Toyota’s quality lapse
RECALLS SHATTER AUTOMAKER’S PREVIOUSLY PRISTINE IMAGE

Experts say recent vehicle recalls have given Toyota’s legendary image for quality a massive hit. But they differ on whether the impact will last long.

For years, Toyota has had impeccable brand quality among consumers. In manufacturing and industrial engineering circles, the vaunted Toyota Production System has been copied and analyzed ad infinitum. But in the past two months, following complaints of sudden acceleration, Toyota has recalled 6.5 million cars in the U.S. because of problems with the gas pedal. The recall was extended to Europe.

The Wall Street Journal Asia estimates the immediate impact of Toyota Motor Corp.’s recalls and sales stoppages will cost the company around $1 billion.

Cornell University automotive industry expert Art Wheaton called Toyota’s move to shut down most of its North American production and stop sales of eight of its most popular U.S. vehicles unprecedented. In early February, the Japanese automaker announced that it knew what was causing the sticking accelerators, and that it would take dealers about 30 minutes per car to fix the problem.

“This repeated quality and safety recall has come at a bad time in corporate history and may impact long-term sales and profits for Toyota,” said Wheaton, the senior extension associate in work force, industry and economic development in Cornell’s School of Industrial and Labor Relations. “Toyota is a global company with a global supply chain facing global headaches in a tough market.”

James P. Womack, an author and expert on Toyota’s manufacturing methods, told The New York Times that the company was paying for focusing on growth and taking its eye off quality.

“When your whole deal was quality, every mistake is a big deal,” he said.

In 2002, Toyota executives set a goal to own 15 percent of the global auto industry by 2010, meaning it would surpass General Motors as the world’s largest carmaker. To get there, it would have to grow by 50 percent.

Toyota became the largest vehicle manufacturer in the world. But as sales grew, Toyota bought parts from companies around the world rather than from a small group of Japanese suppliers that have been longtime partners. For instance, the faulty gas pedals came from a Canadian supplier.

That shift made it harder to control quality. And, Womack said, it is an open question whether consumers will be patient with the company, because they could choose from a variety of well-built cars from many other companies.

In early February, Toyota began to discuss publicly consumer concerns over sudden acceleration of its vehicles. It took out newspaper ads explaining the situation in major U.S. markets while executives began a round of television interviews.

Still, a class action suit was filed in Ontario against the Canadian units of Toyota Motor Corp. and CTS Corp. (CTS) on behalf of car owners affected by Toyota’s big vehicle recall.

The claim seeks unspecified compensation for losses and injuries as a result of the purchase or use of numerous Toyota models, and alleges that Toyota and CTS “ought to have known” about the defects that led to the sticky accelerator pedal issue behind the recall.

Jeffrey K. Liker, a professor of engineering at the