

Toyota motors



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Toyota Motors ?,,? Juliette JohnsonUniversity of PhoenixFIN/370Frank

Olivierijuly 26, 2010Toyota Motors Toyota is a Japanese automaker that was founded in 1933 and headquartered in Toyota city, Japan. In 1947, Toyota established business in North America. Toyota currently manufactures a total of 12 vehicles, which includes the Avalon, Camry, Corolla, Highlander, Matrix, RAV4, Sienna, Sequoia, Tacoma, Tundra, Venza, and the Lexus RX 350.

Today, Toyota at this time has 13 manufacturing plants, more than 1800 dealerships and over 35, 000 employees in North America. Toyota began to take the US auto industry one state at a time rising to become the world??
™s largest automaker in terms of selling more cars and trucks than GM, Ford, and other automakers. However, like everyone else, the economic recession and difficult economic environment caused profits to fall during the year of 2008 and 2009.

Adding even more fuel to the existing profit decrease was the Toyota recalls that took place the latter part of 2009 and the early part of 2010. This paper will discuss the nature of the recalls, the impact on the company that the steps taken to resolve the matter. For the past three decades, the number one automaker Toyota has held a solid reputation for quality vehicles. On February 28, 2010, that changed due to the recall of more than a million of their vehicles.

The recalls were due to accelerator pedal sticking to the floor resulting in accidents. As of February 2010, Toyota is facing over 30 law suites regarding the accelerator problem. In addition to the recall of 8 million vehicles worldwide, according to Phil LeBeau, a CNBC Correspondent, the Feds slapped a \$16, 375 million dollar fine on Toyota for dragging its feet recalling

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the faulty gas pedals and is accused of knowing and hiding the problem. I don't know if the fine was a result of any other reason than delay of the recall, but I feel it was warranted because you have not only the drivers and occupants of Toyota vehicles, but the persons they encounter in accidents due to the malfunctioning accelerator. If they new about the problem yet did not address it in my opinion I feel that the fine should be even more. To get so wrapped up in making a profit that the lives of consumers and stakeholder are not a concern is an unethical and grounds for severe punishment. In spite of the difficult economic condition of our economy and the lost of almost 4.

4 billion on sales of 7. 56 million in vehicles, Toyota's was still able to report a gross profit of \$3, 267, 000 for March 2010. Although Toyota's performance for the first half of the 2010 year was quite well it can only be attributed to the fact that they began seeking and implementing cost cutting measures. One of the things they did immediately was to reduced requirements for its car leasing business, as well as take advantage of the benefits available form the government sponsored Cash for clunkers programs. Another thing Toyota did to cut cost and meet analyst expectation was to withdraw from participating in the Formula One World Championship racing events, as well as close an unprofitable assembly plant in California. Toyota furthered their cost-reduction efforts by also implementing an aggressive sales incentive program, which offers for the purchase of fuel-efficient cars and the scrapping of old ones, zero percent financing over five years on 80 percent of its models, and low lease rates.

This program has been effective in drawing consumers back to the well-liked Prius and the Corolla sedans, allowing Toyota's fourth quarter revenues to increase some 57 billion the year prior. In my opinion the product-oriented management style approach that Toyota took provided the cost cutting needed to protect the bottom line profits. Catering to certain markets allowed Toyota to address individual local concerns rather than a one-fits-all ideology emphasized by other automakers. In conclusion, despite continuing to have to battle continuing global economic issues, the recalling of more than 8 million cars with faulty accelerators, malfunctions in the braking software, faulty floor mats, other defects, and the 300 plus lawsuits as well as \$16.

4 million dollar fine, Toyota finish its fourth quarter of the 2010 fiscal year earning in the black. This goes to prove with proper forecasting, proper product-oriented management, proper cost cutting measures, and seeking to understand what the customer are experiencing, stand in need of and responding speedily to implement them can provide for a successful turn around in the companies finances. References LeBeaym P. (2010) Toyota.com, Toyota's latest crisis shows linger cost of earlier mistakes; Toyota to expand product quality field offices across the united states and canada Retrieved July 24, 2010 from <http://pressroom>.

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