

The renault nissan

Business



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This agreement was the kick-off for a win-win partnership because It gave Ionians on the one side the so much needed cash Infusion, the alliance allowed Ionians also textiles in marketing, market and to enjoy synergies with Renault Ionians gained from it brought them concentrate on the US design and platform strategy. Moreover in Europe as well as Renaults greater know-how in small passenger cars.

For Renault on the other did the alliance gave the global scope to stay competitive, so it gave them access to the Asia-Pacific market and allowed the return to Latin-America. The alliance also helped to round up Renaults product portfolio, especially with Niacin's light commercial vehicles and large passenger cars.

Furthermore Renault could gain from Nomination's – how in the manufacturing process. To sum it up the alliance showed an exceptional fit based on the partner's complementary strengths and formed the fourth largest automotive company in the world with an output of 4. Million vehicles and 9. 1% market share worldwide in 1999. From the very beginning three overwhelming principles have accompanied the alliance: To share resources In order to realize economics of scale, to leverage the complementary strengths terms of products, markets and know-how in order to improve efficiency finally to preserver the separate brand principles in order adamantine a strong brand image and but contrasting corporate cultures to These identities allowed to two companies with similar seize, appeal to a broader customer base.

Pursue a common strategy profitableness.

In detail the alliance was processed in two phases. In the first phase, in 1999, Renault took a 36. % equity stake in Nissan for EURO 4.5 billion with the option for Nissan to take a stake in Renault at a later date and for Renault to increase its shareholding to 44.

4%. At this time also three directors of Renault joined the board of Nissan, among them Carlos Ghosn who was appointed chief operating officer. Ghosn unveiled quickly the SCV-called “ Nissan Revival Plan” which aimed to restore Nissan’s profitability-within three years and halve its net debts.

Simultaneously eleven cross-company teams started to identify potential synergies to be implemented which have already started to be considered eight months before the agreement. For the period 2000 to 2002 alone, the synergies should produce total savings of USD.

Phase 2. The second phase started years later when it was announced in October 2001 and finished in May 2002 that Nissan would take a 15% stake in Renault without voting rights and Renault would use its option to raise its shareholding. Within these transactions the French government’s stake in Renault would fall to 25. %. This phase started one year ahead of schedule from SPY, Bonn in 1999 to only starting in 2001. The aim of this phase was to enhance both companies’ performance by creating a community of interests, underpinned by the stronger cross shareholding.

This community found its expression in the Renault-Nissan b. V. , which is equally owned by Renault and Nissan and operates under Dutch law.

Renault-Nissan b. V. Handles all common stratifications of the alliance, from

strangulations over financial policies to the management of common subsidiaries.

But still the two companies retain their management autonomy, their brand identities, their employees and the results of their performances. Though the second phase should strengthen the equal alliance, Renault still remains the senior partner, so e. G. He number of Ionians directors the Renault board of director's two out of 17, but there are now three out of seven directors of Renault on the Ionians board, including Carols Songs, who was www. Scribed.

Com/doc/3777250/The-Renault-Ionians-Case-Study appointed in June 2000 President and CEO.

The areas of cooperation handled by Renault-Ionians b. V. Are wide and have high objectives. Common platforms and perpetrations are one key to share parts in order to generate economies of scale. Till end of 2002 there are already two common platforms and perpetrations in use and by 2010 there should be ten platforms and eight engine families.

This involves beside merged manufacturing processes also a joint purchasing, for which the alliance created in April 2001 their effortlessly Joint company – the Renault- Ionians Purchasing Organization.

The organization will handle 70% of both group's purchases in the long term – by end -2002 already 43%. Furthermore also production capacity is shared, e. G. In Installation in Barcelona for Renaults compact van or for Niacin's light commercial vehicles in one of Renaults Brazilian plants, and a common distribution policy in Europe was set up.

Beside the synergies in production and procurement also a Joint IS/IT organization should harmonize both groups' systems and make it more effective.

Challenges The challenges in this alliance can be seen in the intercultural side. Especially the so contrasting French and Japanese culture could have made it difficult realize the economic merits of the alliance and to do to the turnaround at Ionians. But with the charismatic Brazilian-born Lebanese Carols Songs at the top of Ionians it was much easier to do so because he was recognized as a foreigner in Japan and therefore could set through his objectives much easier.

So Ionians changed from a collective organization with decision making process without consensus. This was realized among other with the help of a new reward system assessing on individual results.

The needed massive lay-offs of 21, 000 people and the closing of five factories as defined in the Ionians Revival Plan stood in strong contrast to the employee's loyalty to Japanese enterprises and the lifetime employment system – they were only possible because of the person Songs.

As well as the demanded 20% savings from the suppliers over three years combined with the aim to halve their number and to use more global contractors, which were unbelievable before in the Keiretsu system, where Ionians was also part f. The introduction of English as a common working language and the great exchange of personnel in all departments have helped to get to know each other better, too.

Results In the end the commitments of the Ionians Revival Plan have been met one year ahead of schedule in 2001, but not only the cost cuttings above are responsible for Niacin's return to net profitability, but also because of the massive launch of new models (overall 28 since 1999) thanks to the common platform strategy their new design.