JGIM: How Important is information technology in your industry, and your organization?

Information technology plays an essential role at Toyota and Lexus, and in the automotive industry in general. In 1992 Toyota sold over 4.5 million vehicles worldwide, of these 900,000 were in the U.S. Lexus, the luxury division of Toyota in the U.S., has grown from 16,000 sales in 1989 to well over 90,000 sales in 1992. The cornerstone of this success story is product quality and customer satisfaction. The continued improvement of our products and the maintenance of positive relationships with our customers require that the right information be available to the right people at the right time. The only feasible way to do this is to exploit today’s information technology.

The Lexus Service History database is an example of Toyota’s application of IT. This database is where we maintain a record of all services performed on Lexus vehicles by all Lexus dealers. Each Lexus dealer has the ability to retrieve service records for a particular vehicle via his inhouse computer system and our satellite communications network. The key here is that the dealer will be able to see all services performed on the specific vehicle, regardless of which dealer performed that service. This information allows the dealership personnel to improve their diagnosis and to minimize vehicle down time, which, in turn, increases customer satisfaction.

In addition to customer satisfaction benefits, the availability of this service history information allows us to gain additional insight concerning our vehicles’ performance and durability which is forwarded to product engineers in Japan. This information exchange is part of the foundation for vehicle refinements and improved product quality.

JGIM: Please name and briefly describe some of your strategic IT applications?

At the core of our strategic IT applications are the Vehicle and Parts Ordering systems, Distribution Systems and Sales Reporting systems. Our company’s primary business activity is to identify demand and trends in the automotive marketplace and to ensure that the right products are being built at the right time and being delivered to the right parts of the country. It would serve very little purpose to have vehicles without air conditioners delivered to desert communities and convertibles delivered to cold, rainy parts of the country. Obviously, this analysis becomes much more sophisticated when additional variables such as sales history, seasonality, colors, accessory combinations, model mixes, local economies, consumer trends, and factory production constraints are factored in.

The Ordering systems allow us to communicate with the factories in Japan, the United States, and Canada, to let them know what our current production requirements are and what our forecasts for future production are. The factories, in turn, use the information in the system to finalize their next month’s production plan and to confirm their production schedules with the distributors. They also use this information to ensure that they and their suppliers are staged properly to meet the future demand. Recent enhancements to the Ordering systems allow us to have production plans changed on a dynamic basis which enables us to more effectively balance the pipeline of vehicles into the system in response to consumer demands.

The Distribution systems are integrated with the Ordering systems and are used to ensure that the right products are delivered to the right markets without any unnecessary delays. This involves very close and comprehensive communications with truck and rail carriers across the nation to make sure that we don’t have excessive inventories in our port facilities.

The Sales Reporting systems track vehicle and parts sales at many different levels and are used by virtually all levels of corporate management.
Related Content

Information System Activities in Transnational Corporations: A Comparison of U.S. and Non-U.S. Subsidiaries
[www.igi-global.com/article/information-system-activities-transnational-corporations/51244?camid=4v1a](www.igi-global.com/article/information-system-activities-transnational-corporations/51244?camid=4v1a)

Cultural Adaptation on the Web: A Study of American Companies' Domestic and Chinese Websites
[www.igi-global.com/article/cultural-adaptation-web/3594?camid=4v1a](www.igi-global.com/article/cultural-adaptation-web/3594?camid=4v1a)

Critical Factors of ERP Adoption for Small- and Medium- Sized Enterprises: An Empirical Study
[www.igi-global.com/chapter/critical-factors-erp-adoption-small/61769?camid=4v1a](www.igi-global.com/chapter/critical-factors-erp-adoption-small/61769?camid=4v1a)

Pursuing Radical Transformation in Information Age Government: Case Studies Using the SPRINT Methodology
[www.igi-global.com/article/pursuing-radical-transformation-information-age/3620?camid=4v1a](www.igi-global.com/article/pursuing-radical-transformation-information-age/3620?camid=4v1a)