

## **Toyota Difference Illustrated Again, as it Sends Idle Workers to Training, not the Unemployment Lines**

**It Costs \$35 Million per Month in US, but Company Sees Long Term Benefits**

### **SCDigest Editorial Staff**

For US automotive OEM's, the so-called "job banks," where excess workers are paid nearly full-time wages to play cards and read books, have become powerful symbols of Detroit's challenges and fundamental problems.

But now, industry leader Toyota is also continuing to pay idle workers – but in a totally different approach.

As US auto demand slows, especially for larger trucks and SUVs, some of Toyota's US facilities have had to significantly scale down production. That includes truck plants in Indiana and San Antonio, which stopped making any new vehicles at all last month, with production not expected to start again until November.

But rather than send the non-unionized workers to the unemployment line for that time, Toyota instead sends them to classes meant to improve productivity and quality once production resumes.

The Wall Street Journal quotes **Jim Lentz**, president of Toyota Motor sales, as saying, "It would have been crazy for us to lose people for 90 days and then to rehire and retrain people and hope that we have a smooth ramp-up coming back in."

One economist estimates the labor costs to keep the employees on the payroll at \$35 million a month between the two plants. Fortunately, years of rising sales and fat profits have given Toyota plenty of cash to fund such an approach.

In addition to maintaining worker continuity, Toyota expects to see real benefits from the approach. For example, it says a team of workers has designed a

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new ring that prevents a source of damage to the vehicle paint that was affecting 2-3 vehicles per shift – part of the kaizen, or continuous improvement – approach championed by the Toyota Production System.

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Toyota already had available many training modules on its production approach and other topics that could be easily leveraged for worker training.

One worker there said, "Once you get on the line, I don't want to say we veer off, but we veer off. This has really brought everything back to square one."