

## If Toyota can, why can't we?

### Introduction

For more than 20 years Toyota Motor has provided a model for any manufacturer to admire. On any measure of quality, reliability, or efficiency it impresses observers from around the world. New projects run on time, on budget, in Japan itself as well as in Europe and North America. Its suppliers are awed on the one hand by the demands it makes on them, on the other by the rigour and constructiveness of Toyota's supplier development processes. Whilst most motor manufactures have struggled with demand and profits, in Japan as much as elsewhere, Toyota has sustained its momentum.

Many western companies and academics have studied Toyota, and most are attempting to apply parts of what has been reported, from so-called Lean Manufacture to quality circles or supplier partnerships right through to claiming to implement the whole Toyota Production System. But the relentless continuing pace of Toyota's improvement, and the struggles experienced in application by others even in small areas, has left the question still unanswered; If they can why can't we?

This paper looks at the history of the quest to catch Toyota, and makes some suggestions for leaders of organisations wanting to improve their quality and efficiency.

It is primarily intended for reading by managers about to be involved with PMI for the first time, but also with experience of application, to consider the prospects for achieving what they set out to do.

### History

It is over 20 years since the quality revolution was started in the West by a CBS television programme called "If Japan can why can't we?" Since that time most US and Western European manufacturing companies have tried to apply the lessons, with very varying success. Many non manufacturing and non commercial organisations have also been trying, some succeeding.

Most of us acknowledge that the quality of products we buy has improved greatly in the last two decades. Motor cars, domestic appliances and electronic products are all much more reliable and in many cases relatively cheaper than they used to be. In some cases reliability has improved by a factor of 10. However the everyday experience in Western companies is still very often that of pressure, chaos and inefficiencies. Managers feel they are given little credit for achievements in reduction of costs, staffing, or inventory, and for improvements in throughput times and scrap. New projects are still routinely late and over budget and often take too long to reach their intended performance. They are told that others are doing much

better and they had better look out or their jobs are on the line. So in spite of the improvements many senior managers ask with some exasperation “what has quality improvement done for me?”

What has gone wrong? Why haven't we been able to catch up? Why is the work unappreciated?

The CBS program demonstrated that Japanese quality and cost achievements had little if anything to do with their national culture, but were much more influenced by methodologies introduced by western academics and consultants, especially Juran and Deming.

Following the CBS feature, Deming maintained an aloof stance from commercial consultants, forcing his supporters to think at a philosophic level via his famous 4 Day seminar, but providing no guidance on organisational change. The biggest in-company assignments were won by others who could package an approach in language the existing managers could accept.

A decade of sometimes dramatic and expensive efforts to catch up followed, with some companies, especially Ford in the US, making good progress. Many others, though, had little if anything to show for millions of \$\$ or ££ spent and lots of specialist people appointed. To make matters worse, the best Japanese companies kept up their own improvements and hence maintained their advantage.

The work done to improve took many forms, but the most visible manifestations were huge training or project programmes, and in some cases a whole new accounting system based upon something called the cost of non-conformance. The whole movement began to be labelled “Total Quality Management” – TQM. It's not a bad title but few line managers could define what it meant. By the end of the 80s disillusion had set in, and countless programmes were abandoned, although a growing number of companies did persist. They made real progress when their line leadership absorbed the implications and made their work suit their particular company; Xerox, Milliken and Motorola for example.

From 1990 there was a rush to create so-called quality systems, and demand that one's suppliers did the same, but to no great effect on the finished product or service. However it all ensured that most managers had encountered one or other of these phenomena by the mid 90s.

A general disillusion set in, leading to the re-christening of many approaches. This often hid their generally common origins, but also ignored the contradictions that inevitably resulted from lack of attention to the detail of the thinking, and relationships to other work.

Examples of labels in the late eighties and nineties include Six Sigma, Benchmarking, Lean Production (or Manufacturing), MRPII (now ERP),

Business Process Reengineering, Business Excellence. The quest for winning awards such as the Malcolm Balridge or European Quality has helped some but not others, and those inside rarely know why. In addition most large companies have their own names for variations on the theme. Many who use the words do not appreciate the relationships and so most managers cannot see the connections or manage the synergies or contradictions.

### **The public face in 2000**

Everyone feels they have to say that they have a quality improvement programme. Thus it can be impossible for managers to admit in public – to customer or boss – that they are not clear about how they will improve faster than they are already doing. A significant number of those with academic qualifications in quality or change management have not felt able to apply them on the job. Suggestions of a different approach will normally be met by defensiveness if not obstruction; we haven't the time, the money, the people. Quality improvement is often seen as different from efficiency or effectiveness improvement; not something with which ambitious managers want to be associated.

### **What does all this mean?**

There are some key lessons of these twenty years. We have compiled the following from real experience of improvement programmes, good and not so good. It is only partial, intended to add structure and direction for managers thinking of new improvement accountabilities:

### **Toyota and Japan**

- It wasn't all of Japan that practised effective production – but those companies causing the west competitive trouble certainly did. Any search for lessons needs to distinguish between successes and failures, recognising that both can help those who would learn. However, the network of companies around Toyota, both in Japan and everywhere, provides banners for anyone seeking role models.
- Toyota and many other successful Japanese companies are not necessarily able to articulate what they did, even though they can describe what they do now. Some of the premises upon which the visitor's searching questions are asked sometimes do not appear to be understood. Often, they come from a very different set of assumptions to those which have been built in to the culture of the company.
- Toyota intends to continue to improve by applying more widely across marketing and design those same methods which are now baked into production. We in the West must understand what would get in the way of doing the same, but there's no reason to expect that a Japanese academic will be able to instruct us on the details, we have to work that out for ourselves. As Deming himself often warned, copying without theory will always fail.

### **Experience in the West**

- Massive improvements have been achieved in some cases. Some manufacturers are now producing less than 10 parts per million rejects whilst reducing costs and increasing speeds. It can be done. Jaguar cars applied the Ford quality system rigorously over several years, and climbed from being a laughing stock to a position of universal respect in customer quality surveys.
- Being able to demonstrate the use of control charts (or ISO certificates, or cost of non-conformance data etc) does not equate to a capability to improve costs and quality.
- Piecemeal programmes always fail to have the long term impact that companies need. Such programmes of education of top management, improvement projects, training programmes, communication exercises, restructuring to process based management, suggestions schemes, quality circles etc are all eventually doomed to disappoint, even if many can repay the investment made in them if properly led (if...). In most companies there is now such a tradition of programmes with varying names that have blossomed and died that any new ideas have to overcome a considerable scepticism.

### **Planning or leading the transition**

- Quality and cost performances of the level achieved by Toyota, or parts of Motorola, require radically different management structures and organisational cultures from those of the past. Single figure parts per million are not available to traditional hierarchical management and the communication processes and the underlying mindsets upon which they are based. So change in these areas has to proceed hand in hand with application of better process and project management.
- Although most staff are astonishingly resilient and prepared to give a new programme a chance, they are also much more likely to be critical of an ill conceived one. Perpetrators of such schemes may receive much criticism leading to mutual antipathy—there is now less time lag before disillusion sets in.
- Many managers feel that they have already tried quality improvement and that it does not work, so they rightly need a very careful process of exposure before they will support a new start.

### **What can PMI bring?**

PMI has been practising Deming influenced change since 1984, in the US and UK. Many of our consultants and trainers worked as directors or managers, in every manifestation of fashionable remedy in various companies and sectors, before graduating to the demanding thinking offered by Deming. Our practical experiences have led to us to a profound desire to help our clients avoid the frustrations and expense that we have seen so often. However, it also leads us to talk about change issues that few senior managers consider relevant when what they need are urgent and major improvements. We therefore combine thought with action.

We know that system and process improvement and management works when it is diligently applied. It is only applied when it is intelligently and vigorously led by line managers. Hence we propose that our work with clients should seek the following value propositions;

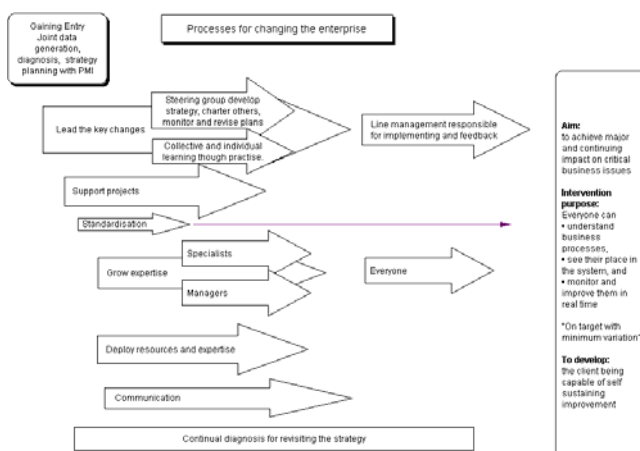
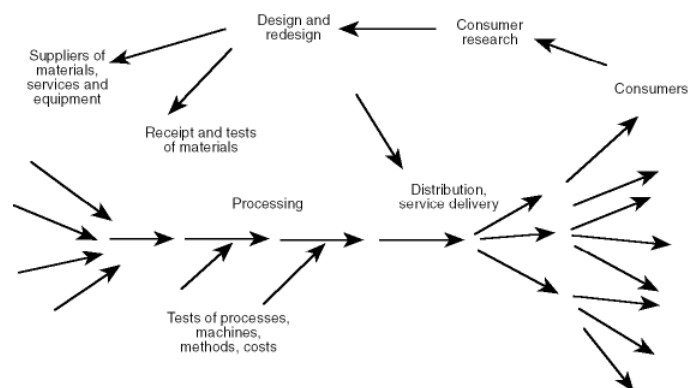
- An increase in the earnings from the organisation through business improvement.
- Measurable progress toward their strategic goals .....quickly.
- A mobilisation of their people and resources for dramatic improvement in performance.
- A capability developed within the organisation to continue further improvement when we have gone.

Use of these themes enables all to see that the effort and investment would be worth while. They are prepared to allow us to influence the change process to be different to what they first thought was needed.

## What do we propose?

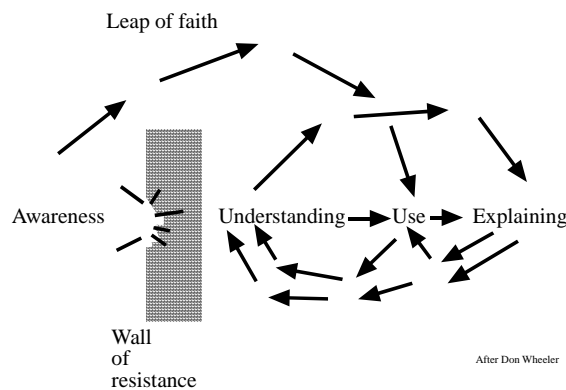
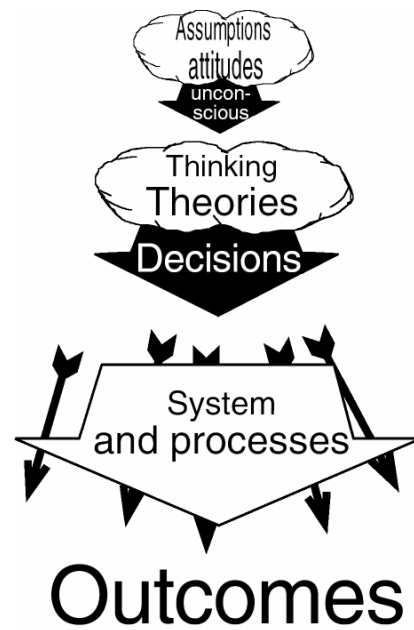
What follows is a summary of the foundations that we have built, and that we encourage new contacts to think about and do, even as they must quickly start to change their practices to improve their operational performance.

1. See their organisation as a system, determine to understand their own processes in that system, and how to monitor and improve them in real time: to get them on target with minimum variation.



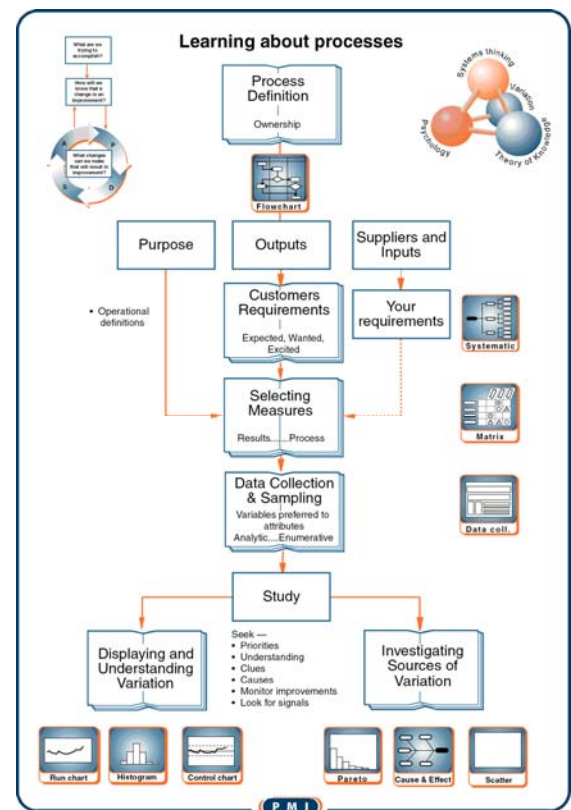
2. See the need for an explicit system for change or transition, ensure it gets coordinating leadership, and integrate the interventions they make to improve performance. Make sure that successes and failures are written up.

- Recognise that the systems they are used to (the way the company works, and the way the it has gone about change in the past) are the product of managers' thinking. If new systems are required they will not work unless the old thinking has changed...most of all the leaders' thinking, for that is what produced the existing systems.



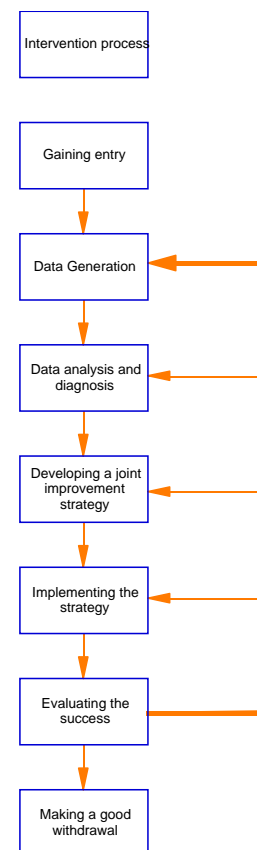
- New thinking is valueless on its own. Methods for improvement and on-going management are needed, and unless they are understood by leaders they will not be used properly. Be prepared to use new methods, and ask others to do so.

- Be prepared to practise that thinking on issues which are urgent and important. New actions will reinforce new thinking.



The change process itself can be studied and applied. Technical expertise is of little use if people will not listen to those who have it. So we ask for development of consulting and influencing capabilities in our client, and for systematic management of ourselves as consultants by our principal contacts.

All of the above can be amplified and developed but the most important thing is to get started, with guidance, drawing upon the experience which is available. After all this is precisely what Toyota did. They learned new theories from some masters and applied them. They have never stopped learning and nor should we.



Jan Gillett, Jane Seddon.  
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PMI are Organisation Improvement consultants, helping our clients to understand their whole system and its processes, and enabling them to get the best out of their people in learning how to work together to get their processes on target with minimum variation.

We have developed our consulting and training approaches since the mid 1980s to present a uniquely comprehensive system of development in the methods and behaviours required for success in system and process management and improvement.

Jan Gillett and Jane Seddon are directors of Process Management International Ltd. They have each worked with senior managers in a wide variety of organisations large and small, including GlaxoSmithKline, Airbus UK, Akzo Nobel, T-Mobile and BMW.

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