

Chapter 20

Principle 14: Become a Learning Organization Through Relentless Reflection (*Hansei*) and Continuous Improvement (*Kaizen*)

We view errors as opportunities for learning. Rather than blaming individuals, the organization takes corrective actions and distributes knowledge about each experience broadly. Learning is a continuous company-wide process as superiors motivate and train subordinates; as predecessors do the same for successors; and as team members at all levels share knowledge with one another.

–The Toyota Way document 2001, Toyota Motor Corporation

The beginning of the 21st century has continued the turbulence, uncertainty, and intense competition of the end of the 20th century. Long gone are the days when a company could set up shop, make a product well, and then milk that product for years, hanging on to its original competitive advantage. Adaptation, innovation, and flexibility have knocked this old business approach off its pedestal and have become the necessary ingredients for survival as well as the hallmarks of a successful business. To sustain such organizational behavior requires one essential attribute: the ability to learn. In fact, the highest compliment we can pay to a business in today's business environment is that it is a true "learning organization."

Peter Senge popularized this concept in his book, *The Fifth Discipline*, over a decade ago, defining a learning organization as a place (Senge, 1990):

... where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together.

Senge focuses on "new patterns of thinking" and learning to learn. In other words, a learning organization does not only adopt and develop new business or technical skills; it puts in place a second level of learning – *how to learn* new skills, knowledge, and capabilities. To become a true learning organization, the very learning capacity of the organization should be developing and growing over time, as it helps its members adapt to a continually changing competitive environment.

Of all the institutions I've studied or worked for, including world-class companies and major universities, I believe Toyota is the best learning organization. The reason is that it sees standardization and innovation as two sides of the same coin, melding them in a way that creates great continuity. For example, as we discussed in Chapter 12, Toyota has judiciously used stability and standardization to transfer individual and team innovation into organization-wide learning. It is one thing for individual employees to come up with innovative way to do things. But to be transferred to organization learning, the new way must be standardized and practiced across the organization until a better way is discovered. This is the foundation of the Toyota Way of learning – standardization punctuated by innovation, which gets translated into new standards.

Throughout this book, we have emphasized that the Toyota Way is far more than tools and techniques. TPS itself is designed to push team members to think and learn and grow. Toyota evolved out of innovation, originally in making looms and then in automobile design, and ever since, the leadership has worked hard to keep this innovative spirit alive. We saw, for example, how Toyota used the Prius project to revitalize a maturing product development process. Lexus also pushed the organization to new levels of quality and excellence. However, breakthrough innovation is only one aspect of the Toyota Way. Possibly the most important aspect is Toyota's relentless application of the more "mundane" process of continuous improvement, which results in thousands of little lessons learned. The Toyota Way involved the company learning from its mistakes, determining the root cause of problems, providing effective countermeasures, empowering people to implement those measures, and having a process for transferring the new knowledge to the right people to make it part of the company's repertoire of understanding and behavior. This chapter will describe how Toyota accomplishes this.

The Principle: Identify Root Causes and Develop Countermeasures

Unlike most companies, Toyota does not adopt "programs of the month" nor does it focus on programs that can deliver only short-term financial results. Toyota is process oriented and consciously and deliberately invests long term in systems of people, technology, and processes that work together to achieve high customer value. "Systems" are not information systems but work processes and appropriate procedures to accomplish a task with the minimum amount of time and effort. The philosophy of Toyota and its experience support the belief that if it focuses on the process itself and continual improvement, it will achieve the financial results it desires.

As you learned in Section II, The Right Process Will Produce the Right Results, continuous improvement (*kaizen*) can occur only after a process is stable and standardized. When you make processes stable and have a process to make waste and inefficiencies publicly visible, you have an opportunity to learn continually from your improvements. To be a learning organization, it is necessary to have stability of personnel, slow promotion, and very careful succession systems to protect the organizational knowledge base. To "learn" means having the capacity to build on your past and move forward incrementally, rather than starting over and reinventing the wheel with new personnel with each new project.

Ultimately, the core of *kaizen* and learning is an attitude and way of thinking by all leaders and associates – an attitude of self-reflection and even self-criticism, a burning desire to improve. Westerners view criticism and admitting to a mistake as something negative and a sign of weakness. Westerners are often eager to blame others when

something goes wrong. The attitude of “the buck stops here” is the exception, not the rule. Is it just the opposite within Toyota. The greatest sign of strength is when an individual can openly address things that did not go right, take responsibility, and propose countermeasures to prevent these things from happening again.