



**Official name:** Toyota Motor Corporation

**Owned by:** massive public shareholding

**Owns:** Daihatsu (51%), Hino (50.1%), Isuzu (5.89%), Subaru (16.5%), plus a host of joint ventures. Lexus is Toyota's luxury car division.

**Current situation:** Toyota spent its formative years concentrating on what most customers want, which is reliability and value for money. As a result, Toyota became the world's largest carmaker. However, with size came arrogance: Toyota's quality has slipped in recent years. With the global credit crunch, Toyota suddenly had too many cars and too few customers. Following a tough couple of years, and some truly vicious cost-cutting, Toyota is now profitable once more.

**Chances of survival: excellent.**

However, Toyota needs to rebuild the quality ethic that led to its greatness and learn once more to be humble – a noble Japanese trait .



# A brief history of Toyota



**Kiichiro Toyoda in a playful mood**

**S**tarted in 1926 as the Toyoda Automatic Loom Works Ltd, Toyota began producing cars from a purpose-built factory in Ko-romo, Japan, in 1937. The name was changed to Toyota on the advice of a numerologist.

Kiichiro Toyoda greatly admired the American production methods pioneered by Henry Ford. Like so many Japanese companies, Toyota did the same, only better.

After World War II, Toyota was restricted to making trucks only, and was not granted permission to start manufacturing cars again until 1949. Ignoring the Japanese habit of building copies of overseas vehicles, Toyota

undertook an aggressive research and development programme that left it in a uniquely strong position to take advantage of the world's need for cheap, reliable & economical cars.

As far as Mr Toyoda was concerned, the people who built his cars had to be as reliable as the machines they worked on. Satoshi Kamata, a Japanese freelance journalist who did a six month undercover stint at a Toyota factory years ago, concluded that much of Toyota's success had been built upon a system that relegated its factory workers to mindless robots:

“It is all like nothing so much as an army camp. And joining Toyota as a regular worker is indeed rather more like joining the army...than like going to work for General Motors.”

Toyota's success internationally was also built on sensible, conservative engineering that gave generations of drivers a level of affordable reliability that no other manufacturer could match. Until recently, Toyota was usually among the last on the market to introduce the latest high-tech gadgetry, and so Toyota generally avoided many of the disasters associated with 'gee-whiz' high technology that didn't work in the real world.

In recent years, however, Toyota became the world's largest carmaker. With its rise in size, Toyota became sloppy, greedy and arrogant.



In place of making simple, elegantly low-tech cars that went forever, Toyota began making the same mistakes as the companies it overtook: using unproven high technology as a way of saving money.

The most obvious example was the faulty accelerator pedals that were linked to a number of deaths in Toyota cars. These accelerators apparently jammed on, causing a number of catastrophic accidents.

As if this wasn't bad enough, Toyota had been fitting these same faulty accelerator pedals into dozens of different Toyota models, including Corollas and Camrys. The idea was that Toyota would save billions by making one part that fitted multiple vehicles.

However, when these accelerator pedals began to fail, Toyota suddenly had a major disaster on its hands. First Toyota tried to hide the facts from both the public and US government; then Toyota tried to blame faulty floor mats for the problem. Finally, Toyota had to admit that faulty high tech accelerator pedals lay at the heart of the fault.



When these facts became public, the whole issue blew up in Toyota's face. Toyota's rivals in America – Chrysler, Ford and General Motors – were not slow to fan the flames of outrage, either. However, there is no doubt that Toyota was largely responsible for its own fate.

Toyota was forced to announce recalls of approximately 5.2 million vehicles for the pedal entrapment/floor mat problem, and an additional 2.3 million vehicles for the accelerator pedal problem. Many industry commentators believe that there are also large numbers of unresolved electronic issues, which Toyota, naturally, denies.

Toyota's recall disaster came on top of the global economic downturn, which caught Toyota inexplicably by surprise. Toyota suddenly had many more cars than customers.

In a rare example of humility, President Akio Toyoda said Toyota was “grasping for salvation.”

Following a tough couple of years, and some truly vicious cost-cutting, Toyota is now profitable once more, but few people believe that Toyota's pain is entirely over •

