



Supplying Toyota Report

Following two of the most challenging years in its history with the first loss recorded in over 70 years and a series of global recalls with far-reaching implications affecting the carmaker's reliability aura, the world's number one automaker is laying out plans to return to solid business fundamentals and to regain the positive customer perception it has boasted of for years.

In order to trigger such changes Akio Toyoda, the company's president, has decided to make the organisation leaner by reducing the number of directors in the company's board (from 27 to 11) and ousting some key personnel such as former president Watanabe, who oversaw Toyota's expansion between 2005 and 2009 and was still part of the board. Under the Global Vision plan Toyota is also delegating more power to regional subsidiaries in the attempt to streamline decision-making, by making it more local, and to gain a greater perception into each country's problems and requirements. The Global Vision plan, aimed at shaping the Toyota of 2015 and beyond, is being translated into targeted measures for the different regions.

Greater local sourcing for overseas subsidiaries and more part rationalisation are the two main drivers for Toyota's purchasing strategy, the first element in line with the decision to localise a larger share of production closer to final markets, the latter as a continuation of the CCC21 program of the early 2000s which resulted in substantial savings for the automaker. This report offers a comprehensive analysis of the changes to the carmaker's purchasing strategy in light of the recent strategic decisions and guidelines and also describes how the carmaker's supplier relationship management, which has set the standard in the industry, is expected to evolve over the next few years.

Addendum: Japanese Earthquake - March 2011

This report was completed and published in the days after Japan was hit by the biggest earthquake in its history and the subsequent tsunami which swept away a number of communities in the north east of the country. The nuclear disaster at the Fukushima plant has added another concern to the Japanese population of the stricken area. Though the majority of this report deals with the overall structure and planning of the company, SupplierBusiness has included a supplementary comment on the potential effects this may have on Toyota strategy in the report.

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