

Toyota motor corporation essay

Environment



**ASSIGN
BUSTER**

a. TMMC in 2000 should build around 10, 000 cars although the probability of sales is only around 0.

25%. This is because 10, 000 cars would cost around \$50 million and there is no need to have additional blocks as each of the additional block itself costs around \$15 million each plus \$5 million per year to maintain even unused cars. Since the main aim here is to maximize profits, building 10, 000 cars should be just right for the demand without other additional costs.

b. The main limitation to this analysis is that the figures are based on probability basis and are therefore inaccurate figures. Demand may be influenced by other unexpected factors such as natural disasters or recession.

During this time, demand for cars will definitely go down. Therefore, Toyota company should get actual figures from various Toyota showrooms and provide these figures to the production department. They should then use these actual figures and compare it with the assumption ones.

This is done to identify how much different is the actual figure from the assumptive figure. Then, the company can use actual figures to draw out a probability chart for the upcoming one to two years. This is because if the company assumes the figures for five years or more, there are a lot of uncertainties, which will result in inaccurate production figures. c. Recent facts show that the company's revenue for the last quarter has plunged 27% as there was a decrease in car sales in North America and other Asian countries (Kageyama, 2010). This may be because of recession or other reasons and not specifically because of RX 330/350, nevertheless this affects

their production capacity and profits. However, despite of the plunge, recent figures show that Toyota has made \$2. 2 billion profit from car sales in Japan this year (Kageyama, 2010).

If this car was made in Japan however, the quality rated might have been slightly higher than the American counterparts. This is generally because car enthusiasts usually perceive Japanese cars to have a higher re-sell value and higher quality of products and engines compared to the US. References: Kageyama, Y.

(2010). Toyota Posts \$2. 2 billion Profit as Car Sales Recover. The Associate Press. Retrieved from [http://www. google. com/hostednews/ap/article/ALeqM5h8gAvCDeXyQli0-CXUCBNW4nWUjgD9HCRQLG0](http://www.google.com/hostednews/ap/article/ALeqM5h8gAvCDeXyQli0-CXUCBNW4nWUjgD9HCRQLG0)