

Toyota Streamlines Business Processes, Boosts Productivity by 18 Percent

Executive Summary

CUSTOMER

Toyota Motor Corporation

INDUSTRY

Manufacturing

CHALLENGES

- Traditional culture
- Paper-based processes
- Huge amount of knowledge-worker time tied up in unproductive business processes, slowing time to market in competitive environment

SOLUTIONS

- Cisco® IBSG proposed analyzing operations from the customer perspective
- Cisco Unified Communications tools—including Cisco WebEx®—deployed to improve collaboration and communications, and to save time

RESULTS

- Initial productivity improvement project yielded 15 percent productivity gains
- Deployment of Unified Communications tools following the pilot project boosted productivity gains to 18 percent
- Toyota now implementing transformations across the R&D field

Background

Toyota Motor Corporation is a global business leader providing quality cars at a high rate of productivity, using its unsurpassed "Toyota Production System." Employing 320,808 people worldwide, Toyota is the world's largest manufacturer of automobiles by sales and production.

Fierce competition over new technological developments such as electric cars will greatly influence the automobile marketplace of the future. As a result, manufacturers must face the key business challenges of simultaneously fulfilling a long list of technical requirements to create automobiles with greater consumer appeal—while avoiding major increases in personnel.

Following the economic turbulence of the "Great Recession," Toyota felt the need to improve its revenue structures. These earnings are directly linked to advanced work performed by knowledge workers in areas such as research and development on new cars, production, and sales. Toyota also wanted to shorten its product time-to-market to maintain its competitive market lead. The firm turned to the [Cisco Internet Business Solutions Group \(IBSG\)](#) to help Toyota determine where improvements could be made and how to implement them.

Cisco IBSG proposed analyzing knowledge-worker productivity based on which activities directly benefited customers, and reviewed operations from a zero-based perspective.

Challenges

Toyota was founded in 1933, and is operated along traditional lines. It is renowned for its "A3" practice of using a single sheet of A3-size paper for proposals or reports—a practice that kept such documents concise and to the point. While Toyota is also respected for its dedication to the principles of Kaizen, or continuous improvement, a significant area of waste was discovered in knowledge-worker processes (non-factory-related processes that take place among workers with specialized knowledge). The types of unproductive work varied widely, from preparation of internal reports, researching information, and moving



Cisco Internet Business Solutions Group (IBSG)

from place to place for meetings—to simply waiting for responses from others. Eliminating all processes that did not directly add value to the end customer was clearly not possible, so each task had to be carefully analyzed and a decision made about how to eliminate, streamline, or digitize it.

Solutions

The Technical Administration Division was designated as the initial productivity improvement project. Cisco IBSG addressed knowledge-worker productivity through:

- Analysis of operational processes
- Identification of improvement opportunities
- Development of effective measures
- Implementation of these measures and verification of results

The team discovered that knowledge workers in the Technical Administration Division were annually performing about 200,000 hours of unproductive (non-value-added) work. A wide range of revisions and efficiency improvement measures was applied to operations that did not create value, with the aim of boosting productivity.

In reviewing and determining who would instigate and execute reforms, primary importance was placed on giving employees a sense of ownership (the foundation of Japanese corporate culture). Personnel in the division analyzed various processes, then selected and carried out related procedures. As a result of this work, it was determined that 61,000 unproductive hours could be eliminated.

Cisco IBSG recommended that Toyota realize further efficiencies by establishing a collaborative environment using Cisco Unified Communications tools, such as a web-conferencing system that also can be used by external parties. This is employed for meetings concerned with operational processes shared among divisions, especially in collaboration work performed both internally and externally by different organizations.

In addition, Cisco IBSG recommended deployment of a collaborative online conferencing tool (Cisco WebEx¹). This tool enabled and enhanced communications and collaboration among widely dispersed knowledge workers at Toyota, and was instrumental in reducing unproductive time needed to move around for meetings. These tools propelled Toyota workers closer to being able to work “anywhere, anytime, on any device,” contributing to their effectiveness and efficiency.

“I was searching for a way to stop our business from becoming too bloated I had tried a variety of measures to try to reduce operational waste, but I wasn’t really pleased with the results. Then we had the good luck to learn about Cisco IBSG’s advanced way of thinking and the practical solutions they champion. Their approach to decreasing operational waste was clearly understood by everyone.”

Kazuo Okamoto, Vice Chairman, Board Member, Toyota Motor Corporation

¹ Cisco WebEx is an easy way to share ideas with anyone, anywhere. It combines real-time desktop sharing with phone and video conferencing so everyone sees the same thing as participants talk. It is more productive than emailing files and struggling to get everyone coordinated over the phone, and it can often eliminate the need for people to travel and meet on site.

Results

The initial phase of the project yielded a 15 percent increase in knowledge-worker productivity, largely from business-process and cultural transformation that eliminated unnecessary tasks (such as document preparation, short trips for meetings, and redundant processes), and from improved communications and collaboration. The subsequent productivity improvement program (virtualizing meetings) boosted this gain to 18 percent.

Toyota and Cisco IBSG believe that an 18 percent gain in productivity is just the beginning, anticipating far greater productivity enhancements in the future as workers adjust to the cultural and technological transformations taking place. As the company's culture has been integrated with advanced IT, including information-sharing and collaboration tools, it is anticipated that knowledge-worker processes will be enhanced still further as the company expands the productivity initiative across all technology fields and moves away from traditional, paper-based processes.

More Information

Cisco Internet Business Solutions Group (IBSG), the company's global consultancy, helps CXOs from the world's largest public and private organizations solve critical business challenges. By connecting strategy, process, and technology, Cisco IBSG industry experts enable customers to turn visionary ideas into value.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>.



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