

CASE STUDY #1

TOYOTA: A GLOBAL AUTO MANUFACTURER

Toyota Motor Corporation is Japan's top auto manufacturer and has experienced significant growth in global sales over the last two decades. A key issue facing Toyota is the design of its global production and distribution network. Part of Toyota's global strategy is to open factories in every market it serves. Toyota must decide what will be the production capability of each of the factories, as this has a significant impact on the desired distribution system. At one extreme, each plant can be equipped only for local production. At the other extreme, each plant is capable of supplying every market. Prior to 1996, Toyota used specialized local factories for each market. After the Asian financial crisis in 1996/1997, Toyota redesigned its plants so that it can also export to markets that remain strong when the local market weakens. Toyota calls this strategy "global complementation".

Whether to be global or local is also an issue for Toyota's parts plants. Should they be designed for local consumption or should there be few parts plants globally that supply multiple assembly plants?

Based on the information available and the classes' material, please answer the following questions justifying them:

1. Correlate the information in the text with network planning contents that you have studied in the theoretical classes (including its steps).
2. Discuss the advantages and disadvantages of having several factories or few factories according to Toyota's strategy.
3. Discuss about the possibility of having factories producing only one component or producing several components.