

Toyota business strategies - analysis



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The following will focus on identifying and analyzing of Toyota's business strategies which lead them to success, as well as critical comparison and contrast will be provided Toyota's current strategies. Due to the global crisis which is the globalization, Toyota is facing with new opportunities and challenges; according to Porter's five forces (2008), threats of rivalry among existing competitors, new entrants, substitutes, power of both consumer and suppliers are making them worried, Therefore, it is necessarily find out the ways to gearing themselves up to cope these crisis. In the end suggestive solution and recommendation will be laid out to improve the business strategies.

THE HISTORY OF TOYOTA

Toyota Motor is a multinational corporation headquartered in Japan and is the world's biggest automaker. Toyota now owns and operates Lexus and

Scion brands and has a majority shareholding stake in Daihatsu Motors, and minority shareholdings in Fuji Heavy Industries Isuzu Motors, and Yamaha Motors. The company includes 522 subsidiaries. Vehicles were originally sold under the name “ Toyoda” from the family name of the company’s founder, Kiichiro Toyoda. (online Accessed on 13-04-2010)

TOYOTA’S BUSINESS STRATEGY

Toyota is the most leading Japanese automobile company. By creating more innovative car design and spending billions dollars in advertisement a year, Toyota has appeared in the eyes of many auto consumers worldwide. By producing high quality vehicles at affordable prices, Toyota has built its reputation globally. Toyota has reduced their prices as compared to other automobile makers. Toyota believes that the role of purchasing should be long term at the lowest price and no compromise on the production of quality products. Normally, companies do not want to cut their targeted return and they follow the strategy which is formulated in to the cost + profit = selling price. But Toyota takes a slightly different strategy which is formulated in to the price-cost= profit. Strategic management has a direct impact on its business in all organizations. That’s why Toyota has become leading company in auto industry because of the attractive strategic management policy. Now, Toyota plans to build training centers in different parts of the world, where they can easily train their new workers and managers how to design new cars and assemble them. Toyota is constructing more new factories. Although, it has already plants in 27 countries. When Toyota enters in US, everyone believes that this company will not be able to run a successful business. But, at present Toyota is

leading in auto companies worldwide because of its strategic management planning.

Solid Foundation

As part of Toyota Customer First plan, Toyota is reinforcing our systems for building in excellence that reflects the customer's point of view. Toyota is painstakingly getting better " design quality" by analyzing the causes of inconvenience from the design stage, which is the foundation of quality. Toyota is also honing their capability to analyze quality on manufacture lines by introducing in-line dimension. And, Toyota are reasserting basic assurance that assembly processes fabricate in excellence by introducing a team-leader structure for training production in human resources. Furthermore, in an effort to develop quality from side to side production and development, Toyota is collaborating intimately with suppliers. During this range of initiatives, Toyota is gradually producing results. It can say that, quality improvement never ends. Consequently, to avoid gratification, Toyota will use those initiatives as a starting point for more quality enhancement efforts.

Growth Philosophy

For the last decade, Toyota has focused on product and supply, sales and marketing and widespread advanced technology strategy, as well as the improvement of conventional hybrid vehicles, battery electric vehicles (BEVs), plug in hybrid vehicles (PHVs) and fuel cell hybrid vehicles (FCHVs). Toyota believes that a transformation of people and technology lies at the heart of a company's competitiveness. As a result, Toyota is moving forward with personnel training based on the beliefs that developing human

resources is a key part of manufacturing. These efforts expand ahead of simply having employees obtain knowledge and skills that development, production, or sales divisions need. Internationally, Toyota is implementing programs to facilitate all employees to embrace Toyota's culture and values and be aware of Toyota Way. (Online: accessed on 12/04/2010)

Technology

For development of an extensive range of technologies and products with focus on market formation, Toyota has determined on a wide-ranging advanced technology strategy, as well as the expansion of conservative hybrid vehicles, battery electric vehicles (BEVs), plug in hybrid vehicles (PHVs) and fuel cell hybrid vehicles (FCHVs).

The strategy of sustainable mobility goes further than now the vehicles themselves. Instead it integrates:

The vehicles and technologies, as well as their whole life cycle measurement.... from improvement and production, to vehicle use, to how the vehicle is recycled at end of life.

The partnerships that are essential to bring these advanced technologies to market

The energy compulsory to power the technology, i. e.) how is the electricity generated...coal, natural gas, solar?

The urban atmosphere in which these products will function, as well as how the personal car fits into a mixed mobility transit strategy, re-charge/ re-fuel infrastructure, car sharing, etc.

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This wide-ranging strategy acknowledges the fact that there are many considerations when bringing a vehicle to market. By inspiring the discussion above individual technologies, Toyota is working to make parallel the technology and the market to make sure successful introduction and implementation of advanced technology vehicles.

Training

According to Porter (1980), in the planning stages, it is significant to note that new-product planning emphasizes a product that is as defect-free as achievable. Toyota designs excellence into the automobile. Technical advances, such as Computer-Aided Design (CAD), have helped designers generate and transform their specifications more rapidly than before, at the same time as getting better design quality. Quality is a necessary part of the pre-production process. Quality is the dynamic strength in establishing a system that meets the goals of design, cost and production quantity. The planning segment as well establishes a plan that outlines all particulars of the examination procedure. Quality manage involves close collaboration of numerous production departments.

The competitive point of view for Toyota in the mini-car segment of Europe remains good. While competition is strong, Toyota has key competencies that allow the company to succeed in this environment.

Recommendations

Toyota's management performed well under the crisis they had to face, the problem was identified and think tanks gave the perfect solution of switching to central database and were supported by the decision makers. On the

other hand, no praise shall taken away from Toyota by recommending that if the QMS department would have been a bit more affective, the wrongly dispatched tyres for the High Revenue Lexus Customers might had never been approved and customers not had to face the inconvenience or if Toyota would have forecasted the issue before they might have chosen the Central Database approach that would have added some more to the bunch of Toyota's satisfied customer. (Online, accessed on 13/04/10)

Conclusion

In conclusion, auto industries have to face the challenges of trade barriers nowadays and global competition amongst the auto manufacturers has become intensive. The vision for Toyota and is to become the world's leading automotive company and achieve great success by adopting different marketing strategies. In addition, the Toyota values are expressed through anticipating consumer needs and delivering outstanding products and services that improve people's lives, driven by a customer focus, creativity, resourcefulness, and entrepreneurial spirit. The marketing strategies were adopted by Toyota, affect the auto industry's potential for globalization. In order to be successful, major auto suppliers should pay particular attention to market needs and consumer expectations, costs issues within product design and development, and forces within global competition and political/legal environment. It is necessary to reduce costs by global configuration of value-adding as is the most important step towards the globalization of certain industries.