type one leaders who are builder of learning organization.

So, if you see this diagram, in this, we have actually going through all 4 quadrants, but the maximum presence of this circle is in quadrant one, when you are influenced by that idea, where you are empowering people also where you are helping them also you are coaching them also you are guiding them also. So, it is like a Toyota leader is more like a builder of learning organization.

But at the same time, Toyota leader has some characteristics of facilitator as well as of the taskmaster and it has least characteristics of bureaucratic manager. So, Toyota leader is a combination of all 4 types of characteristics. So, you are a builder of learning organization, you are a taskmaster you are a facilitator also as well as you are a bureaucratic manager, but the ratio in which these characteristics are required in a Toyota leader that is very important.

So, we require maximum 70 to 75% of the first type, then we require a for second and third 10% - 10% each and just 4, 5% of bureaucratic approach is okay when only you are doing some kind of routine activities. So, in that case, you can say that follow the rule and deliver according to rules, but it is a very comprehensive way of understanding the leadership in a manufacturing organization and not only manufacturing organization, but in other kinds of services and office work also that we need to create a learning organization.

And since we are discussing right now, the individuals and teams, so, the learning organization will be created when you have learning individuals and learning teams. So learning individuals and learning teams will help us in making a learning organization. So, let us see that how those learning individuals and learning teams will be created.

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## Developing Excellent Individual Work While Promoting Effective Team Work

- All systems are there to support the team doing value-added work.



And for that purpose, we need to see that first in this principle we say that we need to develop excellent individual work and at the same time, we need to promote effective teamwork. So, in the same line, we are saying both the things individual work, excellent individual work and effective teamwork, both are required. And for that purpose, we say this important line that all systems are there to support the team doing value added work.

So, if you remember this diagram, where we have people you have technology, you have management and you have philosophy. Now, in this particular case, we need to develop this system that is supporting the value added activities with respect to individuals with respect to team. Now what does it mean? That if as an individual, I am working in a Toyota plant, you meet many people who are working in different organizations.

So they say that okay, it is good and there is nothing great about the organization, you are doing the work routinely, nobody is troubling you get salary on the first of the month, you get a regular promotions, you have a proper system of perks, but still you are not happy with the organization, why? Because the human being is an intellectual person and we will only be happy when we become a learning entity.

When something is added to us regularly and that essence Toyota understood very well that for creating a good environment, good culture, we need to add value to our employees to our people to our partner, therefore, this people become the center point for the Toyota work.

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• But teams do not do value-added work. Individuals do. SHG

• The teams coordinate the work, motivate, and learn from each other. Teams suggest innovative ideas, even control through peer pressure.

But teams do not do value added work. It says who does? Individuals do because team is composed of many individuals, they make the team now, it is important that you all have excellent individuals, but as a team, they may not succeed. So, you need to see the compatibility of individuals. So that you can put them into a team if compatibility is not there. So, even though they are excellent people, excellent workers, excellent managers, excellent players in their own way.

But they may not deliver excellent output as a team rather mediocre those who are not having that high credentials with them, but as a team, they may produce much better output. But Toyota says that we need to create the excellent individuals and we need to develop that kind of system around them that this fitting of individual with individual becomes easier, we should be able to develop that environment, where we can take help of teams for some other kind of activities, and what is that teams can help in coordinating the work.

Teams will not deliver, but teams can help in coordinating the work, it can help in motivating and learn from each other. So, that is more important thing. So, if these circles are like that, these three individuals are like that, and you are putting them in a team they will not deliver. So, what is required, it is required that these are tightly hold by each other. And then as a team, they will deliver because now they are supporting each other and when they are supporting each other, they are properly coordinating with each other that is the purpose of team.

So when it is a team, the purpose of team is to coordinate to learn from each other. When we go to our routine management classes, in that classes, we have a very popular way of teaching that is the case study method. And when we use case method for our classes, the one of the important aspect of case method we say is that in lecture method, I am teaching you with an experience of let us say 22 years I have that much experience, but when I am teaching with the help of case method, and each if there are 40 students in my class, and they all have work experience of let us say two years each.

So, two years into 40 that becomes 80 years of work and then you add my 22 years. So, we all will learn with experience of 102 years. So, that is the advantage of team that each one of us bring some experience and then we learn from each other's experiences. So, our learning becomes faster or other we have more things to learn. And nowadays, it is also important that teams suggest innovative idea, even control through peer pressure.

So, because you are not individual you are in a team's environment. So, because of peer pressure also many a times your performance and your direction of movement is controlled, if you are an individual. So, there are no checks and balances with the help of teams, that checks and balances are automatically created. And therefore, if you just hold for a minute, go to a very different field of India's Rural Development, one of the model that we talked many a times that is self-help groups, because self-help groups are nothing like a team.

So, you have created a team who are having similar kind of requirements, these members of SHG they have a requirement of some petty lows 10,000, 20,000 like and no they all are taking the responsibility of each other, there is no requirement of collateral. So each other because comes the collateral for themselves and because of the peer pressure, the default rate is really very much amazing it is less than 5, 6% that is the default rate when you talk of micro financing is self-help groups.

So, why it is so, that is because of this peer pressure. So that peer pressure is also very important thing in helping superior performance from the team environment.

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- Toyota has established an excellent balance between individual work and group work and between individual excellence and team effectiveness.
- While teamwork is critical, having individuals work together in a group does not compensate for a lack of individual excellence or understanding of Toyota's system.
- Excellent individual performers are required to make up teams that excel.



Now, Toyota has established an excellent balance between individual work and group work and that is what we discussed in the beginning of this session also, that it is a very challenging task that many a time my interest and my team's interest, get conflicts, if you go back to principles of management given by Henry fuel in that also Henry fuel talks of subordination of individual interest for the larger interest or for the organization's interest.

So, organization is like team and subordination of individual interest means your personal interest. So Toyota has created a very interesting balance between the individual excellence and team's effectiveness. So, it says that the individual level we need to create excellence, we should be expert in doing what we are doing, we should have in depth knowledge. So, if you remember that diagram of leadership in that this bottom line X axis was representing two types of categories.

One was general management experts and the other were the specialist. So, Toyota promotes these specialists that you should have in depth knowledge in your subject matter, you should have in depth knowledge in your place of work, so that you can demonstrate your juniors your subordinates by doing things by your own hands. So, that is the dimension which was promoted by Toyota and when it comes to teams level.

So, your excellence is only useful when your team creates something which is of use to the society, which is use to the customers, whether it is internal customer or external customer. So, if

your group is providing something which is of use to customer, internal or external that decides the team's effectiveness, so, it is a very interesting point, that individual excellence and team effectiveness are being looked after simultaneously at the same level, that is how we create balance, you are not saying that this is to be done at the cost of this.

So, that is one very interesting point with respect to Toyota Production System. Then further it says that while teamwork is critical, having individuals work together in a group does not compensate for a lack of individual excellence or understanding of Toyota system, what does it mean? That team work is important because individuals are not creating output, it is team which is creating output.

So, teamwork is very critical, no doubt in that, but individuals lack of working because teamwork now we are saying is important, but that does not mean that you can expect somebody to perform below excellence in the team. So, teams output is also very important and every individual in the team should be working with the idea of that superior performance with the excellence.

So, teams effectiveness only when individual's ability individual's excellence is also there. So, finally, it says that excellent individual performers are required to make up that team should also excel. So, team is composed of individual and here it is important to understand that we cannot compromise the output of team because of people at the team are mediocre. So, they also need to perform at the excellence level that only teams output will become effective for the society.

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## Work Groups Are the Focal Point for Solving Problems

- In a conventional automotive plant, white-collar or skilled-trade staff is responsible for problem solving, quality assurance, equipment maintenance, and productivity.
- By contrast, shop floor work groups are the focal point for problem solving in the Toyota Production System

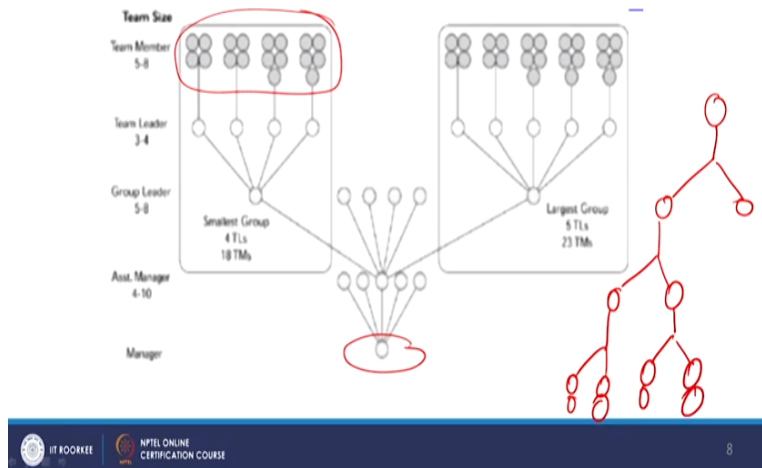
Then another important thing, which is to be discussed in this particular context, that work groups are the focal point for solving problem this is very interesting. Normally, the problem solving is done at the top and then the decisions are conveyed to the work groups here it is just opposite to that. So, what it says that in a conventional automotive plant, white collar or a skilled trade staff is responsible for problem solving.

So, those who are sitting in offices, they are considered to problem solvers and things like quality assurance, equipment maintenance, and productivity. While in the Toyota shop floor worker groups are the focal point for problem solving, they are considered that those who are facing the problem those who are actually meeting those situations, they are more intelligent about the problem.

So, therefore, they should be given the opportunity rather they will be doing the major solution component in this Toyota production system. So, therefore, if you see the working of total system, here, it is just opposite to your conventional automotive system, this diagram is completely reversed.

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## Toyota Organization assembly operation



So, now you see the team members, these are the team members, they are given the top priority they are at the top of the organization and the manager is at the lowest level. So the flow is just reversed in other automotive plan, the diagram is shown like that manager is here and then there are various subordinates under those manager and then team members will be there like this.

So, that is the conventional way of assembly operations that from manager to supervisor to group leader to team leader and then finally team members, but here you see that we have team members, then team leaders, then group leaders and then assistant manager and manager. So, this flow is giving the strength that individuals are very important and that individuals will create important output for your organization.

And then if you also discuss this particular concept in light of various motivational theories, that the relation of individuals and teams then also there are internal motivational theories and external motivational theories, some of the popular theories, which can be compared like Maslow's need hierarchy theory, then Herzberg's job enrichment theory, if you see those theories.

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## Classical Motivation Theories and the Toyota Way

Internal Motivation Theories	Concept	Toyota Approach
Maslow's Need Hierarchy	Satisfy lower level needs and move employees up the hierarchy toward self-actualization.	Job security, good pay, safe working conditions satisfy lower level needs. Culture of continuous improvement supports growth toward self-actualization.
Herzberg's Job Enrichment Theory	Eliminate "dissatisfiers" (hygiene factors) and design work to create positive satisfiers (motivators).	5S, ergonomics programs, visual management, human resource policies address hygiene factors. Continuous improvement, job rotation, and built-in feedback support motivators.
External Motivation Theories		
Taylor's Scientific Management	Scientifically select, design, standardize jobs, train, and reward with money; performance relative to standards.	All scientific management principles followed but at the group level rather than individual level and based on employee involvement.
Behavior Modification	Reinforce behavior on the spot when the behavior naturally occurs.	Continuous flow and andon creates short lead times for rapid feedback. Leaders constantly on the floor and providing reinforcement.
Goal Setting	Set specific, measurable, achievable, challenging goals and measure progress.	Sets goals that meet these criteria through hoshin kano; genjitsu deployment. Continuous measurements relative to targets.

And then if you see the external theory, the Taylor scientific management theory, the behavioral modification theory, the goal setting theory in these concepts and the total approach also, you will find that, how Toyota's approach is almost similar to the various motivational theories which are there in the practice.

In our next session we will discuss about these classical motivation theories and that Toyota way slightly more in detail that what are the similarities and what are the dissimilarities in various motivation theories and how Toyota way supports these different type of motivation theories in our next session. Here we close this session. Thank you very much.