

Purchasing

REDUCING PURCHASING COSTS WAS A KEY ELEMENT OF THE NRP—AND THE PLAN CLEARLY DELIVERED. A 20-PERCENT REDUCTION ON PURCHASING COSTS WAS REALIZED BY END-MARCH, 2002; A REDUCTION OF SUPPLIERS, INCREASING GLOBALIZATION WITH FEWER SUPPLIERS AND THE CREATION OF THE RENAULT-NISSAN PURCHASING ORGANIZATION HAVE ALL BOOSTED NISSAN COMPETITIVENESS.



RENAULT NISSAN

The Alliance with Renault provides opportunities for reducing purchasing costs and increasing purchasing power. The Renault-Nissan Purchasing Organization (RNPO), jointly owned by both companies, already accounts for some 30 percent of both companies' worldwide purchasing turnover, a figure which will continue to grow, based on performance, to 70 percent.

Enhanced Purchasing Power

and performance continuously improved, all without reducing quality. And while an approximate 30 percent reduction in costs was planned, 3-3-3 in fact resulted in a 40 percent reduction.

Purchasing accounted for 60 percent of all costs at Nissan at the start of the NRP—an area company executives clearly saw in need of change. While purchasing is still the greatest cost source of any area of Nissan operations, by March, 2002 the target of a 20 percent reduction in purchasing costs had been met, ahead of schedule.

Under Nissan 180, Nissan 3-3-3 will play a greater role, providing more than 50 percent of the 15 percent cost reduction called for over the next three years. Models designed to cost under the NRP, and the one-million unit increase in volume will drive this goal.

The Nissan 3-3-3 concept, which continues in NISSAN 180, was crucial in achieving this performance. It applies engineering solutions to purchasing decisions. By making use of the more than 70,000 suggestions received through the program, costs have been reduced, efficiency has been increased

Reduced Purchasing Costs

(percent) Purchasing cost reduction (baseline FY 1999)

