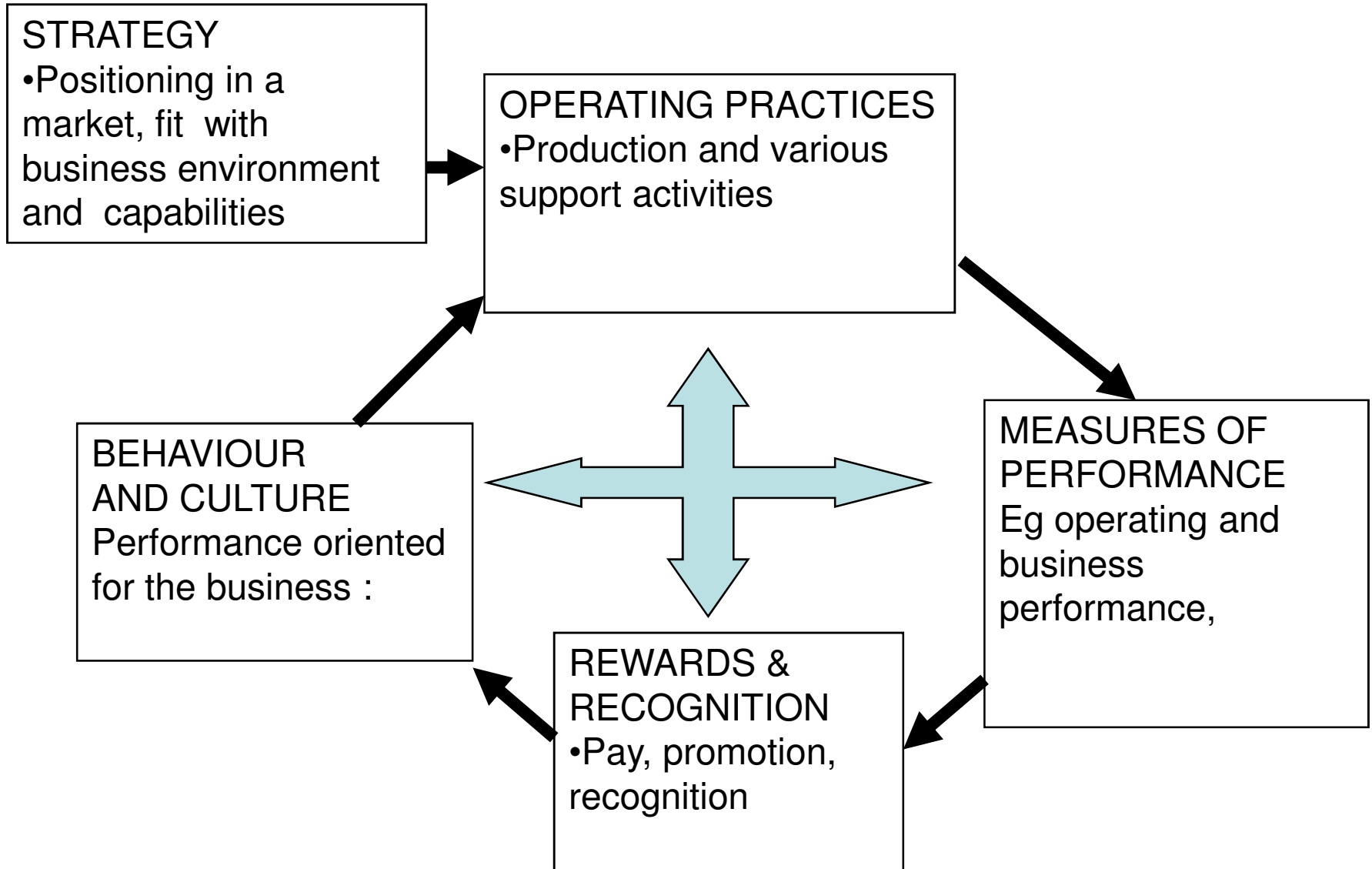


Business Excellence: “The Challenges and Opportunities”

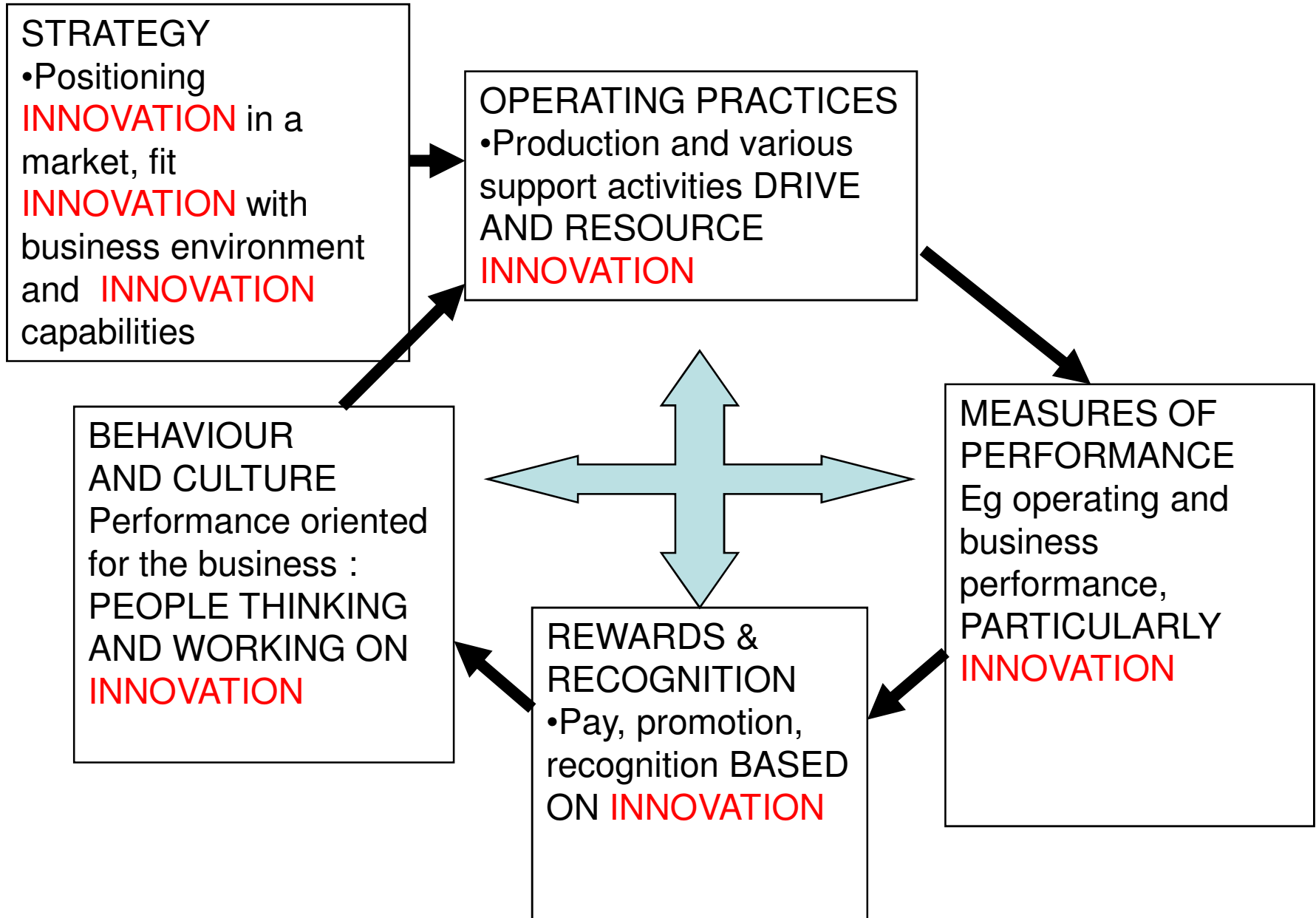
**Professor Danny Samson
Department of Management,
University of Melbourne**

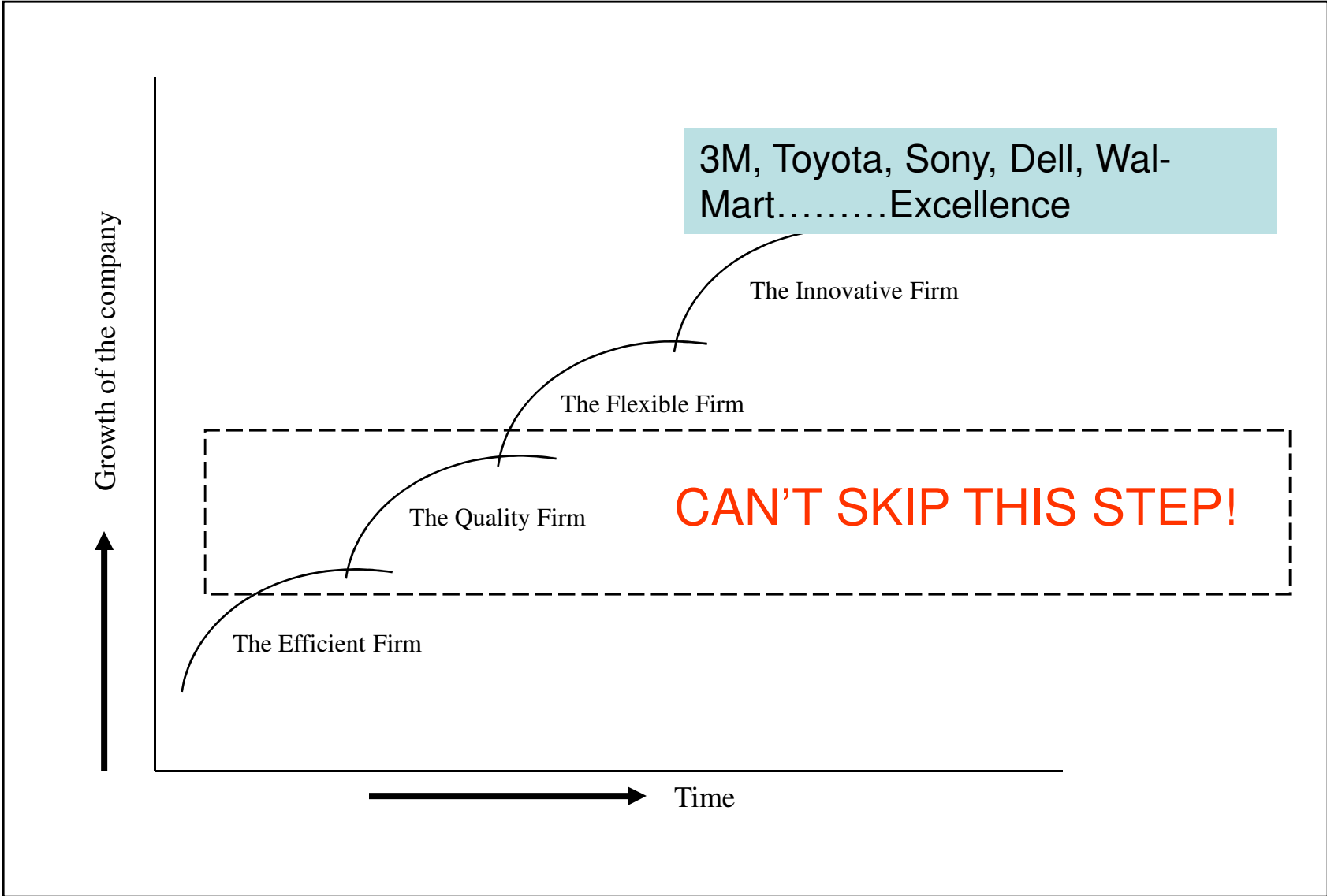
July 2007

HIGH LEVEL SUMMARY



EG: If its Innovation



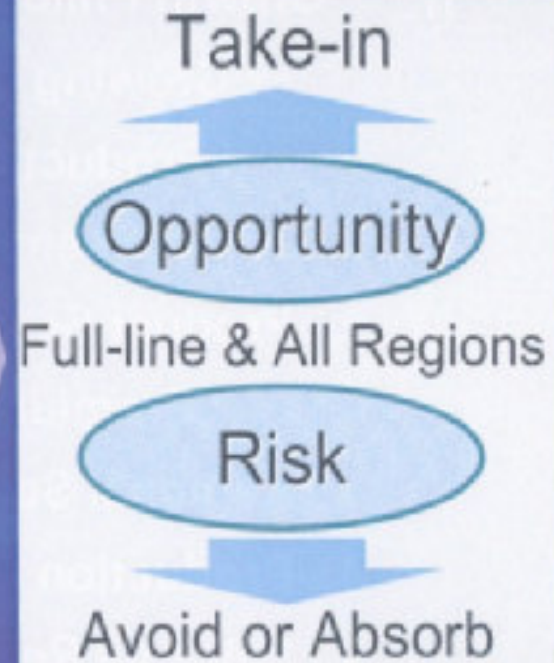


II. Growth Philosophy

TOYOTA 7

Stable & Long-term Growth

Improve Quality=Build Stronger Foundation



Growing while building a stronger foundation

TOYOTA

II-1. Product Quality

8

Environment surrounding product quality

- Longer ownership per vehicle
- Higher expectation of customers
- More complexity of technology

Quality from the customers' perspective

Work to achieve zero defects

Deepen & Evolve
Activities for Quality

■ Company-wide Organization = CF Activity Promotion Committee

(Customer Satisfaction)

- R&D: Ensure the highest quality ever
Develop technical personnel
Innovate product development procedures
- Production Engineering & Manufacturing
Operational management organized by team leaders
In-line measurements introduced into production lines
- Suppliers: Closer cooperation

TOYOTA

II-3. Human Resources

10

Qualitative Improvement of Global Human Resources

■ Share the Value of 'Toyota Way'

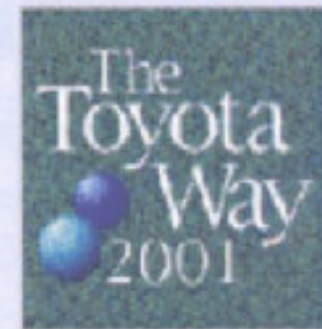
Goal: All Employees can conduct their jobs following the Toyota Way.

On-the-Job
Training

+

Off-the-Job
Training

To be attended by all employees,
from new recruits to senior management



To be conducted
by Global Toyota

■ Develop Technical Personnel

Strengthen the Group's All-Around Power

■ Effective growth of the entire group

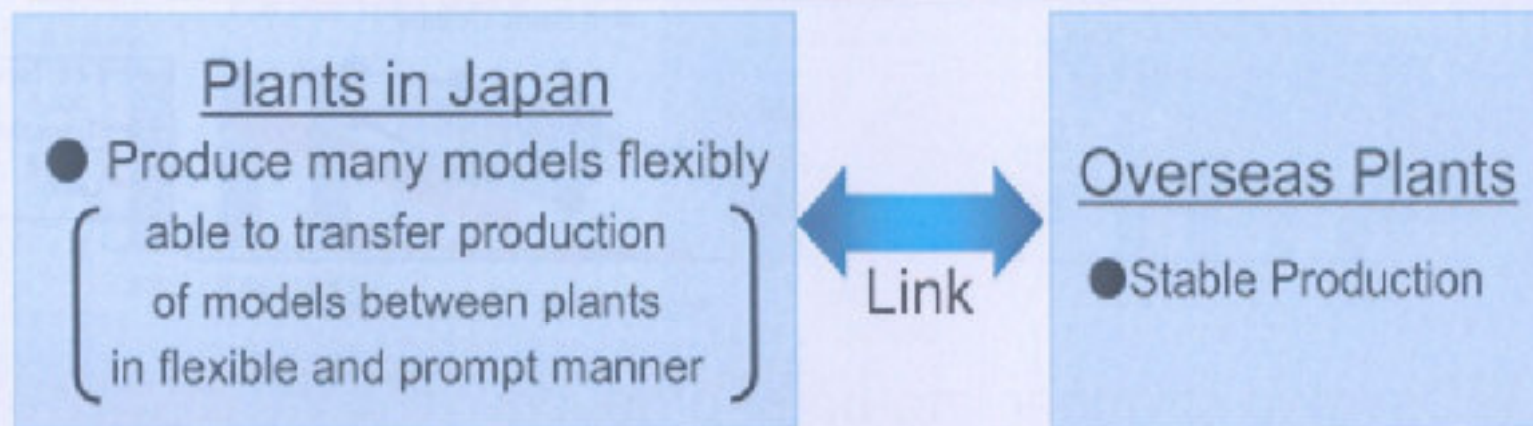
— Mobilize resources in each company's respective areas

TOYOTA

III-3-B. Global Link Production System

24

Expand and upgrade "Global Link Production System"



<Benefits>

- Versatile and swift response to sales volume
- High production efficiency in each plant
- Most effective use of production capabilities (Efficient Investment)

TOYOTA

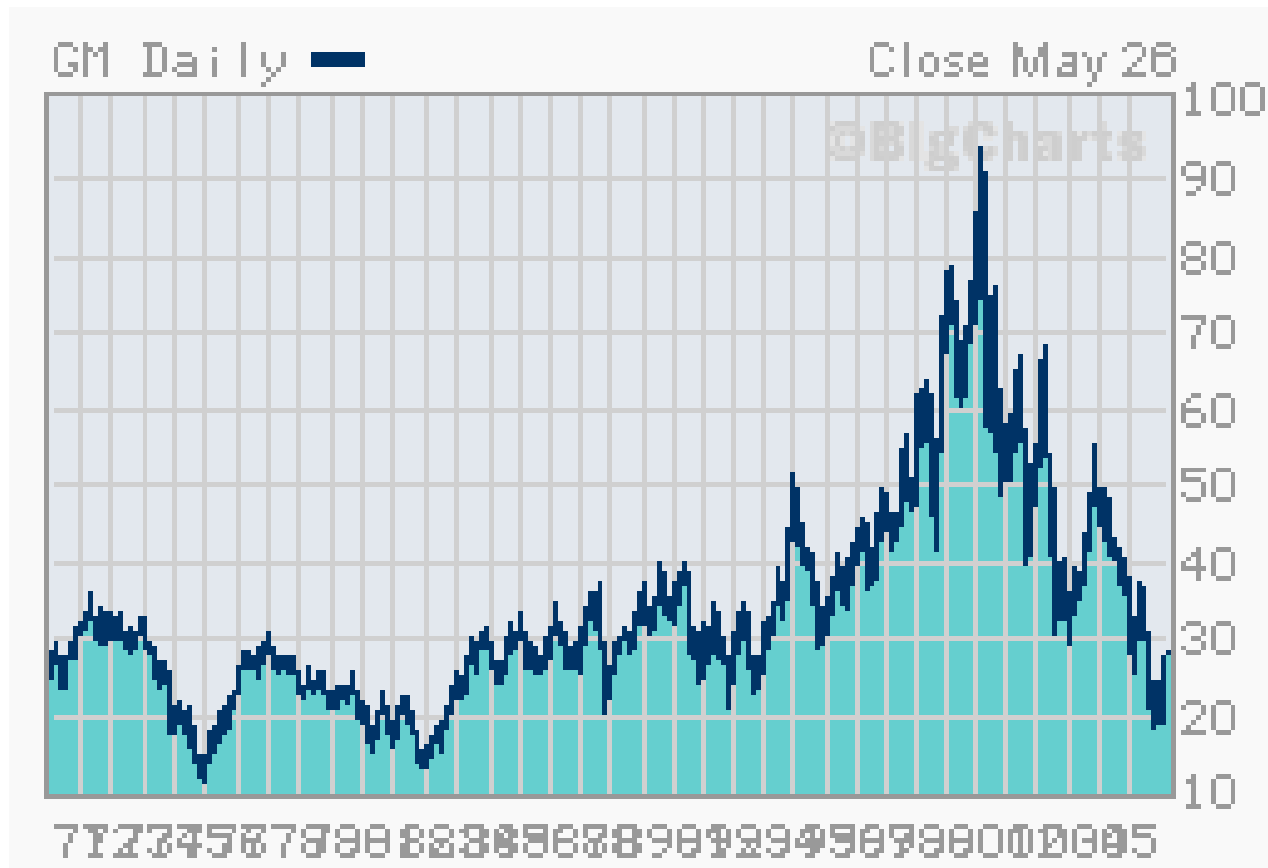
TOYOTA

- Innovation in the LARGE and SMALL
- LARGE: eg Prius (hybrid synergy drive)
- SMALL: continuous improvement (11 improvement suggestions per person per year)!
- Its SYSTEMATIC, embeded in the CULTURE

TOYOTA

- Expanding, and at a profit (at the expense of GM, Ford Chrysler etc)
- Offers VALUE to customers, (through cost efficiency)
- Excellent at quality management
- Ground up operational and business excellence
- Amazing disciplines, TPS
- Yet innovative : eg Prius
- Global optimisation of resourcing/ production (superplants)
- Magnificent employee involvement: 11 suggestions per employee per year!
- IN SUMMARY: Fantastic operational excellence

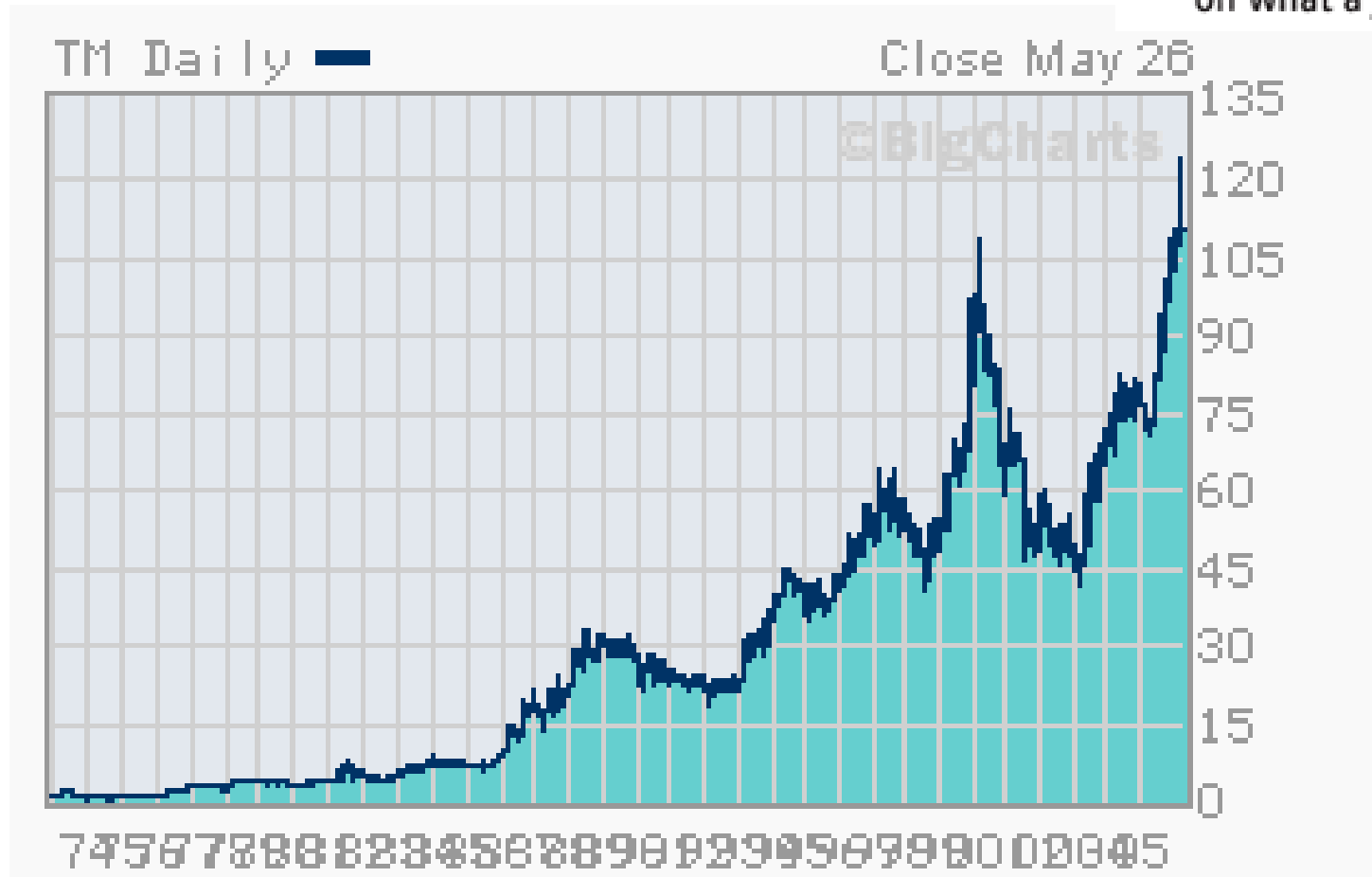
GM share price



Toyota share price



oh what a *feeling!*



GM slashing 30,000 jobs, closing plants

Five U.S. assembly plants to be shut down in cost-cutting move

DETROIT - General Motors Corp. will eliminate 30,000 jobs and close nine North American assembly, stamping and powertrain plants by 2008 as part of an effort to get production in line with demand and position the world's biggest automaker to start making money again after absorbing nearly \$4 billion in losses so far this year.

The announcement Monday by Rick Wagoner, GM's chairman and CEO, represents 5,000 more job cuts than the 25,000 that the automaker had previously indicated it planned to cut. United Auto Workers union leaders called the cuts "extremely disappointing, unfair and unfortunate."

The 30,000 job cuts represent about 9 percent of GM's global work force of about 325,000 people

Chrysler to eliminate 13,000 jobs, including 2,000 in Canada

Cuts an 'absolute disaster,' Hargrove says
Last Updated: Wednesday, February 14, 2007 | 8:32 PM ET
[CBC News](#)

Business

Ford Unveils Job Cuts, Plant Closures

Bill Pugliano

Bill Ford, chairman of the board and CEO of Ford Motor Company, in Dearborn, Mich., Jan. 23. Getty Images

[All Things Considered](#), January 23, 2006 · Ford Motor Co. announces plans to eliminate 25,000 to 30,000 jobs in North America -- more than 20 percent of the workforce.

The long-awaited restructuring plan also includes closing 14 plants in the United States, Mexico and Canada over the next six years.

But any job cuts will have to be negotiated under the terms of the labor contract with the United Auto Workers union, and Ford officials said they did not believe the company could shrink its way back to prosperity

GM announces sharply lower profit figures Decline of auto giant highlights crisis of US manufacturing

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General Motors announced Wednesday that it faces a huge loss for the first quarter of the year and much lower profits than previously projected for all of 2005. The news from GM, the world's largest auto manufacturer by sales, provoked a sell-off of the company's shares on Wall Street. Chief Executive Officer Rick Wagoner and Chief Financial Officer John Devine announced that the company expects to post a loss of about \$846 million (\$1.50 per share) for the first three months of 2005. This would be GM's largest quarterly loss since 1992, when it was on the verge of bankruptcy. The company had previously announced that it would break even for the quarter. GM also revised downward its expected profits for 2005, from \$4-\$5 per share to \$1-\$2 per share, excluding one-time expenses.

Following the announcement, the price of GM stock plummeted, ending the trading day down by 14 percent. The sell-off eliminated some \$12.7 billion in shareholder equity. It was the steepest decline of the company's stock since the stock market crash of 1987. During trading on Thursday, share prices fell below \$28, down from over \$80 five years ago.

Indicating the lack of confidence of investors in the future of the company, GM's bond rating was downgraded by all major ratings firms. Its bonds are now hovering just above junk bond status. A junk bond rating means investors are skeptical that the company will pay off its debts. If the rating is downgraded any further, GM will face sharply higher interest rates on the bond market, further eroding its bottom line.

Loss at Ford helps drag down profit rise at U.S. companies

[By Courtney Dentch](#) Bloomberg News

Published: February 13, 2007

Ford's fourth-quarter loss of \$5.76 billion dragged average earnings down. Excluding Ford, the companies reporting through Feb. 9 would have posted a gain of 11.4 percent. Ford, the second-biggest U.S. automaker after General Motors, lost a record \$12.7 billion for the year on a plunge in sales of pickup trucks and sport utility vehicles.