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**NEW DEVELOPMENTS AND REVIVAL
IN THE REBIRTH OF NISSAN**

by

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Overview

In 1999, Renault announced its take-over of Nissan and the creation of the Alliance. In July, Patrick Pélata was one of the team sent to Japan by Carlos Ghosn to put new life into the company. Three months later, the team announced extremely ambitious objectives outlined in a cost-reduction plan : these objectives were to be achieved in the space of two years and the company would then enter a new growth phase. Patrick Pélata tells his story of this 'rebirth', and shows that it was the result of a delicate mix of fundamental elements peculiar to Nissan and to Japanese culture, tried and tested management rules common to western companies – the so-called 'revival' – and, perhaps, new management techniques – 'new developments'. The experience can also be summarised by demonstrating that using rigorous and creative means, one can devote all one's confidence and sparkle to a company which is not doing well.

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TALK : Patrick PÉLATA

I arrived at Nissan in July 1999 when the Alliance was created, having previously worked in various departments at Renault. I am one of the six Nissan executive vice-presidents reporting to Carlos Ghosn ; Thierry Moulounguet is in charge of finance. I am in charge of the planning group which covers market studies, the product, design, and programmes. I shall talk from this point of view about my personal experience of the Nissan take-over, and I shall try to distinguish between what was merely a case of applying existing models, to what can be considered a genuine innovation which we accomplished. This talk will analyse the revival and the new developments in the context of the 'rebirth' of Nissan. I will begin by outlining this rebirth with reference to certain facts. Then I will describe the structural changes which took place. Finally, I will give my personal opinion regarding the fusion of different management cultures.

The real Nissan rebirth

Variations in certain indicators are a sign of the magnitude of the changes which have taken place at Nissan and are the reason why it is possible to talk about a rebirth.

Tangible results

Since the beginning of the 1990's, Nissan had been losing money, with an operating profit hovering around zero. Today it is about 10 %. One should note that the operating profits of the 'Big Three' American manufacturers¹ are in the region of 0 % to 3 %. The Europeans, except for Fiat, are between 2 % and 7 %, Honda is at 8 % or 9 % and Toyota, 9 % or 10 %.

Products were made more attractive. This was not the case in Europe, where only the Micra stood out, but a great deal of progress was made from the point of view of attractiveness of products in the US. Last year, we won the American Car of the Year prize for the Altima, and this year two of the three cars nominated are Nissans, and one of the four trucks nominated is a Nissan.

Finally, we created economic value. Market capitalisation increased from a thousand billion yens in 1998, just before the creation of the Alliance, to four thousand billion. Therefore, the value of the company has increased fourfold.

Cross-functional teams

The first element involved in the Nissan rebirth was the Nissan Revival Plan. The new team started on July 1st, 1999. In the three months preceding this, Carlos Ghosn and I had toured the different Nissan sites. We had listened to factory employees, people involved in the network, and those in different service departments. On July 5th, Carlos Ghosn announced the creation of cross functional teams in charge of stimulating growth in the company across the range of functions, in order to pinpoint feasible objectives in the coming three years. These teams worked to a very tight schedule : their creation was announced on July 5th, they were constituted on July 12th and they had to present their first report on September 22nd. This report then served as a basis for the Nissan Revival Plan which was announced by Carlos Ghosn on October 18th, 1999.

Each cross-functional team appoints a member of the executive committee as leader. A manager is chosen among the youngest executives, who are nevertheless sufficiently experienced to have had a good overall view of the company ; in other words, the manager chosen is in his forties since there is low turnover of executives at Nissan. I was in charge of the business opportunities team whose aim was to prepare for growth but which also worked

¹ Ford, General Motors and DaimlerChrysler.

on brand identity, product opportunities, the development of new markets abroad and associate businesses, and the reduction in the delay of launch times of vehicles overseas.

The other cross functional teams covered areas which were implicated directly in lowering costs, such as purchases, production, research and development, marketing and sales, overheads and administrative costs, financial charges, decreasing the numbers of models of which I was in charge, and organisation.

The Nissan Revival Plan : aiming to reduce costs

The Nissan Revival Plan is based on three assumptions : the company will once again be in the red in the 2000 tax year ; debt will be halved by the end of three years ; and that following the same period of time, operating profit will be at 4.5 %. These are simple assumptions which may appear easy after the event but at the time, they were seen to be daring or even unrealistic by all the financial analysts and the media.

The backbone of this plan is reduction in costs, especially purchasing costs, of up to 20 %. This constitutes the core for the revival in the first two years. The plan is also based on the reduction of production capacities in Japan, which will result in the closure of three factories.

The notion of commitment is a fundamental element in the management of the plan. It is an important notion in Japanese culture, and Carlos Ghosn has relied on this from the outset. When the plan was presented, he committed himself and the whole of the executive committee to the objectives which were outlined, by putting their jobs on the line. This will set the tone for what commitment signifies and will generate confidence in the company, even if the plan seems unrealistic from the outside. Contrary to previous revival plans, people in the company want to believe in this particular plan and this confidence is maintained through Carlos Ghosn's use of the external media. On April 1st, the beginning of a new tax year and therefore the official beginning of the plan, the company was already ahead of its expectations in carrying out this project.

The plan aims to reduce costs, but also includes a measure, less publicised, for preparing for the future. I was responsible for this part. On the one hand, it consisted of preparing a massive effort on the American market, identified as the market which would be the most quickly profitable for Nissan, by doubling its product range. On the other hand, in Japan it predicted in a more risky way a drastic reduction in the number of models – from more than fifty to thirty-five – coupled with a strategy based on the attractiveness of new cars.

The last important dimension of the plan is the redefinition of brand identity and its promotion within the company.

The bulk of the results achieved, especially in terms of operating profit, is due to cost reduction. Furthermore, the objective to reduce costs by 20 % was achieved at the end of two years, instead of the three years initially thought, and the plan was halted and replaced by a plan concerned with growth and not cost reduction. This plan was called the Nissan 180.

Three success factors

There are three factors which can explain this first success. I already said that relying on commitment was crucial. This notion is very strong in Japanese culture, but it was very badly used. Carlos Ghosn's genius was to use it like a central management tool. The technique of encouraging commitment is preceded by a lengthy study, discussed by different levels of management. From the moment that it is defined, everyone commits himself and does his utmost to keep to this promise regardless of circumstances and excuses. In engineering, once the planning work and the service objectives on twenty to thirty different functions are achieved, each person works individually to keep his commitment promise, and all those taking part know that this commitment will be kept. This allows one to forget all the management devices which are required in Western countries to make sure that projects keep

to their deadlines and their budgets. Everyone keeps to his commitment, even if it means working nights or at week-ends, or mobilising other people in one's team. I have personal experience of this : on April 15th 2000, only two weeks after the launch of the plan, the engineering department noticed that it was not on schedule in order to reach its cost reduction targets. At the end of May, the objectives had been reached because the person in charge of engineering had stopped all programme developments in order to redirect 80% of the workforce towards cost reduction. Thus, eight thousand people were redirected, and for some of these people, this happened during *Golden Week*.

The second success factor was speed. I have mentioned dates in order to give you an idea of how fast things happened. This was also part of the Nissan culture. In Japan, management works fewer hours than in the West but management has to take decisions according to a deadline. Carlos Ghosn relied on this cultural aspect by giving it a new dimension : he made it an undisputed rule in the company.

Pragmatism was the third important element. Fundamental things are only changed if it is necessary to change them. The purchasing department worked with a very stable supplier base as in Japan. It would probably have been impossible to keep only to these suppliers. The person in charge of purchases asked each supplier to adhere to the requirements of the plan. If he did not, then he would look for global suppliers. To reinforce his point, he introduced major western suppliers to a small number of functions. For the most part, the Japanese suppliers bowed to his demand and accepted reducing prices for Nissan, even from day one of the plan. On April 1st 2000, the prices dropped by 7 %, 8 % and even 10 % depending on the supplier. Since the plan was announced in October 1999, they had been working to reduce costs.

Nissan 180 : a growth plan

After a few months, we became sure that the objectives for the Nissan Revival Plan would be reached earlier than expected and we started to prepare the Nissan 180 plan. The '1' stood for 1 million additional cars sold by comparison with 2001 (from 2.6 million to 3.6 million in three-and-a-half years) ; the '8' for 8 % operating profit ; and the '0' for zero debt. This plan's name is very important since every Nissan employee should know what it stands for. Recently, I met some American MBA students who told me that they were astonished to learn that the different levels of the hierarchy in the Oppama factory were carrying out this 180 plan on the scale of their own factory.

The third objective is very questionable in financial terms, but in Carlos Ghosn's management scheme, it is very important, since it allowed employees to forget the time when Nissan was in debt. This was important as this was a time which stood out in the minds of all the engineers and those in marketing, and was marked by making economies in investments over the past few years. Bringing the debt down to zero is one way of letting everybody know that this era was over.

Regarding the objective of operating profit, all the financial analysts thought that this would be easy. It was not really the case, but we are, I think, on the right track, standing at 10.6 % for the 2002 tax year².

One million more cars to sell

Growth in car sales is the most difficult objective to achieve since it depends on external factors. One million additional cars represents between 30 % and 50 % of the global growth of the automobile market. Seen in this light, this objective might seem hard to achieve.

² Official results, announced on April 23rd 2003, after this talk. On this same date, Carlos Ghosn announced that zero debt had been achieved at the end of the 2002 tax year and that the Nissan forecasts for 2003, in spite of a gloomy economic climate, stood at 3.04 million cars sold (an increase of 10% on 2002) and 11% consolidated operating profit.

Nevertheless, we think that it is possible, since we conceived this objective by taking each geographical area in turn and setting ourselves realistic objectives in each one. In Japan, we shall have to take some share of the market from Toyota and Honda. This is extremely difficult but now, a year later, we have taken one hundred thousand cars and 1.8 points in market share. In the US, we think that we will sell an additional three hundred thousand cars. This ought to be easier since we will be relying on extensive growth : we cover less than 50 % of the market, but by the middle of 2005, we hope to cover between 80 % and 90 %. In Europe, we have only predicted one hundred thousand since we are still not profitable in global terms which is where our priority lies.

To reach this objective, we are relying primarily on a significant increase in the number of products, especially those at the top-of-the-range. In Japan ,we are bringing out twelve new models this year and twenty-eight in three years' time. On the American market, we are even more aggressive than this : we are doubling our range.

The other dimension of our offensive is based on making our products more attractive. This is essential if we want to make a real profit in terms of margins and greater market share. I will talk again about the actions we have taken in this field.

Structural changes

To show you the structural changes which we have instigated, I shall cite four examples where I have been in charge or where I was directly associated, namely the transition towards a client-oriented approach, project management, brand identity and innovation.

A client-oriented approach

The first change consisted of changing a so-called 'kaisha-driven' approach. Americans would call this 'manufacturing ideology' or 'engineering-driven' but this does not fit perfectly with the Nissan example. 'Kaisha' means company and 'kaisha-driven' implies that the company, with regards all its functions, looks to itself to measure its progress, and not to its clients. Engineering tries to move fast and make cars on time, and sometimes makes risky compromises. Japanese companies have a very strong relationship with their clients but only in the very strict field of quality management. If clients are not happy with a product, market feedback to the company is very well organised and is for the most part due to the requirements of Japanese law. Previously, a client-oriented approach, which includes thinking of problems, the evolution of the network or the marketing as viewed by a client did not exist. Product planning concerned product components and not the client. I had to impose this strategy by trying to imagine what a client would want, by relying on market research studies in the early stages of the process. Prior to this, clinical tests were made³ at all levels, and the result was always the same : people always chose the car which was most similar to the best car at that moment and this always meant that Nissan was three years behind.

The planning group was created outside the engineering sphere in order to adjust towards a client-based or customer-driven state of mind. It is not completely finished, but we have already obtained many results.

Managing value : this change is based on putting a structure in place to manage value, and to measure continually our performance from a client's point of view. This structure exists in all car companies, but I think we have done it in a more systematic and rational way, and we have gone so far as to put indicators in place which measure the attractiveness of our products. We have spent weeks devising these indicators by decomposing the value of the components but also the non-feature value linked to qualities such as design or comfort, or brand value. Today, in the US, the differential in brand value between a Toyota and a Nissan,

³ Clinical tests are comparative tests where one asks clients to choose between two vehicles which are put before them.

in other words the difference in value which clients recognise between a Toyota and a Nissan, when presented with two cars which are similar, is still significant.

It might seem surprising to measure dimensions which are relatively intangible, but it is better to have indicators which are almost correct enabling one to commit oneself, rather than not being able to commit oneself at all. This is also an important Japanese principle which we have integrated into the company (the 'kaizen'). We recognise that we can make mistakes but we correct our methods gradually by comparing our estimates made before the sale with the results achieved in the market, for example, by satisfaction surveys such as the JD Power APEAL⁴.

We now have operational indicators which allow us to measure monthly the attractiveness of our products and to fix quantifiable objectives for our teams. Our commitments are based on two indicators : overall satisfaction and overall opinion. We said that we would be either among the top three cars in each large mature market sector or to be the best Japanese car in its sector with respect to each of the cars launched during the Nissan 180 plan. Working on this, we tried to analyse the basis for people's opinions on cars. One of the results of this work is that in the US we are the brand which has made most progress in the JD Power APEAL indicators between 2001 and 2002, and we are now well placed behind the Germans, Toyota and Honda. In terms of profitable growth, we have succeeded in keeping our market share in the US without even getting involved in the race for incentives launched by the major manufacturers in the Autumn of 2000. Thanks to the attractiveness of our products, we have increased our operating profit per car by about 10 %.

Project management

In project management, we took advantage of our experience at Renault. The project function in companies was very popular in the 1980's but projects lacked a commercial dimension. From the outset at Nissan, we wanted to make wide-reaching reforms. Therefore, we gave greater influence to the programme directors by making them representatives of the CEO with regards to their programme within the company. This aspect enabled them to discuss matters with anyone they chose. There was another innovation based on our experience at Renault : we decided to move the project operating results into the budget. This had the dual advantage of directing project budgets to regions and global functions – the two other organisational dimensions of the company –, and to change the objectives which arrived later in the process into reality. The sales and marketing people who committed themselves easily into the programme in order to sell the vehicle, knew that from now on, these commitments were reflected in the budgets, and therefore they had a greater inclination to assess the profitability of the programme. This was shown recently by the halting of a programme in Europe because the vehicle was not profitable, which came like a thunderbolt within the company.

Brand identity

With a cross-functional team of twenty-five people of which I was in charge, made up of 50 % Japanese and 50 % Westerners, we built a brand identity in an extremely rigorous way, firstly by discussing and by deciding the broad outlines at the highest level in the company, and then by explaining it in work groups, in terms of engineering, the product or marketing, in all its practical dimensions. These included the 'fun to drive' aspect *à la Nissan*, Nissan publicity, strategy in terms of design, and so on. This was a very long and very burdensome process, since, unlike the Europeans, the Japanese are not comfortable in conceptual discussions. We succeeded all the same. The result can be seen in the change in the sale price. The initial objective was to halve the difference in brand identity in comparison with Toyota. We had already reduced it by more than 50 % in the US and we wanted to continue at the same rate.

⁴ JD Power APEAL (registered trademark) is a survey measuring client satisfaction with regards to car performance (*Automotive Performance Execution and Layout*) and is sold by the company JD Power & Associates.

Innovation with a twist

While he was at Renault, Carlos Ghosn had insisted that innovation, even within a company culture which was focussed on innovation, should also have solid and well-defined commitments. We were in charge of this dossier with the head of engineering in 2001. We conducted a large survey of our suppliers, our engineers and our designers in order to put in place four indicators which conveyed the innovative image which the company presented to its clients, and to announce that we would reduce by half the difference between us and Honda over a three year period.

Innovation, as well as work on a long-term basis of which the client is unaware, such as that concerned with hybrid engines (a combined electric and petrol-powered engine), is also made up of smaller innovations which are obvious to the client. By doing this, we can be shown to be in the process of improving Nissan's image with regards to the environment, at the same time as Toyota which has launched a very strong communication strategy based on fuel-cell hybrid vehicles and fuel-powered batteries. We have chosen a completely different strategy. We wondered what we could do so that our clients would notice that we are better than our competitors in terms of being environmentally-friendly. The Japanese government announced measures for a tax break at three levels for car exhaust emissions. At the Tokyo Car Salon fifteen months ago, Carlos Ghosn announced that 80 % of Nissan cars sold would be ULEVs (*Ultra Low Emission Vehicle*) in March 2003, in other words with a low emission level such that 40,000 yens (300 to 350 Euros) would be given as a financial incentive to clients. We did this because we discovered that we had a competitive advantage in producing catalytic converters ourselves. In January, we were already at the 80 % level announced by Carlos Ghosn. Clients are aware of this because it is tangible : they benefit from a tax break and have a little logo on the back of their car which shows that they respect the environment. As a result, our image with regards to the environment improves.

The fusion of different management cultures

By way of conclusion, I would like to put forward a very personal point of view, concerning the way that I felt about the clash of different management cultures. The changes which Nissan underwent are the result of a mix between Nissan elements, elements brought over from Renault, the fundamentals of Westernised management techniques, and other techniques which are specific to Carlos Ghosn himself.

The legacy of Japanese fundamentals

We inherited Japanese management fundamentals and the Japanese culture. I have already mentioned the kaizen, the idea of commitment, the speed of decision-making, and the punctuality of taking decisions. I should also add :

- Total Quality Management, which Nissan was never able to integrate as efficiently as Toyota, except in the manufacturing and engineering departments ;
- the 'nemawashi', the broad-based consultations with different people in the company, carried out prior to decision-making. This did not work well, as it resulted in compromised decisions which lost their impact as consultations proceeded ;
- teamwork, another strong characteristic of Japanese culture which means that twenty randomly picked people will always manage to work together efficiently ;
- and finally, pragmatism. From the moment when a new process has produced tangible results, it is no longer discussed, contrary for example to French culture, where the wars of religion may last for years on end.

Finally, client-oriented actions existed, but only as far as quality was concerned.

Fundamental techniques introduced

We arrived with our 'baggage' of Western fundamental management techniques, implemented by Renault and widely practised by Carlos Ghosn as a result of his professional American experiences. These included financial management and its range of methods (Net Present Value, Weighted Average Cost of Capital, Consolidated Operating Profit) some of which had never been used in projects at Nissan, project management which Renault in particular had developed, and so on. Some management methods were special to Renault, mainly in human resource management, in publicity or in strategy.

There is a great deal to say about the personal contribution of Carlos Ghosn. He is very much responsible for the influence of the ideas of commitment and of targets⁵ on which all systems of payment are now based. The importance of the speed of decision-making is also for the most part thanks to him, as well as the recourse to the three-yearly plan which we use like a management tool and which allows us to also work in the medium-term. Additionally, he uses the principle of empowerment (giving staff a sense of responsibility) which means that he delegates very often and with total confidence. This is new to the Japanese who are used to a very hierarchical system and I think that they appreciate it enormously. Finally, the fact that Carlos Ghosn has recourse to communications is an essential factor in the results which are achieved. His external communication technique is in keeping with his internal communication and this gives him a very important stature in the eyes of the Nissan employees.

Important questions can be asked concerning the integration of these different cultures and of the assimilation of the methods brought into the Nissan culture. Certain young employees fear that the partial departure of Carlos Ghosn to Renault may be a retrograde step. I think that some elements are already integrated such as commitment, the speed of decision-making, project management, being client-oriented and product planning, and that others always run the risk of being rejected.

A new model ?

Achieving the objectives of the Nissan 180 plan will bring us much closer, in terms of operating profit, to Toyota than the Big Three or the Europeans. Does the cultural mix therefore bring Nissan closer to Toyota ? It is still too early to try to compare them. Nissan is a long way behind Toyota in terms of its *forte*, notably its generalised use of 'kaizen', but today Nissan has a strategic approach which is much more daring and a client approach which is more deeply integrated within the logic of the company. Nissan also has a management which emphasises commitment and objectives which is radically different, and a speed of decision-making and of action in the markets which is probably superior. Nissan relies on relationships with its suppliers which bring it much more into line with western models, but nevertheless it maintains a special relationship in the engineering department with regards to quality control. Perhaps a new model is in the process of being built.

⁵ Commitment is a firm undertaking on the part of the operations people ; the target is the value which the operations people and/or the management think is possible to reach which involves a certain degree of risk.

DISCUSSION

A long-lasting model ?

Question : *Behind the notion of commitment, one senses an atmosphere of 'action stations'. This style of management thrives by keeping teams under stress. How does this work ? And how can this work over a long period ? People cannot work constantly in return for nothing...*

Patrick Pélata : The company believes in the 180 plan because it discovered new-found confidence in management and in the potential of Nissan. Many people have their doubts about the one million additional cars, but they are doing their utmost to achieve it. This results in people working longer hours, often considerably so, notably in the 'upstream' departments such as engineering, product and design. It is worrying in engineering, which is why we have employed a further three thousand three hundred engineers, having started out with eleven thousand in 1999. There is no dogmatism at all : if we have a problem, we deal with it. People know this and they get involved because they know that at some moment, their work-load will be lighter. The essential message today from the trades unions is that the hours are too long. We will solve this problem progressively and this will not affect our management style.

Q. : *Just how far can one go in reducing costs ?*

P. P. : We have planned other cost reductions, using the number of platforms and diversity as levers. We have begun to reduce costs even though we had thirty platforms. We are in the process of reducing the number of platforms to ten, and the effects of this in terms of costs will be felt later. The decrease in diversity has given way to very laborious and detailed work, in the search for a balance between the diversity which the client wants and complexity which is costly for the company. Finally, growth in volume will be manifested by a reduction in the purchasing costs of our suppliers. The potential for cost reduction is therefore still important.

Q. : *Is there not a risk that the reduction in costs will mean quality will suffer ?*

P. P. : If we are not careful, yes. But in terms of quality control, we are organised and we impose strict objectives on ourselves. In Japan, Nissan is based on an efficient system of detecting faults and reporting them to the engineering department. We are in the process of extending this system to other areas of the world.

Market rationality

Q. : *The transition from a phase of saving money to a growth phase means that you take risks by working in areas such as brand attractiveness, innovation and design. How do you manage to keep a form of management by commitment in such intangible fields as product image, pleasure, and charm ?*

P. P. : This all centres around market rationality. If the market is rational, there is not a great deal of risk. And I think that the market is very rational ! I can say this with greater certainty as I now have a considerable experience of the Japanese market which has a reputation for being completely irrational. Of course, there is an emotional factor in the purchase of a car. But there is rationality which drives this emotion.

Therefore, we have to establish methods to approach the market rationally. We achieved this simply by observing clients. In the US, we took a large risk by launching a big pick-up truck. This market segment is the preserve of the Big Three. Clients in this sector are much more conservative than the rest of the American population. The main markets are in countries where the Japanese market share is less than in the rest of the country. We divided up the clients into segments and noted that 20 % were not satisfied with their vehicle. This corresponded to two million cars in a scenario where we only had to sell one hundred to one hundred and fifty thousand cars to make a profit. We analysed our competitors' products of course, but above all, we talked to our clients. We formed focus groups, we sent people to live for a week with our clients, we filmed the places where people used their pick-ups, and so on.

Then we asked ourselves what we had to copy from our competitors and how to differentiate ourselves from them. When one does this rigorously, the answers are obvious : installing the most powerful engine, a five-speed gear box instead of our competitors' four-speed, a control button on the floor and not on the wheel to operate the towing mechanism, a practical door to help load one's shopping, and so on. Instead of trusting gurus or imitating our competitors' cars, which is what manufacturers normally do, we made a rational analysis of the market and designed the car which met clients' expectations.

The fruits of the Alliance

Q. : *How did Nissan and Renault benefit from the Alliance ?*

P. P. : It is estimated that the Alliance helped them to make five billion dollars over the first three years simply by being together. The bulk of this increase was due to regrouping purchases, and to the exchange of engines, logistics, production, and so on.

The Alliance also helped each company to gain inspiration from the other. In terms of benchmarking, Renault and Nissan know exactly how the other operates. It is fundamental to Nissan's performance today.

Q. : *The arrival of Renault executives at Nissan seems to have been decisive. Might the contrary be possible, in other words, could the introduction of executives from Nissan to Renault have the same result ?*

P. P. : Today, there are already important people in positions of authority at Renault who are originally from Nissan. These include the person in charge of purchasing quality and the person in charge of engines. Such transfers are bound to increase. They are perhaps not as frequent as they should be because the two companies were not equally balanced when the Alliance began. Nissan, as it was in bad shape, wanted to question everything. Renault was in better shape and did not feel the need to do the same. As far as this is concerned, we still have a great deal of financial gains to make.

Q. : *How do you manage to build platforms which can be used by both Nissan and Renault, yet at the same time manage to keep two separate brand identities ?*

P. P. : It is indeed a problem, since the engineers of the two brands have their own design rules, their own logic, and their individual processes of engineering which do not mix easily. For example, we have had some difficulties with the C platform. It was designed by Renault, and should be suitable for Nissan, especially for the specifications of the Japanese and American markets, in other words, there are no diesel cars and the engines are bigger in the US, and so on. We managed this in a pragmatic way by imposing the common denominator that pieces did not have to be common to both but that the development teams should be united so that vehicles be made on the same production lines. In the end, therefore, there are very few pieces in common which are used on these platform, since respecting market specifications is more important than reducing costs.

Carlos Ghosn and Sleeping Beauty

Q. : *There is a difference between how one might have reacted when the Alliance was announced and the feeling one has after listening to your talk. At the outset, it seemed that the Nissan take-over was an impossible challenge : even Mercedes-Benz had refused to take up this challenge and many people considered it to be a huge risk for Renault. In listening to your talk, I have the impression that in the end this rebirth took place without too much trouble and that the company was just waiting to be woken up from its sleep. This gives a fairy-tale like tone to this story, with Carlos Ghosn playing the part of the Prince Charming in Sleeping Beauty...*

P. P. : Things always seem easier after the event. Perhaps it was not as complicated as all that after all. But this rebirth came about as the result of a great deal of work and mobilisation and

we were only able to assess the scale of the company's potential by putting the plan into place. Why did DaimlerChrysler not judge this opportunity favourably ? Perhaps because in a Japanese company it is supposed to be extremely difficult to make radical changes. In retrospect, we can say that it was in fact relatively easy to create different rules concerning management.

A successful marriage is not so much one between a prince charming and a sleeping beauty, but one between a company with dominant Japanese characteristics and culture, and a westernised managerial savoir-faire.

Presentation of the speaker

Patrick Pélata : after his studies at the *Ecole Polytechnique* and the *Ponts*, and having completed a postgraduate thesis at the faculty of social sciences *EHESS*, started his career as a researcher before joining Renault in the manufacturing and then the engineering departments. In 1988, he joined the team responsible for the innovative Twingo project. He was director of engineering development and member of the Renault management committee when Carlos Ghosn asked him to take part in the Nissan venture. He is a member of the Nissan board. He is in charge of product strategy, design and programme directors.

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