

Toyota production system -business and marketing strategy, swot analysis and its ...

[Business](#), [Company](#)



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Toyota Service Management and Project Implementation Plan

Report provides the complete analysis of Toyota and its Production System. The report includes the brief history about organisation and consists of a comprehensive description about Toyota Production System (TPS). Further we have analysed the Business and Marketing strategy of the Toyota and performed the “ SWOT” analysis in order to understand the strengths, weaknesses of the organisation and also threats to the organisation.

The information that had been gathered via various means of the overall Business functioning of Toyota has been transformed graphically into “ Blueprint” that helps us to have a better picture of Toyota’s business. Blueprint of Toyota has been embedded as a major part of the report. On the basis of analysis and blueprint a project plan has been devised to implement the project in a new location.

The Project plan has been developed using MS Project and report encompasses the Activity on Node Diagram (Network Diagram) and Gantt Chart to give a detail explanation of the project implementation by breaking

down the implementation process into different phases. Finally the report includes financial statements that include the Balance Sheet and Cash Flow sheet to implicate the financial transactions and cost the project would imply on organisation for starting a new venture in Melbourne.

The Purpose of this report is to Analyse a Service Industry, its Business and marketing strategy, develop a blueprint, devise a project plan and financial budget for successful implementation of the company in Melbourne using various statistical and organizational information available. History and Background Toyota Motor Corporation is a multinational company headquartered in Japan and it is one of the best car selling companies in the world. The company was founded in the year 1937 by a successful businessman - Mr.

Kiichiro Toyoda. [1] Toyota Group is the largest group of industries in the world. Toyota Industries develops and manufactures automobiles and automobile-related products, such as vehicles, engines, car air-conditioning compressors, car electronics components and devices, and stamping dies. In the vehicle and engine businesses Toyota has achieved a top-class level of quality and productivity within the Toyota Group and is contributing to Toyota Motor Corporation's car production. 9] Toyota employs the expertise it has mainly accumulated through its automobile manufacturing business to conduct business in a variety of other fields including housing, finance, communications, GAZOO, marine, and biotechnology and afforestation. [10] {text: list-item} Toyota's management philosophy has evolved from the

company's origins and has been reflected in the terms "Lean Manufacturing" and Just In Time Production, which it was instrumental in developing.

The Toyota Way has four components: Long-term thinking as a basis for management decisions. A process for problem-solving. Adding value to the organization by developing its people. Recognizing that continuously solving root problems drives organizational learning. The Toyota Way incorporates the Toyota Production System. [2] {text: list-item} Toyota has long been recognised as an industry leader in manufacturing and production.

Regardless of the origin, the principles, described in Toyota's management philosophy, The Toyota way, are as follows: Base your management decisions on a long-term philosophy, even at the expense of short-term goals
Create continuous process flow to bring problems to the surface
Use "pull" systems to avoid overproduction
Level out the workload

Build a culture of stopping to fix problems, to get quality right the first time
Standardized tasks are the foundation for continuous improvement and employee empowerment
Use visual control so no problems are hidden
Use only reliable, thoroughly tested technology that serves your people and processes
Grow leaders who thoroughly understand the work, live the philosophy, and teach it to others

10. Develop exceptional people and teams who follow your company's philosophy

11. Respect your extended network of partners and suppliers by challenging them and helping them improve
12. Go and see for yourself to thoroughly understand the situation (genchi genbutsu)
13. Make decisions slowly by consensus, thoroughly considering all options; implement decisions rapidly
14. Become a learning organization through relentless reflection and continuous improvement

Business and Marketing Strategy

Toyota adopted series of globalization strategies to become a formidable contender in the global automobile market from being Japan's number one automaker. The Business strategies have evolved over the years to earmark its global development and drive through all the steam in mist of challenges. Business Strategy currently pursued by Toyota has been described in detail: Growth Strategy by region:- Operations tailored to various conditions in each region Hybrid Vehicle (HV) Strategy: The strategy is to become number 1 selling automaker in HV market. Thus motive is to increase hybrid vehicle and unit supply capacity and making HV systems smaller and lighter and thereby reducing the cost. Management Foundation Strategy*: This is a unique strategy being adopted by Toyota for self improvement. The Binding reasons for developing these strategies are improving quality, reducing cost and developing human resources. {text: list-item} {text: list-item} Toyota has been aggressively pursuing marketing strategy to effectively implement

the business strategy. Toyota's successes are largely due to its ability to identify growth opportunities and develop marketing strategies to capture them. Firstly, they achieved greater market penetration by marketing their cars as fuel-efficient, well-built alternatives to the gas-guzzling, problem-prone American cars.

Secondly, Toyota was also able to identify new opportunities for market development and spent time on product development to tap into these markets. The results of Toyota's product development were the creation of Lexus and Scion, brands that both offered a unique line up of cars, a unique brand philosophy, and services that target the luxury and youth market. Third, in spite of their successes in capturing new markets and achieving greater market penetration, Toyota occasionally downsizes their products such as the Celica and MR2. The goal was to make difference using sophisticated, normal way while still encompassing luxuries of everyday life. Toyota adopted marketing strategies to brand their car among the identified segmented market. [8] Marketing Strategy for Youth

Toyota focuses mainly on the youth market by advertising through youth-oriented media (Rolling Stone, MTV, late-night programming), creating a flashy website to highlight their brand philosophy, and sponsoring live concerts. Not only does it specifically target the young buyers, but they also simplified their sales tactics by offering no-haggle pricing, which means that Scion dealers will not be allowed to negotiate prices or pressure a potential customer into buying, and giving their customers a high degree of vehicle customization. Because of these marketing tactics, Toyota was not only able

to bring in younger customers but it also encouraged Honda and Nissan to consider introducing youth-oriented cars into their line up. [7] Marketing Strategy for US

Toyota and other Japanese carmakers aggressively marketed their cars to Americans as being fuel-efficient, environmentally friendly, and having better build quality than American cars. In addition, Toyota marketed their cars as being hip and fun with memorable slogans like, “ you asked for it, you got it, Toyota,” and with commercials involving young Toyota drivers jumping in the air. Toyota also decided to create a new brand because they had a reputation of being a company that only offered fun and fuel efficient compact cars. Hence they decided to launch a new car with heavy emphasis towards quality customer service. They also focussed on major metropolitan cities in US in order to maximize their revenue. 8] To sum up, Toyota is a great case study on how a company should develop, identify, and evaluate market opportunities and how to develop the right products and marketing tactics to capture such markets. SWOT Analysis Toyota Motor Corporation – SWOT analysis company profile is the essential source for top-level company data and information. Toyota Motor Corporation- SWOT Analysis examines the company’s key business structure and operations, history and products, and provides summary analysis of its key revenue lines and strategy. SWOT analysis provides a study of major internal and external factors affecting Toyota Motor Corporation as well as breakdown and examination of leading product revenue streams of Toyota Motor Corporation. [4] Strengths

Global organization, with a strong international position in 170 countries worldwide. High financial strength (1997, sales turnover, ? 131, 511 million), sales growth of 29. 3%. Strong brand image based on quality, environmental friendly (greener), customized range. Industry leader in manufacturing and production. Maximizes profit through efficient lean manufacturing approaches (e. g. Total Quality Management) and JIT (Just in Time) manufacturing and first mover in car research and development. Excellent penetration in key markets (US, China, EMEA) and now the second largest car manufacturer in the world, surpassing Ford. Weakness Japanese car manufacturer - seen as a foreign importer. Production capacity.

Toyota produces most of its cars in US and Japan whereas competitors may be more strategically located worldwide to take advantage of global efficiency gains. Some criticism has been made due to large-scale re-call made in 2005, quality issues. Opportunities Innovation -first to develop commercial mass-produced hybrid gas-electric vehicles (gas and electric), e. g. Prius model. Based on advanced technologies and R&D activity. With oil prices at an all time high - this investment and widening of product portfolio fits consumers looking to alternative sources of fuels away from gas guzzling cars. To expand more aggressively into new segments of the market. The launch of Aygo model by Toyota is intended to take market share in youth market.

To produce cars which are more fuel efficient, have greater performance and less impact on the environment. To develop new cars which respond to social and institutional needs and wants. The development of electric cars, hybrid

fuels, and components reduces the impact on the environment. Toyota's Eco-Vehicle Assessment System (Eco-VAS) has helped in production, usage, and disposal. Continued global expansion - especially in the emerging markets e. g. China and India, Russia, where population and demand is accelerating. Threats Saturation and increased competition, intense marketing campaigns increasing competitive pressures.

Shifts in the exchange rates affecting profits and cost of raw materials.

Predictions of a downturn in the economy e. g. recession, will affect car purchases (especially new cars). As household budgets tighten - this could lead a decline in new car sales and possible rationalization of dealerships.

Changing demographics e. g. number of large families is declining.

Undermining the demand for largefamilycars. Changing usage - families using the car less for taking children to schools. Home deliveries. Businesses - restricting business travel (tele-conferencing). Governments encouraging alternative forms of transport - cycling and incentives to use public transport across Europe.

Service Blueprint A " Services Blueprint" is a process design tool which is a flow chart of the business operations. The blueprint for Toyota has been developed using the information available from different Toyota websites. The Blueprint involves all the steps from customer placing an order to delivery of car to customer. The blueprint is explained as follows: Customer Actions: The various customer action that have been identified are customer placing an order, Checking specifications on internet and enquiring about the

details of car and placed orders. Final Customer action that has been identified is customer receiving the car and documents pertaining to car.

The identified Onstage customer actions are the different payment details that will be available after customer places the order and also Customer Representatives that will be answering the customers queries regarding the current status of production stage i. e. whether car is in assembly stage or the car is still in welding stage or in delivery stage. Backstage Contact Employee Action: The Different Backstage Contact Actions that have been identified are the overall manufacturing process and the delivery of car from factory. Again the manufacturing process is broken down into Building the engine, making the body i. e. Press Plant, Welding the different parts of car to the body, Painting the car and finally assembling the different sections of car together with the body.

Support Process: The different Support processes that have been identified are the records of the current production status for a particular customer. The need for carrying out thorough quality check is imperative to satisfy customer satisfaction level and has been identified as a Support process that complements the manufacturing process at every stage. {draw: frame}

Implementing Project Plan The report encompasses project plan for starting a new venture of Toyota in Melbourne. Project Plan is a critical part in implementation and success of project. The estimated time, cost and resources help us to identify the budget and expected duration of project.

The project Plan has been designed to implement a new project for Toyota from scratch by breaking down the whole process from setting up plant to delivery of car into different stages. The project plan also includes the time that will be required for completing the different tasks. The constraints that will affect the various task at different stages has been identified and defined in the plan. Following are the relevant activity and its brief description which can be tailored to fit the needs: Conceptual: - The first phase of project is to identify the Business objectives, conceptualising a plan, assessing the place for constructing a plant, staffing requirement and the different requirement for equipments.

This again can be broken down into following tasks which consists of above mentioned subtasks:

Following is a brief overview of different activities or task with its subtasks. Gantt Chart is a graphical representation of the duration of tasks against the progression of time. It is really useful while monitoring a project's progress. The above Gantt chart helps us to identify the constraints and the tasks that are dependent on completion of other tasks in the overall Toyota project. Hence it helps to visualize the criticality of project and path and the success of project in Melbourne.

Note: Due to Space constraint we have not been able to include the complete Gantt Chart. {text: list-item} Activity Network Diagram can be used within Toyota for detailed evaluation planning. Below is the screenshot of all major tasks identified in the project plan. {draw: frame} The

screenshots attached below are of the tasks broken down into its subtask identified in the Project Plan. {draw: frame} {draw: frame} {draw: frame}

Financial Factors of Project and Business The Financial factors play a major role in success of project. The financial factors that have been identified and will be impacting the implementation and success of project are: Changes in economic conditions affecting, and the ompetitive environment in, the automotive markets in Australia. Toyota's ability to realize production efficiencies and to implement capital expenditures at the levels and times planned by management. Political instability in the markets of Australia. Toyota's ability to timely develop and achieve market acceptance of new products. Fuel shortages or interruptions in transportation systems, labour strikes, work stoppages or other interruptions to, or difficulties in, the employment of labour in the major markets where Toyota purchases materials, components and supplies for the production of its products or where its products are produced, distributed or sold. 6] On the basis of project plan - the estimated time, resource requirement and cash flows for carrying out the various activities we have prepared Balance Sheet and Cash Flow for the whole Toyota project. The assumptions that have been made are listed below. On the basis of above assumption we have developed the Balance sheet at the beginning and end of year and Cash Flow statement at the end of year which is given below: Balance Sheet at the End of Year

Balance Sheet at the End of Year Cash Flow at the End of Year

Conclusion The Primary goal of the report is to analyse Toyota- the way business is carried out and mechanisms by which it implements different

processes. The analysis carried out about its business and marketing strategies helped us to devise the overall project plan for starting a new business in Melbourne. Hence on the above basis we devised blueprint and finally prepared the financial statements. The report has taken into account the various constraints i. e. technical and financial constraints that may affect the success of project. The Project that is stated for implementation is a profitable venture. Hence the wise move will be to implement the project due to huge demand in Australian market.

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