Toyota Culture: The Heart and Soul of the Toyota Way
by Jeffrey K. Liker & Michael Hoseus

Reviewed by David W. Gill  www.ethixbiz.com

Jeffrey Liker is Professor of Industrial and Operations Engineering at the University of Michigan and author or co-author of the The Toyota Way: Fourteen Management Principles from the World's Greatest Manufacturer (2004), The Toyota Way Fieldbook (2006), and Toyota Talent: Developing People the Toyota Way (2007). Co-author Michael Hoseus is Executive Director of Toyota’s non-profit Center for Quality People and Organizations in Georgetown, Kentucky. Liker and Hoseus know Toyota inside-out and provide a massive, detailed, 562-page introduction to the Toyota culture.

In his earlier “Toyota Way,” Liker summarized fourteen principles of Toyota within four categories: (a) philosophy: think long-term, (b) process: eliminate waste, (c) people: develop long-term relationships, and (d) problem-solving: continuous improvement and learning. Now in The Toyota Culture Liker and Hoseus dig down to describe the “DNA” of Toyota, the culture which enables the Toyota Way to happen. When other companies try to copy Toyota’s lean production system, the results are often disappointing because they do not build a culture that supports and enables those practices.

In my MBA ethics courses I often point out that giving a person of weak or bad character a set of exemplary ethical principles is not going to help much. Character is basic; without character, the rules cannot be observed. So too in organizations, without the right culture, the practices and guidelines, no matter how excellent, will not and can not be carried out. “Toyota’s culture is the key ingredient in Toyota’s success as the global leader in operational excellence” (p. xxx).

Many studies of corporate culture have a “thin” definition of the subject. Liker and Hoseus have a much more robust and accurate perspective: “When confronted with a new culture, anthropologists start by simply observing how people live. They see many artifacts. They watch how people interact. . . . They listen to the people . . . and understand what this community believes and values.” (p. 5). They see culture as having three levels: (1) artifacts and behavior (what we can see), (2) norms and values (what is articulated, said, heard), and (3) underlying assumptions (what is deeply believed and acted upon). Liker and Hoseus are miles ahead of most corporate culture analysts when it comes to basic research methodology.

Liker and Hoseus point out that the starting point of the Toyota culture and way is the purpose of the company: “It is certainly the case that Toyota as a company wants and needs to make a profit, but that is not the driving purpose of the company. Rather, Toyota leaders will tell you the company exists to satisfy customers, contribute to society, contribute to the economy, and achieve long-term prosperity for all employees and partners” (pp. 52-53). The Georgetown-based Toyota Motor Manufacturing Kentucky (TMMK) says “Our vision is to be a company respected worldwide for producing the highest quality vehicles at the lowest cost in a safe environment” (p. 373). The long term philosophy, mission, and vision of Toyota drive the culture. What kind of culture will help Toyota achieve this vision and mission?

Liker and Hoseus unpack the Toyota culture as a “human systems model” which has three aspects. First is the “people” of Toyota. How does Toyota attract, develop, engage, and inspire its workforce and leadership? A chapter is devoted to each of those activities (attract, develop, engage, inspire). It’s about building a “quality people value stream” with deeply-shared purpose and values. Toyota wants long term employees who are all lifelong learners and problem solvers.

The second aspect of the culture they call “people supporting processes.” Chapters are devoted to work groups and teams, the workplace itself (clean and safe), communication channels and practices (meetings, two-way, formal, informal, visual communication), and leadership (servant leadership, challenge, kaizen, genchi genbutsu, respect, teamwork).
The third aspect of the culture is what the authors call “organizational-supporting processes.” Chapters are addressed to tools and strategies for stable, secure employment, fair and consistent HR practices and policies, promotion policies (slow, deliberate), and hoshin-kanri (policy deployment, setting measurable objectives for individual, team, and company performance).

Liker and Hoseus close with three chapters of examples from Toyota’s Lexus and Scion experiences and some good advice on how business leaders might transfer some insights from the Toyota Way and Culture into their own organizations.

The overall framework of the cultural analysis in this book is very sound and insightful. The wealth of detailed illustration of Toyota’s systems and practices is a great gift. One of the virtues of this study is its realism about differences in local and national context (Japan, USA, Kentucky, etc.). Toyota has some non-negotiable core values but fully supports flexibility and adaptation for local conditions.

It was not planned that Detroit’s “Big Three” be near bankruptcy, begging for mercy from congress, at the very time this book hit the top of my reading list. But these recent events only highlight the importance of the topic: what is different about Toyota? Toyota is (and will be) suffering from the overall economic downturn; there is no escape. But Toyota will not be on life support like GM, Ford, and Chrysler. More favorable labor costs are only a tiny part of the reason why Toyota is better off. The difference is quality products, outstanding leadership, an inspiring purpose, and a value-embedded culture. It all goes together.