

GOD OF HOPE

GOD,
GUTS,
HEARTBREAK
& HEADACHES

THE START OF LEXUS

INTRODUCTION

Dick Landgraff was the Ford executive in charge of developing the 1996 Ford Taurus/Sable. In the book *Car* by Mary Walton, Landgraff expressed his frustration with Toyota to the author when he said, "It's very difficult in this business, and I suppose in a lot of businesses, to try to be the very best. Did Toyoda, the guy who runs the company name is Toyoda, did he suddenly have the idea one day? Did it bubble up from the bottom? Bubble down from the top? Did it have – you know the Japanese-consensus? It's overblown, it isn't quite as consensus-oriented management as you might think-but did they consensus this over twenty years? They somehow said, 'We're going to be the best.' I don't know how they did it."

How did Toyota build the 1990 Lexus LS 400, the finest car ever built up to that time? And how, against all odds, did Toyota successfully launch the luxury brand Lexus into the U.S. luxury market dominated by Cadillac, Lincoln, Mercedes-Benz and BMW?

This is how Toyota did it. This is the inside story of how Toyota did it as told by J. Davis Illingworth, Jr. former Vice President General Manager, Lexus Division and former Senior Vice President, Toyota Motor Sales, U.S.A.

TABLE OF CONTENTS

God, Guts, Heartbreak and Headaches	5	My Secret	84
Yuki Togo and the Emperor's Son	6	My Only Son	85
A Secret Meeting with the Governor	8	My Only Son	86
Flagship 1 Gets a Name	9	The Pursuit of Perfection	87
Playing Chess with God	11	Kaizen	88
Lost in Detroit	12	Lexus vs. LexisNexis Round 8: Knockout	89
This is Crazy	14	A Marine to the Rescue	90
Committing Career Suicide	15	Pre-Selling Lexus	91
Home at Last	16	Jet Lag, Sake, and Puffer Fish	92
You Can't Say No to Mr. Makino	17	Customers for Life	93
You Can't Say No to Mr. Makino	18	The Lexus Covenant	94
Striking Out	19	Doing the Europeans One Better	95
Transfer Trauma	21	The Luxury Car Wars	96
The Corolla from Hell	23	The First Lexus National Dealer Meeting	98
Why Me?	25	The Good, the Bad, and the Ugly	100
You Don't Smile Enough	26	The Battle Begins	102
Stressed!	28	Champagne Glasses and Zen	104
How to Survive the 405	29	Trouble with the ES	106
Office Politics - Togo vs. McCurry vs. Perkins	30	Triumph and Tragedy	108
He's Not My Uncle!	32	Sleepless Nights, Answered Prayers	109
Get Rid of Her!	35	Sleepless Nights, Answered Prayers	110
Design Dome Drama	37	The Hard Part	111
Motor Madness	39	Defining Moment	112
The Shoebox	40	1989 in the Rear-View Mirror	114
35 Ounces (10 Grams)	41	Elvis Lives	115
Gut Check: No Second Car	42	1990 Car of the Year	117
Case C: F 2 Lives	44	I Think I Can	118
Our Nissan Nemesis: Infiniti	45	Infiniti: Between a Rock and a Hard Place	119
Announcing Lexus	46	Customer First	120
The NFL Rule	47	Karaoke at Yuki's	121
Babies are Born Every Day	48	Gray Market Cars	122
Black Monday of 1987	49	The 1990 Little Engine That Could: Mid-Year Update	123
Lexus vs. LexisNexis: Round 1	50	Trouble with Hussein	124
The Lexus Logo	52	The ES300	125
1987: In the Rearview Mirror	53	The New SC400	126
Finding Dealers	54	Toyota: Getting Better and Better and Better	127
Finally Facilities	56	1990 in the Rearview Mirror	128
Team One Comes Out of Nowhere	58	War and Car Sales Don't Mix	129
Lexus vs. LexisNexis Round 2: False Hopes	60	McCurry Sees the Future	130
What Customer Satisfaction is Not	61	The Second Lexus National Dealer Meeting	131
Lexus vs. LexisNexis Round 2: False Hopes	62	Dumping Charges Sought Against Toyota/Lexus	133
What Customer Satisfaction is Not	63	Customer Satisfaction – Triple Crown	134
The Data Dilemma	64	The SC400: Making the Competition Upchuck	135
Lexus vs. LexisNexis Round 3: Team One Stonewalled	65	Will the SC400 Sell?	136
The Choice: Lexus vs. Family	66	ES300: Lexus Really Rolls	137
Balancing Act: God vs. Family vs. Lexus	67	1991 in the Rearview Mirror	138
Lexus vs. LexisNexis Round 4: A No-Name Luxury Division	68	Japan-Bashing at the Detroit Auto Show	139
The Obeya Room	69	A Politically Correct Toyota	140
Lexus vs. LexisNexis Round 5: The Judge	70	The Third Lexus National Dealer Meeting: Japan	141
Lexus vs. LexisNexis Round 6: A Dark Day for Dave Illingworth— You're Fired!	71	The Fractured Cat	144
Why Ohio?	72	LA Burning	146
Dumb Luck or What?	74	Killing Lexus	147
Dealers See the Car	76	Gunman at Lexus Headquarters	148
Lexus vs. LexisNexis Round 7: New Year's Ruined	78	1992 in the Rearview Mirror	149
Lexus vs. LexisNexis Round 8: Leadership and Guts	79	The End	150
1988 in the Rearview Mirror	80	30 Years Later Heartbreak & Headaches	151
Chaos in Detroit	81	About God	152
Production Plus Problems	82		
Three Strikes – You're Out!	83		

GOD

Something as difficult and challenging as launching a new luxury car brand in the U.S. for a Japanese car manufacturer could not have happened without God's blessings. In my prayer life, I never asked God for sales success, profits, or promotions. I did ask for guidance in decisions, strength to continue, and protection for the people I worked with and their families. I found trusting God hard to do. Looking back over the years, I now realize He was always faithful.

GUTS

During the development of the Lexus Division there were deadlines to be met, unexpected problems to be solved, and difficult decisions to be made. During those years, there were repeated times when executives had to make gut wrenching decisions that could ruin careers, threaten health, and test friendships. These decisions would determine the future success or failure of the Lexus Division. It took guts.

HEARTBREAK AND HEADACHES

The risks were enormous and the pressure to succeed crushing. I would make several trips to Japan every month and was constantly on the road. My wife, Cynthia, was alone at home trying to raise five children. There were sleepless nights, personal sacrifices, and deep scars I inflicted on my family that remain today. The professional and personal issues created heartbreak and headaches.

Earnest Hemingway said, "There is nothing to writing. Just sit down at your typewriter and bleed." There is nothing to writing about the events that happened at Lexus 30 years ago. However, reliving those events, reopening those wounds and the pain they caused is going to cause bleeding. But, there were people I met along the way whose courage, resolve and unconditional support makes reliving those events and telling their story worthwhile. It is a story about God, guts, heartbreak and headaches.

The Apostle Paul wrote to the Romans, "**Be patient in trouble and keep praying.**" Romans 12:12 (NLT)

It was December of 1986. I was the Cincinnati General Manager for Toyota, responsible for the states of Michigan, Ohio, Kentucky, and Tennessee.

My assistant, Nyoka Haynes, came running into my office, "Mr. McCurry is on the line." I shuddered and braced myself, a normal reaction to a call from "Captain Crunch."

Bob McCurry was the Executive Vice President, the number-one American in Toyota Motor Sales, U.S.A. An all-American football player at Michigan State, his nickname of "Captain Crunch" was well deserved because of his intense, driven style of management.



"Yuki wants to see you in his office," he said.

Yuki Togo was the Japanese President of Toyota Motor Sales, U.S.A. who McCurry reported to. My mind began spinning with questions as a sense of unease came over me.

I hesitated then asked, "Can you tell me what this is about?"

"No, it's a secret," he said gruffly. "Just get out here."

The senior management offices were located on the third floor of the national headquarters in Torrance, California. Yuki's office was at the end of a long, uncomfortably narrow hallway lined with rich mahogany wood. The thick padding under the hallway carpet made you feel slightly unsure of your footing as you approached Yuki's offices. It was all designed to be intimidating. What could be so important that I had to fly out to California for a personal meeting with Yuki?

Yuki's office was designed to impress. As I walked in, to my right was an elegant conference table for eight people. To my left were several couches and comfortable chairs surrounding a coffee table. His immense desk dominated the far-left corner of the office. There was a straight-back chair beside it. June Bingo, his assistant, closed the door behind me. Silence settled in the room, and a sense of apprehension came over me. I nervously muttered a prayer to myself, "Lord Jesus, give me strength."

Yuki bounded out from behind his desk to greet me. His broad smile and pleasing countenance did not reflect the hard-charging, strong-willed man that lived within. He gestured for me to sit on one of the couches and pulled up a chair to sit across from me.



He leaned in toward me. A serious expression came across his face. I had been selected to lead a secret project. Toyota had been building cars and trucks for almost 50 years, and Chairman Eiji Toyoda and Dr. S. Toyoda believed Toyota was ready to create "the finest car ever built." The car was already in development and was code-named Flagship 1, but it would not be sold as a Toyota. It was to be sold only in the U.S. through an all-new channel different from Toyota, and we had only three years to get ready. Because this was a secret project my new title was to be a non-descript Corporate Manager of Special Projects. The legal department had a confidentiality agreement for me to sign. I was to tell no one about the car or new channel.

Yuki warned me there was strong opposition to the new channel on the Toyota Motor Corporation (TMC) Board in Japan. The Toyoda family reputation was on the line. We could not fail. Then he said something to me he would repeat often in the coming years: “Dave-san, I’m counting on you. Don’t let me down.” A rising sense of alarm must have crept across my face when I began to comprehend the enormity of the task to be done in just three years. Yuki sensed my alarm. He told me the story about an emperor’s son:

“Dave-san, there once was an emperor who had three sons. He wanted to know which son had the wisdom to succeed him. He called his sons before him and placed a very large bundle of branches wrapped in twine in front of them. He told them that the son who could cut or break all the branches would be his successor. The oldest son took out a large machete and hacked away at the large bundle of branches, but after a while he gave up. The second son grabbed the large bundle of branches and tried to break them over rocks, but he also failed. The youngest son took the large bundle of branches and carefully pulled each branch out of the bundle and broke them one at a time. He was named the emperor’s successor.” Yuki told me not to panic, thinking about all that needed to be done in the next three years, but to take the job one day at a time.

Jesus said, “**Don’t worry about tomorrow, for tomorrow will bring its own worries. Today’s troubles are enough for today.**” Matthew 6:34 (NLT)

Yuki drew close and pulled a letter from his suit coat. "This is my letter of resignation," he said. "I have told Chairman Toyoda and Dr. Toyoda that I will resign if this new channel fails. This will take guts, Dave-san, guts! Now, I'm counting on you."

My mind took me back several years earlier to Cincinnati. Yuki had set up a secret meeting with Martha Layne Collins, the Governor of Kentucky. He was coming to Cincinnati and I was to set up the meeting.

The NUMMI joint venture with GM in Fremont, California had gone well, and Toyota was going to announce the location for its first production plant in the United States. Yuki told me not to tell anyone that he was coming to Cincinnati. The Board of Directors was still considering two locations for the new plant, one site in Tennessee and another in Kentucky. The Tennessee site was considered the better of the two and was favored by most of the board members. Yuki did not agree. There were already two automobile plants in Tennessee, a GM plant and a Nissan plant. Yuki believed Toyota would be more important to the state of Kentucky. The board had concerns about Kentucky because of its backwoods image, its educational system, and the quality of its workforce. Yuki was counting on me to prepare a package for the board that would explain the business and educational opportunities between the triangle of major cities of Cincinnati, Louisville, and Lexington. I was to tell no one what I was doing.

Yuki and his translator, Mark Verre, flew into Cincinnati on the company plane so no one would suspect he was going to Kentucky. I met the plane, and the three of us drove down to Frankfort, Kentucky the night before, through a major thunderstorm. The next morning there was minor flooding, and fallen trees were everywhere. I drove Yuki to the Governor's Mansion for his private breakfast meeting at 8:00 a.m. I was not invited into the meeting and waited outside.

As we were driving back to Cincinnati, Yuki sat in the passenger seat and Mark sat in the back. Mark leaned forward and asked, "Yuki, you told the governor that if the state would offer a few more concessions, the board would decide to award the plant to Kentucky. She agreed. I didn't think a decision had been made. The board meeting isn't until next week."

Radiating confidence, Yuki stated, "The board will decide the plant should be in Kentucky."

"But what if they don't?" Mark asked.

"If they don't, I will resign!" Yuki stated.

The Georgetown, Kentucky plant opened in 1988. It is one of the largest vehicle manufacturing plants in the world, covering 600,000 acres. It has over 7,500 associates and has produced more than 10 million vehicles since opening.

King Solomon wrote, "**Well-spoken words bring satisfaction. Well-done work has its own rewards.**"
Proverbs 12:14 (MSG)

As I listened to Yuki, I was filled with a growing realization that this man's courage and determination would play a large part in the success of the Flagship 1 project. What I did not realize was that his guts and determination would be called on immediately when it came to having a name.

In 1936, Kiichiro Toyoda was granted a license to build cars and trucks in Japan, but the company's name would not exactly reflect the family name. The number of strokes required to write the name "Toyoda" in Japanese is eight—which in Japanese culture is considered suggestive of wanting to increase prosperity. The company name would be "Toyota" because it was easier to say, imparted a sense of speed, and required only seven strokes to write.

Eiji Toyoda was a cousin of Kiichiro Toyoda, the founder of Toyota Motor Corporation. Eiji lived with the Kiichiro family, becoming like an older brother to his son, Shoichiro, who was twelve years younger. Eiji Toyoda went to work for the company in 1937. Shoichiro graduated from college, earned his doctorate in engineering, and started to work at Toyota in 1952. About this time Kiichiro Toyoda, the founder of the company, died. It was a devastating loss to Eiji, Shoichiro, and the company. The responsibility of running Toyota suddenly became the challenge of these two young men.

In 1983, over 30 years later, Toyota was approaching its 50-year anniversary. The company had prospered and grown, establishing a reputation for quality, dependability, and reliability. It was time for Toyota to make the "finest car ever built." The car Eiji and Dr. Shoichiro Toyoda envisioned building was code-named "Flagship 1" (F1).

Toyota dominated the high-end, luxury car market in Japan with the Toyota Century. It had a 5.0-liter V-12 engine, a traditional design, with soft velvety seats and doilies on the headrests. The Century was too Japanese to sell in America and F1 could not replace the Century in Japan, so F1 would need to be sold in the U.S. market.

Yuki and the American senior management started to study the U.S. market for F1 and became concerned about the difficulty of selling a high-priced, luxury car at Toyota dealerships next to Corollas, Celicas, and Toyota trucks. Word that the Americans were considering an all-new second channel to sell F1 made it back to TMC. There was fierce fighting behind the scenes to stop the proposal in Japan. Flagship 1 was meant to be a Toyota. Yuki made his presentation to the TMC board and offered to resign if the new channel failed. Emotions ran high. Eiji Toyoda had heard of the plan, listened to the discussion, and knew of the hard feelings.

He had the family history, the title, and the power to simply say no, but he did not. Instead, Eiji Toyoda died to self and sacrificed part of his dream and agreed to let the U.S. start a second channel. The unthinkable was going to happen. Toyota's Flagship 1—the "finest car ever built"—would not carry the Toyota name.

Back in the U.S. the management team that was working on names for F1 had zeroed in on several different options. There were 219 names considered; the five finalists were "Vectre," "Verone," "Chaparel," "Calibre," and "Alexis." "Alexis" was the favorite, but at that time there was a television show called *Dynasty* that had a controversial female character named Alexis Carrington. One of the team members, John French, proposed to make up an all-new name. Drop the "A" and replace the "I" with a "U". The name "Lexus" was born.

The Chairman was always given the honor of naming each new car. He would be given a list of several names from which to choose. Mr. Toyoda preferred names that started with the letter c...thus Century, Celica, Corolla, Cressida, Camry, etc. Yuki and American staff preferred Lexus because it was a new name and had a contemporary up-scale feel. Rumor had it that the Chairman wanted the name Celisor. In a gutsy move, Yuki's letter to the Chairman Toyoda did not give him a choice but simply informed him the name Lexus had been chosen.

Again, showing patience and understanding Chairman Eiji Toyoda died to self and did not demand his right to name the car but accepted Yuki's recommendation of Lexus.

But this would not be the end of the tension surrounding the naming of Lexus. In the years to come, the patience and understanding required of Eiji Toyoda and Dr. Toyoda to keep the name Lexus would be severely tested. Lexus would be involved in a white-knuckler game of chicken with Meade Corporation over the use of the name. The outcome would not be decided until the very last minute by a Federal Appeals Court and along the way it would get me fired.

King Solomon wrote, "**It is better to be wise than strong.**" Proverbs 24:5 (MSG)

It had been a pressure packed couple of weeks since learning about my new secret assignment. It was rumored I was to get a big promotion as the Los Angeles Region General Manager, a very high profile much sought after job. Now, my peers thought I done something wrong, I had been mysteriously sidetracked. My career was over.

And there were personal issues at home. Moving back to L.A. from Cincinnati would be our tenth move in fifteen years of marriage. Although we were happy to go back to California, this relocation would be difficult. Cynthia would be alone with four small boys for 6 months enduring a mid-west winter until school was out. My career sidetracked to a high-risk job and another difficult relocation, I started questioning God's plan for our lives. My mind carried me back to 1979 when we faced a similar difficult relocation from San Francisco to Cleveland with Chrysler.

My father was a Presbyterian minister, and he told me God has a plan and purpose for those who believe in Him. But how can this be if we have free will? He that said that if he played a game of chess with the world's greatest chess player like Bobby Fischer, no matter what move he made on the board, Bobby Fischer would win. It is the same in the game of life. No matter what decisions we make, God will make His move on the chess board of life that will get those who believe in Him where they are supposed to be when they are supposed to be there to fulfill His purpose and plan for their lives.

In the spring of 1979 I was the Assistant Regional Manager for the Chrysler Regional Office in San Francisco, California. Cynthia and I had three young boys, Spencer (5), Trevor (2), and an unexpected blessing, Blair (1). We loved San Francisco, had joined a church, had a lot of friends, and had made a commitment to tithe 10% to the church. We had already been moved six times by Chrysler in our eight years of marriage. We were very happy, so I started exploring the idea of going retail with some local dealers so we wouldn't have to move again.

Then, in late March of 1979 I was unexpectedly promoted to be the Regional Manager for Chrysler in Cleveland, Ohio. It was a huge promotion, but I was badly shaken and did not want to go. I was to leave immediately for Cleveland. Confused and angry, I got in my car and parked by the San Mateo Bridge. I pleaded with God that we not have to move to Cleveland. I played chess with God and made an impossible demand. If I could not sell our house before I left for Cleveland it would be a sign from God that I should quit Chrysler and go retail.

It was Tuesday. I called my assistant to make flight arrangements to Cleveland. United Airlines was on strike, so the first flight I could get was a Sunday night red-eye on American Airlines.

Still, I should be okay. Holding up my end of the bargain with God, I contacted a real estate agent. She was pessimistic about selling the house because I set the price so high. Our house had not yet even been listed when two couples viewed it on Saturday morning. The first couple offered full price and the second couple offered more than the asking price. I was surprised and unhappy—but moving to Cleveland.

God won.

“And we know that God causes everything to work together for the good of those who love God and are called according to his purpose for them.” Romans 8:28 (NLT)

We found a very interesting old Victorian home that was built in 1908 in the quaint village of Chagrin Falls, OH. Maybe it would be ok. In August of 1979 we moved into our new home. Two weeks later disaster struck. Chrysler was in serious financial trouble and closed the Cleveland Regional Office in a cost-cutting move. I was demoted and transferred to Detroit.

The long absences from my family during the move from San Francisco to Cleveland and now a second move in the same year to Detroit created a real strain on my marriage. One constant that helped relieve some of the tension was that I called Cynthia every night at exactly 8:00 no matter what.

It was a cold and gloomy November day in Grand Rapids, Michigan, where I had just concluded an advertising meeting with the local Dodge dealers. It was late afternoon, and as I glanced at the clock on the dash, I noted I should have plenty of time to get back to the Birmingham Sheraton by 8:00pm to call Cynthia.

As I approached Detroit, night had fallen; it was raining and trying to snow. I realized I was no longer on Route 96 but somehow had gotten on Route 696. Everything was unfamiliar and the signs hard to read. I got confused and started to panic. I spotted an exit, Telegraph Road, and took it. Traffic was at a standstill. It was 7:10pm. I gritted my teeth, yanked on the wheel and yelled, "Come on, Lord—after the year I've had the least you can do is get me back to the hotel by eight!"

The radio gibberish annoyed me, the windshield wipers frustrated me, and the gridlocked traffic angered me. How was I going to get back by eight? I was lost!

I leaned forward on the steering wheel trying to read the signs. I turned right on Thirteen Mile Road and painfully inched my way to Woodward Avenue. It was 7:30pm. Should I stop at a pay phone? Traffic seemed to be better. I pressed hard on the gas, racing in and out of traffic, looking for something familiar.

"Why don't you do something, Lord?" I hissed. "I need to get back to the hotel by eight!"

I needed to turn right, but when, where? "Just get me back to the hotel by eight," I yelled out loud, "SHOW ME WHERE TO TURN RIGHT!" Several streets flashed by, and I unexpectedly made a hard right turn down a dimly lit residential street named Wimblton. The further I drove, the more alarmed I became. The street came into a T intersection where you could only turn left or right. "THIS CAN'T BE RIGHT!" I shouted. I jammed on the gas, turned right, spinning the wheels of my Dodge Charger on the wet leaves—more house, more streets. I turned left on to another winding residential street named Dorchester. Huge trees straddled each side of the street making it appear like a long dark tunnel. It was 7:45pm. And I was hopelessly lost.

A sense of betrayal swept through me. What was happening to me and my family was unjust, unfair. I stood hard on the brakes, the car slid to the right, bouncing off the curb, and came to a stop. I could see no plan through my anger. I sat in silence for a second and then snapped. I got out of the car, slammed the door, and shook my fist at heaven. "ANSWER ME!" I demanded of God. "YOU USELESS F***** NO GOOD SON OF A B*****! I AM DOING MY PART, AND YOU ARE DOING NOTHING! ARE YOU EVEN THERE? DO YOU CARE?" I stormed around the car, venting all my frustration and anger over the last twelve months. I was totally spent.

I wearily got back in the car and looked in the rearview mirror. I was a pitiful sight. I was hurt, afraid, and had been betrayed— afraid that I believed in a God who wasn't there or, worse yet, didn't care. The building dam of pressure over the last year burst. I started to cry great, choking sobs. Then it became strangely quiet. I lost track of time and where I was. It seemed like nothing was ever going to happen again. It was a defining moment in my life. I had to place my trust and hope in an invisible God, or there was no hope.

I asked for forgiveness. It was 7:55pm. I resigned myself to the fact that if I didn't get back to the hotel by eight, it would be okay.

I started the car and began to slowly drive to the end of the street. It emptied into a large, lit parking lot that was part of a shopping mall. In front of me was a loading dock with a sign that read "Delivery Trucks Only." The clock on the dash read 8:00pm. I was at the service entrance of the Birmingham Sheraton.

"I trust in you, my God! Show me the right path, O LORD; point out the road for me to follow."

Psalm 25:2,4 (NLT)

Chrysler was facing bankruptcy. Lee Iacocca had taken over leadership of the company. In the fall of 1979, I had an overwhelming sense that I should leave Chrysler and began looking for another job immediately. We moved to Detroit in January, 1980. Anticipating I would be leaving Chrysler, I signed a six-months lease that would expire on June 30th.

It was early February, and nothing was happening. I was getting worried. I had had only one interview in 5 months of searching. It was with small Japanese company, Toyota, in Torrance CA. They said that would get back to me but I had heard nothing. Maybe I was wrong, and God didn't want me to leave Chrysler.

Thursday morning, February 7, on my way to work at about 6:30, I pulled into the parking lot of the Birmingham airport. I had heard of people who when wanting guidance from God would pull out their Bibles, open them randomly, and put a finger on a verse. I pulled out my Bible thinking to myself, "This is crazy."

I laid the Bible on my lap, closed my eyes, and opened it, placing my finger on a verse. It was resting on John 14:1, "Do not be worried or upset...believe in God, and believe also in me."

But I was worried and upset. We had to be out of our home by June 30. There needed to be a time schedule. If I don't have a job by such-and-such-a-date, it is a sign I am to stay with Chrysler. If I don't have a new job within 60 days I would stay with Chrysler.

I raced to my office and pulled out a calendar. But it didn't make sense. Sixty days would be Sunday, April 8, 1980. No one is going to offer you a new job on a weekend. I circled Friday, April 6. If I didn't have a new job by then I would take it as a sign I was to stay at Chrysler. This would give me six weeks to buy a home in Detroit before my lease expired. It was that simple, right? Wrong!

Paul wrote to the Galatians "**Let the Holy Spirit guide your lives.**" Galatians 5:16 (NLT)

It was Tuesday, March 4, twenty-five of the sixty days had passed. My boss, Frank Hoag, the Detroit Regional Manger informed me we were to meet with Hank Savoy, the Central Area Field Manager for Chrysler. I was to be offered the job of a lifetime. What was God doing? The timing was all wrong! There were still thirty-three days left until April 6th.

Iacocca recognized there was unrest among the Chrysler people in the field and wanted to show there was also opportunity for Chrysler managers. Hank Savoy offered me the job of Mr. Iacocca's assistant.

I was filled with an overwhelming sensation that this was not what I was supposed to do or where I was supposed to be. I turned down the job. Stunned, they tried to reason with me. We talked for almost an hour. It became clear to me they were not going to take no for an answer.

I was again filled with the same overwhelming sense that this is not where I was to be. After going around and around and getting nowhere I unexpectedly blurted out, "I have three priorities in my life: Jesus Christ, my family, and Chrysler. It has been a very hard year for my family. This would be a seven-days-a-week, 24-hours-a-day job. I would be gone all the time. I could not accept this job without violating my first two priorities."

Hank Savoy clapped his hands together and said, "Well, that's it. This meeting is over."

I staggered out of his office. I had just committed career suicide.

"For I know the plans I have for you,' says the LORD. 'They are plans for good and not disaster, to give you a future and a hope.'" Jeremiah 29:11 (NLT)

Late afternoon on Friday, April 6, 1980, I was staring blankly out my office window. It was day fifty-eight. I was paralyzed with fear. I had risked everything. There were no job offers. My career at Chrysler was over. I couldn't go back to my bosses and tell them I had changed my mind and would accept the Iacocca position. The offer had been withdrawn. I had called Toyota but heard nothing back. The lease on the house would up in seven weeks.

Cynthia had given me a small crocheted picture of an open window on a colorful spring day with the curtains gently flapping in the wind. The lettering across the top read, "When God closes a door," and across the bottom it read, "He opens a window." The Regional Distribution Manger noticed the picture on my desk and commented, "That kind of stuff doesn't belong here." I knew he was right about one thing; I didn't belong here. But where did I belong?

I was confused and uncertain, but not angry. I had learned my lesson in November with the Birmingham Sheraton issue. I must have been wrong, misunderstood, and hadn't listened, but how and where had I gone wrong? Even though I couldn't see what God was planning, I had to keep trusting Him. Time was up. I would stay with Chrysler.

On Saturday morning, April 7, 1980, I was sitting at the kitchen table trying to figure out which real estate agent to contact, when the phone rang. It was Jim Press from Toyota. He apologized that he hadn't called me during the week. He had been very busy with the Toyota Grand Prix of Long Beach. He offered me the job of Assistant to the National Sales Manager, Hal Bracken. One month later I was working at Toyota.

My second day at Toyota, I attended a national sales meeting. All the Field Regional Managers and Senior Managers for the company were in attendance. The field managers sat around a U-shaped table while the senior managers sat at the head of the open U. The field mangers reported to the senior managers what was happening at the field level and what they and dealers needed in the to succeed in the market. Mr. Makino, the Japanese President, opened the meeting. It was a surprisingly frank and open discussion. I knew I was where I belonged—home at last.

"Good comes to those...who conduct their business fairly. They do not fear bad news; they confidently trust the LORD to care for them." Psalm 112:5,7 (NLT)

It wouldn't be long before Mr. Makino would call me into his office and make me an offer I couldn't refuse-but did.

Isao Makino had been president of Toyota Motor Sales, USA beginning in 1975. Small in stature with a square jaw and a serious but unforced smile, he was a no-nonsense Japanese president who had the respect of all the dealers and associates. He traveled one week a month visiting dealers to listen to their concerns about what was happening in the market and what Toyota could do to help them compete.

Mr. Makino asked me to accept a lateral move from sales to the service department to be the National Customer Relations Manager. I struggled to not show my disappointment. The real "game" in the car business is in sales and marketing. Service and part jobs were in the back where you got your hands dirty and nobody noticed. The customer relations manager's job was the least desired of all the positions in the service department and the company. It was a thankless job that no one cared about and had no future. This would take me completely out of the game and put me in the dugout. I told Mr. Makino no.

The next morning, Toshiaki "Tag" Taguchi, a young senior coordinator for the Japan staff, visited my office. Tag was a serious, thoughtful man who spoke excellent English and had an easygoing demeanor. Our careers would cross many times over the coming years. He politely informed me that you never say no to a Japanese president. Mr. Makino asked that I reconsider his request. I smiled nervously and, despite my misgivings, something inside me softened. I went back and told Mr. Makino I had reconsidered and would accept the position.

Customer relations was a grinding struggle—day in and day out, call after call, letter after letter, dealing with people who were upset and angry. The department had an owner satisfaction budget to pay for complaints after the warranty expired, but the budget was small, and by the last week of the month the money had all been spent.

It was the end of the month. I can remember his name and can still hear his voice even now, 30 years later. Andrew M. of New Jersey had the planetary gear in his transmission fail 1,000 miles after the warranty expired. Every morning at 9:00 he would call, screaming at me over the phone. It became personal. I was out of budget and Andrew's car was out of warranty. The answer was, "No!" He finally stopped calling. I had won.

Mr. Makino called me to his office. He had received a letter from Andrew M. I carefully explained to Mr. Makino that the department was out of budget and that this man was very abusive and did not deserve any help.

Mr. Makino studied me slowly. "Transmission should not fail," he said in halting English.

"Yes, I know, but he is very abusive," I replied, my voice rising with alarm. "I can't go over budget, and his car is out of warranty."

Makino said softly, "Still, transmission should not have failed. We should pay."

I couldn't believe what I was hearing. I cringed inside, groaning softly, and tried to hide my displeasure. Mr. Makino took notice, "Why are you so upset? This will make our customer happy." He told me to let it go and get over my hurt feelings. It was okay for me to lose when the customer wins.

Customer relations was a bruising experience. I considered my education in it unpleasant and unnecessary. I needed to get back into the real “game” of sales. The glamour in the car business is selling cars, not satisfying customers. I could not imagine any car company ever placing more emphasis on customer satisfaction than sales. It seemed God had forgotten me.

Then, Mr. Makino asked me to take another lateral move to be the National Market Representation Manager. I resisted, but felt a gentle nudge inside and again accepted reluctantly. I had done as Mr. Makino had asked and paid my dues, but I was still not in the real “game” of sales, instead just sitting in the dugout. I wanted back in the “game.” Market rep. was an uninteresting, paper-driven job that processed market studies and dealer agreements, did dealer facility planning, and reviewed all financial statements. Dealer agreements contained over 30 complicated legal and financial documents. My previous employer, Chrysler, had about four thousand dealers and would accept any warm body with enough cash to start a dealership, believing the more dealers, the more sales. Toyota had only 1,000 dealers. What was the big deal? This was another unnecessary detour in my career. All the dealer agreements and market studies had to be signed by Mr. Makino.

I reviewed my first dealer agreement with casual indifference and forwarded it to Mr. Makino’s office for signature. I was called to his office, thinking I was going to pick up the signed agreement. I walked into his office and stepped back in disbelief. Mr. Makino was on his hands and knees with the dealer agreement spread out on the floor before him. He had been carefully reviewing all the documents and was not satisfied with the financial pro-forma worksheet in the dealer agreement package. He believed the working capital requirements were not calculated properly and the dealer was going to carry too much debt. I learned the hard way. Market representation is a big deal. You only need 1,000 dealers when they are the best.

Mr. Makino was called back to Japan. Yuki Togo, the President of Toyota in Canada, was named the new President of Toyota Motor Sales, USA and Bob McCurry was named Executive Vice President, the lead American reporting directly to Togo. It was during this time that the TMC Board of Directors in Japan approved the secret project called “Flagship 1.”

“Listen to God’s voice...he will keep you on the right track.” Proverbs 3:36 (MSG)

I finally got my chance to get back in the sales game when I got promoted to be the Toyota General Manager in the Denver Region. I was no longer in the “dugout.” I was finally back in the field only to strike out.

Back in the early '80s, Toyota sales were very strong. Most domestic dealers had a 90-day supply of cars and trucks in stock. If a domestic dealer sold 50 units a month he would carry an inventory of 150 units in stock. But Toyota dealers in the Denver region had less than a 30-day supply of cars on the ground. This meant that a Toyota dealer in the Denver region had only 25 units in stock while selling 50 a month.

The Toyota distribution system, called “turn and earn,” was set up to replace a car or truck after a dealer had reported the unit as sold. The turn and earn system created intense competition between the dealers to report sales as soon as possible to earn more units and profit. With inventories so low, dealers were selling units before they arrived at the dealerships; however, this also created a climate that encouraged false sales reporting. A dealer could pre-sell a car before it arrived at the dealership, but was not to report a car sold until it had been delivered to the customer. The region had to constantly referee disputes between dealers for false sales-reporting violations. Some dealers would also dispose of units to leasing companies reporting them as sold, and the leasing companies in turn would lease these cars to customers. Sometimes the leasing companies would sell the cars to other Toyota dealers to turn a quick profit.

The number-one selling dealer in the region was in the Denver metro and the number two was in Salt Lake City. Both dealers were highly respected leaders in the region and nation. With only 1,000 dealers nationally Toyota was a small enough company that large-volume dealers were on a first-name basis with Togo and McCurry at headquarters.

The competition between the two dealers had turned ugly. The Salt Lake City dealer was a Mormon. He was a leader in his church and would later own the Utah Jazz. The Denver metro dealer was a passionate Christian. The Salt Lake dealer bought 50 Toyotas from a leasing company in Denver to increase his dealer inventory. When the Salt Lake dealer reported the cars as sold, they were flagged as “previously reported sold” and traced back to the leasing company, and then back to the metro dealer in Denver.

It would be my decision to charge or not to charge back the Denver dealer. This would cost him sales leadership in the region and, equally important, interrupt his flow on cars and have a serious impact on his profits.

I went to Salt Lake to meet with the dealer. He was a large man with a growing empire of businesses and would someday own the Utah Jazz. He was an important leader in the Mormon community and was quite open and friendly. But when the conversation turned to the Denver dealer his tone changed. He claimed that he had done nothing wrong and should receive credit for the sales. As I left his office, he looked me dead on and said, “Dave, you know I am in the right.”

When I visited the Denver dealer, he vigorously defended his actions. He had no idea the leasing company, which he owned, would broker his cars to another dealer and insisted he should not be charged back the sales. When the meeting with the Denver dealer was over, he asked to speak with me privately. We went into the hallway. I stood with my back against the wall.

“You claim to be a Christian,” he said.

I hesitated. “Yes,” I replied, unsure where this was going.

“I hope you are who you say you are because I am also a Christian. If you are a Christian you will decide this in my favor,” he said. He gave me a writhing look and said sternly, “Your being tested by God. I’ve done nothing wrong. You will decide this in my favor or you are not who you say you are.”

A rising nausea came over me. “Thank you, but I need to decide this matter on the facts,” I replied.

Whatever I decided, there would be wide-ranging negative repercussions, and the dealer who lost would call McCurry and complain. I made my decision and charged back the Denver metro dealer.

Proverbs 21:31(MSG) **“Do your best, prepare for the worst—then trust God to bring victory.”**

I'm not sure if what happened next was because of my decision in the sales dispute or just coincidence, but it would create crisis in my life that almost cost me my marriage. We were unexpectedly transferred to Cincinnati.

I'll always remember how I first met my wife...

Beverly shoved the picture of her daughter in my face, "Next time you're in town you should take out my daughter, Cynthia."

I shrugged my shoulders. "Sure, why not?"

I was the Dodge District Manager for Eastern Montana. Beverly's family owned Jamieson Motors, a Chrysler Plymouth Dodge dealership that I called on in Chinook, about 50 miles south of the Canadian line.

Cynthia worked in the County Extension Office. I decided to stop in and check her out.

She walked toward me with a friendly smile, "Hello, how can I help you?" she asked. She had a firm, shapely body, and her red-tinged hair fell easily around the soft curves of her neck, framing the delicate features of her face and expressive gray-green eyes.

"I'm the Dodge rep," I blurted out. "Your mother showed me your picture and said I should take you out."

Horror spread across her face, "She what? Who are you? But I don't know you at all. Wait, my mother showed you my picture?!"

Realizing it was not going well, I quickly suggested, "Why don't you call your mother?"

She gave me a sideways glance, looking me over carefully from head to toe. A few minutes later she came back. "Well, I guess it's okay. My mother said she didn't think you would do it."

We went out to dinner that night. I tried to be cheerful, talking inanely about the weather, the car business, and football. Cynthia had taken off a semester from school at the University of Montana to make some money. She was a Presbyterian, loved music, and had taken second place in the state of Montana in the "Make It Yourself with Wool" contest. She had a simple desire to please and just wanted to be appreciated. She said she liked football, but later I found out she didn't. I said I liked to dance, and she later found out I don't. I hardly noticed the time go by. We were married six months later.

We had been married 12 years, moved eight times, had four boys, Spencer (8), Trevor (6), Blair (4), and Greer (1). We'd just learned that Cynthia was pregnant again. Both sets of grandparents were happy, but dismayed. My mother impatiently asked if I was "paying attention."

The move to Denver was a godsend. My parents were living in Sun City, Arizona and Cynthia's folks were in Montana. Denver was a great location to visit both sets of grandparents, and Beverly had just learned she was fighting breast cancer. Cynthia was very excited and planning to fly to Denver the following day to look for a house.

McCurry called me. Tom Ciresa, the General Manager in Cincinnati, had unexpectedly quit, and I was being sent to Cincinnati instead of Denver. I protested, explaining to McCurry that Cynthia was flying to Denver the very next day, and this would be a real problem for my personal life. He was not moved. There was no going back. My replacement had already been named.

I reacted to the news by going into a bit of a trance. The Denver region job was a dream that had come true for both of us. A deepening gloom settled in as I realized how devastating this news would be for my family. I had a serious mortgage, four children to feed, and a baby on the way. I couldn't quit my job. I was frustrated, trapped, and scared. How was I to keep my family together?

We were getting hammered, but I couldn't do anything about it. Cynthia and I had the helpless feeling of having no control over our lives. Leaving friends and family to move to Ohio again, having to find new schools, new doctors, new everything while packing and then unpacking our possessions with four young boys was going to be unbelievably stressful. Things could not get worse— but they did get worse. Cynthia had a miscarriage.

I begged God for help, but the door was slammed shut. We were moving to Cincinnati, and there was no time to grieve. Cynthia and I started taking our frustrations out on each other. We went through painful sessions of marriage counseling. It was hard work; the scars remained for a long time. Why was God silent? What was the purpose of putting my family through this trauma? How could this be part of his plan?

One glimmer of hope appeared. Toyota had a relocation policy that offered associates moving into California attractive down payment loans to help them buy homes in the pricey Los Angeles market. I approached Yale Giesel, the Group Vice President over finance and administration, about reversing the program and giving me one of those loans to buy a home in Ohio. This would allow us to rent out our home in California and not need a loan to come back and then repay the money. McCurry supported the idea, and Yale graciously agreed. It helped make the move possible with the hope of returning to our same home sometime in the next couple of years.

The trauma was real, and the wounds would take a long time to heal.

Proverbs 31:10 (MSG) **“A good woman is hard to find, and worth more than diamonds.”**

When I got to Cincinnati an impossible customer complaint was waiting for me to solve.

Elwaine and Barbara D. purchased a Toyota Corolla diesel in March from a dealer north of Mansfield, Ohio. They returned it to the dealership immediately, complaining that when they put the car in reverse it shuddered badly. The dealership Service Manager had never seen this problem and called the Cincinnati Regional Office for help. Their Field Technical Specialist advised the dealer this was not an unusual condition for a diesel and to replace the clutch assembly and resurface the flywheel.

It did not fix the problem.

Several weeks later, the Field Technical Specialist went to the dealership and drove the car. He agreed that the condition was unacceptable. The specialist contacted the service department headquarters in the national office. He was told this was a normal condition for a diesel and to replace the clutch and resurface the flywheel. In August, five months after buying the car, the work was done a second time and the problem was not fixed.

Frustrated, Mr. D. tried to contact me on the phone—but because there was no fix for the shudder on his Corolla, I avoided his calls. The national office contacted Japan for help and was told this was a normal condition for a diesel and to replace the clutch and resurface the flywheel. Not wanting to do this repair a third time, we told Mr. D. we were still working on the problem. He called again and again, but I avoided his calls.

In September, we were informed there was a Corolla in Europe with the same problem and that we would be sent new motor mounts from Europe to fix the car. A month later, the motor mounts had not arrived. The service department checked the status of the parts and was told that the new mounts were not in the U.S. and none were on the way because there was no record of them having been ordered. Mr. D. was despondent.

I was returning to my office after being out on dealer contacts and had just parked my car when my assistant, Nyoka Haynes, came running up to me. She was flustered and told me not to come in the office. Mr. D. wanted to talk to me and was waiting in my office! She had told him I was out and would not be back, but he insisted on waiting. Showing my true colors, I panicked, hurriedly got back to my car, and drove off.

On November 19, the new motor mounts were located and express-shipped to the regional office. The Field Technical Specialist personally drove to the dealership to install the new mounts. An anxious Joe D. waited for his car, but the new motor mounts were the wrong ones and did not fit. Mr. D. was told that there was no fix for the car and there was nothing Toyota could do for him. His case was unfortunate, but was now closed—or so I thought.

The second week in December at about 10:30 at night, my telephone rang at home.

I answered and the voice on the other end asked, “Is this Davey Illingworth?”

I answered, “Yes, it is.”

“Is this the Davey Illingworth whose father is a Presbyterian minister and his father and mother live in Sun City, Arizona?” he asked.

With a rising sense of alarm, I again answered, “Yes, it is.”

“Is this the Davey Illingworth who is the General Manager of the Toyota Regional Office in Cincinnati?”

Now I knew I was in trouble. This sounded like a customer. How did he ever get my home phone number? “Yes, it is.”

“Oh good! I finally get to talk with you,” he said politely. “We received a Christmas card from your father and mother. I called your father in Sun City and told him about my problem with our new Toyota. He said you were very busy, but he gave me your home telephone number and said he was sure you would help me. Your father said that if you couldn’t help me that I should call him back and he would talk to you. My name is Elwaine D.”

My heart sank and my mind started to spin. I regained my composure and assured Mr. D. there was no need have my father call me. I would “look into” his case and get back to him. I hung up the phone muttering to myself, “Dear God, what am I going to do?”

The next day I called Hal Bracken who was now the Vice President for Service and Parts and told him Elwaine’s story. Hal suggested that maybe the time had come for Toyota to buy the car back. However, he cautioned me that Toyota had never bought a car back from a customer, and this might be a dangerous precedent. He would check with Japan. A week later we got permission to buy back Mr. D’s Corolla with the one condition that he replace it with a gas engine Toyota, not a diesel.

On January 7, Toyota bought back Elwaine and Barbara’s Corolla from hell. It was the first car Toyota ever bought back from a customer in the United States. They bought a new gas engine Toyota Corolla and were thrilled. Their son accompanied them to the dealership that day. He admired a Toyota truck on the showroom and bought it. The family went home that day with two new Toyotas.

“How joyful are those who fear the LORD and delight in obeying his commands...They are generous, compassionate, and righteous...and conduct their business fairly.” Psalm 112:1,4b,5b (NLT)

What lay ahead for me was a different type of hell than the Mr. D's Corolla. It was packed with decisions, deadlines and relentless pressure to succeed. Why was I chosen for this secret project? I asked Yuki Togo, "Why me?"

Yuki told me there were several reasons. First, no manager in the company had my qualifications. I was the only manager in the company had customer relations, market representation and field manager experience. All were needed.

Chairman E. Toyoda, Dr. Toyoda, and senior management realized that the new Japanese luxury brand must have something besides the "finest car ever built" to compete with our Mercedes-Benz and BMW. That something else was to be customer satisfaction. My time as National Customer Relations manager and my experience in the buy-back of MR. D's Corolla was also a factor in my selection. We were being charged with developing customer satisfaction processes and guidelines for sales and service that would set a new standard for the car industry. We were to select the best dealers in customer satisfaction in each market, even if they were not Toyota dealers, ensuring each customer was treated with respect. TMC in Japan was to build the "finest car ever built." TMS in the U.S. was to have the "finest customer experience" to go with the car. Chairman Toyoda and Dr. Toyoda considered customer satisfaction as important if not more important than sales for the new brand.

My experience as National Market Representation Manager would be needed to set up the best dealer body. Market studies had to be done immediately in all the major markets across the entire country to establish where the first 100 dealers would be placed and how many total dealers we would need. To be able to purchase land and build new facilities by the fall of 1989, one-hundred dealers would need to be selected in fourteen months, no later than the spring of 1988. A new dealer agreement would need to be developed separate from Toyota. Guidelines for new facilities and signage would need to be made. Working capital and pro-forma balance sheets would need to be instituted to find a way for dealers to be profitable with a new facility, no service or parts business, and only one new car to sell. Because of the secrecy surrounding the project, no dealer would even see the Lexus car until the fall of 1988.

Plus, an internal business plan needed to be developed, showing a profit in five years. There were 5 people working on the Special Project. Myself, John French, my secretary Linda and 2 analysts. An entire division of people needed to be hired and a field force established; an advertising company selected; a distribution network put in place; ports of entry chosen; car carriers contracted to deliver the cars to the dealers; data systems developed; a public relations staff hired and communication plans to magazines and the news media orchestrated; auto show displays designed and approved; and service and sales training developed and delivered for all dealership personnel. On the other side of the ocean the challenge was equally difficult because the all-new Lexus would need to be designed, approved, production-engineered, tested, produced, and delivered to the United States. These actions in Japan and the United States would need to come together at the same time by the September of 1989. It seemed impossible.

"Nothing, you see, is impossible with God." Luke 1:37 (MSG)

Another reason I was given the job is Dr. Toyoda knew me and approved my selection. My mind took me back to the fall of 1986 while I was still in the Cincinnati Region. McCurry called to tell me Dr. Toyoda was coming to inspect the new plant site in Georgetown, Kentucky. His wife and Mrs. Togo were accompanying him; they were going to spend a day in Cincinnati. Yuki would not be coming with the Dr.

I was confused. I did not need this. “A whole day in Cincinnati Regional Office”, I asked. “Why doesn’t he just go to Georgetown? Doesn’t he have more important things to do than spend a day here?”

“Never mind why he’s spending a day in Cincinnati,” barked McCurry, “Just don’t screw this up.”

It was a dark and gloomy fall day in 1986 when Dr. Toyoda, his wife, and Mrs. Togo visited Cincinnati. Irv Miller was the assistant in the region. The plan was for the two of us to pick up our three guests at the airport and bring them to the regional office where we would introduce Dr. Toyoda to all the associates. Cynthia and Irv’s wife, Karen, would take Mrs. Toyoda and Mrs. Togo on a tour of the city.

Irv and I took Dr. Toyoda on dealer visits to meet the dealers, tour the facilities, and meet the personnel. We had prepared a folder for each dealer detailing performance in sales and customer satisfaction. We had turned the seats around in the Previa van so we would be facing each other, thus making it easier for us to talk as Irv drove. This was a decision I immediately regretted.

It was uncomfortable—in the tight quarters, our knees touched. Dr. Toyoda was in a blue suit, white shirt, and conservative tie. He had a commanding presence about him. He was all business. He kept a steady gaze on me. I fidgeted uneasily. Why did I make such heavy weather out of everything? I tried to relax. I forced a smile and with great solemnity started to discuss the information in the folder about our first dealer at Mike Dever’s Tri-County Toyota. All the visits went well, and it was back to the regional office for a presentation about the region.

After the presentation, it was off to Chester’s Road House where we were to meet the ladies for lunch. On the way, Dr. Toyoda ask me if I played golf. I told him not much because it took too much time to play and, thinking he would agree, that I had too much work to do. He shook his head in disagreement. With delight, he urged me to relax and play more golf.

Years later, we would play in the same foursome at a staff meeting golf tournament in Aviara Country Club just north of San Diego. Dr. Toyoda played a solid game of golf—steady, conservative, and consistent, making few mistakes. When he did miss a shot he was able to shake it off and make his next one, whereas I would get upset with myself and sulk, and my game would usually deteriorate. But that day I played very well, and our foursome won the tournament. It was the first and only time I won anything at golf. However, I never got the trophy. Dr. Toyoda was concerned that the organizers of the tournament had rigged it so his foursome would win. He wouldn’t allow us to accept our first-place trophies!

Back in Cincinnati, Cynthia and I sat across the table from Dr. Toyoda and his wife during lunch. We talked about Maker’s Mark whiskey, wine, and Christmas. Dr. Toyoda’s face lit up when he pulled out a picture of himself dressed up as Santa Claus for his grandchildren.

Then, talk at the table suddenly turned serious. Dr. Toyoda grimly stated, “Illingworth-san, you don’t smile enough.”

Cynthia piled on immediately and agreed with the Dr. Toyoda that I should smile more. I mumbled something about needing to play more golf and that I would try to smile more.

Dr. Toyoda waved his hand at Cynthia and shook his head in disagreement saying, “Oh no. We are alike. I don’t smile enough either.” Then he said, “I only smile in one place.”

There was an uncomfortable pause. Then Dr. Toyoda broke into an ever-widening grin and exclaimed, “In the bedroom!” After all the positive feelings of that day, it would have been hard to believe that in two short years this same Dr. Toyoda would telling Yuki Togo I should be fired.

“Watch your words and hold your tongue; you’ll save yourself a lot of grief.” Proverbs 21:25 (MSG)

The pressure for Flagship 1 not to repeat the failure of the Edsel Division of Ford was always present.

The largest product failure of all time is considered by some to be the Edsel Division of the Ford Motor Company. It was a secret car developed under the code name “E” which stood for experimental back in the 1950’s. Edsel was a separate division from Ford and Lincoln-Mercury, and it had four models at launch. The cars would offer many innovative features such as warning lights for low oil, engaged parking brake, and engine overheating. In addition, the cars had advanced safety features like self-adjusting brakes, seat belts, and childproof door locks. Edsel was to be the “perfect” car.

But the competition in the marketplace from established brands like Oldsmobile, Buick, Pontiac, Dodge, and De Soto was intense. The styling of the car with its “horse collar” or “toilet seat” grille was controversial, and its advertising confused consumers. Marketing experts today hold up Edsel as the supreme example of corporate culture’s failure to understand the consumer. The Edsel Division sold 116,000 cars before shutting down production in 1960. In today’s dollars, it is estimated Ford lost over \$4 billion on Edsel. It was sobering to compare the challenges that Edsel faced in the 1950s with the challenges that Lexus faced in the 1980s.

In the late 1980s, the size of the luxury market in the U.S. was about one million sales a year with 600,000 of those being Cadillac and Lincolns selling at a price point under \$30,000. Because of the price difference, Cadillac and Lincoln buyers were not considered a conquest opportunity for F1. Mercedes-Benz and BMW accounted for 100,000 of the four-door sedans being sold in the luxury market costing over \$30,000 dollars. The remaining cars selling for over \$30,000 were niche vehicles with smaller sales numbers. The most expensive car Toyota sold at the time was the Cressida, selling for \$18,000. Toyota sold about 20,000 Cressida cars a year.

The Lexus would be a Toyota four-door sedan selling for over \$35,000 competing against the established European brands selling in a market of 100,000 sales. We did not know what the final design would be, but we did know that the luxury market over \$35,000 needed to expand by 40,000 units or we needed to take away 40,000 sales from the Europeans in the first year of business to be successful. We needed to find 40,000 customers who would pay a \$35,000 for a Toyota instead of a Mercedes or BMW?

This was serious stress.

“Depend on God and keep at it. Don’t give up.” Isaiah 26:3

For 26 of the 29 years I worked for Toyota, I drove 37.8 miles to the national office in Torrance each morning and 37.8 miles back in the evening on the 405 San Diego freeway. At first, I fought the commute but then I learned how to survive the 405.

My first three years at Toyota I fought the commute. I tried listening to classical music, Christian radio, and the news, but nothing took away the building frustration or dread of the Monday-morning commute. When I started at Lexus I faced that same commute. I realized something had to change if I was going to survive this drive. One morning I turned off the radio and drove in silence. After a couple of mornings, I started to pray for my family members and soon found myself taking the entire hour praying for everything in my life. I found a refreshing peace on those drives. I began looking forward to the commute and quiet. I did not pray for success, promotions, or profits. I did pray by name for the people I reported to and those who reported to me, asking God to bless them and guide them in their decisions.

I discovered that praying for the people I worked with changed how I interacted with them. I listened more carefully, heard more clearly, and started caring more deeply for those around me. To be sure, there was still tension and disagreements, but I developed a healthy respect for those I worked with and their life stories. I began to realize that no one wants to fail, and my job was to help those around me be successful. If they were successful I would be successful. We all had the common goal of a successful launch of Lexus, and if we treated each other with respect and agreed on our goal, the launch of Lexus would be successful.

“Don’t worry about anything; instead, pray about everything. Tell God what you need, and thank him for all he has done. Then you will experience God’s peace, which exceeds anything we can understand.”

Philippians 4:6-7 (NLT)

Political battles in the office have derailed many careers, and I was caught in the middle of doozy. I reported to Group Vice-President of Toyota Sales, Marketing, Distribution and Planning Jim Perkins, not Bob McCurry. To be fair to the men involved, I don't believe it was a fight that Jim Perkins wanted, Bob McCurry expected, or Yuki Togo could have avoided.

Yuki Togo, Bob McCurry, and Jim Perkins are the three men most responsible for Lexus being in the U.S. Without these three men, Flagship 1 would have been a Toyota Celsior sold in Toyota dealerships and a minor player in the car market today. They were all smart and gutsy veterans of corporate wars. They shared a lot of the same drive, work ethic, and leadership qualities; but Yuki was always full of surprises, and Jim Perkins was a big one.

Jimmie C. (Jim) Perkins was the Group Vice-President of Sales, Marketing, Distribution, and Planning for Toyota. Over McCurry's objection, I was to report directly to Jim as Corporate Manager of Special Projects later to be Lexus.

Yuki Togo was concerned about having a qualified replacement for McCurry (62) when he went back to Japan. As a result, Yuki took some risks and hired several candidates as possible replacements from outside the automobile industry. McCurry didn't strongly object to these hires because he saw them as no threat, knowing that without an automotive background they would fail—and they did.

Jim Perkins (49) was different. He was highly qualified. Given the close relationship between Yuki and Bob because of the unprecedented success Bob had achieved for Toyota, he was understandably upset with Yuki. McCurry objected strongly to hiring Perkins because he knew Jim was a real threat, and Bob McCurry had no plans to retire. Against Bob's wishes, Yuki hired Jim Perkins.

Born in Waco, Jim grew up in central Texas. His family was "dirt poor" and he learned that success came with hard work and determination. He started working in a gas station at age 14 and was a "hot rod" enthusiast as a teen. He attended Baylor University and then served in the Navy for three years. He had a 22-year career at GM advancing through the Chevrolet field organization, working on GM's corporate marketing staff, and was part of the Buick Division's General Sales staff for two years. He was known as straight-talking, good-old-boy Texan. His credentials were outstanding.

Bob McCurry was born in Burnham, PA and grew up in Lewistown. He served in the U.S. Army Air Corp during WW II and after the war went to Michigan State where he was an all-American center and captain of the football team. He had 28-year career at Chrysler and retired in 1978 as Corporate Vice President of Sales after Lee Iacocca replaced John Riccardo as Chairman. During McCurry's time running sales the market share of Chrysler increased from 6% to over 20%. He was best known for starting "cash back" incentives in 1970 and for the Dodge Daytona that was raced successfully in NASCAR. After McCurry retired from Chrysler, he was immediately hired to run the Toyota private distributorship in the Central Atlantic region of the country. The region was in disarray. McCurry quickly established order, and the region began to grow in sales. When Yuki Togo was named President of Toyota USA in 1982 he brought McCurry to the national headquarters in Torrance to run sales. Bob and Yuki shared the common vision of "sell, sell, sell like hell."

Although I reported to Jim Perkins, McCurry expected me to also report to and take direction from him. I was caught in the middle. I didn't want to be disloyal to McCurry, but I also had to be respectful of the fact that I reported to Jim. The offices of senior management were on the third floor with the Japan staff on the left side of the building and the American staff on the right. Jim's office was the first on the left, and McCurry's was the last office at the end of the hallway. If I was called to McCurry's office I had to walk by Jim's office, and he knew where I was going.

In the business world, decisions are never black and white—but always gray. Jim and Bob rarely agreed. Jim would always ask me what Bob thought, and Bob would ask me what Jim thought. Always, they had differing opinions.

Relations with Yuki and the Japan staff were good, but there was tension and cultural differences that impacted every decision that needed to be made. When Jim Perkins suffered a setback with the Japan staff he would wave his hand at me, chuckle softly, and say, "It's OK, pard'ner. We'll make it through this," hiding his deep disappointment. McCurry on the other hand would openly show his disapproval. His jaw would tighten, his eyes narrowing as he glared at me, wanting me to do something. Meanwhile, I'd feel helpless and ask myself, "Bob, what can I do? You have more pull with Yuki than I do."

As I worked with, listened to, and prayed for these men I came to admire their passion, capacity for hard work, and persistence. I am forever indebted to them for what they taught me about leadership and risk taking. It was a privilege to work for these three men.

Jim Perkins would be responsible for making it possible for me to have the career opportunity of a lifetime. McCurry reminded me of Vince Lombardi, the coach of the Green Bay Packers. He was hard on me and never accepted anything less than a "110% effort." Yuki Togo was a courageous risk taker. When Togo took a risk we all paid the price, but he never backed down, wouldn't let us back down, and always supported us.

"Lazy people want much but get little, but those who work hard will prosper." Proverbs 13:4 (NLT)

My relationship with Bob McCurry was a mystery to many. Most people thought he was my uncle. He was not. We were second cousins. My grandmother worshipped him and considered him her second son. He was the best man in my parents' wedding, and my mother and father both considered him a hero. McCurry made me angry, laugh, disgusted, cry, cheer, and throw-up. It was complicated.

Jim Perkins once commented to me, "Sometimes I think he's harder on you than me." He then chuckled softly and added, "And pard'ner that's saying something."

When I got out of the Army in 1969, I received a job offer from the Delco division of GM. My grandmother heard about it, got very upset, and contacted McCurry who was a high-ranking executive at Chrysler. I was hired by Chrysler. On my first day at work, the other trainee in the office approached me asking if it was true that McCurry was my uncle. I told him that he wasn't but didn't explain further. He responded with something like, "Well, anyway, good luck with that." Only once in my ten years at Chrysler, when I was in Detroit or training, did I talk to McCurry.

Bob McCurry was an all-American center at Michigan State and captain of the football team three years in a row, which earned him a column in Ripley's Believe or Not and was drafted by the Detroit Lions. Instead of playing professional football he stayed in school, earned an MBA in business, and was hired by Chrysler. In 1975 Chrysler products were not selling, and McCurry developed the first "Buy a car, get a check" cash-back incentive that would become a marketing phenomenon that remains popular today.

Four years after joining Yuki Togo at Toyota, McCurry had led the Toyota brand to its year with one million cars sold. Ken Meade, a Dodge dealer in Detroit, said that McCurry was, "one of the greatest car guys who ever lived."

There was another side to Bob. He was driven. George Borst, the Toyota marketing manager under McCurry said, "No one ever left a meeting with Bob and asked, 'What do you think he meant?'"

When I was looking to leave Chrysler, I knew Bob was working at Central Atlantic Toyota, but I never called him or talked to him about Toyota as a possibility. He did not know I had applied for a job. The Japan staff told me later that they were concerned about my relationship with McCurry—but because I never used his name, and he never made a call on my behalf, I was hired.

Lexus was the first time in 15 years that I would work directly with McCurry. My relationship with Bob was complicated, but I believe it did have an impact on the success of Lexus. I knew he wouldn't fire me because of his relationship with my mother and father. Rightly or wrongly, I used that as leverage to push for things he did not want to do or did not agree with, such as having all-new Lexus dealership facilities and marketing at upscale operas and ballets. But mostly we disagreed about people.

John French, the manager who came up with the Lexus name, got sideways with McCurry who was convinced John had violated the confidentiality agreement by telling his wife—who worked for Mitsubishi—secrets about Lexus. I defended John, and Jim Perkins wrote Bob a formal letter defending John, but to no avail. John decided to resign and went to work for Nissan. I couldn't sleep the night John resigned. It was not fair and it made me cry.

I believed that Lexus needed diversity in our managers and started hiring accordingly. McCurry did not approve and thought I was being weak. He got me on the telephone while I was in the Houston airport and ripped me up, down, and inside-out on the phone, telling me he wouldn't sign anymore of the division's funding requests unless I started hiring the people he approved. I was so upset after I hung up the phone that I went into the restroom and threw-up. He did not make good on his threat.

You will learn in the chapters to come how he fought me for months over the Lexus dealership facilities, and we never really did get approval for our high-end marketing. But he didn't stop us from implementing it either. There was no greater thrill than fighting with McCurry over an idea and getting him to agree to do something he originally refused to sign off on. If you really believed and fought for what you believed, he would relent.

McCurry loved the game of golf and was very good. We were in Japan with a joint Toyota and Lexus dealer council meeting. A golf day had been set aside. But there was a raging typhoon outside. Nevertheless, Yuki was determined to play, and play we did. Jim Richardson, the Lexus dealer from Cherry Hill, New Jersey, was my cart mate. It was a par-three uphill, about 200 yards. We were driving into fierce wind and rain. Incredibly, Jim made the green, but I did not. I drove the ball about 150 yards, but the wind took the ball off to the left and down a steep hill in a group of trees. Jim stood at the top of the hill and pointed to the green. Cold, miserable, and disgusted, I picked up the ball and threw it on the green.

Someone behind me yelled, "Hey. I saw that!"

I spun around. It was McCurry in the other fairway. He was shaking his finger at me.

Cynthia once brought my mother and father to the Lexus office to see where I worked. They decided it would be a good idea to go see Bob. I told them it was "not" a good idea, that he was far too busy, but my ever-efficient assistant, Linda, quickly made the arrangements. A sense of unease crept over me. This was not good. The rumors would fly. Things got uncomfortable when my mother started shaking her finger at Bob and scolding him that I was "overworked and underpaid." Bob smiled politely and gently rebuked her, telling her that she was mistaken because I was "underworked and overpaid." Then Bob turned to me and said slowly, "Isn't that right?" I abandoned my dear sweet mother and meekly agreed with McCurry.

We were having trouble with Lexus dealers in upstate New York selling cars into Canada. McCurry had me call one of the dealers to have him fly out to California for a "personal meeting." The three of us went into a conference room next to his office. Bob sat at the head of the table, the dealer to his left, and I sat to his right. McCurry quickly worked himself into a livid rage. I was horrified. Even my first sergeant in the Army had never talked to someone like McCurry was talking to this dealer. The windows seemed to be shaking. The dealer slumped down in his chair and lowered his head. McCurry paused for a second to catch his breath. He looked over at me. He must have seen the sheer terror in my eyes. He winked at me! The entire meeting could not have lasted five minutes, but it seemed like an eternity.

The dealer grabbed my arm as we staggered down the hallway and said, "My God, Dave, I'm never coming back here."

"Don't sell cars in Canada, and you won't," I replied.

“Don’t worry, I won’t. And I’ll tell all the others,” he offered.

I complained to my father about how hard McCurry was to work for and how I had never seen a man so driven. He told me to be gentle in my judgments about people because you never know their real story. We don’t want others to know who we really are and what we have done for fear others will judge us harshly.

He told me Bob’s real story. Everyone thought the scar on McCurry’s chin came from football, but it hadn’t. When Bob was 18, he and his sister, Josephine, and two other friends, Bill Pry and Sara Sirrages, went to the 1940 New York World’s Fair. They had to rush back to school, so Bob drove all night. Early in the morning, about a mile outside of Lewistown, he fell asleep and crashed into a bridge abutment. He received the scar on his chin. Bill Pry (18) suffered serious head injuries. His sister Josephine (21) and Sara (17) were both killed instantly. Every time he looked in a mirror he was reminded of that terrible night.

How could he ever forgive himself or atone for such a tragedy? It was too painful to ever talk about in our family. I believe Bob’s unrelenting drive and restlessness was more about escaping his pain and trying to atone for his mistake than chasing success.

In November of 2006, Bob was in the hospital fighting cancer. I called him in his hospital room. He was suffering. He said he couldn’t talk and asked me to call back. I told him I was praying for him, but I’m not sure he heard me. It was the last time I talked to him. He died shortly after that call.

Looking back over those years, there were days when I didn’t know if I hated Bob McCurry or loved him. What I do know is that he was driven by an impossible burden of guilt. I wish I could have helped him. I wish we could have been friends. Today, I miss him terribly.

“The one who knows much says little; an understanding person remains calm.” Proverbs 17:27 (MSG)

My first disagreement with McCurry came quickly. He believed I had the wrong secretary. He wanted me to get rid of, but I refused.

Linda Takata was efficient, energetic, and enthusiastic. Everything and everyone at Lexus had to go through Linda, and I learned quickly this included me. If I or anyone else wandered away from the office without telling Linda where we were going, we had to put a quarter in the jar on the corner of her desk. There was a practical reason for this—because Yuki Togo, Bob McCurry, or Jim Perkins could be looking for any of us at anytime, and it was good for her to know where we were.

McCurry was concerned she was too perky, young, and inexperienced. He believed I needed a more mature and experienced professional assistant and should replace her. I resisted and stalled for time.

Sitting at her desk, she saw and heard everything. As a Japanese-American, she had invaluable insight into the cultural inner workings of the Japan staff. I learned to listen and watch carefully for clues from Linda when I was getting sideways with the Japan staff.

Some Japanese managers are easy to work with, and some are difficult “Samurais” just as there are easy and difficult American managers.

One day Linda came into my office and said I was being asked to accompany a “Samurai-like” Japanese manager to Japan. This Japan staff manager was opinionated, arrogant, and abusive to his subordinates. The mention of his name made me shiver. In my 29 years at Toyota he is the only Japanese (or American for that matter) manager that so angered me that I lost my temper during a meeting. He was being very abusive to a younger Japanese manager. I pounded my fist on a table and yelled out, “enough!” I stormed out of the meeting room. He chased me into my office and slammed the door. We went nose to nose. He informed me in no uncertain terms that he could talk to and treat his subordinates in any way he wished without my approval. My opinion of his leadership and management style was neither asked for nor appreciated. I challenged him that this was not leadership but abuse, and if he wanted to treat people like this he could not do it in front of me. We were different in every way possible.

Linda insisted I go with him to Japan but wouldn't tell me why. I demanded that she have him come to me and ask me himself to make the trip. Linda politely declined. It would not be a good idea because it would be too embarrassing for him. I relented. During my career at Toyota I stopped counting after my 100th trip to Japan. Of all my trips to Japan this one and only a few others stand out. I had one meeting the day we arrived and then sat fuming in my room at the Imperial Hotel in Tokyo for a day and a half with nothing to do, not knowing why I was there.

But after that trip my relationship with the “Samurai” improved. He seemed to soften. It was several months later that Linda finally told me why I had to make that trip. Many of the Japan staff's families join them when they come to the U.S., but some left their families back in Japan. If they didn't bring their families, they were allowed vacation time each year to fly back to Japan at the company's expense. The “Samurai” had not brought his wife and family because she was staying behind to take care of his aging parents. However, his Japan staff supervisor had not allowed him to see his family for two years and was continuing to refuse any trip to Japan except for business only. When he was in Japan he was to work only and not permitted to see his family. I learned that my trip to Japan was manufactured to go around his boss so he could see his aging parents and meet his daughter's future husband.

Several weeks later McCurry challenged me again about Linda and told me to “get rid of her.”

I told Bob, "I can't do that."

"Why not?" he fired back.

"She's strong, she's talented, and she has a really good relationship with the Japan staff. She is invaluable. She knows everything about everything, and she can be trusted and she speaks Japanese." I replied.

About six months later I was standing with Bob in the hallway outside my office. He nodded his head towards Linda and whispered, "You were right about her."

Today Linda lives in Plano, Texas and is the executive assistant to Jim Lentz, chief executive officer of Toyota Motors North America, Inc. (TMNA); president and chief operating officer of Toyota North America, Inc. (TNA); a senior managing officer of parent Toyota Motor Corporation (TMC) located in Japan; and president of Toyota Motors Engineering & Manufacturing, North America, Inc. (TEMA).

She still knows everything about everything and is most trusted.

"A good woman is hard to find...she senses the worth of her work...she is quick to assist anyone in need." Proverbs 31:10,18,20 (MSG)

Nothing is more important than the exterior design of an automobile for making a first impression. The directive from senior management to the design team was not to even look at another Japanese car. Most cars go through one or two design reviews before sign-off. The Flagship 1 design team had been working on the exterior design of the car since 1985 and had all previous designs rejected. Running out of time, Japan management decided to let the young American's see the latest design of the car. In February of 1987 we would see the car for the first time. This would begin the design dome drama to win final approval for the Lexus exterior design. Also, we were to learn everything about the car spending an entire day with the Chief Engineer Ichiro Suzuki.

The chief exterior designer for the Flagship 1 was Kunihiro Uchida. He was familiar with the American consumer, having spent two years at the Art Center College of Design in Pasadena, California. Uchida-san was a young, sharp-looking designer who presented himself well. He and five other designers lived in Southern California in 1985, following the Toyota philosophy of *genchi-genbutsu*: go and see. Uchida-san understood how much different the U.S. was from Japan and how different the taste of the American consumer was. He understood that buildings, the width of the streets, the other cars on the road, even the vegetation affects how the car looks in its environment. He also knew the type of exterior design that would appeal to a young, up-and-coming luxury car buyer in the U.S.

McCurry and Perkins were adamant that the car not be a "gussied up Crown" and the first sketches and clay models were encouraging. But the senior Japanese managers on the design committee were not impressed. In a stunning reversal to their earlier directive, they declared the early clay models of the car "too American" and "overly aggressive." The committee gave new direction calling for the car to have a "sense of intelligence, exclude gimmicks, and pursue the essentials." The car had been through six design reviews, and all the designs were rejected.

In an unprecedented move, in February of 1987, John French and John Koenig, the Product Development Manager for Toyota Motor Sales, USA and myself, along with the Japan Staff Coordinator for Lexus in the U.S., went to Japan to spend the day with the Chief Engineer Ichiro Suzuki and see the clay model.

Six design teams had been working day and night for two years on this project. I was told that Chief Designer Uchida had lost 20 pounds because of the stress. The designers were understandably on edge and unhappy that a group of young Americans with little or no experience in exterior design would be critiquing their years of work.

The security was intense. We were led through a series of confusing doors and hallways. It was a cool, crisp morning, and the sun was shining brightly. The car was not in the design dome but outside on a rooftop with security watching for planes flying overhead. The designers were standing around nervously watching for our reactions, fearing we were about to turn their lives upside down.

The car was silver, sitting on a turntable shimmering in the sunlight. The rear three-quarter view of the car was facing us. The first impression was very positive with the dual exhaust, sleek elegant lines, and a clean tail lamp treatment. The car started to turn on the table, and the first impression of the side view was equally positive. Then the front of the car came around into view. My heart sank. We had asked for a "youthful and energetic" front-end treatment, and what we got was a boxy, high-profile, traditional front end. The grille was an odd black "egg crate" treatment. The front of the car was an issue for another reason. To avoid the gas-guzzler tax in the U.S. and achieve a targeted top speed of 150mph, the car needed a coefficient of drag less than .29. The coefficient of drag for most luxury cars of the day was .38 to .40. Uchida was faced with the impossible task of pleasing the senior Japanese design committee, meeting the aerodynamic requirements set by the chief engineer, pleasing U.S. luxury buyers, and now having to deal with a bunch of young, inexperienced Americans—little wonder he looked drawn and haggard.

Our overall reaction to the Flagship 1 was positive, but we asked for a “sleeker” front end and more “aggressive” grille treatment. We graded the rear of the car 9.5 out of 10, the side view of the car 9.0 out of 10. We wanted to give the front view of the car a 7 but decided to not to offend the designers and gave it a sympathetic 8 out of 10, hoping the score would help us gain leverage to get the improvements we wanted—but our plan failed.

The real drama was about to begin. The domestic Japanese dealers began to hear rumors about Flagship 1 and how good the car was going to be. Now they wanted the car, but that meant they could influence the design. A sinking feeling overtook me. Flagship 1 was not intended for the Japanese market. How could the Japanese domestic market be allowed to have a car never intended for them, while also insisting on giving feedback on the exterior styling?! I was worried that we would be saddled with having to sell 40,000 “gussied up Crowns.”

In June of 1987, Flagship 1 received final design approval. But rather than lower the front end to make it sleeker, more aerodynamic, and youthful, it was raised a few millimeters to make it more conservative, traditional, and classic in response to the Japanese market. I was sick. After three years, thousands of design sketches, countless meetings, differing opinions and advice, almost a dozen full clay models, and eight design reviews, nobody seemed happy. My fear was that the front end of the car made it way too conservative.

When I complained about the final front end to McCurry he gave me a writhing look and fired back at me that if a few millimeters meant I couldn't sell the car to let him know. I slunk back to my office, put my head back on straight, and had an attitude adjustment.

In the end the car was “safe compromise.” What I thought about the styling wasn't important. The important question would be answered in about 24 months. Would the American luxury buyer like the styling?

“There is safety in having many advisors.” Proverbs 11:14 (NLT)

The size of the Flagship 1 engine was hotly debated from the start. The Acura Division of Honda was supposed to have a luxury car, but it had a six-cylinder engine and was never accepted by the public as a true luxury vehicle. Toyota had only one V-8 engine, and it was in the Century, a low-volume car that was more like a boat.

Chief Engineer Suzuki was not satisfied with the new 3.8 liter V-8 engine that had been developed. He worried it was too small and decided it needed to be bigger 4.0 liter V-8. The engine development engineer's reaction was heated and emphatic. It was impossible to back and develop a new engine.

The performance targets established for the Flagship 1 engine were simply overwhelming. It was to be faster, lighter, quieter, and more powerful than any car in the world with a 250-horsepower engine, and free from the U.S. gas-guzzler tax. The gas-guzzler tax was implemented in 1985 to tax passenger cars that did not achieve at least 22.5 miles per gallon. The penalties ranged from \$1,000 per car to \$7,700 per car. The BMW gas mileage was 19 mpg, and the Mercedes-Benz was 18 mpg. The Flagship 1 target goal was 23.5 mpg. BMW and Mercedes both had a top speed of 138 mph, while Flagship 1 had a target top speed of 155 mph. For Flagship 1 to hit the top speed target of 155 mph and obtain the mpg goal, the coefficient of aerodynamic drag (CD) on the car would need to be an unheard of .28. Most sedans had a CD of .35, and the .28 CD would be lower than a Porsche 911. One final backbreaking demand was that the noise from the engine in the cabin of the car was not to exceed 73 decibels at 62 mph, a full five-decibel improvement over the European competition.

The first attempt was a 3.5-liter V-8, but it failed to meet any of the targets, getting only 20.5 mpg which would have resulted in a \$1,500 tax penalty. The 3.8 V-8 did obtain the fuel mileage goals, and it was believed that with further development the motor could achieve the remaining targets, but Chief Engineer Ichiro Suzuki was not satisfied. He saw danger ahead in that the size of the engine would be perceived as too small for a luxury sedan and wanted to be cautious. General Manager of Engine Development Yoshiro Kinbara agreed, as did Dr. Toyoda and Chairman E. Toyoda, to not regret it later.

Suzuki-san was a demanding, obsessive genius and a manic perfectionist. He was small in stature but had boundless energy and the zest for life that Flagship 1 needed. The chief engineer was unyielding in his quest that the best part of every car in the world be examined and then improved for Flagship 1. It was this obsession that led Suzuki to the 11th-hour decision to scrap the 3.8-liter and start over developing a new 4.0-liter V-8.

The new engine would have an aluminum block, cylinder heads, pistons, water pump, oil pan and pump, and the world's first aluminum valve lifters to save weight, plus aramid fiber cord belts instead of chains to reduce noise. It would have platinum plugs, computerized fuel injection, tuned intake manifolds, and a very high compression ratio of 10.0:1. To accomplish these goals, new welding machines and presses would need to be made that met the higher engineering specifications for the engine.

Even the appearance of the engine under the hood was considered. Molded plastic components surrounded the engine to make it look clean and neat with cast aluminum cam covers and intake pipes and user-friendly dipsticks, oil caps, and reservoirs.

To meet these new targets, everything about the engine would have to change and all stops pulled out. It would require a grinding, 18-hours-a-day, seven-days-a-week effort on the part of the engineers. At that time, I was only minimally aware of the incredible sacrifices being made by Suzuki and the engineers to make Flagship 1 the finest car ever made.

“A prudent person foresees danger and takes precautions.” Proverbs 22:3 (NLT)

At the end of the day we met in a conference room near the design dome. Suzuki-san explained that every component that made up Flagship 1 was to be the best in the world so that it would be the finest car ever made, and this included the key. Suzuki-san showed us the new key with great pride.

It was very different from any key I had ever seen—heavier but balanced, lock and unlock ability in the key itself. Never done before, the teeth of the key were reverse-indented into the metal of the key, making it very difficult if not impossible to duplicate.

It seemed like too much. I was silently thinking to myself that this car could end up well over \$35,000... how could we sell it? I smiled politely and innocently asked how much the key was going to cost.

There was an awkward silence. The chief engineer gave me a withering look, got up from the table, and stormed out of the room. I turned to the Lexus staff coordinator next to me. I pleaded for his help, but none came. I was on my own.

Suzuki-san returned shortly, charging back into the room with a shoebox full of keys. He angrily threw the keys onto the table. About 100 keys rattled and flew everywhere, clanging and scratching as they slid across the table in front of me. I sat back in silence, blankly staring at the keys.

Suzuki-san started to fire away in rapid Japanese. These were all the keys from all the car manufacturers in the world. He said that this new key was the best in the world for the best car on the world. He advised me to accept the strong efforts of his team. The Lexus Japan Staff Coordinator leaned over and whispered for me to thank him for his strong effort.

I was a young, inexperienced, and naïve American manager with only a minimal understanding of the personal sacrifices that he and his team were making. I had made a fool of myself. My face felt hot as I tried to collect my thoughts. I steadied my voice and thanked him and his team.

“Refuse good advice and watch your plans fail; take good counsel and watch them succeed.”

Proverbs 15:22 (MSG)

You would think I had learned my lesson but I asked another question that upset Suzuki.

Mercedes-Benz and BMW included first aid and tool kits in the trunk of their cars. “Will Flagship 1 have the same?” I asked.

Suzuki’s shoulders slumped and he looked down shaking his head at my lack of understanding. He was determined that Flagship 1 would achieve its fuel mileage target of 23.5 miles per gallon and avoid the gas-guzzler tax. When I asked about the tool kit and first aid kit, I did not realize the fierce battle that was being waged to keep the curb weight of the car under 4,000 pounds.

The fuel mileage battle was about weight and aerodynamics. Flagship 1 endured countless refinements to its exterior styling to try to achieve a coefficient of drag of under .30. At one point a spoiler fin was put on the trunk of the car but was rejected as too unsightly for a luxury automobile. The car went through more than 50 wind tunnel tests, creating serious tensions between the design teams and the engineers who were trying to achieve their individual team goals. Window glass, door handles, and the slope of the rear trunk area as well as the underside of the car were all precisely tweaked and re-tweaked to try and meet the CD and styling targets.

It was because of this push for gas mileage that Suzuki-san had to personally approve every additional 35 ounces or 10 grams of weight that was added to the car. Adding a tool kit and first aid kit would add unnecessary weight and eliminate precious, hard-fought-for weight savings in other areas of the car. We sales people wanted these small items, but how important could they really be to the selling of the car? The designers and engineers deeply resented this added unnecessary pressure. The chief engineer was relentless in his push to match the competition in every way, and if this meant that Flagship 1 needed a tool kit and first aid kit, he would find a way!

Several weeks later we received a message from Japan that Flagship 1 would have a tool kit and first aid kit. I was cautioned that the tool kit would consist of two lightweight wrenches, a screwdriver, and pliers. The first aid kit would have some small bandages, several wet wipes, half an ounce of antiseptic cream, lightweight bandage scissors, and some insect sting treatment. The total additional weight gain was less than five pounds. Suzuki-san was the perfect engineer to make the perfect car because he listened. Some chief engineers are arrogant and know it all, refusing input from others. Suzuki wanted Flagship 1 to be the best of the best in every way; he listened, pushed himself and his engineers so that Flagship 1 would be “the finest car ever built.” We were grateful for his team’s strong effort.

“The wise listen to others.” Proverbs 12:15 (NLT)

The Flagship 1 could well be “the finest car ever built” but it was only one car. How could we possibly convince dealers to invest up to 5 million dollars in a franchise with only one car that they could not see? Lexus desperately needed a second car, but Toyota engineers were stretched to the breaking point. We pleaded for a second car.

When Chairman E. Toyoda made the decision to allow the U.S. to sell Flagship 1 in a new luxury channel, there were no plans to develop additional products. Fourteen-hundred of Toyota’s best engineers had been diverted to the Flagship 1 project. There was no “kosu,” human resources, to do the work on a second Flagship car for a separate sales channel to be sold only in the U.S.

Toyota Motor Sales, USA proposed a made-over Camry with new front -end styling, rear tail lamps, and new interior seats and door trim to offer as a near-luxury car in the new channel. The legal department made a strong case that there was too much risk that Toyota dealers would seek litigation to stop the sale if it looked too much like the Toyota Camry. Japan countered that they believed the Lexus channel needed an all-new F3 (four-door sedan) and an all-new F2 (two-door coupe) to properly compete against the Germans in the luxury market and to sell beside with the Flagship 1.

TMS and TMC agreed, but there was one big problem. An all-new F3 sedan would not be ready for sale until January of 1991, and the F2 coupe would not be ready until 1992 at the earliest. This meant Lexus would launch in the fall of 1989 with only one car. The dealers would have to survive with only this one car to sell until 1991 with no service or parts business.

Our Lexus team had estimated we needed 100 dealers to sell 40,000 Lexus F1s in our first year but believed only 30 to 40 dealers would be willing to gamble the needed millions of dollars to open a dealership with only one new, untested, and unseen Japanese luxury car.

In April of 1987 I gathered our small Lexus team in the triangle room on the third floor of TMS headquarters. It was called the triangle room because the table in the room was shaped like a triangle so that as management sat around the table no one had a power position. The Japan Staff Lexus Coordinator read to us a communication from the North American department in Japan.

Japan was considering two choices.

Case A: Lexus would launch with an F3 four-door sedan with very little differentiation from a Camry. An estimated 80 dealers would be open at launch but with legal risks and luxury image significantly compromised. The all-new, Lexus-only F3 sedan would be dropped. This made sense as a short-term decision.

Case B: An all-new F3 would be developed but not available until early 1991. An estimated 30 dealers would open at launch with only one new car to sell and put the short-term success of the Lexus Division in serious jeopardy, but it did make sense as a long-term decision.

We were not offered a case C.

Japan's North American department was strongly recommending case B. This was bad news! It was a clever trap sent by those who did not want the second channel. TMC wanted a decision. Did Toyota Motor Sales, USA still want to continue with our plan for a second channel?

We all knew how our bosses Yuki Togo, Bob McCurry, and Jim Perkins would answer. It was not lost on any of us the significance that they ask us for our decision first. This was gut-check time. Were we willing to launch with one car? I went around the room and asked every individual at the table if we were still a go or no go. Everyone was go. We voted yes and agreed with case B.

“How joyful are those who fear the Lord. They do not know fear of bad news.” Psalm 112:1,7 (NLT)

Now what? We could not launch with only one car. We needed to develop and sell Japan on a Plan C. Our Lexus senior Japan Staff Coordinator and Yuki worked the phones at night with Japan. I'm sure the discussions were hard fought and surly involved Chairman Toyota.

John Koenig and the Product Planning Department in the U.S. started searching for a four-door sedan that was different from the Camry. These sedans were sold in other countries, but might also be sold in the U.S. as a near-luxury four-door sedan until the all-new F3 would be available. There were two possibilities. The Carina ED was sold in Japan, and the Vista was sold in Japan and Europe. Neither of the cars were sold in the U.S.

Both vehicles were small with only 99-inch wheelbases versus the Camry that had a 102-inch wheelbase. The Carina ED was based on the Celica platform and was just too small, making it unacceptable. The Vista was a possibility. It was a hardtop, four-door sedan with no center pillar. It had different front-end and rear styling treatments compared to the Camry. It came with a V-6 instead of an in-line six-cylinder.

John Koenig, National Product Planning Manager of Toyota Motor Sales, USA; the Lexus Senior Japan Staff Coordinator, John French; and I went back to Japan to meet with the chief engineer of the Vista.

In the design-dome we walked around the car telling the chief engineer what we needed. We wanted wheels to match the Flagship 1, lower-body side molding to match Flagship 1, higher-quality paint to match Flagship 1, two-tone interior to match Flagship 1, leather interior wrapped and leather-wrapped steering wheel and gear shift knob, higher-quality Pioneer audio system, security system, tilt wheel, and airbags.

The chief engineer was highly agitated and objected strongly to the task he and his team were unexpectedly given. He gave our Lexus Japan Staff Coordinator a look pleading for mercy. He could not possibly accomplish all this additional work these young Americans were demanding of him. It meant changing his engineers' work schedules and delaying products for other markets for years. No mercy was granted. Most of the changes were cosmetic, but the tilt wheel and airbag could not be done in time. We had to choose one or the other, and we picked the airbag for safety.

As I watched and listened, a real sense of concern came over me. I was beginning to understand the impossible pressure and demands that were being made of the engineers for both F1 and F3. I began praying for them daily by name.

“Strategic planning is key to warfare; to win, you need a lot of good counsel.” Proverbs 24:6 (MSG)

With an acceptable second car in place and the all-new F3 arriving 18 months after the F1 launch, a sense of well-being settles over me. It didn't last long. A stunning, unexpected, an unsettling announcement from Nissan.

In July of 1987, Nissan announced the formation of a new luxury car division to be called Infiniti that would start selling cars in the fall of 1989. How could we have not known about this? Lexus was still a secret. We had not announced Lexus yet! How were they able to announce six weeks before us? Did they know when we were going to announce and announced early to steal the headlines? I had a sinking feeling that we were behind before we had even started. This news meant that we would be continually compared against each other in product, marketing, sales, and customer experience. Who got it right, and who got it wrong?

The Infiniti name was a new spelling with four "i"s to demonstrate they were looking forward to new horizons, to infinity. The division would be selling 2 cars, an upscale performance luxury sedan and driver-oriented coupe. William Bruce, Vice President of the Infiniti Division, was vague about sales projections but stated, "Customer satisfaction is far more important in establishing the new brand." Infiniti was going to be customer-centric with the look and feel of luxury hotels and unheard-of amenities for car dealerships. This all sounded very familiar.

How many luxury cars could the market absorb? The Wall Street Journal headline read, "Honda Hits Early Snag in Effort to Enter the Luxury Car Market." The story said that Honda's new luxury car division sales were off by 25% versus their projections. The story went on to say that Honda's decision to pursue affluent buyers with Acura had brought them face to face with the well-entrenched European competitors.

Jaguar was also attempting to expand its luxury footprint in the U.S. with a new channel called Sterling. Their marketing campaign stated, "If Only the Japanese Could Build a Car Like Jaguar." They claimed Sterling represented "civilized excitement." Sterling sales were struggling.

Ford had also recently launched a separate, upscale division called Merkur. It was getting off to a poor start and would eventually fail.

Now our competition was not just the Europeans, domestics, and Acura, but Infiniti as well. It was apparent that no one was getting a free pass into the luxury market in the lucrative U.S. market, and that would include Lexus. Now our competition was not just the Europeans but also Acura and Infiniti!

"How joyful are those who fear the LORD... They are confident and fearless and can face their foes triumphantly." Psalm 112:1,8 (NLT)

When Nissan announced that they were entering the luxury market with Infiniti, the media reaction was mild because they were waiting for the other shoe to drop. What would Toyota do? When we finally did announce Lexus, the media reaction was immediate, swift, and not all good.

On August 24, 1987, Toyota announced a new luxury car division to be called Lexus. Bob McCurry, Toyota Motor Sales, USA Senior Vice President, revealed that the new luxury car division would be a separate franchise from Toyota, have two new Lexus models, and be introduced in 1989 with 100 dealers. He went on to boldly predict an anticipated sales volume in 1989 of 60,000 cars and 100,000 annually. Where did he get those numbers !!!

McCurry also announced Corporate Manager J. Davis Illingworth, Jr. as the head of Lexus, reporting to Jim Perkins, Group Vice President of Sales, Marketing, Distribution, and Planning.

Reaction to the announcement was swift. Gunter Kramer of BMW was dismissive, stating, “The image of a luxury producer is hard to achieve from somebody who produces millions of cars. Our buyers will simply decide not to buy those Japanese products.”

Bjorn Ahlstrom, President of Volvo North America, was more direct, saying, “The Japanese are all trying to penetrate the upscale market, but they will be a marketing flop.”

Jim Higgins of Automotive News was more analytical, writing “By 1990 there will be 35 distinct luxury sedans on sale in the United States. A recent J.D. Power study indicates that some manufacturers will find it hard to attract buyers. On average luxury car owners can call to mind only three nameplates and with prompting five.”

Higgins went on to write that the J.D. Power study concluded, “In the crowded luxury market of 1990, image is going to be even more important as the number of makes and models to choose from grows at a faster rate than the number of buyers. Image is going to have to be earned the old-fashioned way: with good products and customer service.”

Jim Mateja, the auto writer for the Chicago Tribune, was skeptical, writing, “Toyota and Nissan are only holding a pair and gambling they will come up with a full house.”

The headline for Automobile Magazine ominously predicted in 1989 there would be a “Battle Royale—Clash of the Titans.”

I mentioned all the skeptics and naysayers in the media to McCurry. He snapped back at me, “Don’t listen to any of that. There’s always room at the top!”

“There is an opportune time to do things, a right time for everything on earth.”

Ecclesiastes 3:1 (MSG)

The negative press we got from the media and our competitors was nothing compared to the negative reaction we got from the Toyota Division. They immediately implemented the NFL rule that had nothing to do with football.

The Toyota legal department insisted that everything about Lexus needed to be separate from Toyota. This meant a separate headquarters building, separate field force offices, a different advertising agency, a different dealer agreement, a new distribution system, as well as different data systems, parts packaging, service and warranty programs, call center, and dealers. In addition, we were to actively seek out non-Toyota dealers to become Lexus dealers. The Toyota Division took this directive to a foolish extreme. The Toyota field managers and headquarters associates were instructed to not encourage Toyota dealers to apply to Lexus, and they were told to never utter the word "Lexus." This became known as "the NFL rule". It meant "no f***** Lexus!"

There were two reasons for this bitterness directed at Lexus. First was the diversion of engineering talent away from the Toyota division's future products. The second source of the frustration and anger had long-lasting and far-reaching implications for the global Toyota.

One reason behind the frustration about Lexus was the Voluntary Restraint Agreement or VRA between Japan and the U.S. government. This agreement limited the number of cars a Japanese manufacturer could bring into the U.S. each year. McCurry's public statement that Lexus would sell 60,000 units in 1989 and target 100,000 a year meant the Toyota dealers would be getting a lot fewer cars, aggravating already low car inventories.

The VRA was brought on by a growing resentment against Toyota and the Japanese. During the mid-'80s there was a recession which caused brutal reductions in the labor force with an estimated 250,000 autoworkers laid off. In Detroit, parking lots displayed signs telling customers to "Park your imports in Japan." There was an ugly resentment tinged with racism that swept through the industry. UAW workers expressed their anger by publicly smashing Toyotas with sledgehammers. Political leaders were angrily accused of being passive wimps in dealing with Japan.

The VRA was implemented in 1981 and was set to expire in 1984. In 1985, with pressure from the domestic manufacturers, the VRA was to be extended for one more year, only to be extended again and again until it was finally ended in 1994. Until the VRA was lifted, however, Toyota was forced to operate with the lowest inventory of new vehicles in the industry.

The car business is not just about cars. The car business is also about people. People build the cars, sell the cars, and buy the cars. The Toyota field people and the domestic car people were acting out their frustrations in having to deal with the changes in the global economy they did not like.

The domestic senior managers were complacent and misjudged the future of their industry, the UAW refused to listen to their critics, and the government leaders failed to comprehend the sweeping changes taking place to the global economy. This fundamental change to the global economy has sown a generational anger about change in the U.S. that has lingered since the '80s. This anger is still reflected in our national politics today. A strong U.S. automobile market will not solve the competitive issues of the industry.

Don't be foolish. Smashing cars, making silly NFL rules, and refusing to change will not make you more competitive, nor will it relieve your anger and resentment. It's not necessary that you change, nor is it necessary that you survive.

"Doing wrong is fun for a fool." Proverbs 10:23 (NLT)

Surprise! Surprise! Cynthia became pregnant again, this time with a girl. Cynthia's due date was October 26, 1987. The Japan staff scheduled a series of senior management briefings for me in Japan that week to present an update on our progress since the public announcement in August.

I objected and asked for the meeting to be changed, but was informed that it was not possible because of Chairman Toyoda's and Dr. Toyoda's schedules. I was told, "Babies are born every day." We were at a standoff because I refused to budge, saying it wasn't just any baby—it was my daughter. Two weeks before the meetings were to be held in Japan nothing had been resolved.

On Sunday, October 18, I was to fly to Japan with McCurry to give final approval of the ES 250. I took Friday off. Cynthia went into labor early on Friday, October 16. Emily Jeanne was born that evening. Cynthia commented prophetically that Emily would probably work for Toyota since she knew to come on a weekend and not disrupt the workweek.

I went with McCurry to see the final version of the ES 250. The Japan staff was pleased but disappointed we didn't name our new daughter Lexus. I explained that Lexus Illingworth just didn't sound right. Interestingly, according to Baby Names Hub, in 1990 there were almost 200 baby girls named Lexus, and the name peaked in 1996 with more than 500. It has now settled to about 200 a year.

This was a special time, but there were strong undercurrents pulling at my family. Cynthia and I would never have agreed to name our daughter Lexus, and it annoyed her that the Japan staff would suggest it. She was increasingly upset with my travel schedule and resented that the Japanese staff thought it was okay for me to miss Emily's birth.

It all worked out, and I congratulated myself on avoiding this family crisis—not realizing that a real family crisis was brewing and only four months away.

"He put a child in the middle of the room. Then, cradling the little one in his arms, he said, 'Whoever embraces one of these children as I do embraces me, and far more than me—God who sent me.'"

Mark 9:36-37 (MSG)

The 1987 stock market was booming, fueled by low interest rates, buyouts, and merger mania. Corporations were growing, and excitement about the personal computer industry was revolutionizing business. This euphoria made investors believe that the stock market would always go up. The bull market was just what Lexus was counting on to expand the luxury market for the launch.

McCurry and I flew to Japan for a one-hour meeting in the design dome to give Toyota Motor Sales, USA's final approval for the new ES 250. We got a hotel room to stay overnight in Tokyo, but when you fly to Japan for a one-hour meeting, you just don't sleep. I wandered down to the lobby about 4:00 a.m. to find McCurry glued to the television.

It was Black Monday, October 19 in the U.S. The stock market was crashing. It was the largest one-day crash in history. The market lost 22.6% of its value or about \$500 billion. Newspapers gave accounts of unstable individuals who had lost large amounts of money going to their brokers with guns. It was reported that some brokers were killed. It was an emotionally charged atmosphere. Individual investors overwhelmed the market trying to sell. The New York Times headline screamed "Stocks Plunge 508 points— Worldwide Impact." After October 19, some of the stock exchanges closed. The Federal Reserve intervened to prevent further crises, stabilizing the U.S. economy.

I was shaken. The challenge of selling a new brand of Japanese luxury car was hard enough, but how could we sell 40,000 if the economy was in a recession? McCurry noticed my concern. He told me we had two years before the launch. He said to stay positive, keep my head down, and keep moving ahead—the market would come back. He was right, but there would be another big scare right before we launched.

We took the Shinkansen (bullet train) to Nagoya later that morning and approved the ES 250. We were booked on a new American West flight out of Nagoya, Japan that went directly to LAX that evening. There were only four other people on the 747 with the two of us. Things just didn't feel right. We arrived back in Los Angeles Tuesday morning.

"Those who love money will never have enough." Ecclesiastes 5:10 (NLT)

There is no rest for the weary. The following Sunday I would fly back to Japan for the meetings with Chairman E. Toyoda, Dr. Toyoda and other senior executives on the progress of Lexus since the public announcement. Before I left, Bill Plourde, the General Counsel for Toyota Motor Sales, U.S.A. visited my office with a cease-and-desist letter from Mr. Jack Simpson, President and CEO of Lexis-a Meade Data legal research service- notifying us to discontinue using the Lexus name immediately, claiming trademark infringement. Dr. Toyoda received the same letter. Bill informed me that someone needed to go talk to Mr. Simpson. They sent me.

When John French came up with the idea of dropping the “a” and changing the “I” to “u”, thus creating the new Lexus name, the general counsel for Toyota, Bill Plourde, was in the room. The Lexis name came up in the discussion, but since Lexus was a new word, spelled differently, and not a computer service, it was not considered an issue.

The Toyota legal department had vetted the Lexus name globally and found no issues. This threat of a lawsuit from Lexis was embarrassing for Plourde and the legal department at Toyota Motor Sales, USA. It was also a costly setback for Yuki Togo who had personally fought so hard for the second channel and the name.

Lexis was a legal research service and Nexis the business research service of Meade Data Central, Inc. located in Dayton, Ohio. Lexis was the first legal research service to go online, and their business boomed in the early ‘80s. Mr. Simpson started as the president and CEO of Lexis in 1982 after 19 years at IBM. However, business was not good at Lexis because of increased competition. The competitors were charging fees based on time use, but Lexis refused to change and was charging a fixed fee. The Lexis market share was falling rapidly. The Toyota legal team arranged for me to meet privately with Mr. Simpson.

Bill Plourde, who had been Toyota’s general counsel for over 10 years, was a graduate of the UC Davis Law School and was highly regarded by everyone at Toyota. Outwardly, Bill gave the appearance of calm resolve, but inwardly the Lexis lawsuit was eating away at him. He took it personally and knew we had to keep the Lexus name.

Bill coached me on how to handle myself with Mr. Simpson. It was to be only the two of us with no attorneys. I was told to be professional, not combative, and explain that it was not our intention to harm the Lexis brand. I was to explain how the name came about and that it was a new, made-up word, and we would be careful that our marketing would not harm Lexis in anyway. Our hope was to resolve the issue without going to court and that I would come back in two weeks so that we might explore options to both our satisfaction.

I went to Dayton to meet with Mr. Simpson in November of 1987. I was ushered into a conference room that had a long table that could seat about 20 people. Apparently, we were not going to meet in his office. I was seated on one side of the table. Mr. Simpson walked into the room. Small in stature with dark black hair that was carefully parted and groomed, he carried himself with a casual indifference and did not look at me. He was not alone. With him was one of his senior managers and an attorney. We exchanged introductory pleasantries from across the table as the three of them sat down directly across from me.

I carefully explained that the Lexus named was a made-up, new name and apologized for any concerns it may have caused their management. I went on to assure them we would not be marketing our car in any way that would confuse consumers or negatively affect their computer legal services.

Jack Simpson sat across from me with an icy and expressionless look, saying nothing. His attorney forcefully expressed his opinion that the Lexus name was a clear trademark infringement on the part of Toyota. LexisNexis wanted Toyota to discontinue using the name immediately. I fought a rising nausea as I began to realize this meeting was not going as I had hoped. The meeting lasted only 15 minutes.

I asked for an opportunity to talk with my senior management in California and return in December to discuss possible options to resolve our differences. They made it clear that, while I could come back, there was nothing to discuss.

The Toyota legal team was both dismayed and disbelieving of the LexisNexis approach to resolve the issue. My second meeting with Jack Simpson was even shorter than the first. It was in the same conference room at the same table, only this time Jack Simpson was surrounded by eight other managers and attorneys. Lexis offered no options to resolve our differences except that Toyota agree immediately to discontinue using the Lexus name. Jack Simpson sat directly across from me. He was distant and gave the impression he was not interested in anything I had to say. To me, it felt creepy and hostile. I listened, said little, and decided to get out of there as quickly as possible. I asked if it would be possible for my boss, Jim Perkins, and I to meet with them in early 1988. They reluctantly agreed.

Jack Simpson was in no hurry because he had time on his side. We would need to resolve the name issue by March of 1989 in only 15 months. Brochures, advertising, signage, and countless other details all needed to be finalized at least six months before the launch date of September 1989. How do you present a new Japanese luxury car to the consumer when it has no name? What happens in 15 months if the Lexus name dispute is not resolved? Will we be forced to change the name six months before introduction? Should we bow to the pressure from Jack Simpson now and change the name, rather than risk losing?

Bill Plourde was adamant that the LexisNexis case was very weak and that Toyota should win, but he stopped short of committing to Yuki Togo that we would win. Yuki Togo would lose face with management in Japan if we gave up the name—but he had never backed away from a fight before, and he wasn't about to now. We had no choice. The fight was on.

Neither Yuki nor Bill—nor anyone else at Toyota—had met Jack Simpson. I had. When I received that first letter from Jack Simpson, I was concerned; after my first meeting with him, I was alarmed; and after my second meeting with Jack Simpson, I was scared. I sensed a stubborn cruelty about the man. I would be proved right.

“The LORD is my shepherd; I shall not want... Thou preparest a table before me in the presence of mine enemies.” Psalm 23:1,5 (KJV)

There was no turning back. Lexus was the name, and we needed model designations and a brand logo.

Chief Engineer Suzuki wanted the model designations to make sense. The F1 would be Luxury Sedan followed by the liter size of the engine. F1 had a 4 liter V8 and the model designation would be LS 400. The F2 would be an Executive Sedan with a 2.5 liter V6 and its model designation would be ES 250.

Toyota had never had a logo on the grilles of its vehicles, such as the Chevrolet bow tie or the Ford blue oval. Convincing Toyota in Japan that Lexus needed a logo and developing one they would accept while Toyota did not have one would require some help from an unlikely friend.

The other luxury competitors had recognizable brand logos on the grilles of their cars—the Mercedes-Benz three-pointed star, the BMW Bavarian black and blue circle, the Cadillac crest, and the Lincoln four-pointed star.

Convincing the chief engineer and the designer that Lexus needed a brand logo was not hard, but developing one everyone liked would prove difficult. Japan did not want to take on this task, and if Lexus in the U.S. could develop a logo that was acceptable it would be approved. We hired several outside agencies to develop different approaches. None of the proposals were acceptable. The best of the worst was a birdlike image inside a circle with uninteresting block lettering for Lexus, but it lacked the class to compete with the others.

We were about to give up on the idea when Jim Perkins remembered an old friend, Molly Sanders, from his hot rod days. Molly Designs, Inc. located in Costa Mesa, California. Molly developed a stylized “L” enclosed inside a stylized oval. He made the logo out of a piece of titanium, etched it, and polished it. It was crisp and had the look of fine jewelry. When he brought it into the office and laid it down on the conference table, we were all thrilled. The approval process went very smoothly.

Soon after, Toyota in Japan decided they also needed a brand logo and created the Toyota sombrero without U.S. involvement.

“A friend is always loyal, and...is born to help in a time of need.” Proverbs 17:17 (NLT)

The year 1987 was one to remember. Whitney Houston was belting out the song “I Wanna Dance with Somebody” and one of my favorite movies, Hoosiers, was showing in theatres. Ronald Reagan told Mikhail Gorbachev to “tear down this wall” and the European Union was formed. Outside of Seattle, a small coffee shop called Starbucks opened with little fanfare. At the same time, the automobile industry was also going through dramatic change.

Toyota was celebrating its 30th year of doing business in the U.S. and had sold one million units. Gas was only 89 cents a gallon. Chrysler had bought American Motors. General Motors was in the process of starting an all-new car company, Saturn. Two all new luxury channels were announced, Lexus and Infiniti. The number-one selling car that year was the Ford Escort with 392,360 sales costing an average of \$6,895.

But all was not well in the car business. The industry had been steadily growing for the last decade, reaching more than 11 million sales in 1986, but sales had fallen almost 10 percent in 1987. Car and truck sales were down by one million units for an overall industry of a little over 10 million units. With the all-new Lexus, Infiniti, and Saturn entering a shrinking auto market, the competition was going to be fierce and the pressure on management unrelenting. Somebody was going to get hurt, but who?

All was not well at home either. I had been gone for more than 200 days in 1987, but a big part of the absences was because of our relocation. During 1988 I would be gone even more, but it would be all about Lexus. With a new baby and four young boys, the pressure on Cynthia at home was also unrelenting.

But I had no time to notice. There was too much to do. In Japan, Chief Engineer Suzuki and his team of engineers had impossible goals to achieve with the F1 and not much time. The ES 250 engineers were in a crush to get the car ready in time for launch. At the same time the all-new F2 and F3 were in development.

In the U.S. we were running out of time to get the new Lexus channel ready to sell cars. We needed an advertising agency, a marketing plan, auto show displays, a new dealer agreement, a separate allocation and distribution system, U.S. ports of entry and labor agreements, a PR plan, a customer relations plan, data system requirements and accounting procedures, dealer training, service and parts requirements and warranty guidelines, parts packaging, a headquarter building, a headquarter staff, four field offices and the people to work in them, a five-year business plan, and approval by TMC in Japan.

But most of all we needed to find dealers who would invest \$5 million in land and build facilities for a Japanese luxury brand without a name and without seeing the car. We had 18 months—only 610 days to get it done. The pressure was on.

“When doubts filled my mind, your comfort gave me renewed hope and cheer.” Psalm 94:19 (NLT)

We received 1,119 inquiries about Lexus since the announcement in August and 526 dealer applications.

The Lexus dealer roll out was divided into three waves. Wave 1 consisted of 101 dealers in the major markets to open by September of 1989. Wave 2 consisted of 44 dealers and wave 3 would have 50 in smaller markets. The two later waves would happen after the wave 1 dealers were up and running and there was enough product availability.

TMC in Japan would start producing Lexus product in June of 1989 and had committed to ship 5,801 cars to the U.S. in August for sale in September. We forecasted that of the 101 dealers who would be awarded the Lexus franchise, 72 should be able to open for business by September of 1989. Each dealer would have an average of 80 new cars in stock to sell.

It all sounded neat and tidy, but there were two problems. We had no dealers, and we were running out of time.

All the wave 1 market studies to determine the number and locations of dealers for each major market had been completed and signed off on by senior management. Now for the hard part, finding the best dealer in each city who was willing to invest four to five million dollars on a new Japanese luxury franchise without seeing the car. The prospective dealers and the public were not aware of the legal matter surrounding the name and the possibility of us losing the Lexus name—yet.

NADA President Ron Tonkin openly questioned the wisdom of a dealer taking on Lexus when he asked, “Do I get into a new franchise like Lexus, or simply buy the established Ford store down the street? The latter is probably much more profitable.”

We were concerned about dealer profitability. After three years, it was rumored that 50 percent of the Acura dealers were still losing money. With the automobile market shrinking and questions growing about the viability of a Japanese luxury brand, we needed to demonstrate our concern for the dealer’s success as well as our own.

The Lexus approach to the applicants was to emphasize the need for them to have a good used car department for them to be profitable right from the start. Our working capital requirement was a reasonable \$1 million, of which almost half was to be spent on pre-owned inventory. We also decided to not require the dealer to build a large service department area at the start, but to construct a service area that could be easily expanded later. In addition, we wanted to be conservative on the headcount, suggesting that as few as 10 people would be needed to open the dealership. We did not expect the dealers to make a lot of money in their first year of business. However, we didn’t expect them to lose money either.

The Lexus dealer agreement would be different from Toyota, with a heavy emphasis on customer satisfaction, dispute resolution, and required training for dealership personnel. The standard agreement would be six years, but the length of the agreements after the first six years would be dependent on meeting the customer satisfaction requirements.

We had received 526 applications and developed a grading system for evaluating each application. There were five areas to be graded, and each area was worth 10 points so the maximum score a dealer could receive was 50 points. The dealer candidates would be graded on:

1. Dealer principal experience and reputation
2. Net worth and financial capability of dealer
3. Customer satisfaction record and reputation of dealer
4. New and used car sales efficiency of the dealer
5. Location of the land and dealer agreement to build a facility to Lexus' standards

There were some markets with several excellent choices and other markets with none. Some of the good, major-market Toyota dealers were not interested in Lexus, and others couldn't meet the stringent customer satisfaction requirements. In those markets we had to scramble and reach out to non-Toyota dealers.

We would meet in the triangle room with Jim Perkins to review the finalists and their scores. If a non-Toyota dealer became a finalist, I would have to go and personally visit the dealer and review his site selection. After the Perkins reviews, the final selection process took place with Togo and McCurry.

There were bumps and bruises along the way. The dealer selection meetings in the triangle room always had a certain amount of tension and apprehension about them. Politics and friendships meant that there would be a lot of anger and hurt feelings if a friendly Toyota dealer did not get selected. You never knew which dealer had called behind the scenes to lobby for selection.

The scoring system helped take a lot of the emotion out of the process. There was spirited discussion but no quarreling or fighting among the senior executives. We all knew the stakes were high, and we needed the best dealers. A point changed here and there in the scoring, but those points never made enough difference to alter the final selection. It took an average score of 45 points out of 50 to get the franchise.

Hard decisions had to be made and were. The Acura franchise was awarded to only Honda dealers and Infiniti to only Nissan dealers. Toyota dealers who wanted the franchise really wanted it and expected to get it. But of the first 81 dealers selected only 50

Toyota dealers qualified, and an unexpectedly high 31 (or almost 40%) non-Toyota dealers were awarded the franchise. This created further tension with the Toyota Division who had to work with the very unhappy Toyota dealers who didn't get Lexus.

“Avoiding a fight is a mark of honor; only fools insist on quarreling.” Proverbs 20:3 (NLT)

Selecting the dealer was only part of the challenge. Each dealer would have to build a new facility or renovate an old facility to Lexus' standards in about 16 months to be ready by September of 1989. Yuki Togo and Lexus Japan Staff Coordinator were insisting on all-new facilities because he believed the commitment being made by Toyota deserved the same commitment from our dealers. We needed a new facility guide and standards, but had none. Jim Perkins was lukewarm to the idea, and Bob McCurry was strongly against it. Perkins and McCurry were reluctant to get too involved in this part of the dealers' business and dictate how the dealers should spend their money.

We hired an outside company to help us develop new facility guidelines, but all the plans they presented were rejected. I showed the latest idea from Miller-Zell based on the Palm Springs Racket Club to Jim Perkins. Jim knew the Japan staff involvement and simply told me he didn't like it and couldn't support me. He was sympathetic to my plight but told me I was "on my own." McCurry was less sympathetic and threw me out of his office, growling that the facility looked like a "Kentucky Fried Chicken" store.

I went back to my office muttering to myself. I sat alone and said a silent prayer. "Dear God, I wish I knew what to do." A surge of relief came over me. "I know. I'll call my brother Curtis."

My brother Curtis was a professor of architecture at Cal Poly, San Luis Obispo. I called him and explained my dealership facility problem. He listened and asked me to describe the style of dealership we wanted. I told him we wanted a luxury car dealership but that it had to be done in such a way that it was unmistakable to people driving by that it was a Lexus dealership. Curtis told me to find someone inside Toyota who was familiar with the car, had a true understanding of the culture of the company, and knew about Lexus. That person should design the dealership. He then told me to go back to my Lexus people and complete this sentence with three adjectives: "Lexus wants a luxury car dealership that looks 1)_____, 2)_____, and 3)_____." Curtis told me that after we selected the three adjectives to describe the dealership, we needed to be sure to look up the definition of each word and be certain it accurately portrayed our needs.

We came up with three words:

1. Warm: friendly, cordial, amiable, and kind; showing friendship
2. Strong: secure, well-built, and solid; having the ability to perform a difficult task
3. Classy: having the qualities that make something special, timeless, and attractive

Lexus wanted a luxury car dealership that looked warm, strong, and classy.

Next, we contacted the Toyota Calty Design Studio located in Newport Beach, California and enlisted the services of one of the designers, Jim Sherburne. A short time later he presented a drawing of the new Lexus facility. He got a similar reaction to that of Molly Sanders when presenting us with the Lexus logo. Everyone was immediately thrilled.

We all dreaded the reaction we might get from Jim Perkins and Bob McCurry. Perkins had the same response as the rest of us and did not hesitate to give his approval. McCurry was the final hurdle. He studied the sketch carefully. I could tell he was conflicted. He didn't agree with making the dealers build our building, but he liked the dealership and saw the potential. He knew I was squirming, but he also knew this facility was the right decision. McCurry made you fight for what you believed. He slid the drawing back across the desk towards me and said, "OK, but you better make it work!"

I acted nonchalant, as if this was no big deal, but fireworks were exploding in my head, and I was glowing inside. Hallelujah! We had not given up, and we got it right. It was a great feeling.

"A brother is born to help in a time of need." Proverbs 17:17 (NLT)

Now it was time to find an advertising agency. Everyone thinks they are experts when it comes to advertising. Lexus would be a prized account with an estimate \$50 million dollars of billing each year.

Yuki Togo and the Japan staff wanted a small, boutique advertising agency that would give special attention to Lexus and have new, creative ideas to attract customers. Jim Perkins cared more about who the creative people were in the agency and was not concerned about its name or size. Bob McCurry wanted a big agency for media buying efficiency and a no-nonsense, product-only approach.

Honda's advertising was handled by Rubin Postaer and Associates. The Acura account was awarded to a different agency, Ketchum Advertising. The Nissan advertising was handled by Chiat/Day. Infiniti was rumored to have a different agency ready to announce.

Toyota's advertising agency was Saatchi & Saatchi and was considered off limits. We identified six different agencies not associated with Saatchi to compete for the Lexus business. We set up a scoring system to rank them, much like we did with the dealership selection process. The advertising scoring, however, was much more complicated than the dealership scoring. There were 12 requirements, each weighted according to importance. Media buying efficiency and automotive advertising experience were the two most important of the 12, while direct mail expertise was weighted as least important. The maximum score an agency could achieve was 305.

The highest score of the six agencies competing for the Lexus business was only 156. The biggest shortfall for most of the agencies was lack of automotive experience. The large, experienced agencies were already taken by other car companies and had non-compete clauses.

The frustration was building when TMC Japan complicated things even more. TMC North American Department recommended the use of Toyota's advertising agency in Japan, Densu. This got everyone's attention and put a sense of urgency into solving the agency issue in the U.S.

Jan Thompson, the new marketing operation manager for Lexus, came up with an idea out of nowhere that would save the day: approach Saatchi & Saatchi about starting a new agency separate from Toyota that would be dedicated to handling only Lexus. This new agency could take advantage of the buying power of the parent company Saatchi & Saatchi, would be familiar with Toyota, and would have automotive experience. It would be custom-designed to meet the special needs of Lexus without the complications of being shared with the much larger Toyota account.

A new agency dedicated to Lexus with ties to Saatchi scored 295 points out of 305. The Japan staff, Jim Perkins, and Bob McCurry all liked the idea, and the paperwork was signed off by management committing to hire the new satellite agency of Saatchi. It was first called Saatchi & Saatchi Group One but then changed to Team One Advertising.

Scott Gilbert was named the executive vice president/management director. Tom Corder was hired several months later as vice president/creative director. In the coming years, the three of us would get thrown out of Bob McCurry's office countless times. Team One's early advertising would be challenged by national television consumer advocate David Horowitz, and every marketing move Lexus/Team One made in those early years would be compared to Infiniti and its agency Hill/Holliday. It would prove to be an exhausting, exhilarating, frustrating, and rewarding experience—but never dull.

David Wager was named president of the new Team One agency. In an early interview with Adweek magazine, Wager was quoted saying, “Nobody wants to work for a car agency all of their life. We want to be recognized as a full-service national agency. We would like to pick up an account east of Nevada first, to show off the company’s national skills.”

This was a disaster. Team One was to be dedicated to launching Lexus, and they were already talking about expanding before we had even started. Our new agency’s president didn’t want to work for a car company? Togo, McCurry, Perkins and all of us at Lexus felt betrayed. But I controlled my anger, because we had a more important issue to address. We needed a name.

“Sensible people control their anger.” Proverbs 19:11 (NLT)

What good is an advertising agency if you have no name. Jim Perkins and I were to visit Jack Simpson in Dayton, Ohio in early 1988. The Toyota attorney's and the Lexis attorney's had been talking and Jim and I were told we would receive a good-faith offer from Mr. Simpson to resolve the issue.

We arrived at LexisNexis headquarters in Dayton, Ohio on a cold January morning in early 1988. Before going to Dayton, Jim and I had been briefed by the Toyota legal team. Jim Perkins and I were ushered into the same conference room I had been in twice before. The two of us sat on one side of the table before an entourage of about ten Lexis managers and attorneys walked in and sat down on the opposite side of the table.

Jim Perkins opened the meeting by stating that Lexus in no way would infringe on LexisNexis and would take great care to not confuse potential customers. Lexus was a high-end luxury car brand and would not do any marketing that could damage the Lexis brand. He went on to say he hoped we could find a way to resolve the naming issue in a win-win manner so that both companies could help one another.

Jack Simpson sat directly across from Jim. There was an awkward silence. I felt a chill. Something was very wrong. I could feel it in my bones. For the first time, Simpson talked. He spoke in a smooth and comforting tone.

He assured us LexisNexis also wanted to resolve the naming issue and wanted to offer a reasonable solution. That solution, he cooed, was that all Lexus advertising, television, radio, newspaper, magazine, brochures, etc. devote 25% of the Lexus space to Lexis. As an example, if Lexus ran a TV commercial, the last 10 seconds of the ad would be devoted to Lexis—and they would determine the content. The same would apply to all radio, newspaper, and magazine advertising.

Jim quietly asked how long this would last. With a slight grin, Jack Simpson replied in casual indifference that it would last as long as Lexus lasted.

My head was spinning, trying to absorb what I had just heard. This is insane! I was grateful Jim was there. His head was not spinning. He understood what was being propose and politely thanked them for their time, abruptly stood, and left. This meeting was over before it started. I grabbed my briefcase and ran after Jim.

We were about halfway to the airport before Jim said anything. He turned to me and said, "That's a bad guy, and those are bad people. We can't let them get way with this."

"Smooth talk from an evil heart is like glaze on cracked pottery." Proverbs 26:23 (MSG)

We had no name but we had to keep going. It was time to start addressing the most important concern for Lexus in the U.S.: customer satisfaction. Dick Chitty attended Pittsburg State University in Pittsburg, Kansas where he majored in automotive technology. After graduation, he applied for jobs at “the big three” auto companies, but could not get hired. He went to work in a gas station before becoming a high school automotive instructor in Minnesota. In 1977, he was hired by Toyota and worked as a field technical and training specialist before moving to the national office.

Dick Chitty grew up in the small southwest Iowa town of Sharpsburg, where his mother ran a grocery store and his father a gas station/auto repair shop. They didn’t have a lot of money, so Dick started working at a young age. His Methodist church upbringing and real-life experiences of working with people in a small town would prove invaluable. He had an unusual combination of technical skills and people skills that would be needed for Lexus to set a new industry standard for good customer satisfaction.

But what is good customer satisfaction? What does it look like, and how could we measure it? Dick knew that before we decided what good customer satisfaction was we needed to identify what it wasn’t. Customer satisfaction wasn’t a gimmick, a job, a computer report, or chasing numbers. Customer satisfaction wasn’t about cookies, 800 numbers to handle complaints, or follow-up calls. We didn’t want to make customer satisfaction a game for everyone, with the dealers creating elaborate schemes to cheat the system and hide problems. This would all be a waste of time, energy, and money.

We decided that customer satisfaction is about asking questions, listening carefully, analyzing, anticipating, watching for the little things, and exceeding “each” customer’s expectations. Customer satisfaction is about caring.

This would be known as “Lexus Cares.” It meant treating customers with respect and dignity and caring on a personal level— treating “each” customer as we would a guest in our own homes.

“Good comes to those...who conduct their business fairly.” Psalm 112:5 (NLT)

What good is an advertising agency if you have no name. Jim Perkins and I were to visit Jack Simpson in Dayton, Ohio in early 1988. The Toyota attorney's and the Lexis attorney's had been talking and Jim and I were told we would receive a good-faith offer from Mr. Simpson to resolve the issue.

We arrived at LexisNexis headquarters in Dayton, Ohio on a cold January morning in early 1988. Before going to Dayton, Jim and I had been briefed by the Toyota legal team. Jim Perkins and I were ushered into the same conference room I had been in twice before. The two of us sat on one side of the table before an entourage of about ten Lexis managers and attorneys walked in and sat down on the opposite side of the table.

Jim Perkins opened the meeting by stating that Lexus in no way would infringe on LexisNexis and would take great care to not confuse potential customers. Lexus was a high-end luxury car brand and would not do any marketing that could damage the Lexis brand. He went on to say he hoped we could find a way to resolve the naming issue in a win-win manner so that both companies could help one another.

Jack Simpson sat directly across from Jim. There was an awkward silence. I felt a chill. Something was very wrong. I could feel it in my bones. For the first time, Simpson talked. He spoke in a smooth and comforting tone.

He assured us LexisNexis also wanted to resolve the naming issue and wanted to offer a reasonable solution. That solution, he cooed, was that all Lexus advertising, television, radio, newspaper, magazine, brochures, etc. devote 25% of the Lexus space to Lexis. As an example, if Lexus ran a TV commercial, the last 10 seconds of the ad would be devoted to Lexis—and they would determine the content. The same would apply to all radio, newspaper, and magazine advertising.

Jim quietly asked how long this would last. With a slight grin, Jack Simpson replied in casual indifference that it would last as long as Lexus lasted.

My head was spinning, trying to absorb what I had just heard. This is insane! I was grateful Jim was there. His head was not spinning. He understood what was being propose and politely thanked them for their time, abruptly stood, and left. This meeting was over before it started. I grabbed my briefcase and ran after Jim.

We were about halfway to the airport before Jim said anything. He turned to me and said, "That's a bad guy, and those are bad people. We can't let them get way with this."

"Smooth talk from an evil heart is like glaze on cracked pottery." Proverbs 26:23 (MSG)

We had no name but we had to keep going. It was time to start addressing the most important concern for Lexus in the U.S.: customer satisfaction. Dick Chitty attended Pittsburg State University in Pittsburg, Kansas where he majored in automotive technology. After graduation, he applied for jobs at “the big three” auto companies, but could not get hired. He went to work in a gas station before becoming a high school automotive instructor in Minnesota. In 1977, he was hired by Toyota and worked as a field technical and training specialist before moving to the national office.

Dick Chitty grew up in the small southwest Iowa town of Sharpsburg, where his mother ran a grocery store and his father a gas station/auto repair shop. They didn’t have a lot of money, so Dick started working at a young age. His Methodist church upbringing and real-life experiences of working with people in a small town would prove invaluable. He had an unusual combination of technical skills and people skills that would be needed for Lexus to set a new industry standard for good customer satisfaction.

But what is good customer satisfaction? What does it look like, and how could we measure it? Dick knew that before we decided what good customer satisfaction was we needed to identify what it wasn’t. Customer satisfaction wasn’t a gimmick, a job, a computer report, or chasing numbers. Customer satisfaction wasn’t about cookies, 800 numbers to handle complaints, or follow-up calls. We didn’t want to make customer satisfaction a game for everyone, with the dealers creating elaborate schemes to cheat the system and hide problems. This would all be a waste of time, energy, and money.

We decided that customer satisfaction is about asking questions, listening carefully, analyzing, anticipating, watching for the little things, and exceeding “each” customer’s expectations. Customer satisfaction is about caring.

This would be known as “Lexus Cares.” It meant treating customers with respect and dignity and caring on a personal level— treating “each” customer as we would a guest in our own homes.

“Good comes to those...who conduct their business fairly.” Psalm 112:5 (NLT)

The internet was changing the face of the automobile business. Dick Chitty and the Japan staff were convinced that Lexus needed to be on the leading edge of this revolution to exceed our customer's expectations in service, parts and sales. But the technology was risky and expensive.

During the mid-80s, the internet was changing everything at an alarming speed. IBM had introduced the first personal computer in 1981. The Domain Name System had recently been created using .com, .org, and .net. Apple had introduced the Mac and Microsoft the DOS.

TMC in Japan, the Lexus Japan staff, Dick Chitty, and the service department all wanted the latest and greatest in technology to support the Lexus customer care effort. The commercially available dealership data systems at the time were from ADP, Reynolds & Reynolds, and UCS. Their systems were expensive and did not include many of the capabilities they wanted for Lexus customer care.

Lexus wanted to have the first satellite communications system that would connect all Lexus dealers to each other and to the national office. The system would be similar like that being used by a very successful big-box chain of store called Wal-Mart. National parts inventories would be provided to each dealer with the ability to exchange parts for quicker fill rates and overnight parts delivery for increased customer satisfaction. A national customer database would provide each dealer and all the Lexus area offices with the latest updated information on each vehicle of our customers. A complete maintenance history of each Lexus would be kept at Lexus headquarters, and this service record would be made available to all Lexus dealers in the country. A state-of-the-art electronic parts catalog and electronic service repair publications would replace printed manuals. In addition, Lexus would develop a national video capability to broadcast to all its dealers and field offices.

Hughes Network Systems, Inc. was selected to use its 1.5-meter Personal Earth Station VSATs to support Lexus' integrated data and video transmissions. IBM had just introduced a new and expensive AS/400 computer that each dealer would need, as well as personal terminals and network capabilities in their dealerships.

I had reservations. Depending on the size of the store, the cost per dealer would range between \$150,000 and \$250,000. This would be a huge financial burden to place on new dealers starting a new franchise. Why not just tap into the present communications system being used by Toyota? I believed this was an unnecessary added cost, and there would be headaches. This new technology was expensive, often becoming outdated soon after it was installed, and there was no guarantee that the systems would perform reliably.

I resisted but reluctantly gave in to the data experts. I was partly right. There were headaches. The new system would have technical issues and was not always reliable. The supplier who we used to develop the electronic parts catalog had a contract with another automotive company, and our contract was declared null and void just four months before launch. Lexus data had to scramble and quickly partner with IBM to develop our own in-house system.

But I was also wrong. I failed to recognize the huge impact the internet was having on our business. The new database system would become the foundation for Lexus to establish itself as a leader in customer care. This data-video communications system would later save Lexus in its darkest hour.

"If you scorn wisdom, you will be the one to suffer." Proverbs 9:12 (NLT)

Jack Simpson's proposal was met with disbelief by Yuki Togo, Bob McCurry, the Toyota attorneys, and the new Team One advertising agency. The repercussions were felt all the way back to Japan. The case was so lacking in merit no one could understand why LexisNexis would want to go to court.

Scott Gilbert, executive vice president/management director of Team One, couldn't believe LexisNexis understood what they and asking and wanted to go visit the Mr. Simpson.

Scott was certain there was simple miscommunication between the two organizations. He wanted a chance to reason with Jack Simpson. Scott would explain who Lexus was and how the Team One agency was going to present Lexus in an upscale manner to the American public. Scott believed he could assure Jack Simpson that Lexus would in no way create any confusion in the marketplace, and Lexus marketing might even prove to benefit LexisNexis.

I did not attend the Scott's meeting. It was short but not sweet. Jack Simpson and the LexisNexis staff dismissed Scott with indifference. Scott was incensed at how he was treated. He got belligerent. The discussions turned ugly and it turned into a shouting match. Nothing was resolved.

Now, all we could do was wait. The injustice of it all was maddening and frustrating. Very few people in the organization even knew about our secret dispute over the Lexus name, and nothing had leaked to the news media.

Would LexisNexis file a lawsuit in federal court or not? If they were going to file a lawsuit, when? If LexisNexis filed a lawsuit, our secret would be out—everyone would know the Lexus might not be Lexus. How would our new dealers react? What if LexisNexis waited until the last minute to file a lawsuit? It could be too late to get a federal court hearing and decision. What if we went to federal court and lost? Then what? Should we continue using the Lexus name in the hopes that LexisNexis would be reasonable and settle? If they did not settle, or we lost the case, we would have thrown away millions promoting a name we could not use.

What would our new name be?

From my exposure to the LexisNexis organization, I was certain they would file a lawsuit. I assumed they would wait as-long- as possible to put as much pressure on us as possible. We could change the name to Luxor, but we would have to go to Jack Simpson to get his approval, and it was not certain he would approve. Why would you allow Jack Simpson to dictate the name of the finest car Toyota had ever built? We also ran the risk that TMC would tell us to use the name chosen by Chairman E. Toyoda for Japan, Celsior. Yuki Togo could not and would not back down.

We were at the mercy of Jack Simpson and that thought sent a shiver down my spine. Nothing was happening. Each passing day the pressure built. There was a continual knot in the pit of my stomach. When would it come to an end?

“Those who plant injustice will harvest disaster, and their reign of terror will come to an end.”

Proverbs 22:8 (NLT)

The pressure was building at home where Cynthia was trying to raise four boys and a four-month old baby girl. I had already made several trips to Japan, and it was only February. I had been on the road nonstop. There were days when I woke up and wasn't sure where I was or even what day it was. There was no time to think. Jet lag was beginning to take its toll. I never felt quite right, always headachy and increasingly irritable. When I was not on the road I left the house at 6:00 a.m. and was booked solid with meetings all day until 5:00 p.m. I would commute and get home about 7:00 p.m. I had nothing left for my family. I had a job to do and a family to support. Failure was not an option. I could not allow myself to show any weakness at work. I was pushing myself harder and harder.

Every February, the largest consumer auto show in the U.S. is held at McCormick Center in Chicago. It's a big show for automakers, and the automotive press turns out in big numbers to cover the show. It would be my first time to attend and my first real exposure to the automotive press. I was schooled by the PR department on what to say and what not to say, what questions to answer and what questions to sidestep. Bob McCurry and Jim Perkins would answer the most difficult questions, they told me—I was to listen and learn. Be very careful what you say. Don't make headlines!

Cynthia was also being pushed harder and harder at home. She was showing signs of chronic fatigue. She was having trouble sleeping, suffering with physical and mental fatigue and the blues. She was trying to handle Spencer (14), Trevor (10), Blair (9), Greer (6) and a new baby, Emily (4 months). She asked me over the weekend not to go to Chicago. I ignored her. She asked me again on Monday to please not go to Chicago. I told her no. I was trying desperately to detach myself from Cynthia's problems and those of my family. I was struggling at work and falling behind. I had my own problems.

I was to fly out early that Wednesday morning to Chicago from Long Beach on the company plane with Jim Perkins and Bob McCurry. I was restless, uptight, and needed to get going to meet the plane. Cynthia, holding Emily on her right hip, was in the kitchen fixing the boys breakfast. She had the look of exhaustion. She started pleading with me not to go to Chicago. She was asking for help, but instead of giving her help, a twinge of anger twisted inside me. I told her in no uncertain terms I had a job to do and was going to do it. My jaw clenched and pulse started to pound. I had five kids to feed and a family to support! The dam broke. I started yelling wildly, my voice on the edge of hysteria. She didn't understand. I was going to Chicago for my family! I was going for her!

Spencer fidgeted uneasily and stared into his bowl of cereal. Trevor, Blair, and Greer started to cry. I grabbed my suitcase and headed for the front door. Cynthia chased after me holding the baby in her arms. Emily started to cry. I stormed out the front door and angrily threw my suitcase in the back seat of the car. Cynthia stood in the driveway, clutching Emily. I drove off and didn't look back.

“As I looked at everything I had worked so hard to accomplish, it was all so meaningless-like chasing the wind. What do people get in this life for all their hard work and anxiety? Their days of labor are filled with pain and grief; even at night their minds cannot rest.” Ecclesiastes 2:11,22-23

What kind of a man leaves his crying wife standing in the driveway alone with five children? I was scared, driven by the need for success, and had lost my balance.

I made it to the company plane at Toyota Air Flight in Long Beach in plenty of time. I gave no indication to Bob McCurry or Jim Perkins of any of the conflict at home. I carried my burdens inside, wearing the mask of optimism and everyday politeness.

I was a winner—hardworking, dedicated, gave up my vacation, took my work home, and was a good family man. I didn't get sick, didn't let the problems at home interfere with work, and didn't get tired, depressed, or burned out.

But it was becoming impossible to meet the time demands of Lexus, my family, and God. I was being pulled in opposite directions. Everybody wanted more, and they all wanted more of the one thing I didn't have more of: time.

There are only 24 hours in a day. If I slept eight hours and worked ten or more, that left less than six hours a day to bathe, eat, go to soccer games, meet with teachers, and fix the plumbing. There were not enough hours in the day to get everything done, and there was no time left for God.

When I got home from Chicago, Cynthia and I were too busy to talk about what had happened. The years would go by while the pain would be ignored and remained buried until much later. Real life is not the "happily ever after" Hollywood ending we see in the movies. This balancing act called life is a long struggle of hard choices about how to spend the time we are given. These choices can have serious consequences for those we love. It would take me a long time to recognize the sacrifices my family made for my success.

I overheard a conversation my son Blair was having in the garage with one of his high school friends. They were talking about their home life. When Blair was asked about his home life he said, "Well, my mom's over-stressed and my dad's never home."

Feelings of guilt nagged at me. Did it mean I didn't love my children because I missed soccer games and teachers' meetings? Was I being a slave to the anxiety that I had about my job? Why wasn't God helping me? I felt like the Lone Ranger.

It was C.S. Lewis' book *Mere Christianity* that helped me come to grips with the life balance issue. Lewis wrote that the most important part of the day is when we wake up. He wrote, "It comes the very moment you wake up each morning. All your wishes and hopes for the day rush at you like wild animals. And the first job in the morning consists simply of shoving them all back; in listening to that other voice, taking that other point of view, letting that other larger, stronger, quieter life come flowing in."

God was helping me, but it took me a long time to realize it. After Chicago, I began by trying to take a few moments to be quiet each morning and present the names of my family to God for His care. I also asked for the wisdom and strength to be patient and understanding. Through the years, the patience and understanding has been hit-and-miss and more miss than hit. I still struggle with finding the right balance. The quiet time each morning has become the most important part of my day.

I have deep regrets, but no satisfactory answers to my work-life balance issues. It's messy. Do your best, forgive, and ask to be forgiven.

"Give your worries and cares to God for He cares about you." 1 Peter 5:6

LexisNexis filed a lawsuit on April 22, 1988, in the Federal District Court of New York to prevent Lexus from using our name.

On Wednesday, April 20, 1988, a bitter courtroom battle between LexisNexis and its chief competitor, Westlaw, in a Minneapolis court came to an end. It was a lawsuit between the two-leading legal online research firms over copyrights issues. It had not gone well for the LexisNexis legal team, and they settled the case. It was our hope that now the LexisNexis attorneys would have time to turn their attention to us. We hoped to meet the next Monday to begin resolving the naming issue with a win-win solution.

We never got the chance. Two days later, LexisNexis filed a lawsuit in the United States District Court for the Southern Division of New York under New York's anti-dilution statute. The statute protects companies from injury against the dilution of the distinctive quality of a trademark name.

This made no sense! There could be no confusion with consumers as to the services of a luxury automobile company versus online legal research. Lexus was a made-up word designed to infer luxury; it could not be found in any dictionary. Lexis was a recognized English word in at least 60 general dictionaries. Its root meaning in Latin and Greek was "vocabulary of language" and had never changed.

Even more frustrating was that numerous companies had incorporated the same Lexis name to identify their business and products that were competing in the internet services area. Yet, LexisNexis had not filed suits against any of them.

We were now in a very real time crunch. It was only 464 days until the Lexus launch date, and we had no name. A federal judge would need to hear this case and make a ruling by December 1988 because we were planning to introduce the F1 the next month at the Detroit Auto Show in January of 1989.

When a reporter asked a representative from LexisNexis why they were pursuing this lawsuit, he indifferently replied that they just didn't want us to use the name Lexus.

Depositions were taken during the summer and a court date set for early November of 1988 in New York. I was nervous. We shouldn't lose, but you never know—we could.

"Just because you've seen something, don't be in a hurry to go to court. For what will you do in the end if your neighbor deals you a shameful defeat?" Proverbs 25:8 (NLT)

Time did not stop for the LexisNexis lawsuit. The September launch date for Lexus remained fixed. There were a thousand moving parts in Japan and the U.S. that needed to come together in 18 months.

It seemed like everything was out of control. There was so much going on with so many different people it seemed impossible to keep track of everything. The engineers and production staff in Japan were having the same problem. There was a lack of communication between the two groups, who were all trying to overcome difficult challenges within their own silos.

In Japan, they created an “Obeya Room” or “Big Room.” In the Obeya Room, all the engineering groups, production workers, and research departments met and openly shared their challenges and unresolved issues. This idea has spread, and plants and engineering groups at Toyota still have Obeya Rooms today.

In the U.S., the Lexus staff started an Obeya Room. It was a conference room where one entire wall was a marker board showing every possible project that was to be completed. Each department was responsible for posting their progress against the projected end date. Weekly update meetings were held there, which enabled everyone to keep track of the progress each department was making as we moved closer and closer to announcement day.

During the summer of 1988, whenever I was in town I always went to the Obeya Room. Everything anyone needed to know was on that wall—everything, that is, except one thing. There was no mention anywhere in the room about the Lexus vs. LexisNexis lawsuit.

“Whatever you do, develop good judgment.” Proverbs 4:7

Bill Plourde slumped down next to my desk. We had a court date set for November 8, 1988, in the United States District Court for the Southern District of New York. The November date would make it very difficult to get a ruling by the end of the year. The stakes were high. The Lexus was to be introduced with a huge public relations push at the Detroit Auto Show the first week in January of 1989. But Plourde was equally worried about the judge assigned to the case, David N. Edelstein.

Judge Edelstein worked in the claims division of the Justice Department during World War II and became an assistant United States attorney just after the war in 1945. He was nominated to be a Federal Court judge by President Harry S. Truman in 1951. His nomination was opposed by both the American Bar Association and by several bar groups in New York; nevertheless, he was confirmed by the U.S. Senate.

Federal judges normally retire at 65, but some serve until they are 70. However, there is no age requirement for a federal judge to step down. It is a lifetime appointment. Judge Edelstein was the longest sitting federal judge at the time. He was 78 and would continue until he was 83.

He was considered unreasonable, biased, and one of the worst federal judges in the court system. In a rare rebuke, the Court of Appeals removed Judge Edelstein from an IBM anti-trust case stating, "We think it manifestly clear that a reasonable observer would question the judge's impartiality on the pending issue."

Throughout his career, Judge Edelstein showed a disdain for big companies. Plourde was right to be worried. The judge was anti-big-business and anti-Japanese, and his rulings were often unfair and reflected his bias.

"I have noticed that under the sun there is evil in the courtroom. Yes, even the courts of law are corrupt!" Ecclesiastes 3:16 (NLT)

It was the week of the trial in New York. I was not called to testify, nor did I attend the trial. I was busy in California preparing for the upcoming dealer meeting scheduled for early December when we would show the F1 prototype to the dealers for the first time.

While the case was being heard in New York, it got very personal for me in California. Jack W. Simpson would try to destroy me by finding a way to get to Dr. Toyoda to get me fired.

I was called to Yuko Togo's office. Something was terribly wrong. When I walked in he did not bounce up, greet me with a smile, or offer me a seat on his couch as he usually did. He was grim-faced and motioned with his left hand for me to sit on the simple, hard-back chair next to his desk. He had a letter in his hand.

A strange calm came over me. There seemed to be a hand resting on my right shoulder.

"This is a dark day for Dave Illingworth," he said. "I have here a letter written to Dr. Toyoda by a member of the Meade Board of Directors. He is not just a member of the board, but a personal-friend of the Toyoda family. He speaks Japanese and is a member of the Japanese-American Society in Boston."

Babson College in Wellesley, Massachusetts is considered one of the leading colleges for entrepreneurship in the country. Dr. Toyoda's son, Akio (who is now President of Toyota Motor Corporation), earned his MBA from Babson. When Akio came to the U.S. to attend Babson, he lived with this man's family.

Jack Simpson had made a presentation to the Meade Board of Directors about the Lexus lawsuit. The board was questioning the wisdom of such a suit because of the public reaction. Simpson told the board that he believed LexisNexis had given Toyota ample warning to change the name, but that I, the Toyota representative, was belligerent, and stubbornly refused to change the name. Simpson told the board I turned the final meeting into a shouting match. He also told the board he had offered Toyota a reasonable settlement; however, he but did not tell the Meade Board what that offer was. Therefore, LexisNexis had no choice but to go to court.

After that meeting, one of the Meade board member approached Simpson and mentioned he was a friend of the Toyoda family. Simpson encouraged him to write to Dr. Toyoda about how threatening I was in hopes that Dr. Toyoda would intervene and change the Lexus name.

That was the letter Yuki Togo was holding in his hands. The letter recounted Jack W. Simpson's description of me in the board meeting. It ended by asking Dr. Toyoda how a family and company of such a high reputation could have someone as "disingenuous and unprofessional as Dave Illingworth representing Toyota."

Yuki told me that I would be immediately reassigned to another job in Toyota. He went on to say that he and Bob McCurry would try to find me another job outside the company. I would be given 90 days to find a job before I had to leave Toyota.

This wasn't fair! Why would Jack Simpson single me out by name? I never raised my voice to Simpson. The last meeting with Simpson, Jim Perkins handled the discussion and he was very professional. I had a family and five children to support. What was I going to do?

"Don't panic. I am with you. There is no need to fear for I'm your God. I'll give you strength. I'll help you. I'll hold you steady, keep a firm grip on you. Count on it: Everyone who had it in for you will end up out in the cold—real losers." Isaiah 41:10-11 (MSG)

I started to get up to leave, but an invisible hand seemed to push me back down into the chair. A voice inside me told me ask to see the letter. I did, and Yuki silently handed me the letter. It read just as Yuki had said, but when I looked down at the signature I was in disbelief- Vern Alden. Stunned, I looked up at Yuki and exclaimed, “Yuki, I know this man! He wouldn’t know me, but I know him. I graduated from Ohio University. He was the President.”

“Call him, Yuki said, “Right now!”

My mind raced back to 1961. The painful memories I had buried long ago came crashing in on when I was a senior at Linsly Military Institute in Wheeling, W.Va. After all these years, could this be the real reason I went to Ohio University?

It wasn’t my idea to go to Ohio University. I always wanted to go to West Virginia University. But my high school girl friend had a different idea. She insisted I go to a more academic school. My mother graduated from Ohio U. wanted me to go there.

Ohio University in Athens, Ohio is the ninth-oldest college in the country. It was established in 1804 and has an excellent academic rating. The Hocking River runs through the campus, and its nickname is “Harvard on the Hocking.” It is often confused with a larger school to the north that is mostly known for its football team and its inability to win the Rose Bowl. Many of my high school friends went to WVU, but no one went to Ohio. But to please my girlfriend and my mother, I decided to attend Ohio University.

Soon after I decided to go to Ohio, my father accepted a call to a church in Kenmore, New York, a suburb of Buffalo. My family moved to Kenmore the summer after I graduated from high school. My girlfriend and her parents drove me to school in Athens. Soon after that, however, we broke up. I had no reason to go back to Wheeling. Kenmore was an 18-hour bus ride from Athens. I was stuck and unhappy at Ohio U.

During my senior year at Ohio, my family moved to San Mateo, California, a suburb of San Francisco. I was broke, with no car and no home. While I stayed in school at Ohio, I was a disinterested student and my academic record was undistinguished. My parents couldn’t come to my graduation, so I didn’t bother attending. Those were four lonely and painful years. I left Athens angry and bitter and told myself I would never go back to Ohio University.

The war in Vietnam was now in full force. After I graduated, I learned my draft number was under 100, so I was certain to be drafted. I enlisted in the Army and went to Officers Candidate School. After graduation, I was sent to the 2nd Infantry Division in South Korea on the DMZ for 18 months. In Korea, I drank beer and played billiards and ping pong while many of my OCS classmates were fighting in Vietnam.

My dislike for Ohio U and the 1960s was so strong that for many years whenever I listened to an “oldies-but-goodies” music station I would turn off the radio when a song came on from the ‘60s. I still have trouble listening to Scott McKenzie sing “Going to San Francisco.”

Years later when we moved to Cincinnati, Cynthia pestered me repeatedly to make the short drive over to Athens to see the school. I adamantly refused to even consider it. The bitterness remained. For years, I regretted my decision to go to Ohio University. I had left and was never going back.

Now, it suddenly occurred to me that this might have been part of God's plan. Why did I go to Ohio University? It seemed that the president of the university when I went there, Vern Alden, was now going to have a major impact on my life. Was this dumb luck or what? I did not tell Cynthia I had lost my job. I contacted Vern Alden. He was surprised to learn I was an Ohio University graduate, and agreed to meet with me the following week.

“God causes everything to work together to the good for those who love him and are called according to his purpose for them.” Romans 8:28

Vern Alden was going to be in Portland, Oregon the week after I contacted him. Mike Shuler, an Ohio University graduate, was the coach of the Portland Trail Blazers and Alden was going to attend their game against the Los Angeles Clippers. Yuki Togo asked Yale Gieszl, then senior vice president of administration, to accompany me to the meeting.

We were to meet Alden the following morning after the Clippers game at the Portland Athletic Club in a conference room. We had coffee, fruit, and pastries delivered to the room.

We spent a few moments talking about my years at Ohio and how much I enjoyed them, particularly the visit President Lyndon Johnson made to the campus in 1964 to introduce “The Great Society.”

I went on to explain the frustration Toyota was having in understanding why LexisNexis was pursuing the lawsuit over our name, given it was a made-up name that was spelled differently, not to mention that Lexus was a car with no chance of causing any consumer confusion. I also explained that at our last meeting with Mr. Simpson, my boss Mr. Jim Perkins, handled the meeting. The meeting was quite short. Mr. Perkins declined Mr. Simpson’s offer and we left. There was no shouting match.

Alden listened carefully and admitted it was curious that LexisNexis was objecting, but explained that as a board member he supported the lawsuit. He recounted his discussion with Jack Simpson after the board meeting and went on to add that it was the board’s understanding that Toyota had been offered a reasonable settlement and refused to accept it. I asked if the board was told what that reasonable settlement offer was. Vern Alden admitted that they had not, but had assumed it was fair.

I explained the settlement offer that Jack Simpson had presented to Jim Perkins and myself. All Lexus television, radio, and print advertising was to devote 25% of its time or space to LexisNexis to avoid consumer confusion.

Alden shook his head and remarked, “That’s not possible. That couldn’t possibly work.”

He looked over to Yale Gieszl and asked if this was true. Yale verified I was telling the truth, adding that because of the naming dispute with LexisNexis and Alden’s letter to Dr. Toyoda, I had been given my 90-day notice.

Looking dismayed, Alden sat back in his chair, shook his head, and stated that he would immediately write a retraction letter to Dr. Toyoda.

An unexpected rush of relief swept through me. I had been saved—but not by my own doing.

Soon after that, I was invited by Ohio University to serve on the Foundation Board of Trustees. Cynthia and I visited the campus every fall and spring for the next five years. I have since discovered that Ohio University is a much better school than I remembered, and I’m very fortunate to have gone there.

Was it dumb luck or what? It would be easy to shrug my shoulders and dismiss this string of events as coincidence or dumb luck. That would make it easy to explain away. However, what about the “or what?” What if this was all part of God’s plan for my life? That would be hard to ignore, and it would have far-reaching ramifications. It would mean that the Creator of all things seen and unseen is a personal God who cares about me. The idea that God could have anticipated over 25 years ago that this would happen to me is unsettling and hard to comprehend.

It would mean that the God of the universe is actively involved in my life and has a plan and purpose for me. It means that this God has been watching over me and has been relentlessly pushing me out of my comfort zone all my life. Why else would I be writing about the start of Lexus, exposing my doubts, fears, and weaknesses? The thought that the God of the universe is involved in my life is humbling, comforting, but also terrifying.

“Jesus asked, ‘What’s the price of a pet canary? Some loose change, right? And God cares what happens to it even more than you do. He pays even greater attention to you, down to the last detail—even numbering the hairs on your head! Don’t be intimidated by all this bully talk. You’re worth more than a million canaries.’” Matthew 10:29-31 (MSG)

I still had my job, but Lexus still didn't have a name and we were on pins and needle waiting for Judge Edelstein's decision. Meanwhile, all the dealers were excitedly waiting to see the new F1 and F2 for the first time at the Caltex Design Studio in California.

Security was very tight. Anticipation and excitement were electric as Lexus dealers gathered at design studio. It was early December 1988 and the dealers would be given the opportunity to see the F1 and F2 prototypes for the first time.

Yuki Togo and Bob McCurry talked to the dealers about the overall philosophy of Lexus. Jim Perkins introduced the F1 and I introduced the F2. Chief Engineer Suzuki was there to answer any questions.

The details of the car were revealed first:

- Six years in development with 450 prototypes and over one million miles of testing.
- Superlative aerodynamics and elegant styling.
- Flush-mounted windows and door handles, with a rear window slope that integrated perfectly with the ducktail trunk spoiler, creating a drag coefficient of 0.30 equal to that of an exotic sports car.
- The most advanced 4.0-liter V-8 engine, designed to avoid the gas-guzzler tax.
- The most sophisticated electronic transmission and balanced drivetrain ever produced by Toyota.
- New and advanced anti-lock braking and traction control systems.
- A new anti-aging concept focusing on 96 areas of the car that were critical to ensuring the car would look, feel, and perform the same as new after 50,000 miles.
- A new, state-of-the-art Nakamichi sound system.
- New technology used to illuminate the instrument panel with first of its kind super-thin, self-illuminating fluorescent tubes.
- High-strength, extra-thick steel with extra-strong laser welding for improved safety performance with extra corrosion protection.
- First of its kind "sandwich steel" with nylon damping resin and metallic powder filler between the two sheets of steel to reduce sound and vibration.
- The world's first tilting and telescoping steering wheel with an airbag.
- The world's first inner-grooved key to discourage theft.
- Special silencers used in the door latches and trunk to achieve a solid, quiet "thunk" when closed.
- The attention to detail was so intense that even the gaps between the hood, fenders, and trunk lid were intentionally uneven because the slightly tapered gaps gave the appearance of a more precise look.
- AND...the most advanced and first of its' kind ignition key

How did the car drive and handle? Bob McCurry and Jim Perkins had invited Roger Penske to test drive the F1 in the fall of 1988 at the Shibetsu test track in Japan. Roger would affirm to all in attendance the outstanding power, handling, and quietness of the F1.

The F2 was met with little enthusiasm while the dealer reaction to the F1 was very positive and more than we could have hoped for. The exterior styling, interior appointments, and drivetrain all exceeded expectations. The dealers spent several hours climbing over, around, and through the cars. As expected, there were concerns expressed over the traditional front grille, but overall everyone was very pleased. You could feel the energy build in the room as the evening went on. A warm glow of relief seemed to settle over the room and all was right with the world– except...

“They sang and danced for joy with tambourines and cymbals.” 1 Samuel 18:6

It was December 30, 1988. I was at home when Jim Perkins called. We had lost! The judge had ruled against us, and Yuki wanted to meet in the board room the next morning, New Year's Eve. I hung up the phone in disbelief. How could we have lost? Now what do we do? I was in a fog.

Reading the judge's ruling added to my frustration. It seemed so unfair and biased. Judge Edelstein wrote he was "not persuaded" by John French's testimony that he offered the spelling change without prompting from Toyota attorneys. The judge was also critical of Toyota, writing "its personnel failed to resolve" the issue with LexisNexis after several meetings. The judge wrote that, "Although Toyota may not have intended to trade on the Lexis mark, it certainly acted in disregard of it." He went on to write, "In the context of likelihood of confusion, Toyota's bad faith can be said to mitigate in favor of likelihood of confusion."

The judge's ruling was forceful and devastating.

The ruling read, "It is hereby ordered that the defendant's Toyota Motor Sales, U.S.A Inc. and Toyota Motor Corporation, their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this order by personal service or otherwise, are permanently enjoined from any and all use, display, advertising, or promotion of the name Lexus either in connection with a division of the defendant's companies or as a name for products or services. Within 10 days of the entry of this order, defendants shall serve a copy of it to each of their Lexus dealers and shall instruct its dealers to comply with it." SO ORDERED.

"As a dog returns to his vomit, so a fool repeats his foolishness." Proverbs 26:11 (NLT)

The morning of New Year's Eve, December 31, 1988, we all gathered in the board room at TMS Headquarters: Bill Plourde and several other attorneys, Jim Perkins, Bob McCurry, the Lexus Japan staff Coordinator, Jim Olson from Public relations, and myself.

I didn't sleep much that night, and the next morning I had a nervous knot in my stomach that wouldn't go away. How could we introduce the F1 in 10 days without a name? We couldn't change the name in 10 days. And if we were to change the name, why hadn't we done so back when LexisNexis first complained? This was a PR nightmare. Yuki had to be on the defensive in trying to explain to Dr. Toyoda and the chairman what had happened. We all were sitting in the board room angrily spitting out foul expletives about LexisNexis and the judge. Not one of us was discussing what to do next.

Yuki Togo walked into the room and sat down. It got quiet. I had no clue what to expect. He paused for a moment and then spoke.

"No one," he stated emphatically, "is to say a negative word about LexisNexis, Meade Corporation, or the judge. It will serve no purpose for us to waste any time talking about them or complaining about the judge's decision. We haven't lost! This is not over! I want us to focus on one thing and one thing only—what we need to do to keep the Lexus name."

The room immediately lit up, and everyone started talking at once.

On January 2, 1989, Bill Plourde was to file for a temporary injunction that would allow us to use the Lexus name at the Detroit Auto Show.

I was directed to make the arrangements for the auto show displays to cover all references to Lexus in case we didn't get an injunction in time. I was also to be ready to change everything back when we successfully received the temporary relief from Judge Edelstein's order.

Yuki directed Bill Plourde to immediately file an appeal. TMC had set the date of March 1, 1989, as the very last moment we could wait before needing to change the name. The tooling for name designation on the car had to be decided by then to begin production in June. Yuki was fully expecting that we could win the case on appeal and get a reversal in an unheard-of 59 days. He would not allow any negative thinking and told us that we should all be planning to use the Lexus name at launch.

"Now get going!" he said. "I'm counting on all of you."

It was a short meeting. After that meeting, not a negative word was spoken about LexisNexis, Meade Corporation, or Judge Edelstein. We all got to work.

"Hear my cry, for I am very low. Rescue me from my persecutors, for they are too strong for me."

Psalm 142:6 (NLT)

Looking back, 1988 was a year packed with persona and work-related drama.

While Lexus was in the beginning stages of our start-up, the rest of the world was experiencing new beginnings of a different nature.

The Soviet Union was pulling out of Afghanistan and Osama bin Laden was forming Al Qaeda. The first major virus infected computers connected to the internet. An earthquake killed 60,000 people in Armenia. A terrorist's bomb exploded on Pan Am flight #103 over Lockerbie, Scotland killing all on board while one third of Yellowstone National Park was destroyed by a forest fire. A new line of toys named the "Transformers" was a big hit with children while a new anti-depressant drug, Prozac, was a big hit with the adults. George Bush was elected President of the United States and Sonny Bono was elected mayor of Palm Springs, California. Meanwhile, the top song on the music charts was Bobby McFerrin's, "Don't Worry, Be Happy."

In 1988, the auto industry was better than most expected after the stock market crash of October 1987. The number one selling vehicle in the U.S. was the Ford pickup at 589,000 plus in sales while the number one selling car was the Ford Escort with over 389,000 in sales. The US manufacturer's sales were up 12% while Toyota sales were up 13%, although Toyota sales were hampered by a continuing low day supply of cars. Another worry was in the luxury car market; sales were down slightly.

After 10 years of operation, Volkswagen was closing its plant in Westmoreland, Pennsylvania. Meanwhile, Toyota was opening a new plant in Georgetown, Kentucky. In an interview with the Chicago Tribune Bob McCurry predicted, "Toyota will sell 1.5 million cars and trucks a year by 1995 and 50% of those vehicles will be built in the U.S."

Lexus was only nine months from its introduction date set for September 1989, six months from the first production line-off set for June 1989 and 10 days from being introduced to the International Automotive Press in Detroit, Michigan.

On the home front, we were busting at the seams with five children. Emily was a year old and needed a room of her own. Spencer and Greer shared a bedroom while Blair and Trevor shared one of their own. Greer couldn't sleep because his older brother, Spencer, kept terrorizing him at night by telling him the boogiemans was going to get him. Trevor was a night owl and Blair was a morning person. Things were a little crazy but the idea of selling our home, buying a new one and moving again in the coming months with everything else that was going on made my head spin. Still, I had a job – don't worry, be happy.

"When doubts filled my mind your comfort gave me renewed hope and cheer." Psalm 94:19 (NLT)

The automotive manufacturers from around the world and a global press corps would descend on Detroit in just 10 days to see the no-name F1.

The Detroit Auto Show was opened to the press on January 11, 1989. Detroit wanted to compete with the world-class auto shows in Frankfurt, Paris, and Tokyo. Attempting to draw European and Japanese manufacturers and global press to the show, it was renamed the Detroit International Auto Show. The Japanese and European manufacturers were allowed prime display space in the main Cobo Hall that was previously reserved for only the domestic companies.

It was a big success with a huge global press corps of over 1,000 writers in attendance and 21 new products introduced from manufacturers around the world. GM Chairman Roger Smith and President Bob Stempel; Ford Chairman Don Petersen and Edsel Ford II; Chrysler Vice-Chairman Jerry Greenwald and President Bob Lutz; and Toyota's Tatsuro Toyoda, heir apparent to replace Dr. Toyoda as President of Toyota, were all in attendance. The two stars of the show were the no-name F1 and the Infiniti Q45.

The press' reaction to the two cars was constrained. The American media were reluctant to upset the GM and Ford executives and were reserved in their praise. The German writers acted unimpressed and questioned Toyota's luxury heritage. The Japanese press was supportive but restrained. Without driving the car, most of the press held back judgment, although some noted the strange "egg crate grille" on the LS400 and the "belt buckle" front end on the Infiniti.

Most of the press centered on the upcoming market battle to take place in 1989. Leon Mandel of Autoweek Magazine wrote, "I think that the Lexus with its competitor the Infiniti from Nissan is the number one automotive marketing story of 1989." The Financial Times headlines read, "Toyota and Nissan are storming the last bastion of the world motor industry." Our own David Wager, President of Saatchi & Saatchi Team One Advertising, the group that was to handle the Lexus advertising, added to the frenzy when he told the press, "The blood bath starts in about nine months from now. This is going to be hardball." Gunter Kramer of BMW countered, "We're not scared!"

The Lexus name appeared 29 times in the auto show display. We prepared to mask over all the Lexus names in case we failed to get a temporary injunction against Judge Edelstein's order. On Thursday, January 5, 1989, Judge Emilia Kearse extended Judge Edelstein's stay until January 30 or until the appeal arguments for the case could be heard. The judge ruled we could use the name in auto shows but not advertise Lexus nationally. TMC in Japan gave us until March 1, 1989, just 54 days, to get a reversal of Judge Edelstein's ruling, or the name would need to be changed to start production in June.

We had already spent about \$7 million on advertising the Lexus name. We had planned to spend another \$3 million in January after introducing Lexus in Detroit, but those plans had to be put on hold. Charles Faruki of the Smith & Schnacke law firm who represented Meade/LexisNexis menacingly stated, "We will be monitoring Toyota's activities very closely."

The media crowded around Perkins and McCurry, pressing them for answers. What were we going to do if we lost the appeal? When did we expect an answer? Did we have another name? It was chaotic. Both men were careful not to complain about the Meade Corporation, LexisNexis, or the judge. Instead, Jim Perkins bravely told the media, "Our most immediate job is to earn name recognition for Lexus. Unfortunately, we're doing it the hard way."

"Avoid all perverse talk; stay away from corrupt speech. Look straight ahead, and fix your eyes on what lies before you." Proverbs 4:24 (NLT)

While the drama in the U.S. continued around the Lexus name and the auto show unveiling of the LS400 and ES250, the Tahara plant in Japan had its share of drama as it prepared to start production by June of 1989.

The Tahara plant was Toyota's crown jewel of production facilities building, close to one million vehicles a year. The challenge Toyota production engineers were facing at Tahara was to achieve mass-produced perfection. Every step was analyzed and systematized with much trial and error before starting production.

Kousuke Shiramizu, the plant manager, showed me around the plant explaining all the investment in machinery, changes, and advances in production that had been implemented specifically for the LS400. Advanced robotic welders were installed to completely automate the welding of the body panels. The outer shell of the body was to be fused with the world's first laser-welders for an extra smooth fit and finish. There were 224 welds on the rear quarter panel alone. Previously the gaps between the fittings of the front and rear doors had been seven millimeters, and the goal was to cut that in half to three millimeters.

In the center of the plant was a massive 5,200-ton stamping press that punched out panels, engines, and chassis parts with precision and speed. Computer-operated diagnostic stations were installed to monitor production flow. A new foundry was built to cast the new LS400 V-8 engine. Tahara would be the first plant to pivot cars on the production line to improve working conditions and quality.

The best production line workers from other plants were selected to form an elite workforce on the Tahara's LS400 production line. The quality inspection of the LS400 at the end of the production line was so detailed that it took four times longer than the normal Toyota. A new test track was built next to the plant where each LS400 could immediately be taken out and driven to check for proper handling, noise, and vibrations.

Tahara was by far the most advanced of Toyota's plants. It was neat, tidy, air-conditioned, and not anything like the hot and dirty plants of the past. However, the Tahara plant was also being criticized for being an expensive "boondoggle." Was Toyota taking automation too far? For all the world-firsts at Tahara, the plant struggled early on missing some of the original production goals. Toyota discovered that machines could not replace men. Toyota was not foolish enough to continue in its ways. The company learned from its mistakes, adjusted, and developed a hybrid model of automation for its plants that has proven to be very successful.

"The wise accumulate wisdom; fools get stupider by the day." Proverbs 14:24 (MSG)

The Tahara plant was ready. The F1 and F2 were ready. The dealers were happy with the cars and the facilities were being built. Team One Advertising was gearing up for the launch. The attorneys were feverously working and confident they could get Judge Edelstein decision overturned. Everything seemed to be going in the right direction.

Then suddenly and unexpectedly.... Everything changed.

Jim Perkins was to be the keynote speaker at the Dallas Auto Show on January 20, but he cancelled saying he had the flu. Instead, later that day we all learned Jim was returning to GM to be the assistant manager of the Chevrolet division and the heir apparent to be general manager.

Chevrolet was GM’s largest division with 2.8 million sales a year and nearly 5,000 dealers. By comparison, Lexus was small potatoes with fewer than 100 dealers and maybe capable of selling 100,000 cars a year.

The media noted that Jim had been heading up one of Toyota’s most ambitious and important projects the company had ever undertaken. Speculation was that Jim knew something was wrong at Lexus and was moving to a better opportunity. LexisNexis ruling, This was considered a huge coup for GM.

Chris Cedergren, an auto analyst for J.D. Power, noted, “It’s certainly a better position for Perkins. I would see him moving up very quickly.” Tom O’Grady of Integrated Automotive Resources said, “For Chevrolet, it’s great. He’s one of the better people in the industry. He’s good with dealers. He’s opened-minded. He’s straight-out.” Toyota was caught completely off guard, and there was sense of dismay throughout the organization. The Toyota press release downplayed Jim’s leaving, stating it was “somewhat of a surprise.” But we all knew differently.

Jim confided in me that it was a lifelong dream of his to run Chevrolet. “Besides,” he chuckled, “they offered me enough money to peel the enamel off a bathtub.”

Soon after that came strike three. David Wager, the president of Team One, resigned.

The automotive press noted that it was only seven months until launch of the new division. Strike 1. We had no name. Strike 2. We had lost the senior vice president—an experienced and well-respected industry leader who was heading up the division. Strike 3. Now the president of the advertising agency had suddenly quit. We had three strikes against us. The future of Toyota’s no-name luxury division looked doomed. Who could take over for Jim Perkins? The media proclaimed there was no one.

“When I walk into the thick of trouble, keep me alive in the angry turmoil...Finish what you started in me, God. Your love is eternal—don’t quit on me now.” Psalm 138:7-8 (MSG)

The Japan staff thought I was too young. McCurry thought I was too quiet. The media thought I was too unknown. Everyone else thought I was too inexperienced. But I knew things that none of them knew.

I knew better than to go see Bob McCurry and tell him I wanted the job of leading the Lexus Division. Bob would have thrown me out of his office. I talked myself into showing some inner courage and went unannounced to Yuki Togo's office. I told Yuki that whatever he decided I would give him a 110% effort, but if he gave me the chance to run Lexus I wouldn't let him down. He gave me no indication of what was going to happen. I got the sinking feeling I had made a mistake and the decision had already been made.

I was uniquely qualified to lead Lexus. I knew all the senior managers in Japan, including Chairman Eiji Toyoda, and understood the passion and purpose driving the division. I had been in the division from the start and personally knew the chief designer and chief engineer, and I was well versed on the product. I knew the plant manager at Tahara and was familiar with the efforts being made at the plant to produce the highest quality product Toyota had ever made. I had been involved in the hiring of all the people working in the division in the U.S. I had participated in the selection of the advertising agency and knew the marketing plan that was being developed to introduce the division. I was heavily involved with the customer satisfaction, data systems, and service guidelines that were being developed to set Lexus apart for all others in customer care. I had participated in the selection of every dealer and was the only person in Toyota who personally knew and had visited every dealer, including the non-Toyota dealers.

In short, I knew Lexus like no one else, from top to bottom and inside out.

McCurry called me into his office to give me the news. It was short and sweet. "You're it," Bob said. "You earned it, but you've got a lot to do." There were no congratulations or small talk, nor did I expect any. I silently told myself not to get overly gushy with thanks, but simply replied, "You won't regret it." Yuki Togo and the Japan staff never said anything to me about the promotion. It was understood. This was business, not a social club, and there was lot to do. Next man up—do your job.

I called Cynthia to tell her the news. Her reaction was a mixture of pleasant surprise and impending dread. We both knew the pressure for her to keep things running at home with five children would be every bit as much as the pressure on me at Lexus. She asked, "When will you be home?" I answered, "I don't know."

On Thursday, January 26, Toyota announced that I had been named general manager of its new luxury division, without using the name. The Detroit News dryly noted the following day with a short, succinct announcement, "Toyota on Thursday named J. Davis Illingworth as General Manager of its _____ luxury car division."

Maybe I was too young, too quiet, and too inexperienced. Maybe this was impossible. But I knew something no one else knew. I had a secret. I knew Lexus was planning would change the automobile business.

"David reached into his pocket for a stone, slung it, and hit the Philistine hard in the forehead, embedding the stone deeply. The Philistine crashed, face down in the dirt." 1 Samuel 17:48-49 (MSG)

Soon after Jim Perkins left and before the naming issue had been resolved, I went to Japan for a week with the Lexus Japan staff coordinator, some of the Lexus marketing staff, and Team One Advertising executives Scott Gilbert and Tom Cordner. We were to meet with all the TMC managers and engineers to learn about all aspects of the LS400 and ES250 product.

At the end of the week we were to have a private meeting with the Chairman Eiji Toyoda. We were limited to five questions for the chairman to answer, and the meeting was to be largely ceremonial.

A question in English will take 15 to 30 seconds to ask, but because of the complexity of the Japanese language the translation of a question into Japanese and its answers back to English is very time-consuming. Because of his tight schedule, the chairman was to be advised of our five questions ahead of time and his answers carefully scripted so the meeting would last exactly 30 minutes. The meeting was to start at 5:00 and end promptly at 5:30. Five minutes were allotted for introductions. I was to ask the first question at 5:05, and it was to be answered by 5:10. Each of the following questions was to be asked and answered in five-minute intervals with the fifth question being asked at 5:25 and answered by 5:30.

The five questions I was to ask were simple and approved by the Japan staff:

1. Why did you decide to do F1?
2. When did you decide to start the F1 project?
3. Have you driven the F1 product?
4. Are you satisfied with the F1 product?
5. Are you satisfied with the progress for launching the F1 in the United States?

The chairman walked into the room. He was smiling and had a pleasant countenance about him that put everyone at ease. He walked around the room, and I introduced him to the American staff.

We sat down, and I asked my first question right on schedule. I was only faintly aware that the chairman's answer back seemed too quick. I asked my second and third questions. His answers were only few words. I felt a twinge of alarm. I thought this was all preplanned and his answers scripted. I asked my fourth question. The chairman seemed bored and answered quickly. I glanced at my watch. Now I was alarmed! We were way ahead of schedule! It was 5:15, and I had only one more question to ask. I asked my final question and leaned over to the Lexus Senior Japan Staff Coordinator next to me, whispering frantically, "What should I do?"

He whispered back, "Ask another question."

I froze. The room was starting to get tense as both the Americans and Japanese in the room realized this was not going as planned. I smiled nervously and shot a desperate glance at Scott Gilbert and Tom Cordner down at the end of the table. They knew immediately there was a problem. They got together and scribbled a note on a piece of paper and had it passed down to me. It was a sixth question.

It was 5:20. Eiji Toyoda seemed to know I was struggling. He showed no irritation with me but smiled and waited patiently. I sensed he wanted me to ask him something meaningful. I looked down at the scribbled note from Scott and Tom and asked the chairman, "If you could hand the keys to the customer who bought the first F1, what would you say to him or her?"

Mr. Toyoda's eyes lit up with delight. He started speaking rapidly and with great passion. The room came alive. I couldn't understand what he was saying, but I knew it was coming from every fiber of his heart, mind, and soul. I was transfixed. He talked until 5:30. The Japanese translator, aware we were out of time, quickly translated his ten minutes of Japanese into a few words of English and said only, "I would ask the customer to treat this car as if it was my only son."

The meeting was over, and the chairman left. The Japan staff came running up to me afterwards exclaiming, "Dave-san, Dave-san the translator didn't get it right. The Chairman said so much more and meant so much more." They were truly inspired by his words. I have read other accounts of how the chairman referred to the F1 as "a cherished child" and "a precious child" but on this occasion the translator said the chairman referred to F1 as "my only son."

I believe the translator got it right and captured the depth of feeling and emotion Eiji Toyoda had for the F1 car with those three English words, "my only son."

It was not lost on me that our Lexus Senior Japan Staff Coordinator sitting next to me who told me to ask another question was Chairman Toyoda's only son.

"Good-tempered leaders invigorate lives; they're like spring rain and sunshine." Proverbs 16:15 (MSG)

The passion we all experienced that week from all the engineers, Chairman Toyoda and Dr. Toyoda would give birth to an advertising tag line that would last over twenty years.

After the meeting with Chairman Eiji Toyoda, we took the Shinkansen (Japanese high-speed bullet train) to Tokyo to catch a flight back to the U.S. I was sitting next to Scott Gilbert, the Executive Vice President of Team One Advertising, and Tom Cordner, the Creative Director of Team One, was across the aisle as we were speeding to Tokyo at 100+ miles per hour. Suddenly, Tom Cordner let out a loud yell.

“I’ve got it!” he exclaimed.

“Got what?” Scott Gilbert asked.

“The brand advertising theme line,” Cordner shot back, “But I can’t tell you what it is. It’s too early. I need be sure I have it right.”

Scott and I were both incredulous, but Tom stuck to his guns and refused to tell us the theme line.

At the time, we were considering four theme lines, and none of them did very well in focus groups.

“Raise Your Expectations”
 “The World’s Most Carefully Thought Out Car”
 “Unlike Any Other Car You Have Ever Owned”
 “Elevating the Automotive Experience”

The focus groups in New York and Los Angeles believed the “Elevating the Automotive Experience” offered the best “essence” of Lexus. However, when Tom Cordner’s theme line from the bullet train was presented, “The Relentless Pursuit of Perfection,” it struck a real chord with the focus groups.

The customers loved the idea of engineers striving for perfection. It reflected high energy and a desire to constantly improve a product— a no-compromise, no-holds-barred approach to making the finest car in the world. This was the attitude we had all experienced during our week with the engineers in Japan, and that attitude is what Tom had responded to on the train.

There were also some negatives. Customers were concerned with “relentless” being “too aggressive” and a relentless person having “negative connotations.”

The line won easy approval from all of management. It captured the emotion and commitment of Toyota to the product and gave consumers a “reason to believe” that the Lexus product would be superior. It also “had legs” which meant it could stand the test of time and create a proper and long-lasting image for Lexus.

My only concern, nagging me in the back of my mind, was “What if the car wasn’t so perfect?” I quickly dismissed my fear with the knowledge that F1 had been so over-engineered that nothing could go possibility wrong.

“Good planning and hard work lead to prosperity.” Proverbs 21:5 (NLT)

Fundamental to the DNA of Toyota is a core principle known as kaizen. This principle imbedded in the culture of Toyota gave rise to the Lexus marketing brand: “The Pursuit of Perfection.”

Kaizen means the pursuit of improvement, constantly making every effort to improve efficiency and encouraging innovation, no matter how small. The Toyota DNA considers doing nothing and changing nothing the worst possible thing that could happen to the company. All errors are opportunities for learning rather than blaming. Learning is a continuous, company-wide, never-ending process.

Financial incentives are offered to associates for new ideas on how to improve efficiency and eliminate any waste or activity that does not produce added value. The winners are publicly acknowledged throughout the company each year. No idea is considered too small or insignificant because the accumulation of all these small ideas becomes significant.

Insignificant differences become significant over time. NASCAR driver Chase Elliott won the starting pole position for the 2016 Daytona 500 race driving around the two-and-half-mile Daytona Speedway in 45.854 seconds. Matt Kenseth, driving a Toyota, was second-fastest at only 0.065 seconds slower. This difference in speed seems insignificant, but over the distance of a 500-mile race Kenseth would finish almost a mile behind Elliott.

Kaizen is a company-wide effort for continuous, intelligent improvements in small or seemingly insignificant areas that add up to big differences in efficiency. It is a grinding, boring, and constant process deeply embedded in the culture of Toyota that takes great discipline and patience but yields impressive results. Chairman Eiji Toyoda said, “Even a dry towel can produce water when new ideas are conceived.”

“It takes wisdom to build a house, and understanding to set it on a firm foundation. It’s better to be wise than strong; intelligence outranks muscle any day.” Proverbs 24:3,5 (MSG)

It was March 3, 1989. Initial production of the LS 400 would begin in 90 days. The U.S. Second Court of Appeals had not yet made a ruling on the Lexus vs. Lexis naming issue. The engineers in Japan gave us another week until March 10th. After March 10th, we were out of time. Game over. We would have to change the name.

We were expected to pick a new name by March 3 if the Second Circuit Court of Appeals had not yet ruled in our favor. There were three new names: Luxus, Lucidia, and Celsior (the name Chairman E. Toyoda had picked for the car in Japan). We wanted to use a name that started with L, but there was concern that LexisNexis might object and one wanted to have to ask Jack Simpson to approve of any new name we chose if it started with an L. That meant we would probably need to use the name Celsior LS 400. We were desperate. Thankfully, Chairman Toyoda and the TMC engineers in Japan gave us another week until March 10, 1989.

I was in Japan the week of March 6, 1989 conducting preliminary pricing negotiations with T. Uranishi of the North American Department at Toyota World Headquarters. The yen had been appreciating dramatically in value, and the cost of the F1 with all its new technology and increased production costs was climbing out of sight. The original price was to be around \$30,000 and now was close to \$40,000. The most expensive car Toyota sold in the U.S. was the Cressida that cost a little over \$18,000, and we only sold 20,000 a year. How were we to sell 40,000 F1's with no name at \$40,000? I argued with Uranishi-san to choose which they wanted: 40,000 sales or a \$40,000 price tag. Uranishi-san refused to choose but agreed to go upstairs and ask Dr. Toyoda. I settled back in my chair, smug in the belief I had made a convincing argument we could do one or the other but not both.

Uranishi-san came back with a broad grin, "Congratulations, we just heard. You won. You can keep the Lexus name!"

I was engulfed in a glorious wave of relief. The court had reversed the lower court's decision on the Lexus name. The three-judge panel had issued a terse, two-page reversal (3-0) of Judge Edelstein's decision. The court took the unusual position of issuing the ruling without a full written decision. The grinding struggle had come to an end. I hadn't realized the toll it had taken on me until it was over.

The Appeals Court ruled that Toyota had not acted in "bad faith" and noted that LexisNexis served only one percent of the general-public and advertised only to attorneys through professional journals. The court went on to say that "a reasonable buyer is not at all likely" to confuse the two brands, and therefore "there can be no claim of dilution." The Appeals Court concluded by writing, "We see no need to discuss Toyota's remaining arguments for reversal."

I was on a real winning streak. Surging with confidence I asked, "And what about it? 40,000 sales or a \$40,000 price?"

"Oh," Uranishi replied with a hint of innocent delight. "Dr. Toyoda says, now that you have a name, he wants both."

My glorious relief quickly turned into inglorious pressure. We were well behind Infiniti and would have to begin selling right away. Toyota's General Counsel Bill Plourde stated, "Our intention is to immediately begin full marketing."

"The Lord demands accurate scales and balances; he sets the standards for fairness...for his rule is built on justice." Proverbs 16:11-12 (NLT)

Now that we had a name, the emphasis was going to shift to organizing the sales effort that was to begin in just six months. Lexus would be expected to sell 16,000 cars from September through December of 1989, plus 40,000 LS400s and 20,000 ES250s in the calendar year of 1990. It was time to start a full marketing blitz and begin pre-selling cars. We needed a National Sales Manager and McCurry already had someone in mind he believed would meet his strict standards of performance to be the national sales manager for Lexus. He was a highly decorated Marine helicopter pilot who had served in Vietnam.

Don Esmond had joined Toyota in 1982 after spending 10 years working at the Lincoln/Mercury division of Ford Motor Company. When he joined Toyota as the national fleet manager he immediately made a positive impression by taking on the challenge of selling 10,000 Toyota Starlets, a woefully underpowered small car that was in its last year of production and that no one wanted. Don developed the first fleet incentive program for Toyota, offering a free AM radio in every car, and sold out the Starlets.

Don was a retired Marine captain who received his instrument rating and carrier qualifications as a naval aviator before he was transferred to become a CH-46 helicopter pilot and sent to Vietnam. He flew more than 900 missions in Vietnam, during which he was shot down twice, wounded once, and received the Silver Star, Distinguished Service Cross, 45 Air Medals, and the Purple Heart.

Don was a person of faith, was a strong family man with an easy smile, and had a close-cropped Marine haircut. He was known to be of good character, honest, fair, and always took the high road. After 900 combat missions, Don could not be rattled by the stress of big budgets and impossible sales objectives. He was the right man at the right time for the coming luxury car wars.

“Honesty guides good people...Good character is the best insurance.” Proverbs 11:3,6 (NLT)(MSG)

You only get one chance to make a first impression. Everything about Lexus was new and unknown to the American consumer. Lexus would be an all-new product with new dealers, new facilities, and new sales and service people. Lexus sales in the first months would have to get off to a great start to make a good first impression on the automotive press and to demonstrate acceptance of Lexus by the American consumer.

The sales objective for our first month in business, September 1989, was set at 3,000 LS400s and 1,000 ES250s for a total of 4,000 sales. Don Esmond was given the task of developing a pre-sell program to sell the first 3,000 LS400s before they even reached the dealerships in August, insuring we got off to a great start in September.

We worked together with Team One Advertising to develop a comfortable, first-class approach to potential buyers. Lexus sponsored high-class events like the San Francisco Opera, Kennedy Center Ballet, U.S. Polo, PGA golf events, Newport Rhode Island Yacht Club races, and the Broadway hit musical The Phantom of the Opera. At these events, at auto shows, and on the Lexus website we asked consumers if they would be interested in receiving more information about Lexus. If they declined, we thanked them and didn't bother them again. If they agreed, we put them on a mailing list and continually updated them on product news, who their nearest dealer was, when the dealer would be open, and how to reserve a car for purchase in September.

We had planned to have 90 dealers ready to receive cars in August of 1989 and open for business by September 1. Certificates of occupancy would need to be signed and Lexus signage installed, initial parts inventory received, essential service tools and equipment in place, computers, and satellite communications installed, and sales and service people hired and trained before cars could be shipped.

We were behind. The projection was that only 70 dealers would be ready by August to start receiving cars. This meant that instead of 90 dealers selling about 45 cars each to meet our national sales objective, the first 70 dealers would need to sell approximately 60 cars each in September to reach 4,000 sales.

Infiniti, our competitor, was also targeting to have 90 dealers operational in the fall of 1989, but they were offering their dealers financial assistance. Infiniti was giving their dealers five-year, interest-only construction loans and \$160,000 worth of incentives to open on time. Lexus was not offering the dealers any financial assistance or incentives to open on time.

There was no time to lose. We sponsored different events in different venues across the country and kept at it all throughout the summer, not really knowing which events would work. What we did know was that our only hope for achieving the September sales objective was to have the cars pre-sold before they arrived at the dealerships that would open for business on September 1.

“Plant your seed in the morning and keep busy all afternoon, for you don't know if profit will come from one activity or another —or maybe both.” Ecclesiastes 11:6 (NLT)

An overlooked aspect of successfully running a business is the need to stay healthy. Get enough sleep, stay away from too much alcohol, exercise and eat right. On one of my trips to Japan I mixed jet lag, sake and pufferfish with bad results.

Depending on the wind, it's an 11- or 12-hour flight from Los Angeles to Tokyo. On a typical flight, I would eat two meals, watch three movies, and take an occasional nap. Japan is 17 hours ahead of California.

I would leave L.A. at noon on Monday and arrive in Japan about 4 p.m. on Tuesday and then take the bullet train from the airport and arrive in Toyota City around 8 p.m.—that's 3 a.m. back in California. I went to sleep, but woke up five hours later. It was 2 a.m. in Japan but early morning in L.A. I couldn't sleep. I blankly stared out the hotel window, listening to the silence of the city. Maybe I'll call home and then go to the lobby at 6 a.m. for a cup of very strong Japanese coffee.

The day began at 7 a.m. and was packed with meetings until 6 p.m. After the meetings, the Japan staff excitedly told me they wanted to take me out for a special treat: sake and puffer fish. I'd had five hours of sleep in the last 48 hours. I'm jet-lagged and just want to go to bed, but I can't say no.

It's called a puffer fish because it puffs itself up to appear threatening to its enemies. It's a rare and expensive delicacy in Japan that is strictly controlled by the government because it's also poisonous. The liver of the fish contains tetrodotoxin, a poison 100 times more lethal than cyanide. Chefs must go through years of rigorous training before being certified to prepare it. There are several deaths each year from eating puffer because of the fish being prepared improperly at home. It is eaten raw. The poison causes a tingling of the lips and tastes a little like—what else—chicken.

We arrived at the restaurant at 7 p.m. Sake is a Japanese alcohol made from rice and is much more potent than wine. I normally don't drink sake, but on this occasion it seemed appropriate in order to bolster my courage. The Japan staff completely agreed with me; they were most encouraging.

The puffer was served a little bit at a time so that each part of the fish could be savored. The sake was arriving at remarkable speed. It was explained to me that we would eat all the fish except for the poisonous part. I was cautioned that the poison would make my lips tingle. As the sake kept coming, the atmosphere became quite cheery, and my mood improved dramatically. My lips started tingling. The Japan staff assured me a little poison was okay and happily poured me more sake.

The more interesting parts of the fish were served last. My head was starting to spin. Thankfully, I couldn't see what I was eating but was pleasantly surprised that it was quite tasty. Everyone was laughing easily—everything seemed so funny. I never realized the Japan staff could be so entertaining.

The last of the puffer was devoured. I was now in full swing and suggested we have another round of sake. The Japan staff took pity on me and decided that might not be a good idea. Someone should help me get back to the hotel. I valiantly declined, explaining I was fine, but they insisted.

The ride back to the hotel seemed to take forever. I wasn't feeling very good. I staggered into my room exhausted from jet lag. My face felt hot, my head spinning and my lips were tingling. I had been poisoned by the puffer fish! I threw myself headfirst on the bed and died.

“A staggering drunk is not much fun.” Proverbs 20:1 (MSG)

Dick Chitty heard of a Cadillac dealer in Dallas, TX who had the reputation of being best customer satisfaction dealer in the country. Dick insisted we both go visit Carl Sewell. Sewell Village Cadillac was one of the leading Cadillac dealers in the country.

Carl was soft-spoken and had a humble yet confident manner about him. A lanky Texan, he was no cowboy, but a no-nonsense businessman who understood the secret to success was keeping customers by treating them right. His goal was to turn one-time buyers into lifetime customers.

Carl's approach was simple:

1. Be good to your customers, and they'll keep coming back because they like you.
2. If your customers like you, they spend more money with you.
3. If your customers spend more money, then you should treat them better.
4. If you treat your customers better, they will keep coming back to you.

Carl calculated back in the 1980s that a single customer might spend \$332,000 in his dealership over a lifetime. Using this formula, Carl had expanded his business from \$10 million to \$250 million a year.

It sounds simple, but how? Carl had "10 Commandments of Customer Service."

1. Ask customers what they want and give it to them.
2. Do the job right the first time, every time.
3. Exceed customer expectations.
4. When the customer asks, the answer is always "yes."
5. Every employee has the authority to handle a complaint.
5. No complaints? Something is wrong!
6. Measure everything.
7. Pay your people like partners.
8. Show people respect. Be polite.
9. Learn how the best do it—then improve on it.

Carl then added a warning. "You must be profitable. You have to stay in business to provide good service."

Carl Sewell would become one of the first Lexus dealers in the country and author a book, *Customers for Life*, that has sold more than 600,000 copies.

"Good comes to those who lend money generously and conduct their business fairly." Psalm 112:5 (NLT)

After Dick Chitty and I visited Carl Sewell, I got to thinking about a written statement that would articulate a vision for Lexus and instill in everyone the idea that they were part of something bigger than all of us. When I got back to the office, I wrote some thoughts down and gave them to Linda to type. I changed a word here and there and then showed what I had written to the marketing department and Team One Advertising. I called it “The Lexus Covenant.”

Team One and marketing made a few small wording changes. The response to the covenant was lukewarm, and the idea was at best tolerated.

My idea was to have the covenant signed by all the Lexus associates, dealers, and all their associates. The Lexus Covenant was to be written in stone on a large block of black granite that would be placed in the Lexus Headquarters atrium. It was to be a simple mantra meant to enact a philosophy of treating people with respect, drawing on Carl Sewell’s wisdom of exceeding customer expectations and instilling a lasting vision for the people of Lexus to achieve. The idea was to have myself, every associate, the dealers and their associates sign the covenant.

THE LEXUS COVENANT

Lexus will enter the most competitive, prestigious automobile race in the world.

Over 50 years of Toyota automotive experience has culminated in the creation of Lexus cars.

They will be the finest cars ever built.

Lexus will win the race because: Lexus will do it right from the start.

Lexus will have the finest dealer network in the industry.

Lexus will treat each customer as we would a guest in our home.

If you think you can’t, you won’t... If you think you can, you will. We can. We will!

No one who had anything to do with implementing the covenant, including me, had any idea what was about to happen to Lexus in just a few months. The cruise control safety recall that would threaten the very existence of Lexus. The Lexus Covenant would become crucial to the survival of Lexus and the driving force behind its customer service culture.

“Above all and before all, do this: Get wisdom! Write this at the top of your list: Get understanding!”

Proverbs 4:5-9 (MSG)

The first LS400s were coming off the production line in May 1, 1989. They would be tested and retested before shipment in July to the U.S. Some of the LS 400s were shipped to Germany to be test driven on the autobahn by U.S. automotive writers. The initial reaction these writers to the LS 400 would be important in shaping the first impression the American consumers would have about the car.

In May 1989, Lexus invited automotive writers Pat Bedard from Car and Driver, Peter Egan from Road and Track, Jeff Karr from Motor Trend, Kevin Smith from Automobile, Richard Stepler from Popular Science, Tony Swan from Popular Mechanics, and Alex Taylor from Fortune to test drive the LS400 on the Autobahn in Germany. We also invited two freelance writers, Brock Yates and Denise McCluggage, who would write stories for Glamour, Autoweek, and Sports Car Illustrated.

These were experienced, well-respected writers who would not be easily sold on hype. Their impressions of the LS400 would appear on newsstands in August of the September issues of their magazines. The writers were very much aware that their articles about the LS400 would be carefully reviewed by Mercedes, BMW, Cadillac, and Lincoln. These competitors spent large amounts of advertising dollars in their magazines.

The German press corps learned about the long-lead test drive. They tracked, photographed, and harassed us. I was riding with Kevin Smith of Automobile Magazine, cruising at a comfortable 140 mph, when a Mercedes passed us with a photographer in the passenger seat taking pictures.

The reaction to the car was positive but reserved. The writers all agreed that the LS400 was a world-class luxury car. McCluggage told one uninvited German writer, "You're going to have to get used to the fact that there is a third player in the game."

Bedard of Car and Driver was an Indianapolis 500 driver. He got the LS400 up to 154 mph and commented that there was "more left in the engine."

Jeff Karr of Motor Trend stated, "I've said things about this car that I've never said about any other car. It's embarrassing."

But there were also concerns. Bedard had already driven the Infiniti Q45 and said, "On first impression, the Infiniti will impress more." The writers also made note of the "uptight, obtrusive grille and generally derivative styling" and the "numbness feel in the near center steering."

We made a good but cautious first impression. Now our concern would need to shift to the cars arriving for sale in September. These same writers would drive these cars. We needed to be certain the level of quality was the same on these cars as the European long lead cars or Lexus would be called out for cheating. Our competitors would be watching closely, and the automotive press would not want to be accused of being gullible. All we could do was wait nervously for the stories to appear in print.

"The gullible believe anything they are told: the prudent sift and weigh every word." Proverbs 14:15 (MSG)

The automotive press sensed a market war was about to erupt when Lexus went on sale in September of 1989. The headlines used images of gunfights, charging brigades and fist-fights to describe what was happening in the luxury car market.

The *Wards Auto Dealer* headline read, "Charge of the Luxury Brigade." It noted that the "upscale luxury market is fast becoming as packed as a New York subway on a Friday evening"

John White of the *Boston Globe* wrote, "The auto business has turned into a gunfight. The problem is the age-old matter of survival: too many companies are vying for a limited market."

The *Business Week* headline read, "The Coming Traffic Jam in the Luxury Market." Wendy Zellmer wrote, "A sense of urgency is beginning to set in...the genteel world of luxury cars will strip off their driving gloves and slug it out with bare knuckles."

A worrisome *Fortune* magazine study of 790 of its subscribers found that only 9 percent of the respondents could name any Japanese luxury car, let alone Lexus. Yet, 76 percent could name the European and 71 percent the American luxury cars.

General Motors was responding to the Lexus challenge. GM bought the Swedish car company Saab to compete in the low-end luxury market for \$600 million and was praised by an analyst at Prudential-Bache Securities for its "sweet deal." Buick announced it was building a luxury two-seater image sports car, Reatta.

Cadillac engaged the Italian firm Pininfarina to design and build an image sports car called Allanté. The cars were to be built in Italy and air-freighted to the U.S. on 747s three times a week. Cadillac General Manager John Grettenberger announced a newly proposed Cadillac LSS to compete directly against the LS400. Grettenberger said, "I love it. It's a great project." He warned competitors this was only the beginning, stating, "Cadillac is going to develop new models with entirely different appeal to a different type of luxury buyer."

Ford bought Jaguar for \$2.5 billion to compete against Lexus. Jaguar executive, Michael Dale, was quoted by *Fortune* magazine, "One thing the Japanese can't make is a Jaguar." Lincoln introduced a new Continental with European styling and the Lincoln Town Car was updated to compete with the LS400. Ross Roberts, head of Ford's Lincoln/Mercury Division bragged to *Forbes* magazine writer Jerry Flint, "We've got the only plant in the country right now producing at maximum capacity." Flint commented, "This is one fight the boys in Detroit won't walk away from."

Chrysler was introducing a sleek new two-seater TC Coupe developed by Maserati. Gerald Greenwald, vice chairman of Chrysler, was quoted saying, "Toyota is fighting in awfully thin air. There're only so many people who can spend in that bracket."

Richard Recchia, executive vice president of Mitsubishi North America, announced that Mitsubishi would "take on Lexus with a new Sigma sedan in 1991."

Not to be left out, *Ad week* reported that Mazda was approaching potential agencies to launch a soon-to-be-announced upscale division with a new V-8 or 4-rotor engine luxury sedan. The car would be sold through its existing dealer body rather than standalone new facilities with an annual advertising budget of \$50 million.

Chris Cederger, an auto analyst for J. D Power & Associates, stated emphatically, “The Japanese are not going to get the traditional European car buyers.”

Alex Taylor of Fortune magazine wrote, “Getting the Lexus out of Toyota, whose forte is rolling out wheels for the millions of the world, is like producing beef Wellington at McDonald’s.”

Hans Jordan of Mercedes-Benz of North America confidently agreed with Chris Cederger and Alex Taylor. He questioned the Japanese entry into the luxury market saying, “People don’t only buy hardware, but image, name, and intangibles.”

BMW CEO Eberhard von Kuenheim was even more belligerent. In an interview with Financial World Magazine he angrily snapped, “The Japanese think they can rule the world markets.” He went on to accuse both the Japanese and Americans of cheating. “It makes me sad to see the Americans and Japanese imitate European design,” he scoffed. “The Japanese don’t have the courage to show Lexus and Infiniti in Geneva or Frankfurt auto shows.” He also berated the U.S. government for weakening the U.S. companies by protecting them with import restraints thereby forcing the Japanese up-market to compete with BMW. Kuenheim concluded, “Nobody wins forever. Even Napoleon and Caesar lost.” Interestingly, the magazine included a picture of Hitler admiring a BMW during WWII in the article.

“A prudent person foresees danger and takes precautions.” Proverbs 27:12 (NLT)

It was in this highly charged atmosphere that Lexus held its first national dealer meeting in Monterey, CA. Here the dealers would get their first chance to drive the LS400 on Laguna Seca Raceway

The stakes were high. Toyota had spent more than \$1 billion developing Lexus, and the dealers had spent over \$500 million on facilities and equipment. The anticipation to drive the new LS400 was intense along with a healthy dose of anxiety.

Dr. and Mrs. Toyoda, the chief engineer and senior Japan executives would all be in attendance. We had now awarded 110 Lexus dealership points. Only 70 dealers would be operational by the September launch date, but it was anticipated that 90 dealers would be operational by the end of the year. All 110 dealers, their general managers, and spouses would be in attendance, as well as all Lexus Japan staff, associates, and their spouses.

The first day was spent at Laguna Seca Raceway. The dealers drove the LS400 around the 2.2-mile racetrack. Jim Russell Driving School instructors supervised the activities. I climbed into the back seat of an LS400 driven by NASCAR team owner and Lexus dealer Rick Hendricks. But I had to get out after a couple of laps because he drove so fast through the corkscrew that I got nauseous. The dealers were thrilled with the LS400's power, handling, and quietness and declared it a homerun!

The ES250 was driven on a slalom course in the paddock area inside the track. As expected, the dealers showed only mild interest in the ES250, but it was quietly accepted as an adequate second car until the new ES300 would be available.

The following morning, we held a business meeting to go over the customer satisfaction efforts and marketing plans for the upcoming months. The one negative overshadowing the meeting was the economy.

USA Today headlines warned of danger ahead for the stock market, asking, "Could we crash again?" The story quoted experts, "asking whether we're risking another horrendous stock market crash."

Alex Taylor of Fortune magazine wrote, "Their (Lexus) timing is terrible. U.S. car sales are the weakest in five years, and big ticket imports are particularly in trouble."

Csaba Csere, editor of Car and Driver magazine, declared, "I don't think they (Lexus) have prayer in the world of meeting their sales objectives."

To overcome all the negativity about the economy and Lexus, we closed the meeting by telling the dealers a story about the conquest of Mount Everest.

In 1850, an English explorer named George Everest was surveying the Himalayan mountain range when he discovered the highest peak in the world at 29,000+ feet. Today that mountain is known as Mount Everest.

For more than 100 years, men tried to climb Mount Everest and failed. It was said, "It was impossible. It can't be done."

In March of 1953, an English expedition led by Sir John Hurst began an ascent on the mountain. For six weeks the expedition grimly struggled up the side of the mountain. Every day there were snowstorms. For five days in a row, blizzards dumped 12 to 15 inches of snow a day on the climbers.

Finally, the expedition reached 27,000 feet. No one had ever gotten this close to the summit. They had been living on a pound of sugar a day and warm lemon juice. They were exhausted, suffering from sore throats, colds, the agony of frozen limbs, and pounding headaches from the lack of oxygen.

Two men in the party refused to give up. Strapped with 50 pounds of oxygen on their backs and wearing six layers of clothing, these two men set out to conquer the final 2,000 feet.

They struggled, sinking in snow up to their hips, while fierce winds drove them to their knees and back down the mountain.

Each step took a concentrated effort but on May 29, 1953, a New Zealander named Sir Edmund Hillary and a Nepalese Sherpa named Tenzing Norgay did what others said could not be done. They did the impossible. In an epic feat of courage, endurance, and determination, they conquered Mount Everest.

What did these two men know that made it possible for them to do what others said could not be done? What was their secret?

The answer to that question lies back in 1922. Another English expedition attempted to climb Mount Everest but failed. When the participants returned to England, they wrote a list of the three essential qualifications it would take for someone to climb Everest:

1. Physical fitness.
2. “Singleness of purpose” and an “unwavering faith in its achievement.”
3. Belief that “this one thing I can do, and I am confident it can be done.”

If you think you can't, you won't. If you think you can, you will. We can. We will.

We gave each of the dealers a picture of Mount Everest with the words across the bottom: “We can. We will.”

“What do you mean, ‘If I can?’ Jesus asked. ‘Anything is possible if a person believes.’” Mark 9:23 (NLT)

After the dealer meeting it was time to introduce the LS400 and ES250 to the short-lead writers and newspapers. The short-lead and long-lead articles would start appearing during the middle of August just as the cars would start arriving at the dealerships.

What would the automotive press write about Lexus? We were holding our breath. The cover of Automobile magazine screamed, "WAR! Japan Attacks Germany." The reviews were good, some bad, and a few ugly.

New York Times reporter Richard Stevens set the tone when he wrote, "Lexus is the most critical marketing battle for Toyota since it was first imported in 1957."

The Car and Driver magazine headline read, "Lexus LS400 vs. the World."

Automobile Magazine read, "Battle Royale."

Road & Track magazine called it the "Clash of the Titans."

Popular Science magazine stated, "The LS400 is the opening salvo in an all-out war for supremacy in the luxury car market."

Denise McCluggage of Autoweek wrote, "One can't help but be dazzled by the technological sophistication of the LS400."

Jeff Karr of Motor Trend wrote, "The cabin is close to faultless; fit and finish are as good as any in the world."

Peter Egan of Road & Track wrote, "A near absence of wind noise and mechanical commotion, along with excellent directional stability, made the new LS400 the calmest, quietest car I have ever driven at high speed."

Popular Science named the LS400 "Best Car of the Year for 1989."

Robert Francis of the St. Petersburg Times wrote, "The Lexus LS400 might well be the best luxury car in the world."

And Alex Taylor of Fortune magazine wrote, "Lexus is as good as, or better than the more expensive Europeans."

The automotive press had to be cautious and find something bad about Lexus, otherwise they would be accused of showing favoritism and would lose advertising dollars.

Jim Healy of USA Today was non-committal when he wrote the LS400 was "silky silent" but "so close to perfect that it was almost boring." Healy asked the question, "Has the LS400 been so refined and homogenized that it has no soul?" On the same page, opposite the LS400, Healy wrote the Infiniti Q45 was "powerful fun" but noted the "instrument panel was impossible to see in bright light." He went on to write that the Infiniti had "the aggressiveness and personality that Toyota had scrubbed from the new LS400."

Len Frank, host of the national radio program The Car Show, said of the Infiniti Q45, "The Q45 has a better feel, better throttle response, is more adventuresome. Face it, it's just more fun."

Pat Bedard of Car and Driver questioned the grille on the LS400, "For a car that seems to break new ground in all its executions such ambivalence about the grille is troubling."

Tony Assenza of Car and Driver was even more direct, "My first impression of the LS400 is mixed. It has no face, no personality and that upright grille."

It got ugly for the ES250, which was mostly ignored or slammed. Car and Driver said that it "looked out of place in the Lexus line-up" and "more like a last round draft pick." Fortune magazine simply dismissed the car as an uninteresting "run of the mill Camry."

Not all the writers tried to please everyone. It was David E. Davis, Jr., the highly-respected publication director of Automobile magazine, who fearlessly captured the underlying sense of all the press. Davis was not cautious. He put everything on the line with his direct and honest assessment.

Davis was prophetic when he wrote what proved to be the right thing at the right time. He wrote, "Toyota nailed it with the big Lexus. Even if the styling is safe and conservative it's beautifully done. The car contains all the traditional hallmarks of luxury and combines them with state of the art technology. The level of refinement in every area of performance is as good as that of any other car sold in North America. Toyota's Lexus has demonstrated beyond a shadow of doubt, that they can compete head to head with Europe's best."

Davis concluded, "My assessment? Lexus is a paragon. It will play hell with the marketing plans of the old-line European luxury-cars builders, and it could have a disastrous effect on already shaky enterprises like Jaguar and Volvo. For Detroit's Big Three, Lexus is a new form of the same nightmare that's been keeping them up nights since 1957."

"It is wonderful to say the right thing at the right time." Proverbs 15:23 (NLT)

Automobile magazine quoted Tom McGuire of BMW North America “Let’s get on with it! Toyota has been talking, talking and talking. Put the cars out there and let’s see who buys them.”

Ready or not, it was time to find out if all the long hours of planning, personal and professional sacrifices, and gut-wrenching decisions would pay off.

Lexus went on sale September 1, 1989.

Our goal was to have 100 dealers open for business on September 1, 1989, but only 70 were ready to receive cars in August. Our sales objective for 1989 was 16,000: 10,000 LS400s and 6,000 ES250s. For the month of September, the objective was 5,000: 3,000 were to be LS400s and 2,000 ES250s. There was no time to be nervous or anxious. Things were happening too fast.

We were holding two-day training “boot camps” for all dealership personnel. These training camps consisted of test-driving the cars, lectures, quizzes, and role-playing. Guest speakers were Vince Lombardi, Jr., former Green Bay Packer and best-selling author Jerry Kramer, and motivational speaker Gordon Graham. All the speakers told the Lexus dealership personnel, “If you think you can’t, you won’t. If you think you can, you will. We can...we will.”

Business Week magazine quoted me telling the sales people something I don’t remember saying, “The most important single factor in the Lexus Division is what is in the hearts and minds of the people who make up this organization.” Business Week deemed the training more like “revival meetings.”

The early reports back from the dealers were encouraging. The pre-sell activity had developed more than 50,000 names of individuals who expressed interest in learning more about Lexus. These names were all given to the dealers.

Peter Brown, General Manager of the Lexus dealership in Cherry Hill, New Jersey told USA Today, “Everyone who drives the car comes back with their adrenaline pumping.”

The Lexus dealer in Tampa Bay, Florida, Ron Salhany, reported he had already sold eight of the first 14 LS400s he had received and told our field office in Atlanta, “Send more LS400s. We are going to sell out.”

Our dealer in Milwaukee, Wisconsin, Jack Safro, reported customers showing up at his dealership at 7:30 in the morning waiting to see the LS400.

Yuki Togo, Bob McCurry, and the senior executives in Japan were intently watching the sales numbers. Every few hours I would check my laptop to see how many sales had been reported. It was agonizing, like watching water boil.

Pictured - Yuki Togo, Bob McCurry, Yale Giezel, and Dave Illingworth

Finally, the month was over. The sales results for our first month in business were both good news and bad news. We sold 4,554 units in September, missing our total sales objective of 5,000. The ES250 was off to a poor start, selling only 1,115 units, but the LS400 was off to a good start, selling 3,439. We were pleased with the LS400 sales but uneasy with ES250 results. The rest of the year would be a real push with more dealers coming on board and everything happening at once.

Other manufacturers were dialing up their advertising and incentives to counter our entry into the market, and I was very much aware Infiniti would start selling cars on November 8.

While all this was going on, there was a minor situation at home. We moved again. Having five children in a three-bedroom home was not working. Cynthia and I sold our home in College Park and bought a five-bedroom home in the Turtle Rock area of Irvine. I don't remember much about it, so I suspect Cynthia must have moved us, and I was AWOL.

“Things are going to happen so fast your head will swim, one thing fast on the heels of the other. You won't be able to keep up. Everything will be happening at once—and everywhere you look, blessings!”

Amos 9:13-14 (MSG)

Infiniti was not selling cars yet, but they were advertising heavily before their launch date to convince prospective buyers to delay their purchase until the Infiniti Q45 arrived. This set up a creative advertising battle that would make one of us a winner and one a loser.

The Los Angeles Times predicted a “bloody mess” in the advertising market with Lexus and Infiniti pumping \$175 million into the luxury car market. Lexus and Infiniti would approach the luxury market with radically different advertising.

Chris Cedegren of J.D. Powers said, “It’s paramount that a manufacturer introducing a new luxury mark focus on building an image.”

Bob McCurry and the Japan staff did not agree. They had strong opinions about advertising and wanted the Lexus ads to focus on product. McCurry was convinced that you couldn’t deceive the American consumer with image ads. He believed the best way to get a luxury image was to earn it with product.

Scott Gilbert, executive vice president of Team One Advertising, and Tom Cordner the creative director, and I presented 23 different storyboards of 30-second commercials for approval. Of the 23 storyboards we presented, none were approved, seven were said to need improvement, and 16 were rejected entirely. I was desperate and beginning to think we weren’t going to have any TV commercials.

Dick Chitty, Lexus vice president of service and parts, and I were in the Lexus Western Area office observing some service training. He saw a technician had placed a drink on top of an LS400 engine while the engine was running. He noticed the water in the glass was not creating any ripples. It reminded him of being a youngster at the county fair in Iowa. Dick showed it to me and asked if I thought the advertising people would be interested.

Team One was very interested, which led to a series of award-winning, product-oriented commercials, the most famous being “Champagne Glasses.” The LS400 was positioned on a car treadmill. It featured 15 champagne glasses stacked in a pyramid on the hood of an LS400 while we it ran up to 140 mph. It was an impressive demonstration of the car’s power, balance, and smoothness. The ad received immediate approval from McCurry and the Japan staff. It was a huge success. (The commercial can be seen today on [YouTube](#))

David Horowitz, a consumer advocate with an Emmy-award-winning television show called Fight Back, believed the “Champagne Glasses” commercial was deceptive. He accused Lexus of false advertising, saying Lexus had super-glued the glasses together so they wouldn’t fall, and demanded that he be allowed to reproduce the ad on his television show. Team One made the arrangements, and the LS400 performed flawlessly. Surprised, Horowitz duplicated the ad on television without any glue, running the LS400 over 150 mph before the glasses tumbled. “Champagne Glasses” was an ad that drove traffic to the Lexus dealers, sold cars, and simultaneously helped earn Lexus a luxury image.

Infiniti took a radically different approach. The advertising agency for Infiniti developed a campaign that was all image and didn’t even show the cars. Don Easdon, the creative director, said, “We’re not selling the skin of the car; we’re selling the spirit.” The Infiniti ads were Zen-like, showing images of plants, rocks, trees, and clouds—but no product.

Bob Garfield, the editor-at-large for Advertising Age magazine, ridiculed the advertising. He wrote, “This is horrible advertising, embarrassing self-parody, irritating beyond description.” The dealers were also unhappy with the advertising. The Wall Street Journal reported, “Dealers say Infiniti’s ethereal advertising is wearing thin.” The comedian Stan Freberg joked about the ads saying, “The first time I saw the Infiniti ads, I thought, ‘that’s a nice-looking car. It looks just like rocks and trees.’” Infiniti finally changed the Zen advertising strategy after six months, but the damage had been done.

“Everything I say is right, for I speak the truth and detest every kind of deception.” Proverbs 8:7 (NLT)

October sales were disappointing. We added 2 dealers, but total sales were down 1,000 units at 3,416. We only sold 2,415 LS400's because the dealers were so low on inventory, but ES250 inventories were growing rapidly because sales were stuck a 1,000 a month. We had to do something and quick.

Business Week magazine's headline read, "Surprisingly Mixed Returns on Lexus." They were referring to the slow start for the ES250. Chris Cedergren of JD Power and Associates announced, "It's basically being proven that the Japanese will not be an instant success in the luxury-car market."

It was true. The ES250 was not doing as well as we had hoped. The sales plan was to sell 1,500 a month and 6,000 through December 1989. We sold about 1,000 a month in September and October; we were already 1,000 sales behind our year-end target.

The car was not getting good press. Automobile magazine noted when talking about the added features on the car, "These features are needed because what lies beneath the gloss of the careful detailing is really only a Toyota Camry." Warren Brown, auto writer for The Washington Post, was more direct, calling the ES250 "a marketing blunder."

The Japan staff was pushing us hard because we had made such a big deal about needing a second car. Now we were expected to sell it. The ES250 was an important profit opportunity for the dealers who otherwise would have had to make profits by selling only one new car, the LS400. It would be another two years until the new ES300 would arrive to replace the 250. We had to make this car work.

The dealers were getting nervous as the inventories grew. One dealer in LA advertised "The First Lexus Sale" offering an 18% discount on the ES. This would be damaging to the luxury brand Lexus was trying to build. We needed to find a way to sell this car without discounting the price.

We had asked production for 80% leather interiors for the cars but were receiving only 20% leather. The dealers were reporting that customers wanted only leather interiors. Despite our request, the plant production plan for November was again set at 80% cloth interiors. Something was wrong, and production people were reluctant to explain why we couldn't get leather seats. The Lexus Japan staff coordinator and I flew to Japan to meet with the plant production planning staff to find out what was wrong.

The ES250 was to have a leather-wrapped steering wheel, gearshift knob, and seats. We discovered that the leather steering wheels were being hand sewn. The supplier was working seven days a week but could only sew 400 to 500 steering wheels a month. The supplier was embarrassed. The plant was trying to protect the supplier until he could ramp up his production, so they kept producing the ES250s with cloth because we needed the cars. The solution was to drop the leather-wrapped steering wheel and gearshift knob from the car and use leather only on the seats. It would take another three months of production to allow the supplier to adjust, but it was too late for November production. In December, we would start receiving 80% leather for only the seats. We estimated we would have more than 6,000 undesirable cloth interior ES250s to sell.

Don Esmond, the national sales manager for Lexus, moved quickly and established a special lease program for the cloth-interior cars. It would take several months before we could work ourselves out of these cars, but the target of 16,000 sales for 1989 was now in serious doubt. At the present sales rate, it looked like the ES would fall 2,000 sales short. We would have to make up the shortfall with LS400 sales. The pressure was on. Hopefully November's ES250 sales would show some improvement.

I decided to personally incentivize the Lexus sales organization to achieve the 16,000 sales by December 31, 1989. In a weak moment, I offered to sing a solo in the headquarters lobby if we achieved the sales objective. It was a spur-of-the-moment idea that would turn out to be one of the highest points of my professional business career—and one of the lowest.

“A good person is saved from trouble.” Proverbs 11:8 (MSG)

Auto companies are often characterized as only caring about profits and not the safety of their customers. I have never found this to be true. I was so impressed by Chief Engineer Suzuki's commitment to safety on the LS 400 I asked the legal department to notify me about the first fatality in an LS400

According to the February 2015 National Highway Traffic Safety Administration (NHTSA) report on vehicle crashes, 95% of all accidents are attributed to driver error, 3% of accidents to environmental factors, and 2% are to vehicle component failure.

Frances and Gaetano Giuliano opened their Italian delicatessen in Gardena, California in 1952. It was a very successful restaurant, featuring authentic Italian sauces, pasta, meatball, breads, and pastries. All the members of the family were involved in running the deli.

It was November of 1989. They had recently purchased the exciting new Lexus LS400. Mr. Giuliano was driving with his son in the passenger seat, his mother and housekeeper in the back seat, when a 3,000-gallon fuel tanker truck came barreling through an intersection and violently t-boned the LS400 in the passenger side door of the car.

His son took a direct hit in the passenger side door and was severely injured but survived. Mr. Giuliano, his mother, and housekeeper escaped without being injured. The police told Mr. Giuliano that it was a miracle they survived. The LS400 sacrificed itself to protect the occupants just as it was designed to do.

Mr. Giuliano was so thankful that he called our office and invited Yuki and Misako Togo, Bob and Jane McCurry, myself and Cynthia, Dick and Janet Chitty, and Don and Cheryl Esmond to join his family for a dinner celebration at the Palos Verdes Country Club. We all attended. The Giuliano family thanked us for building such a wonderful car. It was a very emotional Italian evening with plenty of crying. As I listened to Giuliano family tell of their experience, I thought of all the time and effort the engineers had put in to make the LS400 as safe as possible and tried to imagine a circumstance in which the car would fail to protect its passengers. It didn't take long to find out.

I remember standing outside my office when a Toyota attorney pulled me aside and told me about the first fatality. I have checked the legal archives of Toyota, had the police accident reports reviewed, and searched the newspaper archives, but have been unable to verify the accident. I remember it well because it upset me so much. It was about the same time as the Giulianos' dinner. In New Orleans, a drunk driver jumped the median, launching the car in the air into the oncoming traffic. The car went through the front windshield of the LS400, killing the two occupants in the front seat. It made me sick.

“People can never predict when hard times might come. Like fish in a net or birds in a trap, people are caught by sudden tragedy.” Ecclesiastes 9:12 (NLT)

We advertised the finest car ever built and the “Relentless Pursuit of Perfection”. I never dreamed we could be included in the NHTSA 2% vehicle failure category. It would be our worst possible nightmare and could destroy Lexus before we even got started. Then it happened!

It was the Monday morning after Thanksgiving when Dick Chitty, Lexus vice president of service and customer relations, came into my office. I could tell by the grim look on face something was wrong. There was an awkward silence. I sensed this was not going to be good news.

The past weekend, a salesperson from Tustin Lexus in southern California was taking a customer on a test drive of the LS400 on the San Diego Freeway when the cruise control failed to disengage. The quick-thinking salesperson reached over and manually disengaged the cruise control. The dealership sent a tow truck to bring the car back to the service department. They repeated the failure in the service department and immediately filed a technical report to the national office.

I got a sinking feeling in the pit of my stomach. We both knew the catastrophic impact a safety component failure could have on the Lexus brand image. After all, it had only been three years since the Audi brand was almost destroyed by an unintended acceleration issue.

In 1984, Audi sold 74,000 cars. Audi had staked its technical reputation on the “art of engineering.” In 1985, the Audi 5000-S was introduced to broad acclaim, but only a year later public opinion had turned against the car.

The TV news magazine 60 Minutes ran a story about the Audi 5000-S, interviewing owners who blamed their crashes on unintended acceleration. A Canton, Ohio mother vividly described how her Audi 5000 crushed her six-year-old son when it accelerated out of control, even though her foot was on the brake.

The 60 Minutes program showed an Audi blasting off out of control. The visual was dramatic and made great TV. However, the network failed to tell the audience that the producers of the show had altered the transmission, causing it to accelerate out of control.

The negative press was overwhelming, and a flood of lawsuits followed. Hundreds of drivers came forward claiming their cars surged out of control after they shifted from “park” to “drive” or “reverse.” Audi claimed the car was not defective, did nothing, and remained silent. Its Chairman, Ferdinand Peich, told Ward’s Automotive News, “Of course we must teach Americans how to drive.”

The Audi arrogance cost them dearly. By 1988 Audi’s sales had plummeted to 30,000 and the top three North American managers had lost their jobs. Mario de Francisco of Rochester, NY Audi said, “There’s a good chance some of the Audi franchises could fail.” Audi sales further collapsed to 18,000 in 1991. It took more than a decade for Audi to recover.

It wasn’t until three years later that the NHTSA would issue a report citing driver error, because the pedal placement of the brake caused drivers to mistakenly press the gas pedal when they thought they were pressing the brake pedal. After the Audi issue, manufacturers installed a device preventing a driver from shifting the car from “park” to “drive” or “reverse” without having a foot firmly on the brake.

I was badly shaken by the news that Lexus might be facing a similar situation. There was never any question about what to do. Federal law allows a manufacturer 5 working days to identify a problem, find a fix, and report it to the NHTSA. I couldn't imagine the grief Chief Engineer Suzuki and his team of engineers would be going through to get this problem fixed and the embarrassment of Chairman Toyoda. There would be many sleepless nights.

My primary concern was for the safety of our Lexus owners and their families. A weariness and rising nausea overcame me.

Pictures of Lexus LS400s running out of control kept creeping into my mind. On the way home that night I stopped at my home church, Irvine Presbyterian, but the doors were locked. I drove down the street to Saint John Neumann Catholic Church, sunk down into the back pew, and closed my eyes. I felt helpless. An elderly priest came over and asked if he could be of assistance. I thanked him and said I just needed some quiet time.

I asked God to watch over the Lexus owners and their families, that no one would be injured or lose their lives while we were trying to resolve the cruise control problem. I asked that His Spirit to guide our engineers so they could find a fix quickly. Finally, I asked for guidance in how Lexus should respond to this crisis with our customers and dealers.

“God’s there, listening for all who pray, for all who pray and mean it. He does what’s best for those who fear him—hears them call out, and saves them.” Psalm 145:18-19 (MSG)

Word spread throughout the organization of the trouble. It got tense. In addition, November sales were disappointing and added to my anxiety. The LS400 exceeded its goal of 2,500 with 2,738 sales, but the ES250 fell short of its 1,500 sales goal again with only 1,049 sales. The ES250 was now behind its goal for the year of 1,335. The good news was that LS400 was ahead of its target by 1,092.

We now had 81 dealers operational, but the competition was increasing. Infiniti was in full launch mode. In December, we would have the daunting task of overcoming a disastrous safety recall of our premier product, increased competition from Infiniti, and the faltering sales of the ES250.

Then the dealers reported a second safety-related problem to the Lexus technical team. The center rear brake light would overheat and distort in high-temperature areas of the country and needed to be replaced. A third problem, a non-safety issue involving the clamp that connected the alternator to the battery, would also need to be fixed.

The rear brake light and clamp were not serious. Both could be easily replaced and would be largely ignored by the media. The cruise control, however, was a serious safety issue and could not be ignored. A small part called the cruise control actuator had a slight machining error and needed to be immediately replaced in all 8,000 Lexus LS400s that had been sold or were in dealer inventory.

Harry Truman, the 35th President of the United States, was asked by a reporter how he always knew the right thing to do. Truman responded, “Everyone knows the right thing to do. doing it the hard part.”

But there had been only one reported incident and no injuries or deaths. Was this just a one-off event that wouldn't happen again? Did we really need to do a recall? In the end, we decided it was too serious a failure that might endanger lives if we didn't act. We couldn't take any chances. It would be humiliating, and the press would have a field day at our expense, but we had to do the right thing.

The entire organization turned its attention to customer care. We needed to handle the recall in a way that would exceed the expectations both of our customers and our dealers. We had a week to get ready. Yuki Togo and Bob McCurry were fully supportive of the recall while keeping the pressure on selling more cars. Our December sales goal of 4,000 had to be exceeded by 302 vehicles to achieve the 16,000 sales target for the year. The LS400 couldn't make up the shortfall if the ES faltered. The ES250 had to come through to have any hope of hitting the 16,000.

The recall would need to be reported to NHTSA. On December 4, 1989, the 1990 LS400 Vehicle Speed Control Recall #89V211000 was announced by the NHTSA. There would be no time for Christmas shopping.

“The eyes of the Lord watch over those who do right.” Psalm 34:15 (NLT)

Dick Chitty commented, “Well, I guess we are going to find out if that Lexus Covenant we all signed means anything.” We decided to craft our response to the recall around that Covenant. We and the dealers had all signed the Lexus Covenant agreeing to exceed our customers’ expectations and treat them as guests in our home. It was time to stand up and deliver on that promise.

The Washington, D.C. office was to call the Lexus office in California as soon as the recall notification was delivered to the NHTSA on Monday morning of December 4, 1989. The expensive data-video communication system I reluctantly agreed to implement was about to save the day.

Mandatory conference calls with all the dealers and field organizations were set up immediately after the delivery of the notification to NHTSA. Dick Chitty, Don Esmond, and I divided up the conference calls. These calls were followed up with a video presentation shown to all dealership and field office personnel during which we emphasized the Lexus Covenant and its meaning.

One hour after the NHTSA was notified of the recall, every dealer, every field office, and all the Lexus associates knew about the recall and could explain the problem and how it was to be fixed. Lexus service technical specialists were present in every Lexus field office that Monday morning to answer any associate, dealer, or customer questions.

All the LS400 owners were to be called by the dealers within 24 hours to insure they were told about the recall before they heard or read about it in the news. Loaner cars were to be made available to all customers. If customers lived more than 100 miles from their dealership, a technician would be sent to their homes. All the cars were to be returned to the owners, washed and filled with a full tank of complimentary gas. Replacement parts were being airfreighted out from Japan every day. The goal was to have every car fixed before Christmas in 21 days.

The headlines for the next day were predictable. USA Today’s headline noted dryly, “Perfectionist’s brainchild Lexus not so perfect.” I was quoted saying, “We’re pursuing perfection; we’re not perfect.” Toyota spokesman Jim Olson took the embarrassing part of the recall head-on with a refreshingly blunt quote: “You bet it’s embarrassing. This is our walk-on-water car.”

Jerry Hirsch of the Associated Press reported, “Glitches mar debut of Lexus.” He went on to write, “Lexus’ advertised ‘Relentless Pursuit of Perfection’ has some imperfections.”

By December 23, all the repairs had been completed except for several hundred cars that had been shipped out of the country or bought by competitors and disassembled for research. Thankfully, there were no more cruise control failures or accidents.

Over the Christmas holidays, I sat at the dining room table and personally signed approximately 7,500 letters of apology to each of our guests who had purchased one of the first LS400s and thanked them for their patience.

During the cruise control recall crisis, the Lexus Covenant seemed to create a bond between the dealer body, the Lexus field office, and national headquarters personnel in an undergirded effort to overcome the challenge and emerge with an enhanced reputation.

In his book *The Tipping Point*, Malcolm Gladwell explains what happened. “The tipping point is that magic moment when an idea crosses a threshold, tips and spreads like wildfire.”

Gladwell went on to write, “You could argue that Lexus overreacted...but the company emerged from what could have been a disaster with a reputation for customer service that continues to this day. One automotive publication called it ‘the perfect recall.’”

The Lexus Covenant is still taught in Lexus training classes and on display at the national headquarters and some dealerships.

“God is our refuge and strength, always ready to help in times of trouble.” Psalm 46:1 (NLT)

Throughout 1989, dramatic changes were happening around the world.

The Cold War had begun to thaw with the tearing down of the Berlin Wall. In China, student protestors seeking more individual freedoms clashed with hardline Chinese Communist Party officials. An unknown lone protestor facing down a column of Chinese tanks in Tiananmen Square received worldwide attention. In England, the first World Wide Web server was developed, and the effort to index the global Internet had begun.

The Loma Prieto earthquake (magnitude 7.1) struck San Francisco during the baseball World Series between the Giants and Oakland Athletics. The series was delayed ten days and won by the A's. Michael Jordan of the Chicago Bulls took "the shot" beating the Cleveland Cavaliers in the last second of the first round of the NBA playoffs, and Darrell Waltrip won the Daytona 500.

The total car market in 1989 was a very weak 10.6 million as compared to 17 million in 2016. The luxury car market remained flat at about one million sales. Infiniti was off to a slow start with controversial advertising, only 40 dealers in business, and a low inventory of cars. According to Jerry Flint of Forbes magazine, Cadillac and Lincoln were standing up to Japan's new luxury cars. The Japanese, he wrote, "weren't running anyone off the road." With combined sales of over 400,000, Detroit's luxury car companies were still "kings of the hill."

Though the achievement was barely noticed by the automotive press, Lexus quietly reached our sales goal of 16,000. The LS400 continued a strong showing with 2,982 sales in December. The ES250 finally met its target of 1,500 per month with 1,563 sales. Total Lexus sales for 1989 were 16,302. We now had 81 dealers in business. It had been quite a year.

"I will keep on hoping for your help; I will praise you more and more. I will tell everyone about your righteousness. All day long I will proclaim your saving power." Psalm 71:14 (NLT)

We had survived the recall and met our sales objective for 1989. The mood at Lexus was decidedly upbeat. However, there remained one unfortunate issue from 1989 to resolve. My commitment to sign a solo if we achieved the 16,000 sales number. I thought they would forget but they did not.

I often bragged to people at work that my senior year in high school I sang a solo in the Linsly Military Institute talent show. When my fellow associates prodded me to sing for them, I always refused. However, I did relent when prodded if Lexus hit the 16,000 sale.

While the high school story is true, my singing abilities are deficient in every way possible. Misako Togo, President Yuki Togo's wife, heard about my singing and inquired if I would be willing to sing at their home when they had guest for dinner. Horrified, I declined.

Fortunately, my assistant, Linda, devised a plan that would prevent me from making a fool of myself. I would sing in the lobby of the headquarters building after 5:00 p.m. Linda hired a live band to back me up and play over my singing. Her idea was that I would not appear because I had fallen seriously ill. A friend would sing in my place. Elvis would appear and sign 2 songs, "Hound Dog" and "Love Me Tender."

I assumed everyone would want to get home and wouldn't stay to hear me sing. But as I waited to go out on the stage, I could hear a growing volume of voices coming from the lobby. I peeked out the door, and to my dismay the lobby was packed to overflowing.

Worse yet, my wife Cynthia had decided to bring some of the other wives and was sitting in the front row. Next to Cynthia was Senior Vice President Bob McCurry. To my horror, Mr. Togo and his wife were also in the front row dressed in formal attire. They were to attend a Long Beach Symphony charity event later that evening. My heart sank. I was trapped.

The band was playing, and the audience was getting restless. An announcement was made over the public-address system that I had taken ill and had asked a friend to sing in my place. A noticeable groan arose from the audience, but as "Elvis" bounded onto the stage the roar was deafening.

Elvis tried to calm the audience.

I looked down at the front row. McCurry gave me a withering look. He was making a slashing sign across his neck. I could read his lips. "Get down! Get down!" He turned to Cynthia, "Tell him to get down." Cynthia had a helpless expression, pleading with me to do something. Yuki Toga was wide-eyed, but his wife, Misako, was thoroughly enjoying herself. I forced an uneasy smile.

With a deep southern drawl, Elvis apologized for Illingworth's failure to show. The band started to play "Hound Dog." Elvis flashed the rings on his hand at the audience, waved his white scarf, and started sing. He was flat and off key, but it didn't matter. Everyone was clapping and cheering wildly.

When he finished "Hound Dog" the audience cheered wildly. Cynthia approached the stage and gave Elvis a dozen long stem roses. Flowers, fruit, panties, and all sorts of things started pelting Elvis. The cheer went up, "Encore, encore!" Elvis was a hit! Standing in the glow of unending adulation, he became intoxicated with the idea that he could have been rock star!

Elvis relented and agreed to sing one more song, "Love Me Tender." Cynthia folded her hands over her heart. The audience swooned and sang along. Then it was over. The audience protested, wanting more, but Elvis was exhausted and knew when to quit.

After Elvis left the stage, the audience crushed all around him. Some in the audience praised him, knowing how difficult it was for a good singer to sing poorly. McCurry seemed confused by it all and just shook his head waked away. Misako Togo was not confused. She came excitedly running up to Elvis, grinning broadly, and grabbed his right hand in her two hands. She enthusiastically shook his hand and exclaimed, "Oh Mr. Illingworth! I mean Elvis. You were woonderful!"

"There's an opportune time for everything, a right time for everything on earth. A right time to cry and another to laugh." Ecclesiastes 3:1,4 (MSG)

At the 1989 North American International Auto Show in Detroit, we had introduced the Lexus LS400 amid all the chaos surrounding the name. Since then we had secured the name, launched the car with rave reviews, and met our initial sales goal of 16,000. One of the most coveted and highly prized awards at the Detroit show is the Motor Trends “Car of the Year” and “Import Car of the Year.” At the 1990 show, Chief Engineer Suzuki desperately wanted to start the year off by winning the Motor Trend “Car of the Year” award or at least the “Import Car of the Year.”

At the time, Motor Trends “Car of the Year.” had significant advertising and publicity value worth millions. The “Import Car of the Year” award had less marketing value because of the word “import” carefully placed in its title. Nevertheless, Suzuki-san was determined to win the award. Our worst nightmare would be for the Lincoln Town Car to win “Car of the Year” honors and the Infiniti Q45 to get “Import Car of the Year.”

The Lincoln had little competition that year. Chrysler did not submit a car because the new Chrysler Imperial wasn’t ready. GM’s entries were uninteresting mid-size sedans.

Motor Trend reviews of the Town Car were dreadful. “The Lincoln Town Car may have once been the car we said we’d never be caught dead in; in fact, that’s probably the only way we would be caught in one—at our own funeral.” Motor Trend went on to say, “Many sales are going to be to buyers who may never make another purchase before heading to their Great Reward.”

In the unfortunate event that the Lincoln Town Car would get the “Car of the Year” award, we desperately needed the LS400 to get the import award instead of the Infiniti Q45. The technical department fine-tuned the LS400 that was given to Motor Trend to put the best possible LS400 up for the competition. The engineers even went to the extent of putting nearly 2,000 break-in miles on the car before shipping it to Motor Trend because it would improve the quarter mile time.

The LS400 was a groundbreaking effort on the part of Toyota engineers to build the finest car ever produced. The car was receiving rave reviews from all the automotive press and outselling the Q45. It was the foundation for launching an entire new dealer network. How could it miss?

Motor Trend hosted a luncheon on Thursday, January 11, 1990, at the N.A. International Auto Show to announce the 1990 winners. It was The Lincoln Town Car was named “Car of the Year.” It was a heartbreaking travesty.

It got worse. The Motor Trend “Import Car of the Year” was awarded to the Nissan Twin Turbo 300ZX.

#&! I was heartsick for Suzuki-san and Toyota’s engineers who had worked so hard only to be bitterly disappointed.

“Unrelenting disappointment leaves you heartsick, but a sudden good break can turn it around.”

Proverbs 2:12 (MSG)

Auto industry analysts forecast the 1990 luxury car market to remain flat. This meant that for Lexus to achieve our 60,000 sales goal, we needed to take sales away from the Europeans and Domestic competition.

Lexus was also trying to establish itself as the number-one luxury car brand in customer satisfaction. To do this, the feedback from all four of the customer satisfaction surveys would need to be positive. New vehicle sales and delivery satisfaction (NVSDS), Lexus service satisfaction (LSS), overall satisfaction index (OSI), and the number of follow-up calls completed would all need to come back from our customers at over 90 percent being very satisfied or satisfied.

How could we communicate these sales and customer satisfaction goals to the Lexus dealers and organization in a way that was easy to understand and remember? We used a book written by a kindergarten teacher in 1910, a children's book, *The Little Engine That Could*.

The Little Engine That Could is a book adapted from another a book written by Mabel Bragg, a kindergarten teacher, in 1910 called *The Pony Engine*. In 1926, the book was edited at Platt & Munk Publishers and renamed *The Little Engine That Could* with Watty Piper, a pen name, as the author.

It is a children's story about a happy train engine carrying a full load of toys, dolls, animals, and all sorts of good things to eat for boys and girls on the other side of the mountain. Suddenly, the engine stops. It can't go on.

The toys, dolls, and animals on the train are desperate to reach the boys and girls on the other side of the mountain. They ask a shiny passenger train engine to help them, but he is too proud to carry toys. They ask a big, strong freight engine to help, but he's too busy carrying cargo much more important than toys. They ask an old rusty engine to help, but he claims to be too old and weak. The finer, bigger, and older engines were too important, too busy, or too tired to help. Finally, they ask a little blue engine that was used only for switching cars in the rail yard.

This is biggest load that the little blue engine has ever been asked to pull. The engine agrees to help and hitches up the railcars full of toys. As it begins to chug, puff, pull, and slowly climb the mountain, it repeats to itself, "I think I can. I think I can. I think I can. I think I can." Up and up, faster and faster, the little blue engine chugs and puffs until it finally reaches the top of the mountain. Going down the other side, the little engine chugs and puffs, "I thought I could. I thought I could. I thought I could. I thought I could." The underlying message is that the little blue engine accomplished a seemingly impossible task by chanting and believing, "I think I can." This re-emphasized the part of the Lexus motto introduced at the first national dealer meeting: "If you think you can't, you won't. If you think you can, you will. We can. We will."

I asked Jim Sherburne, the individual who drew the initial Lexus facility, to make a model of the little blue train that we could give to the dealers and associates. Don Esmond, Dick Chitty, and I spread out across the country meeting with Lexus field people and dealers to read passages from the book. We gave them each a copy of the book and a model of the little blue engine climbing the mountain to put on their desks. At the end of the year, if Lexus achieved the sales and satisfaction goals for 1990, everyone would be allowed to turn their little blue engines around to go down the mountain.

"If? There are no 'ifs' among believers. Anything can happen." Mark 9:23 (MSG)

Although Nissan had announced the formation of the Infiniti division in July of 1987, a full month ahead of Toyota, it did not start selling cars until two months after Lexus. They had half as many dealers and only sold about 2,000 cars in 1989.

Portland, Oregon Infiniti dealer Jerry Dexter was quoted in the *Western Advertising News* saying, “If the fourth-quarter ads don’t create what dealers want, the dealers will demand that Hill, Holliday has got to go.” In early 1990, Infiniti announced a dramatic change in its \$60 million advertising budget and strategy. The rocks, trees, and pussy-willow buds were replaced. The advertising agency Hill, Holliday had no public comment on the change. Bill Bruce, the head of Infiniti, told Paul Ingrassia of the *Wall Street Journal* that, “Infiniti brand awareness had come more quickly than expected.” Bruce went on, “We always said our number-one objective was to establish a brand, not sell a model.”

“The dealers are encouraged to see Infiniti do this,” said Chris Cedergren of J.D. Power and Associates. Infiniti started running two-page ads in all the major newspapers across the country. The new ads showed the same car from 15 different angles. Al Ries, a prominent marketing consultant, commented, “They go from one ridiculous extreme to the other.” Peter Bossis, Infiniti’s marketing director, countered that the new advertising “fits nicely with the established Infiniti game plan.”

At the same time, Infiniti unveiled a new mid-sized, four-door sedan that would go on sale in the fall of 1990, called the G20. This model was to complement the Q45 luxury sedan and the two-door M30. But the G20 was based on Nissan’s Primera model in Japan. It was under-powered with only a four-cylinder engine and a small wheelbase that was three inches shorter than the ES250’s. Infiniti announced they were going to sell an unrealistic 4,000 G20s a month versus the ES250 plan of 1,500. The Infiniti sales plan was to achieve 100,000 total sales by 1995.

Infiniti was averaging only 1,100 sales a month but had just sold 1,500 cars the previous month—a 36% sales increase leading Bruce to boast, “The increase in month-to-month sales is dramatic.”

I never met Bill Bruce of Infiniti, but I shared his anxiety and pressure to succeed with a new Japanese luxury franchise. It seemed to me he had a much more difficult job than I because of the wooden-headed chief engineer of the Q45 who refused to listen to input from the U.S. sales division. They also had only half-hearted support from Nissan in Japan with the M30 and G20. As a result, Infiniti would cease to be a competitor for Lexus, and we turned our attention to the Europeans, Mercedes and BMW.

“Don’t rejoice when your enemies fall; don’t be happy when they stumble.” Proverbs 24:17 (NLT)

The Lexus recall was behind us, and sales were on the upswing. But our ultimate success wouldn't be determined by how many cars we sold, but by how many customers we would keep.

The Lexus customer satisfaction department set up a system to call the first Lexus LS400 owners to listen to their reactions to the car and record any complaints. Each associate in the division, including myself, was given the names of customers to call. The results were encouraging.

There were 11 complaints about receiving one master key, several complaints about the quality of the sound of the horn ("wimpy"), and a request for better side-door protection. Here is a sampling of the more positive responses:

Customer #21: "The Germans had better go back to the drawing board."

Customer #29: "Definitely the world's best automobile."

Customer #192: "I switched to Lexus from MB and Cadillac because MB has a real hard feeling, and Cadillac is too soft. Lexus is medium, just right."

Customer #214: "I got tired of all the horse-s*** service from other high-end dealers."

Customer #239: "Am selling the Mercedes! Love my Lexus."

Customer #268: "Originally purchased the LS400 for my wife, however I have decided to keep the LS400 and let her drive the Mercedes."

Customer #450: "Super satisfied—super car. I gave up 735i BMW after one year; I hated the BMW."

Customer #501: "I think this car is just wonderful. I traded in a new Jaguar...you're getting all the Jaguar customers."

Customer #538: "This car is excellent. I feel sorry for Cadillac and Lincoln."

Customer #546: "The BMW dealer was willing to take \$10,000 off the price of a BMW to get the sale, but I paid \$10,000 more for my Lexus."

A customer from Inverness, Florida purchased the 1990 LS400. He traded it in and bought a new 1991 LS400. He wrote, "We've had 52 cars since 1948, and this is the only one we brag about."

On October 3, 1989, Mr. and Mrs. Ross (fictitious name) from San Diego purchased their first LS400. Mrs. Ross complained about a foul smell coming from the air conditioning. After several failed attempts to clean the system, Dick Chitty went down to San Diego and met with the Rosses to provide a new LS400 at no additional charge. Several months later, Mrs. Ross was in a head-on collision with a pick-up truck driver who had suffered a heart attack. The LS400 was pushed over a 100-foot cliff and destroyed, but Mrs. Ross survived with minor injuries. When I left the Lexus division in 1993, the Rosses had purchased a total of four Lexus cars.

It's not how satisfied you keep your customers—it's how many satisfied customers you keep.

Jesus said, "**You'll never—I promise—regret it...Our Father is kind; you be kind.**" Luke 6:35 (MSG0)

Cynthia and I were invited to Yuki Togo's home for a dinner with the other senior Japanese and American managers and their wives. It would be the first and most memorable of all the dinners we would have at Yuki's, who was the president of Toyota USA.

It was an incredible home with a magnificent view overlooking the Pacific Ocean. Dinner was served in the dining room, and afterward we all moved to a large entertainment room for conversation and drinks.

Yuki pulled out his karaoke equipment. He had a very good voice and started to sing several songs. Everyone congratulated Yuki on his singing. I silently wondered to myself where this was going. Then, beaming broadly, Yuki invited others to sing. I leaned over to Cynthia and whispered, "This is voluntary...right?" She whispered back, "I think you're safe if McCurry doesn't sing." I nervously agreed. I couldn't imagine "Captain Crunch" singing, particularly with his wife, Jane, in attendance.

Then, Bob McCurry immediately approached Yuki and took the mic! How could this be? I was rattled. The implications of this turn of events was profound. McCurry selected Tony Bennett's song "I Left My Heart in San Francisco." But McCurry didn't sing. He sat down on the couch next to me, and as the music played he spoke the words! Jane sat serenely next to him, staring ahead like all was well with the world. Yuki was happy, and everyone seemed very pleased with McCurry's rendition. It felt like a noose was tightening around my neck.

I realized I was in deep trouble, particularly after my Elvis performance. Panic started to settle in. Cynthia had an excellent singing voice, and I had the great idea to have her sing with me. But none of the other managers' wives got to sing with their husbands. As each of the other managers fulfilled their obligation, I panicked even more. At first Cynthia was reluctant, but after my repeated pestering she finally took pity on me.

She told me to pick a song. I selected "Danny Boy." Cynthia looked at me in disbelief. "That's an awful song," she whispered frantically. "At least I half-way know it," I shot back. "Let's get this over." I confidently strode up in front of the group dragging Cynthia behind me.

As we started to sing, a slow misery overtook me. I noticed the questioning faces looking back at us. It was painful. I was grateful, but also felt sorry that I had talked Cynthia into standing with me.

I should have listened to Cynthia. I began to perspire. I realized I had never paid attention to the dreary words of "Danny Boy." I began to perspire. As the words of the song, "If I am dead, as dead I well may be...though soft you tread above me, my grave will warmer and sweeter be," filled the air and somberly spread throughout the room, a deepening gloom settled. Soon the agony was over. There was scattered but polite applause.

McCurry pulled me aside with some words of advice. He told me to find a song I could sing, then get up and sing it before someone else took it. Then he added. "And don't embarrass Cynthia again. Keep her out of it!" I took his advice. My song—for the rest of my career—was John Denver's "Country Roads."

"Let loose and sing. Strike up the band!" Psalm 98:4 (MSG)

Toyota in Japan was concerned that the Lexus LS400s in the U.S. were being sent back to Japan and re-sold at much higher prices. This sometimes happens when a car is not available in a certain market, and the LS400 was not yet being sold in Japan. The industry refers to these vehicles as “gray market cars.” Some at Lexus called them “swimmers.”

“Black market” means selling a product illegally, while “gray market” is selling a product legally but outside of the manufacturer’s intended distribution channel. Paragraph VII(B) of the Lexus dealer agreement read, “Dealer is authorized to sell LEXUS Motor vehicles only to customers located in the United States. Dealer agrees that it will not sell LEXUS Motor vehicles for resale or use outside the United States.”

Lexus dealers were selling cars to customers in the United States, but a few of those customers, typically car brokers, were turning around and selling them to customers in Japan. U.S. anti-trust laws allowed Toyota no legal or contractual authority to penalize individuals who purchased LS400s from dealers and then shipped them to Japan. In addition, there were no U.S. export laws prohibiting individuals from exporting Japanese-made vehicles from the U.S. to Japan.

The legal department and distribution department kept bringing this issue to my attention. I sent a letter to each of the dealers advising them of this problem, but it had little effect. I assumed this was a minor issue and didn’t spend a lot of time worrying about it.

Dr. S. Toyoda visited America. He was having a dinner with all the senior managers of Toyota, USA at the Hyatt Regency in Long Beach. Before dinner, Dr. Toyoda approached me. Sometimes he spoke in English, but other times he used a translator. This time he used a translator. I listened patiently and then waited for the translation.

Dr. Toyoda wanted to know about the “gray market” cars and what we were doing to stop them. I launched into a long defense, explaining the dealer agreement and the limited legal options available to us, while assuring him we had the problem under control. Without waiting for a translation, Dr. Toyoda fired back in Japanese. The translator was uneasy as he explained that Dr. Toyoda said his next-door neighbor had purchased an LS400 from the U.S.

I was caught completely off guard and stammered an apologetic answer, assuring him I would do everything possible to stop the flow of cars back to Japan. By March, the number of cars sent back to Japan had risen from 13 to 547. To slow these “gray market” cars, we took one of the brokers who was sending cars back to Japan to court, but we lost.

Eventually the problem took care of itself; the Toyota Celsior, the same car as the LS400 in the U.S., finally went on sale in Japan. This eliminated the need for them to be imported. Japanese buyers, however, changed the Celsior badging on their cars to Lexus.

“Don’t assume you know it all.” Proverbs 3:7 (MSG)

With the excitement of the launch and the recall behind us, things began to settle into a monthly routine. We now had 103 dealers active, and the plan was for another 20 to be active by the end of the year. Car industry sales through June of 1990 were down from 1989 by over 200,000 units, but the luxury segment of the market was up by 50,000. The luxury sedan market, where the LS400 competed, was up by 40,000—and the LS400 accounted for 18,920 of those sales.

The near-luxury sedan market, where the ES250 competed, was down. But ES250 sales steadily improved to average about 1,500 a month for 9,336 sales through June.

However, total Lexus sales of 28,256 through June meant that we were still more than 1,700 sales behind our year-end goal of 60,000.

The New Vehicle Sales and Delivery Satisfaction Index (NVSDS), the Overall Satisfaction Index (OSI), the Lexus Service Survey (LSS), and the customer follow-up contacts were all tracking above the goal of 90%.

“I will praise the Lord for all he has done. I will rejoice in his great goodness.” Isaiah 63:7 (NLT)

Lexus was beginning to hit its stride. July sales were the best-ever at 5,558, of which 1,979 were ES250s. We were tracking to hit our objectives for the first time. I was feeling good about achieving our goals—before Saddam Hussein ruined everything.

Hussein and the government of Iraq had long claimed that the country of Kuwait rightly belonged to them. Kuwait was formed in 1963 with the protection of the Arab League. Iraq strongly objected, claiming Kuwait had been wrongly taken from them in 1923 when the British drew up new borders for that part of the world.

On August 2, 1990, after making numerous threats, Hussein ordered the Iraq Army to invade Kuwait. The magnitude and swiftness of the invasion surprised the world. Within hours, Iraq overran the country and seized Kuwait City. The Iraqi soldiers then headed to the southern border toward Saudi Arabia.

U.S. forces were put on immediate alert. Secretary of Defense Dick Cheney met with King Fahd of Saudi Arabia, and orders were immediately issued for the largest buildup of U.S. forces since Vietnam. The 82nd Airborne Division and Third Armored Division with its Abrams M1A tanks were immediately deployed. By the end of September, nearly 200,000 U.S. troops were in Saudi Arabia.

The U.S. received permission from the U.N. Security Council to use force in removing Iraq from Kuwait if Saddam did not leave peacefully. None of this was good news for car sales.

The hope was that Saddam Hussein would leave Kuwait without being forced. This possible conflict would hang over the economy for the remainder of 1990. Lexus had planned a special trip to Japan to show the dealers the new SC400 and ES300. That trip was cancelled and rescheduled for the spring of 1991 in Vancouver, Canada. I tried my best to stay positive.

“Display your power, O God, as you have in the past...rebuke the enemy nations...scatter the nations that delight in war.” Psalm 68:28-30

The ES 250 was holding its own but we desperately needed the new ES300.

In an article headlined, “Crowded Market Befuddles Buyers,” Melinda Grenier Guiles of the Wall Street Journal wrote, “The product proliferation—and rising prices—render the term ‘luxury car’ almost meaningless.” Adding more confusion, Mazda was rumored to be ready to announce a new luxury car division code-named “Pegasus.”

The ES250 was adding to the confusion. But now that we were selling through the backlog of cloth interior cars, it was selling much better. Even the media was beginning to say good things about the car. Car and Driver magazine admitted the ES250 was like “playing second fiddle to a Stradivarius.” Car and Driver went on to say, “Apart from its slight identity crisis, the ES250 is a very inviting car. A little sedan with a light and polite feel.”

The near-luxury market was down, and it would be more than a year before the new ES300 would be ready. The ES300 was a completely redesigned version of the ES250, sharing styling cues with the LS400 and having no similarities to the Toyota Camry or Vista. It was to be five inches longer and three inches wider for a sporty feel. It would have upgraded engine performance from 156HP to 185HP with a three-liter V-6. Fuel mileage would remain a competitive 25 MPG.

The interior would have improved leg, head, and shoulder room, an eight-speaker audio system, air bags, and the same LED meter display on the dash as the LS400. It would have California walnut interior trim with premium leather seats. The noise reduction efforts made in the LS400 would be included in the new ES300.

The clinics conducted with 200 potential customers on the early models were encouraging. We tested against the Mercedes 190, the Acura Legend, the Nissan Maxima, and the Buick Park Avenue. We did not test against the Infiniti G20 because we determined it would be uncompetitive against the new ES300. At the beginning of the clinic, we did not put the Lexus name on the car. Without badging and price, the ES300 came in second to the Buick Park Avenue. After revealing badging and price, the ES300 shot to number one. The Buick remained a close second, with the Legend and Maxima tied for third and the Mercedes falling to last.

The excitement for the new ES300 was building. We were planning to introduce the new ES300 to the dealers at the second Lexus National Dealer Meeting in Japan in early 1991.

“Strategic planning is the key to warfare; to win, you need a lot of good counsel.” Proverbs 24:6 (MSG)

The new SC400 was to be introduced in 1991. The coupe was in development at Toyota's Caltex Studio in Newport Beach, California. The LS 400 was criticized for being too conservative. The new SC400 would be revolutionary.

Toshihiro Okada was the chief engineer for the new SC400 coupe. He was a sports car enthusiast who owned a Porsche. There were several directions to consider with the new coupe. One option was to go with a two-door version of the LS400. The second was to create a version of the Toyota Soarer sold in Japan. The third was to create something totally new and exciting. Okada chose option three.

The two-door luxury coupe was a small but important part of the luxury coupe market. The Cadillac El Dorado was the number one seller with 22,000 sales out of 130,000 total coupe sales. Coupes served as style leaders for the luxury brands. Cadillac's

Pininfarina-styled Allante roadster, Buick's two-seat Reatta, Acura's Legend coupe, and Infiniti's M30 all tried but failed to deliver the brand halo desired.

There were four design teams, two in Japan, one in Europe, and one in the U.S., all competing for the final design approval of the SC400. The U.S. team consisted of Dave Hackett, Dennis Campbell, and Erwin Lou at the Caltex Design Studio in Newport Beach. These designers were young and free of the restraints in Japan.

Dennis Campbell and Erwin Lou working on SC400 clay.

The Caltex designers went completely outside the box using plaster-filled balloons to find original, organic, curvaceous shapes.

The goal was to achieve a low, sleek car with sensuous curves and a distinctive front end. The results were dramatic and controversial. Chief Engineer Okada was excited about the concept. He advocated for and received the Toyota design committee's approval for the Caltex version of the SC400.

Once you have design approval, however, translating that design into a production reality and a financially acceptable product is never easy. The unorthodox design of the SC400 made the production reality for the car even more tense and painful than usual. Erwin Lou lived in Japan for several months to try and hammer out the production issues. For instance, the complex curvature of the front of the car made the narrowness of the grille too small for the radiator, and the sloping front hood was too small for the engine.

Erwin tells the story of working late one night in the design studio, only to come back the next morning to find an air filter buried in the hood of the clay model—a message from the production engineers pointing out that the design team had forgotten to make room for an air filter.

The final product was not identical to the original design, but considering all the challenges and how far the design pushed the envelope, it was remarkably close. Lexus had never competed in the luxury coupe market. It would take a bold design and careful understanding to be successful. And it would be almost a year before we would know if the SC400 would be the halo car Lexus needed.

“Tune your ears to wisdom and concentrate on understanding.” Proverbs 2:2

With Lexus having great success, Fortune magazine put Toyota on the cover and asked, “Can Toyota avoid the ‘large-corporation disease?’

There is no better example of how Toyota avoids large-corporation disease than the company’s “just-in-time” production system championed by Taiichi Ohno. This production system happened inch by inch and took more than 20 years to develop, during which Toyota was continually working to reduce the “three Ds” at its plants: the dangerous, dirty, and demanding aspects of assembling a car. It was working. It took Toyota just 13 hours to build a car, the shortest in the industry.

All the Toyota plants in Japan were running on overtime. The average plant worker was putting in about one hour of overtime per shift. This contributed to the increasing financial strength of the company. With global sales of over \$64 billion and profits over \$3 billion, Toyota was rich.

Fortune magazine concluded, “Thanks to Kaizen and Kanban, continuous improvement and just-in-time production, Toyota’s lead over the competition—American, European and Japanese—keeps growing and growing and growing.”

Dr. Toyoda refused to brag or boast about Toyota’s progress. Instead he said, “We are still slow in movement. We felt we suffered from large-corporation disease. It had become extremely difficult for top executives to convey their feelings to the workers. So, we embarked on a cure. We have a saying: ‘A large man has difficulty exercising his wits fully.’ We wanted to rectify this by being sure that customer satisfaction is our first-priority.”

“Don’t let the wise brag of their wisdom. Don’t let heroes brag of their exploits. Don’t let the rich brag about their riches...I do what’s right and set things right and fair, and delight in those who do the same.”

Jeremiah 9:23,28

The demolition of the Berlin Wall had begun, and Mikhail Gorbachev of the Soviet Union was awarded the Nobel Peace Prize.

Nelson Mandela was released from prison after 27 years and became leader of the African National Congress. Michael Jordan led the Chicago Bulls to their sixth NBA championship, Home Alone was the movie hit of the year, and General Motors launched its Saturn division. Amidst all of that, the U.S. economy was headed into a recession as the Federal Reserve policies were implemented to curb inflation while the housing market collapsed. In addition, a crippling 10% excise tax was levied by the U.S. government on all imported cars costing more than \$30,000.

Auto industry sales in 1990 were a weak 13.8 million. With the economy in recession and the Gulf War looming in the future, auto executives were not optimistic. John Middleton, the general manager of the Pontiac division said, "Business is tough. A new car is a postponable purchase, and that's just what Americans are doing right now, postponing the purchase." Bob Lutz, Chrysler Corporation president, stated, "Even if the Mideast crisis is resolved, we have a huge budget deficit, huge consumer indebtedness, and a bank and savings and loan system in bad shape in a credit-driven society."

Despite all the negativity, Lexus was doing well. In the 1990 year-end review of the automotive winners and losers, USA Today declared the Lexus LS400 an "instant classic." The LS400 far exceeded its sales goal of 40,000 with 43,022 sales. The ES250 also made its sales goal of 20,000 at 20,612 sales. In a weak market, Lexus exceeded its yearly sales objective of 60,000 with 63,534 sales.

There was good news in the customer satisfaction area. The New Vehicle Sales Delivery Survey (NVSDS) came in at 94.1%. The Lexus Service Survey (LSS) came in at 91.4%. The Overall Satisfaction Index (OSI) came in at 93.5% and the follow-up calls at 91.7%.

Every objective Lexus had set for 1990 had been achieved, which meant that everyone could turn their "Little Engine That Could" around so it was going downhill with the words inscribed, "I thought I could, I thought I could."

"It's good to give thanks to the Lord and sing praises to his name." Psalm 92:1 (NLT)

The year of 1991 got off to an ugly start. On January 16, the Gulf War hostilities began with an extensive air campaign that lasted 42 consecutive days and nights with more than 100,000 sorties flown. In response, Iraq fired 88 Scud missiles at Israel, trying to draw the country into the conflict so the Arab nations that were part of the 35-nation coalition aligned against Iraq would withdraw. Israel did not respond.

On January 29, the Iraqi army invaded Saudi Arabia and attacked the city of Khafji. They were quickly defeated. On February 24, the ground battle began when the 1st and 2nd Marine Division crossed into Kuwait. Three days later Hussein ordered his troops to retreat, and President Bush declared Kuwait liberated. But as the Iraqi forces retreated, they implemented a scorched earth policy, setting fire to more than 700 oil wells and surrounding them with land mines so the fires could not be extinguished.

Coalition forces followed the Iraqi army to within 150 miles of Baghdad, inflicting heavy casualties. President Bush ordered U.S. forces to leave Iraq and retreat to Kuwait. A cease fire was declared. By March of 1991, more than 540,000 U.S. troops started moving back to the U.S.

The Gulf War introduced live news broadcasts from the battlefield. New satellite technology made it possible for people around the world to watch live pictures from the scene. The three major networks, NBC, CBS, and ABC covered all the battles, but it was CNN's 24-hour reporting that kept events in the public eye continually. I was glued to the television like everyone else. Business slowed dramatically.

Despite the war, the recession, and the cruel 10% luxury tax, the Lexus sales goal for 1991 was raised to 72,000. The LS400 sales target would remain at 42,000. In its final year, the ES250 sales goal was set at 12,000. The new ES300 was to arrive in the fall, and we were expected to sell 8,000. The new SC400 would go on sale in the spring with a yearly sales goal of 12,000.

The dealer count was now up to 121, and we hoped to add another 20 by the end of the year. The customer satisfaction objectives all remained the same for 1991: at or above 90%.

War and car sales don't mix; we got off to a slow start. Lexus sales in January were down 25% from the previous year. After hostilities ceased, sales started to rebound, but by the end of March we were going to have to make up for the 6,000 lost sales in January and February to reach our 72,000 target by year-end.

"He causes wars to end throughout the earth. He breaks the bow and snaps the spear; he burns the shields with fire." Psalm 46:9 (NLT)

The chief engineer for the LS400, Ichiro Suzuki, was pushing to build a “stretch” LS400 with added backseat legroom. The car was not intended to be chauffeur-driven like the Toyota Century in Japan. The market for the car in the U.S. was small, but it would increase sales slightly and add prestige to the Lexus brand.

Bob McCurry and I were standing in the Design Dome looking at the clay model of the “stretch” LS400 when he turned to look at the new Toyota Land Cruiser. Because of its excellent reliability, the Land Cruiser was hugely popular around the world. It was Toyota’s longest-running production model, dating back to 1951. The Land Cruiser was very expensive; Toyota only sold a few thousand a year in the U.S.

“You need to convert the Land Cruiser to a Lexus and sell it as a luxury SUV,” McCurry said. “The SUV market is where all the growth is going to be in the future.” I was disbelieving, “Really—a truck in a luxury car franchise?”

The SUV market in the U.S. at that time consisted of Jeep Wagoneer, Chevy Blazer, Dodge Ram Charger, Ford Bronco and Explorer, and the Toyota 4 Runner and Land Cruiser. No luxury car franchise would lower itself to the truck market. But McCurry insisted and the chief engineer of the Land Cruiser was very excited about the idea of a Lexus Land Cruiser. The LS400 “stretch” would never be built, but the Lexus LX450 would.

Externally, the Lexus LX450 would be identical to the Land Cruiser except for the grille. Most of the differences were on the inside, with restyled and more luxurious interior leather seats and a softer suspension. It wouldn’t go on sale until after I left the division in 1995. The LX450 sold quite well but was irritating to the Toyota dealers because the public preferred the Lexus badge for more prestige, and Land Cruiser sales dropped as a result.

After the LX450, Lexus would add the RX and GX as the SUV market exploded. McCurry was right again and soon all the luxury brands had SUVs, including Porsche.

“Commit your plans to the Lord, and your plans will succeed.” Proverbs 16:3 (NLT)

Lexus had not only survived, but thrived through the trials and tribulations of launching a new franchise, a safety recall, and an economic recession. How long could our winning streak continue?

The new SC400 Coupe and the new ES300 would be great additions to the line-up, but we needed to warn the dealers and the associates against becoming complacent.

Our goal of unquestioned leadership in quality and customer service required persistence. To reinforce these values, we told this story about a young boy:

There was a nine-year-old boy. His father was a poor farmer, a wanderer, and a ne'er-do-well. The boy's mother, his only source of inspiration and love, was dying. She struggled to whisper her last dying words to the boy and his sister. She seemed to say, "Be good to each other, live as I have taught you, worship God." She died seven days later.

The boy and his sister lived in poverty and intolerable squalor. The boy liked school and did well, but his father ridiculed his attempts at learning. As he grew into manhood, the young lad decided he wanted to be a lawyer. But again, his dull and ignorant father told his son he would never amount to anything and that he, like himself, would also be nothing but a poor farmer.

But the boy refused to listen. With great sacrifice, he studied law and was admitted to the bar.

He ran for the state legislature and lost. He ran a second time and won.

After serving in the state legislature, he ran for the United States Congress and lost. He ran for Congress a second time and lost again. He ran for Congress a third time and this time he won, but he did so poorly as a congressman he could not get re-elected for a second term.

Still he persisted. He ran for the Senate of the United States and lost. He ran a second time and lost again. He ran for the nomination of his party for Vice President of the United States and lost.

Still he persisted. He ran for the nomination of his party for President of the United States and won. When his party contacted the 23 ministers in his hometown, 20 said they would not vote for him to be president. On his mother's side of the family, everyone said they would not vote for him except one person. And every single relative on his father's side of the family said they would refuse to vote for him to be President of the United States.

Still he persisted and was elected President of the United States. There was an assassination attempt on his life before he even took office.

The members of his cabinet viewed him with outright contempt. His Secretary of Defense openly denounced him as a painful imbecile and a long-armed ape. His Secretary of State in a formal letter to him, suggested he abdicate the office of the presidency because of his incompetence.

The day came when he was to share the speaker's platform with the greatest orator in America. He painstakingly wrote his own speech. He was determined to represent himself well. But the speech was not well received. The Chicago Times wrote about the speech, "The cheek of every American must tingle with shame as he recalls the pitiful utterances of the man who has to be pointed to as President of the United States."

The emotional drain of his presidency and the personal suffering he endured had been so great that he lost more than 40 pounds. He had severe headaches, cold hands and feet, and heavy fatigue. He was known to disappear behind the closed door of his office for long periods of time. Those outside could hear someone inside crying.

Still he persisted—until an assassin’s bullet took his life.

What possible good could come from a life filled with so much heartache, misery, and failure?

If you drive across this country, today you will find cities, counties, streets, freeways, tunnels, bridges, banks, parks, museums, universities, high schools, grade schools, and children named after this man.

If you go to the Library of Congress, you will find more than 3,500 books written about this one man.

And that speech that was so poorly received by so many, today is memorized by school children and acclaimed by historians to be one of finest speeches ever given by a leader to his people.

As this man lay on his deathbed, the Secretary of Defense, who had four years earlier so bitterly condemned him as a painful imbecile, wept at the side of his bed and gave him to the ages.

The funeral train that took this man’s body back to his hometown traveled through 180 cities and seven states. So great were the crowds to pay their respect for him that police had trouble maintaining order. An estimated one-third of the population of the country, 31 million people, came out to silently watch his funeral train pass by, some walking as far as 100 miles.

We should all be thankful that Thomas Lincoln was wrong about his son, Abraham, and that Abraham Lincoln persisted until he achieved his goal to save the Union.

A young lawyer wrote to Lincoln asking him what the most important thing to being successful was. Abraham Lincoln wrote back, “Your own resolution (persistence) to succeed is more important than any other one thing.”

After the Lexus dealer meeting, everyone in attendance was given a picture of Abraham Lincoln and his quote on persistence along with the goals for Lexus.

“If you keep knocking long enough he will get up and give you whatever you need because of your shameless persistence.” Luke 11:8 (NLT)

The political atmosphere was anti-Japanese. The Automotive News headline shouted, “The Big 3 to U.S.: We’re hurting. Japan isn’t.” Faced with a continuing loss of sales, General Motors, Ford, and Chrysler filed an anti-dumping petition with the U.S. Government concerning Toyota vans. “Dumping” is the sales of a product from another country in the United States at an unfairly low price to gain market share. “The Big Three” charged that Toyota was underpricing the Previa van in the United States. Trade tensions would continue to escalate in the coming years. This was a harbinger of things to come for Lexus.

Lee Iacocca complained, “The administration tells us, ‘Give us a good case, and we’ll move on it.’ Why do we, the victims, have to take the lead? Why doesn’t the government do its own investigation and enforce the law?” He added sarcastically, “It could be that the Japanese automakers just have a soft spot in the hearts for the American consumer.”

Toyota had just entered the market for the first time with a new van. Toyota spokesman, John McCandless, said, “This is just more Japan bashing and threatens the U.S. consumer’s freedom of choice.” Bob McCurry, executive vice president of Toyota, fired back, “Mr. Iacocca has run out of excuses. They (Big 3) have over 80 percent of the van market, and they’re crying that they are an injured party.”

The news stories about Lexus dumping started to appear. Lexus never targeted the Cadillac and Lincoln buyers, although Lincoln sales over time declined substantially. The Germans were unable to take a case to the U.S. government against Toyota or Lexus because only the U.S. domestic manufacturers could petition the U.S. government.

Jim Harbour, a manufacturing consultant from Troy, Michigan, studied the Lexus phenomenon. He concluded that a Lexus luxury car was taking about 30 hours to build versus 85 hours to build a German luxury car. Adding to this inefficiency, the German workers had a 37.5-hour work week, 30 days of vacation, and costly social programs.

Harbour ask the question, “Is Toyota dumping Lexus cars to gain market share? I don’t think so.” He went on to add, “The German car producers have had the U.S. market to themselves for years, but now they are getting a real taste of some real competition. Toyota is pocketing \$10,000 for every Lexus it sells—much like Ford does for each Lincoln Town Car.”

It would take a year before the U.S. Government would rule on the dumping charge filed against Toyota. Cadillac and Lincoln would take notice of Lexus, and the domestics would start pushing the incoming Clinton administration to try new and even more oppressive taxes to hurt Lexus.

“Bless your enemies; no cursing under your breath.” Romans 12:24

The 1990 customer satisfaction scores for Lexus that were used for the “Little Engine That Could” incentive were all internal surveys done by Lexus.

J.D. Power and Associates is a third-party research company started in 1968. It surveys all car owners about their satisfaction with their cars and their overall ownership experience. The company publishes its ratings based on these survey results. The surveys are sent to customers who had owned their cars for one to five years. Therefore, it wasn't until 1991, a year after we had started in business, that Lexus was included in the J.D. Power results.

David Power, company founder and president, knew the Toyoda family and many of the senior managers in Japan. The U.S. Toyota was one of J.D. Power's first clients. Receiving recognition from J.D. Power was very important to Toyota management because it would be the first outside assessment of how Lexus was doing. It was like waiting for your grade on a final exam from a tough professor. The pressure from management in Japan was serious.

The Initial Quality Survey (IQS) rated the number of quality issues the owners encountered in the first 90 days. The Sales Satisfaction Survey (SSI) rated the owners' sales experiences, and the Customer Satisfaction Index (CSI) rated their service experiences.

I was in Omaha when Dick Chitty, Lexus national service manager, called me with the results. Lexus was ranked number one in IQS and SSI and tied for number two in CSI! It was the triple crown of Lexus customer satisfaction and an important vindication of all we and the dealers had done to establish a new standard in customer care. A sense of great relief swept over me knowing we had passed our first exam.

“Good comes to those...who conduct their business fairly.” Psalm 112:5 (NLT)

The SC 400 was about to go on sale. What would the automotive press write about the car?

Jim Mateja, the auto writer for the Chicago Tribune, wrote, “Have you had it up to here with all that’s been said and written about the Japanese outwitting the domestics at every turn? Then you’d better not read on, or you’ll upchuck. Yes, they’ve done it again. The SC400 is the benchmark against which all other sports coupes must be judged.”

USA Today raved, “fantastic looking car.”

Autoweek magazine declared, “Still the right touch. Lexus follows its initial success with a sports coupe, the SC400, that sets to make a mark in styling, technology and the market place.”

Road and Track magazine stated, “The styling of the SC400 belongs in the annals of design eccentricity. The resulting coupelong hood line, round nose, short rear deck, sleek windows and roof line retain a fluid look offset nicely by crisp character lines.”

The Automobile magazine headline read, “The new SC400 soars, never bores.” They went on to write, “It should not shock anyone that the company that redefined the luxury automobile two years ago is able to redefine an entirely different type of car so soon thereafter. This is a shocking automobile by any measure. The SC refutes all the little niggles that struggling Lexus competitors raised about the LS400. This season, the world’s luxury carmakers won’t have to go to a movie house to see *The Silence of the Lambs*; they will be able to get their horror thrills on the test tracks and in the tear-down labs with the SC400.”

“Sing praises to our God.” Psalm 81:1 (NLT)

The car market was recovering from the Gulf War, but was still not showing much strength. Truck sales were down 8% with car sales tracking about 12% behind the 1990 sales pace. Sales in the luxury coupe market were down even more from previous years dropping from 200,000 a year in 1983 to about 100,000 a year in 1991. The SC400 went on sale June of 1991. We planned on selling 18,000 for the year or 1,500 a month.

The SC400 was a huge hit with the press and the public, and it helped drive our June sales to the second-best sales month in the division's short history, with a total of 6,511. The LS400 registered 3,427 sales; the ES250 had 1,537; and the SC400 had 1,547 sales. Lexus was showing good strength in a weak market.

Lexus sold 28,126 cars during the first six months of 1991, and more than 17,000 of those sales were the LS400. When the LS400 was introduced 16 months earlier, it got an average of 18% of the prestige luxury segment of the market but had now climbed to 50% of the segment. Lexus sales garnered 5.5% of the total luxury market when it was introduced in 1989, but with the addition of the SC400 it doubled its share of the total luxury market to 9.5%.

“Give thanks to the Lord for he is good.” Psalm 107:1 (NLT)

The new ES 300 would be introduced three months after the SC400, replacing the ES250. Thanks to our combination of strong sales and strong customer satisfaction rankings, the competition was taking notice. The Europeans were beginning to aggressively market their cars by targeting Lexus. The domestic manufacturers were beating the drums for trade tariffs to be levied against Lexus by the U.S. government. It was about to get worse for the competition, and the push-back would only intensify.

Car and Driver magazine stated, "The Camry Clone Gets the Broom." The much-maligned ES250 did significantly better than we all expected from a sales standpoint, but the completely redesigned ES300 would be a welcomed addition to the Lexus line-up. Its styling cues and interior design would more closely match those of the Lexus family.

Road & Track magazine's Rik Paul wrote of the ES300, "Out of the Shadows and Into the Limelight." He concluded, "The ES300 offers a winning package. We now have an entry-level Lexus that not only looks the part, but is unquestionably worthy of the name."

The National Road and Motorists Association (NRMA) gave an in-depth critique of the ES300. They concluded, "The ES300 offers as much or more in its quality of finish, equipment, comfort, quietness, performance and driving convenience than European models. It's also backed by the same complete after-sales customer service that's offered with the LS400. Particularly in today's hard economic times, we don't think these factors can be ignored and it will be interesting to see how the luxury market weighs up factors like prestige and ultimate road manners against value for the money and practicality."

Auto writer for the San Jose Mercury News Matt Nauman wrote of the ES300, "The new ES300 sedan is stylish, smooth and powerful." He and his wife drove the ES300 into San Francisco to see a play one night, and he wore a new blazer for the occasion. He wrote that his wife didn't comment on his blazer or the play. Instead, she turned to him and said, "Matt, I want this car."

ES250 sales in August fell to only 716 as we sold out of inventory to make way for the ES300. In first month, we sold 1,578 ES300s. By December, sales had doubled to 3,347. The ES300 would ultimately outsell the LS400.

With three great cars and an outstanding customer service reputation, Lexus was crushing the competition and making serious enemies.

"Don't be impressed with your own wisdom. Instead, fear the Lord." Proverbs 3:7 (NLT)

It had been quite a year, including the Gulf War, a new conflict emerging between Serbia and the other Yugoslav republics, and the South African Parliament's repeal of racial classification of South Africans at birth. An amateur video capturing the beating of Rodney King by Los Angeles police was released, and the Japanese price bubble collapsed while Super Nintendo went on sale in the U.S.

Michael Jordan led the Chicago Bulls to their first of six NBA championships. Magic Johnson of the Los Angeles Lakers announced the end of his career because he tested HIV-positive, while Starbucks opened its first outlet in California.

Total sales for Toyota, including Lexus, exceeded the million mark for the second year in a row, with 1,010,746 sales.

Lexus now had 141 dealers. The December 1991 sales were a record of 8,864, achieving a new high of 13% market share. But the entire automobile market ended the year with a disappointing 12,885,417 sales, down 12% from the previous year. Lexus sales, fueled by the new SC400 and ES300, came in at 70,803 for the year, up 12% from 1990. Lexus outsold Mercedes and BMW and more than doubled Infiniti's sales of 34,000. It was indisputable. Lexus was doing something right.

At home, things had settled into more of a routine: less travel to Japan, children doing well in school, and a new home that was perfect.

"Listen for God's voice in everything you do, everywhere you go. Don't assume you know it all."

Proverbs 3:6-7 (MSG)

Everything looked promising for 1992. Analysts were predicting the auto market would start to rebound back to 13 million a year. Lexus would be introducing a six-cylinder version of the SC400 and a freshened version of the LS 400 with more than 50 improvements. However, an ominous dark cloud hung on the horizon, the Toyota dumping case. It was a presidential election year, and politics would rule.

At the 1992 Detroit Auto Show, the Lexus SC400 was awarded Motor Trend magazine's "Import Car of Year" award, a distinction that was not given to the LS400 two years earlier. Automobile magazine named the Lexus ES300 a "Top Ten All-Star." The SC400 was also named to the "Top Ten All-Stars" list, as well as Car & Driver's "Ten Best," Playboy's "Car of the Year," and Popular Science's "Best of What's New."

Despite all the awards, it was not a feel-good time. During the press conferences at the show, some mild shots were taken back and forth between the domestic and Japanese manufacturers. It seemed good-natured at first, but soon turned ugly. It got serious because these were issues that touched all of us, and strong emotions were unleashed.

I was quoted saying that 1991 was a strange year that started with Saddam invading Kuwait and ended with Iacocca invading Japan. I was referring to a trip President Bush and the "Big Three" auto executives were about to make to Japan to discuss trade issues. The press asked if I was insinuating that Iacocca was trying to "sack and burn the Land of the Rising Sun."

The 19-term U.S. Congressman from Detroit, John Dingell, jumped into the fray stating, "The U.S. International Commission records are rich in misbehavior by the Japanese in terms of violations of American trade laws." He added, "I hope the automobile executives are able to say that they did more than stand behind Bush like potted plants during the appropriate ceremonies."

I had openly wondered if attending the Detroit Auto Show in such an emotionally charged atmosphere was a good idea, but added, "In the end, we decided that providing people with quality products and the type of customer service they demand was nothing to conceal."

Lexus was fighting a battle on two fronts, the competition in the marketplace and a hostile political environment. Yuki Togo, president of Toyota Motor Sales, USA, wrote a letter to all our associates and dealers warning everyone, "Japan-bashing and economic nationalism will dominate public opinion, the political arena and news media coverage until the presidential election is over and the economy pulls out of its current downturn. Until then, we must stick together and do the best we can."

"You serve me a six-course dinner right in front of my enemies. You revive my drooping head; my cup brims with blessings." Psalm 23:5 (MSG)

U.S. manufacturers were increasingly filing dumping charges against foreign countries for products ranging from semi-conductors, steel, chemicals, cement, and autos.

After the presidential election things got worse. The U.S. implemented a Japan policy that would put this critical international relationship at risk and threaten the very existence of Lexus.

The Commerce Department of the U.S. Government ruled that Toyota was guilty of the practice known as “dumping.” Senator Donald Riegle of Michigan said, “The government today finally blew the whistle on the trade cheating by Japan.” The Toyota dumping case would now proceed to the international Trade Commission for a final ruling.

The Big Three hailed the decision, but a Toyota spokesman, Jim Olsen, called the decision “politically correct” but “a factual fantasy.”

Brian Riley of the Citizens for a Sound Economy said, “This is simply an effort by the Big Three to gouge American consumers by dramatically increasing prices. It’s protectionism, pure and simple.”

Testifying at the International Trade Commission hearings, the Big Three were hard-pressed to prove their case against Toyota. The Big Three’s market share had increased to 93% from 88% during the last year, while Toyota’s market share had dropped from 6% to 3%. The ITC reversed the Commerce Department’s ruling and decided four-to-two that Toyota was “not dumping.”

The U.S. Congress ramped up the pressure. Senator Reigle and House Majority Leader Richard Gephardt of Missouri introduced legislation that would require Japan to lower its trade deficit by 20%. If Japan failed to meet this objective, the Japanese vehicles, whether imported or produced in the U.S., would need to be cut by 250,000 annually.

The Japan Ministry of International Trade and Industry decided to lower “voluntary quotas” of shipments of Japanese vehicles to the U.S. from 2.3 million to 1.6 million a year.

Despite the toxic anti-Toyota rhetoric, Lexus sales continued to stay strong, averaging close to 8,000 a month while increasing our market share to over 12.5%.

Warren Brown, the auto writer for the Washington Post, reported, “Industry and government officials say the next target is likely to be the new luxury cars put out by Toyota.”

“How long will you people ruin my reputation? How long will you make groundless accusations? How long will you continue your lies? You can be sure of this: The LORD will set apart the godly for himself.”
Psalm 3:2 (NLT)

In March of 1992, the Lexus dealers and associates traveled to Japan for the third National Dealer Meeting. This was the trip to Japan that had been postponed by the Gulf War.

This would be an opportunity for the dealers and associates to tour the Tahara plant, interface with the Japanese senior management, and get a taste of the Japanese culture. The star of the show would be the freshened LS400 that would incorporate forty improvements.

The Japan America Symphony Orchestra performed alongside the Japan Youth Orchestra and Choir while a panoramic video of the land and seascape of Japan and America played on a giant screen.

Rather than worrying about all the Japan-bashing that was going on, we decided to focus on the future and set five difficult goals for the division to achieve in 1992:

- #1 in Luxury Import Sales
- #1 in Initial Quality
- #1 in Owner Retention #1 in Retained Value
- #1 in Dealer Profitability

Achieving these goals would take teamwork from everyone; from the engineers and plant workers in Japan to the sales professionals in America. We told the dealers and associates a story about teamwork:

On May 25, 1961, President John F. Kennedy set an unheard-of goal for America. Before a joint session of the United States Congress Kennedy said, "I believe this nation should commit itself to achieve the goal before the decade is out of landing a man on the moon and returning him safely back to earth."

Eight years later, Apollo 11 stood ready to attempt to land the first man on the moon.

Earlier in the year, the Russians tried to reach the moon with a satellite, but it missed and hurtled into deep space. Just three days before the Apollo launch, the Soviets had tried again to land a satellite but it crashed into the moon.

This man's first trip to the moon was so highly anticipated that there were no hotel rooms available within seventy-five miles of the launch site. Three miles from the launch pad 300,000 cars and motorhomes were parked nose to rear for over ten miles. An estimated one million spectators came to watch the liftoff. The entire world was watching. An estimated television audience of over one billion people gathered around the TV to watch, for better or worse, the greatest adventure of all time.

Privately, many in the Apollo program set the chances of success at only 50/50. President Nixon had a prepared speech for the nation in case of a catastrophic failure.

Waiting on the launch pad sat a giant Saturn S4B rocket. She climbed 36 stories high and weighed 6,500,000 pounds. Liquid hydrogen, oxygen, and high-grade kerosene made up six million of those pounds. The liquid hydrogen, measured at 297 degrees below zero, was being pumped into huge jugs of the rocket. The magnificent white and silver rocket with an American flag on its side creaked and moaned as she waited on the pad. Huge chunks of frost formed on her walls and fell to the ground occasionally.

Three men were perched on top of six million pounds of explosives: Michael Collins, Buzz Aldrin, and Neil Armstrong.

At T-minus 8.9 seconds, the ignition sequence begins and four small flames light inside the rocket. A sudden flash of orange smoke blasts out the base of the rocket.

At T-minus 5.3 seconds, the main fuel valves open and a torrent of liquid oxygen burst through at a rate of three tons per second. Enormous flames roar from the rocket along concrete channels as an underground river of flames pour into the air upward and outward, engulfing the rocket.

At T-minus zero, the engines have developed 6.5 million pounds of thrust. The first deafening sounds come through the ground as the earth starts to move. The S4B builds to 7.5 million pounds of thrust and the crackling sound of a thousand machine guns splits the air. The Saturn rocket levitates in place as nine holding arms weighing ten to thirty tons a piece hold back the S4B rocket. The earth trembles and shakes as the holding arms release. The sound waves create a physical force of thunder so great it is believed to equal the volcanic eruption of Krakatoa in 1883.

Collins, Aldrin, and Armstrong begin their 218,000-mile journey to the moon. They will travel at a speed of 21,000 miles per hour and, if all goes well, reach the moon in three days.

Apollo 11 achieves orbit 50,000 feet above the moon on July 20, 1969. The Lunar Module “Eagle” separates from the Command Module. No one knows what the next twenty minutes will bring—great triumph or great tragedy.

Back on earth, a decision must be made. Flight Director Gene Kranz tells the eight flight controllers he is going around the horn for a “Go, No-Go” to land on the moon. All are, “Go!”

The Eagle is controlled by a computer guidance system from 45,000 to 2,000 feet above the moon. This guidance system takes control and it rolls the Eagle over and begins its descent to the moon. The astronauts, their feet forward and laying on their backs, are looking back at Earth. The rockets are burning in front of them, slowing their descent at six thousand miles per hour. Six minutes into the descent, an alarm buzzer starts sounding. The landmark Maskelyn W is two seconds late on the horizon. The Eagle is two miles off course.

Buzz Aldrin calls out, “Program alarm 1202.” The computer guidance system is signaling an overloaded condition. It’s complaining that it’s getting too much information.

All eyes turn to 26-year-old flight controller, Steven Bales. Aldrin repeats, “1202!” There is no response from Steven Bales. He must make a “go, no-go” decision to land on the moon. Impatiently, Aldrin calls out, “Give us a reading on the 1202 alarm!” It takes 19 seconds for Bales to make his decision. He overrides the alarm and shouts out to Kranz, “Still a go!”

Eight minutes into the descent, flight controller Bob Carlton whispers to Kranz, “Descent two fuel.” This is a code to warn the astronauts they are burning too much fuel.

Nine minutes into the descent, Aldrin calls out, “We’ve got an alarm 1201!” The computer guidance system is again complaining about being overloaded. Steven Bales overrides the computer a second time and shouts out, “Still a go!”

Ten minutes into the descent, 2,000 feet above the moon, Neil Armstrong takes over control of the lunar module. He drifts over the moon, burning precious fuel, looking for a place to land.

Carlton tells Armstrong, “60 seconds.” Armstrong has 60 seconds to land on the moon or the computers will abort the landing and fire the ascent rockets, sending the Eagle back to the command module. Carlton firmly says, “30 seconds.” With an estimated 11 seconds of fuel left, Neil Armstrong lands the Eagle on the moon at Tranquility Base.

One day later, Eagle lifts off the surface of the moon and on July 24, 1969, all three men return safely to earth.

A year after his trip to the moon, Neil Armstrong was asked what impact, if any, the Apollo mission had on the world. Armstrong expressed disappointment that the Apollo mission had little impact because people on Earth had missed the real message of Apollo.

Armstrong said, “That real message is that, in the spirit of Apollo, a free and open spirit, you can attack a very difficult goal and achieve it if you can all agree on what the goal is and you all work together as a team to achieve that goal.”

The real story of man’s first trip to the moon is not a story about rocket ships and outer space, but a story about teamwork and people working together to achieve a difficult goal.

After the meeting, all the dealers and associates were given plaques with Armstrong’s quote and the objectives for the year.

“It’s better to have a partner than go it alone. Share the work. Share the wealth.” Ecclesiastes 4:9 (MSG)

In the summer of 1992 many of the Japan staff who had been a part of the launch of Lexus were being reassigned back to Japan.

Cynthia and I decided to have a going away party at our home for those who were leaving. We invited Yuki Togo, President of Toyota Motor Sales U.S.A and his wife Misako, Bob McCurry, Senior Vice President Toyota Motor sales, U.S.A. and his wife Jane, as well as other senior Japan and American staff. It turned out to be a career-threatening event for one the junior Japan staff and it wasn't his fault.

We spent the previous Thanksgiving weekend to the "Toyota Skins Game" in Palm Springs California and the events that occurred that weekend would have a serious impact on this party.

Our oldest son, Spencer, was a junior in high school and a left-handed pitcher on the high school baseball team. Baseball in California is a year-round sport. Spencer's team had a game that Thanksgiving weekend and he needed to leave Palm Springs after Thanksgiving dinner and drive back to Irvine. Both Cynthia and I had misgivings because he would be alone. We finally relented but set down strict guidelines that none of his friends were to be in the house! No parties!

We arrived home from Palm Springs Sunday evening. Everything seemed fine until Cynthia notice the family room carpet was wet. She asked Spencer about it.

"Oh, well I had a couple of friends over after the game," he admitted sheepishly. "I know I wasn't supposed to but I didn't think it would hurt. We spilled some Cokes so we thought we should shampoo the carpet." Cynthia and I were suspicious. Shampoo the carpet? "Only a few friends?" we asked. "Just a few," he replied. "How many is a few?" we asked. "I don't know, not many."

On Monday Cynthia called me at the office. The garbage can in the garage was full of empty beer cans. Spencer admitted that his friends decided, while they were cleaning the carpet, they should also help the neighborhood and clean the street. "That was nice of them," I thought to myself, "but why would there be beer cans in the street?"

Cynthia called me again later in the day. The downstairs bathroom toilet paper holder had fallen out of the wall. "Oh yeah, I forgot to tell you," Spencer said, "Mike Brody fell in the bathroom and pulled the toilet paper holder out of the wall. It was an accident and we patched the wall. It's good as new."

As the week drug on more and more little issues kept coming up. The following Saturday I was in the front yard when our new neighbor, Tony Kenihan, approached me from across the street. "Hey Dave, I was glad I could help Spencer last week with the police."

"Oh, thank you," I replied trying to act like I knew what he was talking about.

"Well, I'm sure he told you that he tried to call the police but they wouldn't come until an adult neighbor complained. There were about 50 kids drinking beer in your front yard. He was frantic, said you were going to kill him. He asked me to call the police. They came and got the kids to leave."

"Thanks Tony, we really appreciate your help," I said.

"Are you going to kill him?" he asked with a slight grin.

“I want to, but probably won’t.” I answered carefully because it was still a possibility.

Our second son, Trevor, confessed to Cynthia that he felt sorry for Spencer. He knew there was going to be trouble. Trevor said word spread like wildfire through the high school that Spencer was bragging that he was going to be alone for Thanksgiving weekend. There was going to be a party at his house! By the end of the week Spencer was desperately telling everyone that it wasn’t true but it was too late.

We sat down with Spencer and asked him to come clean and tell us what happened. He had gotten “party slammed” by about 50 friends. Tony Kenihan bailed him out when he called the police but the damage was done. We asked him if there was any more damage to our house. “Well, yes,” he said, “I got so upset I punched a hole in the wall with my fist going up the stairs. But we patched it.”

“With your pitching hand?” I asked incredulously. Cynthia glared at me.

He showed us the patch. Cynthia pushed lightly against the patched wallpaper and the newspaper holding the patch in place behind the wall fell away. I felt nauseous. “Is there anything else you haven’t told us?” we asked, desperately hoping the answer was no.

“That’s everything,” he promised. “Everything.”

Fast forward to the Japan staff going away party. At the conclusion of the party we all gathered around the grand piano in our living room. The Japanese love to sing and the senior Japan staff coordinator was an excellent piano player. Everything was going smoothly until a junior Japan staff manger nudged the porcelain cat under the grand piano. It fell apart into three pieces. The singing stopped.

He was horrified. It got very quiet. All the air seemed to get sucked out of the room. He started bowing and apologizing profusely. The other Japanese were very upset at this horrible gaffe. The evening was on the verge of being ruined. Cynthia and I looked at each other. “No way!” I thought to myself.

Spencer was outside. He had been helping park cars for the guests. I called him into the house. He blushed, “Oh yeah, I forgot about the cat,” he stammered.

I hurriedly tried to explain to the Japan staff the story of what had happened leaving out most of the sordid details. Red faced, Spencer also tried to explain. It was hard to tell if the Japanese disapproved, were confused, or simply amused. His confession seemed to save the evening and the junior Japan staff manger’s career was saved, but Spencer’s life remained in danger.

“Intelligent children listen to their parents; foolish children do their own thing.” Proverbs 13:1 (MSG)

On Wednesday, April 29, 1992, we had taken the company plane to Boise, Idaho for the grand opening of a new Toyota dealership facility and a newly appointed Lexus dealership. We left early in the morning and returned early evening. As we approached the Long Beach airport, one of the pilots came back and told us there would be a slight delay. Arrangements were being made for us all to get safely home.

“Why?” we asked.

The pilot nodded his head toward the window. “Look out the window,” he said.

We all turned and to our horror saw Los Angeles burning. The Rodney King verdict had been announced. Four Los Angeles police officers were on trial for using excessive force. A 12-minute videotape of Mr. King’s arrest had shown Mr. King trying to get up but repeatedly being struck down with batons. The video received extensive coverage.

LAPD Chief of Police Daryl Gates said, “I stared at the screen in disbelief...I could not believe what I was looking at.”

The four officers were charged with assault and use of use of excessive force. The jury took seven days to deliberate and acquitted all four officers.

Los Angeles Mayor Tom Bradley said of the verdict, “Today, the jury told the world that what we saw with our own eyes was not a crime. My friends, I am here to tell the jury...what we saw was a crime. No, we will not tolerate the savage beating of our citizens by a few renegade cops.”

Days of rioting followed, during which 55 people were killed and a reported 2,000 injured. About 3,600 fires were set and 1,100 buildings burned to the ground at estimated losses of \$800 million to \$1 billion. Live television coverage showed people being pulled from their vehicles and beaten by rioting crowds.

The California National Guard was called up as well as 2,000 soldiers of the 7th Infantry Division from Fort Ord, California and 1,500 Marines of the 1st Marine Division from Camp Pendleton to help bring the rioting under control.

When we landed at the Long Beach airport, we were met by Toyota security personnel. I was given a baseball bat to put in the front seat and advised to go home and not come to work the next day. Everyone was trying to escape. The 405 freeway was jammed. It took me two hours to drive home. The rioting went on for several days. The political leaders promised things would get better.

“Speak up for those who cannot speak for themselves; ensure justice for those being crushed.”

Proverbs 31:8 (NLT)

During the presidential debate in the fall of 1992 between Ross Perot, Bill Clinton, and George W. Bush, Bill Clinton complained about the Japanese government giving unfair advantage to automakers, noting that the U.S. domestic manufacturers, “didn’t have much of a partner in the government here as compared with the policies of the Japanese.”

Feelings in both countries were raw. The Americans viewed the Japanese as scheming and untrustworthy, while the Japanese viewed the Americans as unreasonable and demanding. Things got acrimonious and personal after the election when President Elect Clinton proposed a 100% tariff on Lexus cars.

Mickey Kantor was the United States Trade Representative at the time. Toyota Vice President of Public Affairs Jim Olsen and I were sent to Washington to meet with Mr. Kantor. Jim and I tried to determine how serious this threat was for Lexus. If a 100% tariff was implemented, it would double the price of our cars and put Lexus and all our dealers out of business after only three years.

The meeting was short. Mr. Kantor said President Elect Clinton was serious. At the end of the meeting, Mr. Kantor slammed his fist on the table and stated, “We are about God’s work, protecting America!” I was dismayed. I did my best not to respond with a sarcastic comment, and said nothing in response.

The Soviet Union was collapsing. As a result, China was increasingly aggressive towards Taiwan and active in the South China Sea. Tensions on the Korean Peninsula between North and South Korea were also escalating. The former ambassador to Japan, Mike Mansfield, said the United States relationship with Japan was the most important “bar none” for stability and maintaining peace in Asia. A damaging trade war with Japan was viewed by many as a mistake.

President Clinton would come into office in 1993. The President and Mr. Kantor would do their best to do God’s work of protecting America against Japan. It would be a trade policy regarded as ill-conceived and counterproductive because it put at risk the most important strategic defense alliance America had in Asia.

The survival of Lexus hung in the balance.

“I’m telling you to love your enemies. Let them bring out the best in you, not the worst.”

Matthew 5:44 (MSG)

It was December 29, 1992. Cynthia and I were on our way to the USC vs. Fresno State Freedom Bowl at Anaheim Stadium when I got a call from Dick Chitty. A gunman was in Lexus' headquarters building.

It was the holidays, and we'd staggered the workload so the associates could spend more time at home. There were some staff managers in the building, customer service representatives to answer the phones, but the headquarters were mostly empty.

A disabled man on crutches had entered the Lexus headquarters building with a shotgun and small 38-caliber pistol. He went to the balcony outside my office and demanded to be heard, saying he'd applied for a job and been turned down.

Lexus had made a concerted effort to hire handicapped individuals; in fact, one of the people in the call center that day was wheelchair-bound. A quick review of the job applications at both Lexus and Toyota found no record of the gunman ever applying for a job.

As he waved his shotgun and demanded to be heard, the associates scrambled for their lives and fled the building.

The LAPD SWAT team arrived. Shots sounded from the headquarters. After all the associates were safely away from the building, the police rushed in and killed the gunman. An estimated 20 rounds were exchanged.

When we returned to work, some of the associates found stray bullets in their work area. The blood stains in the carpet would not come out, and it had to be replaced. Small specks of blood were found in some of the cubicles. It was quickly cleaned.

I later spent some time with those who experienced this trauma. We made counseling available. It was a life-changing experience for those involved. I knew from my Army days there is a big difference between watching violence in a movie and experiencing violence in real life—the overpowering rush of adrenaline from fear, the racing heart, and the pounding headache. It never leaves you. It ended in tragedy for the gunman. The Lexus associates were safe, but badly scarred.

“Like fish in a net or birds in a trap, people are caught by sudden tragedy.” Ecclesiastes 9:12 (NLT)

In 1992, gas was \$1.05 a gallon, the stock market hit 3,301, and China's first McDonald's opened in Beijing. South Africa ended apartheid, and the 27th Amendment to the U.S. Constitution was enacted. It held that no pay increases could take place for representatives in Congress during the time they were in office. It was submitted in 1789 but not ratified until 1992.

The Winter Olympics were held in Albertville, France and the Summer Olympics in Barcelona, Spain. It was the last time both games were held in the same year. A 16-year-old named Tiger Woods played in his first PGA event.

Col. Nathan R. Jessup (Jack Nicholson) told Lt. Daniel Kaffee (Tom Cruise) he "couldn't handle the truth." Jimmy Dugan (Tom Hanks) explained to the women on the baseball team he was managing, the Rockford Peaches, that, "there is no crying in baseball." Meanwhile, Bill Clinton comforted the American people by explaining that, although he smoked marijuana when he was in college, he "didn't inhale."

The car industry for the year was up slightly from 1991, with 12,883,946 sales—but much of the growth was in trucks, and the car segment of the market was flat.

However, Lexus had a banner year. An Automotive News cartoon claimed that Lexus was on "steroids." Total sales were a record 92,381. Lexus sold 32,455 LS400s; 39,367 ES300s; and 20,359 SC coupes. The Lexus market share was 11.4%, almost doubling our 6.6% market share in 1989.

The Automotive News ran special news section on the third-year anniversary of the launch of the Lexus Division with the headline, "In just three years, Lexus redefined luxury." It also noted that 39% of Lexus trade-ins were European and 38% from U.S. marques.

Steve Honig, a manager for the Lexus dealership in Westlake, California, was quoted saying that the Lexus success was not just about product and price. The difference, he said, was "its people, not just policy."

Doug Scott of Allison-Fischer, Inc. in Southfield, Michigan said, "Lexus should be in the Harvard case-study book under 'How to do it right.'"

Things were also going well at home. We had settled into our home, and it appeared certain we would not be moving again for the remainder of my career. All the children were healthy and doing well in school, but each in his/her own way presented different challenges. As they got older, Cynthia and I noticed their problems were getting more complex and expensive to solve.

"Give thanks to the Lord for he is good." Psalm 107:1 (NLT)

In January of 1993, Yuki Togo, President of Toyota Motor Sales, USA, and Senior Vice President Bob McCurry both retired. My time at Lexus came to an end. I was transferred over to run the Toyota Division. While a promotion, it was emotional and difficult to leave.

There are some today who say I am considered the father of Lexus and credit me with its success. This is flattering, but not true.

There's an old story of a group of birds that gathered to have a contest to see which one could fly the highest. Birds of prey like hawks, shrikes and harriers competed. Birds of game such as quail, snipes and bobwhites as well as birds of the sea like pelicans, loons, and albatrosses all competed. When a Jenny wren, a small common bird with an effervescent little chirp, wanted to compete, the others laughed. All the birds showed off their flying prowess going higher and higher.

But then a huge eagle appeared with strong, muscular legs and powerful talons. He thrilled all the other birds as he soared over 10,000 feet high. But to the surprise of the other birds, when the eagle reached his maximum height, the little Jenny wren suddenly appeared and popped off the back of the eagle. The Jenny wren flew a few feet higher and won the contest.

The truth is, I was a Jenny wren flying on the backs of eagles.

“What can I offer the Lord for all He has done for me?” Psalm 116:12

Lexus is now a global brand with more than 1,000 dealers in over 90 countries. Over eight million Lexus have been sold worldwide. Lexus has 235 dealers in the U.S. who normally sell about 300,000 units a year and have sold over five million vehicles since 1989. Lexus has received over 58 JD Power awards for quality, sales and service satisfaction, more than any other brand over the last 30 years.

Cynthia and I celebrated our 50th wedding anniversary last year. We live on a lake in a small community in North Central Indiana, Winona Lake. I have a Toyota dealership in the town next door, Warsaw. As Cynthia predicted when Emily was born, I am partners with my daughter and her husband Christopher at the Toyota dealership. We now have 9 grandchildren and are expecting a 10th.

I am often asked, "What about the next thirty years?" My answer, "more of the same, God, guts, heartbreak and headaches but even more so."

The invisible God, wanting to make Himself known to humans, sent his son Jesus to visit earth over 2 thousand years ago. Eyewitnesses recorded what Jesus said. What he said can be summed up in five words, “Love God, love one another.”

First, loving an unseen God is hard for some humans to do.

Scientists tells us the universe began with a Big Bang about 13 billion years. Earth is estimated to be 4.5 billion years old. Earth is a part of the Milky Way Galaxy which has billions of stars including our sun. The closets stars to our sun are in the Alpha Centauri system over four million light years away or 25 trillion miles. The expanse of the universe is beyond human understanding. No one can explain what existed before the Big Bang, nor has anyone explained how something is created out of nothing.

Planet earth sustains over 7 billion humans and billions of other living creatures and plant life. All other living creatures average about one billion heartbeats in a lifetime. The human heart beats an average of 2.5 billion times in 70 years. No one knows why the human heart outperforms all other hearts.

The brain is one of the most complex organs in the universe. It contains an estimated 86 billion neurons with an estimated 1 quadrillion connectors and has unlimited storage. It is fueled by an estimated 20 watts of electricity making about 35,000 decisions a day.

How is this possible that the brain can make all these decisions and at the same time recall visual memories of people and events in our past?

The apostle Paul wrote, **“The basic reality of God is plain enough. Open your eyes and there it is! By taking a long and thoughtful look at what God has created, people have always been able to see what their eyes, as such, can’t see: eternal power, and the mystery of his divine being. So, nobody has a good excuse.”** Romans 1:18-22 (MSG)

Second, loving an unseen God is hard for some to do, but loving one another is hard for everyone to do.

Psychologists tell us the reason relationships are so hard is because humans have 16 different personality types. In addition to these personality types, each of us has different life experiences, some traumatic, as well as cultural and language differences. There are mental health issues, medical health issues, addiction issues and family issues. Then there is the added stress of competing against each other to achieve financial success to pay the bills and take care of our loved ones. Given the different personality types, different world views, different life experiences and competition for each of us to succeed it is not hard to understand why it is so hard to love one another.

The apostle Paul wrote, **“When I was an infant at my mother’s breast, I gurgled and cooed like any infant. When I grew up, I left those infant ways for good. We don’t see things clearly now. We’re squinting in a fog, peering through a mist. But it won’t be long before the weather clears and the sun shines bright! We’ll see it all then, see it all as clearly as God sees us, knowing him directly as he knows us. But for right now, until that completeness, we have three things to do to lead us toward that consummation: Trust steadily in God, hope unswervingly, love extravagantly. And the best of these three is love.”**

I Corinthians 3:13 (MSG)

Imagine God is a beam of light. You see it, study it, know it's there; yet, somehow it doesn't seem real. The only way God becomes real is if you experience God by stepping into the light.

This has been my experience. I stepped into the light about fifty years ago. It has been a journey of ups and downs, triumphs and tragedies, wins and losses. However, I have always felt the presents of God's Holy Spirit advising, watching over and helping me to love Him and love my neighbor but it has never been easy. I encourage you to step into the light.

Psalms 32:8 The Lord says, **"I will guide you along the best pathway for your life. I will advise and watch over you."**

GOD OF HOPE

GOD GUTS, HEARTBREAK & HEADACHES

THE START OF LEXUS

Dick Landgraff was the Ford executive in charge of developing the 1996 Ford Taurus/Sable. In the book *Car* by Mary Walton, Landgraff expressed his frustration with Toyota to the author when he said, "It's very difficult in this business, and I suppose in a lot of businesses, to try to be the very best. Did Toyoda, the guy who runs the company name is Toyoda, did he suddenly have the idea one day? Did it bubble up from the bottom? Bubble down from the top? Did it have – you know the Japanese-consensus? It's overblown, it isn't quite as consensus-oriented management as you might think-but did they consensus this over twenty years? They somehow said, 'We're going to be the best.' I don't know how they did it."

How did Toyota build the 1990 Lexus LS 400, the finest car ever built up to that time? And how, against all odds, did Toyota successfully launch the luxury brand Lexus into the U.S. luxury market dominated by Cadillac, Lincoln, Mercedes-Benz and BMW?

This is how Toyota did it. This is the inside story of how Toyota did it as told by J. Davis Illingworth, Jr. former Vice President General Manager, Lexus Division and former Senior Vice President, Toyota Motor Sales, U.S.A.