

What makes

Our special report takes you inside Toyota manufacturing

Toyota tick?

Toyota has been coined **“the most feared automaker in the industry.”** In 2005, Toyota’s global production hit record numbers, reaching eight million vehicles worldwide. Its plants — such as Ontario’s Cambridge facility — are exceeding capacity, while other auto manufacturers are closing plants. Its well-reviewed line of products at the 2006 North American International Auto Show also shows the Japanese auto giant isn’t about to lose steam anytime soon. This phenomenon has many manufacturers and competitors asking the question: **what is Toyota’s secret?**

Walk into any advanced manufacturing facility across North America and you’ll see traces of Toyota. You can hear it in the shoptalk punctuated with Japanese phrases, in the Kaizen blitzes and the kanban techniques. You’ll see it in the flat managerial structure, the teamwork mentality, and the concept of flow — all of which embody the Japanese principle “wa” a cultural trait that plays down individualism while promoting harmony.

To an outsider, the practices seem to stem from Japanese cultural values. But to Ray Tanguay, president of Toyota Motor Manufacturing Canada, his company’s innovative business strategy and the country it came from are two completely separate factors.

“Toyota is very much based on the Toyota Culture,” says Tanguay. “Of course, there are some common traits — such as teamwork, which is very common in Japan, and consensus. But in order to be the best at it, Toyota has developed the Toyota Way which is more conducive to problem solving and more engaging.”

Still, many companies have attempted to copy Toyota’s problem solving and employee engagement strategies. But despite the well-

ABOVE: A steady stream of Lexus RX 330s flow along the assembly line at the Cambridge, Ont. plant — the first Lexus plant built outside Japan.

PHOTOS BY OKSANA RAMSAUER

publicized mechanics of the Toyota Way — despite the best-selling book of the same name, despite the thousands of seminars taught each year — no one has come close to replicating the success of this growing automobile maker. There must then be some other ingredient — another intangible, perhaps cultural, difference — that sets this manufacturer apart from its North American competitors.



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Whatever it is, it’s alive and well inside Toyota’s Cambridge, Ont. facility. Since setting up shop here in 1988 with a modest goal of producing 50,000 vehicles a year, the branch has expanded its model lineup and its plant’s footprint to produce more than 300,000 vehicles in 2005 — namely the Lexus RX 330, the Corolla and the Matrix.

That this happened without any outside monetary investment — and the loads of quality awards that soon followed — caught the attention of the head honchos in Japan. The Cambridge bid to build

and support another nearby plant, and share its successful expertise, was one key reason why Ontario landed the much-awaited new Woodstock plant despite aggressive competition from other American cities.

There are many things to which Tanguay credits his facility’s success — an engaged Canadian workforce, a deep-rooted company culture, a strong devotion to its stakeholders — almost all of which are represented in a coloured pie graph hanging on the wall behind us during our interview. TMMC’s visual mission statement highlights the company’s commitment to its four, equally-weighted stakeholders — its community, its team members (or employees), its customers/suppliers, and its shareholders — illustrating an unconventionally holistic business approach, and one that appears to revolve heavily around the Japanese business practice “omoiyari” or “imagining another’s feelings.”

“Their whole system is about treating everyone with dignity and that’s allowed them to grow. They treat customers well, employees well and suppliers well and in return they expect the same loyalty back,” says Gerry Fedchun, president of the Automotive Parts Manufacturers’ Association. “It goes against traditional North American values of competition and change.”

Of course, Toyota has adapted well to the North American business climate — and change is something it excels at. But this other ingredient — evident in everything from the manufacturing strategy it pioneered to the products it produces — could just be the fuel that’s propelling the company to the top.