

Constant improvement and respect, ingredients for durable success

Much has been said about The Toyota Way; the car manufacture company's leadership philosophy. It always worked for Toyota in the past and some say now, it's helping them through arguably one of the toughest times for the company in the past 20 years. Maybe this old philosophy is still worth a look.

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After the 2010 recall debacle, 2011 was supposed to be a better year for Toyota. But then disaster struck. The massive earthquake in Japan created a dearth of auto parts, which led to a reported 33% sales fall. The company's market share in May this month was 10.2%, a 4.6% drop from the year before. Toyota US group vice president, Randy Pfluhaupt, said May and June would be 'low points'.

But somehow the company has bounced back, with Toyota president, Akio Toyoda, announcing recently that production lines will reach 90% of normal volume by the end of June, 20% more than what was previously predicted. He said that Toyota will be at full production levels again by November.

At the same time, the company's expansion into developing countries has seen engineering centres set up in Africa, Middle East, and Latin America. One report said that 40% of Toyota's new vehicles are sold in developing countries. The company has been South Africa's brand market leader for three decades and Johan van Zyl, CEO of Toyota South Africa Motors, said in a report that it plans to be "number one for as long as possible".

Whatever it is they do at Toyota, company leaders around the world are obviously very confident in the organisational culture and process. Hylton Bannon, Managing Director, Toyota Kenya Limited, said the confidence comes from the belief in Toyota's internalised 'lean leadership' principles.

"I have applied the lean leadership principles in eight different countries around the world over the past 12 years; there is no doubt that this form of leadership works," he said. And those at UCT Graduate School of Business (GSB) must agree with him because the school has invited Bannon to design and deliver a course which takes the principles of lean leadership to executives from 19 to 21 September this year.

"Lean leadership's strongest trait is that it allows for the fastest response to a problem. A solution can be designed and implemented very quickly. Problems are solved every second, every hour of the day," said Bannon. And, it isn't limited to supply chains and shop floors.

He said that the lean leadership approach relies on the continuous improvement of processes, paired with respect for people, no matter what their position within the organisation. This leads to a non-hierarchical decision-making landscape, where employees are empowered to solve problems quickly.

"For example, in Japan, the production line at one manufacturing plant puts out a new Prado every thirty seconds. The complexity of maintaining such a production line is incredible," said Bannon by way of illustration. "However, anyone on the production line can stop it when an issue arises, and the problem is addressed immediately, saving time."

He said that the level of trust between people in the organisation is very high and that this actually improves productivity because it encourages self-motivation through shared responsibility. "There is a direct relationship between expenses and the level of trust in an organisation," said Bannon.

And, according to Bannon, the lean leadership principle works for any organisation in any business. It contains seven essential behaviours for leaders: know your people and business, insist on honesty, set clearly defined goals and priorities, always follow through - Plan Do Check Action, reward the doers, expand people's capabilities, and know yourself.

"There is one great myth about this leadership technique, that it is a once off event, a destination. Instead it is a journey of constant improvement. It is not a project. There are no formulae or textbooks. It is a philosophy; a way of being in an organisation," he said.

Ultimately such a philosophy needs to be embedded in the DNA of an organisation for it to be effective. That's why Toyota claimed it as 'The Way' for them and if reports of recovery are anything to go by, the philosophy is yet to fail them.

For more information about the Lean Leadership executive education course running in September at the Graduate School of Business contact Mario Pearce on (0)21 406 1268 or visit www.gsb.uct.ac.za.

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