

Summary

The Toyota Motor Corporation was founded in the 1930s but really began to grow after the Second World War. With the lifetime employment of all their workers and the revolutionary ideas of Taiichi Ohno, Toyota starts making the difference with all other car manufacturers. The mass production plants in the U.S. would soon be outdated. Ohno created the Toyota Production System (TPS) which was based on eliminating waste and reducing inventory. Until today Toyota keeps on outperforming all other companies.

The Toyota Production System focuses on eliminating waste throughout the process. With the principle of one-piece-flow, the use of Kanban and the human intervention power in the plant, the products will become of higher quality, assembly goes faster, production goes up and rework diminishes. While Western sociologists have their doubts about the humane aspect of the TPS, the results achieved by Toyota are ground breaking for the last 50 years.

The classical supply chain based on mass production introduced large inventories, unreliable delivery and low quality products. This was mainly based on distrust between supplier and assembler. Toyota uses a tiered structure for their suppliers. First tier suppliers are responsible for whole sub assemblies, and receive support from Toyota to improve production and design. This requires a very open and honest way of frequent communication about the parts to produce. Suppliers are categorized based on the parts they supply. The assembler ranks all suppliers and dispenses more challenging orders to high performing suppliers. With the Delft Systems Approach an overview is given of the different categories. When assembler and supplier form alliances many improvements can be made, however it isn't clear if this also happens when supplier form alliances with other suppliers. It probably depends on the attitude of the assembler and the background of all the companies. Also trust is an important aspect of the whole relationship between supplier and assembler.