

## Toyota: Driving Diversity

By Janet Wiscombe

**B**rent Loescher, a self-confident white male of 39, hardly looks like a poster child for diversity.

At Toyota Motor Sales U.S.A., his job title is operations design manager. But he also carries a badge that identifies him as a "diversity champion," one of 138 out of Toyota Motor Sales' 6,272 employees who serve as leaders at the grass-roots level to promote diversity and inclusion internally and at regional sales and distributor offices throughout the country.

"The program is about developing strong work relationships, learning more about who you work with, their mind-set and experiences," Loescher says.

He began working at Toyota in New Jersey in 2001, and was deployed by the Army to serve a 14-month tour in Baghdad, working directly with Iraqis. Now a retired master sergeant, he says the military provided a "fantastic" background in diversity education, but that the training he received at Toyota has been singularly powerful.

"It makes you explore yourself," he says. "It's the most mentally challenging and spiritually enriching experience I've ever had."

The champion program, which began forming in the late 1990s at Toyota Motor Sales' headquarters in Torrance, California, is part of the auto giant's \$1.2 billion annual commitment to diversity. It operates separately from human resources and is run by a five-person "diversity consulting and inclusion strategies" unit. It works collaboratively with the University of Toyota and outside consultants to develop the training program, says Jennifer "Jae" Requiro, department manager.

It works like this: Candidates who've proved themselves as outstanding employees with leadership skills are nominated and selected by managers and co-workers. Groups of 10 to 12 champions at a time begin their training at an intensive three-day seminar at company headquarters.

A champion might be a sales manager in Massachusetts, a logistic services employee in

Kentucky or an attorney in California.

After the first three days of training, champions go back to their units for three to four weeks. They then return to the university for two more days of training.

They are responsible for analyzing their workplace and developing action plans by asking questions such as: What's going well in this unit? How much are people involved and engaged? Is there enough understanding and communication? Do employees generate and exchange ideas? How well do they know one another?

Champions also meet with Requirio and other managers informally once every two months to discuss subjects ranging from new communication tools to best practices. They gather at headquarters once a year for a formal summit, and are required to submit a written report of the research they have conducted on their work cultures.

If, for example, a champion reports back that there was an expressed need for career development, the diversity and inclusion unit works with HR, which might implement programs such as job shadowing, helping to create more teams or organizing informational interviews with managers.

Since no two champions work with similar groups of employees and they often tackle very different cultural issues, Requirio says that the plans they initiate are highly customized. She estimates that champions devote from 5 percent to 15 percent of their time to the program.

She points out that diversity champions are the cream of the crop and that the program has not only noticeably strengthened company culture, it has proved to be invaluable for employee development and leadership training.

Like an increasing number of companies, the Japanese car manufacturer has a very broad definition of diversity and uses the word "inclusion" to place emphasis on commonality rather than difference.

Requirio stresses that the program isn't affirmative action. "It's about how we react to change," she says. "We have to understand different ages and generations. The baby boomer model, where everyone looks the same, doesn't exist. Twenty percent of our employees, for example, are single dads. That is a diversity issue. Absolutely."

"We want to make sure our associates don't have to leave themselves at the door," Requirio says. "Our culture-change effort is to make sure all people's talents are fully used and organizationally developed."

She had been an "inclusion specialist" in HR until eight years ago, when an executive vice president began developing the relationship-building and culture-change effort. It was decided that the role of human resources would be operational. HR would be involved in processes and policy. The diversity department would be more strategic, and would be responsible for a range of employees including auto dealers, administrators and managers, Requirio says.

As one of the champions, Loescher says he develops strategies for helping employees change their perceptions. Before moving to Toyota Motor Sales' headquarters last spring, he and a fellow champion developed a plan at an all-white, all-male parts distribution center in Kansas City, Missouri. The goal wasn't to change demographics but to develop better communication and a strategy for building stronger relationships.

He says there was distrust among managers and associates at the 37-person center, and difficulty getting associates involved in operations improvement, safety projects and even holiday planning.

The inclusion strategy he helped develop includes open discussions at daily "breakout" meetings and an hourlong monthly meeting where 37 chairs are arranged in a circle in the cafeteria and every employee is given one minute to express an issue or concern. Meeting rules include an agreement not to blame others and to fully participate in resolving the problem.

Before the new plan was implemented, there were employees who had worked together at the center for 30 years who didn't know their sons were on the same baseball team. But the meetings have resulted in far more interaction throughout the center, Loescher says.

"Everyone learns that it's not just management that's responsible for the workplace," he adds. "At Toyota, we are a collective workforce."

The strategy has paid off. Several Toyota facilities recently have had to make major shifts in employee schedules to meet the needs of dealers who want to order parts later in the workday. That means asking center employees to begin their workday four hours later, a potentially significant morale problem.

Thanks to greatly improved communication and trust at the parts center, however, Loescher says the transition has been easier than it has been at similar facilities.

"It's amazing how habituated we all are," Loescher notes. "People get lost in cubicles all day. But when you know who you work with and make sure everyone is heard, it changes the way you think about solving problems."

At Toyota--which recently passed Ford to rank as the second-biggest automaker in the U.S. and is one of the world's 10 most profitable companies--diversity and inclusion are among the top priorities, says Jerome Miller, vice president of diversity for Toyota Motor Sales. They are "integral to our business strategy and surely contribute to our company's success."

"Our diversity champions promote inclusion and leverage workforce diversity at the grass-roots level," Miller notes. "That's where meaningful progress occurs."

In the 70-member legal services department, diversity champion Pamela Samuels says there is no question that bringing people together and brainstorming has resulted in changed perceptions and better dialogue between individuals and teams.

She is a managing attorney who previously worked for a major defense contractor. She says her former employer brought in speakers and paid lip service to issues of diversity and inclusion, but hadn't made a genuine commitment.

Referring to the intensive training she has received at Toyota, Samuels says she was amazed by its impact. "I was blown away," Samuels says. "I am African American and I figured there's not that much I could learn. But we discussed questions like 'How do you define yourself?' and 'Where did your racial views come from?'"

"It reaches you in your gut. People volunteered to share personal experiences," Samuels continues. "I found out that one of my white co-workers has an adopted Asian child. If you know people, it gives you a new perspective of them. The other champion from my department is openly gay. I didn't know her until we worked together as champions.

"We've become very close friends. It's been a big growth process for me."

Once a quarter, the general counsel now shuts down the entire legal services department for a day to promote diversity and inclusion and to share ideas and experiences. "The general counsel, Dian Ogilvie, personally comes to the meetings," Samuels says. "That's commitment."

Samuels says it's important that white males are involved in diversity and inclusion programs, and not just people of color. "That defeats the whole purpose," she notes. "Inclusion makes us all better."

Champions also have launched business partnering groups that address specific issues for women, Latinos, and African and Asian Americans to better understand workforce needs and to help develop diversity strategies. The groups have had a significant impact on the organization, Requirio says.

Though Toyota is still in the process of developing metrics to measure business results, Requirio attributes higher sales in some locations directly to improved team development, and points to the company's unprecedented low turnover of 3 percent as the best measure of employee satisfaction.

Michael C. Hyter, president and CEO of Novations Group in Boston, says he believes that more companies are asking hard questions about quantifying the value of diversity programs. Still, he notes, "Just because specific measures don't exist does not mean that the programs aren't good. But the emotional 'positives' behind the effort have to be evident to the employees and leaders."

Toyota Motor Sales vice president Mike Morrison, who leads the University of Toyota, says they are definitely evident. "Diversity champions work on culture, which is important on the business side," Morrison says. "We want to represent changing demographics and to create an equitable playing field. We do it because it's good business. And it is the right thing to do."

At Toyota, diversity and inclusion go well beyond compliance. "We have to develop human

resources--this is more important than anything," Toyota president Katsuaki Watanabe has said. "We will also use the principle of genchi genbutsu, or 'going to the source' to evaluate our strengths and weaknesses."

That is what diversity champions are primed to do.

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