

Lessons from Toyota for Health Care Management?

John Shook



Question

Who thinks Toyota has much to teach us about Health Care?

Who thinks, come on, Toyota makes *cars* and has nothing or next to nothing to teach us about Health Care?

Who is truly agnostic about it (“I have no idea...”)?



**I'm going to talk about Toyota,
but...**

Toyota is not perfect.

The point is not “Toyota”.

It's not about Toyota; it's not about cars.



The manager's job at Toyota...

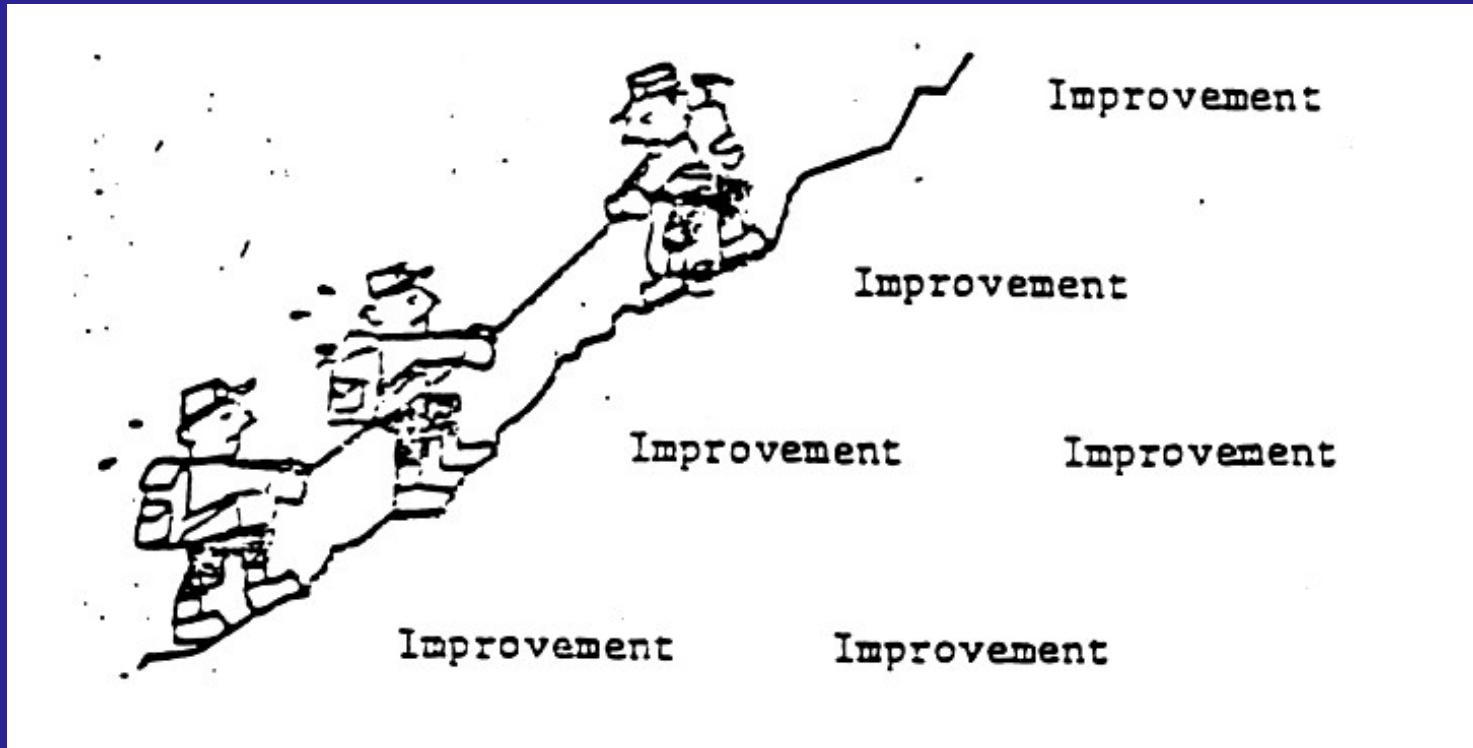
First, get each person to take initiative to solve problems and improve his or her job.

Second, ensure that each persons' job is aligned to provide value for the customer and prosperity for the company.



The Manager's job at Toyota

"If the learner hasn't learned, the teacher hasn't taught"



The Thinking Production System

Best Quality - Lowest Cost - Shortest Lead Time
Through Shortening the Production Flow

Getting people to think and take initiative is the key!

Just in Time

“The right part at the right time in the right amount”

- Continuous Flow
- Pull System
- Takt Time

HEIJUNKA



- Automatic Machine Stop
- Fixed Position Line Stop
- Error Proofing
- Visual Control
- Labor-Machine Efficiency

Production Lines That Stop for Abnormalities

Standardized Work and Kaizen

Mutual Trust; Employee Development
Stability; TPM; 5S

Robust Products and Processes
Supplier Involvement



Kan Higashi to Gary Convis...

(NUMMI's senior Japanese and American leaders)

"Lead the organization as if you have no power."



April 30, 1984

Toyota Motor Corporation

Lean Enterprise Institute
www.lean.org

john shook

Innovation and Ownership, Responsibility and Authority

In my five years in Toyota City, almost never was I told exactly what to do or how to do it.

Yet, I was not free to just do what I wanted.

I was given clear responsibility to propose solutions to problems I owned.



Management at Toyota

Responsibility \neq Authority

Not “bottom-up” or “top-down”.

Processes well-defined and responsibility clear.

From debate about “authority” (territory) to dialogue around “doing the right thing”.



Management at Toyota

Control with Flexibility

Toyota's way provides extraordinary focus, direction, "control."

While at the same time providing maximum flexibility.

This way of working can resolve the age-old dilemma that encumbers all large organizations: control vs. flexibility.



The Matrix Problem

If the primary focus in a lean organization is the horizontal flow of value, as overseen by a responsible person, yet there are strong functions...

How do those doing the actual work in the functions avoid the dreaded “two boss” problem?



Management at Toyota

Responsibility \neq Authority

The Toyota Chief Engineer (Shusa): Recognized responsibility without formal authority

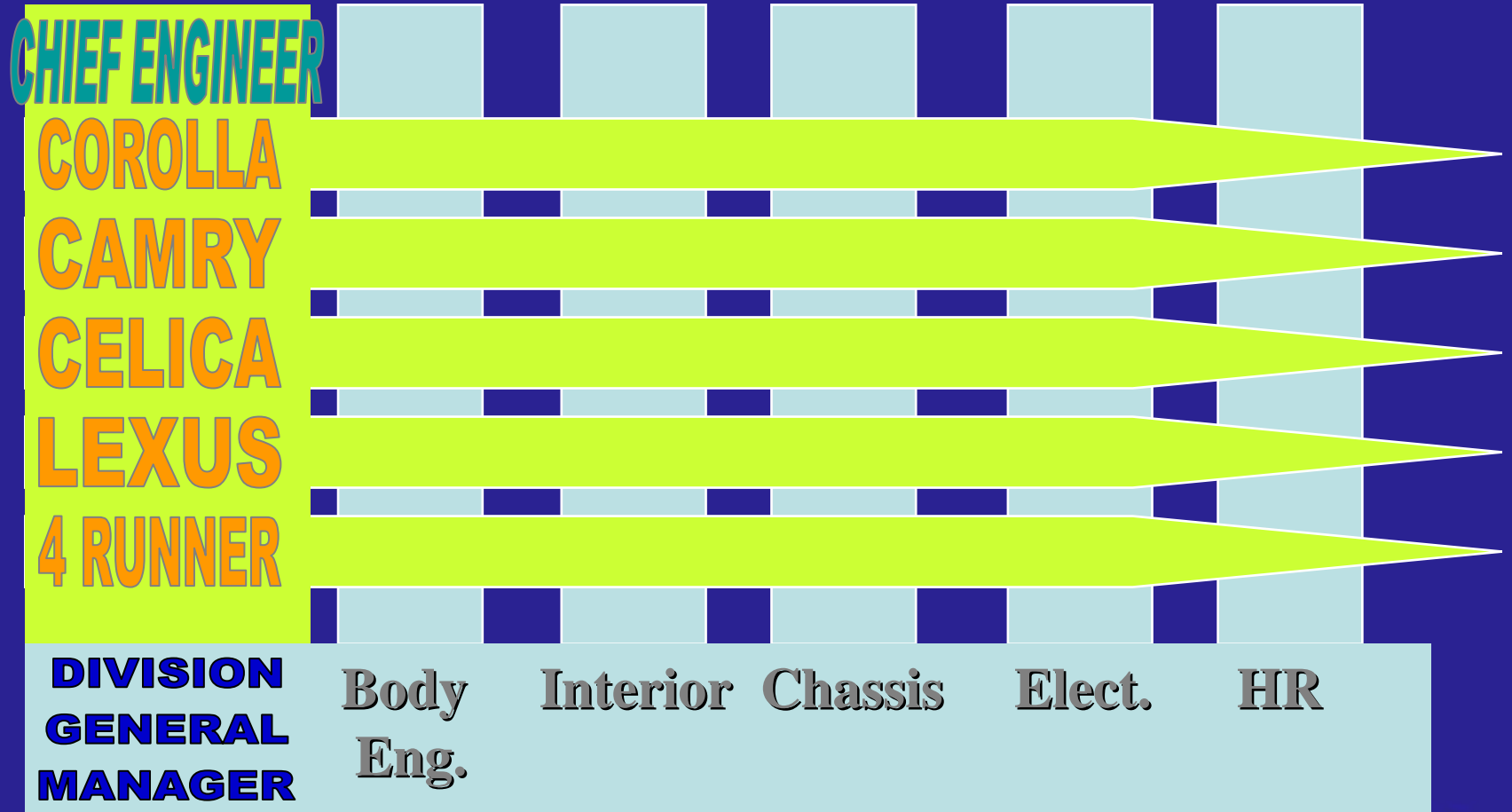
Broad responsibility for product line success; only a small support staff.

The CE *must* lead by skills of true leadership:

- being knowledgeable, being right, fact-driven, an expert negotiator, strong-willed yet flexible, influence/persuasion.



Chief Engineer or “Shusa” System



Management at Toyota

The “Why? Technique

At Toyota, responsibility and ownership are made clear.

The responsible person or owner is not authorized to make decisions so much as made responsible to get the decision made.

He/she has the “burden of proof” to *justify why* a given proposed action is **necessary**.

Leaders in Toyota rarely say “Yes” easily (at first) – they usually simply ask “Why?” The “Five Why’s” reversed:

1. “Why did things go wrong; what is the root cause?”
2. “Why do you propose that?”



Management at Toyota-

From managing numbers to managing the process

Leaders at Toyota, like leaders anywhere, want to see measurable results.

But they know that the financial result is a *result* of a *process*.

They also realize that the financial results reflect the *past* performance of that process.

Far better is to create a process that can be managed right NOW.



Management at Toyota- From the Five Who's to the Five Whys

Good Toyota leaders don't jump to conclusions or solutions – they try to first size up the situation and then ask “Why?”

This focuses on the work and problem at hand, avoiding finger-pointing seeking of where to place the blame.

It also keeps responsibility with the person who is doing the work,

This is what truly engages and empowers the workforce.



Management at Toyota

From Problem-hiding to Problem-solving

All actions at Toyota revolve around planning and problem-solving.

It is assumed that there will be problems, that everything will not go according to plan.

“No problem is problem.”

For the system to work, problems must be exposed and dealt with forthrightly.

Hiding problems will undermine the system.



Management at Toyota

P-D-C-A

Toyota would say this is essentially the P-D-C-A management cycle they learned from Dr. Deming.

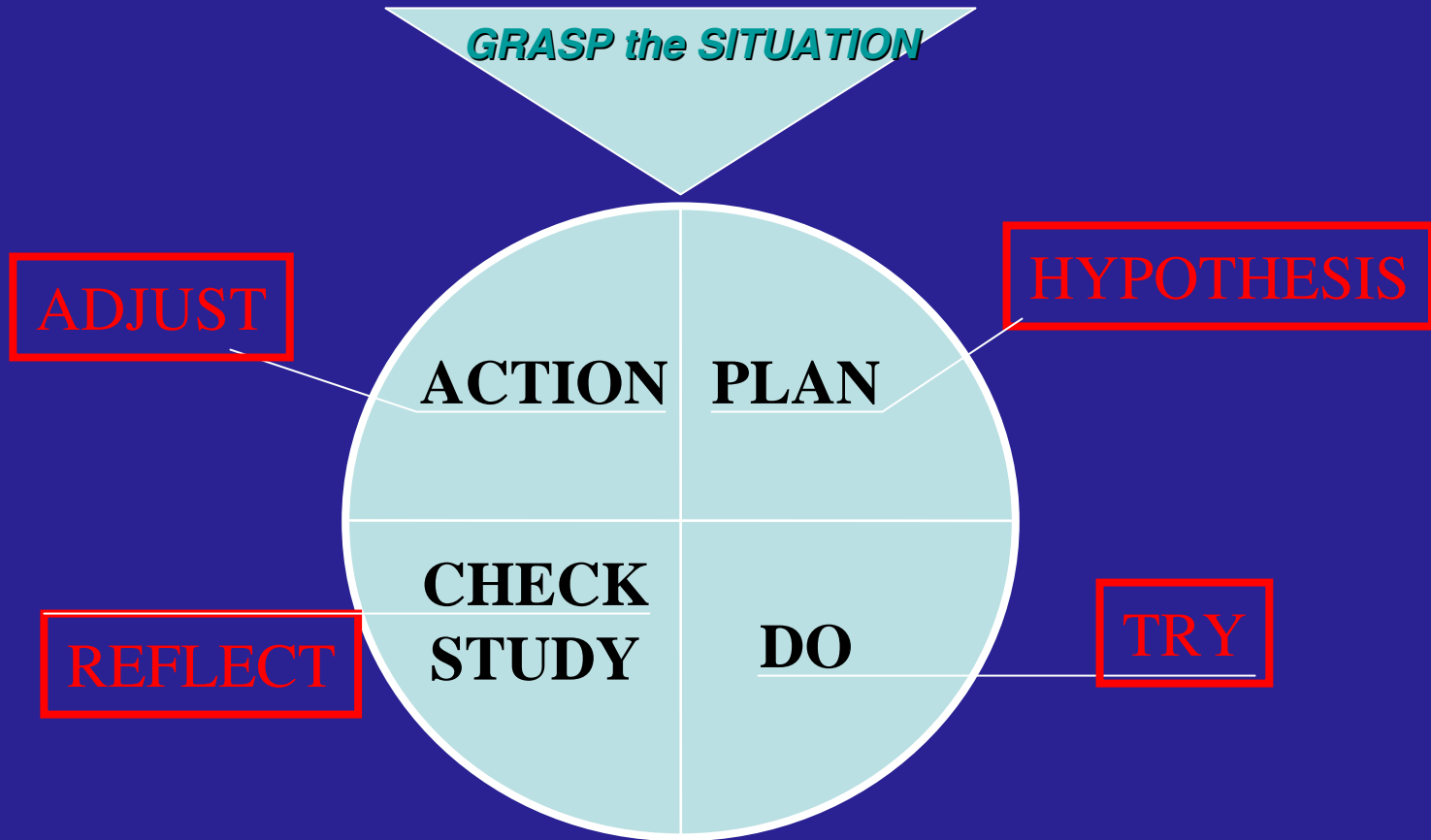
Yet, my own observations say this is precisely the thing that most companies can't seem to do.

Why?

Surely one major reason for this is the way we lead and manage.



P-D-C-A Cycle



Lean Leadership

The Lean Leader leads a very different way:

→ It is as different from the commonly accepted notion of the “enlightened modern manager” as it is the old command and control dictator.



Leadership: Three Models

Old “Dictator” Style:

“Do it my way...”

1980s “Empowerment” Style:

“Do it your way...”

Lean Style:

“Follow me...
and let’s figure this
out together ”



Chairman Cho of Toyota: Three Keys to Lean Leadership



Go See.

- “Sr. Mgmt. must spend time on the plant floor.”

Ask Why.

- “Use the “Why?” technique daily.”

Show Respect.

- “Respect your people.”



“Go see”

“Data is of course important,
but I place greater emphasis
on facts.”

-Taiichi Ohno

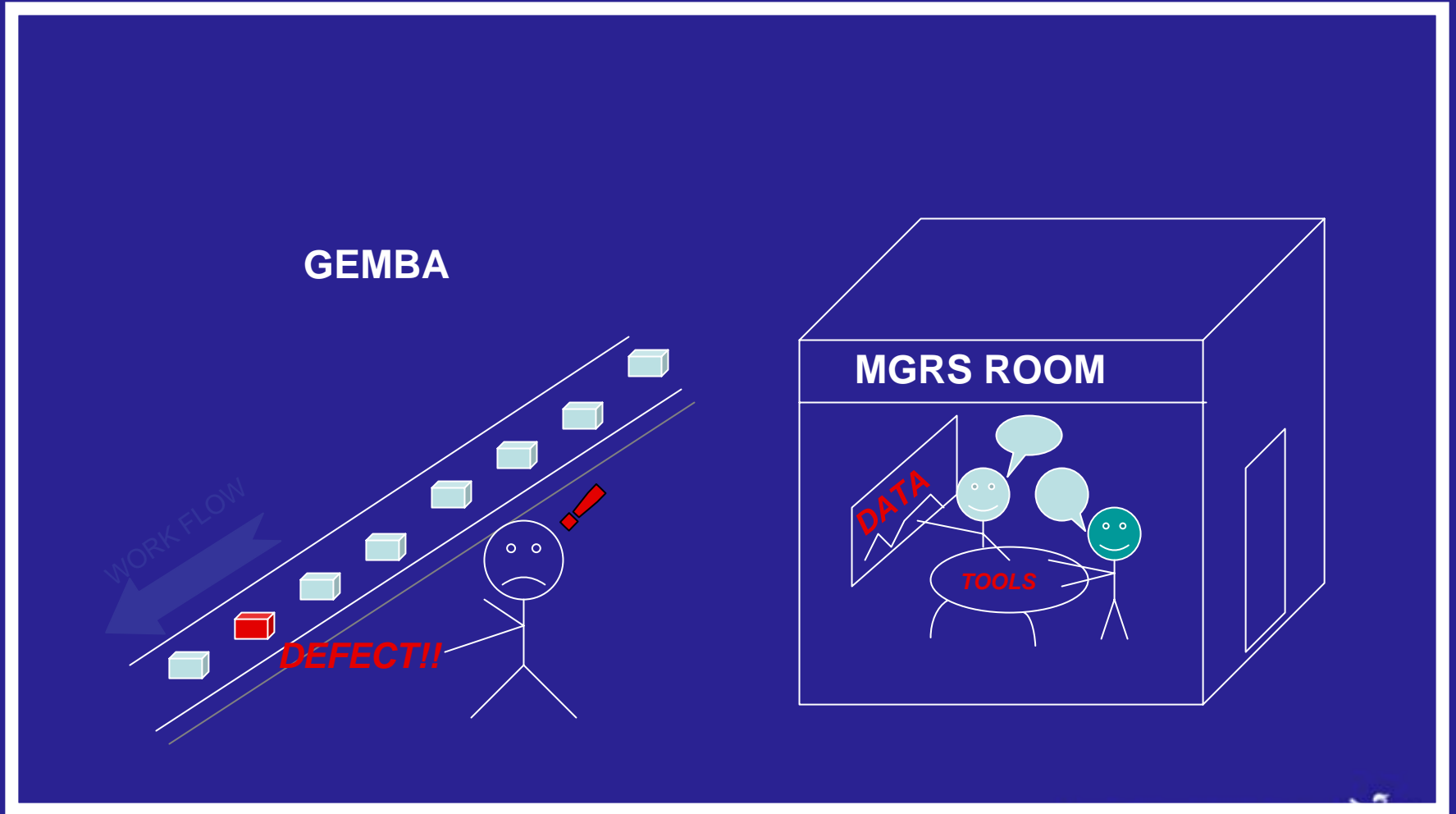


Core Toyota View:

“You can understand everything that is important about a company by observing from a good spot on the plant floor.”



Lean Management



Where To Start?

“This (transformation) is so hard you won’t be able to do it unless you have a crisis.”

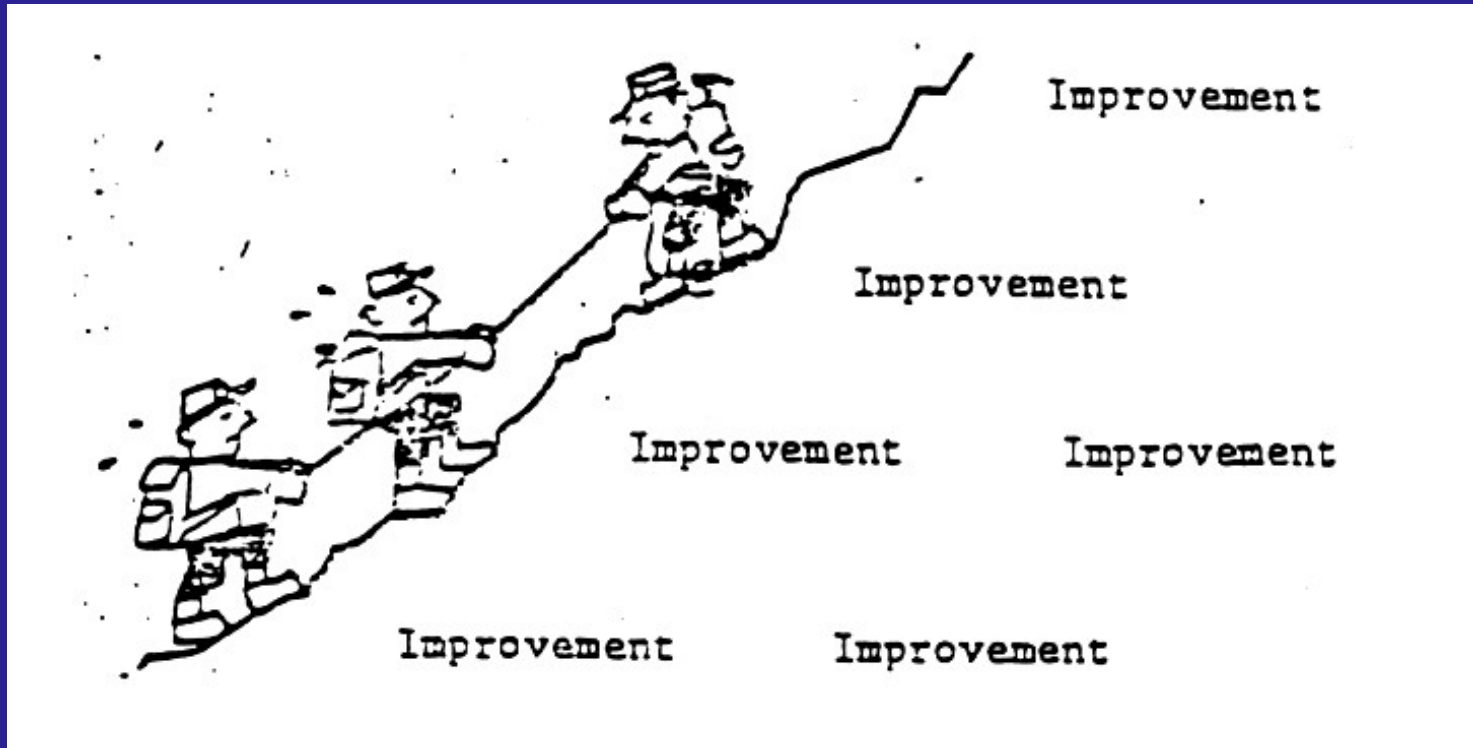
“Begin from need.”

-Taiichi Ohno



The Manager's job at Toyota

"If the learner hasn't learned, the teacher hasn't taught"



Learning and mistakes

“Continuous improvement comes from making mistakes and learning from them.”

Cheryl Jones, Toyota Group Leader
(now Vice President)



Learning and mistakes

“It is a mistake to suppose that men succeed through success; they much oftener succeed through failures. Precept, study, advice, and example could never have taught them so well as failure has done.”

Samuel Smiles

British author of “Self Help”

(favorite of Sakiichi Toyoda in late 1800s)

