Managing Knowledge-based Enterprise

Presented on 2012 Indonesian Most Admired Knowledge Enterprise (MAKE) Study Nomination

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PT. Toyota-Astra Motor
Outline

1. TOYOTA in Indonesia at a glance
2. Knowledge Philosophy in TOYOTA Operations
3. Realizing Best Knowledge-based Enterprise
1. **TOYOTA in Indonesia at a glance**

- **Toyota Motor Corporation** 49%
- **PT Astra International Tbk** 51%

- **PT Toyota Motor Mfg Ind**
- **PT. Toyota-Astra Motor**
- **Overseas TOYOTA Mfg.**

- **Export**

**5 Main Dealers**
(By Area)

- Dealer/Branch
- Dealer/Branch
- Dealer/Branch
- Dealer/Branch
- Dealer/Branch

**Customers**
1. **TOYOTA in Indonesia at a glance**

[Toyota Business Value Chain]

**Principal** (Toyota Motor Corp. JP)

**Manufacture** (TMMIN, TMT, ADM, HMMI)

**Distributor/Brand Holder (TAM)**

**Financial Institution** (Bank, Leasing, Insurance)

**Customers**

**Main Dealers**

**Outlets**

**TAM Strategic Role**

**As Principal Distributors/Brand holders**

- **Market & Product Strategy**
  Define market potentiality & best product strategy to strengthen Toyota domination

- **Brand Building**
  Develop best branding strategy & activity to generate best customers perception towards Toyota Brand

**As Business Licensor to Main Dealers/ TVC**

- **Business Operation Strategy**
  Ensure Toyota products & services are readily available to end customers as promised

- **Smooth Operation Management**
  Standardize level of excellence in services across all outlet.

- **Technical Assistance**
  Technical Support; Area support; web-based technical information system
TOYOTA in Indonesia at a glance

158 Branch/Outlets

17 Branch/Outlets

13 Branch/Outlets

16 Branch/Outlets

*As of Dec 2012, Total : 220 outlet
1. **TOYOTA in Indonesia at a glance**

**PASSENGER (PC)**

- **Premium**
  - CROWN
  - Toyota86

- **Medium up**
  - PRIUS
  - CAMRY

- **Medium**
  - COROLLA ALTIS

- **First entry**
  - VIOS
  - YARIS
  - NEW AVANZA

**COMMERCIAL (CV)**

- **Medium**
  - LAND CRUISER
  - FORTUNER
  - KIJANG Innova

- **Load capacity**
  - DYNA
  - Hilux
  - Limo

- **Low**
  - Rush

- **Pick Up, Truck & Taxi**
  - Rush

**TOYOTA Line up**

- Hatchback
- Sedan
- MPV
- SUV
1 TOYOTA in Indonesia at a glance

[ LEXUS Line up ]

Luxury Premium
- LS 600hL
- LS 460L

Luxury Medium
- GS 250, GS 350, GS 450h
- IS
- IS300, IS-C, IS-F
- CT200h

Sedan
- H/B

H/B
- RX 350
- RX 270

SUV
- RX 450 h
- LX 570
1. TOYOTA in Indonesia at a glance

<table>
<thead>
<tr>
<th>Year</th>
<th>TOYOTA Sales (x 1000)</th>
<th>Market (x 1000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>'08</td>
<td>34.9</td>
<td>38.4</td>
</tr>
<tr>
<td>'07</td>
<td>34.7</td>
<td></td>
</tr>
<tr>
<td>'06</td>
<td>34.2</td>
<td></td>
</tr>
<tr>
<td>'05</td>
<td>29.4</td>
<td></td>
</tr>
<tr>
<td>'04</td>
<td>26.5</td>
<td></td>
</tr>
<tr>
<td>'03</td>
<td>26.7</td>
<td></td>
</tr>
<tr>
<td>'02</td>
<td>28.5</td>
<td></td>
</tr>
<tr>
<td>'01</td>
<td>28.8</td>
<td></td>
</tr>
<tr>
<td>'00</td>
<td>28.4</td>
<td></td>
</tr>
<tr>
<td>'99</td>
<td>141^9</td>
<td></td>
</tr>
<tr>
<td>'98</td>
<td>100^9</td>
<td></td>
</tr>
<tr>
<td>'97</td>
<td>84^3</td>
<td></td>
</tr>
<tr>
<td>'96</td>
<td>80^1</td>
<td></td>
</tr>
<tr>
<td>'95</td>
<td>90^1</td>
<td></td>
</tr>
<tr>
<td>'94</td>
<td>93^8</td>
<td></td>
</tr>
<tr>
<td>'93</td>
<td>95^8</td>
<td></td>
</tr>
<tr>
<td>'92</td>
<td>10^5</td>
<td></td>
</tr>
</tbody>
</table>

As of W/S YTD May 2012

Toyota Sales (x 1000): 38.1%

(DAIHATSU: 15.4%)
(MITSUBISHI: 14.1%)
(NISSAN: 9.2%)
(HONDA: 6.6%)
(ISUZU: 4.3%)
(HONDA: 3.1%)
Knowledge Management
Inside TOYOTA Indonesia
Company core value lead us into clear direction: To be the company which commits on innovation, teamwork (collaboration), and do continuous improvement (learning) as the pillars of knowledge management.
## 2 Knowledge Philosophy in TOYOTA Operation

**Market Leader with Excellent Operation**
(M/share ≥ 40% & CS # 1)

<table>
<thead>
<tr>
<th>Leader</th>
<th>Policy</th>
<th>Tools</th>
<th>Checking</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOD</td>
<td>Vision &amp; Mission Statement</td>
<td>Corporate Planning</td>
<td>Yearly, Quarterly &amp; Monthly Review</td>
</tr>
<tr>
<td>Senior Management</td>
<td>Company strategic direction</td>
<td>President Letter</td>
<td></td>
</tr>
<tr>
<td>Business Strategy</td>
<td>Division Action Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st Line Mgt to Staff</td>
<td>Tactical/Operation Strategy</td>
<td>Dept. → Sect. → Individual</td>
<td></td>
</tr>
</tbody>
</table>

**Product Competitiveness**

- Reinforcing Resources (people, organization, capital)
- Strengthening Leadership through network coverage
- Best Ownership Experience through excellent operation

**23 Business Strategies, aligned among all Divisions**

- Operation & Tactical Implementation up to Individual Level
  Department → Section → Individual Planning

"Through effective leadership, company vision clearly deployed up to operational & tactical implementation and all members commit for contributing optimally to the company vision."
Realizing Best Knowledge Based Enterprise

A. People Development

B. Kaizen as Toyota Knowledge Culture

C. Knowledge Sharing Media
3 Realizing Best Knowledge Based Enterprise

[ Concept ]

Continuous reinforcement and realization of “Kaizen Spirit”

A Deployment Strategy

B Kaizen as TOYOTA Knowledge Culture

- People Development (Individual and Teamwork)
  → Expert Creation

C Standard Operation Procedure Development

- Practice
- Yokoten (Best Practice Sharing)
- Motivational Program

Jiritsuka on Kaizen Activity

Challenging Target Setting on Company Strategy
Company establish training matrix to develop people who have competence to do their role as business needs.

All training topics have clear methodology, content, and pre & post training evaluation to meet the training objective.

To better equip employees with knowledge required, training content in TAM is a combination of Local Content, Regional Content, and Astra Content.
Aside from in-class training, TAM cultivates on-the-job development as a learning process.

In-class Training

On-the-job Development

Tools: Toyota Business Practices & Quality Control Circle

1 TBP & QCC will be elaborated in Winning System
Realizing Best Knowledge Based Enterprise

TAM Employee has opportunity to skill up the expertise through Global ICT Program in Toyota Motor Corporation Japan, Toyota Motor Asia Pacific Thailand & Singapore

**Objective:**
- Develop high level skill expertise
- Optimal use of global human resources
- Support for regional affiliates in achieving self-reliance through development of local staff

Selected employee has opportunity join ICT program for 1 – 2 years then sharing the new knowledge to others TAM members
Realizing Best Knowledge Based Enterprise

Market Leader with Excellent Operation (M/share ≥ 40% & CS # 1)

Best Ownership Experience through dealer excellent operation (People Development & Kaizen Activites)

### SALES FORCE
- Toyota Sales Profesional Development Program (11 Training series covered all tech level)

### CUSTOMER RELATIONS
- Toyota CR Development Program (9 Training series covered all CR level)

### TECHNICAL SERVICE
- TEAM 21
  - Toyota Technician Development Program (24 Training series covered all tech level)

Collaborative Sharing on line Media (T-First, CR Online)
- Magazines, newsletter, guidance book

TOYOTA Training Centre
- > Integrated Learning Centre
Realizing Best Knowledge Based Enterprise

TOYOTA Training Center (TTC)

[ People Development ]
Supply Chain People Knowledge Dev

New Facility: at MM2100 Bekasi, 4 Ha, Investment: 100 Bio IDR
3. Realizing Best Knowledge Based Enterprise

[ Kaizen as Toyota Knowledge Culture ]

- Company Winning System
- On Knowledge Management

Self Reliance
(JIRITSUKA)

Cross Function Kaizen

QCC

Suggestion System

Motivation

Operation System

FOUNDATION : TOYOTA BUSINESS PRACTICE
Realizing Best Knowledge Based Enterprise
[ Kaizen as Toyota Knowledge Culture]

Kaizen Philosophy

We improve our business operations continuously, always driving for **innovation** and **evolution**:

- **Kaizen mindset** and innovative thinking
- **Lean system** and structure development
- Creating organization system which **encourage** the members to learn continuously

How we show our concern on Kaizen

- Kaizen activity in all areas is clearly **stated in company mission statement**
- Creating **dedicated department function** which focus on kaizen activities in **Sales, After sales, and Logistic** area through entire supply chain
Realizing Best Knowledge Based Enterprise
[ Kaizen as Toyota Knowledge Culture]

Toyota Business Practice

TBP Main Frame

Actions

Values

Through TBP, Toyota people has standard methodology in practicing the values which focus on continuous improvement and respect to people.
Realizing Best Knowledge Based Enterprise

Kaizen as Toyota Knowledge Culture

Suggestion System

Scoring System

Incentive Criteria

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Kriteria Penilaian Ide Berkonsep

<table>
<thead>
<tr>
<th>NILAI</th>
<th>HADIAH</th>
<th>PENILAIAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>118 - 168</td>
<td>Rp 600,000 – Rp 1 Juta</td>
<td>Diputuskan oleh direktur melalui presentasi di depan komite direktorat yang beranggotakan direktur, manager, dan supervisor pendamping. Undangan oleh fasilitator atau adm. terkait</td>
</tr>
<tr>
<td>82 - 117</td>
<td>Rp 200,000 – Rp 500,000</td>
<td>Diputuskan oleh komite divisi bersama-sama dengan departement terkait (tanpa presentasi)</td>
</tr>
<tr>
<td>58 - 81</td>
<td>Rp 50,000 – Rp 150,000</td>
<td>Diputuskan langsung oleh kepala department (tanpa presentasi)</td>
</tr>
<tr>
<td>5 - 57</td>
<td>Rp 3,500 – Rp 35,000</td>
<td>Diputuskan langsung oleh kepala seksi (tanpa presentasi)</td>
</tr>
</tbody>
</table>
Realizing Best Knowledge Based Enterprise
[ Kaizen as Toyota Knowledge Culture ]

Quality Control Cycle

THEME DIRECTION

COMPANY GOALS/OBJECTIVES

COMPANY STRATEGY

DIVISION OBJECTIVES

Department Objectives

Section Objectives

QCC Theme

ORGANIZATION

Board of Director (BOD)

General Mgr.

Manager

Supervisor

Foreman

Group Leader

Operator

Advisor

Sponsor

Facilitator

QCC Leader

Theme Leader

QCC Member
Realizing Best Knowledge Based Enterprise

[Kaizen as Toyota Knowledge Culture]

Cross Function Kaizen

GOALS
> Market Share >40%
> JD Power Sales & After Sales = No.1

ACTUAL
> Market Share 38.4%
> JD Power Sales = No. 3
  After Sales = No.2

SALES AREA
(A) Delivery Timing:
- Low Promise Del. Accuracy = 71%
- Long Customer waiting time (39 day)

(B) Deal:
- Customer feel inconvenience
- Uncomfortable Pressures

AFTER SALES AREA
(C) Service (Quality & Delivery):
- Low Fix It Right rate (90%)  
- Long Lead Time (> 5 hour)
- Low On Time Delivery (83%)

(D) Customer Data
- Low accuracy (90%)
- Low utilization

OUTLET KAIZEN
1. INTEGRATED SALES PROCESS KAIZEN
2. TOYOTA VALUE CHAIN KAIZEN
3. FLEET MANAGEMENT KAIZEN
4. EXCELLENT DELIVERY KAIZEN

TOYOTA OUTLET

SUPPLY CHAIN KAIZEN

INTEGRATED CS KAIZEN

CUSTOMER LOYALTY MANAGEMENT
Realizing Best Knowledge Based Enterprise

[ Kaizen as Toyota Knowledge Culture ]

**Pilot Activity**

- Kaizen expert Training

**Expansion Activity**

- Kaizen expert Practice

- OJD = On the Job Development
- SGA = Small Group Activity

**Key Roles**

- Kaizen Instructor
- Kaizen expert
- Kaizen Coordinator

**Diagram Details**

- Pilot W/S:
  - SGA
  - Kaizen expert

- Expansion W/S:
  - SGA
  - OJD
  - Kaizen Coordinator

**Notes**

- Kaizen as Toyota Knowledge Culture
- Pilot Activity
- Expansion Activity
- Jishuken
- OJD
- SGA
<table>
<thead>
<tr>
<th>Knowledge Sharing Scope</th>
<th>Tools/ Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INTERNAL</strong></td>
<td></td>
</tr>
<tr>
<td>Employee</td>
<td>Intranet, magazine, 5 minutes talk, morning assembly</td>
</tr>
<tr>
<td>Union</td>
<td>Bipartite forum</td>
</tr>
<tr>
<td>Society</td>
<td>TTEP, Bengkel Binaan, Body Maker Dev, Alumni Back to Campus, Eco Youth, etc</td>
</tr>
<tr>
<td>Supply chain</td>
<td>Magazine, guidance book, MDP System</td>
</tr>
<tr>
<td>Customers</td>
<td>Website, Social Media, Customer focus, Gathering, etc</td>
</tr>
<tr>
<td>Government</td>
<td>Training</td>
</tr>
<tr>
<td>Journalist</td>
<td>Workshop, Benchmarking</td>
</tr>
<tr>
<td>Shareholders</td>
<td>AGMOS, Annual working plan, quarterly review, Forum, Portal, magazine</td>
</tr>
<tr>
<td><strong>EXTERNAL</strong></td>
<td></td>
</tr>
</tbody>
</table>
Our Delivery: The Best Total Ownership Experience

- Provide the best after sales service to promote Customer Retention
- Accomplish Mutual & Close communication with the market & customer
- Offer High Quality vehicle Delivery to Customer
- Provide integrated 3S Services (Sales, Spare parts, Service)
  - Pleasure, convenience, value
  - Top quality staff
- Accomplish TOYOTA-Touch customer care
## Public Positive Feedback

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Recognition</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>JD Power</td>
<td># 1 Customer Satisfaction Index</td>
<td>Recognition for delivering best service &amp; products to customers</td>
</tr>
<tr>
<td></td>
<td># 1 Initial Product Quality Survey</td>
<td></td>
</tr>
<tr>
<td>Frontier</td>
<td>Indonesia Most Admired Company</td>
<td>Recognition for the best business Practice</td>
</tr>
<tr>
<td>Otomotif</td>
<td>Best Innovation &amp; Improvement</td>
<td>Delivering best after sales service in customer perspective</td>
</tr>
<tr>
<td></td>
<td>After Sales Services</td>
<td></td>
</tr>
<tr>
<td>Ministry of Man Power &amp; BNSP</td>
<td>Competency Award</td>
<td>Recognition on company concern on Employee competence development &amp; certification</td>
</tr>
</tbody>
</table>

& Others Recognition from reputable institutions
Mr. Johnny Darmawan & board members received JD Power Asia Pacific CSI & SSI no.1 for recognition on delivering best service & product to customers

TAM’s President Director, receiving IMAC award (Indonesia Most Admired Company) from Frontier

TAM’s Marketing Director, receiving competency award from minister of Man Power for its commitment in developing people competence
## Company Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>M/S</th>
<th>CS : CSI</th>
<th>SSI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>101,641</td>
<td>28.5</td>
<td>#3</td>
<td>#3</td>
</tr>
<tr>
<td>2005</td>
<td>182,767</td>
<td>34.2</td>
<td>#2</td>
<td>#2</td>
</tr>
<tr>
<td>2008</td>
<td>209,371</td>
<td>35.1</td>
<td>#1</td>
<td>#1</td>
</tr>
<tr>
<td>2009</td>
<td>190,706</td>
<td>39.0</td>
<td>#2</td>
<td>#1</td>
</tr>
<tr>
<td>2010</td>
<td>280,711</td>
<td>37.7</td>
<td>#1</td>
<td>#1</td>
</tr>
<tr>
<td>2011</td>
<td>314,417</td>
<td>35.3</td>
<td>#1</td>
<td>#2</td>
</tr>
</tbody>
</table>

- **Market Share ≥40%**
- Leader in all Areas
- Leader in all Segments
- CS #1