Case: Managerial Accounting Issues in the Automobile Industry; Toyota and Ford.

I. Toyota's 2012 Environmental Report states: "The Guiding Principles challenge the company to 'be a good corporate citizen,' 'dedicate ourselves to providing clean and safe products,' and 'pursue growth in harmony with the global community.' Environmental responsibility is key to each of these." Go to the most recent North American Environmental Report and read about Toyota's environmental vision at http://www.toyota.com/about/environmentreport2012/index.html

Answer the following questions:

1. What is sustainable mobility?
2. How does vehicle life cycle relate to sustainable mobility?
3. Explain how managerial accounting can be used to support the development of sustainable mobility.
4. Does Toyota's Environmental Policy just meet the legal requirements, or do they go beyond the law? Comment on the strategic implications of this policy.
5. Can there be conflict between the goals of cost control and environmental policy? How do you recommend companies address this issue?

II. Compare and contrast the following tag lines used by Toyota and Ford.

Toyota: "Driving to Innovate New Value" was the title of a recent Toyota Annual Report.

Ford: "Built Ford Tough" is the slogan that appeared in a recent Ford Annual Report.

What cultural values influence these tag lines? Do the tag lines relate to the cost management strategies of the company?

III. Find the most recent Consolidated Income Statements from the Annual Reports for Ford and Toyota at:

http://corporate.ford.com/our-company/investors/reports-financial-information/ annual-reports?releaseId=1244753689627 and

http://www.toyota-global.com/investors/ir_library/. Alternatively, annual reports for all publicly traded companies can be found on the Yahoo Finance website (http://finance.yahoo.com).

Divide the cost of auto sales by auto sales for both companies for the last three years. Assume that the three month difference in the year end dates will not make a difference in your analysis. Comment on your results.