

Carlos Ghosn Nissan Motor Co., Ltd

Diversity is an asset to the company

Promoting effective women will deliver high return in investment and opportunity.

II We want to make sure that this is really the right direction with actual commitment of 5% by 2007.

III Ideal workforce is a workforce, which really reflects the society.

IV Only way you overcome resistance in a corporation is through business necessities.

Carlos Ghosn

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Biography

Mr. Ghosn joined the company as its chief operating officer in June 1999, became its president in June 2000 and was named chief executive officer in June 2001.

On April 29, 2005, Mr. Ghosn was named president and chief executive officer of Renault S.A. in addition to his current responsibilities at Nissan.

Prior to joining Nissan, Mr. Ghosn served as executive vice president of the Renault Group, a position he had held since December 1996. In addition to supervising Renault activities in the Mercosur, he was responsible for advanced research, car engineering and development, car manufacturing, powertrain operations and purchasing.

Before he joined Renault, Mr. Ghosn had worked with Michelin for 18 years. As chairman and chief executive officer of Michelin North America, Mr. Ghosn presided over the restructuring of the company after its acquisition of the Uniroyal Goodrich Tire Company in 1990. Previously, Mr. Ghosn had worked as the chief operating officer of Michelin's South American activities based in Brazil; as head of research and development for industrial tires in Ladoux, France; and as plant manager in Le Puy, France.

Mr. Ghosn was born in Brazil on March 9, 1954. He graduated with engineering degrees from École Polytechnique in 1974 and from École des Mines de Paris in 1978.

**Biographic data is quoted from Nissan Motor Co., Ltd website*

<http://www.nissanusa.com/insideNissan/CorporateBiographies/0,,00.html#AS1377>

***This interview was conducted at February 2005.*

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Promoting effective women will deliver high return in investment and opportunity.

--As you know from the research done by Catalyst [<http://www.catalystwomen.org/>] and elsewhere, are you confident with the statement that promoting women to upper management will always produce a return on investment and will contribute not only to the company's profits, but to the shareholders? Some people wonder, if this is really true, but it has been proven by the research done in the United States.

I will turn the sentence differently. I would say, promoting effective women or women with high potential to this responsibility, without any doubt will deliver to our company high return, both for the company and for the shareholders.

That's why I insist on the fact that it should not be promotion of women for the sake of the promotion; it should be just to eliminate the barriers and just make sure that it's an even field.

We have from time to time some impression that there is more handicap, I would say for women today to reach the top job, but just eliminating this handicap and still concentrating on contribution and performance, I have no doubt on the fact that this will have a very big return and opportunity.

--So, in order to make sure that these women are effective managers and to be able to play at an even playing field?

Yes, exactly.

--You believe that it shouldn't be artificial but they should be groomed.

Exactly. They should be groomed. It's very important, because if they are not groomed, then they are like any managers. Probably the figure is very high, and then, I'm sure that they can use the figure by saying that diversity does not work. As you see, it's very important to make sure that you are selecting very carefully, and you are coaching carefully. So, the question is not so much how fast we are doing but how effectively we are doing. That is very important.

--And you are already implementing in such manner?

Yes, obviously. That is why you should have some questions about our goal setting; the ratio of our company's female managers in Japan, why we are limiting ourselves to 5% in 2007. [<http://www.nissan-global.com/EN/COMPANY/CSR/CEO/index.html>] It looks like, we are moving from 1.6 to 5 %; it's good but is it the fastest we can go?

It is the fastest we can go, if we take into consideration the fact that we want, not 100% success, but at least 95% success. So we can really demonstrate that this is good business for them.

--Now, Nissan Motors have not been considered as having very progressive image in promoting women to management or including women in policy decisions. What do you think was the reason for that? One of the assumptions that we do have is that Nissan cars are not popular with women, because you are not targeting to female consumers and that all decisions are based on male standards.

Well, this was true. That it is true, we don't deny it. We recognize it, and we have been working very hard on it in trying to appeal more to woman customers by taking more their taste in consideration in the design of the cars, taking more their taste in consideration even in engineering of the car, taking more their taste in consideration even in the marketing of the car and in the promotion of the car. So, if we had in the past not so much attractiveness for women, frankly, it's because we did not work on it. We just did not work at it. Today we are working hard at it and hopefully we are going to see the shift in the perception and this shift in the perception to bring back much more women around Nissan in terms of selecting products and selecting the facilities.

--I think that your new car, March, was a success in that respect.

It's true. In the case of March, we wanted to make sure that this car would please women. So we took all the care from the beginning. We put the features; we put the colors; we put the shapes, necessary to be attractive. We had a lot of women participating also into the March.

This is one of the examples in which Nissan is trying to shift the perception that Nissan wants to be appealing for women.

--How many cars have been sold up to now for March?

Since the launch 3 years ago, it has always been ranked in the top 10.

--I noticed that [your Nissan Head Office Gallery](http://www.nissan.co.jp/GALLERY/HONSHA/) [Linked to Japanese site : <http://www.nissan.co.jp/GALLERY/HONSHA/>], the showroom, is very pristine and very artistic. But it doesn't lend to having babies and old people to want to come in. Are you also planning to work on changing this image?

Certainly we want our showroom to be more attractive, but in this case, we are here in Ginza, and

this is not so much a residential area. This is more a working area. So we don't see so many kids coming here, mothers and babies, that's why this showroom has not been adapted for this.

But we are pushing to develop our dealers generally--- our showrooms in general to be more appealing to the women. But in this case, the traffic in our showroom in Ginza is more for professionals - professional women, professional men.

--I see. Maybe you have a different kind of showroom in the different rural areas or countryside.

Yes. You can go to some of our dealership, and you are going to see the open corner for the children where they can play, where they can have TVs; in most of our dealerships, we have this.

--I have noticed that in the Nissan Gallery it is all computer-based. You touch and you see the information.

Yes, more professional. Because this is the traffic we have. This is the kind of customers who come. This is downtown; it's more professional. It's more commercial; not so many families come here.

--I see. In the Japanese society today, statistics show that even in farm villages women have the decision making power about what tractors and farm equipments to purchase. As this example illustrates women' purchasing power, their influential voice regarding purchases and their strength as investors are growing rather rapidly. In the midst of this social change within the market, how is Nissan responding?

We are promoting more females in the decision-making inside the company. We are pushing our dealers to put more female CAs in front of the customers; we are doing in design, marketing, and promotion, because we recognize this strategy. We are totally convinced that Nissan has to go this way. So obviously we have to deal with this, and the only way is to be more convincing and attractive to women. I am totally in alignment with this.

II We want to make sure that this is really the right direction with actual commitment of 5% by 2007.

--You have set the goal that by 2007, 120 woman managers will be selected out of 2400 that you have right now in Nissan Group. That is about 5% and the whole company has embarked on this initiative. The reaction to this announcement was, if Nissan can accomplish this reform, then may be other Japanese companies can do so, also where the male standards really have been very dominant. The top management of various businesses, middle managers, women who aspire to management, citizens of Japan, consumers, and average people are all holding their breath to see how it turns out. Why did you issue this policy?

We really should have the policy of what we really could do. First of all, we could have gone faster, but we wanted to limit us to numbers that are more commitments than targets, something that we are really sure to make. We wanted also that this increasing number of managers translate into effective managers, into having most of them very successful. And really demonstrating that diversity is an asset to the company, and not a liability, and that these people are going to work in the company but not having to be supported into their new jobs. That's why we limited ourselves to 5% to make sure that the quality of job done is extremely important, particularly in this respect.

--You mention that it should mirror what is in the market, and in your industry, of course, the percentage of women is very small, so 5% will be a big step forward.

This is a step forward. Now the potential is much bigger. And how much is the potential? Frankly I don't know today. What is important is to go into the right direction, doing it right, doing it effectively and making sure that we demonstrate this first important step; that this is an asset for the company.

That's what is important. After this " First Step " is done, and there will be another step and the third step, and the mindset probably will have changed. The behavior will have changed. It should accelerate this momentum.

--If you reach the target, not by 2007 but 2006, that means you will change that target policy?

If it accelerates and the movement goes quickly, you will be....Voila !

--You will be changing that percentage!

Why not?! Inside the company it is already considered a stretch. 5% by 2007 is already considered a stretch.

--So the cross-functional teams for diversity [linked to PDF

http://www.nissan-global.com/EN/DOCUMENT/PDF/AR/2004/ar2004e_28.pdf], which included both men and women, discussed the percentage, and they felt this was really a challenge, a stretch. Diversity Development Office also?

Obviously. All these objectives are set by the input of the cross-functional teams, by the input of the Diversity Development Office.

[\[http://www.nissan-global.com/EN/NEWS/2004/_STORY/041015-02.html\]](http://www.nissan-global.com/EN/NEWS/2004/_STORY/041015-02.html). They are convinced, I think, this is the right thing to do, and this is the right place. But again we don't want to fail. We want to make sure that this is really the right direction.

--So, we are looking forward to hearing another President's statement at the beginning of 2006. You have always had this ability to turn things around and reach your goal a little bit faster.

Thank you. Thank you for the compliment. For the moment the commitment is 5 %.

III Ideal workforce is a workforce, which really reflects the society.

--A thoroughly diverse workforce is said to be a key factor in determining the success or failure of the business in the 21st century. In Japan the biggest issue in achieving diversity is employment and empowerment of women. What is the long-term goal for Nissan Motors, in terms of the ideal workforce after the goal of 120 female managers is met in 2007?

Ideal workforce is a workforce, which really reflects the society in which you are - that is the ideal. Now we are really far from that reality. We have to work on that. We are very far, far from that. We have to organize. I will not argue on that. Our proportion is very far from the ideal. The idea is to have the company with a goal reflecting the society. But, today trying to plan for this would be unrealistic. That's why we need to make sure that this being an ultimate goal in the long horizon, just make sure that we do in steps. That is the scope. And so certain steps, and that would be the scope.

--Do you have a certain idea that after these 120 female managers, what would YOU like to see?

What I would like to see is perfectly the same kind of rate that we have in the United States. For example, we have 20% of our management made by female. This is something we have already done. This is something, which doesn't seem hypocritical, because we are already doing it. So this, in my opinion, should be on the long term, more reasonable. But if you ask me the ideal thing, I will tell you we should reflect the society, and reflecting the society is still today 50%.

In the United States, you said 20 % are in management, are there any plans for woman candidates on the board of directors?

The company has only one board, which is in Japan. Our board is all male now.

Do you have plans to introduce an effective woman director on the Board?

When we find one. When we find and we have somebody ready, why not? Again, this is not about gender. This is about ability. But what is sure is that there is no segregation. Somebody has the ability and has the experience, and it happens to be a female, we are not going to say, "Oh, no, because she is a female, she cannot join the Board." On the contrary, we are going to say, "Welcome. We need more Diversity."

IV Only way you overcome resistance in a corporation is through business necessities.

--The traditional norm for changing the value requires strong leadership at the top. And the most resistance to reform may come from the middle management, particularly males. Changing their awareness is important and difficult, but necessary. Do you think it will take a little bit more time for Nissan to be really able to strongly support the idea?

Only way you overcome resistance in a corporation is not so much through cultural change or through explanation of value. It may be through business necessities. This is what managers understand, and that's what managers are looking for. They are not looking for the CEO to come with his latest fashion or his latest caprice or his latest ...No ... What we are saying here is that giving women more responsibility is about business. It is about business.

We all want Nissan to be competitive. We all want Nissan to be profitable, and we all want Nissan to be growing. Because we all want this, one of the ways to do it is to be attractive, more attractive to women, and more women as customers and to use better the potential of existing women. I think this is the language, and this is the logic that all our management understands, because we are working so hard into improving the performance of the company.

And frankly I don't see why they would resist an idea as long as they are convinced that this is something, which is good for business and which is something that will help them to deliver a higher contribution, and make their company an effective company.

So again it's going to be easier with some people, it's going to be slower with other people, because each one of us has his own value and beliefs. But the fundamental is that it be the business decision. That's one of them. And this nobody in any corporation is insensitive, because that is our life.

We create value for our stakeholders, grow the company and make the company a better company. So when you put this transformation as one of the way to reach this ultimate goal, you usually overcome the resistance.

--So, is this happening now in Nissan?

It's too early. I think probably, you can have some testimony. I think we are doing much better today. Is it perfect? Certainly not! I do face resistance, yes!

But again, resistance early is to miss your market, and they are not to be ignored, but they are to be dealt by sitting down with the people, trying to understand why they are resisting, and try to bring forward all of this not on the battle of values but on a business discussion.

--I heard from your Human Resources Department head that there is some experimentation going on with one of your plants where up to now the factory workers were all male. But now you are considering bringing in a line for women to work on, as done in Renault back in France, and are the plans moving forward on this?

Yes, in the United States, I have an assistant, who is a lady. She was heading one department in the plant. She was running, with about four or five hundred people, reporting to her. She's a brilliant person, MBA from Harvard, very young lady; I don't know but she must be 36 years old. Before moving to this position she had 400 people reporting to her in the plant in Smyrna. So manufacturing people know that this may happen. It's just the question of just selecting the best potential and the best ability independently of gender.

--I'm a little bit interested in the REAL reaction of Nissan males and people, including executive staff and middle management, for your new idea to increase the women in Nissan organization. I am very much interested in their real reaction? May be they say, "Yes," to you. But... How do you observe?

Frankly, even if people have a resistance, usually they tell me, "Why you are doing this? Why we should do this? What is the purpose?" And I explain the purpose, and people agree on it. Now it's possible that some people say yes in front of me, and they resist after. But usually I don't see it. Who sees it is DDO or HR or other people.

I can't give you the testimony, because usually this doesn't happen in front of me, but as we have very specific objective, department by department and division. You move or you don't move; if you don't move, you have to explain why. If you move, you have to reach your objective. So that's why the steps, to quantify steps are important, because you can't just give lip-service.

You just cannot only give lip-service. You've got to move, because every 6 months or every 1 year; we are going to check, where we are, and what we are doing. Everybody in the corporation has to demonstrate how it is helping the corporation to reach these objectives. But I don't know if it's in your interest. You can arrange meetings with some people who are more resistant, and they can tell you why they are against you.

-- At the beginning all the men in your company will probably watch the ladies as to how good they will do. But as they get to a certain point it could just become a natural and normal situation.

I agree. I agree.

--We shouldn't have a situation with all the handicaps taken away, it should be a fair playing field, and I hope Nissan reaches that goal very quickly, and I know you will make it happen. Thank you very much.