



## Keio Business School

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# Nissan Motor Manufacturing (UK) Limited (NMUK)

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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

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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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This case was prepared for class discussion at the Keio University Business School by Dr. Hideo Ishida, a professor at this school. It does not attempt to point out the appropriateness or otherwise of business administration. Keio University Business School holds all rights to this case. (Prepared in March 1992, revised in March 1993).