



Keio Business School

Nissan Motor Manufacturing (UK) Limited (NMUK)

In response to the move towards a more global outlook by the automobile industry, Nissan Motor, Japan's second largest automobile manufacturer, moved quickly in establishing overseas production structures in Europe and America from the early 1980s. Although it trailed Toyota and Honda in the American market, Nissan established itself as the leading Japanese automobile manufacturer in the European market, especially in the UK where it gained a significant lead with an almost 6% market share. Nissan's decision to manufacture cars in the UK came in 1984, with first Nissan car rolling off the UK production line in 1986. Honda, on the other hand, began its UK operations in 1987 in a joint venture with the Rover Group, while Toyota only planned to begin production in the UK in 1992.

NMUK gradually gained strength, and in 1989 a 42-year-old Englishman, Mr. Ian Gibson, was appointed to head the company, as the succession to the Japanese managing director. To maintain its pre-eminent position in Europe leading up to the creation of the EC's single market, NMUK quickly began preparing for a production level of 200,000 units with the planned introduction of a second Nissan model, and in 1990, Nissan Europe NV (NENV) was established in Amsterdam to control Nissan operations in the overall European region. The appointment of local managers at such key production bases as NMUK has had a major impact on Nissan in Japan, and has given rise to a range of significant issues that must be addressed.

Overseas Management Policies of Nissan Motor

In designating 1990 as Nissan Motor's "first year of globalisation", the president, Mr. Yutaka Kume, signalled his company's intention to promote an active management globalisation policy. In that same year, Nissan, Japan's second largest automobile manufacturer, achieved sales of four trillion yen and an operating profit of 145 billion yen, whilst it maintained a domestic work-force of 58,000. It exported to 150 countries and operated production bases in 21 countries, with exports accounting for 40% of sales, and overseas production accounting for 20% of total output. The overseas work-force totaled about 50,000.

When outlining Nissan's overseas management policy, Mr. Yoshikazu Hanawa, the executive vice-president and director of the overseas division, commented that;

In the light of a general world trend towards a more global outlook, we at Nissan made a conscious decision to adopt a much more global stance in our business operations. To this end we are looking at a tripolar framework with key production centres in America, Europe and Japan. Within five years Nissan must develop its overseas operations structure to the point where overseas production is equal to as much as half our domestic production. The president's policy is that two-thirds of our overseas sales are to be manufactured at our

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overseas plants, and the remaining one-third is to be manufactured in Japan. Consequently, Nissan established regional controlling companies in the United States and Europe in 1990, while areas outside of the United States and Europe were controlled by the Overseas Division in Nissan's head office.

I believe one of the key features of our overseas operations compared to other Japanese companies, Mr. Hanawa went on to comment, is our active promotion of local management. Our moving into the United States and the United Kingdom is based on the idea of building products close to the market and selling them there. And our basic stance is that since we are building our products locally, we should entrust operations to local managers as much as possible.

The process of moving to entirely local operation consists of five different stages: local sales, local manufacture, local management, followed by local research and development, and finally local decision-making. As an example of devolving operations to local management, Mr. Hanawa cited the cases of Nissan USA and NMUK, "We appointed an American, Mr. Marvin Runyon, as president of Nissan Motor Manufacturing USA in Tennessee, and gave him complete authority right from the outset. He had our blessing to run the company as he saw fit. The result was that the company made both quality and productivity gains. We did something similar in the UK too. We appointed Ian Gibson, an Englishman, as managing director of NMUK about four years after he joined us. Rather than trying to teach the managing directors the Nissan style of management, we let them operate the companies the way they see as most appropriate. This is what we mean when we refer to a shift to local management."

Regarding research and development, Nissan has established several research and development institutions in Europe and the United States, and too Nissan has delegated responsibility to the regional controlling companies established in the United States and Europe over the past few years⁽¹⁾.

Establishment of Nissan Motor Manufacturing (UK) Limited

During the early 1980s, in the midst of growing friction regarding Japan's trade with the United States and Europe, Nissan Motor, under the leadership of the then president, Mr. Takashi Ishihara (currently chairman), set up production bases in the United States and Europe in rapid succession in an attempt to ease that friction. Until then, Nissan's major overseas production bases had been limited to Taiwan (established 1953), Mexico (established 1961) and Australia (established 1976). In January 1980 Nissan purchased a 35.9% share in Motor Iberika S.A. in Spain, and set it to manufacture commercial vehicles for the European market. In April 1980, Nissan decided to follow Honda Motor into the United States and began local production there (initially small trucks). Also in the same year, Nissan established a joint venture with the Italian car maker Alfa Romeo to manufacture passenger cars.

The next stage came in January when 1981 Nissan announced that it would begin a feasibility study on passenger car production in the UK. The company's initial objective was to begin with an annual production of 100,000 units, then increase this to 200,000 units by 1986. Believing that a Nissan production base in the UK would rejuvenate the British motor vehicle industry, the British government welcomed Nissan's plan and pledged support in all aspects. Implementation of the plan was, however, continually delayed due to opposition from the chairman, Mr. Kawamata, and others within Nissan who advocated a

(1) Refer to Annex Tables 1, 2 and 3 for data on Nissan Motor's overseas production bases, overseas research and development bases, and regional controlling companies

more cautious approach, Nissan union head and the chairman of the Federation of Japan Automobile Workers' Unions, Mr. Shioji.

It was not until February 1984, three years after the initial announcement, that Nissan achieved the necessary consensus within the company and among the unions to finally decide to commence with manufacturing operations in the UK. It was a consensus that demanded that the initial plan be amended and scaled down considerably. Under the new plan, the first stage was to establish a trial assembly plant with an annual output of 24,000 units, with Nissan investing 17 billion yen in the new operation and employing 500 workers. For the second stage, Nissan would raise its investment to 100 billion yen and increase the work-force to 2,700, although whether or not the plant would proceed on to this second stage would need to be assessed and decided upon by Nissan in 1987. When announcing the plan, Mr. Ishihara declared, "We should like to move to full-scale production as quickly as possible. If we can get on to the right track with a 100,000-unit production structure, we should like to look upon our initial idea of 200,000 units as the next step."

In April 1984 Nissan established Nissan Motor Manufacturing (UK) Ltd. (NMUK). The plant was built in Sunderland in the northeastern English county of Tyne and Wear, and in July 1986 the plant produced its first Nissan 'Bluebird'. In September 1986 the plant was officially opened at an opening ceremony attended by the then Prime Minister, Mrs. Margaret Thatcher. It was at this occasion that Mr. Kume announced Nissan's plan to expand NMUK production to 100,000 units annually. By the end of 1987 NMUK announced that it had decided to manufacture a second model, a Micra-class car, from 1992 at a rate of 100,000 a year, thereby lifting total annual production to 200,000 units a year. Having by the start of 1988 achieved a 60% local content level for the 'Bluebird', the car was recognised as 'British-made' by the British Government. In autumn of the same year NMUK began exporting the 'Bluebird' to the European continent.

NMUK: 1987

Case writer visited the Sunderland plant in early July 1987, one year after the first 'Bluebird' was produced there. The plant was running smoothly, and the decision to shift to a 100,000-unit production structure had already been made. The number of employees had increased to about 800, while the Japanese staff numbered forty, including the managing director, Mr. Toshiaki Tsuchiya. In early 1987 Mr. Ian Gibson, then director of purchasing and production management, was promoted to the position of deputy managing director, and he and Mr. Peter Wickens, the personnel director, were also appointed to the board of directors. Of the eight departmental directors, four - manufacturing, production management, purchasing and personnel - were local appointees, while the remaining four - accounting, technology, design and quality assurance - were Japanese. The other Japanese staff worked in advisory positions.

Personnel and Labour Relations Management

NMUK began to attract attention as the best example of "Japanisation" in the UK.⁽¹⁾ Mr. Wickens, personnel director and the first local manager appointed by NMUK, stated, "... much that is good about Japanese management practices is transferable, with modification, to a western environment. Indeed, those elements which are transferable can almost be regarded as 'international' rather than 'Japanese'," and "As the result of our internal analysis within Nissan we have developed our own transfer list - our tripod - Flexibility, Quality

(1) Nick Oliver & Barry Wilkinson, *The Japanization of British Industry*, Basil Blackwell, 1988, p. 61

Consciousness and Teamworking. ... These three legs combined with common terms and conditions can be major determinants of success for any company. They are by no means unique to Japan but are practised in Japan to a greater extent than anywhere else.”⁽²⁾

5 Based on the feasibility study and accepting that union representation was an integral part of the manufacturing industry in the UK, in April 1985 NMUK signed a single union agreement with the Amalgamated Engineering Union (AEU). In the opening paragraph of the Agreement, both parties agreed “to establish an enterprise committed to the highest level of quality, productivity and competitiveness using modern technology and working practices and to make such changes to this technology and working practices as will maintain this position; to avoid any action which interrupts the continuity of production; to seek actively the contributions of all employees in furtherance of these goals; to respond flexibly and quickly to changes in demand for the Company’s products; to maintain open and direct communications with all employees on matters of mutual interest and concern,” 10 which are necessary for “developing and maintaining the prosperity of the Company and its employees, and promoting and maintaining mutual trust and co-operation between the company, its employees and the Union”.

20 As for working practices, the Agreement states, “To ensure the fullest use of facilities and manpower there will be complete flexibility and mobility of employees. It is agreed that changes in technology, processes and practices will be introduced and that such changes will affect both productivity and manning levels. To ensure such flexibility and change employees will undertake and/or undertake training for, all work as required by the company. All employees will train other employees as required.”⁽³⁾

25 **Views of Managing Director Tsuchiya**

30 Mr.Tsuchiya, the first managing director of NMUK, was posted to the UK in February 1984 and assumed the responsibility for selecting the plant site and initiating the plant’s construction. Before this, his first posting overseas, Mr.Tsuchiya had been the director of the Nissan Tochigi plant and Nissan board member. What follows are his thoughts about the establishment and growth of NMUK.

35 In establishing a production plant in the UK, we wanted to develop a company with that little something extra based on Nissan’s great depth of experience and expertise gained over many years. We believed that we could develop the best company if we could recruit talented people who had left Ford or British Leyland. I took 38 Japanese employees with me from Japan, but I had no intention of imposing the Japanese style of management on the local workers. But in the end, almost all management practices that we did adopt were Japanese. The Japanese system works well for matters that are internal to the factory, but the same cannot be said about matters and relationships that go beyond the company, including the community relations and workers’ families. Working hours and holidays are prime examples. British workers will work on Saturdays and Sundays if there is an urgent need, 40 but under no circumstances will they work during their two-week holiday period in summer and winter.

50 I tend to be a practical person with a preference for simplicity, so there is a world of difference between the buildings at the Sunderland plant and Nissan’s plant in Tennessee. For me the offices at the Tennessee plant are like a first-class hotel. I made it clear that there would be no private offices, but the local managers insisted on private offices. Mr.Wickens,

(2) Peter. Wickens, *The Road to Nissan*, Macmillan Press, 1987, p. 38

(3) Agreement of Terms and Conditions of Employment Between Nissan Motor Manufacturing (UK) Ltd. and Amalgamated Union of Engineering Workers, p. 1, p. 11

the personnel director, also disagreed with this policy of mine, saying that officers should always have their own offices. I asked him to clarify what kind of inconvenience he might encounter without a private office and I countered each of his responses. Only the managing director and the deputy managing director had their own offices, and these had glass walls, but I said to him that if he was not happy with that, I would quite happily remove the glass walls from these offices. In the end we compromised. Directors would each be given a small room which would double up as meeting room, but under normal circumstances they would be expected to work in the open-plan office.

In the UK, higher ranking workers generally receive better fringe benefits, such as holidays, than the lower ranking workers. However, I adhered to a single-status policy under which all members of the company worked under the same benefits, except, of course, pay. This, I feel, is quite a reasonable policy, and I felt sure that with proper explanation, it would be accepted by local workers. I think the older workers may have had somewhat of a difficult time accepting this, but the younger workers were much more flexible about it. Once when I suggested that all the directors meet for lunch once a month, I quickly had to withdraw my suggestion when someone challenged me by asking whether I was going against my own single status policy.

Only four Japanese workers joined line management. All the others stood in the background as advisors. From the very beginning we adopted the policy of leaving line management to those who knew the region best - the local managers. I wanted the Japanese staff to concentrate only on teaching Japanese methods. I do not think they had a very easy time, for while the local managers were given considerable authority, the Japanese staff had to accept most of the responsibility for the outcome.

Before I was posted to NMUK, I was told by senior executives at Nissan's head office that I was to be the first and last Japanese managing director, and that the responsibility for identifying and training my successor rested with me. "What is the highest position a local person can attain?" was one of the first things Mrs. Thatcher asked me at the plant's opening ceremony. My answer was "Director".

Managers, of course, have a very important job, and their selection must be based on their ability, not race or nationality. Head office may perhaps have greater peace of mind if a Japanese is in the managing director's chair, but for me there is virtually no reason for thinking this way. The key to securing talented people is to make the company attractive to them at all times. And how we can make the company attractive enough is something which will always have to be addressed.

Views of a Japanese Advisor

For three years from 1981 Mr. Hiroshi Moriyama was in charge of personnel and labour relations as a member of the feasibility study project on vehicle production in the UK. In January 1987 he was posted to NMUK as a senior advisor on personnel. What follows are his views concerning industrial relations, quality control and management.

During the three years I spent on the feasibility study, I was engaged in lengthy research on the UK and met many people, and from this I could draw some tentative conclusions about UK management, but there were still some aspects about which I could not make a decision and therefore decided to let the local managers have the final say regarding these aspects. When I joined the company I asked Mr. Wickens, the personnel director and the first local executive, what sort of industrial relations and personnel management structure he wanted to develop. We could see eye to eye on many of the

fundamentals, and when I let him know the conclusions that I had reached during the feasibility study, he indicated that he wanted to make his own decisions after visiting Japan. I therefore decided to leave personnel management in his hands.

5 As for industrial relations, the president at the Tennessee plant, Mr. Runyon, adopted a non-union policy, but everybody knows that unions are an integral part of the British manufacturing sector, so we decided to allow union representation, but only under a single-union system. We were not the first to adopt this type of system; even among British companies, few of the newly established companies permit more than one union to represent
10 its employees. In fact, we did not adopt any work practices that did not already exist in the UK.

Concerning the issue of status and worker flexibility, we wanted to eliminate the traditional work boundaries, so we broadly classified workers into just two categories-
15 manufacturing staff and technicians. The former work on the production line, while the latter carry out maintenance. Each group has a team leader, and above the team leaders are supervisors. In the UK shop floor workers are rarely subject to work performance evaluations, but at NMUK evaluation reports are prepared on all workers, with promotion and salary increases linked entirely to merit. NMUK will begin shift work in autumn, and all
20 employees will be placed on shift work in turn.

Eighty NMUK workers, mainly team leaders, were sent to Japan for training. For some this was their first overseas trip and certainly the first time they had visited a Japanese manufacturing plant. They seemed to be quite impressed with what they saw and apparently learnt a great deal. They shared a sense of pride at being the founding members of NMUK,
25 and with their strong esprit de corps, they had become the nucleus of the Sunderland plant. NMUK did not draw up job descriptions as it was thought that detailed job descriptions would in fact work against the company's goal of flexibility.

30 There is a considerable difference in size between the Sunderland plant and Nissan's plants in Japan, so they decided not to introduce the productivity targets used in Japan, however they did conclude that it was absolutely essential to maintain a level of quality equal to that achieved at plants in Japan because across Europe 'Made in UK' does not convey a sense of high quality anymore. They have, therefore, been concerned with
35 maintaining a quality as high as that found in Japan in order to conquer any stigma.

To this end, with the support of veteran workers from Nissan plants in Japan, they adopted a system under which almost excessive care was given to quality control as they moved into mass production in July 1986. These veterans were faced with a serious language problem in trying to teach local workers how to incorporate quality as a natural
40 part of manufacturing processes, so instead of attempting to do the impossible and verbally explain about work standards, they joined the locals on the production line and actually demonstrated to them the work standards required.

The local workers seemed to be well aware of the importance of building quality
45 into the product, but how to improve on the high quality already attained is a question that must be looked at from now on. The current levels of quality achieved at Japanese plants are the result of many years' experience. Incorporating quality into the manufacturing system is not necessarily a clearly systematised process within a rigid framework, so transferring this concept to the British manufacturing sector is not an easy task. Fortunately the market does
50 have a high regard for the British-made 'Bluebird', and its quality is said to be the same as that of those produced in Japan itself. NMUK is making every effort at present to ensure the cars are of the highest quality, but a much more difficult problem is how to make sure that the parts ordered in from other companies, which account for 70% of the finished product,

are of equal quality. This is one area that we know we must examine.

Mr.Moriyama also spoke about the local executives at NMUK.

When I asked the local executives what motivated them to join Nissan, they said that since NMUK was a newly established they were looking forward to being able to pursue policies that would be impossible to introduce into British companies. I think the company can be well satisfied with the locally recruited executives. We appointed very experienced and open-minded people who could appreciate the positive aspects of Japanese style methods; people who were not simply 'yes-men', but who could truly understand our ideas and aspirations. The key to securing talented people is to give them work which continually presents a challenge to them, and give them the authority to adequately deal with that challenge, and, of course, an attractive remuneration package.

The upper echelons at Nissan have made it clear that they want NMUK to continue its move towards local management. If the company can recruit British managers who share Nissan's vision becoming truly international, then there will no longer be a need for Japanese staff here. But their embracing this vision depends more on how we convey information to them than on simply their own personal character and qualities. So much depends on the way in which we assign them work and pass on information. To raise local content, to secure the cooperation of associated companies, and to proceed with the most difficult task of all, shifting to local R&D and design, under close liaison with Nissan head office, NMUK must recruit local managers who have a feel for Nissan's overall movements and who can see Nissan as a whole and not as merely a loose collection of separate entities. All information, including Nissan's weaknesses, is passed on to Mr.Gibson, who was appointed deputy managing director in January this year, and he is given the opportunity to speak with senior Nissan management whenever he visits Japan on business.

Views of a Local Executives

After graduating from the London School of Economics with a doctorate in industrial relations, Mr.B.Carolin (31) worked at Ford (UK). In 1984 he joined NMUK where he now serve under Mr.Wickens as NMUK personnel manager. He explained about why he joined the company and also the current state of labour-management relations.

Ford is a large company so I had to specialise. Nissan, on the other hand, is a company that has taken a new approach, and I thought that by making a change to Nissan I would have the chance to gain all-round experience as a generalist. The past two and a half years at Nissan have been a wonderful experience full of intellectual stimulation. Before joining, I was thinking of returning to university, but at the moment, working in business is much more interesting. Ford is a well-established multinational corporation, so its systems are firmly set in place. Most of my work at Ford was in financial affairs, but almost all major decisions were made at Ford America. In contrast, NMUK held most of the authority for local decision-making, and gave local staff much more freedom than Ford did when I was working there. NMUK has employed highly skilled workers, and has given supervisors the authority to introduce changes. Factory floor workers became enthusiastic about work improvement group activities. The participation rate is as high as 85%. The management is more than satisfied with the high level of quality consciousness shown by the workers.

While workers are encouraged to join the union, membership is only 25%. Labour-management relations are still in a honeymoon period. The company has not made any promises about not laying off staff or any other forms of employment guarantee,

although, however it will make every effort to maintain employment. In return, the staff are required to accept compulsory overtime (a maximum of nine hours per week) and job transfers at short notice when the necessity arises. The company also takes on temporary workers during busy periods. The rate of absenteeism at Ford is about 10%, whereas at NMUK it is only 1.5%, an extremely low rate. One reason for this is that the NMUK management is of the opinion that the workers can be trusted, and this is demonstrated in the company's very generous sickness benefits scheme, and the absence of a time-card system, although, however, work-place discipline is strictly maintained."

Not a great deal has been written on Nissan's 'philosophy', and so it is not easy to understand its business concepts. Since Japanese employees work at the same company for a long time they are able to learn and comprehend the company's culture. British workers, on the other hand, join the company from the outside, so I believe it would be much easier for us to understand the company philosophy and policies if they were written down for us to read. Nonetheless, there has been no resistance by the workers to the introduction of flexible working practices although, white-collar workers and engineers are the group that the company may potentially have difficulty in bringing into and assimilating into the Nissan community, for their ideas and their commitment tend to focus on their own areas of specialisation, whereas the blue-collar workers tend to have more of a commitment to the overall work-place community.

Localization of Managing Director of NMUK

At the end of March 1989 NMUK announced that Mr.Ian Gibson (42), the deputy managing director, had been appointed as the next managing director. At that time, Mr.Gibson commented, "Nissan declared their plan for globalisation as long ago as 1981. This appointment is part of the company's commitment to that plan. We are all grateful to Nissan and Mr.Tsuchiya for their vision and leadership which has enabled us at Sunderland to create the most exciting motor industry venture seen in Europe."

People who know Mr.Gibson spoke well of his appointment as the second managing director of NMUK. Mr.Tsuchiya, NMUK's first managing director, explained his pleasure thus;

We held a management conference once a week for directors and above to discuss management problems. Mr.Gibson was an outstanding member of management from the very beginning. When I appointed him deputy managing director in January 1987 I was confident that he had the ability to reach the top, and his performance in the deputy managing director's position reinforced my confidence in his capabilities. I already mentioned to some at the head office in Japan that if we were going to appoint a British managing director, Gibson is the only choice. Three weeks before the official announcement I told Gibson that I would be returning to Japan and that he would be taking my place as managing director. He was extremely happy with the news.

I took him with me when I returned to Japan, in April 1989, so that he could meet everyone at the head office as the new managing director of NMUK. Mr.Kume, the president of Nissan, asked me again, just to be sure in his own mind, whether I was confident that Gibson was the right person for the job. His main concern was that Gibson may have been too young for the position. Whether you believe a person is suited to a top position or not is really a matter of trust and confidence in that person's ability. I had total trust and confidence in Gibson, I passed on all information that I received to Gibson, even information that the head office wanted to be kept confidential, such as unit cost data. I

often used to look him in the eye and asked him how long he intended to stay at Nissan. When I told him that the most valuable contribution a manager can make is to lead a company to even greater prosperity, and ask him whether he would be staying with NMUK, his response was, 'Yes, I understand. But in return, if I do perform well here and achieve the results that you expect, is there any chance of my becoming one of the executives at Nissan head office?' This was when he was still deputy managing director. 5

When I later visited head office and mentioned this to Mr.Kume, he said that Gibson would have to be able to speak Japanese before he could be considered for an executive position at the head office. To me this was an indirect and polite way of saying 'no', but after hearing this, Gibson then asked if he could study Japanese full-time for three weeks. I told him that he could be provided if it did not interfere with his duties. During this three weeks, he would come to the office very early in the morning to do some work before heading off to his Japanese lessons, after which he would return to the office and finish his work. He hardly ever spoke to me in Japanese, but he seemed to understand what I was saying in Japanese at the management conferences. Most of the people at these management conferences were British, so discussions were held in English, although I spoke in Japanese and used an interpreter. 10 15

I decided to be quite generous with salary packages when hiring the upper management echelon at NMUK. Directors and managers were also offered better-than-average salaries. The salary package offered to Gibson when he was appointed managing director was very attractive. In appointing Gibson, I was absolutely sure that there were no grounds for any fear that the views and intentions of Nissan would not be reflected under local management. This move to local management gave the British managers great satisfaction, for they realised that with the necessary amount of effort they could aspire to the top position. The secretary and some others appeared to be concerned that with a local in the top position the British managers might become somewhat arrogant, and thought that a Japanese in the top position would prevent this from happening. At one point, I negotiated with the head office to have a local manager appointed finance director, ongoing that the idea that financial matters could not be left to local managers was incorrect and that it depended entirely on the individual concerned. But the finance division is quite conservative and so nothing came of it. 20 25 30

Gibson was the only person who could be considered for appointment as the second managing director, and I was able to gain head office's agreement to the running of NMUK being left to him. However, I was told by someone that 'A local as the second managing director is not a problem, but there will be some difficulty in appointing a local as the third'. In all reality, perhaps we can say that we have achieved a true shift to local management only when a local is appointed as the third managing director. 35 40

Mr.Moriyama, Nissan Motor's Personnel Director and a board member, commented that, "Mr.Gibson is a man of outstanding ability and was destined for the top position right from the very start. He has a tremendous overall capability that is not limited to just one particular field, and has gained a great depth of experience in personnel, production and development while at Ford, and purchasing, engineering and production control after joining NMUK. When I asked Sir Marsh, who was an advisor at NMUK, what kind of person we should look for to take NMUK into the future, he answered, 'A good imagination is essential, for if a person cannot understand why Japanese do things the way they do, working together is impossible. Thus the key to adapting to a different culture is, I believe, imagination.'" 45 50

Mr.Gibson has a wealth of imagination, and has the ability to bridge different

5 cultures. Once a company has decided to shift to local management, it can then decide how it will move in that direction. Both Toyota and Honda have a higher percentage of Japanese staff at their overseas plants, and the decision-making authority is in Japanese hands. Gradually shifting the control of a company to local management is much easier said than done. The reason is that having real power in Japanese hands and securing talented local staff are inconsistent with each other, because the greater the talent people have, the greater their desire to make their own plans, judgements and decisions, and to act upon those decisions, so if Japanese staff regularly step in to obstruct or revise those decisions, their morale will drop and they will more than likely quit.

10 What Mr.Tsuchiya was concerned about was that since NMUK was still developing and required support from Japan, a British managing director may cause some difficulty in the relationship between NMUK and Nissan in Japan, but apart from this, had no other reservations about Mr.Gibson's appointment to the top position. One important impact that his appointment to the top position had was that local staff felt that 'Gibson is our boss, and with this, NMUK has truly become a British company', although Nissan's head office did not see this as a particularly sensational event, for Nissan (USA) in Tennessee had already appointed its second local managing director (Mr.Benefield), and Nissan Australia had a locally appointed managing director.

20 When opening production in the United States, the then president of Nissan, Mr.Ishihara, laid down the policy that 'management of production in America should be done by Americans'. Since then local management has become Nissan policy, although the form that this takes does vary according to local conditions. The current president, Mr.Kume, has retained and further developed this policy.

25 The major achievement of Mr.Runyon, the first managing director of Nissan USA, was that by virtue of his charisma he was able to bring out the motivation in his staff, and in a short period of time set production on the right track using American workers. On the other hand, there is a danger that if local management becomes too independent, serious problems can arise in interests adjustment between Nissan corporation overall and Nissan USA.

35 Generally speaking, Nissan head office has a much better relationship with NMUK than with Nissan USA, and the main reason for this rests with the head office. All divisions at head office are involved in any major overseas operation, but when Nissan USA was established, they did not have a clear idea of how much authority they would delegate to local managers and how much they would keep at head office. Thus there was tension between the two sides regarding the division of authority and responsibilities. Mr.Runyon felt that although he had been given normal authority, Nissan head office was interfering far too much. An example of this was to be seen in the difference of opinion over the selection of parts manufacturers. Japanese engineers maintained that Japanese suppliers should be used, whereas the American executives stated that they wanted to use American suppliers. The Japanese side felt that the American side was not taking any notice of head office, while the American side become annoyed at what they saw as unnecessary interference in things that should be left to the local management. But through such experiences at Nissan USA, Nissan head office slowly grew to more or less understand the difference between 'giving support' and 'interfering', and since then has done fewer of the things that can upset the other side unnecessarily. The lessons learnt from the experiences with Nissan USA were not together when establishing NMUK.

Mr.Sekine, First Engineering Director and a board member worked at NMUK for four and a half years from January 1986 as engineering director under Mr.Gibson, who was

at that time deputy managing director. When Mr.Gibson was appointed managing director, Mr.Sekine succeeded him as deputy managing director and was put charge of engineering, production control, production and quality assurance. Mr.Sekine said that although NMUK has progressed quite smoothly, the company has had to overcome a number of serious conflicts between the Japanese and British staff.

When Mr.Gibson was purchasing director, almost all engineering managers, including Mr.Sekine, were Japanese. As purchasing director, Mr.Gibson received a certain amount of pressure from local companies which wanted NMUK to purchase their parts, but the Japanese engineers felt more at ease with Japanese companies so there was a tendency for them to want NMUK to purchase parts made by Japanese companies. Mr.Gibson strongly opposed the Japanese engineers, demanding to know why they did not want locally made parts, and criticized the Japanese side for being unfair.

When he was deputy managing director, he complained to Mr.Tsuchiya, that“It seems as though this company is taking no notice whatsoever of the British staff. We have absolutely no idea of what is happening in this company and it is making the executives feel very dissatisfied. The way this company operates is really quite painful to the British staff.” Mr.Tsuchiya took his complaint very seriously, and had a long discussion with Gibson through an interpreter. In the end, the cause of the problem was identified as simply poor communication between the two sides. The British staff especially seemed to be suspicious of any conversations between the Japanese staff conducted in Japanese, and so after that Mr.Tsuchiya decided that there would no longer be any Japanese-only conferences.

Mr. Sekine has stated that “Despite experiencing such difficulties, everyone was united in their desire to get the company on the right track as quickly as possible and to make NMUK Europe’s top car manufacturer. At a time of crisis, Gibson’s flexibility and sensibility was always a tremendous help. We were able to depend on his open-mindedness, which enabled him to understand what we Japanese were trying to say. His capabilities were acknowledged from the very beginning, and by the time I was posted to NMUK, his leadership had already come to the fore amongst the British staff. Although Mr.Gibson is a very proud man, he openly acknowledges the positive aspects of the Japanese way, and particularly the outstanding features of Nissan. Unsurprisingly a deep relationship of trust has developed between Mr.Gibson and the Japanese staff.”

The upper management at Nissan head office operates a policy of shifting management responsibility to local managers, mainly because of an awareness that there are limits to how well Japanese executives can manage companies that are deeply rooted in the local community. I too believe that it is better to have a local person at the top because of the importance of managing relations with the local community and managing locally employed staff.

There are several things which head office must consider carefully when appointing a local managing director; how to pass on details of Nissan’s operating methods to the new managing director accurately; how to maintain relations and communication between the company and head office; and whether the head office structure is properly understood by the local staff. When Mr.Gibson was nominated as managing director everyone had the greatest confidence in him and we knew that he would not fail us or the company, but we were somewhat concerned about his relationship with head office and whether conditions were such that he would be allowed to display his full capabilities.

A shift to local management is impossible unless the head office is structured in a way so as to allow it to happen. But this is not to say that Nissan head office previously had such a structure, in fact we reviewed and revised the structure as we quickly progressed

along the path leading to local management. Paradoxically, the promotion of local management actually helped push along the internationalisation of Nissan head office. This is only my personal opinion, but I do believe that appointing a person like Mr.Gibson a director at Nissan head office would definitely have its advantages. But I'm not sure whether Mr.Gibson would want to be appointed a director at Nissan head office, or whether there is even a position at head office where he could work to his maximum capability. There are a growing number of executives at head office who have overseas experience, but it would nevertheless, be impossible for us to hold executive meetings in English ..."

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Interview with Mr.Gibson, Managing Director NMUK

Ian Gibson was born in 1947, and after graduating from the Science Department of Manchester University, he joined Ford UK in 1969. He served in executive positions in personnel, engineering and production, and in 1983 he was given responsibility for developing a new car for the European market as both director of Ford Germany's plant and engineering director. In 1982 he completed the executive management programme at the London School of Business. In 1984 he was approached by Nissan through a recruiting agent, and joined the company in November of the same year as its tenth local staff member.

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In March 1991 case writer talked with Mr.Gibson.

— Why did you join NMUK, even though you were one of the "high fliers" at Ford?

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Gibson: I was approached by Nissan twice through a consulting company, and both times I declined their offer. But they persisted, and after their third approach I gave the offer serious consideration and decided to move over to Nissan. Ford has an eighty-year history in the UK and a fifty-year history in Germany, so I felt that it would be difficult for me to put the ideas that I kept at the back of my mind into effect at such a major well-established company. Consequently, I thought that I would like to try these ideas at the newly established NMUK.

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— What were your feelings when you were appointed managing director?

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Gibson: I wasn't particularly surprised. I had a fair idea that at some stage I would be appointed managing director, but I didn't think it would happen as soon as it did. What gave me some concern was how to handle the relationship with Nissan head office once Mr.Tsuchiya returned to Japan. In reality, though, it wasn't as difficult as I had feared, mainly because in the five years between joining the company in 1984 and my appointment as managing director I came to know the people at Nissan and Nissan methods very well, and I grew to understand how things worked at Nissan head office. Furthermore, during my two years as deputy managing director, Mr.Tsuchiya delegated the responsibility to decision-making to me. I have heard that company presidents in Japan often do this. So things really didn't change very much when I became managing director. I was 42 years old at that time, and although this may seem young for a managing director in Japan, in the UK it is not unusual.

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— The top executives at the head office do not speak very much English so have there been any difficulties in your relationship with them?

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Gibson: Quite a few directors under the top executives speak English to varying degree. As over the past five years I have made more than 20 trips to Japan, and there is no shortage of

good interpreters here, if there have been any obstacles to communication, they have only been very minor.

— I heard that you studied Japanese.

Gibson: Yes, I learnt business Japanese. My vocabulary is limited, but I can use Japanese to a certain extent at formal conferences. I don't have the time to learn Japanese now, but I do use the text-books that I have to keep studying. When I was working in Germany I had to speak German every day. About 80% of my everyday communication with Nissan head office is done through the Japanese staff here, while for the remaining 20% I speak to someone at head office who can speak English. The fax machine is a very useful way of communicating. I also maintain contact with people at head office who worked at NMUK. Normally I speak with people at head office in English once a fortnight, but when the problem with Mr.Botnar, owner of a local sales agency, came to a head, I was on the telephone to head office every day. I visit Japan three or four times each year. In spring we discuss the annual management plan, and in summer I attend the Overseas Top Executive Meeting. At other times I visit when there is special business to discuss. Also since Nissan Europe NV was established, I have been visiting Amsterdam every month.

— Compared to the heads of overseas subsidiaries of American or European multinational companies, are there any special difficulties you face as the managing director of a Japanese subsidiary?

Gibson: Yes, there are. First, there is the language problem. Even though European languages are different there is a certain commonality about them, whereas Japanese is totally different. Second, previously Nissan's ideas were centred very much on Japan, with relation between Nissan head office and each of its overseas bases being based on a bilateral footing. It has only been very recently that Nissan began to think of these relationships as forming a global network. Third, the biggest responsibility for me is that I have to speak on behalf of Nissan to the British government and the car industry here. Nissan's investment in the UK is massive and the public significance of this investment is immense, so as the company's representative, I must have a broad vision.

— Have you started anything new since becoming managing director?

Gibson: Nothing formally. Rather than starting anything new, I have consciously maintained continuity from Mr.Tsuchiya's term. British people prefer a more relaxed atmosphere, so, if anything, I suppose you could say that I have moved the company more towards my slightly informal style. What I have started in the company is an overnight conference among the British managers and directors and the Japanese senior advisors, about 50 people all told, three times a year. From Friday afternoon until Saturday morning all of the company's important issues are discussed at the conference. The main purpose of the conference is to coordinate the various interests among departments and to promote better mutual understanding. European people have a tendency to stick to departmental goals, and the conference is aimed at directing their thinking towards common goals.

Mr.Gibson works side by side with Mr.Koeda, deputy managing director, and Mr.Hirano, senior advisor, in one corner of the large open-plan office. When Mr.Tsuchiya was managing director, he had his own office with a glass wall.

— When you took over as managing director you moved out of your own office into the open-plan office, but I heard that initially the British executives were against moving into the open-plan office.

Gibson: I have found that communication among people is much better in the large open-plan offices, because no one is isolated. There is much less of a mental barrier now than when I had my own private office. British senior executives are particular about their private offices, mainly because they have become used to their own offices after many years in British companies. However the younger workers who have never worked in a British company do not oppose the open-plan concept at all. In the early stages everyone was somewhat surprised at the idea of wearing uniforms, but after a few weeks nobody seemed to take any notice. Today I was visited by a German supplier, and he was very surprised to see me in uniform, and quite a few people are quite surprised to find out that I don't have my own office.

— Are you satisfied with the employees that you have here?

Gibson: We have an extremely good work-force here. The workers are young and enthusiastic, and they have a good sense of belonging to the company. However, the average age is a youthful 23 so they are lacking experience to certain extent. It normally takes about five years for a worker to become fully proficient. Fortunately, NMUK has a good reputation and is very popular, so I am looking to recruit more new school graduates and train them within the company.

— Did you learn anything from Nissan's experiences with Nissan USA in Tennessee?

Gibson: The way in which NMUK and Nissan USA developed was different. In the United States, Nissan built a manufacturing plant with a capacity of 200,000 units right from the start, but here, they developed the plant in phases. Our staff visited the Tennessee plant and looked at such areas as production control. However, there is a difference between British and American workers, and the management style of the top executives - Mr. Runyon and me - are quite different.

NMUK - 1991

In the latter part of March 1991 case writer again visited NMUK. NMUK had achieved a better rate of growth than was expected. At the end of 1990 there were 2,800 employees and annual production had reached 106,000 units (Table 1). The Primera, announced in September 1990 as the replacement model for the 'Bluebird', achieved very strong sales, and the drop in sales of Nissan cars in the UK as a result of the dispute with British Nissan dealers was more than off-set by the increase in 'Primera' sales on the Continent. The Primera had achieved 80% local content.

Mr. Kawana, the managing director of Nissan Europe NV (NENV), which has control over Nissan operations in Europe, is also the chairman of NMUK, but although CEO was Mr. Gibson. The three regular directors of NMUK were Mr. Gibson, Mr. Koeda, deputy managing director, and Mr. Wickens, personnel director, while Mr. Kawana, managing director of NENV, and the chief executives at Nissan head office, were the non-regular directors. The board of directors meeting was held at NMUK. More than 40 Japanese staff were working at NMUK, but Mr. Koeda and Mr. Hirata, the finance director, were the only line managers. The other six directors and all managers present under them were British (see Appendix 4 NMUK Organisation Chart).

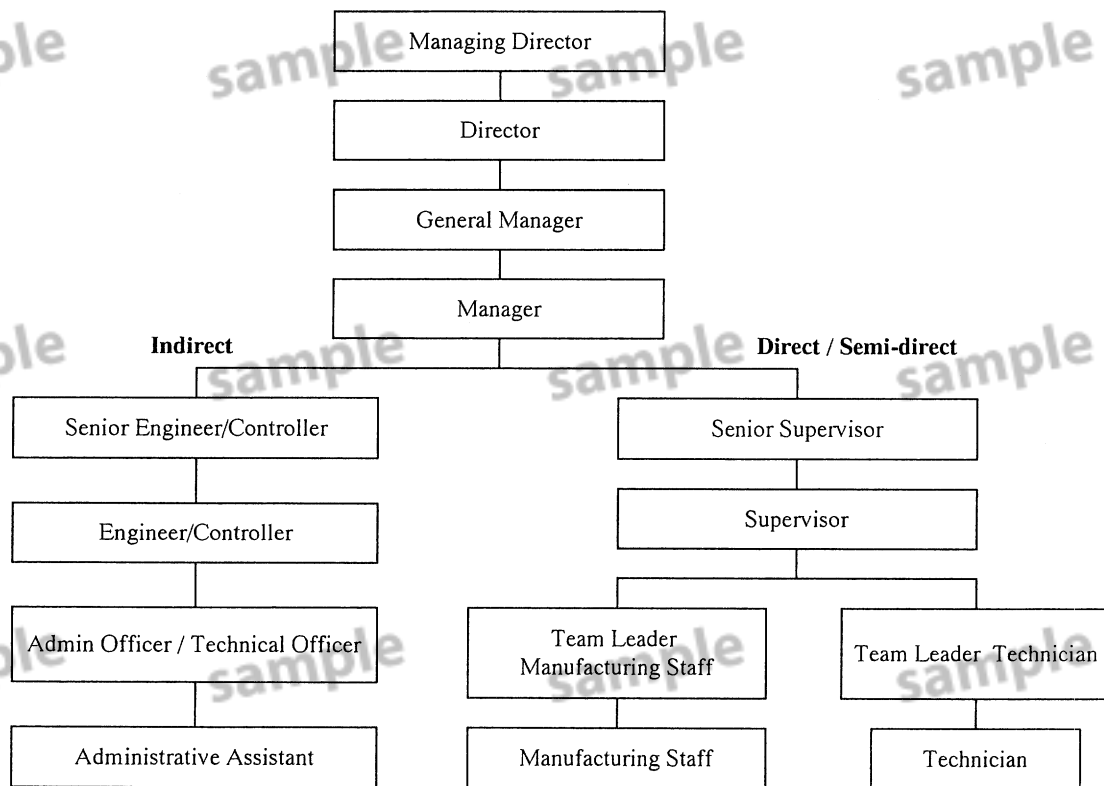
The development department within NMUK became independent in 1988 and because known as the Nissan European Technology Centre (NETC), with 200 British and

60-odd Japanese staff members. According to NMUK's business plan, the company would achieve a single-year profit in 1991, and the cumulative deficit that accompanied the massive investment of £700 million would be cleared by the mid-1990s.

Table 1 Trends in NMUK Production, Personnel and Exports

	Units produced	Employees	Units exported
1986	5,100	530	
1987	28,800	1,130	
1988	57,000	1,900	9,000
1989	77,000	2,000	35,000
1990	106,000	2,800	60,000
1991(Planned)	120,000		
1992(Planned)	140,000		

Table 2 Organisation of NMUK



Personnel Development and Performance Appraisal

As shown in Table 2, the company organisation is split into two divisions 'direct' and 'indirect'. The direct division consists of only two job categories, production (manufacturing staff) and maintenance (technicians). Above these workers are team leaders, supervisors, senior supervisors, managers, general managers, directors and the managing director for a total of eight levels.

A performance appraisal is completed for each staff member, and pay increases and promotion are based on its results. An appraisal of individual performance and personal elements and an overall appraisal, are conducted for all staff up to and including the supervisor and engineer levels. Performance factors include; knowledge of the job, quality of work, achievement objectives, communications (written and verbal), safety housekeeping, problem solving, quality of decisions, planning of work, achievement of standard time, and staff development. Personal characteristics appraised include; are flexibility, teamworking, persistence, creativity/initiative, attendance/timekeeping, leadership, persuasiveness, and ability to work under pressure. For "senior" level staff a more open style of appraisal is carried out. The performance factor is primarily achievement of objectives, while the personal characteristics assessed include flexibility, teamworking, judgement/decision-making, personal motivation, quality of leadership, contribution to overall management, development of staff, and innovative skills.

For the first managing director, Mr.Tsuchiya, this was the first time that interviews for performance appraisals had been conducted, so he asked the personnel director at Nissan Australia for help to appraise and interview the six or seven directors immediately below him. He asked the personnel director from Nissan Australia to spend about a month at NMUK advising him on all the details about the performance appraisal procedures. When the appraisal results were compared on a test basis, Mr.Tsuchiya's appraisal marking tended to be easier than that of the Australian personnel director. Mr.Tsuchiya noted that the British appraisal form the company used did not have the "development of staff" performance factor, so he had the form amended to include it.

There are five levels for the overall performance rating; outstanding, highly commendable, fully proficient, marginal, and unsatisfactory, and staff members who are rated in the bottom two levels do not receive a pay rise. Each work level has a maximum and minimum salary range, and the annual pay rise given to workers is determined within that range based on their performance appraisal. For example, the salary range for team leaders and manufacturing staff is £12,749 - £15,187, and those who are rated in the top three levels - outstanding, highly commendable and fully proficient - will receive pay rises for that year of £610, £406 and £304, respectively.

Views of NMUK Executives

Deputy Managing Director Mr.Koeda

I was posted to NMUK to succeed Mr.Sekine in July 1990. This has been my first overseas posting. My posting came one year after Mr.Gibson had been appointed managing director. He is an extremely talented person who would be almost impossible to replace. Although according to the organisational structure he is strictly my superior, I feel that our relationship is much more matter of sharing. Regarding age, I am probably older than him.

This is a manufacturing plant and the problems that do arise are quite simple to fix, so there is little difference in my and Mr. Gibsons opinions. Even though the Japanese advisors think that it is quicker to do the work themselves, they have the British workers do it out of respect for them. So although they have authority over them, they let the British workers make the decisions. Mr.Gibson has a good understanding of this situation, and he does not say anything about any of the technical aspects brought in from Nissan. But having said that, I must make it clear that Mr.Gibson is indeed the person who is at the head of NMUK.

If we focus only on maintaining the current structure and ensuring product quality

and production volume, I believe that the British staff members can do this by themselves, but to bring about innovation and improvement, I believe that Japanese advisors are necessary. The 1991 production level is 120,000 units, so we are still very tight in terms of costs. NMUK has installed the latest equipment, and the body automation rate is about the same as in Japan.

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Production Director Mr.Cushnaghan

I joined NMUK from the Rover Group as the fourth British member of NMUK staff. I have overall responsibility for the manufacturing plant, in which all the staff are British. Japanese influence is concentrated at the director level. Workers will become terribly confused if there is Japanese influence coming from all directions. British and Japanese input have been combined to form a top-class organisation, and for the workers, the work environment is different from what is normal in the UK; the workers enjoy an environment where they are encouraged to participate in decision-making and where teamwork is valued.

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The personnel philosophy of NMUK is a hybrid of ideas from other companies, and is not merely a copy of the Nissan philosophy in Japan. It was Mr.Gibson and the other British staff members who drew up 'Our Company's Philosophy' (Appendix 6). Union membership is 35-40%, a very low rate compared to other British manufacturing plants. Two years ago it was 25%, but it rose by about ten percent as a result of active encouragement by the company for workers to join the union. One supervisor for every 20 workers looks after the workers' interests very well, and this is why union membership is so low.

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The previous managing director, Mr.Tsuchiya, was a very popular leader who had confidence in the ability of his British workers. Personally, I was quite sad when Mr.Tsuchiya returned to Japan since he was the one who had hired me, but as far as business is concerned, the appointment of a British managing director was welcomed. Our rival product, ironically, is not a British or European car, but is in fact the Nissan car of our parent company itself. Nissan is a powerful rival, so being in competition with them is challenging, but as long as we can keep pace with them, it is unlikely we shall be beaten by our European competitors. At present 45 supervisor-level staff members are spending two months at the Murayama plant in Japan studying in preparation for our beginning production of our second model, the Micra.

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The immense popularity of the 'Primera' means that we are very busy, so there is a considerable amount of overtime, and weekend and night work. Worker' morale is high, so we are coping. Maintaining and improving quality and costs are my responsibility. The workload within the factory is about the same as Nissan factories in Japan, but we do not have the same level of influence over our suppliers that Nissan in Japan enjoys over its suppliers. Geographical conditions are also different, so we cannot enjoy the same low level of stock as in Japan.

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Every year I participate in an international production conference, and I would be more than happy to accept a posting to Japan or the United States.

Engineering Director Mr.Nicholls

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I joined NMUK from Jaguar about eighteen months ago. We were very pleased that

Mr.Gibson was appointed as Mr.Tsuchiya's replacement as managing director. I believe it is very significant that Nissan shifted not just production to overseas local staff, but localized the management as well. Mr.Gibson has maintained the methods and policies introduced by Mr.Tsuchiya. NMUK introduced much from Nissan in Japan, but there was also much which could not be introduced. For example, I heard that in Japan staff can be transferred with little advance notice, but in the UK decisions which can affect personal lives cannot be made in the same way as they are in Japan. Among the policies introduced from Nissan in Japan are the 'skills matrix' encouraging greater worker versatility, and open-plan offices. Mr.Shiokawa, the engineering senior advisor, sits at the desk next to mine, and one major benefit of the open-space office is that we can have open communication between us. Although there are some drawbacks, such as being interrupted when trying to write a report or such like, I do believe that there is more to be said for an open-plan office than against it.

Regarding the single status, terms and conditions under which everyone works , when I was at Jaguar I used to drive almost up to my office in my Jaguar car, passing by a steady stream of workers walking to their work-place. Certainly, privilege is appreciated, and life can be inconvenient without it, but it is a hindrance to improving our relationship with the workers. So here, too, there are many more pluses than minuses. This has been my first experience with the advisor system. There is a possibility that advisors may impinge upon the line managers' authority, but we are sorting out any potential problems by talking to each other.

We cannot definitely say that there is no risk of NMUK's reverting to traditional British work practices if the Japanese staff are further reduced. NMUK has many strong points that cannot be found in British companies, but we must make sure that these are not lost as a result of a shift to local management. This, I believe, is the responsibility of the director-level British staff.

I sincerely hope that head office continues to send as good advisors. I would also like head office to select the best practices after comparing the plants in the United States, Spain, Mexico, Murayama, Kyushu, Oppama and so on, then develop a universal 'Nissan Way'.

Purchasing Director Mr.Hill

I came to NMUK four years ago after working at Rover for 17 years. I took this major leap at age 40 because I thought that being a new company NMUK would move ahead much quicker than an older established company, and that there would be many more opportunities for me. There is no 'keiretsu' structure in the UK, so I had to cultivate 180 suppliers from scratch.

Mr.Tsuchiya, the first managing director, did not speak a great deal of English, so at times it was somewhat hard for me to appreciate exactly what was going on, but it was obvious from the start that he was a strong leader, tough but fair. Although I was sorry to see him return to Japan, I was pleased that Mr.Gibson was selected to replace him as managing director. I had hoped that he would receive this appointment since he was actually working as the chief executive to Mr.Tsuchiya, and because the managing director really needs to be the public face of the company, dealing with all kinds of public and government-related matters, although Mr. Tsuchiya did not deal personally with outside organizations, mainly through lack of language ability.

It is good to be able to show the EC that NMUK is run by a British managing

director. This is in stark contrast to Nissan's European research and development organisation, Nissan European Technology Centre (NETC), where there are 200 British and 60 Japanese staff members. Since all senior managers are Japanese, it is quite literally a Japanese-controlled company. I do not think that a European will be appointed managing director of NENV, which has control of Nissan operations within the European region, but if Nissan is serious about becoming a truly international corporation, I believe that it should put more non-Japanese in executive positions at NENV.

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My current problem is related to the Japanese staff at NETC over parts purchasing. I am not saying that we should lower our quality standards, but I do believe that we should look for more parts suppliers. In this respect, I believe, the engineers at NETC are too conservative.

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Production Control Director Mr.Hogg

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Before joining NMUK I worked at Cumming Engine, a U.S. company. It had a management style that combined both American and British methods, and followed such progressive management policies as worker participation in decision-making and single status. But over time, management gradually turned into the traditional British style, so I left. I am very satisfied at NMUK, because we have an enthusiastic group of workers working in a good environment. NMUK is still a developing company, so we are kept very busy with plenty of after-hours work. Mr.Tsuchiya normally did not become involved in the day-to-day running of the company, whereas Mr.Gibson participates in daily management to a much greater extent, such as setting concrete work targets and demanding that they are all achieved. Maintaining contact with outside circles is another important job of Mr.Gibson's. I visit Japan twice a year. One of my duties while in Japan is to attend the International Production Control Meeting. I visit NENV in Amsterdam once a month.

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Personnel Manager Mr.Ashmore

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Before I joined NMUK, I was at Alcan for 15 years, working in personnel management. I moved to NMUK because I was attracted by the growth potential of this company. For British, working at one company for 15 years is considered a long time, so I felt the need to make a move to something new.

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The work demarcation that is seen at traditional British companies is said to protect the workers, but in fact it has the opposite effect by lowering competitiveness and thereby placing the workers' jobs at risk. The distrust that British workers have of British management is quite deep, and therefore the introduction of single status is an effective way of attempting to change this attitude.

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I believe that the shift from Mr.Tsuchiya to Mr.Gibson came at the right time. If a company has a Japanese managing director for too long, the company is seen as being controlled by Japanese, even though it may not be true. As far as EC relations go, it is easier for a company to be recognised as a British company if it has a British managing director, and it is far more advantageous for relations with France and other countries.

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We can say that the corporate culture of NMUK is hybrid, meaning that NMUK has borrowed the virtues of the Japanese system, but the organisational structure and the wage system is quite different from those in Japan. We do not have a life-time employment system, and we recruit both experienced workers and new graduates. The labour agreement between the company and the union states that lay-offs will be carried out only when the

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company is facing business difficulties and only as a last resort. The Company Philosophy, which states that people are the company's most valued resource, has been distributed to all the employees, but this is rarely if ever done in British companies.

5 NMUK has no job descriptions, and we have found that we have not suffered because of it. When work is covered by job descriptions, there is a risk that workers will not perform work that is outside the bounds of their stipulated job. When we joined NMUK, we were told what was expected of us. Nothing was written down. Performance appraisals are prepared on all staff, including the factory floor workers, and there is a personal merit
10 payment system based on each person's performance which is quite rare in the UK because unions are very much against such a system.

15 **Views of Japanese Advisors**

As of January 1991 there were 14 senior advisors and 25 advisors at NMUK (Appendix 4). Advisors mainly work in the engineering area, but they also work in
20 production control, quality assurance, purchasing, production and finance, and in the office of the managing director. What follows are the views of two senior advisors.

Senior Advisor Mr. Shiokawa

25 I am the engineering senior advisor, and I have been working here for four years. When I came to NMUK we were advisors in name, but in reality, our work was more like that of managers. At that time, conferences were held in Japanese and interpreters would pass on the information to the British staff in a low voice. But from two years ago it was decided that if there was even only one British staff member at a conference, the conference
30 would be held in English. Furthermore, there are plans to reduce the number of advisors from the current 40 to fewer than 20.

Mr. Gibson closely observed the Japanese style of management when he was working under Mr. Tsuchiya. He was able to appreciate the positive aspects of Japanese
35 management, and he did not try to change the company to a European style one when he became managing director. He is also very good at making the most effective use of the Japanese advisors. Before Mr. Gibson became managing director in June 1989, I asked Mr. Sekine, the deputy managing director, what we should do if Mr. Gibson were to make a decision without first consulting us, whether there was any need to set up a check point
40 within the organisation, and whether it was all right for the same person to be advisor to the Japanese managing director and then the British managing director. Mr. Sekine's response was quite clear, 'Even if we believe that the managing director has made an error in judgement, we are to leave everything up to him.' The intention of Nissan head office was to allow Mr. Gibson full control over the work processes, even if some decisions appeared
45 hard to fathom, but in return, he would take full responsibility for the results of his management.

The reaction by the British staff to Mr. Gibson's appointment as managing director has been very good. When a Japanese was in the managing director's chair, we used to
50 approach him whenever a crisis loomed, but now that a local has taken over, the British staff members obviously feel much freer to raise any of their problems with the managing director. There are still many Japanese staff members at NETC, and the British staff there envy the British staff at NMUK. When Mr. Gibson became managing director, he aban-

done his own office for the open-plan office, and all members of the NMUK staff, including Mr. Gibson, wear the blue NMUK uniform. In a certain sense, NMUK is more Japanese than Japanese companies, and the sense of unity and belonging felt by the members of NMUK is consequently very strong indeed.

Mr. Gibson was one of the 'high fliers' at Ford, and just as he could see the path leading to the chief executive's position he became dissatisfied with working at a British company and moved to this remote area miles away from the major urban centres of London and Birmingham. In Japan it would be the same as moving from Tokyo to Kamaishi. He joined NMUK with a strong determination to succeed.

NMUK's promise to the British government is to achieve 60% local content for the Bluebird and 80% for the next model (a gentlemen's agreement without penalty), but we have already achieved almost 80% local procurement. To achieve this level of local content, NMUK set up a supplier development team (SDT) which visits the suppliers to look at the company's operations and offer advice where necessary. Of the 187 companies supplying NMUK, 22 are Japanese subsidiaries, but we are still required to achieve an 80% local content rate even with a lower proportion of Japanese subsidiaries as suppliers than Nissan USA.

Producing 100,000 units a year based on a design drawn up in Japan, NMUK still only accounts for a very small proportion of the 13 million cars produced annually for the entire European market, but we are attempting to produce a car designed here within guidelines set down by Nissan head office. The British government is demanding a shift to local development, and this is an area we will have to look at carefully from now on. The technology used within the company is exactly the same as that used by Nissan in Japan, so quality and productivity here are not inferior to that in Japan. However, some parts manufacturers, such as Bosch, are in fact bigger companies than NMUK, so the relationship with parts manufacturers here is not as good as in Japan. NMUK has, however, received recognition under Nissan's standard Vehicle Evaluation System (VES) that its cars are on a par with those made in Japan. The attitude of European parts manufacturers has changed considerably. When we took the British parts manufacturers to Japan and showed them their competitors in Japan, many decided to use their relationship with NMUK as a springboard to building a better company.

The British staff want to run NMUK by themselves, and have started to believe that they can. We are currently searching for a way in which we can halve the 40 Japanese advisors sent by Nissan to NMUK. Personnel costs for Japanese staff in the UK are about three times as great as for the same staff in Japan, and costs more than if we employed local staff from the UK, so there is also a requirement to reduce the number of Japanese staff from a financial viewpoint as well.

Senior Advisor Mr. Hirano

Mr. Hirano was posted to NMUK in July 1987 to succeed Mr. Moriyama, becoming senior advisor in the managing director's office. One year later Mr. Gibson was appointed managing director. Mr. Hirano spoke about his experiences as follows.

My role was to help with the transition from the Tsuchiya structure to the Gibson structure. So far it has been a smooth transition. The Japanese involvement has been much greater at NMUK than at the Tennessee plant (Nissan USA). Until 1989, we were referred to as senior advisors, in reality, we were probably more like directors. There are currently more than 40 Japanese staff at NMUK, with one or two technicians placed in each

department. This structure came about as a result of lessons learnt from experiences at Nissan's Tennessee plant, where, from Nissan head office's point of view, one could not say there was a great deal of mutual understanding (Appendix 4).

5 The overseas management policy adopted by Nissan head office demands that if there is a local manager capable of running the operation, management will be left up to that person; no questions will be raised about the methods or processes, and evaluation will be based entirely on results. A number of targets however, have been set by Nissan head office for NMUK. They include; faithfully adhere to the global quality evaluation standards and
10 cost targets; to earn a profit for the current period (1991); and to clear the cumulative deficit by the mid-1990s. The point is that provided NMUK produces high-quality cars at a reasonable cost and earns a profit, Nissan head office does not mind if the processes are a hybrid of Japanese and Anglo-Saxon methods. Everyone is working very hard to achieve the target of earning a profit for this year.

15 Mr.Tsuchiya is very competent at factory management and was the ideal person to establish a new manufacturing plant. He was a highly skilled worker himself, and despite not being able to speak English very well, he had a firm understanding of what was required to enable British and Japanese workers to work together in harmony. Mr.Tsuchiya always
20 maintained that 'It is all right for the company to impose Japanese management methods at the factory, but it must not impose work methods that will interfere with family or community life.' And at every opportunity he stated openly that for British staff at NMUK the opportunities for promotion were limitless. As for myself, I thought Mr.Gibson was the best choice as a local successor to Mr.Tsuchiya, but I was somewhat concerned that Nissan
25 head office would replace Mr.Tsuchiya with another Japanese managing director. If that had happened, Mr.Tsuchiya would have probably been accused of merely giving lip service to the idea of local management. The reaction of the British staff when Mr.Gibson was appointed managing director was very much one of 'Tsuchiya was telling the truth after all'. The appointment of a local to replace Mr.Tsuchiya seemed to inspire the British manage-
30 ment team. In the same way that we felt at ease under a boss with whom we could discuss problems in Japanese, they felt a greater sense of reassurance working under a British boss.

Any fears I had that the British staff would make all of the major decisions within the company without first talking to us were totally groundless. Mr.Gibson is a man of
35 outstanding ability, but he is not overbearing, nor is he self-centred. He is a person of very fine character. Both British and Japanese staff have great respect for him. He employs the skills of his Japanese staff very effectively, and he regularly seeks our opinion and advice at such times as when he is having difficulty in dealing with Tokyo head office. He knows that
40 in a Japan-based multinational company, if effective use is not made of the Japanese staff, the company will not progress smoothly. And for my part, I am very happy that Mr.Gibson understands this point. There have been hardly any clashes between us at all, although I have heard that in the early stages there was a certain amount of conflict between the Japanese and British members of staff.

45 Since the days when he was deputy managing director, Mr.Gibson's strong belief has been that 'A Nissan identity is essential for manufacturing and selling cars in Europe, but if this identity is pursued excessively and adhered to rigidly, costs will rise because supplier prices will increase. If standardised GM or Ford parts are available and if we use
50 them, costs will go down.' In contrast, Nissan head office believes that Nissan cars have made good inroads into the European market only because the company has faithfully adhered to Nissan standards, even when procuring parts from outside. The British executives tell the design division at Nissan head office quite straightforwardly that they should procure more standard European parts, to which the design division's response is that

they should not be so forward and that even though the basic characteristics may be good, European parts often break down. Three years ago when Mr.Gibson suggested greater local parts procurement, the design division's reaction at the head office, was cold. We advisors then intervened in and although we basically said the same thing, we said it in a less direct manner, pointing out that parts are available and if those parts can be used in Nissan cars, it might be worth at least giving them a chance. The reaction at head office to this suggestion was rather different. 5

As for the plan to expand production from 100,000 units to 200,000, if the British project came into conflict with other projects planned by Nissan, and we did not agree with the priorities given by head office, telling head office to let us increase production because we can increase it would simply invite an emotional 'no' from them. We therefore have to plan our approach very carefully and explain our position to head office in a simple and clear way that will bring them around to our way of thinking. These days head office is much more flexible and forward-looking. It has moved from a very centralised outlook to one which is much more globalised, or, as Mr.Gibson puts it, a more 'network-oriented outlook'. 10 15

It takes courage to begin a shift to local management. If NMUK had not recruited Mr.Gibson, I believe that it would have taken the company much longer to make this shift. However, with the high-quality local staff that Nissan was able to recruit, the company did, I believe, make the right decision in moving decisively towards local management. By high-quality staff, I mean people with capability, including potential capability, a good character and the trust of others, meaning that they have the confidence that noone will go behind their backs. All these things are essential. To gain this trust, one must endorse Nissan's management philosophy and systems. Here Mr.Gibson is giving strict direction to the British executives that they are to give this endorsement. I believe that after closely observing these points, Mr.Tsuchiya judged that Mr.Gibson was a man who could be trusted and to whom the running of the company could be left. 20 25

I have not asked Mr.Gibson why he joined NMUK even though he was destined for the top echelon at Ford, but I would imagine that he wanted to work towards the revival of the British motor vehicle industry. We can perhaps say that his wish has been realised to a certain extent, for after Nissan made its move, Honda and Toyota also decided to invest in the UK. British cars had a poor reputation in Europe, but in 1988 when we exported the first British-made Nissan cars to Europe we invited a large number of journalists and dealers to tour the Sunderland plant, and through this, I believe that NMUK has made a significant contribution to changing the public perception of British-made cars. 30 35

I mentioned earlier that any fears I had that the British staff would not involve the Japanese staff in major decisions within the company were groundless, but if we were to leave the system to run as it is without taking an active part, there is a possibility that we could be edged out of the decision-making process. We must therefore adopt a series of checks to ensure that this does not happen, but whether these are successful or not will depend on the abilities of the Japanese staff at the time. The Japanese staff under a British managing director must be much more capable than the staff under a Japanese managing director, so the Japanese staff line-up must consist of a select few with superior abilities. The Japanese staff at NMUK are rotated every four or five years, whereas the British staff are much more permanent, so they will become more experienced than the Japanese staff at running the company's business. Therefore unless highly talented Japanese staff are sent to NMUK to input the latest Japanese technology into the British management team, the system will not function at its optimum. If this is not done properly, there is a chance that Nissan will lose total control of its own globalisation. 40 45 50

NMUK prepared a document "Facts Against Fallacy of NMUK" explaining the current status of the company; and this is contained in Appendix 8.

Views of Executives at Nissan Europe NV

Nissan Europe NV (NENV), Nissan's controlling company for the European region, was established in Amsterdam in April 1989. As of April 1991 there were about 230 employees, of whom slightly more than 50 were Japanese. NENV's role is to set Nissan's overall European sales strategy; act as wholesaler to the Nissan dealers in each country; coordinate business activities within the European region, including the manufacturing companies; and carry out activities connected with public relations, liaison and legal affairs. Mr. Yoshiichi Kawana, executive director at Nissan head office, was sent to Amsterdam to assume the position of managing director. The following are his comments.

Over the past few years Nissan head office has become much more internationalised. It now gives much more thought to overseas business, that is, head office has become much more aware of what is happening in Nissan operations overseas. Nissan's policy is to shift management of overseas companies to local managers, even though it may take some time for the company to get on to the right track, perhaps resulting in initial losses. NMUK has, however, progressed extremely well in this respect. Although the major concerns for head office were industrial relations in the UK, and how to ensure quality (including the quality of the many parts purchased from outside the company), NMUK has, however, overcome both of these concerns. Mr. Gibson's fine character and capabilities were obvious to everyone, so it came as no surprise when he was appointed managing director.

Directors and above at NENV have their own offices, but at NMUK, even the managing director has his desk in the open-plan office. In his case, there is absolutely no need for head office to feel that because a local is running the company it has to clearly define his authority and responsibilities so that it retains overall control, or has to establish a structure that will restrain his manoeuvrability and options. Once I approve a business plan submitted by Mr. Gibson, he of course has full authority to implement that plan within its framework.

There are four deputy managing directors under Mr. Kawana, three of whom are Japanese. Mr. Galdini, deputy managing director for sales management and the highest ranking European at NENV, worked for many years at Fiat, and left his position as managing director of Fiat Holland to join NENV. His comments were as follows.

I worked at Fiat subsidiaries in three different countries for many years, so I feel as though I am European more than Italian. Making NENV into a successful European company has been a wonderful challenge, but to achieve this, I believe a much greater injection of the European element is necessary. The 'Primera', made by NMUK, has been a resounding success, and I am always asking Mr. Gibson to produce more of them. The target to raise the quality to the same level as the Japanese-made cars has been 90% realised, and it is still improving. The relationship between NENV and the Nissan manufacturing plants throughout Europe is one of very close cooperation; discussions can be held at any time and there is no delay in responses to requests or questions.

Mr. Kitahara, the management planning director, commented as follows.

Nissan was the first Japanese car maker to establish production bases in Europe, and

while it enjoyed the advantages of being a pioneering company, there were also periods of anguish. Europe is a massive market of 13 million car sales per year, but regulations and people's sense of value vary from country to country. Even though the United States is against car imports, it does welcome direct investment, whereas Europe seems to reject both imports and the establishment of manufacturing plants, so we feel as though we are not welcome. The president of Nissan, Mr. Ishihara, was concerned that if Nissan did not establish a production base in Europe it would be kept out of the European market by a 'Fortress Europe'. But this does not mean that Nissan established its European base solely as a response to EC market unification, although the period when NMUK and Nissan Spain began to build up their operations and gain strength, however, was just the right moment regarding the creation of the EC's single market.

It is much easier to control Nissan's European interests from Amsterdam than from Tokyo. We are no further than one hour's travel from Nissan's affiliated companies in Europe so we can all gather together for meetings at very short notice. Communication is therefore much better than it would be if Tokyo were to become directly involved, and this has done much to improve the sense of unity here. We are also considering personnel rotation as a means of enhancing the harmony within the Nissan Group. Although, Nissan uses the system of advisors quite extensively, both at manufacturing companies and at sales companies, it is not always entirely successful at the sales companies. Technology is at the back of factories so people can see reason, but on the sales side, companies often depend on the individual sense or skills of each salesperson, so here reason does not always come to the fore. Here in NENV Nissan decided to place the Japanese in the line managers. The company also thought that it would be of benefit in training international managers and also in promoting its own internationalisation.

I believe that Mr. Gibson is indeed the right person for the position of NMUK managing director. He is very open to new ideas and other people's suggestions. He is also a very approachable person, not just to us Japanese, but to the suppliers in various countries as well. I would say that from the viewpoint of external relations, it is very hard to bring back into Japanese hands a company that has had a local managing director since its beginning. There is every possibility that Mr. Gibson will obtain a key position at NENV. He demonstrates great capability not only in the manufacturing area, but also in sales, and among the foreign managers he is probably the likeliest candidate for an executive posting at Nissan head office.

Future Issues and Outlook

Mr. Gibson spoke about the issues that NMUK will face from now on.

Our most pressing concern we have at the moment is to develop a new sales network in the UK. Regarding the legal proceedings concerning Mr. Botnar, I am sure the court will decide in our favour. As for the long-term, a major challenge facing us is the development of our parts supply structure. Our output will double next fiscal year as we start producing our second model, but this expansion will mean that the technology we use will become much more complex and this is another challenge we must face.

We are satisfied with our performance so far; We have attained our production targets, maintained quality standards, improved productivity, and implemented the same level of quality and productivity as Nissan in Japan. It has, however, proven more difficult to attain our profit target. The fact that 80% of our costs are incurred from purchasing our

suppliers causes us much distress, particularly as we cannot expect our parts suppliers to reduce their costs as could be expected in Japan. Last year (fiscal 1990) we ran at a loss, but this year we have determined to break even. Although this is not going to be easy, we are confident.

5 Mr.Hirano, a senior advisor at NMUK, pointed out that the problem of "How to maintain morale in the midst of major changes, as we prepare to start production of our second model and increase our work-force by 1,000, is an important issue facing us."

10 Mr.Sekine, a director at Nissan head office and a former senior advisor at NMUK, commented that, "Thus far NMUK has grown steadily and has enjoyed continued success. So I am somewhat apprehensive about what would happen if there was a reversal of fortune. A period of adversity would indeed test whether there is in fact a genuine relationship of trust between labour and management and also between the British and Japanese staff at
15 NMUK. It is still too early to make an accurate evaluation of NMUK. Probably four or five years will need to pass before we have any clear idea of the company's future."

20 Mr.Tsuchiya, the first managing director of NMUK and currently president of Aichi Machine Industry Co., Ltd., said that "A true assessment of a company will come after the company has been around for some time. NMUK is perhaps still going through its honeymoon period."

25 Mr.Yamazaki, an executive at the overseas controlling office at Nissan head office, spoke about NMUK as follows.

30 Nissan intends to transfer to local production management for its overseas management because it is important to have a local as the face of the company. As is often the case with Japanese companies, companies without a meaningful public image do not have a public profile. I believe that it is much better to have a local person as the
35 representative of the company than a Japanese. Mr.Gibson has already become the major face of Nissan in the UK. Indeed the British Motor Vehicle Manufacturers and Dealers Association invited him to become one of their directors. European industry can be characterized as to an exclusive club, and to be accepted as a club member is the highest recognition an overseas company can receive. GM and Ford are both major companies who have operated in Europe for decades, but have been accepted only recently as members of the European Automobile Industry Association.

40 It is almost certain that in 1991 NMUK will make a profit that exceeds all estimates. The major factor contributing to this rise is the excellent sales of the 'Primera' on the Continent, mainly in Germany, thanks to German reunification; although domestic sales have dropped significantly, mainly due to the deterioration of the relationship with the UK dealer, Mr.Botnar. Another factor is that through the managerial efforts of Mr.Gibson and his staff, NMUK was able to minimize the cost of parts, while at the same time, the company successfully raised plant productivity and reduced production costs.

45 Mr.Gibson is the kind of person whose talents are wasted by just being the managing director of a single manufacturing plant in the UK. As he has a firm understanding of Nissan's fundamental business policy, I have a feeling that there is scope for giving him much greater responsibility within Nissan. In fact, we at Nissan head office are often spurred on by Mr.Gibson. To date our strategy in Europe has proceeded almost
50 exactly according to plan.

As for Nissan's other major production bases, the plants in Mexico and Spain on

which Nissan spent so much energy have, in recent years, produced some good results. These plants have played a key role as Nissan's production bases in America and Europe.

Nissan was behind Honda and Toyota in the United States, but the manufacturing plant has been upgraded and expanded to accommodate a production base of 300,000 units. In February 1992 Nissan announced that it would stop production at Nissan Australia, one of Nissan's five major overseas production bases, and concentrate on exports from Japan to Australia. Nissan Australia began production in 1976 in factories bought from Volkswagen when the company withdrew. Total investment reached 69 billion yen, but the company's business performance deteriorated as a result of the change in the Australian government's motor vehicle policy (concentration of manufacturers and lowering of tariffs). The first managing director at Nissan Australia was an Australian, the second a Japanese, and the third an Australian again. The third managing director, Mr. Deveson, was a well-known businessman in Australia. The only withdrawal by Nissan up to that point had been when it pulled out of a joint venture with Alfa Romeo after it was absorbed by Fiat. An executive at Nissan head office stated, "When business is not going well regardless of what one does, the company must show courage and withdraw."

Appendix 1 Nissan Motor's Overseas Production Bases

Region	Country	Company	% Financed by Nissan Head	Start of Production
North America	U.S.A.	Nissan Motor Manufacturing Corp. U.S.A.	0%	June 1983
Europe	U.K.	Nissan Motor Manufacturing (UK) Ltd.	100	July 1986
	Spain	Nissan Motor Iberika, S.A.	67.6	January 1983
	Portugal	Entrepoto Comercial-Veiculos e Maquinas, S.A.	0	July 1968
	Greece	Teocar S.A.	0	May 1980
Southeast Asia	Taiwan	Yue Loong Motor Co., Ltd.	25	March 1959
	Thailand	Siam Automotive Industry Co., Ltd.	0 (25% - end September 1990)	1973
		Siam Motors and Nissan Co., Ltd.	0 (25% - end September 1990)	1962
	Philippines	Universal Motors Corp.	0	October 1971
		Pilipinas Nissan Inc.	15	June 1983
	Malaysia	Tan Chong Motor Assemblies Sdn. Bhd.	0	August 1976
	Indonesia	P.T. Wahana Wirawan	0	September 1982
India	Mahindra Nissan Allwyn Ltd.	15	February 1985	
Central & South America	Mexico	Nissan Mexicana S.A. de C.V.	97.8	July 1966
	Trinidad and Tobago	Neal & Massy Industries Ltd.	0	September 1970
	Peru	Nissan Motor del Peru S.A.	56.1	December 1966
	Ecuador	Autos y Maquinas del Ecuador S.A.	0	June 1987
Middle East	Iran	S.A.I.P.A. Co.	0	1984
		Pars Khodro Co.	0	February 1987
Oceania	Australia	Nissan Motor Manufacturing Co. (Australia) Ltd.	100	March 1976
	New Zealand	Nissan Manufacturing Ltd.	0	January 1976
Africa	Kenya	* D.T. Dobie & Co., (Kenya) Ltd.	0	January 1978
	Zimbabwe	Leyland Manufacturing (Zimbabwe) (Pvt.) Ltd.	0	March 1981
	South Africa	Nissan (South Africa) (Pty.) Ltd.	0	1963

* **Note:**Besides the above, Nissan cars have also been produced at Daewoo Motor Co. Ltd. in South Korea since May 1987 under a technical cooperation agreement

Source:Nissan Motor data

Appendix 2 Nissan Motor's Overseas Research and Development Bases

Country	R&D Organisation	Location	Establishment	Business Particulars
U.S.A.	Nissan Research and Development Co.	Plymouth, Michigan	July 1983	<ul style="list-style-type: none"> • Design and development of cars for North America • Technological surveys and research • Trial and evaluation of cars and engines for North America • Acquisition of North American certification • Trends in technology-related laws and regulations • Research on astronomical technology
	Nissan Design International	San Diego, California	April 1979	<ul style="list-style-type: none"> • Car design and development (exterior and interior)
	Arizona Test Center	Stanfield, Arizona	April 1986	<ul style="list-style-type: none"> • Test course management and operation
UK	Nissan European Technology Centre	<p>Southern headquarters = head office; Cranfield, Bedfordshire (north west of London)</p> <p>Northern headquarters; Sunderland, Tyne & Wear</p>	<p>May 1988 (Note: Construction on southern headquarters expected to start in spring 1990 and operations expected to start in autumn 1991)</p>	<p>(Southern headquarters);</p> <ul style="list-style-type: none"> • Planning and development of cars for the European market • Development necessary for the greater use of domestic parts in European-made cars <p>(Northern headquarters);</p> <ul style="list-style-type: none"> • Vehicle development and testing • Engine testing • Trial manufacture (car assembly) • Point of contact and follow up for NMUK production designs
Belgium	Nissan European Technology Centre (Brussels)	Brussels, Zaventem district	July 1989 (establish in January 1971 as the Technology Office)	<ul style="list-style-type: none"> • Technical surveys • Marketing • Laws and regulations, and certifications • Design surveys • Vehicle evaluation and testing, exhaust efficiency evaluation
Spain	Nissan Motor Iberika, S.A.	<p>Barcelona (Sonafranca plant)</p> <p>Madrid (Quartrobientas plant)</p>	<p>1962 (Sonafranca plant)</p> <p>1966 (Quartrobientas plant)</p>	<ul style="list-style-type: none"> • Design and development of medium-sized and large trucks • Design and development aimed at vehicles suited to local conditions (Nissan Safari, Bannet)

Source: Nissan Motor data

Appendix 3 Nissan Motor's Regional Controlling Companies and Personnel Placement

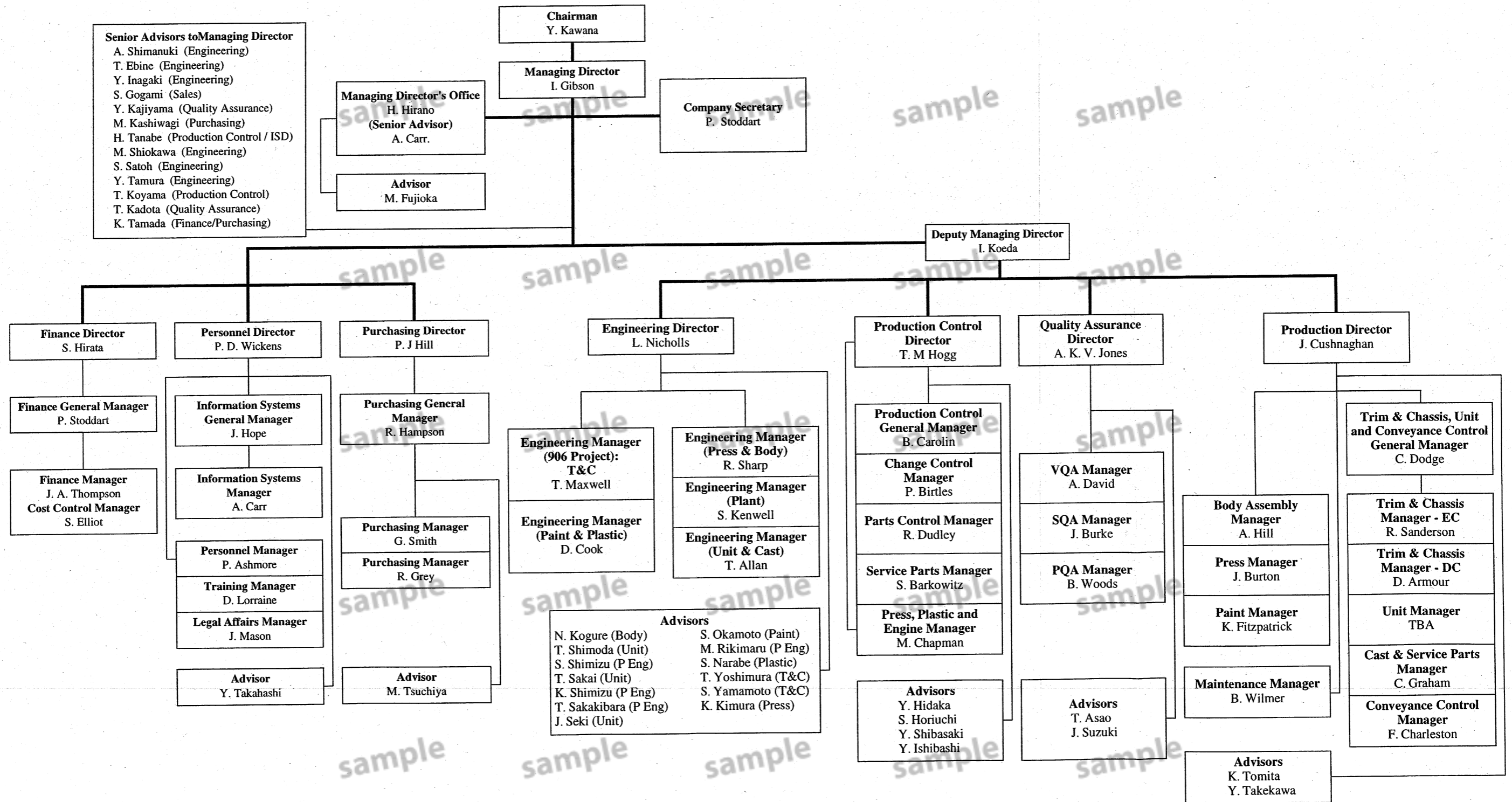
Regional controlling company						Overseas companies under their jurisdiction					
Company	Region	Total employees* ¹		Executives* ¹		Number of companies* ¹	Major companies* ¹	Total employees* ¹		Total management staffs* ²	
		Japanese	Non-Japanese	Japanese	Non-Japanese			Japanese	Non-Japanese	Japanese	Non-Japanese
Nissan North America	U.S.A.; Canada; Mexico	28	34	14	7	12	Nissan Motor U.S.A.; Nissan Motor Manufacturing U.S.A. de C.V.	293	17,939	114	—
Nissan Europe NV	Europe	53	169	10	4	15		252	11,466	109	—

*1 Figures are as of March 1991. Executives = director and above.

*2 Figures are as of December 1990. There are no data for non-Japanese management staff.

Source: Mitsuyo Hanada, Global Management Research Association data

Appendix 4 NMUK Organization Char: July 1989



Appendix 5 Coals to Newcastle

Ian Gibson's dream is about to come true: British Nissans, built in the factory created by his management team, will soon be on sale in Japanese showrooms. Ian Gibson, managing director of NMUK, confessed, "Our secret hope was that we could export cars made here by us to Japan, although this was not included in the initial plans of our parent company."

Gibson, who is 44, has been breaking new ground from the day he arrived in 1984 at the green fields in Tyne & Wear that were to become the Nissan plant. Since it began production in 1986 the plant has not lost a single day through industrial disputes and it is currently the only British car factory not facing short-time, lay-offs or redundancies. Its new Primera model has won awards for quality throughout Europe in the past year.

The most successful executive in the British motor industry, Gibson is an unlikely mould-breaker. Small, with a pensive manner and the deep brown eyes of an affectionate puppy, he comes as a surprise to those brought up on car industry archetypes like Lee Iacocca and John Z. De Lorean. He was the highest flier of Ford's young eagles, having joined the company straight from university and progressing to take charge of the entire European production of Escorts and Orions. Yet within Gibson's head a dream rather different from Ford's production line was forming. He preached a team-centred approach, with function, not status, as a benchmark, and with the power to develop and change detailed manufacturing processes devolved to the factory-floor. This egalitarianism would be symbolised by single-status canteens, open-plan offices and a plain uniform for every employee, whatever their rank. At Ford, his words fell on deaf ears. At Nissan he was able to put what he preached into practice.

"Of course some people found it hard to adapt. If you've been sitting in a private office with your own secretary for 15 years, to come and sit out here where all these other people can ask you difficult questions and see what you're doing, it's bound to be a shock," recalls Gibson. "Christ, it was certainly a shock to me, and I was the one preaching all this. Consultative, almost democratic management was also a bit hard to take. If you've grown up in the Ford system you get used to having your own way. Debate is limited to choosing from three alternatives brought in by junior executives."

The reception area for visitors to Nissan in Sunderland is plain to the point of austerity. No paintings adorn the walls, no financial journals litter the pale ash tables. The single item to draw the eye is a framed statement of the company philosophy. This is hardly a commonplace in British factory life, so it is worth quoting from its core:

We believe in teamworking wherein we encourage and value the contributions of all individuals who are working together towards a common objective and who continuously seek to improve every aspect of our business.

This philosophy was invented here in the UK, the product of experienced and disaffected motor industry men who persuaded a Japanese multinational to fund their dream of what a better industrial future could look like.

"We've built a company as well as a car plant," says Gibson, a graduate of Manchester University and the London Business School. "And we began by stating that we didn't want to take wholesale from Japan the Nissan way of doing things - or, come to that, the Austin or Rover way of doing things from Britain. It was an extremely brave decision by Nissan to let us do it, and it was their willingness to make that initial trusting move that attracted the first group of us here. Most multinationals would have simply handed over the book of tried and trusted methods and said: 'This is how you'll do it'."

...

Is he close to achieving his ideal manufacturing company? Gibson obviously hates such definitive questions; he puffs vigorously on his pipe. "We are still tight on our skill-base and under-experienced, and we have to concentrate very hard to achieve things that other, older companies would manage in more relaxed fashion. But in terms of the way we work and the openness and the transparency of the process, the way we relate to one another internally, it is my ideal."

Excerpt from The Sunday Times Magazine, Business World, 31 March 1991

Appendix 5 International Conferences of Nissan Motor

Once a year in Tokyo Nissan Motor holds an Overseas Top Executive Meeting (OTEM) for senior executives at Nissan's major overseas bases (Nissan North America, Nissan Motor Corp. U.S.A., Nissan Motor Manufacturing Corp. U.S.A., Nissan R&D Co., Nissan Mexicana S.A. de C.V., NENV, NMUK, Nissan Motor Iberika S.A., NETC, and Nissan Australia) and management staff at Nissan head office. Nissan also holds executive conferences for the various divisions - quality assurance, production control, manufacturing, engineering, personnel, design engineering, cost and profit, and purchasing. These are also referred to as OTEM sub-committees. They are not only held in Tokyo; each of the overseas bases also hosts the subcommittees in turn. The following is a list of the conferences.

OTEM (Overseas Top Executive Meeting)	All divisions	1988 –
IQAM (International Quality Assurance Meeting)	Quality assurance	1986 –
IPCM (International Production Control Meeting)	Production control	1987 –
IMEM (International Manufacturing Executive Meeting)	Manufacturing	1988 –
IEEM (International Engineering Executive Meeting)	Engineering	1990 –
IPJM (International Personnel Joint Meeting)	Personnel	1988 –
NIDEC (Nissan International Design Engineering Conference)	Design engineering	1989 –
ICPM (International Cost & Profit Meeting)	Cost and profit	1989 –
WPC (World Purchasing Conference)	Purchasing	1989 –

Appendix 6 Our Company's Philosophy

As a Company we aim to build profitably the highest quality car sold in Europe. We want to achieve the maximum possible customer satisfaction and ensure the prosperity of the Company and its staff.

To assist in this, we aim to achieve mutual trust and cooperation between all people within the Company and make NMUK a place where long term job satisfaction can be achieved. We recognise that people are our most valued resource and in line with this spirit believe that the following principles will be of value to all.

People

- We will develop and expand the contributions of all staff by strongly emphasising training and by the expansion of everyone's capabilities.
- We seek to delegate and involve staff in discussion and decision making particularly in those areas in which each of us can effectively contribute so that all may participate in the efficient running of NMUK.
- We firmly believe in common terms and conditions of employment.

Teamworking

- We recognise that all staff have a valued contribution to make as individuals but in addition believe that this contribution can be most effective within a team-working environment.
- Our aim is to build a Company with which people can identify and to which we all feel commitment.

Communication

- Within the bounds of commercial confidentiality we will encourage open channels of communication. We would like everyone to know what is happening in our Company, how we are performing and what we plan.
- We want information and views to flow freely upward, downward and across our Company.

Objectives

- We will agree upon clear and achievable objectives and provide meaningful feedback on performance.

Flexibility

- We will not be restricted by the existing way of doing things. We will continuously seek improvements in all our actions.

These are tough targets and we aim high. With hard work and goodwill we can get there.

Ian Gibson

NISSAN MOTOR MANUFACTURING (UK) LIMITED (NMUK)

Appendix 7 Nissan Motor Manufacturing Corp. U.S.A. and Managing Director Mr. Runyon

Nissan Motor Manufacturing Corp. U.S.A. (NMMC) was established in July 1980 and began production of small trucks in June 1983 and passenger cars in March 1985. Mr. Marvin Runyon was appointed the company's first managing director and quickly set it on the right path. Mr. Runyon came to Nissan after more than 30 years at Ford where he worked in manufacturing and production control. He was deputy managing director for body production when he left to join Nissan. Mr. Runyon was said to have been critical of Ford's style of personnel management, and at NMMC, he quickly set up positive communication measures for employees. He was a charismatic leader who had the strong trust of the workers under him. The chief executive at Nissan head office gave Mr. Runyon wide-ranging authority to run the company right from the beginning, and limited the number of Japanese staff sent to NMMC, placing most of those that were sent in advisory positions rather than in line management. In 1987 only 13 of the 3,200 employees at NMMC were Japanese, while the deputy managing director for finance was the only Japanese member in a line management position. The other five executives were all Americans.

American executives described the management style at NMMC as "American style with Japanese flavour". One Japanese advisor said, "The basics are American but perhaps the Japanese flavour is not quite strong enough," and "Top management at Nissan head office has set the policy that we are to defer to American management, so that is what we have to do," while another said "From an engineer's viewpoint, if things were done the way we think they should be done, business would be much more efficient, but to do this we would need about the same number of Japanese staff as in Honda here."

Japanese staff praised Mr. Runyon's leadership, stating, "He would go down to the factory floor and speak to the workers, gaining their respect and confidence. His personality was such that he was looked upon by all workers as a leader, and this was a tremendous advantage in maintaining product quality." Under the leadership of Mr. Runyon, Nissan's Tennessee plant was selected in the top ten of "America's Best-managed Factories" in the May 1984 issue of Fortune. NMMC first earned a operating profit in 1987, and by then the cumulative investment had mounted up to 850 million dollars. Mr. Runyon was the only regular member of the board of directors in the United States; the other members of the board, all non-regular, included the chairman and president of Nissan Motor. Board meetings were held four times a year in Tokyo. In 1989 Mr. Runyon was appointed president of the Tennessee Valley Association (TVA) by President Reagan, and left NMMC in January 1990. The deputy managing director, Mr. Benefield, was appointed the second managing director of NMMC. He, like Mr. Runyon, had joined NMMC from Ford.

The Asahi Shimbun reported Mr. Runyon's resignation as follows.

"Mr. Runyon contributed much to the shift to local management by Japanese subsidiaries overseas as the only American managing director of an overseas production company set up by Japan's automobile manufacturers. ... Because he served in the position of managing director for such a long period, the past several years saw a few cracks start to appear in the relationship between Nissan Motor and NMMC. As for the problem with raising production efficiency at Smyrna plant, it is said that Mr. Runyon had resisted the intentions of Nissan head office on the pretext of the 'American style of management'." (The Asahi Shimbun, 13 September 1987).

Appendix 8 Facts Against Fallacy of Nissan Motor Manufacturing (UK)

There are 2,500 members of staff directly employed at Sunderland. This will increase to 3,000 in 1991 and 3,500 by 1992. By that time a further 1,000+ jobs will have been created in associated companies on the Sunderland site.

The Managing Director, Ian Gibson CBE, is British as are six other Directors. There are only two Japanese members of staff in line management at Sunderland. These are the Deputy Managing Director and Finance Director. All Managers are British and there are no Japanese production staff.

There is a single union agreement between Nissan and the AEU and all staff are actively encouraged to join the union. However, membership is not compulsory, nor does the agreement constitute a "no-strike" deal. Union membership is around 35%.

All office accommodation is open plan.

Communications meetings are held every day with all staff.

Everyone works under the same terms and conditions of employment.

All salaries are paid monthly into bank accounts.

There are single status subsidised canteens.

All staff and their families may choose to be covered by company paid private medical insurance.

Of the locally hired manufacturing staff some 35% were unemployed immediately prior to joining Nissan.

All staff are paid within salary ranges and progression along the ranges is related to individual performance.

All overtime is paid.

There are no exercise programmes at the start of each shift.

There are no company songs or slogans.

There are no written job descriptions.

There is no clocking on.

There are no salary deductions for lateness or absenteeism (which is under 3%).

Staff turnover is around 7.5%.

There is no privileged parking at the plant.

Nissan Motor Manufacturing (UK) Limited operates a fully integrated production process at Sunderland from pressing coiled steel through to engine machining, final assembly and testing.

Total investment in Nissan Motor Manufacturing (UK) Limited in Sunderland will exceed £640 million by 1992.

Nissan is purchasing from 177 European component manufacturers for the Primera model spread through Belgium, France, Germany, Ireland, Italy, Spain and Portugal, including 120 British companies. By 1993 this will represent a spend of £600 million annually when a second model, a Micra-class car, is also in production.

It is not a Nissan requirement for a component supplier to locate near the plant.

Exports began in October 1988; 21 European markets are exclusively sourcing their Nissan Primera requirements from Sunderland.

During 1989, 77,000 cars were produced of which 44% were exported. In 1990 output will be at a similar level.

In 1991 100,000 Nissan Primers will be produced and in 1992 a new Micra-class car will be launched at the rate of 100,000 cars per annum.

By 1993 approximately half of Sunderland's production will be exported.

All production targets, incorporating exacting quality standards, have been met since the first car was produced in July 1986.

There are 86 robots in the new Body Shop which became operational in mid-1990. With this, automation moved from 70% manual / 30% automated production to the current 70% automated / 30% manual status.

The in-process quality control on the production line is the responsibility of each member of staff. There are no quality control inspectors on the line.

Nissan did not decide to locate in Sunderland as a result of the Single European Act. The decision to locate in Europe was taken in 1981 and the choice of Sunderland announced in 1984.

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