

THE HILL

Toyota Chairman at The Economic Club of D.C.

By Kathy Kemper



Corporate Chairman of Toyota Takeshi Uchiyamada, the grandfather or, as he jokes, now the "great-grandfather" of the Prius, made amusing quips and thoughtful remarks while being interviewed by David M. Rubenstein, President of the Club and Co-Founder and Co-Chief Executive Officer of The Carlyle Group. David could give Charlie Rose a run for his money with his engaging, eclectic questions.

Chairman Uchiyamada recalled one of the most challenging assignments he took on at Toyota. In 1993, his group was asked to come up with a car for the 21st century. His group told the bosses that they would design a vehicle that would achieve "one and a

half better fuel consumption." Takeshi's group thought that this was a very ambitious target, but the bosses weren't satisfied. They said, "Double it! Be more ambitious". "This was major pressure, in fact, the most I have ever experienced," the chairman said. After studying 80 different systems, Takeshi's group chose the "series parallel" hybrid system, which would run on a combination of gas and electricity. Fuel consumption would be optimized, and environmental issues would be addressed.

But he wasn't out of the woods yet. When the chairman and his group showed the first prototype model at a motor show in 1995, it was a BUST, failing to move! That was agony, he said. Then for 49 days, from November until Christmas, the car did not move. Not an inch. Then, before January 1 it ran, but only for 500 meters! Ultimately, the group reached its goal in December 1997. The audience at breakfast roared. The chairman was definitely charming!

President Rubinstein kept trying to get bargaining advice on how to get the best price when buying a car. Takeshi laughed and said women are actually tougher negotiators than men! When asked what car he would drive if he could choose anything, he said he would pick the LS HYBRID, which sells for \$360,000. And if he were to choose a car not manufactured by Toyota, then he would spring for the BMW 5 series. (BMW must love that.)

There are two factors that continue to propel Toyota forward, Takeshi said. The first is consistently improving cost, quality, and productivity; the second is listening to the consumer.

Interestingly, Takeshi's own son did not want a Toyota when he bought his first car. He wanted something jazzier. Well, he bought it and found, to his disappointment, that it needed frequent repairs. As a result of that experience, his son is now a Toyota customer!

There was more talk about a new hydrogen fuel vehicle that the chairman is excited about; sensors that can apply brakes or control steering; the Chinese market or lack of it; batteries (we are two generations away from non-lithium batteries); and more government-industry cooperation to create Intelligent Transportation Systems which can talk to each other to reduce emissions, ease traffic jams, and prevent accidents.

But the highlight was Chairman Takeshi Uchiyamada himself—his brilliance, humor, drive, and 40-year commitment to innovation.

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