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Toyota's 'centralized' management cited in slow recall response

*DAVID SHEPARDSON**/ Detroit News Washington Bureau*

Washington— Decision-making at Toyota Motor Corp. is "too centralized," contributing to the automaker's slow response in recalling vehicles for sudden acceleration problems, according to a study released Monday.

In a strongly worded, 60-page report, a panel named by Toyota and headed by former U.S. Transportation Secretary Rodney Slater said Toyota's top-down management structure limits local input about potential problems, and discourages outside feedback on product safety and design.

Further, it said, Toyota managers failed to understand that safety problems are not the same as quality problems, which involve the execution of design and manufacturing.

The panel discarded Toyota's defense that its problems resulted from expanding too quickly.

The study was conducted by the Toyota North American Quality Advisory Panel slightly more than a year after the automaker formed the group to evaluate its safety culture following massive recalls over sudden-acceleration problems.

The panel conducted dozens of interviews with Toyota personnel, including President Akio Toyoda; academics; regulators; consumer advocates; consulting firms; and other industry experts.

Toyota has traditionally structured its global operations to maximize control by officials in Japan. In North America, where Toyota's operations are divided into units responsible for sales, engineering and manufacturing, the company would benefit from a more unified structure and greater local authority to make decisions, the panel said.

Toyota recalled millions of vehicles in the United States in 2009 and 2010, mostly for floor mats at risk of jamming accelerators and sticky gas pedals. The company paid a record \$48.8 million in federal fines for not conducting the recalls promptly. Company officials, including Toyoda, were called before Congress to discuss plans to fix the defects.

Citing a recent study by NASA and a private engineering firm contracted by Toyota, the advisory panel's report noted that no electronic or software error had been found that could cause sudden acceleration, despite widespread speculation that such a glitch could have caused a rash of reports.

Toyoda said the automaker will heed the panel's recommendations. "Over the past year, Toyota has learned a great deal from listening to the panel's valuable counsel," Akio Toyoda said in a statement. "Their advice has been reflected in the meaningful steps we've taken to give our North American operations more autonomy and become an even more safety-focused and responsive company."

Some experts said the panel's report shows that Toyota's culture needed to change.

"The report confirms our view that Toyota's culture — one that works well in times of stability — left it uniquely vulnerable to a fast-moving crisis, such as the safety issues that enveloped the company last year," Jeremy Anwyl, CEO of automotive analysis firm Edmunds.com, said in a statement.

"But anyone hoping that this report would help settle the debate around causes of unintended acceleration will be disappointed."

Sean Kane, who heads Safety Research & Strategies, a Rehoboth, Mass.-based group that specializes in motor vehicle issues, said there is evidence that electronic issues may be to blame for Toyota's sudden acceleration problems. He said previous studies weren't valid.

"These studies were far from independent," Kane said. "They are the products of Toyota's involvement and that of the company's litigation defense experts who provided the statistical analysis that the agencies used to dismiss the physical evidence that showed flaws in Toyota's electronics."

Toyota denies the allegation and the government has strongly defended the studies.

The panel will continue working for another year.

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