Former GM Executive Tapped For Toyota Board

Yuri Kageyama, AP Business Writer

TOKYO (AP) — Toyota has tapped a former executive at U.S. rival General Motors to join its board, the first time in the Japanese automaker's 76-year history it is appointing directors from outside the company.

The appointment of Mark Hogan, effective April 1, underlines efforts at Toyota Motor Corp. to become more internationally-minded, transparent and nimble in regional markets as it recovers from difficult years, including the massive recall fiasco in the U.S.

Under the changes announced Wednesday by President Akio Toyoda, Toyota will set up a new division to oversee North American, European and Japanese markets and another for emerging markets.

The world's biggest automaker also promoted four non-Japanese managers to oversee regional businesses, including James Lentz, an American who already leads Toyota Motor Sales in the U.S. He will head the North American region.

Like other conservative Japanese companies, Toyota has been far more insular than its Western counterparts, and had been closed in the past to the idea of board members from outside company ranks.

The changes reflect soul-searching at the company following the massive global recalls over sticky gas pedals, faulty floor mats, problem breaks and other defects that spanned several years from 2009, and affected more than 14 million vehicles — some models being recalled repeatedly.

The recalls tarnished Toyota's reputation for quality and raised questions about its ability to respond to problems that crop up in its rapidly expanding global empire, and to reassure international authorities and customers of its trustworthiness and transparency.

Besides Hogan, two Japanese, from the insurance and securities industries, were picked as outside board members. They are Ikuo Uno, an executive advisor at Nippon Life Insurance Company and Haruhiko Kato, president of the Japan Securities Depository Center.

Hogan, an independent consultant and former GM group vice president, has been Toyoda's friend since they worked together more than a decade ago at NUMMI, or New United Motor Manufacturing, a California auto plant jointly run by Toyota and GM. Hogan has also previously advised Toyota.

The board appointments require approval from shareholders at a meeting in June.

Toyota has had a foreigner on its board just once in the past, in 2007, with Jim Press, an American who had headed Toyota's North American operations at a time when fears were growing about a possible American backlash over Toyota's stupendous growth. But Press left shortly afterward for a job with Chrysler.

Toyoda acknowledged that he has learned "many lessons" since becoming Toyota president in 2009, including the risks of rapid growth.

"Rapid growth can also mean rapid descent, creating havoc for many people," he said.

Toyoda referred to the quality woes, as well as the other recent crises such as the 2011 earthquake and tsunami in northeastern Japan and the flooding in Thailand that followed. Both disasters destroyed key suppliers and hobbled Toyota's production.

But he promised Toyota will be more responsive in each region, while staying competitive and quick, even as it keeps growing as a global manufacturer, now employing 320,000 people.

"The larger Toyota becomes, the more difficult it becomes to create the mood for each worker to feel he or she plays a direct role in supporting Toyota," Toyoda said.

"The objective of the changes being announced today is to build an organization where people can take ownership of their work as we enter a new phase of growth in vehicle sales."

Toyota was No. 1 in global vehicles sales last year, dethroning General Motors, which had been the top-selling automaker for more than seven decades before losing the title to Toyota in 2008. But GM retook the sales crown in 2011, when Toyota's production was hurt by the Japanese disaster.

Toyoda, the grandson of the automaker's founder, stressed that the changes he hopes to spearhead herald a return to Toyota's roots.

The Toyota Way, a production method that empowers each worker for quality control, also encourages each employee to be innovative and independent. That spirit of valuing the people on the ground needed to be revived for Toyota's future, he said.

Among other changes outlined by Toyota:

— A new division called "Unit Center" oversees the operations related to engines, transmissions and other key auto components, including technology, production planning, and manufacturing.

— Lexus International, Toyota's luxury-vehicle division, which already exists as a relatively autonomous group, will be beefed up further, to become a premium brand overseen directly by Toyoda.

— Former President and current Chairman Fujio Cho will become honorary chairman and leave the board, while Takeshi Uchiyamada, a board member and engineer known as "the father of the Prius," Toyota's prized hybrid model, will become chairman.

— The other key non-Japanese promotions include Steve St. Angelo, an American overseeing North American production who will lead Latin American operations and South African Johan van Zyl. He has worked for Toyota in the Middle East and Africa and will lead the business in the African region.

Source URL (retrieved on *07/28/2014 - 7:06pm*):
http://www.impomag.com/news/2013/03/former-gm-executive-tapped-toyota-board?qt-digital_editions=0&qt-recent_content=1