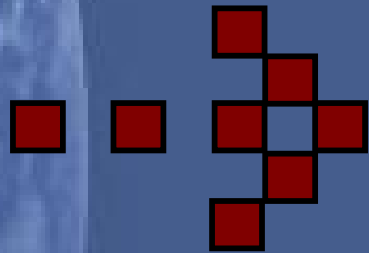


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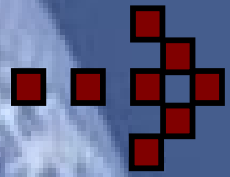
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Med Jones



Здравствуйते

こんにちは

سلام

*Howdy*

你好

नमस्ते

Ciao

*Hola*

您好



여보세요

*Hallo*

*Guten Tag*

مرحباً

וּלֵה!

*Salut*

Obrigado

Xin chào



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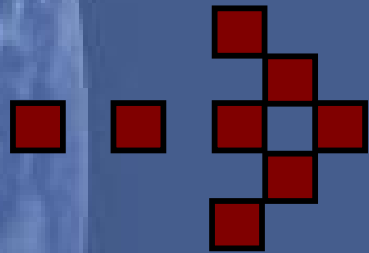
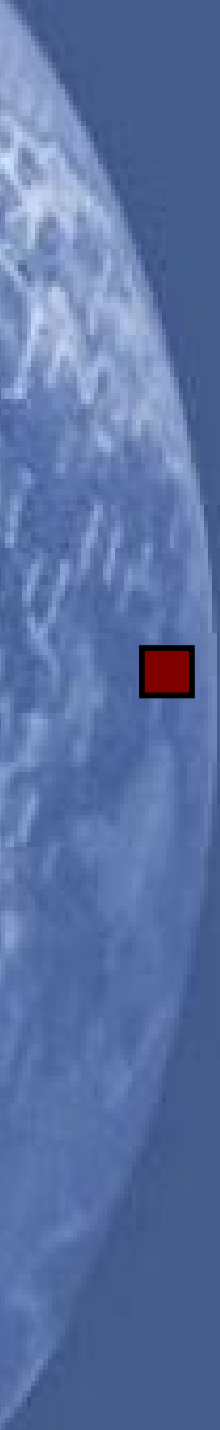
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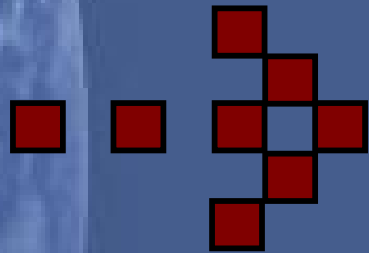
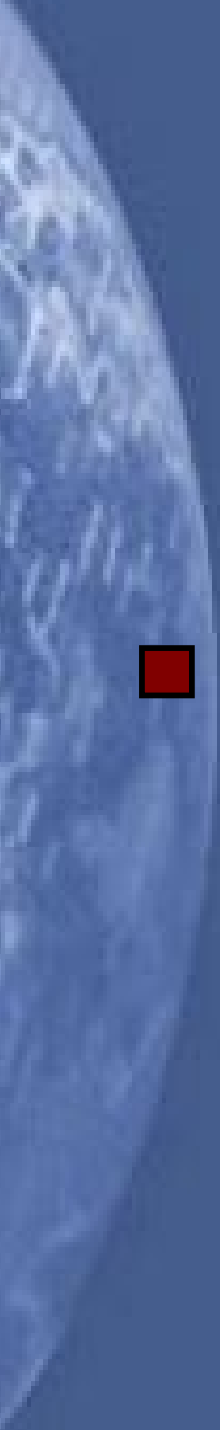
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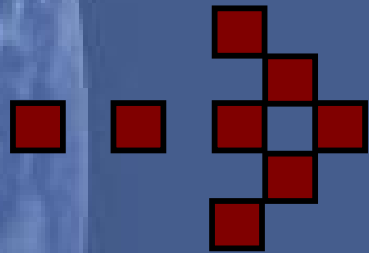
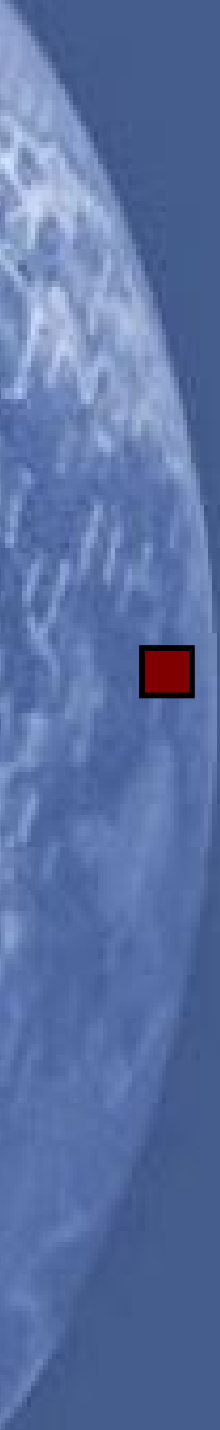
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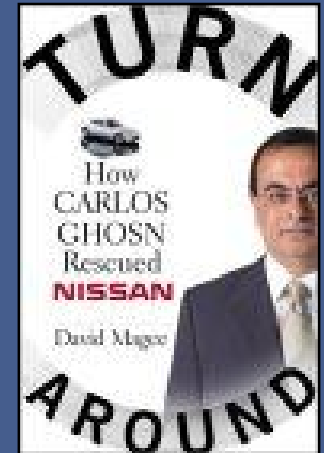
# *Globalization*



# *Global Leadership Challenge*



# *Case Study: Leading a Global Organization*





# Case Study – Nissan Decline

- 1991
  - Nissan was highly profitable and had 4 of the top 10 cars in the world.
- 1993-1999
  - 7 years of losses
  - Heavily invested (\$4B+) in non-automotive businesses
  - Asian financial crisis caused a 10% decline in the valuation of the yen.
  - Credit ratings services were threatening to lower their status from “investment grade” to “junk”



# Partnership with Renault

- CEO Yoshikazu Hanawa gained an alliance with Renault who took a 36.8% equity stake in Nissan
- Hanawa negotiated Agreement:
  1. Nissan retains its own name
  2. Nissan CEO would be selected by Nissan Board of Directors
  3. Nissan would be responsible for its own revival plan
- Hanawa asked for Carlos Ghosn to join Nissan as COO.





# Who is Carlos Ghosn?

- Lebanese parents, born in Brazil and educated in Paris.
- Spent 18 years with Michelin in Brazil and North America.
- While CEO of Michelin North America, he led the merger with Uniroyal Goodrich.
- Joined Renault 1996 as EVP of Advanced R&D, Manufacturing and Purchasing
- Earned the nickname “Le Cost-Killer”



# Ghosn's Challenges...

## Can He Lead A Japanese Firm?

- Middle-eastern and Latin Cultural Background
- French Educated and French Experience
- Speaks no Japanese
- A *gaijin* in a society that suspects foreigners.
- Taking over in Tokyo with the mission to save a losing operation based on a reputation for cutting costs.
- Every one hates change. Changing a giant is even more difficult.



# Ghosn's Turnaround strategy

- Nissan revival plan (NRP) or its return to profitability by:
  - Development of new cars
  - Improvement of Nissan brand image
  - Reducing cost

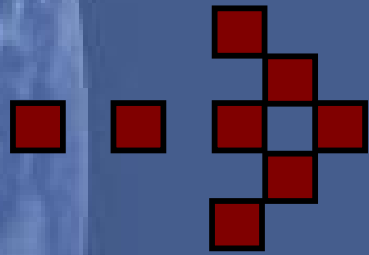
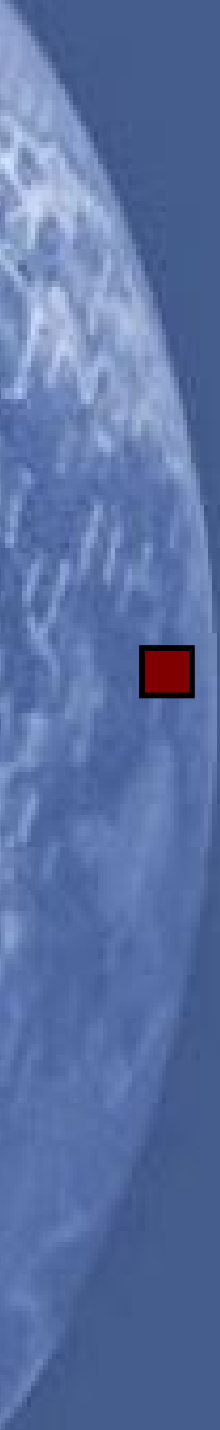


# Did It Work ?



## Results...

- NRP achieved one year ahead of plan
  - 20% reduction in purchasing costs
  - Best financial performance in company's history



# Case Analysis



## 3 Critical Success Factors (CSFs)

### CSF Analysis

- Strategy
  - balance cost cutting and regeneration
- Leadership
  - Strong sponsorship with people and cultural skills
- Change management
  - design goals with new incentives
  - lead from the middle with cross-functional teams



# Ghosn's Turnaround Strategy

- Cost Reduction
  - Changing the suppliers and suppliers' relationships
  - Reduce staff overhead
  - Close plants
  - Reduce debt
- Build and Empower Cross Functional Teams (CFTs)
- CFT's role in designing changes
  - Middle Managers as Change Agents
  - Ghosn as Change Sponsor
- Performance Management
  - Changing the Seniority system
  - Reinforcement of Key Initiatives
  - Pay for Performance
- Leadership Development
  - CFT pilots as Next Generation Leaders
  - Reinforcing New Nissan Values
  - Succession Planning (Criteria for leading a global firm). Must (s)he be Japanese?





# Ghosn's Leadership

- Not Japanese, but multicultural experience enabling him to embrace cultural differences and building on them
- Balanced eastern collectivism and teamwork with western individualism
- Individual personality (Outlook and people-knowledge)



# Leading in a Different Culture

Understanding their traditions....

- How their business society is structured
- Decisions center and process
- Power distance
- Communication Style
- Individualistic or collective
- Quality of life



# Japanese Management Style

- Keiretsu System
- Consensus Decision Making
- High Uncertainty Avoidance
- Employment Security
- Government support for industry
- Seniority is the key factor in promotion and recognition processes.
- Position Power



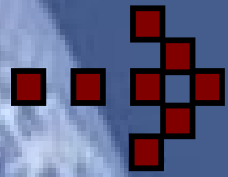
# Ghosn's Change Management Principles

- Establish cross-functional teams (CFT) from middle management to address silos
- Focus on key basic metrics of quality, cost and customer satisfaction. "Execution is 90% of the job"
- Communications: Connect to all levels of employees all across the company and get everyone aligned with company goals and strategies
- Transparency: Consistency between what leaders think, say and do. "Walk the Talk"



# IIM Change Management Framework

1. Understand the context, define the barriers & develop a solution
2. Identify and involve power centers and change agents (top, middle, line management)
3. Develop stakeholder commitment & win support
  - Communicate/promote objectives
  - Create dissatisfaction with old system
  - Create incentives/rewards for change
4. Execute change plan
5. Follow progress: monitor, correct and adapt
6. Reinforce learning
7. Celebrate wins and share credit

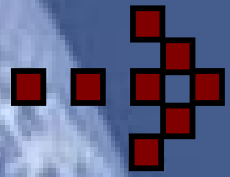


# On Global Leadership

“It sometimes seems to me that as Nissan’s identity strengthens, the North Americans, Europeans and Japanese working here are becoming more alike than they are different”

*Carlos Ghosn*

*Harvard Business Review Jan 02*



# Questions?



Спасибо

*Gracias*

Grazie

متشكراً

ありがとう  
ございます

धन्यवाद

**See You Next Time!**

*Merci*

*Danke*

**For More Information  
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谢谢

너를 감사하십시요

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*Howdy*

*Thank you*

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شكراً

אנא בדוק האם המלה

Cảm ơn