

Leading with Obeya

Second edition

This book describes the Leading with Obeya (LWO) management method.

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“New ways of visual working have emerged considerably in the last few years. Obeya is a philosophy that can help you to understand how you can benefit from a visual language in your day-to-day business work. Visual thinking and doing is here to stay. *Leading With Obeya* is an engaging read to making the transition from traditional to visual management possible.”

Patrick van der Pijl – CEO Business Models Inc., speaker, author of *Design a Better Business* and *Business Model Shift*, producer of *Business Model Generation*

...

“Keeping an overview and the ability to steer when it gets big and complex in fast and dynamic environments, how do you do that? Obeya offers a solution and its practical value has been fully demonstrated in recent years. But how do you set up a good Obeya and how do you effectively introduce this tool into an organization? With his book *Leading with Obeya*, Tim Wiegel has succeeded in creating a book that offers many answers, but above all shows giant practical experience. The examples provide guidance, the approach gives direction, and the setup is super practical. In short: highly recommended!”

Rini van Solingen – speaker, professor at Delft University of Technology and author of *How to Lead Self-Managing Teams*, *Formula X*, *The Power of Scrum*, *Scrum for Managers* and *The Responsive Enterprise*

...

“A very practical book to get a good understanding of the Obeya concept. The usage of a single case throughout the book makes it very easy to understand the theory. Definitely a must-read for management teams who want to improve their organization’s performance.”

Henny Portman – partner of HWP Consulting and consultant, author, reviewer, international speaker, coach and trainer

“I read *Leading With Obeya* with a feeling of great anticipation because, whilst many people are aware of the literal translation of Obeya (at its simplest ‘Great room’), few understand the philosophy behind its true use. I was therefore fascinated to learn how Tim would approach the topic and he didn’t disappoint. Right from the foreword Tim confronts the paradigms of how you, and your organization, works and challenges you to think differently on every page.

What I really like about the book is that Tim doesn’t expect you to agree with his every point, he simply wants you to think about how you and your organization needs to change to be successful, using the principles of *Leading With Obeya* to emphasize the importance of great Leadership. He uses some fantastic visuals and examples to engage the reader and he maintains an interesting narrative throughout.

The more people that are encouraged to move from a traditional management style to Lean leadership, the better, and Tim’s maiden book will help you and your organization to make the change.”

Philip Holt –Senior Vice President - Operational Excellence at GKN Aerospace and author of *The Simplicity of Lean*, *Leading with Lean* and *Living Lean*

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The publisher is fully aware of its responsibility to ensure optimum reliability. Nevertheless, we cannot accept liability for any inaccuracies that may appear in this edition.

For Mieke,
Lise and Dana
and their future

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Foreword

Since the first copy of this book was published in 2019, a lot has happened. People from all over the world have now heard about or seen an Obeya in practice. The book sold thousands of copies all over the world and I'm thrilled to have people reaching out to me that they have experimented with the Leading with Obeya (LWO) management method based on this book and that it helps them improve their strategy execution.

After I first got this book published, I was confident that I would never write another book – it's a very difficult process for me especially in the final stages. But at the very least I wanted to release this second edition, sharing with you my lessons learned over the past years with some important updates to the method, new illustrations, templates and improved explanations.

I've seen organizations and management teams struggling with seemingly similar problems; I wonder if you might recognize a few of them:

- Meaningless strategic planning sessions and follow-up documentation that ends up gathering dust on the intranet.
- Trying to push a hundred projects simultaneously and nothing gets done.
- Getting stuck in firefighting mode as a result of "operational debt" (fixing your structural problems).
- Long, stale management meetings that seem to add little value, and everybody knows it.
- Administrative burden from reports that nobody seems to read.
- Siloed departments that barely cooperate or even communicate.
- Increased KPI steering by micro management in an attempt to gain control over what's happening in the organization.
- Stating people are the most important asset, but no one actually experiences it that way.
- Claiming to adopt new ways of working like Agile, but meanwhile sticking to the old structures and habits.

I do hear stories about overcoming these typical issues from teams or departments that achieve major successes, but they seem to be very rare. In fact, they seem to be so rare that when they do occur, news travels fast and a lot of other companies start to try to copy whatever happened there and paste it onto their own organization. Take the Lean tools we've tried to copy from Toyota, the Scrum methods we tried to copy from Nokia, the squads and tribes model we've tried to copy from Spotify, or the OKR approach we're trying to copy from Google and Intel. But, like with real copies, whenever you copy something the quality just isn't the same, and on some copies, the ink tends to completely disappear after a while.

And here I am writing a book for you with a name in the title that probably fits your definition of a new hype. So why bother with reading about Obeya, after reading my perhaps somewhat cynical foreword this far? Well, lucky for me, Obeya isn't anything new, it's been around since the mid-90s, so technically I'm not sure we can call it a hype.

It's important to understand that using Obeya, or a big room with visuals, will not add any value unless you put the principles into practice. Those principles are easy to trace back to an origin well before I was born. They are pretty straightforward and you will nod in recognition looking at them, but possibly go back to doing your work like you always did without displaying any sign of changed behavior. So no hype there either, but rather a question: what's holding us back to simply start applying a set of principles and ways of working that make complete sense?

The bottom line of this book is not to create a new hype; it is not going to magically shift your operational teams into high performance mode and it will not increase your earnings before the quarter is over. This book will help you reflect on the way we tend to lead our organizations. It will address some very powerful ideas that have been passed down from the last century and are still being adopted and refreshed in today's business literature.

You'll recognize a lot of these ideas in approaches like Lean, DevOps or Agile. The thing is, they tend to work well for operational teams. But we haven't been really successful at providing leadership teams with a practical approach that helps them apply these principles into their daily work. Leadership training and books are usually conceptual when it comes to principles for behavior and such. Principles are great, but humans run on habits. We read books, hear stories, and try to follow up on tips from a coach, but even though we logically agree those are good ideas, they lack a practical way of implementing them in our daily routines. Sure, we think about them once or twice and then go back to doing what we always did.

The change that matters and brings about better organizational results cannot be cast upon your organization like a spell. Better and more affordable healthcare, more sustainable housing, higher profit margins, better engineered cars that wipe out the competition won't happen because you launch a program to "fix" the way your company operates. Results don't simply appear when your management team gets inspired on a leadership retreat. Your teams won't work faster if you hire more people. Your quality won't go up by bringing in more Quality Assurance experts. Your teams won't become more agile by hiring more Agile coaches. Your leadership team won't become an instant team of winners because you decorate a room and call it an Obeya.

If there's one thing I've learned from the successful teams I've been so fortunate to witness in person, it is the following: You will only achieve your organization's goals if you are able to establish dedicated, coherent, structured leadership that is devoted to nurturing teams and developing people into an army of continuous improvers. You must provide them with meaningful work and enable them to grow and thrive

in delivering value for customers and achieving your organization's goals. You will find testimonies in the stories and comments of the people I've interviewed in this book.

This book is as much about leadership as it is about creating a big room. If you don't change the look, feel and taste of your game on the leadership level you will keep getting what you've always got. If you're not looking to change your game you've probably wasted your money buying this book. But if you are ready to change, please read on.

Part I:

About Obeya and leadership

Leading with Obeya (LWO) is essentially a management method that uses Obeya (a visual management instrument) for helping leadership teams do their strategy execution and key leadership tasks much more effectively.

This book and the management method described in it is for people interested in the development of (their) leadership capabilities in any industry or type of organization, large or small. If you are looking to achieve your purpose and achieve your strategic goals through meaningful activities on a daily basis with your team, here is a good place to start.

Though the underlying principles in this book are inspired by Lean* and Agile thinking, the practical approach to explaining them allows you to take the first steps with an Obeya, even if you don't have a history with Lean or Agile.

But first things first...

What is Obeya?

The word Obeya means “big room” in the Japanese language. Why is this word in Japanese? Because that's where the first “Obeya” originated, at Toyota.

The Obeya functions as a forum for leadership and operational teams to openly, visibly and respectfully engage to make the realization of the organizations strategy part of their day-to-day work. If done well it helps keep out ego-centered politics, confusing prioritization, malfunctioning management practices, misalignment, lack of direction for self-organizing teams and many other types of “traditional management issues.”

WHAT WE CAN LEARN FROM A PRIUS

Toyota put Obeya into practice in 1993 when launching the Prius. Whether you think the car is beautiful or not, Toyota was able to deliver the Prius in about half the time to market compared to many of its competitors, and it became the leading hybrid car in the world. The challenge was to double the fuel efficiency of a normal car at the time. The Obeya was setup as the central hub where the team would collaborate over the development of the car.

* Lean, as used in this book, can be attributed to Toyota, as lead by the Toyoda family and refers to the works of authors like Ohno, Womack and Jones, Shook, Rother and others that describe the workings of the Toyota Production System (TPS) in terms of why and how it is successful.

As Jeff Liker explains in *The Toyota Way* (2003)¹ about how the Obeya was setup by the Chief Engineer (senior leader) of the Prius project, Takeshi Uchiyamada: “One of the personifications of the chief engineer is that they know everything, so even when developing different parts of the vehicle you know where the bolts can go together as well as what the customer wants. In the old vehicle development system, the chief engineer travelled about, meeting with people as needed to coordinate the program.”

The challenge of the Prius was that it had impossible deadlines and a product that was significantly different than other cars they built. There was simply no time to do it in the old-fashioned way. The team needed to do more in less time and still fulfill the promise of quality that Toyota stands for. “So what could Uchiyamada do, since he did not ‘know everything?’ He surrounded himself with a cross-functional team of experts and relied on them. For the Prius, Uchiyamada gathered a group of experts in the ‘big room’ to review the progress of the program and discuss key decisions.”



Figure 1 – Using Obeya to build cars like the Prius, sharing 360 degree context including mechanics and marketing

All the essential management information for the project was gathered in one area. There was one view, one version of the truth of the system to develop and build the Prius, to bring it to the market on time and with double the fuel efficiency.

Workers and managers of different disciplines shared their views of the product and performance visually in one room, creating a strong and meaningful context together. The cross-functional team was seeing, learning and acting together. By working with the prototype car and customer input all in one place, they enabled a focus on customer value and a comprehensive shared understanding with the team on the product to be delivered.

Toyota applied visual management in the context of the Prius project with a focus on the best approach for developing a product. It was an explorative journey, building a totally new type of car in an impossible

timeframe. A lot of problems needed to be solved for which there simply was no easy answer, but the team was working with unprecedented effectiveness.

The Prius was unveiled two months before the intended deadline, which seemed impossible to meet when it was announced to the team, especially for something that had never been done before. Toyota “had met their promise of delivering double the fuel efficiency of a similar gasoline engine car. What’s more, the price tag of ¥2.15 (about 20k USD) million was even lower than what the media had reported back in March.”²

Jeff Liker continues: “The Obeya system has become a standard part of Toyota’s product development system for all vehicles, a fundamental innovation in cross-functional collaboration now copied around the world.” The Prius became not just the best-selling hybrid in the world; in Japan it became the best-selling car, period.

USING OBEYA TO LEAD AN ORGANIZATION

In this book you will find that we move beyond the concept of Obeya as merely an instrument for visual management and into the realm of leadership in organizations. The reason for this being that teams that transform their classical management activities into a way of working that centers around the Obeya, they go through much more of a change than merely putting visuals on the wall. The change takes place in how a team works, how they interact with their colleagues, when they meet, how they look at their work, their leadership system, how they coach, and many other things that you will find in this book. In potential, starting the journey of leading your organization with Obeya has the potential to be a transformation of the way you look at leadership. When we talk about Obeya for the remainder of this book, we talk about it in this wider context.

The teams using Obeya that I’ve worked with were not building a car. They were not able to inspect the quality of the seats or check how well the glove compartment fit or whether the sound was nice when the door was shut. In fact, many of these organizations were services organizations like banks, public services, telecom or broadcasting. As such, most of the people on the work floor were knowledge workers sitting behind desks with a computer screen. When there is a car prototype right there in the room, you can see it, touch it and feel it, but in the case of knowledge workers it is more difficult as there is no physical representation.

The teams I’ve helped get started with Obeya were leadership teams whose product was not a tangible car, but an intangible object: the achievement of their strategic goals with their operational teams. As such, the Obeya on a leadership level needs help developing strategy and directing efforts towards achieving a purpose almost as tangible as having a car in the middle of the room, you want to connect with what’s happening in your organization. So, in essence, it is an Obeya for leading your organization. I

must emphasize straightaway, it is not just for people in a leadership position, but for anyone who contributes towards achieving strategic goals, just as the Prius had a cross-functional team.

The type of information displayed in a Leadership Obeya is usually a representation of the goals (purpose) of the organization, a strategy including customer and stakeholder needs, followed by a definition and outline of how value is delivered and how the organization manages to improve its performance capabilities to deliver that value. Usually, the Obeya is divided into several areas that each have a Rhythm & Routine describing when and how it is used by the leadership team.

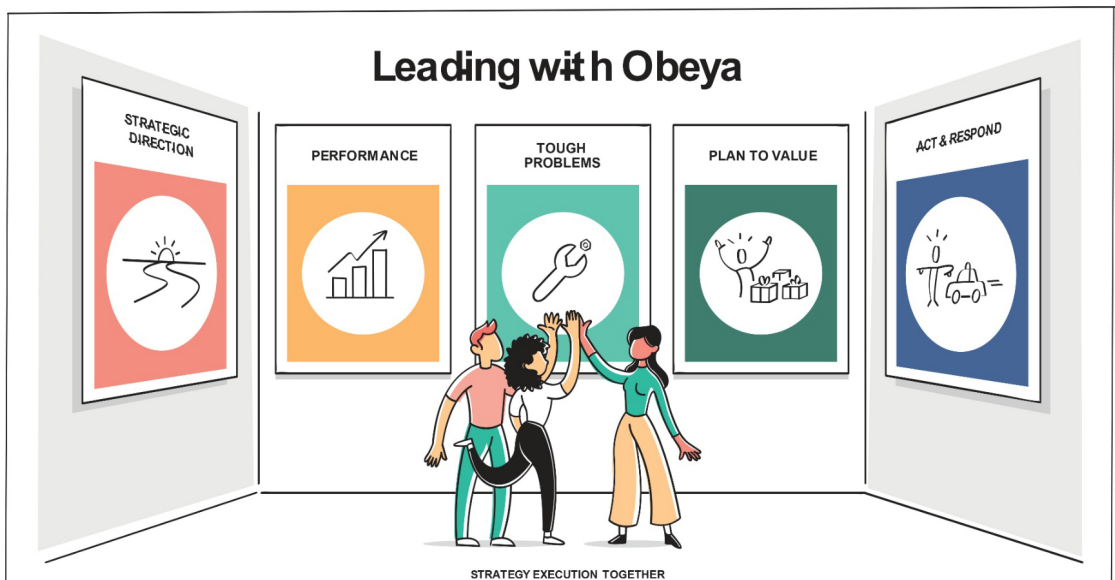


Figure 2 - Areas in an Obeya to lead an organization

You'll find many different layouts and setups of Obeya's. Every Obeya will look a bit different depending on who created it and where the team is in their journey (they will adjust the Obeya as they learn ways that work better for them). None is more "correct" than the other, but there are a few recommended ingredients we'll discuss in detail in Part IV.

Today, the concept of Obeya is being used by organizations around the globe. It has evolved beyond product development to cater to different types of organizations such as Boeing, Ford, Nike and ING Bank. The concept is being adopted by healthcare, industry, financial services and public services. It is a useful way of working for large, international companies, as well as for start-ups and particularly scale-ups, where context sharing is a common challenge.

Obeya was originally used to develop a product (car) in the context of a program. But when we use Obeya to support the leadership function of an organization, it has the potential to align strategy, sharpen focus, share meaningful context and bring about learning and improvement skills for both leadership and operational teams.

“The fixed rhythms providing set topics and meeting frequency provided us with clear purpose and agendas for each meeting. Especially the quick regular updates (15-minute meetings) on problems to be solved and need-to-know things were a big improvement compared to talking about a variety of elements and content that came up during a meeting. The weekly in-depth numbers update helped us create context faster than before when we were drip feeding them in different formats and moments during the week.”

– Pauline van Brakel, Chief Product Officer

LEADING WITH OBEYA ISN'T ABOUT THE VISUALS ALONE

Essentially, Obeya for leadership teams aims to unlock their full human leadership potential. The clue in using a visual management tool like Obeya is to cater to (the limitation of) our cognitive senses and introduce a way of working that forms new and desired behaviors through repetition and practice (Kata) to create new effective habits.

From here on we will talk about the use of Obeya in the form of a Leadership Obeya, and when we talk about the “team” it is the team that uses that particular Obeya to achieve their strategic goals. Often this is a team of people in a leadership position achieving strategic goals through connection with operational teams as well as senior management.

Benefits of the Leading with Obeya management method

With the Leading with Obeya (LWO) management method described in this book I’ve developed a set of effective routines, visuals, templates and structures that are both pragmatic in use for one team as well as scalable for the entire organization. At its center is the Obeya.

Over the last 10 years I’ve helped quite a few teams get started with LWO. The best compliment I’ve heard towards the effectiveness of the method often comes in the form of a question: “How were we able to manage our organization before we had this?” There’s something very powerful and very pragmatic in this way of working that really breaks through old leadership patterns, introduces effective behavioral patterns on leadership levels.

“Two key benefits for us using Obeya: (1) the ability to make difficult trade-offs to optimize limited resources in support of the strategy, and (2) alignment by means of a framework that provides team focus on a common mission.”

– Fred Mathysen, Senior Director

Imagine a meeting where energy levels go up rather than down. In the recent years I’ve regularly asked teams whether they experienced any benefits from working with LWO. Here’s a summary of what they reported:

- Better alignment between teams and alignment of purpose – establishing the common goal and how each teammember contributes greatly helps with collaboration
- More effective meetings – the meeting routines and the role of the facilitator instantly boost meeting effectiveness
- Better insights & decision-making – visually presenting the 360 degree overview of the organization you’re leading helps tremendously
- People development – people learn essential management skills and continuous improvement
- Rewarding – you literally see progress on the board, it’s great to feel you’re achieving stuff with your team

Probably any team that looks at this list would want those benefits. But I should add an immediate disclaimer: a method like LWO does not do anything for you. It doesn’t bring you answers, or asks you the right questions. In fact it doesn’t do anything for you at all. It is just an instrument that is as effective as the person using it.

So yes, it has great potential, but you have to learn to wield that instrument effectively. So let’s dive into that next.

What to know before you get started

THE CONTEXT IN WHICH OBEYA ORIGINATED

Obeya looks deceptively easy, but don’t expect to be able to copy a trick and be effective at it. It is useful to understand the context in which Obeya originated to understand how it worked and why it worked then and there. Context tells us something about the way of thinking in which the idea originated and succeeded. Moreover, it will help you identify potential aspects that you might want to address in your own Obeya.

Obeya as a concept was first coined by Toyota, an organization already grounded in an improvement philosophy known for having successfully adopted the ideas and concepts of people like Kiichoro Toyoda, W. Edwards Deming, Kaoru Ishikawa and of course the “father” of the Toyota Production System as we know it today, Taiichi Ohno. Read their work and you will find an amazing amount of references to repackaged “modern” methods and ideas in the field of Lean, Agile and DevOps in various industries.

In this book we cannot presume to explain Lean or Agile principles and values properly as it would take several books to do so. But we can make a summary for you of the relevant thinking that plays a big role in the Obeya. This summary is far from perfect, but it should help you review whether this is being applied in your Obeya, and if it's not whether that's a positive or a negative.

I do recommend further study of Lean and Agile to increase your team's ability to achieve more results with (and perhaps even regardless of) Obeya in your organization:

- *Toyota Production System (Ohno, 1978);*
- *Lean Thinking (Womack & Jones, 1998);*
- *The Toyota Way (Liker, 2004);*
- *Agile manifesto (Agilemanifesto.org, 2001);*
- *DevOps Handbook (Kim, Humble, Debois & Willis, 2011);*
- *Toyota Kata (Rother, 2009); and*
- *The Triumph of Classical Management Over Lean Management (Emiliani, 2018).*

LEAN & AGILE ELEMENTS IN OBEYA

Constancy of purpose	• Long-term goal setting & deployment • Identify customer value
Respect for people	• Strategy visibly aligned on all levels • Human interaction over processes & tools • Develop exceptional people , • Develop Craftsmanship • Relentless reflection • Leaders are teachers • Facts & knowledge are where the work is done
Pull	• Match supply with demand • Deliver in the smallest, earliest way possible • Just In Time • First Time Right • Minimum Viable Products
Continuous improvement	• Respond to change • Visualise systems to expose, inspect & solve problems, • Maximize flow, • Improve iteratively, • Autonomation • Verify hypotheses, scientific approach

Table 1– Listing some of the most important Lean & Agile elements to look for in the Obeya

In the Obeya, we will be looking for application of these principles. Do not be deceived by the simple appearance of these concepts. They are, in fact, incredibly hard to execute in practice in a consistent, qualitative manner so that they deliver results. Also, if the team is not willing to apply these principles at least to some extent, you end up applying a tool in a context that lacks the qualities with which it was once successful.

Fortunately, the ultimate goal of these principles is not simply to be able to apply Obeya, but to create the conditions for a successful organization. Many of the Obeya principles are ground in common sense, and the Obeya serves as an instrument to help you put them into practice through its visuals, rhythm and routines.

Jeff Sutherland, one of the founding fathers of Scrum (a way to apply Agile in software development), said “Scrum is a way to implement Lean in building software. In fact, it has the advantage that if you follow it closely and implement well, you will be doing Lean as articulated by Mary and Tom Poppendieck without even understanding Lean.”³ I’d like to think the same goes for using Obeya. If you use it well, you will be applying a lot of the principles mentioned here from a leadership perspective.

TIP - To see if your team is applying these principles look for visible clues and evidence in your Obeya during session (behavior) or on the walls (visuals). Example questions you could ask:

1. Can we see the strategic goals and how the things we contribute to them?
2. Are we actually exposing problems that are on our path of achieving those goals, or do they remain hidden?

Are we trying to achieve the goals, or are we trying to improve our system?

ARE YOU READY TO SHIFT YOUR PARADIGM?

Toyota has been very successful in creating a systematic way of working, growing their culture of Continuous Improvement and encouraging respect for people. Slowly but steadily they have taken over the automotive industry since the Second World War, overtaking leading global players like General Motors and Volkswagen.

“It can be very difficult to convince leadership of this way of working, and align them on one standard method to define and monitor strategy and performance.”

– Fred Mathyssen, Senior Director

Obeya originates from that context and it is useful to understand what is expected from leadership style in an Obeya. Mind you, the style that we’re looking for in an Obeya completely fits with the very latest