



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Student Name: Hussien T Neman

Student Number: 2327082

***Course Name: BA (Hons) Leadership and Management Skills for the
Workplace (LCLM6003_LON)***

Lecturer Name: Nadeem Mirza, Sujeewa Herath

Leading and Implementing Change at Toyota Motor Manufacturing UK

Table of Contents:

Contents

Executive Summary:	4
Introduction:	5
Background:	5
Aim and Objectives:	5
Toyota UK organisational and strategic context:	7
Organisational Profile:	7
Toyota Production System:	7
Strategic Direction:	7
Strategic and environmental analysis:	8
PESTLE Analysis:	8
Porter's Five Forces:	10
SWOT analysis:	10
Change-management evaluation:	11
Nature of Change:	11
Lewin's three-stage model:	11
Kotter's eight-step model:	12
McKinsey 7-S model:	12
Leadership and organisational culture:	13
Leadership approach:	13
Organisational Culture:	13
Proposed strategic change plan:	14
Plan	14
Objectives	14
Implementation:	14
Financial Plan:	15

Communication Plan:.....	15
Risk Management:.....	16
Evaluation:	16
Conclusion:	17
References	18

Executive Summary:

The automotive sector is experiencing a fundamental transformation driven by electrification, artificial intelligence (AI), automation, connected vehicles, environmental regulation and changing consumer expectations. Toyota Motor Manufacturing UK (TMUK) is an appropriate organisation for examining these issues because it combines established manufacturing strengths with the need to develop new electric-vehicle, digital and software capabilities (Nasirian, 2026).

TMUK operates a vehicle-manufacturing plant at Burnaston in Derbyshire and an engine plant at Deeside in North Wales. It produces Corolla models in the UK and has historically been an important location for Toyota's hybrid-electric manufacturing. Toyota is now extending its UK activities into circular manufacturing, future mobility and battery-electric vehicle research. The Burniston site has also been identified as Toyota's first Circular Factory, with recycled materials being returned to production processes (Toyota, 2026).

This report argues that Toyota UK should not replace the Toyota Production System (TPS), but should extend its principles of kaizen, quality, waste reduction and respect for people into AI-enabled and electrified manufacturing. Toyota's traditional strengths remain valuable, but the organisation faces strategic risks if it is perceived as moving too slowly in battery-electric vehicles, software, data and digital customer services.

The report evaluates Lewin's three-stage model, Kotter's eight-step model and the McKinsey 7-S framework. It also examines transformational and participative leadership, together with the influence of Toyota's organisational culture. The analysis concludes that successful change will require more than investment in machinery. Toyota UK must develop employee skills, communicate the purpose of change, involve workers in implementation, strengthen cybersecurity and use staged investment decisions.

The proposed Toyota UK Smart Electrified Manufacturing Programme has four workstreams: flexible electric-vehicle production, AI-enabled manufacturing, digital supply-chain integration, and employee reskilling. A three-year implementation plan is recommended, supported by measurable objectives relating to downtime, employee training, energy consumption, cybersecurity and supplier visibility.

Introduction:

Background:

The automobile industry is undergoing one of the most significant periods of strategic change in its history. Manufacturers are being required to reduce vehicle emissions while responding to the rapid development of battery-electric vehicles, software-defined vehicles, automated manufacturing, connected services and artificial intelligence. Competition is no longer based only on engine performance, production scale and physical distribution. Increasingly, competitive advantage also depends on battery technology, software, data, digital ecosystems and the ability to update products after sale.

These developments create both opportunities and threats for established manufacturers. Existing companies possess valuable engineering knowledge, supplier networks and production capabilities, but they also have legacy systems, traditional skills and large investments in combustion-engine technology. Strategic change therefore involves transforming existing capabilities without destroying the operational strengths that created previous success (Toyota Newsroom, 2025).

Toyota Motor Manufacturing UK is selected for this report because it provides a relevant case of an established automotive manufacturer responding to this changing environment. Toyota's UK manufacturing operations include vehicle production at Burnaston, Derbyshire, and engine production at Deeside, North Wales. TMUK currently produces Corolla models and hybrid engines, while Toyota is also developing circular-factory and lightweight battery-electric vehicle initiatives in the UK (Toyota, 2026).

Aim and Objectives:

The aim of this report is:

To evaluate the strategic change challenges facing Toyota Motor Manufacturing UK and develop a practical change-management plan for accelerating electrification, artificial intelligence and digital manufacturing.

The objectives are:

1. Introduce Toyota UK and examine its strategic context.
2. Analyse the internal and external factors affecting Toyota UK.
3. Evaluate the effect of AI, electrification and digitalisation
4. Apply and critically assess change-management models
5. Examine the role of leadership and organisational culture
6. Develop a suitable strategic change plan

7. Recommend financial, communication and evaluation arrangements

The report focuses on TMUK's manufacturing and associated supply-chain activities. Toyota's global strategy is considered where it influences the UK organisation, but the report does not attempt to analyse every Toyota subsidiary or international market.

Toyota UK organisational and strategic context:

Organisational Profile:

Toyota Motor Corporation is one of the world's largest automobile manufacturers. Its competitive reputation has been strongly associated with reliability, quality, operational efficiency and the Toyota Production System. Toyota's production philosophy includes just-in-time production, built-in quality, standardised work, problem-solving and continuous improvement. Liker (2004) argues that Toyota's success is not based on isolated production techniques, but on an integrated management system involving philosophy, processes, people and problem-solving (Liker, 2004).

Toyota entered UK manufacturing in 1992 through the creation of TMUK. The Deeside plant in North Wales produces engines, while the Burnaston plant in Derbyshire manufactures vehicles. TMUK was Toyota's first fully owned manufacturing operation in Europe and subsequently became an important location for hybrid-electric vehicle manufacturing outside Japan. The company reports that it has invested more than £2.82 billion in UK manufacturing and employs more than 3,000 people directly, in addition to supporting employment through its supplier network (Toyota Newsroom, 2025).

Toyota Production System:

The Toyota Production System is important to the proposed change because it provides both an advantage and a possible constraint. Its principles of kaizen and waste reduction can support the introduction of AI, robotics and electric-vehicle production. Employees are already expected to identify problems and improve processes, which could facilitate technological experimentation.

However, established routines can also encourage incremental improvement when the external environment requires faster transformation. Toyota therefore needs to determine whether its existing systems can support rapid software development, battery innovation and data-driven decision-making. Womack, Jones and Ross describe lean production as a major alternative to mass production, but the digital automotive environment requires lean principles to be combined with software, data and flexible technology capabilities (Womack et al., 1990).

Strategic Direction:

Toyota follows a multi-pathway approach involving hybrid, plug-in hybrid, battery-electric and hydrogen fuel-cell vehicles. Toyota argues that different technologies are appropriate for different markets and customer needs. Its UK communications

identify battery-electric, plug-in hybrid, full hybrid and fuel-cell options as part of this strategy (Media. Toyota, 2026).

The multi-pathway approach provides flexibility and avoids excessive dependence on a single technology. It may also support customers who face limited charging infrastructure or who cannot immediately afford a battery-electric vehicle. Nevertheless, the strategy creates a potential strategic challenge. Managing several powertrain technologies requires investment, technical skills and complex production planning. If battery-electric vehicles become the dominant source of competitive advantage in major markets, Toyota may need to accelerate its development and commercialisation of EVs

Toyota is also expanding its UK sustainability and mobility activities. Burnaston has been designated Toyota's first Circular Factory, with processes designed to recover, recycle, repurpose and remanufacture vehicle components. Toyota Manufacturing UK is also leading a government-supported feasibility study for a lightweight battery-electric vehicle, involving partners such as the University of Derby. These developments demonstrate that Toyota UK is not simply a conventional manufacturing organisation; it is becoming part of a broader mobility, sustainability and technology ecosystem (Toyota, 2026).

Strategic and environmental analysis:

PESTLE Analysis:

Political factors:

The UK government is attempting to strengthen zero-emission vehicle manufacturing through industrial support, research funding and emissions policy. Toyota UK must therefore respond to government expectations concerning electric-vehicle production, employment and investment. Government support can reduce the cost of innovation, but reliance on policy incentives creates uncertainty if political priorities change.

Brexit has also affected the automotive environment. Changes in customs procedures, rules of origin and trade arrangements can increase administrative costs and complicate the movement of components between the UK and European facilities. Toyota UK requires accurate supply-chain planning to ensure that components arrive on time and comply with relevant trade requirements.

Economic factors:

The transition to electric vehicles requires substantial investment in batteries, production equipment, software and employee training. Energy prices, interest rates

and raw-material prices may reduce the financial return from this investment. Battery materials and semiconductors are particularly important because shortages or price increases can disrupt production.

Toyota UK also competes in a market where customers are sensitive to vehicle prices. Premium technology is attractive, but consumers may be unwilling or unable to pay for the full cost of electrification. Toyota must therefore improve cost efficiency while maintaining quality.

Social factors

Consumer attitudes towards vehicles are changing. Some customers increasingly value low emissions, fuel savings and connected services. Others remain concerned about charging access, purchase prices, range and battery life. Toyota's multi-pathway strategy responds to this diversity, but it must communicate the benefits and limitations of each technology clearly.

The workforce is also affected. Automation and AI may create concerns about redundancy, job redesign and surveillance. If employees believe that technology is being introduced primarily to remove jobs, resistance may develop. Employee participation and reskilling are therefore essential to the legitimacy of the proposed change.

Technological factors

Technology is the most significant driver of the proposed transformation. AI can support visual quality inspection, predictive maintenance, demand forecasting, production scheduling and supply-chain risk analysis. Robotics can improve safety and productivity in repetitive or hazardous tasks. Digital twins can allow Toyota to test production changes before implementing them physically.

The vehicle itself is also becoming a software platform. Customers increasingly expect smartphone integration, driver-assistance systems, remote diagnostics and over-the-air software updates. This requires Toyota UK to work more closely with software specialists and data professionals.

Toyota has reported developments involving AI, autonomous inspection, unmanned transport, robotics and digital transformation in future manufacturing systems. The strategic challenge is to integrate these technologies without compromising Toyota's established quality standards (Toyota, 2024).

Legal factors:

Toyota UK must comply with emissions requirements, vehicle-safety regulations, employment law, data-protection rules and cybersecurity obligations. AI systems used in production must be monitored to ensure that decisions are explainable,

accurate and safe. Connected vehicles also create responsibilities concerning customer data and software security.

Employment consultation is important if automation affects job roles, working patterns or required skills. Failure to involve employees and representative bodies could produce legal, reputational and operational problems.

Environmental factors:

Environmental pressure affects Toyota's products, factories and supply chain. Toyota UK must reduce energy consumption, waste and emissions while improving battery and component recycling. The Circular Factory initiative demonstrates a move towards a more circular model, in which materials recovered from end-of-life vehicles are reintroduced into production.

Porter's Five Forces:

Competitive rivalry in the automotive sector is intense. Toyota competes with traditional manufacturers such as Volkswagen, Hyundai, Nissan and Ford, as well as technology-led companies such as Tesla and fast-growing Chinese EV manufacturers including BYD. Competition concerns price, range, design, software, charging, reliability and brand reputation.

Buyer power is increasing because customers have access to more vehicle choices. Leasing companies and fleet buyers may also negotiate strongly over price, emissions and total cost of ownership. Supplier power is significant in batteries, semiconductors and critical minerals. Toyota's large scale provides bargaining power, but supply concentration may create vulnerability.

The threat of new entrants remains limited in conventional vehicle manufacturing because of capital requirements, regulation and technical complexity. However, EV architecture and software have allowed specialist companies to challenge traditional manufacturers. Substitutes include public transport, car-sharing, ride-sharing, vehicle leasing and mobility-as-a-service.

The analysis indicates that Toyota UK must compete through a combination of cost, quality, flexibility, sustainability and technological capability rather than relying only on its historical reputation (Minh, 2026).

SWOT analysis:

Toyota UK's main strengths are its production system, reputation for quality, skilled workforce, hybrid expertise, and established supplier relationships. Its weaknesses include the cost of changing existing facilities, the need for additional software skills and the complexity of managing several powertrain technologies.

Opportunities include AI-enabled factories, flexible electric-vehicle production, circular manufacturing, renewable energy and mobility research. Threats include Chinese EV competition, battery shortages, cyberattacks, regulatory failure and high UK operating costs.

Change-management evaluation:

Nature of Change:

The proposed change is both transformational and incremental. It is transformational because it affects Toyota UK's products, technologies, workforce capabilities and operating model. It is incremental because implementation should be based on Toyota's established philosophy of continuous improvement.

Teece, Pisano and Shuen argue that organisations need dynamic capabilities to integrate, build and reconfigure internal and external competences in changing environments. Toyota's challenge is therefore not simply to buy AI systems. It must develop the capability to identify useful technologies, integrate them with existing production systems and continually adapt them (Teece et al., 1997).

Vial describes digital transformation as a process in which organisations respond to changes created by digital technologies by altering value creation, structures and processes. This perspective is relevant to Toyota because digitalisation affects not only factory machinery but also vehicles, customer relationships, suppliers and employee roles (Vial, 2019).

Lewin's three-stage model:

Lewin's model contains three stages: unfreezing, changing and refreezing

During unfreezing, Toyota UK must create a credible sense of urgency. Employees should understand that electrification, AI, software, and sustainability are not optional projects but developments that affect future competitiveness. However, leaders should avoid communicating change through fear alone. The message should connect transformation with job development, product quality and the long-term future of UK manufacturing.

The changing stage would involve pilot AI inspection, predictive maintenance, digital supplier systems, flexible EV production and employee training. Implementation should begin in selected areas so that Toyota can learn before scaling. This approach is consistent with kaizen and reduces the financial and operational risks of immediate large-scale transformation.

Refreezing would involve embedding new systems into standard work, training, performance measurement and management routines. AI governance, cybersecurity

and data quality should become normal operational responsibilities rather than temporary project activities.

Lewin's strength is clarity, but its weakness is that it can make organisational change appear linear and final. In the automotive sector, technologies and market conditions change continuously. Toyota should therefore treat refreezing as the creation of a stable platform for further improvement rather than the end of change.

Kotter's eight-step model:

Kotter's model provides a more detailed implementation framework. Toyota UK should first establish urgency by presenting evidence on EV competition, software development, regulation, and operational costs. It should then create a guiding coalition involving senior managers, production leaders, engineers, IT specialists, HR, employee representatives and key suppliers.

The coalition should develop a clear vision: Toyota UK will become a smart, flexible and low-carbon manufacturing network that applies Toyota principles to electric and digital mobility. This vision must be communicated through team meetings, workshops, digital platforms and training.

Barriers should be removed by providing funding, data infrastructure and skills development. Employees should be empowered to suggest improvements and participate in pilots. Short-term wins might include reduced inspection time, fewer defects or lower downtime in a pilot production area. Successful projects can then be expanded.

Kotter's model is valuable because it connects leadership, communication and implementation. However, it may assume that change follows a predictable sequence. Toyota should use it flexibly, repeating stages as new information emerges or resistance arises.

McKinsey 7-S model:

The McKinsey 7-S framework helps identify whether Toyota UK's internal elements are aligned. The strategy must prioritise electrification, AI and sustainability. The structure must enable collaboration between Toyota UK, Toyota Europe, global Toyota, suppliers and technology partners. Systems must integrate the TPS with digital production data.

Toyota will require new skills in batteries, robotics, software, data analytics and cybersecurity. Existing employees should be reskilled where possible, while external specialists may be recruited. Leadership style must combine Toyota's discipline and quality focus with openness to experimentation. Finally, shared values should connect kaizen, respect for people and quality with digital innovation and environmental responsibility

Leadership and organisational culture:

Leadership approach:

Transformational leadership is suitable because Toyota UK needs a compelling vision of its future role in electrified and digital manufacturing; associate's transformational leadership with inspiring followers, developing capability and encouraging performance beyond immediate transactions.

However, a purely top-down transformational approach would be inappropriate for Toyota. Participative leadership is also required. Employees understand production problems in detail and should be involved in designing AI, robotics and EV processes. Yukl argues that effective leadership involves influencing people towards shared objectives while adapting behaviour to context. Toyota UK therefore needs strategic direction from senior leaders and practical participation from employees (Yukl, 2013).

Leaders should explain the purpose of change, protect quality and safety, provide training, consult representative bodies and communicate setbacks honestly. They should also establish clear rules for responsible AI, data protection and cybersecurity.

Organisational Culture:

Toyota's culture may support change through kaizen, respect for people, teamwork, standardised work and problem-solving. These values can make employees more receptive to experimentation when technology is introduced as a tool for improving work rather than simply eliminating it.

Schein explains organisational culture through visible artefacts, stated values and deeper assumptions. Toyota's visible production routines and problem-solving practices reflect underlying assumptions about quality, discipline and continuous improvement. The challenge is that some underlying assumptions may be linked to traditional manufacturing and combustion-engine expertise (Schein, 2010).

The culture should therefore evolve rather than be discarded. Employees should be encouraged to apply kaizen to data, software and battery processes. Cross-functional teams should combine production workers, engineers, IT specialists and suppliers. Training should include both technical competence and an understanding of why the transformation is strategically necessary.

Potential resistance may arise from fear of job losses, limited digital confidence, production disruption or distrust of management claims. Communication must be two-way, and leaders should demonstrate that reskilling and internal mobility are genuine priorities.

Proposed strategic change plan:

Plan:

The recommended initiative is the Toyota UK Smart Electrified Manufacturing Programme. It should run for three years and use staged investment, pilot testing and measurable review points.

The four workstreams are:

1. . Flexible electric-vehicle manufacturing
2. . AI-enabled production and quality control.
3. Digital supply-chain integration.
4. Workforce reskilling and cultural change

Objectives:

The programme should pursue the following proposed SMART objectives:

- Introduce an AI-enabled visual-inspection pilot within 12 months.
- Reduce unplanned manufacturing downtime by 15% within three years.
- Train at least 70% of affected employees in EV, AI, robotics or data skills within two years.
- Reduce energy consumption per vehicle by 10% within three years.
- Establish digital visibility for critical suppliers within 24 months.
- Complete cybersecurity assessments for all critical production systems within 6 months.

These targets are proposed for the change plan and should be adjusted after Toyota UK establishes its baseline performance data.

Implementation:

During months one to six, Toyota UK should create a guiding coalition, conduct a workforce-skills audit, map current digital systems and identify a suitable pilot area. It should also establish employee and trade-union consultation arrangements.

During months seven to twelve, Toyota should pilot AI-based quality inspection and predictive maintenance. Employees involved in the pilot should receive technical training and participate in reviewing system accuracy, safety and usability. The pilot should be assessed against a baseline before expansion.

During year two, successful pilots should be expanded. Toyota should improve supplier-data integration, develop EV-related skills and assess the requirements for flexible production. Investment should be released through stage-gate decisions based on evidence of operational and financial benefits.

During year three, Toyota should embed successful systems into standard work, training, performance management and continuous-improvement routines. A final review should determine whether the programme has improved competitiveness, capability and sustainability.

Financial Plan:

The budget should be divided into:

- AI software and data platforms.
- Robotics and automation.
- EV production equipment.
- Cybersecurity.
- Employee training.
- External expertise and project management.
- Communication and consultation.
- Contingency.

The financial case should assess both direct and indirect benefits. Direct benefits may include reduced downtime, lower defect rates, reduced inspection time and lower energy consumption. Indirect benefits may include improved workforce capability, stronger regulatory compliance, better supplier resilience and enhanced reputation.

Communication Plan:

Employees should receive clear information about changing roles, training opportunities and job-security concerns. Communication should occur through team briefings, workshops, digital platforms and management walk-arounds.

Trade unions and employee representatives should be consulted before automation affects job design or working patterns. Managers should receive monthly dashboards showing progress, costs, risks and benefits. Suppliers should receive technical and sustainability requirements through supplier forums.

Customers should be informed about Toyota's low-carbon manufacturing, EV products, reliability, software and data protection. Government and local stakeholders should receive information about investment, employment, skills and environmental performance.

Risk Management:

The main risks are employee resistance, technology failure, cyberattack, cost escalation, skills shortages and supplier disruption.

Resistance should be managed through consultation, training and employee involvement. Technology failure should be reduced through controlled pilots, human oversight and fallback procedures. Cybersecurity should involve access controls, system monitoring, employee training and incident-response plans.

Cost escalation should be managed through stage-gate funding and independent benefits reviews. Skills shortages should be addressed by reskilling, apprenticeships and targeted external recruitment. Supplier disruption should be reduced through dual sourcing, supply-chain visibility and risk-based supplier assessment

Communication should be continuous and two-way. Feedback channels should include surveys, employee suggestion systems, pilot reviews and confidential escalation routes.

Evaluation:

A balanced scorecard should measure:

- Financial performance
- Customers performance
- Learning and growth

Formal reviews should occur after six, twelve, twenty-four and thirty-six months. Projects that fail to demonstrate safety, quality or financial value should be redesigned or stopped.

Conclusion:

Toyota Motor Manufacturing UK has significant strengths in lean production, quality management, hybrid technology and continuous improvement. However, the automotive sector is being reshaped by electric vehicles, artificial intelligence, software, sustainability and connected mobility. Toyota's multi-pathway approach provides flexibility, but the company must ensure that it develops sufficient battery-electric, digital and software capability.

The analysis shows that Toyota UK's strategic change should combine transformational ambition with incremental implementation. Lewin's model provides a clear explanation of preparation, implementation and embedding. Kotter's model contributes a practical sequence for leadership and communication, while McKinsey's 7-S framework demonstrates the need to align strategy, systems, structure, skills, staff, leadership style and shared values.

The recommended Toyota UK Smart Electrified Manufacturing Programme should focus on flexible EV production, AI-enabled manufacturing, digital supply-chain integration and employee reskilling. Implementation should be phased through pilots and stage-gate investment. Leadership should be transformational in establishing direction and participative in involving employees. Toyota's culture should be adapted rather than rejected, with kaizen extended to digital, software and battery technologies.

Toyota UK should therefore invest in technology and people simultaneously. Its long-term competitiveness will depend not only on the machines it purchases, but also on how effectively it develops skills, manages culture, protects quality and converts digital innovation into reliable operational performance.

References

Liker, J. K., 2004. *The Toyota Way*, s.l.: s.n.

Media.toyota, 2026. *Toyota: 2025 wrap and 2026 preview*. [Online]
Available at: <https://media.toyota.co.uk/toyota-2025-wrap-and-2026-preview/>
[Accessed 12 8 2026].

Minh, B., 2026. Five Forces Analysis: The Global Automobile Industry. *Global business strategy*.

Nasirian, A., 2024. Identifying the Dimensions and Components of Smart Manufacturing Systems in the Automotive Industry: Emphasizing the Application of Artificial Intelligence and the Internet of Thing.

Nasirian, A., 2026. *Identifying the Dimensions and Components of Smart Manufacturing Systems in the Automotive Industry: Emphasizing the Application of Artificial Intelligence and the Internet of Thing*. [Online]
Available at: <https://journalfwdmj.com/index.php/fwdmj/article/view/280>
[Accessed 11 8 2026].

Schein, E. H., 2010. Organisational culture and leadership. In: *Organisational culture and leadership*. s.l.:Wiley.

Teece, D. J., Pisano, G. & Shuen, A., 1997. Dynamic capabilities and strategic management. *SMS*.

Toyota Newsroom, 2025. *toyota-led-consortium-secures-uk-government-funding-for-micromobility-feasibility-study/Toyota*. [Online]
Available at: <https://newsroom.toyota.eu/toyota-led-consortium-secures-uk-government-funding-for-micromobility-feasibility-study/Toyota>
[Accessed 12 8 2026].

Toyota, 2024. *TOYOTA INTEGRATED REPORT*, s.l.: s.n.

Toyota, 2026. *Toyota Circular Factory: recycling alloy wheels into new engine blocks*. [Online]
Available at: <https://newsroom.toyota.eu/toyota-circular-factory-recycling-alloy-wheels-into-new-engine-blocks/>
[Accessed 11 8 2026].

Vial , G., 2019. Understanding digital transformation: A review and a reserch agenda. *The journal of strategic information systems*.

Womack, J., Jones, D. & Ross, D., 1990. The Story of Lean Production-- Toyota's Secret Weapon in the Global Car Wars That Is Now Revolutionizing World Industry. In: *The Machine That Changed the World*. s.l.:Simon and Schuster, p. 352.

Yukl, G., 2013. In: *Leadership in organisations*. s.l.:Pearson, p. 510.