

Management Lessons from Taiichi Ohno

What Every Leader Can Learn from the Man Who Invented
THE TOYOTA PRODUCTION SYSTEM



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TRANSLATED BY BRAD SCHMIDT

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New York Chicago San Francisco Athens London
Madrid Mexico City Milan New Delhi
Singapore Sydney Toronto

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ISBN: 978-0-07-184974-6

MHID: 0-07-184974-2

The material in this eBook also appears in the print version of this title: ISBN: 978-0-07-184973-9

MHID: 0-07-184973-4.

eBook conversion by codeMantra
Version 1.0

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TRANSLATOR'S NOTES AND INSIGHTS

Many times managers ask, “How can we sustain Lean?” This book points out the need to adopt a management mindset throughout the organization, starting with management. It provides anecdotes and practical steps to ensure that both the mindset and the purpose behind well-known techniques associated with the Toyota Production System (TPS) are understood and considered during implementation.

A number of books have been written about Ohno. Anecdotes such as being told to stand in one spot, fast changeovers, and the like are plentiful. His style of management could be considered dictatorial and bombastic, but beyond the mannerisms, there are basic, overarching principles that we find very useful.

By his strength of character, Ohno demonstrates the role that the leader must play at every level of management. Integrity, example/coaching, engagement at the floor level, risk taking and willingness to experiment to find better ways, and never being defensive about confronting problems are characteristics that can be found throughout the book. Neither providing solutions nor telling people what to do was his mode

of operation. But he was never shy about confronting reality. He demonstrated that the people at the grassroots level have the capability to arrive at solutions.

This book was originally written for a Japanese audience, so it is written from a Japanese viewpoint. I have translated it the way it was written to keep the integrity of the book, and I have been careful not to edit things into or out of the original text. However, on occasion, I have added my own comments or clarifications as a Lean consultant who is living in Japan and has worked in many other countries as well. Hopefully, the comments will help drive home the truth that is written in this book, a truth that we can all use.

When I was first approached to translate this book, it started out as more of doing a favor for a friend. Once I met Mr. Harada, however, I knew that I wanted to dig deeper into what he was trying to say. Conversations with a Toyota manager that included “I hate stopwatches” and “Let them have as much inventory as they want” were intriguing, to say the least. As I started translating the book and started the e-mail flow between Takehiko and myself on concepts or the historical background to what he was saying, many things started to make sense. I realized that I had in fact picked up “fake Lean” concepts that I had had a problem with emotionally, but that I had never really had them articulated the way Harada explained them.

Looking back, I have to say that translating this book has been a sheer pleasure. The amount of time I spent on it, along with my many meetings and conversations with Mr. Harada, have truly been educational, and I have so appreciated Mr. Harada's willingness to spend his time with

me and to discuss in detail the stories behind the episodes and the principles embedded in them.

Some of the areas that I had problems with were phrases like, “In the West, they don’t care,” or, “In Japan, we think differently.” While I translated what was written word for word, it was sad to see that our Western culture is seen as “selfish” and “money before people”—both concepts that are viewed with contempt in Japan. This, unfortunately, looks more and more true for those companies that are doing Lean “just for the numbers.” The phrase “profit comes after focusing on flow,” which can be translated as “profit is a left-over after pursuing flow,” really has deep meaning.

Personally, one of the greatest gems or confirmations for me in translating this book has been the absolute confirmation that biblical values are totally in line with what makes logical sense in creating a vibrant workplace. I had always known this intrinsically, but now I had authoritative backing. I think readers who grew up with values such as “do the right thing” or “love your neighbor as yourself,” but then find that the workplace they are thrust into is not living these values, can take heart. It is possible.

Over the years, I’ve become a true believer that the results of Lean always need to be both better numbers and more smiles. Mr. Harada has certainly underlined that concept with this book, and on behalf of the whole Lean community, I thank him for it.



INTRODUCTION

In 1945, World War II had ended, and Japan was spent: spent of people, of money, of equipment, and even somewhat of spirit. At that time, a man by the name of Taiichi Ohno was promoted to manager of Toyota Motors' machine plant. Although everyone in his section opposed him, he came up with what at the time was an incomprehensible productivity improvement plan that challenged people with slogans like, "Limit the waste of overproduction and make only what is needed" and "Use fewer people," and that ended up delivering breakthrough productivity improvements.

What that involved was machines that used the jidoka concept: they didn't create defects or send them to the next process. They "stopped with an abnormality," and when the machines were on auto-cycle, people did other work. This concept was called "separating man from machine work." Laying out the processes from raw materials to finished goods in a one-piece-flow process sequence layout so that people flow and material flow happened allowed the company to make the necessary products with many fewer people than before.

When the "flow line" concept was coming into being, as Ohno was trying to limit overproduction, he took a hint from

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U.S. supermarkets and came up with the concept that the downstream process comes and takes what it needs when it needs it—now known as downstream pull. This was in the late 1940s, and it was exactly the opposite of the normal way of operating, or transporting what was finished to the next process.

Ohno named the slip to buy parts the “withdrawal kanban,” and named the slip to start production after the parts were taken away the “production kanban.” The kanban system that allows for just-in-time production was born this way.

Since that time, whenever and wherever Taiichi Ohno’s influence and responsibilities expanded, the implementation of flow and pull followed. Getting all the processes—raw materials and parts machining, and subassembly, and subassembly and the main assembly line—joined by downstream pull in a chain of withdrawal kanbans and production kanbans took him until the mid-1970s. This huge task took around 30 years!

This was the result of long years, many employees’ hard work and hardship, and people racking their brains trying to come up with the best method of moving forward. The reason this approach succeeded was because of Mr. Taiichi Ohno’s strong leadership and his stubborn persistent refusal to compromise on attaining the ideal. I believe that at the core, what drove Ohno was his gratitude toward the employees who were increasing the value-added.

As we can see, it took a lot to get the Toyota Production System going, so if someone with some superficial knowledge tries to make a half-hearted attempt to emulate it, the attempt probably will not go well, and the chances are quite high

that it will end up being a failure. To make matters worse, the price of failure will be that the employees will not listen to management anymore. An area that is uncontrolled will start deteriorating, and it will take many times the amount of effort to bring it back to where it was originally.

For those of us who were taught the Toyota Production System by Taiichi Ohno, to hear of even one place where this has happened pains our hearts.

Even companies that have been doing TPS or Lean for a long time may be at risk. Even though TPS is the method that is being used in production, if it hasn't been part of the required management training, its existence is put in danger each time there is a change in management, and it may tend to become just a set of tools. It also really saddens me when I see this.

Good kaizen creates an environment in which work is meaningful. To sustain and manage a work environment like this, it is crucial to train people in the management of a Lean organization. Please use this book to that end, and make it your mission to create a workplace where smiles are everywhere and kaizen is happening all the time.

This book is a collection of my thoughts and experiences of 40 years in trying to create that kind of wonderful workplace at Toyota Motor Corporation, Toyota Motors' Taiwan plant. I have compiled all the key points that I have learned in those years.

In Chapter 1, I have written down 15 sayings of Taiichi Ohno that I heard either directly from him or via my supervisors. I have written down what the words mean and how the Toyota Production System was deployed throughout Toyota.

In this chapter, I am hopeful that you will see the importance of the role of top management in the deployment.

In Chapter 2, I go into more detail on what exactly top management should do and how to go about doing it. Ohno really understood this role very well and acted it out. I also discuss the four stages of things, which will be very useful when visiting the gemba or the place where the action takes place.

Chapter 3 is about the role of the manager. I have written down exactly what the role of the manager at the front line should be. There are a lot of details about what the supervisor should do, but I felt that the role of the first-line management always seemed to be combined with that of the supervisor. This resulted in unclear roles and responsibilities, and I wanted to correct that.

What's also important is to understand what is needed in order to manage a Lean/Toyota Production System organization. There are a lot of motivational elements in both the production system and the management system in the Toyota method, but I see those elements being discarded. The reason for this chapter is that I wanted to underscore the importance of having a vibrant and happy workplace and to teach management how to get there.

Chapter 4 covers how one deploys the Toyota method in a foreign country that has a different culture. I am Japanese, so I wrote from a Japanese perspective. There are many things that are different between Japan and the rest of the world. A lot of our success factors can be transferred to other countries, but some things cannot be copied. Please be careful when deploying a program such as Lean or TPS.

The top management and middle management will play a very crucial role in ensuring the success of the deployment. I am hopeful that some of my detailed experiences can be useful in helping the management see itself as the main driver in creating a vibrant, continuous kaizen type of environment in the workplace.