



## Press release

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TOYOTA RECALL CRISIS WAS A FAILURE IN RISK MANAGEMENT, SAY  
PROCUREMENT EXPERTS

The mass recall of vehicles by the world's biggest carmaker was a failure of risk management, not of lean production processes, according to procurement experts ADR International.

Bill Michels, CEO of ADR North America, says Toyota deserves credit for not blaming its suppliers when it had to recall 8 million cars due to problems including concerns with accelerator pedals.

But the fact that the same components were used in several models was likely to create problems unless the risks were fully taken into account, Michels says.

In the latest issue of the ADR International eBulletin, he writes: "It is tempting to say that this crisis is caused by too great a reliance on lean manufacturing principles. But I believe it's a flaw in risk management. Lean manufacturing does increase certain risks, and those risks must be anticipated and mitigated."

Simon Aldred, Director of ADR Sourcing, says there are some best practice tests for helping to decide if a country will be successful for buying low-cost goods and services.

These include analysing the profile of the items being purchased and asking which regions are already geared up to produce them.

"A good supply market analysis will also involve assessing the infrastructure in your list of low-cost destinations. This should ideally include robust road/rail/port links, stable telecommunications and a reliable energy network," Aldred says.

Rebecca Howard, Director of ADR Learning, the training and development division of ADR International, says motivation is the key factor in a successful career.

Drawing on the work of motivation guru Dan Pink, Howard says a degree of autonomy and a sense of purpose and mastery can all help increase an individual's drive.

"In the challenging world of procurement, it can be difficult to feel that you are really making a difference. You may have worked hard to avoid a cost increase or reduce the risk in a project, but the benefits are not cashable," she says. "However, if you understand what skills are preventing you from being more effective at work, you can find interventions to help achieve personal improvement."

Ends

Please view the ADR International's April 2010 eBulletin at

[www.adr-international.com/newsletter/](http://www.adr-international.com/newsletter/)

#### About ADR International

ADR International is one of the world's longest-standing global procurement consultancies, helping clients improve every aspect of their procurement activity. Its main areas of expertise include procurement transformation, training and development, sourcing, permanent and interim recruitment, technology and audit.

Clients include GE, Pfizer, Nokia and Alcan. ADR International also works with public sector organisations in local government, policing and the UK's National Health Service.

ADR International is headquartered in London, UK and ADR North America is based in Ann Arbor, Michigan. ADR International also has offices in Sydney, Australia; Johannesburg, South Africa; and Prague, Czech Republic.

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