



HOW TO LOSE

by Jim Womack, chairman of the Lean Enterprise Institute



Dr Jim Womack

*Recently, Simon & Schuster has re-issued **The Machine That Changed the World**, co-authored by Dan Jones, Dan Roos and myself 17 years ago. **Machine** is still the best description of the Toyota business system. As new CEO Alan Mulally remarked to Ford employees, “It’s the best summary of why Toyota is winning.”*

Toyota won the profitability race years ago. The interesting question for the future is how it can lose. Conventional wisdom is that it may fumble on quality (as evidenced by recent recalls) or go soft on costs or stumble in trying to make Lexus a truly elite brand or fail to gain a stable production and sales base in China and India.

If these happen, they’ll be symptoms, not the root cause. Toyota’s real future challenge is to introduce and sustain lean management and leadership at every point in a rapidly growing organisation.

Breakneck Growth

Many new employees at Toyota read Jeff Liker’s *The Toyota Way* and Jeff and Dave Meier’s *The Toyota Way Field Book* to understand the company. Toyota’s traditional way of creating managers by hiring them straight from high school/college and carefully coaching them over many years to become seasoned Toyota-style leaders is being strained severely by the organisation’s breakneck growth. There are too many new pupils and not enough mature teachers as Toyota opens new plants, engineering centres and supplier development groups world-wide.

Toyota may lose if its new managers and new suppliers’ managers revert to the old, mass-production mentality of the companies or schools from which they’ve come. If this happens, Toyota’s management performance will regress toward the mean. Instead of moving the world to embrace lean management, Toyota will become just another company. And that will be a tragic failure for us all.

Going to the Gemba

To teach its new lean managers, Toyota needs the specific methods (tools) for conducting production, product design, supplier management and sales. This is the easy part. The heart of the lean manager’s knowledge is strategy deployment originating with senior managers, A3 problem solving for line managers in the middle of the organisation and standardised work for primary supervisors near the bottom.

At every level, Toyota needs to teach managers to utilise these concepts by going to the gemba. There, they need to lead by asking questions about the true business problem, the current condition causing the problem, a better process to address the problem, who must do what when to achieve this new condition and what evidence will show that the problem has been addressed.

This means managing the organisation’s value streams by asking highly informed questions and avoiding resorting to orders on what to do next when matters seem to be getting out of hand.

Issuing crisp orders is any boss’s natural instinct. Indeed, most bosses seem to think that by virtue of their experience and authority, they should be able to solve any problem lower in the organisation. But orders from the boss rather than informed questions take away the lower level managers’ problem-solving responsibility.

This starts a vicious circle in which lower-level managers wait to be told what to do by higher-level managers who are much further from the gemba where value is created and who inherently have less knowledge of the best thing to do.

Toyota has one major advantage: it never acquires companies or facilities. It expands by opening ‘greenfield’ operations in new locations. So, if it finds that it can’t grow lean managers at the same rate as sales, it can simply slow down. My bet is that Toyota will slow down if it senses that its management values are being diluted.

‘We don’t want anyone to fail.’

The rest of us face a harder problem. We already own and operate ‘brownfields’ that urgently need management transformation. Slowing down this transformation simply makes us fail faster.

In summary, Toyota can fail and if it does, the root cause will be a failure to propagate its management system. We can also fail. If we do, the root cause will be a failure to transform our outdated mass production approach to management. We all face the same challenge!

The Lean Community members need to learn from one another about the best way to create lean managers and leaders. Sharing experiences will be a key objective of the Lean Enterprise Institute. We don’t want anyone to fail.

