

OL 215: Struggling Company – Toyota, Inc.

Juan Carlos Perez

Southern New Hampshire University

Student ID: 1538648

Professor Pamela Wooden

### **Profile**

Toyota Inc. is regarded as one of the leading global automakers. However, despite its competitive production chain that includes top models like Lexus, the company market performance has hit a snag in recent times as a result of management challenges (Toyota Motor Corporation, 2020). For instance, when rocked with a scandal that was a result of the production of self-accelerating automobiles, the executive proved incompetent in the handling of the situation. Equally, the expert responsible for the investigation and analysis of the issue implementation poor strategy in solving the challenge. Rather than focus on careful issue management, the top management embarked on shallow research on the issue. Similarly, the decision baffled some of the top marketing experts (Butcher, 2005). As such, the poor investigation strategy by the management did little to curb the challenge.

Rather than focus on the research, the executive opted for ready-made causes. For instance, it was suggested that the self-acceleration issue was a result of an operational error. The suggestion, together with the others that were formulated by the team, was based on common automobile challenges instead of extensive investigation on the specific issue at hand. As such, due to the incompetency concerning the provision of viable solutions, potential consumers opted for other car models.

Similarly, the poor communication strategy adopted by the company also fueled the crisis. At the advent of the issue concerning self-acceleration, the executive should have focused on the creation of promotional campaigns that aimed at educating the clients regarding the top historical performance that the company has had over the years. Equally, through the provision of marketing data concerning the company brands, the strategy would be appealing to the consumers. While the issue had a significant impact on the market sales of the company, the

provision of extension warranty deals to the buyers would reduce the amount of fear concerning the purchase of the automobiles. Consequently, due to the incompetency regarding the decisions made by the top management, the company incurred losses due to the tarnished brand. The marketing of automobiles with self-acceleration defects resulted in poor product delivery to consumers. Since the executive focused on market expansion, the decision proved to be disastrous as consumers preferred other automobile brands.

The organizational culture of Toyota Inc. focuses on the measures that are executed by the company employees during the crisis. The production of company automobile brands involves secrecy regarding the processes. The production decisions have long been based at the company headquarters located in Japan (Toyota Motor Corporation, 2020). Equally, employees are less involved in some of the vital issues that may require their input. As such, the secrecy regarding the processes hinders faster problem-solving programs as crucial decisions are left to the executive.

Similarly, the company's focus on the expansion of the production lines has frustrated the inability of the executive to consider the essence of internal communication. Relationships among human resources have been inadequate, resulting in communication challenges (Kaufman, 2010). The lack of regular meetings between the executive and the employees have hindered the internal communication process. There exists a significant gap between the top management and the usual employees. As such, their lack of coherence between the strategies proposed by the leadership team and the production processes.

Further, in the implementation of the organizational mission, there has been a lack of regular measures by the executive to keep the workers updated on the essence of the objectives. The lack of proper communication between the top management and the employees has also

lowered the commitment levels at the company. Communication is crucial in enhancing the ability of all staff members to regard the company objectives as individual responsibility.

### **Recommendations**

The recall of the company's car models has hurt the company's profit margins. As a result, it is recommended that the top management adopt policies that would avert the occurrence of such a situation. For instance, it is significant for the implementation of production processes that aim at the provision of quality car models. Additionally, the executive should focus on the implementation of effective internal communication strategies to maximize the output from the employees. To achieve the objective, the company should focus on the incorporation of quality components to minimize the future occurrence of acceleration challenges. Corporate social responsibility is part of modern organizational culture (Kaufman, 2010). Equally, the Toyota Inc. management should, in times of crisis, adequately investigate the challenges as well provision of the right information to the relevant stakeholders. The provision of active customer care service is also vital for business processes. Thus, the company should establish measures that would foster the regulation of repair to cars with defects to enhance organizational reputation.

### **Conclusion**

The organization's market performance has, over the years, been enhanced through the design and production of top-quality designs. Similarly, the processes involved require an efficient management system. The principles of management guides organization on the best production practices that foster customer satisfaction as well as market performance. In the recent past, Toyota has faced a crisis due to the production of faulty car models. Similarly, the company profit margins have dwindled due to low customer satisfaction. Thus, to achieve success, the company has to enact measures that result in the production of top car models.

Additionally, the establishment of extended warranty periods is vital for the provision of customer service as well as building the company reputation. Ultimately, by focusing on the management principles. The company is likely to avoid the occurrence of such challenges and gain a competitive advantage within the automobile industry.

### References

Butcher, D. (2005). The Toyota Way. Fourteen Management Principles from the World's

Greatest Manufacturer. *Thomas*. Retrieved from

[https://www.thomasnet.com/insights/imt/2005/11/08/recommended\\_rea\\_19/Kaufman](https://www.thomasnet.com/insights/imt/2005/11/08/recommended_rea_19/Kaufman), W.

(2010). Can Toyota Recover Its Reputation For Quality? *NPR*. Retrieved from

<https://www.npr.org/templates/story/story.php?storyId=123519027?storyId=123519027>.

Toyota Motor Corporation. (2020). Toyota Overview. *Toyota Motor Corporation*. Retrieved

from <https://global.toyota/en/company/>.