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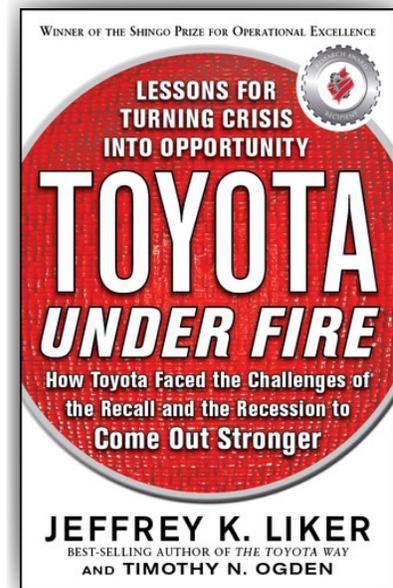
July 21, 2011

## Toyota Under Fire

*Lessons for Turning Crisis Into Opportunity*

Jeffrey K. Liker and Timothy N. Ogden

Adapted by permission of The McGraw-Hill Companies, Inc. from *Toyota Under Fire* by Jeffrey K. Liker and Timothy N. Ogden. ©2011 Jeffrey K. Liker and Timothy N. Ogden  
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## INTRODUCTION

In *Toyota Under Fire*, authors Jeffrey Liker and Timothy Ogden recount how Toyota Motor Corporation effectively dealt with serious allegations concerning the safety of its automobiles while struggling with the recent economic crisis. Toyota has maintained a commitment to long-term thinking, as well as putting people first. The authors examine the company's ability to sustain this approach during truly bad times. They describe in detail how Toyota was able to recover by turning the dual crises of the economic recession and successive automobile recalls into opportunities for improvement that ultimately allowed Toyota to retain its status as the number one automaker in retail sales the U.S.

The company's path through the crises to improvement was guided by "The Toyota Way." This is a deep philosophy, but the basic concepts are very

straightforward. Companies should face challenges with a clear head and positive energy. They should hold fast to their core values and vision for the company. They should always start with the customer. They should understand the problems that they face by analyzing the facts, including their own failings, and understanding the root causes. After thoroughly considering alternative solutions, they should pick a path, develop a detailed plan, and execute with discipline and energy.

The authors suggest that Toyota's greatest contribution to the world is its role as a model of real continuous improvement. Ultimately, Toyota's story exposes how setbacks can become opportunities for a company to assess itself, identify its weaknesses, and move to a new level of performance.

## A COMPANY TO ADMIRE

By the end of 2007, Toyota was the dominant automobile company in the world. Far more profitable than its major American competitors, Toyota had been continuously profitable for almost 50 years, a record that rivaled that of any global 1000 firm and was unheard of in manufacturing industries. Toyota's record for building quality products and achieving high levels of customer satisfaction drove its growth and profitability. Its customer loyalty was the best in the industry.

Toyota has changed the way a large portion of the world thinks about quality and how to continuously improve any process. Toyota set new standards for operational excellence by revolutionizing manufacturing, process engineering, and quality. These standards have become the goal for companies in many industries, although few companies implement these concepts to the extent that Toyota has. Companies from various business sectors spend billions of dollars to understand, learn from, and replicate the Toyota model.

To fully understand what happened at Toyota from 2008-2010, it is critical to first study Toyota's history. Toyota was originally a Japanese manufacturer of looms, which started in the 1800s. In the early 1930s, the company expanded into other sectors of manufacturing. By 1937, Toyota's automobile manufacturing division had already become the center of Toyota's business. During the start-up of the automobile manufacturing business, company leaders laid out an operating philosophy and introduced new concepts about quality and inventory management, including processes to eliminate mistakes and implement just-in-time inventory. The company realized that, to maintain a commitment to catching and fixing problems and operating inventory with a just-in-time approach, it required a systematic process to solving problems throughout the company. Through the years this problem-solving process evolved to today's version, called the *Toyota Business Practices*, which entails the following steps:

### Plan

- The process begins with a statement of the problem, including the gap between the actual and ideal conditions.

## KEY CONCEPTS

In response to a tragic car accident in 2008, Toyota issued three recalls, affecting more than 7 million vehicles. The media, politicians, and customers accused Toyota of hiding information and putting lives at risk. Its reputation for quality and safety was damaged, and it had to repair its relationship with the public.

- When responding to a crisis, Toyota ensures it correctly identifies the real problems, not just the problems presumed by outsiders.
- Toyota is never satisfied with restoring the status quo that existed before a problem arose. Instead, its goal is always to solve the problem in a way that leaves the company better off for the future than when the problem started.
- In this instance, Toyota reacted with actions instead of public relations statements. During an examination of its internal processes, it found weaknesses and took steps to correct them.
- Toyota's market share and financials show that the recall crisis resulted in real damage to the brand.
- A company that is dedicated to continuous improvement will view a crisis less as an obstacle to overcome and more as another tool in the arsenal of continuous improvement.



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Jeffrey Liker

- This gap is then broken down into the most important problems that can be acted upon.
- These specific sub-problems are then analyzed by asking “why?” until the root cause is found.
- Alternative solutions and countermeasures are then identified and evaluated.
- The best solution is chosen, based on what is currently known.

#### Do

- The chosen solution is implemented on a trial basis.

#### Check

- The results and impact of the trial implementation are monitored.

#### Act

- Adjustments are made based on the results, the new processes are standardized and disseminated

throughout the organization with further adjustments being made until the gap is eliminated and the next challenge identified.

*The Toyota Production System is the foundation that is often credited with allowing Toyota to emerge from the small, devastated market of Japan in the 1950s and become the world's largest carmaker. Along the way, Toyota dramatically changed perspectives of what was possible in terms of the quality and productivity of design and manufacturing operations.*

The Toyota Business Practices (TBP) broadly applies the problem-solving philosophy to the entire enterprise. Toyota believes that this problem-solving process is essential to leadership and requires all of its leaders to become masters of the process. As demonstrated by its remarkably consistent growth and profitability, Toyota has built a culture that constantly renews its commitment to excellence and to its core principles, instilling those principles and passion into each new generation of employees and leaders. The combination of production processes, TBP, and its culture (collectively known as The Toyota Way) became the competitive advantage that allowed Toyota to become a successful manufacturer in Asia and eventually in the U.S.

#### STRUGGLES DURING BAD TIMES

For all outward appearances, 2008 looked as if it was going to be Toyota's year. Its vehicles were selling in record numbers. Toyota was about to bring new plant on line in the U.S., Toyota's most profitable market. However, in the spring, oil prices begin to rise dramatically, and gasoline prices in the U.S. had almost doubled by the summer. The sale of large, gas-guzzling vehicles came to a halt. Without sales of its highly profitable SUVs and trucks, Toyota was hurting. Unlike other automakers, Toyota had significant buffers in its smaller cars models. So during 2008, while wide-spread panic affected automakers in Detroit, Toyota only had to make adjustments to the mix of vehicles it was producing, based on supply and demand, and continue business as usual.

However, the market bottomed out in a way that Toyota did not anticipate. By autumn of 2008, a major global recession was underway. Credit markets seized

## ABOUT THE AUTHORS

**Jeffrey K. Liker** is the author of the best-selling book *The Toyota Way* and 10 other related books. He is a professor of industrial and operational engineering at the University of Michigan and consults and speaks through his own consulting firm and The Toyota Way Academy. His articles and books have won eight Shingo Prizes for Research Excellence and *The Toyota Way* also won the 2005 Institute of Industrial Engineers Book of the Year Award and 2007 Sloan Industry Studies Book of the Year.

**Timothy N. Ogden** is cofounder of Sona Partners and a writer and editor who has developed nearly 20 business books for major publishers. His work has appeared in *Harvard Business Review*, *Stanford Social Innovation Review*, *Strategy+Leadership*, and *Miller-McCune*, among others.

up and suddenly no loans were available to finance consumer purchases. Toyota's North American sales plummeted by 40 percent below the previous year's sales. Further, the U.S. dollar weakened by 15 percent in relation to the Japanese yen in the last half of 2008. The combined impact of plummeting sales and the currency adjustment led to Toyota's first loss as a company since 1950—a drop of 4 billion dollars for fiscal year 2009.

*[E]very Toyota employee is expected not just to excel in his current role, but to take on the challenges of making needed improvements with enthusiasm. As The Toyota Way 2001 puts it, 'We accept challenges with a creative spirit and the courage to realize our own dreams without losing drive or energy.'*

Toyota does not use the Toyota Way to place blame on others for problems. It does not even use the approach to find blame with conditions that are seemingly beyond the company's control. Using the Toyota Way, the company stays focused on finding methods it can use to improve the company so that major damage to the company can be avoided with proper responses. The company did not accept the argument that this was a crisis out of its control. During the great recession, Toyota responded radically: the company did not fire executives or initiate massive layoffs, and it closed none of its plants. Instead, by following its TBP and the Toyota Way, the company found ways to operate successfully even during the worst of the recession while it continued to invest in the future. This led the company to revisit its 10-year plan, Global Vision 2010, and replace it with Global Vision 2020. The new long-term vision directed and informed the short-term plan, created by the company's Emergency Profit Improvement Committee (EPIC) for returning the company to profitability.

Toyota began to define its approach to the crisis with its usual intensive analysis that identified key long-term economic trends: (1) both the diminishing supplies of fossil fuel supplies and pressure for the U.S. government to raise taxes on gasoline will contribute to fuel prices rising beyond the 2008 peak, and

(2) environmental consciousness about air quality, recycling, and reuse is becoming a mainstream concern, resulting in tougher legislation requiring lower emissions from automobiles. Toyota also identified short-term trends: (1) the competition from American automakers had been weakened by the recession, (2) production numbers were lower than vehicle scrapping levels, creating a pent-up demand that would surge as soon as the recession ended, and (3) Toyota's employees were prepared for adopting a mentality of crisis and scarcity and ready for taking on the challenge of rapid change.

The resulting analysis was the foundation for the vision expressed in Toyota's Global Vision 2020. The long-term goals of Global Vision 2020 provided direction for responding to the global recession,

including which investments were appropriate and corresponded with the company's long-term visions, and which did not. Global Vision 2020 set the agenda for Toyota's research and development efforts to focus on fuel-efficient, environmentally friendly vehicles.

While work was being done to create the Global Vision 2020 plan, the Emergency Profit Improvement Committee (EPIC) initiated efforts to return the company to profitability as quickly as possible by reducing costs, adjusting production volumes, and addressing other newly revealed vulnerabilities and weaknesses of the company. Toyota's manufacturing plants account for most of its operating costs; its plants operate profitably at 80 percent capacity. During peak periods, temporary workers and overtime were used to reach 100 percent. EPIC decided that a new target of 70 percent was needed, which meant cutting fixed operating costs by over 12 percent—a goal that would normally be a very difficult multi-year endeavor. Yet, EPIC set the goal to be met within two years.

Toyota views its people with experience in TPS and TBS as an appreciating asset, so cutting employees to solve a short-term cost effort seemed self-defeating, and did not make sense to company leaders. Toyota did cut some of its R&D budget, but even with cut-backs, its R&D funding exceeded that of other automakers. Instead of hampering its future

potential, Toyota wanted to maintain its investments, particularly in technologies related to environmentally friendly vehicles. Toyota realized it needed to address some current conditions of its business: (1) the company had allowed increases to fixed costs and currency-exchange rates to risk operations to a higher degree, (2) its earnings had become overly sensitive to fluctuations in unit sales and exchange rates, (3) the speed and efficiency of its business operations had been reduced. Toyota fixed these problems not by radically changing direction, but by continuous improvement, investing in people, and trusting those people to find and implement solutions that would cut costs and improve quality and productivity.

Toyota always kept its future profitability in mind when making cuts to budgets. It examined in detail every process in order to eliminate waste. Despite cost-cutting, Toyota invested more funds into training employees about quality and bringing down defect rates and raising the training skills of managers, who are expected to be teachers. During the crisis, anyone who was not working directly on production was focused on ways to improve safety, improve plant operations, cut costs, and improve quality.

By the summer of 2009, all of these and similar efforts combined started to return Toyota to a position of profitability. Sales of Toyota's products improved to the extent that the company could not meet demand fast enough by August 2009. Soon afterward Toyota announced that it had been successful in become profitable again, and it did so without cutting its workforce.

### DEALING WITH RECALL CRISES

In August 2009, a tragic accident began one of the most prolonged and intense periods of scrutiny for Toyota or any other automobile manufacturer in 20 years. A family of four, driving in a Toyota-built vehicle roared out of control down a San Diego highway. All four passengers died when the car crashed before their desperate call for help to 911 could be answered. Public scrutiny was now entirely focused on Toyota, which up to that point had been widely regarded as

the manufacturer of the safest and most reliable cars on the road.

The cursory details that began coming out of the investigation of the crash contributed to the public's fear and confusion. The family was traveling in a 2009 Lexus ES 350, the current model of a passenger car whose all-weather floor mats had been recalled by Toyota in 2007 because of the possibility that they could trap the accelerator and prevent the car from slowing down. During the wild ride leading to the fatal accident, one passenger made a 911 call reporting that the accelerator pedal was stuck and the brakes had failed. To many people, the idea that the floor mat could trap the accelerator was implausible. Lots of questions and suspicions were exchanged about what really happened, which set the stage for a remarkable series of events that ultimately proved to be the greatest threat that Toyota had to face in many decades.

*Several experts...pointed to one benefit from the recall crises: greater focus on safety issues and human factors in vehicle design...[T]he industry has lowered the bar for recalls, initiating them more often and for issues that probably wouldn't have been dealt with via a recall in the past. At the same time, it's not by any means clear how many of the increased recalls actually benefited drivers...*

During the next six months, the company would issue three separate recalls related to vehicle speed control, affecting more than 7 million vehicles. The media, politicians, and customers would accuse Toyota of hiding information and putting lives at risk. The company's sterling reputation for quality and safety would be seriously damaged in the eyes of the public. It would lose its leading market position and spend billions of dollars on recalls and incentives to lure back customers. Senior executives would be ordered before Congress and would repeatedly make public apologies. How did things go so wrong? Had Toyota lost its way? Answering those questions and understanding the mistakes Toyota made requires looking at how Toyota viewed the issues and separating fact from fiction.

Ultimately, the San Diego County Sheriff's Department concluded that the accident was caused by the

accelerator being trapped by the floor mat, which was made for a different, larger vehicle, and had been incorrectly installed in the Lexus. Rather than wait for a complete study of the potential issues and solutions to be made, Toyota issued a Consumer Safety Advisory (CSA) to drivers of eight Toyota models. The CSA advised drivers to avoid the use of any floor mats and offered suggestions about how to stop a vehicle with a trapped accelerator. In the CSA, Toyota clarified that the defect does not occur in cars in which the floor mat is compatible with the type of vehicle and is properly secured. The National Highway Traffic Safety Administration (NHTSA) quickly rebuked Toyota for that statement, saying the CSA was inaccurate and misleading, and that simply removing floor mats did not correct the underlying defect. The rebuke from the NHTSA convinced many people that Toyota was not being honest and was not acting in the best interests of its customers. The public and the media had already begun to speculate about other causes, including electronic throttle controls and vehicle electronics.

*[O]rganizations that encourage taking responsibility and solving problems perform better than those that allow finger-pointing and passing the buck...[Despite] misleading media reports...[various] Toyota leaders took responsibility for both crises. Even areas like manufacturing, which had nothing to do with the recall crisis, engaged in [self-examination] to determine what could have been done better.*

#### TOYOTA FIGHTS FOR ITS REPUTATION

Speculation about underlying Toyota defects was fueled by reports concerning the NHTSA's database of consumer complaints. Investigative reporting uncovered the fact that the database included complaints about incidents that were impossible or dubious. In fact, one complaint reported a Lexus accident in which 99 people were killed in a single vehicle. The NHTSA complaint database was studied in-depth in the summer of 2010 and corrections to the data were made. Nevertheless, the findings showed that Toyota had more complaints than any other automaker, but not nearly as many as originally reported.

Two other research efforts were conducted that were related to Toyota's concerns: (1) reviews of historic

NHTSA research into problems with sudden acceleration, and (2) ongoing investigations to uncover forensic evidence of sudden acceleration caused by electronics. The media did not report the unlikelihood of the data in the NHTSA database or the results of the historic and ongoing research, which was overwhelming against vehicle electronics as a cause of sudden acceleration. Wild speculation from the media continued to flame public skepticism about Toyota's ability to be honest about the real cause.

Before the San Diego incident, Toyota engineers had discovered a problem with the synthetic materials used in the accelerators: they caused a rare "stickiness" effect in high heat or high humidity. They determined it was not a safety issue long before the allegations surfaced about floor mats trapping accelerators. Toyota did not think it was necessary to issue a safety recall, considering that no vehicles with that specific concern had been in an accident, and only a small number of customers had reported problems with

the sticky accelerators. Instead, it began designing a replacement to put into production. When Toyota's American executives learned of the sticky accelerator problem in U.S. cars, they realized that, due to the media attention to Toyota cars, they would have to immediately issue a fully detailed public announcement. The Japanese executives, still looking at the

concern as a non-safety issue, did not see the urgent necessity to do so. Eventually a recall was announced early 2010, affecting 2.3 million vehicles in the U.S. The misinformation and delays that accompanied the recall announcement further confused the public and damaged Toyota's reputation for being concerned about its customers' safety.

During all the frantic events that were occurring in response to the pedal issue, another set of concerns erupted. Shortly after Toyota announced its fix for the sticky pedals, a careless statement from the U.S. Secretary of Transportation almost unraveled all the effort that Toyota had made to prepare the logistics for an orderly and quick repair of all customer vehicles. After being grilled by a congressional committee con-

cerning the supposed shortcomings at the NHTSA, the Secretary responded to a question about what owners of Toyotas should do now that the fix had been announced by saying, “My advice is, if anyone owns one of these vehicles, stop driving it, take it to a Toyota dealer.” The Secretary later apologized for the statement, asking owners of vehicles covered by the recall to follow the plans created by Toyota and local dealers. But, the damage had already been done, adding more confusion to the public’s perception of the recall.

An additional worry for Toyota occurred on the exact same day of the Secretary’s unfortunate statement to the press: the NHTSA announced it had received more than 100 complaints about braking performance in 2010 Toyota Prius vehicles. Again, the media frenzy and rumor mills quickly overwhelmed any facts. The truth was that there was a delay in the way the brake pedal seemed to respond in certain conditions—not a true delay in braking, but a delay in the feel of the pedal. In those conditions, the antilock braking system took over the control of the braking system, and that sub-second transition changed the feel of the brake pedal. Braking ability or braking distance was not affected, just the feel of the pedal. Toyota was already aware of this phenomenon and had taken steps to correct the software to alter it; however, because the company did not consider the concern a safety issue, it did not issue a recall or even a technical service bulletin to correct the issue in Priuses that were already on the road. This response turned out to be another misperception of the American public’s response by executives in Toyota’s Japanese offices, and eventually another recall was announced to replace Prius software.

With confidence in Toyota at an all-time low, allegations that the company’s legendary quality had collapsed, and questions about whether the company was endangering its customers, some political response was inevitable. Several congressional committees scheduled hearings to grill Toyota executives about its issues. Usually when a large company

receives a great deal of negative attention, members of Congress initiate the proceedings by calling chief executives of the company to Washington to publicly chastise them so that politicians can be seen to be public figures of authority. Usually, these chief executives deny wrongdoing or claim to have been unaware of what was happening. The public and a number of members of Congress expected Toyota to follow this procedure. Toyota executives in Japan considered this an American issue, however, and were content to let the head of U.S. operations appear before the committee. Many in the press interpreted this move as indifference on the part of the company’s most senior executive, the Japanese president of the corporation. Toyota’s response proved to be yet another disconnect between the American political environment and its Japanese leadership. Finally, this direct brush with the overheated politics of the situation in the U.S. showcased to Toyota executives in Japan how deep the crisis really had become. However, despite apologies directly from Toyota’s president and assurances that efforts would be stepped up to ensure quality products, misinformation and misperceptions persisted throughout the congressional hearings.

*During the recall crisis, many commentators suggested Toyota’s rapid growth was at fault, leading to breakdowns in safety and quality. [However]...there’s little evidence of the purported decline in quality of concern for safety at Toyota... {The Toyota president said,} it is not the growth pace itself, but it is the relation between the pace of growth and the pace of people development.*

#### RESPONDING AND RECOVERING

Toyota’s goal goes beyond simply restoring the status quo or returning to how things operated before a problem arose. Instead, its approach is to solve the problem so that the company is left in a better position for the future than when the problem was first detected. However, there are crises that require a company to put out the fire, stop the bleeding, and contain the problems—dealing with the symptoms first before addressing the root causes in order to find solutions for future improvements. Part of Toyota’s problems during this particular time of crisis was that its Japanese leadership did not appreciate the depth

of the crisis in the U.S. Meanwhile, various parts of Toyota in North America were operating in a frantic reactive mode to keep up with the large volume of accusations that appeared daily in the media. Toyota's response to the crises can be characterized in 3 different phases:

**Phase 1: React.** Most importantly, Toyota reacted with actions instead of public relations statements. The company initiated a Herculean effort to bring in customer vehicles and repair them as soon as replacement parts were available. The company gave whole-hearted support, financially and organizationally, to ensure dealers had the ability to respond to the recalls without destroying their businesses. The company also boosted its call center support to handle the immense increase in customer calls. It reassigned anyone in its American departments that had ever worked at a call center to work at its call center, including some executives. Toyota's long-standing relationship with supplementary staffing companies allowed it to quickly hire temporary call center agents to meet the spike in call volume—agents that had already been trained to handle calls according to Toyota's standards.

*While these crises were severe, they were just another of the challenges that Toyota constantly creates for itself to drive continuous improvement. Just as the performance of a factory is expected to improve each year, to advance another step..., the board of directors will assess the company's performance based on whether it operates better this year than it did the year before. The goal is never a steady state or returning to the status quo.*

**Phase 2: Contain.** Toyota also made efforts to not just react to the crises, but also to contain it in order to ensure that no further damage was being done while the long-term efforts for improvement were getting underway. The company also wanted to ensure it was not making decisions that would hamper future efforts for improvement. The methods Toyota used to react to the crises reflected its commitment to The Toyota way, which can be summed up as: (1) accept responsibility, (2) do not blame customers, suppliers, dealers, or

anyone else, and (3) above all else, put customers first. To contain the crises, Toyota created a new position, regional chief quality officer, and assigned an executive from each region to take on the responsibility for any quality or safety issue affecting their region. This new approach demonstrated its effectiveness for containing issues when Consumer Reports performed a specific safety test on a Lexus vehicle. The chief quality officer in the U.S. immediately issued a "do not sell" order to dealers in his region, which reassured the public that Toyota was responding quickly and with urgency to safety concerns. It also worked with NASA and the National Academy of Sciences to conduct its own safety tests, which eventually exonerated Toyota of electronic defects. News reporters acted on test information quickly and investigated claims of sudden acceleration, and ultimately debunked the bulk of them, helping to stem the tide of negative publicity.

**Phase 3: Turning crisis into an opportunity.** Toyota has a powerful way to respond to problems. The company ensures it correctly identifies the real problems, not just the problems presumed by outsiders. During the crises, many people believed that Toyota was selling inferior quality products as a result of a degradation of its manufacturing and engineering processes. The public was judging quality by the number of recalls or the number of vehicles recalled. But even with a large increase in the number of recalls, the total number of problems and vehicles recalled is a small percentage of the number of vehicles on the road. An analysis of the recalls

reveals that:

1. None of the recalls had anything to do with errors made in Toyota factories.
2. The problems were not fundamentally engineering or testing problems.
3. The company did not suddenly become "safety deaf" nor abandoned its commitment to quality.

Following the Toyota Business Practices, the company examined the root causes of problems and how

its organizational structure, internal communications methods, and decision-making processes contributed to the crisis. A weakness within the company was uncovered when it came to how it communicated with and responded to its customers. The company took steps to improve how it listened to customers from one end of the company to the other. It set up teams that addressed safety issues directly with customers. Immediate steps were taken to increase the engineering department's access to raw data and get them directly in touch with consumers. The company also took steps to develop more independence among each region, assigning chief engineers to regions and revising the way engineers are trained. Toyota invested in the Collaborative Safety Research Center, which takes an open-source approach to safety research and shares results with other manufacturers.

Overall, the various data about Toyota's market share and financials show that the recall crisis made a significant hit on the company. However, public opinion of Toyota's safety and the company's business metrics recovered quickly to levels near where they had begun. Nonetheless, real damage was done to the brand.

### LESSONS TO BE LEARNED

Four specific lessons can be drawn from the way Toyota handled these crises:

- **Crisis response started yesterday.** A large, multinational company faces an impossible task if it attempts to change its behavior on short notice. Companies that respond well in crisis have created a culture that focuses on the long term, encourages people to take on challenges and continually strive for improvement, rewards transparency, and accepts responsibility for mistakes.
- **A culture of responsibility will always beat a culture of finger-pointing.** A company that defines problems as something within its own control always finds something that it can do to improve the situation. Pointing fingers freezes innovation.
- **Even the best culture develops weaknesses.** Toyota's experiences show that the greatest threat to a culture of continuous improvement is success. There seem to be no negative consequences

during times of success from taking shortcuts and choosing "good enough" over excellence. Those shortcuts create weaknesses which can steadily build, and when success begins to slip, the consequences can be severe and difficult to confront. To overcome these weaknesses, a corporate culture has to have clear and objective standards, organized in such a way that allows self-correction.

- **The pressures of a globalizing culture demands a constant balancing act.** Developing a shared corporate culture across a variety of national cultures is perhaps the biggest challenge facing modern industrial corporations today. Further, a corporation also has to balance the communications and decision-making approaches within the company between a centralized model and a decentralized model.

When confronted with a crisis, a company should never hope to simply return to the status quo or steady state they previously experienced. Expectations and goals matter. A company that is dedicated to continuous improvement will view a crisis less as an obstacle to overcome and more as a tool in the arsenal of consistent improvement. The actions that Toyota took in 2010 placed it in a position to compete once again, and slowly regain trust and market share. Real harm was done and will have to be repaired over years. It is precisely why Toyota has taken to improve their company, not just claw back to status quo. Within Toyota's crisis lies an important lesson of cultivating future opportunity.



## FEATURES OF THE BOOK

**Reading Time: 5.5 hours, 272 pages**

The Toyota Motor Corporation has boasted a non-stop record of success, after being profitable for almost 50 years running. The authors have undergone extensive studies of Toyota's management techniques and the real reasons behind its success. They witnessed in detail how Toyota successfully responded during crises that severely challenged its operations. In writing **Toyota Under Fire**, they gleaned significant lessons from Toyota's experience and shared them in

a way that benefit other companies going through a crisis. The book is the culmination of more than two years of investigation beginning in the midst of the global recession, including visits by the authors to Toyota plants and offices across the U.S. and Japan. Their research also utilized several interviews with the Toyota president and senior executives, team members, dealers, and independent automobile industry experts. This book would benefit executives and managers of corporations, especially those facing hard times and difficult business decisions. It would also be intriguing to students of crisis management techniques and corporate cultures. Although the book is largely a single case study, the authors have done extensive research in order to extract valuable lessons that are applicable to a variety of businesses in many sectors. The book is best read from cover to cover. The index makes the book accessible as a resource for future reference after the initial reading.

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Foreword: Ángel Cabrera, President, Thunderbird School of Global Management

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