

## The Equally Important “Respect for People” Principle

by Bob Emiliani  
www.bobemiliani.com

*Lean community leaders have recently made two huge changes in how they present Lean. The first change is Lean as a management system rather than “Lean manufacturing.” Second, they are finally taking note of the long-established “Respect for People” principle. Why now? In part because there have been so few successful Lean transformations over the last 20 years. Another reason is that most other aspects of the Lean management system have been studied in detail, so this is the next territory to explore. This batch-and-queue non-integrative approach has severely increased the lead-time needed to properly educate people about Lean management – particularly the “Respect for People” principle.*

The “Respect for People” principle is one of two pillars of The Toyota Way [1]; the other is “Continuous Improvement.” The “Respect for People” principle has existed for several decades within Toyota’s management system, but has been almost entirely ignored by outsiders. In addition, this principle extends back to the 1900s and was recognized as essential by the creators of the Scientific Management system [2] – of which Lean management is its direct descendent [3] in tandem with Ford’s flow production system. In the old days, the “Respect for People” principle was referred to more narrowly as “Cooperation,” principally between management and labor [4, 5].

As many people have found out firsthand, practicing only the “Continuous Improvement” principle (called “Betterment” in the old days [2, 5]) leads to many problems. Foremost among them is management’s desire to improve efficiency and productivity usually results in layoffs, which slows down or halts improvement efforts. Root cause analyses of the problems that arise when only the “Continuous Improvement” principle is practiced indicates a countermeasure that today we call the “Respect for People” principle [3]. This point is worth repeating: “Respect for People” (Cooperation) is the primary countermeasure for bungled continuous improvement (Betterment) efforts. That’s why it is a Toyota Way principle.

Indeed, the failure of the Scientific Management system to firmly establish itself in industry 60-100 years ago was correctly attributed to management’s inability to establish long-term patterns of cooperative and respectful behavior with labor, in addition to other leadership shortcomings [6]. The same thing is happening today. Lean management is struggling to replace conventional management on a narrow basis, let alone across wide swaths of manufacturing and service industries. It should be no surprise that history is repeating itself.

The “Respect for People” principle is deceptive in that it seems very easy to understand and apply, but it is not. Most mid- and senior-level managers think they know what “Respect for People” means, but it is clear from leadership behaviors, common business performance metrics, company policies, management’s decisions, and sometimes even corporate strategy, that they do not.

Top managers typically possess superficial, casual definitions of “Respect for People” such as fairness, civility, or listening. And they think they do these things quite well. Further, they think understanding the meaning of “Respect for People” is trivial for well-educated persons in high positions. This is a severe misjudgment. Far from being trivial, it is of great importance to the long-term survival and prosperity of a business to understand what “Respect for People” really means.

Toyota does not use one simple, discrete definition to express the “Respect for People” principle. Its context is better represented by the phrase “Respect for Stakeholders” in a narrow context [1] and also humanity in a larger context [7]. Rather, it is a more elaborate multi-layered description that includes historical words from former Toyota executives to better comprehend its meaning. Toyota’s top-level representation of the “Respect for People” principle consists of two parts: “Respect” and “Teamwork,” and

is as follows [1, 8]:

“RESPECT: We respect others, make every effort to understand each other, take responsibility and do our best to build mutual trust.

TEAMWORK: We stimulate personal and professional growth, share the opportunities of development and maximize individual and team performance.”

These words do not constitute the entire definition. A significant amount of detail is missing and can be found only in the “The Toyota Way 2001” document [1], which is not publicly available. But don’t fall into the trap of hoping to obtain a copy of the document. Instead, please start to think about what “Respect for People” means in the context of stakeholders, corporate policies, metrics, business processes, leadership behaviors, corporate strategy, etc.

While the Toyota Way 2001 document does much to reduce variation in individual perceptions of what the equally important “Continuous Improvement” and “Respect for People” principles mean, words printed on paper are never sufficient. The “Respect for People” principle is comprehended only through daily thinking and practice on-the-job. It requires years of thought and practice to understand it well, and can never be completely comprehended.

James Womack, founder and chairman of the Lean Enterprise Institute, recently sent an e-mail note to the Lean community titled “Respect for People” [9]. In it he spoke of this principle in the context of the manager-associate dyad, which is what most people think of when they hear about the “Respect for People” principle. While this is a very important dyad, it is not the only relationship that matters.

The “Respect for People” principle encompasses all key stakeholders: employees, suppliers, customers, investors, and communities [1, 10]. Thus, rather than representing a single dyad, the “Respect for People” principle is a multilateral expression of the need for balanced, mutually respectful relationships, cooperation, and co-prosperity with these key stakeholders. So in the context of Lean management, the “Respect for People” principle is anything but trivial to understand.

It is worthwhile now to briefly trace the origins and evolution of this principle to illustrate that it has been around for many decades, but only rarely has it been put into effective practice by senior managers. That’s because their focus has long been the near-singular pursuit of productivity and efficiency improvements to lower costs and increase profits, usually culminating in layoffs – a zero-sum outcome for employees that violates the “Respect for People” principle.

In the late 1800s, leading business thinkers and doers began to press for improved cooperation between labor and management to overcome systemic strife between these two parties. They did this for practical reasons, not theoretical ones. Poor cooperation increased costs, and these costs could be avoided. Today we would say: leadership behaviors that foment conflict are waste because they add cost but do not add value and can be eliminated [11].

R.W. Cooke-Taylor, the author of *Modern Factory System* [4] published in 1891, said:

“Among reflections recently made was the disappointing one of the strained relations often existing under the modern factory system between employers and employed. Some grave dangers were pointed out which the future may have in store for us in this connection, and the inconveniences of the situation must be patent to everyone. The cure most usually proposed... is that of co-operation.”

In this quote, “co-operation” means a business is operated jointly by labor and management, as “part proprietors,” with profit-sharing, to “ameliorate the rivalries of capital and labor... [which] affects large

savings in the cost of production.” In other words, eliminating wasteful labor-management rivalries reduces costs. However, we must not forget that wasteful rivalries can exist among other stakeholders such as suppliers, investors, and even customers, which also increase costs.

Soon thereafter “cooperation” took on a meaning in business that we are more familiar with: working together to satisfy common interests. In his 1903 paper titled “Shop Management,” Frederick Taylor stressed the importance of cooperation and respect for people in the following ways [5]:

“First, then, the men must be brought to see that the new system changes their employers from antagonists to friends who are working as hard as possible, side by side with them, all pushing in the same direction...”

“In making this decision [to reorganize], as in taking each subsequent step, the most important consideration, which should always be first in the mind of the reformer, is ‘what effect will this step have upon the workman?’”

“The mistake that ninety-nine men [managers] out of a hundred make is that they have attempted to influence a large body of men at once [with major changes in the management system] instead of taking one man at a time.”

The last quote is interesting because most senior managers today, just as they did in the early 1900s, impose change upon people in large batches, rather than one at a time. The latter approach recognizes employees as individuals whose concerns about changes in the management system are not uniform and can only be addressed by personal contact.

Frederick Taylor continued to stress the importance of cooperation and respect for people in his 1911 book, *The Principles of Scientific Management* [2]:

“...almost every act of the workman should be preceded by one or more preparatory acts of the management which enable him to do his work better and quicker than he otherwise could.”

“They [management] heartily cooperate with the men so as to ensure all of the work is being done in accordance with the principles of the science which has been developed.”

Taylor’s most thorough explanation of the need for cooperation and respect for people is found in his testimony to Congress in 1912 [12].

That’s the early view of cooperation and respect for people, which was seen as a practical necessity to reduce conflict and help achieve higher productivity, lower costs, and better quality.

So how could Lean practitioners have become familiar with the “Respect for People” principle prior to it coming to the forefront within the last few years? Well, it was hiding in plain view for decades; they would have found it to be a consistent theme in the writings and speeches of current and former Toyota executives, as well as some who have closely studied Toyota’s management system. What follows are a few brief examples of where the “Respect for People” principle has appeared in various books and papers, arranged chronologically.

Shotaro Kamiya (d. 1980) was a past Chairman of Toyota Motor Sales. In his 1976 memoir *My Life With Toyota*, Kamiya refers to the “Respect for People” principle in terms of how automobile dealers are treated by automobile manufacturers [13] when he worked for General Motors (before joining Toyota, circa 1935):

“Their [General Motors] policy toward dealers was especially merciless, and almost daily they cut ties with dealers in financial trouble. I remember thinking that while such action might be accepted business practice in the United States, where companies rely greatly on written contracts, customs are different in Japan and GM officers should try to understand the local situation more. I often complained to the American staff and tried to persuade them to help dealers instead of dropping them, especially since I visited dealers and knew firsthand their predicament. But GM ignored my complaints. It was at this time that I thought out one of my most important business principles, the necessity for coexistence and co-prosperity with dealers... my emphasis on respect for the dealer inspired many men from other companies to join Toyota.”

Fujio Cho, the current Chairman of Toyota Motor Corporation, co-authored a paper in 1977 titled: “Toyota Production System and Kanban System: Materialization of Just-in-Time and Respect-for-Human System” [14]. The “Respect for Human” system was characterized as follows:

“...the ‘respect-for-human’ system where the workers are allowed to display in full their capabilities through active participation in running and improving their own workshops... which is the most distinctive feature of Toyota's respect for human system.”

“Toyota firmly believes that making up a system where the capable Japanese workers can actively participate in running and improving their workshops and be able to fully display their capabilities would be [the] foundation of human respect environment of the highest order.”

Toyota has profit sharing and associates who participate in operating the business. This sounds a lot like what R.W. Cook-Taylor said about “co-operation” in his 1891 book *Modern Factory System*. Here is another instructive quote from Mr. Cho's paper:

“It is not a conveyer that operates men, while it is men that operate a conveyer, which is the first step to respect for human independence.”

One could say today: “It is not a computer [e.g. SAP] that operates men, while it is men that operate a computer, which is the first step to respect for human independence.”

Seisi Kato, who followed Shotaro Kamiya as Chairman of Toyota Motor Sales, said the following in his 1981 memoir, *My Years With Toyota* [15], in relation to employees and dealers:

“I adopted what I call the Three C's, standing for Communication, Consideration and Cooperation. What they signify is both a method of personal communication and a method of management. Handing down orders is not leadership, nor is issuing policies enough to constitute business relationships. In my view leadership is a process springing from dialogue that reaches the level of true communication, followed by sincere efforts at cooperation based upon mutual consideration and understanding of each other's position.”

Professor Yasuhiro Monden's 1983 book *Toyota Production System: Practical Approach to Production Management*, states [16]:

“...respect-for-humanity, [which allows] each worker to participate in the production process.”

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## Originality in Lean Thinking

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“Respect for humanity: Since quality control based on automation calls immediate attention to defects or problems in the production process, it stimulates improvement activities and thus increases respect for humanity.”

Taiichi Ohno, former Executive Vice President of Toyota Motor Corporation, said in the Preface of his 1988 book *Toyota Production System: Beyond Large-Scale Production* [17]:

“The most important objective of the Toyota System has been to increase production efficiency by consistently and thoroughly eliminating waste. This concept and the equally important respect for humanity that has passed down from the venerable Toyoda Sakichi (1867-1930), founder of the company and master of inventions, to his son Toyoda Kiichiro (1894-1952), Toyota Motor Company’s first president and father of the Japanese passenger car, are the foundations of the Toyota production system.”

Note the words “equally important,” which means the “Respect for People” principle is not optional, though most managers seem to think it is optional. And note that “eliminating waste” (continuous improvement) and “respect for humanity” are “the foundations” of Toyota’s production system – and Toyota’s overall management system as well. Too bad many people don’t bother reading the Preface of books, or when they do read these books they are too focused on Lean tools to notice the foundational principles.

Masaaki Imai, founder and chairman of the Kaizen Institute, made significant efforts to reinforce respect for people, cooperation, etc., in his 1987 book, *Kaizen: The Key to Japan’s Competitive Success* [18], and in his popular late-1980s kaizen training seminars [19].

In 1991 Michael Husar, who was an assembly coordinator at NUMMI, the General Motors-Toyota joint venture in Fremont, Calif., wrote an internal company paper titled: “Corporate Culture: Toyota’s Secret, Competitive Advantage” [20]. The paper presented in a very concise and efficient way the differences between GM and Toyota corporate culture. It was intended for GM management, who was Husar’s employer at the joint venture, as a way to help promote needed changes in GM’s corporate culture.

The paper, based largely on Toyota internal training (similar in many ways to “The Toyota Way 2001” document that appeared 10 years later), contained a section titled: “Respect for the Value of People.” In it, Husar says:

“Toyota believes its growth as a business enterprise comes through the growth of its people. This means to be successful, Toyota must utilize its employees’ abilities as effectively as possible, and help each person develop the ability to think and execute the job more effectively

Toyota has plants, equipment, and capital resources, but these things do not build cars. Its team members build the cars. Its team members also add value to its products by suggesting ways to improve their work and the production process. Toyota realizes that it is responsible for providing its employees the opportunity to contribute their ideas, as well as their labor.

Toyota also believes that to get the best from its employees, it must respect their competence, and provide them with jobs that use and challenge their abilities. Toyota realizes the value of its people, and wants them to think of the company as a place where everyone can learn from one another, and grow as individuals, rather than just as a place to work.”

Another section titled “Mutual Trust Between Employees and Management” says:

“Mutual trust means that management and the employees have confidence in one another. Management and their employees have different jobs and different responsibilities in the company. Mutual trust comes from the belief that everyone is, however, striving for the same purpose...

Toyota realizes this kind of mutual trust is not a given condition between management and the employees. It must be earned through many mutual efforts that create confidence.

Toyota values and tries to maintain mutual trust, because it is the foundation for the growth of the company and its employees.”

Yukiyasu Togo, another former Chairman of Toyota Motor Sales said in his 1997 memoir *Yuki Togo's Sell Like Hell!!* [21]:

“For two people to develop trustworthy and respectful relationships they must meet each other face to face as often as possible. This makes possible the very best opportunity for good communications. They must also show consideration of one another's situation, feelings, and needs, and share a willingness to cooperate... Without good human relations, you cannot really grow or prosper, so the ‘Three C's’ are a vital part of any success formula.”

In the award-winning 1998 paper, “Lean Behaviors,” I coined the terms “Lean behaviors” and “behavioral waste” [11]. The paper identifies value-added leadership behaviors (respect is one of them) and leadership behaviors that are waste because they add cost but do not value and can be eliminated. It says:

“The concept of ‘lean’ behaviors is analogous to lean production. Lean behaviors are defined simply as behaviors that add or create value. It is the minimization of waste associated with arbitrary or contradictory thoughts and actions that leads to defensive behavior, ineffective relationships, poor cooperation, and negative attitudes.

In contrast, behaviors that inhibit work flow are analogous to wasteful batch and queue mass production methods. These behaviors are... defined as behaviors that add no value and can be eliminated. They include the display of irrational and confusing information that results in delays or work stoppages, or the articulation of unsubstantiated subjective thoughts and opinions.

It is not inconceivable that someday investors, suppliers, customers, or employees will begin to question the cost or ethics of ‘fat’ behaviors in a manner similar to recent stakeholder concerns about a company's environmental record or their presence in countries that lack basic human rights. Critical stakeholders such as investors or employees may precipitate improved behaviors once they more fully comprehend its impact on financial performance or quality of everyday life in the workplace. No stakeholder, except for competitors, would be happy if they knew the costs added to the goods or services that they purchase due to ‘fat’ behaviors.”

The paper showed the tremendous amount of behavioral waste that leaders normally exhibit and how it undercuts respect and other value-added behaviors, which are absolutely required to make the Lean management system work. The “Respect for People” principle is not optional.

The 2003 Shingo Prize winning book *Better Thinking, Better Results: Case Study and Analysis of an Enterprise-Wide Lean Transformation* helped answer the question: “How do you conduct a Lean transformation?” It was a detailed case study and analysis of The Wiremold Company’s enterprise-wide Lean transformation from 1991-2001. It presented Lean as a management system and was the first book to describe the application and integration of the “Continuous Improvement” and “Respect for People” principles in a business not affiliated with Toyota or its key suppliers.

Finally, the “Respect for People” principle has long existed in Toyota Motor Corporation’s relationship with its customers through its “customer-first” rule [1, 13]. The “Respect for People” principle also exists in Toyota’s relationship with its key suppliers, where the focus since 1939 has been joint problem solving and capability-building instead of bargaining over prices, long-term relationships, and co-prosperity. The results of this policy, introduced by Kiichiro Toyoda, the first president of Toyota Motor Corporation, are truly remarkable and have been extensively documented in recent years [22-26]. In addition, investors and communities have long been treated with respect and experienced mutual prosperity. This illustrates the broader intent and meaning of the “Respect for People” principle, which should really be understood as “Respect for Stakeholders” [1].

So there you have it; a quick tour of the origins and evolution of the “Respect for People” principle, and some of the books and papers in which it has appeared over time. This principle has been a consistent theme in Toyota’s management thinking and practice – and before that also in the thinking and practice of Scientific Management.

Unfortunately, not only have most senior managers been unaware of, or, ignored the “Respect for People” principles for decades, but almost the entire Lean community outside of Toyota Motor Corporation has done so as well. Ignoring or failing to apply this fundamental principle over that last 30 years has surely held back the sincere efforts of both Lean advocates and Lean practitioners.

Jim Womack’s e-mail note closed with a challenge:

“The challenge for those of us in the Lean community is to embrace and explain the true nature of mutual respect for people – managers and associates....”

Womack’s statement is supported by advocates of both Lean management and Scientific Management. After all, it is the “Respect for People” principle that makes Lean management work.

However, we must enlarge the challenge. We must embrace and explain how the “Respect for People” principle is a required part of the Lean management system, and that it extends beyond the narrow manager-associate dyad to encompass other people: customers, suppliers, investors, and communities. We must help senior managers understand that the “Respect for People” principle is inclusive of all key stakeholders, and how they can consistently apply the principle both day-to-day and strategically and in combination with the “Continuous Improvement” principle.

The focus of my four books and over a dozen papers written in the last decade has been to present Lean as a management system, to illuminate the “Respect for People” principle, and to describe the interplay between the “Respect for People” and “Continuous Improvement” principles [27-30].

Business leaders who want to know more about how to bring the “Respect for People” principle to life will benefit from reading the new workbook, *Practical Lean Leadership: A Strategic Leadership Guide for Executives* [31]. But remember: words printed on paper can be very helpful but are never sufficient. The “Respect for People” and “Continuous Improvement” principles are comprehended only through daily

thinking and practice on-the-job.

In closing, you will have a pretty good basic understanding of Lean management when you can articulate how the “Respect for People” principle relates to takt time, standardized work, 5 Whys, heijunka, jidoka, just-in-time, set-up reduction, kanban, poka-yoke, kaizen, and visual controls, for each of the following categories of people: employees, suppliers, customers, investors, and communities – for all of these 11 items in all five categories, not just for a couple of items in one or two categories.

The “Respect for People” principle is anything but trivial to understand.

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## Notes

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**M.L. “Bob” Emiliani** is President of [The CLBM, LLC](http://www.theclbm.com). Bob worked for 20 years in manufacturing and service industries, and has implemented Lean principles and practices on the manufacturing shop floor, in supply networks, and in higher education. Bob has authored ten books and over 30 papers on various aspects of Lean management. Copyright © 2009 by M.L. “Bob” Emiliani.