Richard J. Schonberger
Tutorial, Saturday, May 8, 2010, 3:30-5:00 p.m.
POMS 2010 Conference – Vancouver, B.C., Canada

***Title*:**
How Toyota Lost Its Lean: Lessons on How to Make Lean Sustainable

Abstract

Toyota's plunge in inventory turns—from 23 to 12 in the past 16 years—is symptomatic of lost leanness, and with it declining attention to process improvement and quality. Judging by similar negative trends at its dominant affiliates and suppliers, Toyota's woes appear to have been visited upon its supply chains as well.

Based on data from global research (the "leanness studies"), Richard Schonberger had begun reporting on Toyota's decline by 2000, at first calling it growing pains that Toyota would surely deal with. By 2003, as Toyota's turns continued to decline, Richard was writing that Toyota was losing its leanness, and that top- and bottom-line erosions were likely to follow. Now, in 2010, reasons for Toyota's worsening performance have clarified. Richard will cite several causal factors, including: (a) A strategic shift from conservative ways to all-out for global growth. (b) Years of industry and general-public adulation, leading to complacency. (c) An apparently strong but actually fragile culture relating to decades of insularity in the confines of its Toyota-City home base—while most competitors had gained global experience years earlier. (d) Closed-mindedness with regard to best practices developed elsewhere. (f) Loss of customer focus. (g) Insufficient human resources to get and keep its fast-growing global population trained in and practicing the "lean core" and newly developing essentials of process excellence.

Based in large part on lessons learned from Toyota's swoon, Schonberger details how to forestall the tendency of lean-based process improvement to fade: (1) Put and keep the customer on a pedestal. (2) Emphasize lean's competitive, customer-side benefits—namely, delivering flexibly quick response—key to customer retention, thus to gain active support of marketing and senior executives. (3) Make process improvement a strategic mainstay. (4) Broaden sources and applications of best practices in process improvement. (5) Maintain humility.