

Letters to the Editor:  
Toyota 's Solution  
To Supply Problems

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In response to your Feb. 4 article "Fire at Parts Supplier's Factory Forces Toyota to Shut Down Production in Japan": I cannot speak on behalf of all Japanese industry approaches to just-in-time, but, as someone who has been involved in Toyota 's supply system for many years, I want to clarify Toyota 's approach.

Your claim that "a fire in a single parts factory could virtually shut down mighty Toyota shows the flip side of the auto maker's vaunted cost-cutting efforts of the past few years" is only partly correct. Certainly, such cost-reducing does make Toyota more vulnerable following a disaster such as this fire. The chance of a shutdown due to catastrophe, however, is low enough to justify not having the additional ongoing costs associated with dual sourcing.

Additionally, Toyota 's supply network has the cooperative spirit that allows for rapid joint recovery efforts in times of crisis. Devastating events such as fire and earthquakes are very rare and unpredictable. There is no way to anticipate exactly what effects they would have and what counteraction would be required. It is not competitive for numerous plants to hold "just-in-case" inventory, capacity and manpower when there is no way to know if, when and in what amounts any of these will be required to get the company back on its feet after a crisis.

Toyota 's solution is to keep these resources constant at the minimum amounts required for regular operations. Then, when things go wrong, we rely on cooperative relationships with our supplier network to respond. Another advantage of just-in-time manufacturing is that suppliers not only deliver in small lots but produce in small lots as well. This allows the supplier the flexibility to meet changes in product demands -- whatever the impetus -- quickly. With this approach, we are recognizing and responding to small changes repeatedly so that we are continually developing the strength of our work force to respond quickly to a crisis.

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