

## World-Class Cost Performance

**NISSAN HAS DRAMATICALLY REDUCED ITS PURCHASING COSTS—ITS LARGEST COST AREA—THROUGHOUT NISSAN 180. LEVERAGING THE STRENGTHS OF THE NISSAN 3-3-3 PROGRAM AND THE RENAULT-NISSAN PURCHASING ORGANIZATION (RNPO), COSTS HAVE BEEN REDUCED AHEAD OF SCHEDULE, AND CONTINUE TO BE CUT.**



Nissan 3-3-3 activity meeting

The second year of NISSAN 180 saw the continuation of a trend necessary for Nissan's profitability—the ongoing cuts in purchasing costs.

Purchasing represents the highest source of costs for any automaker, so Nissan saw that improvements would be a key part of returning the company to sustainable, profitable growth. NISSAN 180 has a commitment of a 15-percent reduction in costs, building on the 20 percent reduction already achieved during the Nissan Revival Plan. In 2003, cost cuts continued, moving on schedule toward the NISSAN 180 commitment.

The first tool to realize this cost reduction is the Nissan 3-3-3 program. Three sets of “3s”: a teamwork of supplies, purchasing and engineering; the three

regions of Japan/Asia, the Americas, Europe/Middle East/Africa; and a three-year period. By focusing on these important groupings, Nissan has been able not only to cut costs, but to increase efficiency and realize higher cost performance while actually improving quality. In all, Nissan 3-3-3 has been a win-win situation for both Nissan and its suppliers, both of whom benefit from expanded business volumes.

### Joint Purchasing Moves Ahead

When two major global automobile manufacturers joined in the Renault-Nissan Alliance, they brought together a remarkable level of purchasing power. To leverage this strength, the Renault-Nissan Purchasing Organization (RNPO), a joint purchasing company, was established in 2001. Since its founding, the RNPO has continued to build the highest purchasing competitiveness in quality, cost and delivery, while managing supplier relations on a global basis.

In fiscal year 2003, the share of purchasing for both companies handled by RNPO was boosted dramatically, rising from 43 percent of total global purchasing to fully 70 percent. This represents an increase in total value from US\$21.5 billion in 2002 to some \$33 billion in 2003.

### Reduced Purchasing Costs

Purchasing cost reduction (percent)

