

Renault managers attempt to understand Nissan problems

Key Renault executives, hand picked by Carlos Ghosn, arrived in Tokyo to supplement Nissan's management from April to July of 1999.

"Mr. Schweitzer, as much as possible, asked me to send our best people to work for Nissan," says Bernard Long, vice-president for senior executive staff management for Renault, who went to Japan in 1999 to help run Nissan's HR department. "We needed people with good listening skills, great talent for empathy with other people, open minded, straight, great level of integrity, who must speak English and preferably already had overseas experience. They had to have a clear ability to add value professionally. Some fields were priorities - corporate planning, product planning, purchasing, finance control."

Initially, the interchange of information and ideas that is at the heart of this successful Alliance was one-sided. Unquestionably, Renault gave more to Nissan, than vice versa.

Nissan, after all, was almost bankrupt. Big changes were necessary. "We knew we had to change," says Shiga. "We knew we needed help. This was well understood. The Japanese are very pragmatic people."

"Of course there were some concerns that we would not be treated as equals," says Itaru Koeda, currently honorary chairman of Nissan, and a key person in early Alliance negotiations. "Renault was not a big name in Japan. It was not regarded as a leading company. Yet we were confident Renault was the best prospect for Nissan, because of the partnership it offered. A key strength and source of confidence was the Alliance charter, signed in July 1999. The charter consists of three essential points. It respects the individual brands, it ensures that Renault and Nissan had individual responsibilities for their own companies, and it insisted that all decisions involving both companies were 'win-win' situations for both brands. Projects that might benefit the Alliance collectively but which would damage one of the brands were rejected. It must be win-win."

"Like some of my colleagues I went to Japan in April 1999," says Patrick Pélata. "We travelled the world to look at the Nissan network, from Mexico to Thailand, from Japan to England, every time asking Nissan people what was wrong, what do you think should be done? We wanted to really find out what Nissan people thought.

"The problems were identified by many of the Nissan people, namely the poor brand reputation, weak design, decision making on wrong criteria - too much on costs and not enough on revenue. Plus they were signing off cars that were not going to make money. They used the wrong metrics. There was also no proper product planning. The cars were engineering driven - sometimes engineering for engineering's sake - not customer driven. They did not identify customer wants, and try to meet them.

"The balance between commerce and engineering was just not right. They have to be equal - sales and marketing, product planning, engineering, design. Nissan was not good at customer research, at asking their customers what they wanted out of their cars, what they dreamt to do in their cars.

"They spent too much time looking at Toyota and Honda; they were obsessed by them, worried about them. They didn't go their own way.

"I became a Nissan person, we all did. We didn't work for Renault, though we knew they were a large shareholder, we worked for Nissan. Ninety-nine per cent of what I did was consensual. I didn't thump the table and tell my Nissan colleagues what to do. That never would have worked. I explained. Forming a consensus is part of Japanese management. That is exactly what we all tried to do. They are a very clever, very pragmatic people. They understood."

The product development teams changed. The European model, of a single program director responsible for the whole car - including, crucially, its ability to turn a profit - was introduced. Yet Nissan modified the European model by giving more power to the chief vehicle engineer, allowing the program director - though still responsible to the CEO for delivering the car - to concentrate more on the commercial side. This model has, in turn, been adopted by Renault.