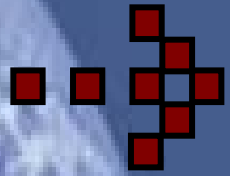


International Institute of Management



Executive Education Seminar

IIM Open Courseware Project



Здравствуйते

こんにちは

سلام

Howdy

你好

नमस्ते

Ciao

Hola

您好



여보세요

Hallo

Guten Tag

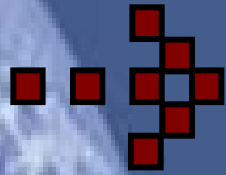
مرحباً

וּלְהַ!

Salut

Obrigado

Xin chào



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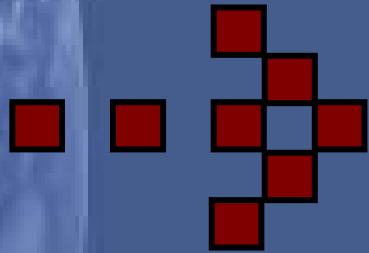
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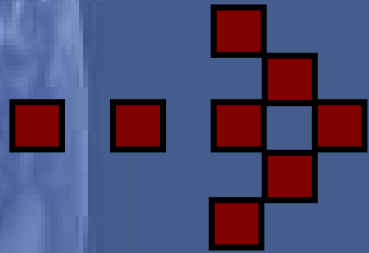
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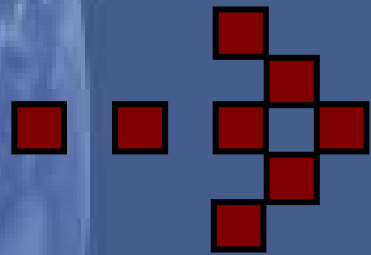
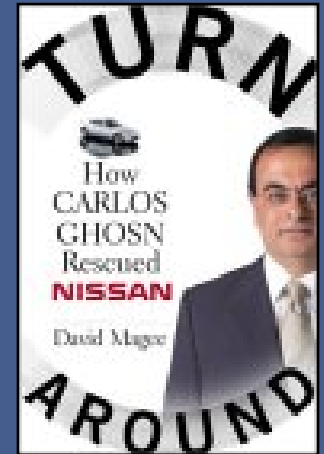
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Globalization



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”



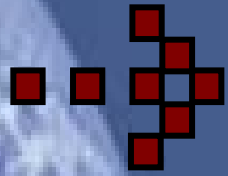
Partnership with Renault

- 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?

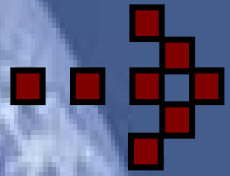
- Lebanese parents, born in Brazil and educated in Paris.
- Spent 18 years with Michelin in Brazil and North America.
- While CEO of Michelin North America, he led the merger with Uniroyal Goodrich.
- Joined Renault 1996 as EVP of Advanced R&D, Manufacturing and Purchasing
- Earned the nickname “Le Cost-Killer”



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.

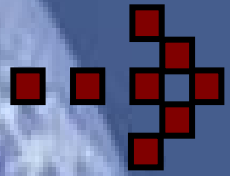


Ghosn's Turnaround strategy

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

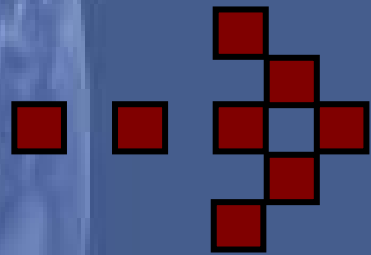


Did It Work ?

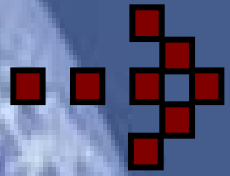


Results...

- 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)

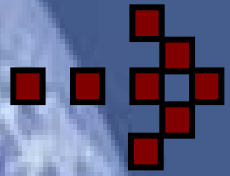
CSF Analysis

- 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



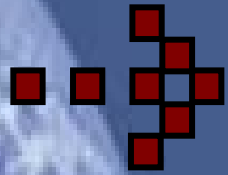
Ghosn's Turnaround Strategy

- 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

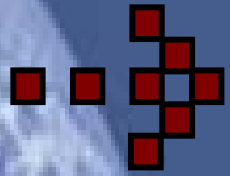
- Not Japanese, but multicultural experience enabling him to embrace cultural differences and building on the them
- Balanced eastern collectivism and teamwork with western individualism
- Individual personality (Outlook and people-knowledge)



Leading in a Different Culture

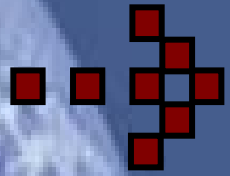
Understanding their traditions....

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



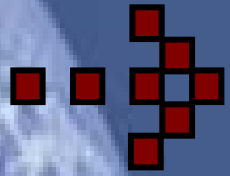
Japanese Management Style

- 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



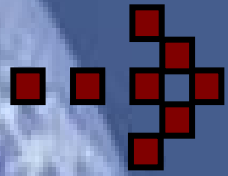
Ghosn's Change Management Principles

- 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

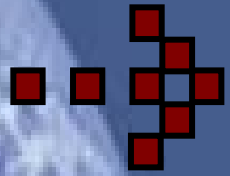


On Global Leadership

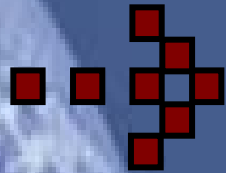
“It sometimes seems to me that as Nissan’s identity strengthens, the North Americans, Europeans and Japanese working here are becoming more alike than they are different”

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
You Can Visit**

谢谢

너를 감사하십시오

www.iim-usa.org

Howdy

Thank you

謝謝
شكراً

אנא בדוק האם המלה

Cảm ơn