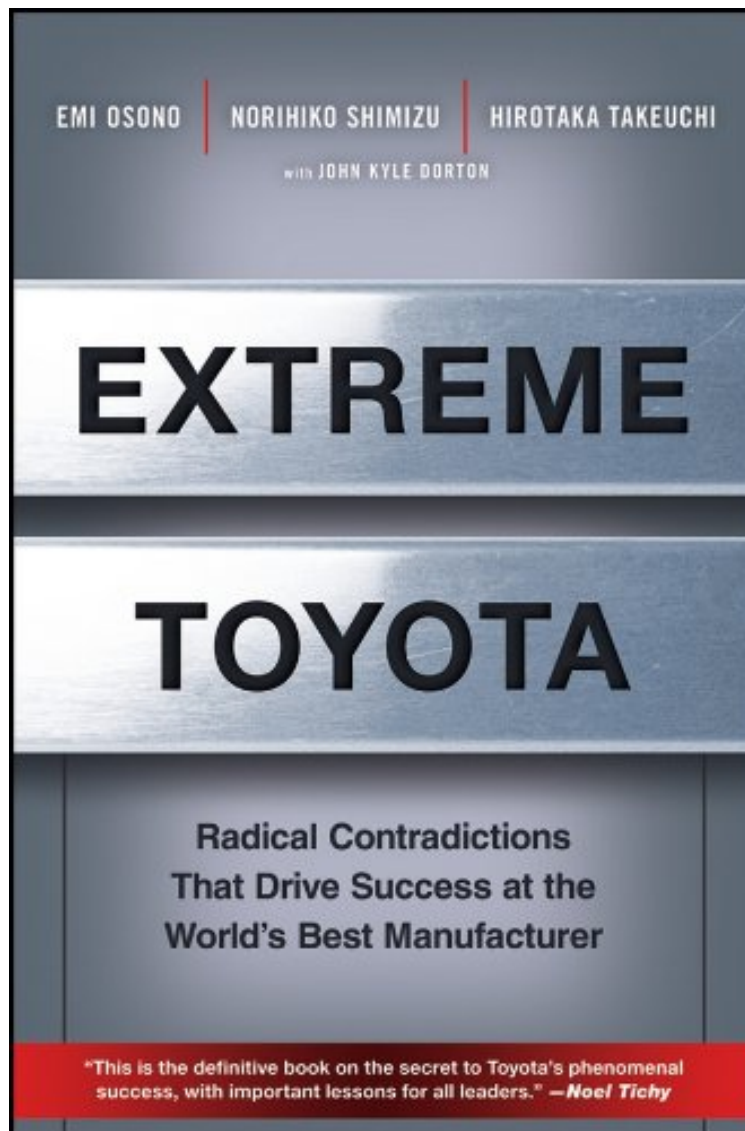


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Extreme Toyota: Radical Contradictions That Drive Success at the World's Best Manufacturer

Emi Osono, Norihiko Shimizu, Hirotaka Takeuchi
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Emi Osono, Norihiko Shimizu, Hirotaka Takeuchi : Extreme Toyota: Radical Contradictions That Drive Success at the World's Best Manufacturer before purchasing it in order to gauge whether or not it would be worth my time, and all praised Extreme Toyota: Radical Contradictions That Drive Success at the World's Best Manufacturer:

4 of 5 people found the following review helpful. Good manager level book on TPS. By GP The Engineer Having read

most of the detailed TPS books, this one was a bit theoretical. Realize it was likely written for the MBA crowd....I still find it a bit odd that Toyota subject books tend to avoid the fact that no company is perfect. Wouldn't trade the hectic workweek it sounds like the Japanese based staff work for anything. I liked the references to the CEO's push even though business was good at the time. 3 of 3 people found the following review helpful. Pretty good Toyota book full with stories

By Bas Vodde
This review is based on the 2nd re-read of *Extreme Toyota*. After the first read, I never wrote a review but I did mark the book as worth a re-read. After re-reading, I remembered why. I've read quite a lot of Toyota books and liked this one and found it insightful. *Extreme Toyota* brings a different perspective to why and how Toyota works. At times it is a bit theoretical, but then it is also full with stories about what Toyota has done. The book conceptually consists of 3 parts (these parts aren't explicitly in the book). The first two chapters are more or less introductory. Chapter 3-9 explain the forces of expansion and integration that drive Toyota. Chapter 9-11 are more conclusion chapters. The first part (chapter 1-2) is introductory. The authors studied Toyota for many years and have been puzzled by practices that seem to contradict each other. Eventually they concluded that it is these contradictions that are the key to Toyota's success. These contradictions cause Toyota to focus on expanding (expanding forces) and to stabilize or integrate (integrative forces). They identify 3 expansive forces: 1) Impossible goals, 2) Eagerness to Experiment, 3) Local Customization and also 3 integrative forces: 1) Founders' Philosophies, 2) Nerve system, and 3) Up-and-in Human Resource Management. The next part has a chapter for each of these forces. The second part (chapter 3-9) dives in the expanding and integrating forces. It explains the force and how it helps Toyota and then each of the chapters are supported by stories and case studies. Some of the cases used are: Introduction of Lexus (technically), Introduction of Lexus dealer network, introduction of Scion, Introduction of the Tundra, creation of the IMV vehicle, and more. I felt this was one of the nicest parts of the book, the many stories that were told and the many interviews that the authors had done. The last part of the book could be skipped. There is one chapter on the Toyota resource base as a foundation for the 6 forces. One chapter related to the dangers that Toyota will face in the future (according to the authors) and one chapter on what your organization can learn from the contradictions in Toyota. All in all, I found the book a nice read and gave a different perspective on Toyota than some of the other books. In that sense, I felt the book was a good read next to the Jeff Liker series on the Toyota way (though there is much overlap in stories, there is enough difference and different perspective to read both). If you are interested in Toyota then this is a book you ought to add to your list, whether it is your first Toyota book or your 50th. Worth reading and recommended.

1 of 1 people found the following review helpful. Not the critique I had hoped for, but educational nonetheless.

By Justin Hoca
My interest in this book was to better understand one of the biggest engines of economic growth where I live in central Kentucky. Most of my neighbors work on the Toyota assembly line in Georgetown or one of their suppliers in the surrounding area. I recognize the enormous economic impact Toyota has had on Kentucky, and the Georgetown plant's recent award of the Lexus is a big deal for employment and economic growth. However, Toyota received a substantial amount of local and state tax incentives to locate a plant here, and lobbies aggressively for more in order to stay here. That aspect of the company's success is untouched by the authors. I heard plenty of Toyota management stories in undergraduate business courses, some of which might be apocryphal. I also once worked at a factory that touted the Kaizen method of continuous improvement and had Toyota-inspired slogans pasted on the walls. I was curious how well the book would deal with the changing nature of the culture. At the Georgetown plant, employment production has shifted to temporary workers instead of full-fledged Toyota team members. That change either came too late for the book or was not recognized. In any case, the authors do not address the fact that Toyota did not have to deal with long-standing union-negotiated wage and pension contracts that have hindered their American-based competitors and explain much of the difference in production costs between firms. The lack of unions and the relatively low pay of executives and middle managers is mentioned at the beginning of the book, but not included in the various reasons Toyota is so successful. This book was published in 2008 by a group of professors who conducted 202 interviews with Toyota employees from top to bottom. It reads like an MBA case study, but the final product also seems a bit rushed. Several points are repeated verbatim in multiple chapters and the authors do not fully complete their points. Much of the materials can be found in Toyota's own materials, such as "The Toyota Way" handbook of 2001. Nonetheless, it's a good look at the corporate culture of a company and fleshes out several management aspects that could be useful to any organization. The authors purport that Toyota thrives on a culture that "embraces contradiction." They point out several Toyota core principles such as "Set impossible goals but know where reality stands" and "Remain incomplete in order to grow." Toyota was born out of economic upheaval in Japan following WWII and maintains a crisis mentality in its practices, fostering a sense of urgency at every level. Over certain periods, Toyota was doubling its competitors' spending in research and development while also investing more heavily in human resources. There is a constant push for more efficiency while also redundancy-- Toyota will hire more workers than it needs and only lays off workers reluctantly. Toyota has homogenous management at the top, the Japanese family that founded the company still has a mysterious input into decisions. How decisions get made at the very top remain a mystery to the authors, but they observe adherence to Japanese culture and hierarchical norms. Toyota executives reportedly earned 1/10 of the executives at Ford in 2007. While there is a spare-no-expense mentality in research and experimentation, there is strict frugality elsewhere. Fix it yourself. Executive offices are

crowded and they turn the lights out at lunch to save energy. When orders come from the top-down, however, there is a corporate culture almost of indifference, a "silent rejection" that often happens as those closer to the ground pay attention to what really matters. Listening to others, the "Yoko-ten" of horizontal communication, is critical and managers are not promoted without a track record of listening to others instead of one-directional "preaching." Toyota even hosts "fireside chats" where dealers and lower-level employees can interact with upper management and problem-solve. Common traits identified among both Japanese and American executives for Toyota include core values which are ritualized and practiced daily, and Kaizen anecdotes, which have been published for training at one of the many Toyota training institutes. The core values include: "Tomorrow will be better than today." - Meaning, find a way to make tomorrow better by continuously improving. "Everyone should win." - the authors remark that Toyota executives see the firm as having a social responsibility, to care of its employees, the surrounding community, and the environment. "Customer first, dealer second, manufacturer last." - Toyota has 94 different models in Japan, trying to serve every possible demographic and niche. It knows this defies conventional wisdom and deliberately made that choice. It identifies exactly what particular customers might want, from Gen Y'ers in America or Italy to American pickup truck enthusiasts. When Toyota launched its Lexus brand, its goal was to be first in quality and customer experience. "Treat every customer like a guest in your own home," was the motto. This was in contrast to how people typically felt visiting a car dealership. Toyota went over-the-top on recall repairs, getting them done quickly. In all their product lines there is intensive emphasis on local customization. Intense market research went into launching the Yaris in Europe and the Scion in the U.S., and the authors have a lengthy diatribe about it. The company also shares profits with dealers, so everyone can feel a part of the win. "Genchi genbutsu" - go to the source. Meaning all employees to the front line to see things first-hand. This involves managers making frequent visits to customers and dealers to understand markets. Japanese executives visiting American plants and dealerships to see if management decisions make sense, etc. This also empowers the front-line employee. The assembly line workers can pull the cord and stop the line at any time if they see a flaw. "No change is bad," there's a constant reminder that one has to evolve to survive. The authors relay anecdote of several employees whose decisions and experiments did not turn out well. There is an "up and in" mentality as opposed to the "up or out" of most companies. Toyota invests a lot in training employees because it sees them as employee for life. The authors claim Toyota devotes more toward human resources than competitors and other successful corporations, but do not mention the lower non-union wages and benefits. Where Toyota has cost savings in health care and such, it can invest in RD and training. The authors note that in recent years some of the overtime and lean conditions caused an increase in employee turnover, albeit still below the industry average. But each employee represents a loss of corporate knowledge and this poses problems. There are several stories of employees who experimented and failed, but were retained precisely because mistakes lead to progress. Failure is learning. One motto frequently cited is that "If you are 60% sure, go for it." There are incremental steps in experimenting even if the goal is "impossibly" high. Another good lesson is to find the "objective of the objective." Another principle is that of "Ask 'why?' five times" when addressing a problem. I can imagine the following interaction with a student: "Why didn't you complete your assignment?" "Because I didn't have enough time." "Why didn't you have enough time?" "Well, I had a lot of other things going on this week." "Why did you make time for those other things?" "Well, because they were more important." "Why were they more important?" ... etc. I learned that Toyota reportedly sees the auto industry as a high-growth knowledge industry, since there are still a relatively small percentage of people in the world who own cars. So, they behave like a knowledge industry with the emphasis on RD and high growth targets. I also learned that Toyota was spending roughly \$713 in advertising on every unit sold, which was slightly more than its competitors in 2007. Marketing is as important as any other process in the company. The authors close with a look at risks facing Toyota, but these were pretty superficial and the same as any other industry. Rigidity of management, entrance from new competition, etc. One interesting point is that Kentuckians, particularly politicians, seemed quite surprised last year when Toyota announced it was moving jobs from its Erlanger corporate offices to Texas and California. The book states that had been planning that move since 2007. Interesting. In all, I give this book 3 stars out of 5. I learned things about Toyota that I did not previously know, but in the end the book seemed to be more of a puff piece than the critique that was promised in the initial chapters.

Extreme Toyota offers the first real, comprehensive inside look at what makes one of the world's best companies run. With unprecedented access to the inner working of Toyota, the authors spent six years researching the company, interviewing hundreds of executives and employees, and discovering the company's secret of success. What they uncovered will surprise you and change the way you think about business. Simultaneously rigidly traditional and seriously innovative, it is precisely those internal contradictions that make the company so successful and admired.