

# APO TOP MANAGEMENT FORUM

**TOYOTA**



**HONDA**  
The Power of Dreams

**March 3, 2008**



**CHRYSLER**



**Tatsuo TANIGAWA**

# Introduction

**TATSUO TANIGAWA**  
Presidente



**Sumitomo Corporation Colombia, S.A.**

Apartado Aereo 94325 Bogota 8 Tels.: 6102655  
Carrera 8A No.99-51 Piso 5 Directo : 2183739  
Edificio World Trade Center, Torre A Faxsimile : 2183539, 2183978  
Santa Fe de Bogota D.C. Colombia  
e-mail: S\_bogza1@reymoreno.net.co



**Tatsuo Tanigawa**

Field Sales Manager  
Ford International Export Sales  
(Asia Pacific Region) Inc.

c/o Toranomom 37 Mori Bldg. 6F  
5-1, Toranomom 3-chome  
Minato-ku, Tokyo 105 JAPAN  
Telephone: (03) 436-0195  
FAX (03) 438-1528/1554  
TLX 242-5055 FOMOJA

**Tatsuo Tanigawa**  
President



**Plaza Motors Corp.**  
(Mazda de P.R.)  
P.O. Box 362722  
San Juan, P.R. 00936-2722  
Telephone: (809) 788-9300  
FAX (809) 788-2522

# The theme of today

**Strategic alliance and capability learning  
in the global automobile industry.**

**The competition in the automobile industry  
exist on the surface  
and  
reverse side (behind-the scenes).**

# Global Reorganization

- Hypothesis of Global Oligopoly
  - “Only 5–6 companies can survive.”
  - “Minimum volume is 4 million units”
  
- Purpose of reorganizaiton
  1. Maintaining scale merit,  
to pursue global market strategy
  2. Brand Strategy
  3. Cooperation for the development of  
technology in the environment & IT

# Minimum Volume for a company

- 11 makers exist in Japan
- Par one platform : 250,000 units is enough
- Stable by 4–5 platforms in one company  
Consequently, a company can survive max.  
2,000,000 units or less

Production capacity(scale) of auto maker  
is the result of pursuing Quality  
not by the purpose of Mass Production

# Strategic alliance (cooperation)

- More than 100 alliance and joint-ventures exist in the world automobile industry (2000)

Strong tie : M&A, major ownership

Gentle tie : J-V, minor ownership, OEM

- Current trend

Alliance in the limited area

Overlapped tie-up network

# The competition in Auto industry

- Surface and reverse side

Surface : Price

Market share

etc



Reverse : *Capability building competition*

Productivity

Lead time for production

Lead time for development

Quality duration etc



# Capability learning and the relationship

- To compete organizational capability of the production & development in-depth
- Global Alliance is to complement the capability building competition

Key for Success :

Learning Cycle

Human Relationship

Long Lasting Relationship



## Motorshow in Hongkong 1987



# FORD-MAZDA

- 1968 J-V JATCO
- 1979 FORD owned 25% of MAZDA stock
- 1993 Strategic Alliance
- 1996 FORD obtained 33.4% of MAZDA stock  
FORD sent CEO to MAZDA
- 1997 Synchronizing the product cycle and  
developing common platform of vehicles

# Operational Capability Teaching

(What FORD learned from MAZDA 1970s–1990s)

1. Product development
  2. Flexible manufacturing method
  3. Knowledge about Asian markets
- Severe requirement on quality  
by Japanese consumer
  - Shorter lead time for the production
  - Knock-Down production & Export Packing
  - Continuation of Business & Human Relationship

# Strategic Capability Teaching

(What MAZDA learned from FORD in 1990s)

1. Strategy for management, product & brand
  2. Marketing
  3. Finance
  4. Human Resource Management
- Restructuring of organization/sales network
  - Participation to Japan import car market by the pricing
  - Marketing/Operation by Objective

# Result

- MAZDA enjoy best result from the operation.
- FORD executives who stayed in MAZDA are promoted in the world operation of FORD in US and EU.



End