

# *The Five Principles of the Toyota Way*



***The Toyota Way*** is a set of principles and behaviors that underlie Toyota's managerial approach and production system.

Toyota summed up its philosophy, values and manufacturing ideals in 2001, calling it "The Toyota Way 2001." It consists of five principles in two categories:

- 1) Continuous Improvement
- 2) Respect for People

# AN OBSERVATION



Outside of Toyota we have written and talked a lot about Toyota's principles. Interestingly, the one principle that Toyota lists first - *challenge* - is usually overlooked.

Yet based on my research, what Toyota is doing is very much about *challenge*. What I find is that Toyota teaches its people an effective means for working through obstacles toward target conditions. In other words, a way to achieve things they want but cannot yet do.

That's challenge, which can be defined as, "*a test of one's abilities or resources in a demanding but stimulating undertaking.*"

Consider the role of challenge in managing an organization. And consider how that requires teaching the people in the organization a means for meeting challenges.

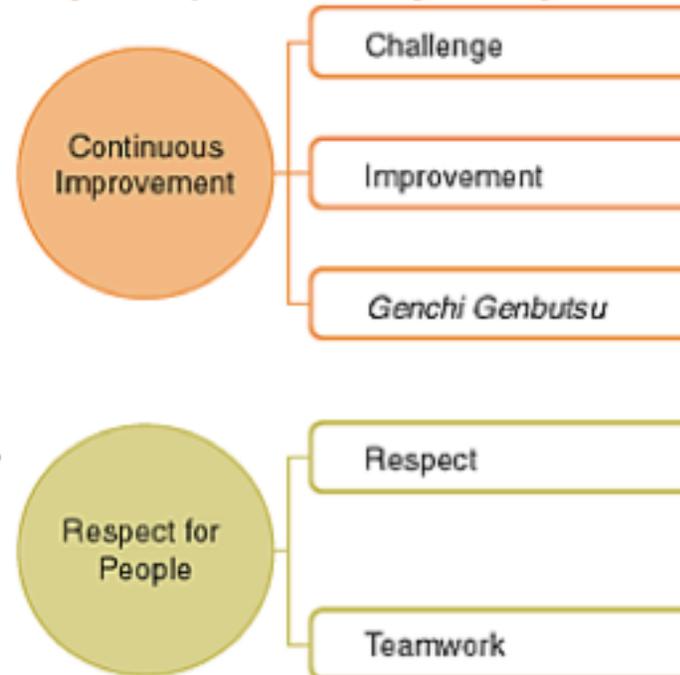
*Mike Rother*

# THE FIVE PRINCIPLES

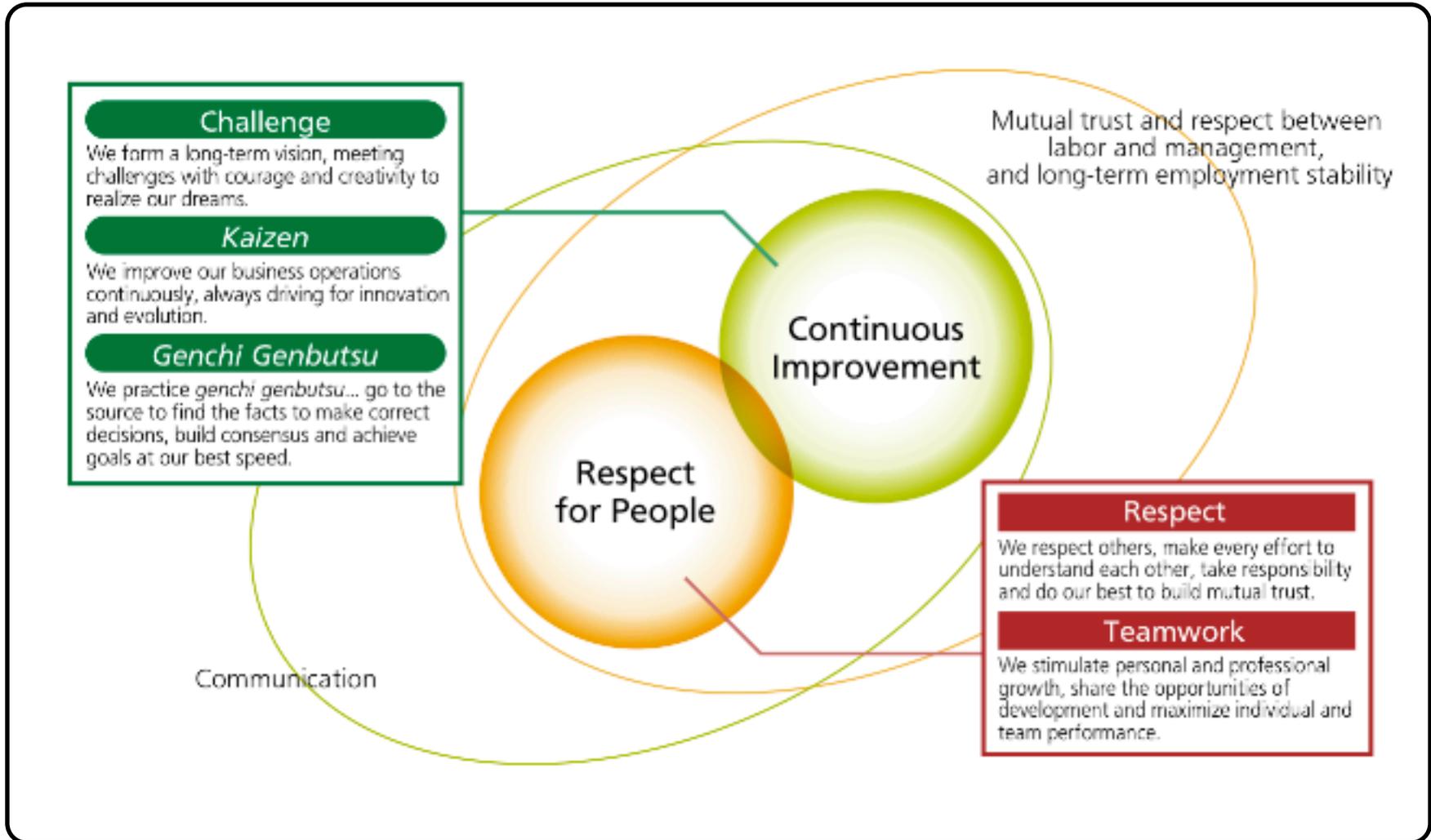
## A Shared Toyota Way

In order to carry out the Guiding Principles at Toyota Motor Corporation, in April 2001 Toyota adopted the Toyota Way 2001, an expression of the values and conduct guidelines that all employees should embrace. In order to promote the development of Global Toyota and the transfer of authority to local entities, Toyota's management philosophies, values and business methods, that previously had been implicit in Toyota's tradition, were codified. Based on the dual pillars of "Respect for People" and "Continuous Improvement," the following five key principles sum up the Toyota employee conduct guidelines: Challenge, Kaizen (improvement), Genchi Genbutsu (go and see), Respect, and Teamwork. In 2002, these policies were advanced further with the adoption of the Toyota Way for individual functions, including overseas sales, domestic sales, human resources, accounting, procurement, etc.

## •Key Principles of The Toyota Way 2001



# ANOTHER DEPICTION



Toyota Motor Corporation Sustainability Report, 2009, page 54

# IN TOYOTA'S WORDS

*“The Toyota Way provides us with a means for our mission and vision to be achieved. It provides a way of thinking and acting for employees around the world that can be applied in different societies where we do business.*

*We use The Toyota Way to continuously improve our processes and products, to listen and build trust, and to respect and empower the individual and the team.”*

Toyota 2007 North American Environmental Report, page 5  
[http://www.toyota.com/about/environment-2007/01\\_enviro\\_vision.html](http://www.toyota.com/about/environment-2007/01_enviro_vision.html)

# THE TOYOTA WAY 2001

Internal Toyota Motor Corporation document, published April 2001

## *The “Green Book”*

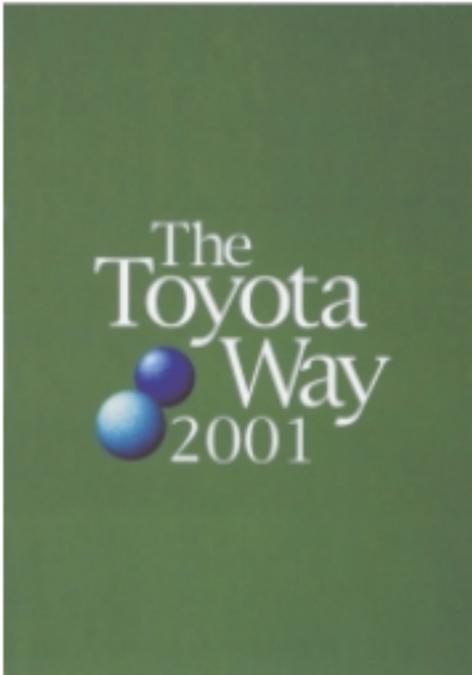


Illustration from  
Toyota Motor Corporation  
Environmental & Social Report 2004,  
page 75

### **Interview with Mr. Fujio Cho** President, Toyota Motor Corporation, July 2003

#### **Question:**

**What is the relationship between the Toyota Way and Toyota's management?**

#### **Answer:**

The Toyota Way, which has been passed down since the Company's founding, is a unique set of values and manufacturing ideals.

Clearly, our operations are going to become more and more globalized. With this in mind, we compiled a booklet, The Toyota Way 2001, in order to transcend the diverse languages and cultures of our employees and to communicate our philosophy to them.

Toyota Motor Corporation Annual Report, 2003, page 19

Since Toyota's founding we have adhered to the core principle of contributing to society through the practice of manufacturing high-quality products and services. Our business practices and activities based on this core principle created values, beliefs and business methods that over the years have become a source of competitive advantage. These are the managerial values and business methods that are known collectively as The Toyota Way.

Mr. Fujio Cho, President, Toyota Motor Corporation  
From the Toyota Way 2001 document