Announcer: You're listening to Episode 28 with Jeff Miller.

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Announcer: Welcome to the Gemba Academy podcast. The show that's focused on helping individuals and companies achieve breakthrough results, using the same continuous improvement principles leveraged by companies such as Toyota, Del Monte and the US Department of Defense.

Now, here's your host, Ron Pereira.

Ron Pereira: Hey there this is Ron Pereira and I’d like to welcome you to another episode of the Gemba Academy podcast. We’re humbled and honored that you’re taking time to listen to the podcast. We also want to thank all past, present, and potentially future customers of Gemba Academy for their interest and business. We definitely appreciate each and every one of you!

Now, today, I’m excited to welcome Jeff Miller to the show. Jeff is the Chairman of Global Best Practices Group for Toyota’s Financial Services group which some refer to as TFS. Now, I’m humbled to say that Jeff and his TFS colleagues have been customers of GA for several years so I’ve had the chance to meet him.

Now, the thing I love best about Jeff is how humble he is… I mean, Jeff works at Toyota and obviously has access to best lean thinkers in the world and it would seem like one in that position could become easily complacent and maybe a little comfortable, but as it turns out, Jeff’s constantly trying to learn and grow.

In fact, the last time I visited Jeff at his office in Torrance, CA he was reading all kinds of lean and leadership-slanted books and was even excited to share some new websites and blogs he had been reading.

So, in today’s episode Jeff and I explore many things including how TFS is applying lean thinking to the office area and why lean, most definitely, isn’t simply for the manufacturing folks. Jeff also talks about whether the Western Toyota associates are bothered by the use of Japanese words like Kaizen or Genchi Genbustu.
Jeff Miller:  Thank you, Ron. I'm excited to have this opportunity.

Ron:  Where are you calling us from today, Jeff? What part of the country?

Jeff:  Ron, I am in our North American headquarters here in Torrance, California.

Ron:  What all happens out of that Torrance facility there at Toyota?

Jeff:  Here, obviously, is our sales and marketing headquarters for North America. Toyota sales is headquartered here, as well as Toyota Financial Services of which I am a team member of. We also have our North American Parts Organization is here, our logistics team, our University of Toyota folks, accounting and finance.

It's larger now. It's like a college campus here.

We have approximately 20 buildings, thereabout, that are spread out among this campus, staffed with Toyota associates.

Ron:  How many folks work there, Jeff, total, approximately?

Jeff:  I would say, 5,000 to 7,000.

Ron:  It's a beautiful campus. I've been there, and really, really nice place there.

Jeff, why don't we start things off, won't you tell us a little bit about yourself, including your background and how you came to learn about continuous improvement?
Ron: I've been with Toyota now, starting my 23rd year. I've spent my entire career with Toyota Financial Services on the Financial Services side. I started in the field. I moved my way and eventually ended up here at our Corporate Headquarters around 1994. I've had a lot of operational roles and responsibilities within the organization.

But approximately 10 years ago, actually about 12 years ago, with the growth on the Financial Services side globally with our organization and moving into different markets around the world, our group in Japan realized that we were growing so fast and we needed some kind of expertise.

They formed, what they refer to as, functional committees. These functional committees were assigned the responsibility of globalizing our operations. They spread across risk and IEP and those types of business functions.

The group that I became part of was originally started out as a process management group and evolved into, what we refer to as, the Global Best Practices Group. That is to globalize our best practice operationally within our Sales Finance Organizations internationally.

I've been with them since the start. The last couple of years, I've actually have evolved into the, what they refer to as, a chairman role. I oversee all of our process improvement activities and also our [inaudible 07:02] as it relates to sharing best practices across our growing international network of sales finance companies.

Ron: When you say "best practices," are you really focused more in on what we would consider today Lean, continuous improvement, or is it any kind of best practice?

Jeff: That's a good question, Ron, because best practices is a misnomer because if you take a best practice, somebody's doing something and you look at that process, for example and you say, "Hey, that's fantastic. That's a best practice," and you adopt that best practice, then it really is no longer a best practice, is it?

Ron: It's a standard, right?

Jeff: Best practices are a combination of innovation and creativity. It's taking things that you see, whether it's process or tasks or activities, and you say, "This may work in our environment. It may not work in our environment, but let's tweak it. Let's be creative and see if we can improve it."
That continues improvement, starting out as best practices. From Toyota's perspective, that's what sets us apart from our competitors. That makes you competitive in the marketplace. It gives you a better position and a good place.

It's based upon that. Those are the things that we oversee. It's not really adopting or adapting a best practice and saying, "OK, this works in Germany, so it's going to work in Switzerland, it's going to work in the US, and it's going to work in Mexico."

No, that's not what we're saying when we say we want to adopt that best practices. What we want to do is we want to find out what's going on out there, whose successful at what and share that among all of the different markets.

Then determine, "Hey, what will work in your marketplace? What has to be adapted?" In other words, we're not reinventing the wheel, but rather maybe shortening the lead time, for example.

**Ron:** Before we get into the teeth of the interview, Jeff, we like to ask all of our guests to share a continuous improvement or leadership quotation that inspires them. What quotation inspires you, Jeff?

**Jeff:** Obviously, coming from Toyota, we have a rich history of quotations and what have you. I look at Taiichi Ohno, the founder of TPS, Toyota Production System. He had a lot of famous quotes.

I think the one that we try to incorporate into our vision, into our mission, as we go out into these different countries and talk to associates and train associates, and that quotation is, "No problem is a problem." In other words, there's always a problem that's out there.

That's the genesis of continuous improvement. Because if you say that there are no more problems, then that's a problem, in and of itself, because then you've stopped your continuous improvement efforts. You've stopped looking.

You've said, "We're as good as we're going to be." That's the gist of what Taiichi Ohno was referring to.

**Ron:** That's an excellent quotation and I definitely love the wisdom of Mr. Ohno. Let's get into the teeth of the interview now, Jeff.
Much is, obviously, written about how Toyota leverages, what we call, Lean or Toyota Production System in a factory setting. But what about the front office? Do the same principles apply?

Jeff: Absolutely. In fact, probably one of our biggest challenges when we first started this journey, 10, 12 years ago, and that is that the comments that we would get is, "Well, that'll work on the factory floor, but in our environment, in the knowledge worker's environment, that's not going to work."

We said, "It's problem solving. That's what we're trying to teach here. You may have to look for it a little bit harder than you would on the factory floor. It may not be as visible, but it's there. You may have to take a different approach."

That journey has allowed us to look at problems from a customer's perspective, taking the voice of the customer and then back-tracking through the process to find out, where is the problem occurring? What's the point of occurrence, if you will?

In other words, what are we trying to deliver to the customer? Is the customer satisfied? How can we improve that customer experience?

If they're not satisfied, if there's no value for the customer, then let's go back through the process and find out, where is that non-value occurring? Can we eliminate it? Or, can we minimize it?

That's the approach that we've taken the last 10 or 12 years or that's the approach that has come out of it from all this continuous improvement in the Lean journey that we've been on. The fundamentals are the same as what we do on the factory floor. It's just that the process that we go about identifying it is a little bit different.

It's a little bit harder. You have to really look for it than you would maybe on the assembly line, but problem solving is problem solving whether it's at PDCA or here at Toyota. It's practices, but it's critical thinking. That's what we're trying to develop our associates into is problem solvers.

Ron: Can you share maybe a specific example of a time when improvements were made by the front office? What was the problem? How was it approached and what was the result?
**Jeff:** Let me just think about this for a second. We have a lot of administrative tasks, to put it kindly, that are transactional.

Transactional are probably the easiest things that you can do to make improvements. I remember when we first started out, when we went to our service center, we have a big mail room. In the mail room, there's a lot of visualization that takes place, but we were doing so many tasks. We were crisscrossing associates back and forth from delivery to receive mail, stapling stuff, and unstaiping stuff.

Just to watch, it was like watching the "Keystone Cops," to be honest with you.

That's not to say anything against the associates, but we just didn't have a standardized process in place. We were like, what worked today, maybe it didn't work the next day.

That's where we started, "Let's look at the mail room. How can we make improvements?" Associates who do the work are the ones that are best at identifying how they can improve their work because they want to make improvements. They know what's wasteful and what's value-added.

What we ended up doing was we took some duplicate mail documents, for example, and created a flow process and put that in place.

What we did was we would take checks, for example, and we would just write check on it. Then we would route it through the service center to see what the timeframe was from receipt of that check, for example, that mail document, to its final destination.

Each person that touched it would write their name and the time that they got it and the date, so there was a date stamp on it. We found out that sometimes, things would come in the mail and it would take a day to two days before it got there.

We deliver mail multiple times during a day. That was a concern for us, obviously, especially when you're dealing with funds. How can we make that improvement? That was an eye opener for us, is all the number of times that it touched people and the time that it took to get to its final destination.

Obviously, from that, we were able to make some huge improvements, reduced the times from a day or two days down to just hours. That was a tremendous improvement.
We streamlined the flow of mail as it came into the mailroom, we put up Kanban -- I'm sure your audience is aware of Kanbans -- in here and they were color coded. We set up delivery carts and placed priority importance on those delivery carts and on where they would be wheeled throughout the building.

There were a lot of improvements that came out of just that process improvement space.

**Ron:** In that example, who lead the improvement initiative? Was it like a Lean expert, which is a general team member? How did you go about that?

**Jeff:** The first thing we did was we set up teams. Then we trained them, obviously. We gave them some basic skill sets and then what we did was we basically went down to the gemba and said, "Let's see what we're doing here."

We did some observations. The teams that we had, they all had team leaders. Then they would come back. We would map the process, figure out, "Is that right? Is this wrong? What does policy and procedures say?"

Then we'd go back down the gemba, map it out again, so there was a constant "Genchi Genbutsu" at the gemba that was going on until we defined what the process was and then we stood back and said, "Where can we remove the waste?"

These were associates that were doing it. I was there. I was maybe a facilitator or just overseer and leading them in the right direction, but we were all learning in the process, especially the associates.

But the associates were involved. They were doing the work. They were making the changes. They were documenting the results and they actually delivered the final presentations, the report-outs, if you will, to senior management and made the changes.

**Ron:** Just a random question, you mentioned Genchi Genbutsu, which for those that don't know that means, quite literally, to "go and see" for yourself with your own eyes at the gemba, or "the place" the work is done.

One thing that we come across from time to time is companies, when they might have associates who get a little bit annoyed when Japanese words are used. Now, obviously, Toyota is a Japanese company, but you, obviously, have a lot of non-Japanese associates. Do you ever run into an issue with,
"Oh, I wish there weren't so many Japanese words"? Or, is it just not an issue for you guys?

Jeff: Actually, it's not an issue for us. We've done a good job of defining the terminology over the years. Associates get it here at Toyota.

We've done a better job of actually putting some of the words into practice over the last couple of years. You could throw out these terms of kaizen and genchi genbutsu, and all this, but here, associates understand what they mean.

In the beginning, a lot of our teams were actually called a lot of these terms. They would say the "Kaizen Boys," or the "Kaizen Girls," or the "Team Genchi Genbutsu." A lot of the terminology was actually used as team names in the beginning.

Ron: Jeff, what are some of your current challenges when it comes to continuous improvements and how do you plan to overcome them?

Jeff: Some of our challenges, obviously, are getting all associates involved. I say that because we have vision and mission statements for the group that I had. To put it succinctly, what we try to do is get as many associates engaged in adding value or creating value for our customers.

That's basically what we're trying to do. Right now, we're doing a good job, but we're not at 100 percent. In other words, not all associates are engaged. By engaged, I mean participating in kaizen activities, whether it's as an individual or whether it's part of a team.

What we want to try and do is get as many associates and we would love to be able to have a hundred percent, but we don't force it. A lot of this is associates who are excited about doing process improvement.

We continually look at ways to improve that culture, to grow and sustain kaizen and continuous improvement for the long term. Probably our biggest challenge is getting more and more associates involved.

Ron: I know this is going to sound like a commercial for Gemba Academy and I truly don't mean it to be, but you guys have been a customer of Gemba Academy's for several years now. I'm just curious if you could maybe share. How has that...?
I know it's helped you because you've told me that, but can you give an example of how online training or virtual training can help organizations like Toyota?

**Jeff:** For us, we look at Gemba Academy and the online courses and, you know this, when we first started, you did not have the library as such that you have today. We looked at the courses online as both a benchmark for us to see what's out there and to look at the format of a video facilitation as opposed to a textural facilitation.

Of course, in a perfect world, the classroom advantage may be the best type of learning, but logistically, it's not feasible for us. But with the video series that you have, it is a lot more value-add than creating some documents and texts or static e-Learning courses.

There's a lot of value in the format itself. Of course, the accessibility and availability of the courses on the Internet is especially valuable for us on an international basis because associates can access it.

We also use a lot of the courses for advanced learning. We have an internal certification process and we use some of the advanced learning for those candidates as they move up, so that we don't have to create our own learning.

There's a lot of value there with the interview series that you've added and, of course, a lot of the Gemba visits that you've added over the last couple of years. Those series, in and of itself, are very valuable to see best practices, see whose doing what, what's working out there and you start to create that network.

That's a real valuable addition to the Gemba Academy archives.

**Ron:** Thank you for that. What's incredible for me to hear, and I'm sure for many of our listeners, here's the guy from Toyota talking about learning from other organizations. What always struck me about Toyota is your humility and your willingness to learn from others, that you don't know everything.

Sometimes, people think, "Toyota, they're so great. What do they have to learn? They've already made it." But, obviously, you guys are still improving yourselves and trying to learn from others. That's excellent.

**Jeff:** Thank you.
**Ron:** Jeff, we've come now to my favorite part of the show, which we're calling the "Quick Fire" segment. Basically, this is where you get to share your personal thoughts and wisdom, which you've already been doing. But, now, we're going to really focus in on Jeff. Are you ready?

**Jeff:** Absolutely.

**Ron:** When you first started down your continuous improvement journey, what was holding you back from being successful?

**Jeff:** For me, obviously, there's a lot of budget stuff and those types of things were holding me back. Language is tough. We're in multiple countries with multiple languages. For me, I always, "How am I going to deliver this on a global basis?"

That's challenging because the assumption always is that everything's in English. This is the way that the US does it. That wasn't the approach that we wanted to take.

We knew that there are a lot of associates out there who were thirsty for anything about Toyota. Here in the US, we take it for granted because we have all the...We have robust IT platforms and we have access to all kinds of resources.

But in other countries, they don't have that. For me, it was, "How can I deliver this content without sacrificing any of the substance?" if that makes sense at all. It's still a challenge today because a lot of our associates, in some countries, they don't have access because of regulations within their country.

That's a challenge for us. How can we get that material to them so that they're on an even playing field with associates in other countries? That has probably been one of the biggest challenge for me, personally, was whenever I think of an idea or delivering something or facilitating a workshop or a content, I always stand back and I say, "How can I deliver this in another country where English is not the primary language?"

It's a different type of mindset to have when you're always looking at it from a global perspective.

**Ron:** Jeff, what's the best advice you've ever received?
Jeff: The best advice I've ever received and it's hard to think back all the years that I've been here, but I do a lot of traveling and a lot of my traveling is international. For me, the best advice I got was to travel light and how to...once you get to the hotel. I hang all my shirts up in the bathroom, turn on the shower, get the steam going, so I get all my stuff steamed and cleaned.

That's one aspect that I don't have to worry about for the week that I'm at the hotel.

I try to be comfortable when I'm traveling. Really, over the last five or six, seven years that I've been doing a lot of international travel, it's really helped me a lot. I have access to phone numbers. I have alternative routes. I have standard documents that tell me when I take the trains, do this, do that. I try to make myself as comfortable as possible, almost like I'm at home, when I'm traveling.

Ron: That's the Lean thinker in you. I do the same thing with my shirts. I hate ironing, but they're all wrinkled in your suitcase, so throw them up and crank that shower up on hot and close the door. In 20 minutes, your clothes are unwrinkled. It's an incredible tip and advice for folks out there that do travel.

Jeff: I know and your audience is probably thinking, "What are these guys talking about, traveling and putting shirts in the bathroom and stuff?" But I'll tell you what, from a business perspective, after 15 hours on a plane and you open up your luggage when you get to the hotel. No matter how you put your shirts in the luggage, they're wrinkled.

To be able to put them in the bathroom...You can iron them all or you can send them back down to the laundry and pay the costs for that. But doing that and having all those shirts and my suits, everything, come out nice and straight and pressed after putting them in the bathroom with the steam shower, it's a load off your mind.

You hate to go to work or show up at a meeting or a dinner or something like that and your shirt looks like...You look all disheveled.

Ron: [laughs] That was a productivity habit, but let's dig in a little bit more. Can you share one of your maybe personal productivity habits, maybe electronic habit or something like that, that others might benefit from?

Jeff: I'm a big journaler. I don't know if you're aware of the journaling aspect, but I like to write everything down like a diary. I'm a big journalist. I
have a journal. I have one book where I document everything, whether I go to a meeting, or whether it's an idea, or whether it's a list of books I want to read. I put everything into one notebook, if you will.

**Ron:** Is it you literally write it or you type it?

**Jeff:** I write. Some things are still left unsaid and writing things down, for me, is still the easiest. I enjoy that as opposed to typing it. If you type it, then you've got to have the instrument in front of you. You've got to have the computer, or whatever, the Word document in front of you. It looks so standardized. For me, writing things down, that's un-standardized. I've gone off the map on that.

I believe in journaling. I've been doing it for probably 10 years now. You asked me earlier about some advice and that was an advice actually that I got from some our executives over the years is they carry around one book and everything that goes on during the day, they write it down and they review it, do some reflection at the end of the day, prepare their to-do list for the next day, and move on.

That's the way that I operate. I find it very easy, very effective, and very efficient. That's probably one of my productivity habits.

**Ron:** This is going to be a tough one for you, because I know you're a major, major reader. But if you could only recommend one book related to continuous improvement or leadership, what would it be and why?

**Jeff:** That is tough, because I am a voracious reader. Sometimes I don't read word for word. I look at the table of contents, and I go to chapters that I think are important, and I read those chapters. Some books I'll read cover to cover.

Believe it or not, I'm not a big fiction reader. I like nonfiction. I like true stories, biographies, things that, to be honest with you, are going to help me, either grow as a person, professionally, or personally.

I read a lot of those types of books. Over the years, I've read a lot. Just recently, I read a lot of...Karen Martin just came out with the "Value Stream Mapping" book, which is good. Before that "The Outstanding Organization," which I thought was really a good book.
But to change the topic a little bit, probably one of the best books I've read recently was "The Exceptional Presenter," a book on presentation. I'm always trying to improve my presentation skills.

One of the reasons I read that book...what I learned from it was to organize your thoughts, and to be able to think clearly and rationally, and to be able to present that to your audience. The tips that are in that book are fantastic tips, actually things that I wasn't aware of as a presenter. But I thought that was an excellent book.

From that book, I'm currently reading "How to Deliver a TED Talk." I'm not sure if you're familiar with the TED forum.

**Ron:** Oh yeah.

**Jeff:** There are some fantastic topics. If you ever go online to TED, and just look at some of the presentations and the skills. If you're trying to improve yourself, those are the things that I'm interested in.

For me, Exceptional Presenter was one of the best books that I've read, probably in the last six months or so.

**Ron:** It's funny. First of all, Karen Martin's a good friend of Gemba Academy and of mine. In fact, Karen's coming here this week to our studio here in Fort Worth. We're going to shoot a little interview. But we actually interviewed Karen recently about her Value Stream Mapping book, so it's a small world.

But something else that many people don't know, and I don't think you know this, Jeff, but that book that you referred to, "The Exceptional Presenter", that and there's another one called "Presentation Zen." Those two books were probably the most impactful books that influenced the way Gemba Academy courses have been developed and delivered for the last five years, because we learned from those books very early on about how to tell a story and how to get content out.

I'm very happy to hear that you found that book. It's been incredibly valuable for Gemba Academy as well.

**Jeff:** Actually, I just purchased that Presentation Zen book. I bought the second edition, because he just updated it. But the author, I think he's done a couple TEDx presentations. I've seen him on there.
Ron: Yeah. Garr Reynolds is his name.

Jeff: He's out of Japan.

You're actually right. How to deliver a presentation and how to speak to an audience and just how to do your slides, that's why...earlier when I talked about the value the Gemba Academy doing these videos presentations for your learning is so much more valuable than a static screen with a bunch of bullet points on it.

That comes from The Exceptional Presenter and Presentation Zen, how to deliver the content. Why should somebody speak and say exactly what's on the screen? You've learned that, as you've just stated. I didn't know that, and I think that's probably the understated value of your video series.

Ron: Thank you. Thank you for that.

Jeff, last question. Imagine that you've recently been hired as a general manager of a company that's struggling with quality, productivity, poor morale. They're just a mess.

You are hired because of your continuous improvement experience and your past success. As it turns out, the CEO that hired you is giving you complete operational control and trusts you to right this ship. With this said, what would your first week on the job look like? What would you do, and why?

Jeff: Obviously, the first thing I would do is get to know the staff. Obviously, you want to know who's working for you. What are their skill sets? Those types of things. You want to start to get people on board with your thought process. That engagement is key from the beginning.

I think understanding who my resources are, who's my staff, is important. That would probably be one of the first things that I do, and that's just from a personality perspective. But then what I would try to do is ask, is there any voice of the customer? Who's our customer, and what are they saying about us or about what we're delivering?

Then as a subset of that, what are we delivering to the customer? What is it that we produce? Is it a product? Is it a program? Is it a service? Those are things that I would look at.

Then I would try to find out in the first week, what's our standard? Do we even have any standards? Are they documented? If not, then that would start
the process. The first thing we have to do is look at our standards, and if they're not there, then we have to create those standards. We have to document those standards, because from that is where you start to make your continuous improvement.

If you don't know what's going on, then you can't make improvements. You can't move to a desired state or a future state or an ideal state, if you don't know what the current state is. And so, that's where I would start in that first week. I think that would probably take up a good portion of that first week.

But it goes back to talking about Lean. It's understanding and drafting the current situation. Your approach may differ from organization to organization, but I think from a Lean journey perspective, understanding the current situation is key to making any type of continuous improvement efforts. And so that's how I would start in that first week.

_**Ron:** You mentioned Mr. Ohno earlier in the interview. My favorite quote from him -- I believe he said this -- is, "Without standards, there can be no Kaizen."

_**Jeff:** He's got a lot of good quotes.

_**Ron:** [laughs] Indeed he does.

Jeff, thank you so much for coming on to the show. I know you're extremely busy. Why don't we wrap things up, Jeff, with you just giving us some final words of wisdom? Then, why don't you tell people how they can connect with you via social media.

_**Ron:** My final words of wisdom are that the Lean journey is a lengthy process. I think the key, for us over the years, has been to create an engaged culture. As I stated earlier, our mission is to get as many associates as possible involved in creating value for the customer.

And so however you go about that, it's going to be a big plus for the organization, either way you look at it. You're going to have continuous improvement efforts. You're going to have efficiency. Productivity is going to improve. If you keep that mindset, and you move in that direction of creating value for the customer, you have to define who the customer is, nothing but good can come from that.

Those are my words of advice for anybody out there who is starting a Lean journey. You're going to run into obstacles. You're just going to have to step
back and try and find a way around or over or through those obstacles, because they're going to be there in whatever form you can imagine.

That would be my advice that I would give anybody that's starting out on this journey. If you have any questions, I'm not on any of the Twitters and Facebooks and stuff like that. You can simply email me. Jeff_Miller@toyota.com.

Ron: Are you on LinkedIn, Jeff?

Jeff: No, I'm not on anything.

Ron: That's probably why you get so much work done. [laughs]

Jeff: I guess I'm still a simple person, especially when it comes to efficiency. If you just email me, then I only have to look at my email. If I'm on Facebook and Twitter, then I've got to make sure. I have to keep going to all these different accounts to see who may be communicating with me.

But I guess sometimes the old school may be the best school, or maybe I'm just outdated. But if you just simply send me an email, I get my emails, and I'll respond.

Ron: Jeff, thanks again. Hopefully I can get back out to Torrance, and we'll do some more videos out there at the Toyota facility out there in California.

Jeff: I look forward to it, Ron. It's a pleasure working with you and knowing you. I mean, Gemba Academy's comes a long way since we initially signed up, and it just keeps getting better every year.

Ron: Thank you again, and take care, Jeff.

Jeff: All right, Ron.

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Presenter: Thanks for listening to the "Gemba Academy Podcast." Now it's time to take a free no strings attached fully functional test drive of Gemba Academy's School of Lean and Six Sigma over at Gembaacademy.com. Gain immediate access to more than 500 Lean and Six Sigma training videos free of charge at Gembaacademy.com.