

Toyota case study assignment



**ASSIGN
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Supply Chain Management Assignment Report on TOYOTA MOTORS Prepared By: M. Veera Shankar Reddy (0911A25) PGDM (2009-2011) Submitted in partial fulfillment of the requirement for Post Graduate Diploma in Management (PGDM) Synergy School of Business, Hyderabad A.

INTRODUCTION ABOUT TOYOTA MOTORS As a joint venture between Kirloskar Group and Toyota Motor Corporation, Toyota Kirloskar Motor Private Limited (TKM) aims to play a major role in the development of the automotive industry and the creation of employment opportunities, not only through its dealer network, but also through ancillary industries.

TKM's growth since inception can be attributed to one simple, yet important aspect of its business philosophy – “ Putting Customer First”. While managing growth, TKM has maintained its commitment to provide quality products at a reasonable price and has made every effort to meet changes in customer needs. TKM firmly believes that the success of this venture depends on providing high quality products and services to all valued customers through the efforts of its team members. TKM, along with its dedicated dealers and suppliers, has adopted the “ Growing Together” philosophy of its parent company TMC to create long-term business growth.

In this way, TKM aims to further contribute to progress in the Indian automotive industry, realize greater employment opportunities for local citizens, improve the quality of life of the team members and promote robust economic activity in India. All Toyota employees are expected to embody these values in their daily work, including environmental protection activities. To “ respect” the environment, we go to the source to identify and analyze problems (“ Genchi Genbutsu”), move forward to “ challenge”

conventional ideas and old habits, to improve further (“ kaizen”) through “ teamwork. The framework provided by The Toyota Way enables our company to respond to, among other things, the environmental challenges at various stages of the life-cycle of a vehicle. These include greenhouse gas emissions, waste reduction, increased recycling and the banning of hazardous substance use in parts and components. These challenges will have inevitable consequences for Toyota’s organization and employees, and we must balance them with our desire for future growth. In 1992, the Toyota Guiding Principles were established in direct response to the international initiatives agreed to at the Rio ‘ Earth Summit. This summit focused on the potential for a clash between trade and environmental rules, and resulted in a statement of principles about forest management, conservation and sustainable development. The Toyota Guiding Principles are a cornerstone of our corporate management philosophy. These principles were updated in 1997, to ensure they continue to provide Toyota with a clear path towards achieving sustainable development. These principles have been explored and developed in Toyota’s Global Vision 2010, adopted in April 2002, which proposes a series of long-term policies on the theme of “ Innovation into the Future. Toyota’s Global Vision 2010 guides management in its response to long-term social changes, combining consideration for the environment, the benefit to our customers of value-added products and the encouragement of our employees through shared prosperity and social involvement. Based on the Guiding Principles, which codify Toyota’s business spirit, the Toyota Earth Charter (adopted in 1992 and revised in 1997) embodies a comprehensive approach to global environmental issues. It outlines Toyota’s basic policy and

action guidelines towards effective environmental management and improvements.

The Toyota Earth Charter underlines a commitment to environmental excellence, not only through broad principles, but in concrete examples of what can be done through action guidelines. In connection with the Toyota Guiding Principles and the Toyota Earth Charter, a European Environmental Policy was developed as a means of linking principles, goals, targets and action plans with management structures and systems. B. ANALYSIS It deals with 1. Technology 2. Production 3. Design 4. Distribution 5. Marketing 1. TECHNOLOGY Toyota is a world leader in the research and development of advanced automobile technology.

Creating intelligent solutions for today's mobility challenges and taking responsibility for future generations. That's the mission that motivates Toyota Innovation The quest for innovation is the foundation for Toyota's new technology concepts. Unconventional ideas need room for creativity and the technologies of the future need testing in real-life conditions. This is why Toyota develops concept cars such as p. o. d or FXS. Take a look at Toyota's most recent concept cars and get a first glimpse of the vehicles which may, one day, satisfy the needs of tomorrow's drivers. Engines

Engine technology is one of Toyota's greatest assets. Toyota's award-winning engine range reflects the high design and quality standards set by its engineers. Toyota engines are developed for performance and responsiveness with a big focus on reducing emissions and saving fuel. Today Toyota brings these benefits to customers with advanced variable

valve technology (VVT-i) petrol engines, common-rail turbo diesels (D-4D), and with the unique Toyota Hybrid System (THS). Safety Safety is a top priority for Toyota: Advanced steering, braking and traction control technologies help keep your Toyota on the road and out of trouble.

In addition, every new Toyota model is carefully designed to maximise safety, using computer simulations and real-life crash tests. The body and chassis are built to absorb impact and provide maximum occupant protection, whilst SRS airbags in place in case of a collision. Hopefully you'll never see our safety features in action, but you'll feel the confidence every time you sit behind the wheel. 2. PRODUCTION Toyota Kirloskar Motors (TKM), are committed to manufacture technically advanced products. Toyota has always believed that best way to serve society is to ensure the safety and development of employees, especially those who work on the shop floor. To realize high quality vehicle production at a reasonable price, Toyota seeks the best balance human resources and advanced robot technology. As technology constantly evolves, employees improve themselves through daily work and training programs and, as a result, productivity increases. The Toyota Production System (TPS) has achieved worldwide renown amongst both car makers and manufacturers of other products. TPS introduced effective techniques to streamline the production process, and avoid waste in inventory and employee time usage.

The overall aim is to direct all of the resources of a production line toward delivering a top-quality product for the customer. Often better known through one of its key elements, the “ just-in-time” production philosophy, TPS has proved its worth as a powerful response to changing market

demands. 3. DESIGN Organizational design and control systems The organizational design and control systems of Toyota are based around Total Quality Control (TQC), kaizen, and most importantly, the Toyota Production Development System (TPDS).

Toyota prides itself by providing a high quality vehicle to customers all over the world, and the company depends on its workers, researchers, and manufacturers to implement the processes in doing so. As Toyota strives to continuously improve under kaizen, not only does improvement apply to the company but its employees as well. With increasing employee skills and talent, Toyota sees an increase in Total Quality Control and efficiency as well. All of this is centered on Total Production Development Systems with the idea that Toyota is a “ learning organization. Through education, hands on experience, and teaching, TPDS enhances employee performance by establishing rules and standards for workers, managers, and other authority figures. TPDS uses a highly disciplined management system that is based on three distinct principles: standardizing how engineering data is collected and stored, making data available to all employees, and making data easier for engineers to understand from past engineers’ data. By eliminating confusion and formatting and standardizing data, researchers and workers have a better opportunity to complete their tasks quickly and efficiently. In general, the TPDS is a form of standardization that enhances employees’ performance and ultimately makes the company more effective as it serves as a control system Toyota’s unique relationship with its employees is a large part of the organizational design. Most upper level managers advance in the company hierarchy over a long period of time. In fact, according to

myfinancetimes.com, the average age of employee managers is 61. With the use of kaizen, Toyota likes managers who have made mistakes and have learned from them.

The company encourages its employees to think for themselves and be innovators as well as find solutions to difficult problems, a large part of TPDS. Toyota views its employees not just as workers with hands, but rather intelligent people with ideas and concepts that can benefit the company, and employees are encouraged to give constructive criticism and possible ways of improvement. It's believed that Toyota receives over one million new ideas each year, just from its employees. Clearly this statistic coincides with Toyota's kaizen approach of continuous improvement.

4. DISTRIBUTION

Domestic distribution Toyota is Japan's market leader with 42.6 percent market share (excluding mini-vehicles) in 2008. It faces two archrivals! Nissan (market share 19.4 percent) and Honda (11.9 percent) Toyota is an independent company, not part of a business group (or keiretsu). This has led to a different company mission, as well as a different approach to channel strategy, compared with the other car manufacturers. For example, Toyota in Japan listens closely to the opinions of its dealers and offers a wider line of products in Japan, mostly building on orders from dealers.

Overseas distribution Toyota works with one distributor in each country. In the United States except Hawaii, TMS serves as the distributor. The U. S. market has about 1,200 dealers and is divided into 12 regions, with each region subdivided into multiple "districts" so that each district has 10 to 15 dealers. For historic reasons, two U. S. Toyota regions are privately and

independently owned by Southeast Toyota Distributors, LLC (covering Florida, Carolina and Alabama, etc.) and Gulf States Toyota (covering Texas, Louisiana, etc.).

Between the Toyota owned/private regions and Toyota Motor Sales, transfer prices are set as well as marketing fees, parts costs, and delivery fees, etc. One region covers 70 to 130 dealers in multiple states except California, which is covered by two regional offices. In particular, the Southeast Toyota region is the largest, selling 20, 000 vehicles per month through 166 dealers. Each regional office is responsible for coordinating with and monitoring the dealers. Toyota decides which models to sell and their respective prices in each country, based on market research from distributors and research companies, taxes and the exchange rate.

Cars offered in different countries have different specifications, e. g. , (whether ABS is a standard or not). In Korea they did not introduce any Toyota cars because of stiff competition with Korean brands offering cheaper products and services. However, Lexus is successfully marketed in Korea to fill the gap in the high end of the car market. Toyota markets cars in about 170 countries through its overseas network consisting of more than 160 importers/distributors and numerous dealers. Overall, China is the highest-growth market.

This year the total size of the sales is about evenly divided among three regions. Japan, North America, and the remaining regions 5. **MARKETING** This marketing plan discusses Toyota Motor Corporation. It emphasizes its global operations as well as its dependence on two markets in particular to drive its

global expansion. The paper discusses Toyota's performance and profitability, as well as the fact that it is faced with several opportunities that could ultimately lead to its displacement of General Motors Corporation as the world's leading automotive manufacturer.

Introduction Company Overview Toyota Motor Corporation designs, manufactures, and distributes motor vehicles in all major markets around the world and is one of the largest automotive manufacturers in the world. Its product line consists of mini transportation vehicles designed for the Asian region to large transportation trucks. Like many of its competitors Toyota maintains a series of business operations, primarily financial related, around its core automotive business. These consist of financial services related to automotive financing, vehicle insurance services, and credit card services. However, Toyota is also involved to varying degrees in telecommunications, industrial equipment, prefabricated housing, as well as leisure boating products.

C. CHALLENGES Toyota Challenges – Summary

- Industry overcapacity
- Economic downturn
- Globalization
- Environmental concerns
- The IT revolution
- Diverse and shifting consumer demand

Toyota's Strategy

- Increase competitive strength through advanced technology
- Promoting a global perspective
- Value-driven cost reduction (CCC21 program)

Expanding the value chain—becoming the Total Mobility Services Provider

- Expansion of model offerings—Quality, value, and style?

D. CONCLUSION: According to above processed data, Toyota Motors having lot of popularity in domestic (Japan) market. It has to improve its brand name by using different kinds of communication mix. To widen its products around the world, it has to increase the dealers network and also have to follow different kinds of sales

force organizations. In some African countries, it does not have market share.

So, to occupy the gap, introduce more low priced cars to attract more new customers. It is for sure that with superior technology and best industry practices, Japanese auto major is giving a run for the auto industry, which is dominated by the Americans. Imminent is the day; the day Toyota will be the largest automobile manufacturer of the world, surpassing General Motors. All credits to the production prowess and the technical innovation, which made the Japanese sail through the rough waters, a journey that started in 1933 and is still continuing.