

Bringing Passion into the Workplace

SMASH is exhibiting *servant* leadership. As the words suggest, this is leadership by serving the people:

When servant leadership is demonstrated in organizations it quickly builds trust and relationships. Furthermore, applying the principles of being slow to anger and quick to forgive also builds relationships. Being greeted by a smile comes from the heart and a genuine love of the people they [the staff] serve.

So what does SMASH stand for? St. Mary's After School House.

Toyota's 15-Year Advantage

In the book, *The Toyota Way*,¹ it is clear how different the company is. Here are some examples:

- Staff on the production line have the authority to stop production if a unit has a fault that cannot be fixed in time.
- They do not merely test for quality at the end; they ensure it is in every step.
- They introduce staff-suggested innovations at an alarming rate.
- They take a long time over a decision and then implement it quickly.
- They tackle all the areas where money is lost, such as downtime, and now can change the production line from one model to another in less than three hours where other manufacturers take days.

Barring the recent problems Toyota has had, show me a car manufacturer who has not had a recall. I believe they are one of the best companies in the world. To replicate Toyota's success would take a 15- to 20-year timeframe, and although a daunting period, it is a worthwhile journey. To succeed, an organization needs to have the top three layers of management having experienced the change process. The checklist in Exhibit 20.2 sets out the journey you will need to undertake.

The *culture change process* will take at least 15 to 20 years because all of your executive team will need to give way to the new breed of senior managers who can cope with the new culture. The "old guard" will never be able to cope with the new culture it will be too difficult to modify the 20 or 30 years of programming. The existing senior management's role is to enjoy the last of the summer wine while preparing the young guns in the new environment. This is a case of the senior management saying "Do as I preach, rather than do as I do." All new senior managers will come from existing ranks. There will be no place for outsiders, unless they themselves come from exceptional organizations (e.g., ex-Toyota).

The *recruiting and training* change will take the longest. You will have arrived only when managers in the organization have worked their entire career in the new way. In other words, the senior management team was trained in the new ways when they joined at the lowest management level. If your senior management team is in their fifties, they have already had a working life spanning 30 years.

The move to a truly *innovative organization* will take around ten years to perfect. We need at least two layers of management who were “born” into the new way. That innovation is part of the daily life cycle.

The change to *strategies* will also take time as senior management and the stock market need to fully understand that the organization will never be a prisoner to short-term thinking. Longevity of trading results is required before the organization can free itself from the stock market’s shackles.

Changes to the *processes* can be relatively quick—ten years! The change in culture will be achieved when two layers of management have been fed this “food” all their working life.

The *customer loyalty* change can be locked in within the ten-year period. New products will need about seven years to prove that they are market leaders in all key characteristics.

The approach to *new markets* is achievable within the ten-year timeframe. This allows enough time to unwind existing approaches that will not work in this new environment.

The checklist in Exhibit 20.2 analyses the steps you will need to cover. It was designed from the content of *How Toyota Became #1: Leadership Lessons from the World’s Greatest Car Company*,² by David Magee.



EXHIBIT 20.2 Toyota Culture-Change Checklist

Culture Change (15-year horizon to make change)	Is it Covered?
1. Removal of all executive perks that separate the senior management team from the workforce (e.g., executive parking spots, excessive offices)	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. A removal of all performance-related pay schemes that can be influenced by market conditions rather than actual efforts	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. A management style that “manages like you have no power”	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Daily connect between the SMT and the workforce	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Executive pay linked by a relationship to the workers’ pay	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. Humility and “to serve” being a major driver of leaders	<input type="checkbox"/> Yes <input type="checkbox"/> No

(Continued)

EXHIBIT 20.2 (Continued)

Culture Change (15-year horizon to make change)	Is it Covered?	
7. Honesty about performance	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8. Devolve decision making authority to frontline teams	<input type="checkbox"/> Yes	<input type="checkbox"/> No
9. Things that are running smoothly should not be subject to any control	<input type="checkbox"/> Yes	<input type="checkbox"/> No
10. Immediate sharing of problems and mistakes	<input type="checkbox"/> Yes	<input type="checkbox"/> No
11. See for yourself (walkabout)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Recruitment and training (5-year horizon to make change)		
12. Recruited based on attitude and fit rather than achievements to date	<input type="checkbox"/> Yes	<input type="checkbox"/> No
13. One-year induction program	<input type="checkbox"/> Yes	<input type="checkbox"/> No
14. Mentoring program for all	<input type="checkbox"/> Yes	<input type="checkbox"/> No
15. Team players rather than individuals	<input type="checkbox"/> Yes	<input type="checkbox"/> No
16. Integrity and honesty evidenced	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Innovation (5-10-year horizon to make change)		
17. Systematic thinking (<i>kaizen</i>)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
18. Nonblaming (<i>kaizen</i>)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
19. Innovations adopted every day (ten innovations per employee per year being the benchmark)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
20. Barriers to change removed	<input type="checkbox"/> Yes	<input type="checkbox"/> No
21. Constantly looking for improvement (never business as usual)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Strategy (15-year horizon to make change)		
22. Long-term view always over short-term view	<input type="checkbox"/> Yes	<input type="checkbox"/> No
23. Vigorously challenge plans	<input type="checkbox"/> Yes	<input type="checkbox"/> No
24. Implementation carried out quickly	<input type="checkbox"/> Yes	<input type="checkbox"/> No
25. All implementations checked and amended	<input type="checkbox"/> Yes	<input type="checkbox"/> No
26. Profits made in most trading conditions	<input type="checkbox"/> Yes	<input type="checkbox"/> No
27. Isolate yourself from short-term stock market forces	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Processes (10-year horizon to make change)		
28. Produce to order ("pull" system)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
29. Plan-Do-Check-Act philosophy	<input type="checkbox"/> Yes	<input type="checkbox"/> No
30. Build new products, ground up, rather than acquire products	<input type="checkbox"/> Yes	<input type="checkbox"/> No
31. Continuous flow (<i>takt time</i>) with a pace that never varies	<input type="checkbox"/> Yes	<input type="checkbox"/> No
32. Work processes are a controlled scientific experiment	<input type="checkbox"/> Yes	<input type="checkbox"/> No
33. Just in time	<input type="checkbox"/> Yes	<input type="checkbox"/> No
34. Stopping production lines delegated to staff on the shop floor (<i>jidoka</i>)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
35. Cost reduction through design	<input type="checkbox"/> Yes	<input type="checkbox"/> No
36. The leveling sequencing of production (<i>heijunka</i>)	<input type="checkbox"/> Yes	<input type="checkbox"/> No

EXHIBIT 20.2 (Continued)

Culture Change (15-year horizon to make change)	Is it Covered?	
37. Cost reduction through working closely with key suppliers	<input type="checkbox"/> Yes	<input type="checkbox"/> No
38. Zero landfill waste—Recycling all packaging with suppliers	<input type="checkbox"/> Yes	<input type="checkbox"/> No
39. Annual planning replaced with rolling planning and producing what is sold	<input type="checkbox"/> Yes	<input type="checkbox"/> No
40. Performance monitored against key ratios, exceptions on a 24/7 basis rather than monthly variance analysis	<input type="checkbox"/> Yes	<input type="checkbox"/> No
41. Zero clutter in all operations	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Customer Loyalty (10-year horizon to make change)		
42. Live like your customers to fully understand them	<input type="checkbox"/> Yes	<input type="checkbox"/> No
43. Understand who your customers really are	<input type="checkbox"/> Yes	<input type="checkbox"/> No
44. Focus of everything on improving customer outcomes	<input type="checkbox"/> Yes	<input type="checkbox"/> No
45. Overdeliver, underpromise	<input type="checkbox"/> Yes	<input type="checkbox"/> No
46. Be market leader for “quality-for-price”	<input type="checkbox"/> Yes	<input type="checkbox"/> No
47. Let brand loyalty be your marketing edge	<input type="checkbox"/> Yes	<input type="checkbox"/> No
48. Commitment to the long-term changes in consumer demand rather than the current flavor	<input type="checkbox"/> Yes	<input type="checkbox"/> No
New Markets (10-year horizon to make change)		
49. Pilot manufacture in new country to test workforce and culture	<input type="checkbox"/> Yes	<input type="checkbox"/> No
50. Understand local community	<input type="checkbox"/> Yes	<input type="checkbox"/> No
51. Total commitment to being local	<input type="checkbox"/> Yes	<input type="checkbox"/> No
52. Local products for local market	<input type="checkbox"/> Yes	<input type="checkbox"/> No
53. How much progress are you making with Toyota's 14 principles of management?		
1. Base your management decisions on a long-term philosophy, even at the expense of short-term financial goals.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Create continuous process flow to bring problems to the surface.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Use “pull” systems to avoid overproduction.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Level out the workload (<i>beijunka</i>). (Work like the tortoise, not the hare.)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. Build a culture of stopping to fix problems, to get quality right the first time.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. Standardized tasks are the foundation for continuous improvement and employee empowerment.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7. Use visual control so no problems are hidden.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8. Use only reliable, thoroughly tested technology that serves your people and processes.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
9. Grow leaders who thoroughly understand the work, live the philosophy, and teach it to others.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

(Continued)

EXHIBIT 20.2 (Continued)

Culture Change (15-year horizon to make change)	Is it Covered?	
10. Develop exceptional people and teams who follow your company's philosophy.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
11. Respect your extended network of partners and suppliers by challenging them and helping them improve.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
12. Go and see for yourself to thoroughly understand the situation (<i>genchi genbutsu</i>).	<input type="checkbox"/> Yes	<input type="checkbox"/> No
13. Make decisions slowly by consensus, thoroughly considering all options; implement decisions rapidly.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
14. Become a learning organization through relentless reflection (<i>bansei</i>) and continuous improvement (<i>kaizen</i>).	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Management Practices at the Pier Nine Restaurant

As an international speaker, there have to be some perks—one of which is to eat seafood around the world. One venue in Brisbane is eagerly awaited by my stomach: the Pier Nine (PN) Restaurant. It all started during one lunchtime where I had only 45 minutes to eat. I had run overtime on the morning session. I walked into Pier Nine explaining the issue to the maître d'. "No problem, sir. I can recommend the wild barramundi."

The way the rushed order was handled, and the stunning meal, has had me coming back ever since. Each time I visit I receive the same excellent quality of service, food, and wine that blend into an experience that has me salivating even as I write. I started to talk to the management and staff, and practices emerged that we can learn from to turn our organization into a Pier Nine (PN).

Recruiting Staff

When PN management want staff they ask their staff to look around their friends and previous work colleagues. Every staff member knows the culture, so it is not strange to find that staff introduce friends whom they have worked with, who have a compatible work ethic, and are likely to fit in. Why rely on advertising when recommendations could be so much better for finding the right staff?