

Reducing purchasing costs—the largest single cost source—has been a key part of Nissan’s growth. Costs have been cut ahead of schedules, thanks to the Nissan 3-3-3 program, Alliance purchasing synergies, and a new win-win relationship between suppliers and Nissan.

A Win-Win Relationship

Purchasing is the greatest cost source for any automobile maker—but Nissan executives immediately saw that reducing purchasing costs was one of the keys to the company’s revival and growth to long-term, profitable growth. By March 2002, a 20 percent cost reduction had already been met—one year ahead of schedule.



Nissan 3-3-3 activity meeting

Today, as part of NISSAN 180, a commitment for a further 15 percent cost reduction has been made. Fiscal year 2002, the first year of NISSAN 180, has already seen purchasing cost reductions proceeding on schedule.

Nissan 3-3-3 is a major part of the cost reduction, aiming at fully 50 percent of the total reduction. Key to this is the first “3”: suppliers, purchasing and engineering, working together in close teamwork. “The great majority of our suppliers have embraced the NRP and accepted changing the way they work with us, while challenging their own performance,” said Carlos Ghosn. “They gave us the performance we crucially needed. Now suppliers expect more growth for us and more volume for them—and we will provide them with both. We will have at least 28 new products during NISSAN 180, and these are opportunities for the suppliers to expand their business. It truly is a win-win situation.” Nissan 3-3-3 has not only reduced costs, but it has also resulted in increased efficiency and performance, without a reduction in quality.

Major Alliance Contributions

The Renault-Nissan Purchasing Organization (RNPO), the joint purchasing company established as part of the Alliance between the two companies, has also greatly aided in the process of building the highest purchasing competitiveness in quality, cost and delivery while managing supplier relations globally. The RNPO principle of “one voice to suppliers” exceeded cost reduction commitments in fiscal year 2002 and succeeded in expanding the scope of commodities covered, particularly in powertrains. Already accounting for annual purchasing volumes of US\$21 billion—accounting for 43 percent of both companies’ global purchasing—it is anticipated that this figure will eventually grow to 70 percent or higher.

Reduced Purchasing Costs

Purchasing cost reduction (percent)

