Nissan Case Study Analysis

Student Name

Institution Affiliation

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The March 2011 Japanese earthquake left the majority of multinational manufacturing plants in Japan grounded, affecting their production capacity and global supply chains. Specifically, the automobile companies such as Toyota and Nissan were vastly affected by this catastrophe. This disaster significantly shaped the Japanese auto industry companies’ disaster recovery and operations management and emphasized the need for actionable business continuity plan. This essay critically analyzes the Nissan Company operations and supply chain management in the wake of the 2011 Japanese earthquake by drawing arguments from credible literature.

**Generation of Value**

Nissan’s operations management is more focused on regional decentralization of the supply chain, characterized by strong coordination and control. According to Elango (2004), it is critical for the management of an enterprise to revitalize the operations management function after a disaster to ensure continuity of business processes and reduce the marginal effect on the production capacity and distribution network. Based on the presented case study, the company employs the build-to-stock and build-to-order strategies in its operations and maintains a simplified production line. As per the top management, these strategies aid the company in ensuring extreme responsiveness and single point responsibility in production and management. For instance, these operations management approaches are well depicted in the company’s announcement to increase its localized production of automobiles in the United States market from 70% to 90%, as well as reduction of the components export to North Americans market by 50%, though the establishment of subsidiary manufacturing firms.

Profitability in both short-term and long-term is attainable if only an enterprise has a competitive advantage over the rival firms, in production, distribution and sales dimensions. For companies that operate at a global scope, the supply chain should be structured in a manner that enhances the value of the company products, thereby increasing its competitiveness over the rival firms. This is well depicted in the Nissan Company, which utilizes a localized production strategy as encompassed in the decentralized supply chain structure. Such an aspect gives the firm flexibility in embracing sociocultural diversity and enhancing the cultural dimension in selling its products in different markets across the globe. As per the case study, the Nissan’s corporate officers are claimed to have immense overseas operations as compared to any other Japanese firm.

Nissan is a manufacturing company and, therefore, more oriented in products than services. Nevertheless, along with automobile production through localized subsidiaries and affiliated start-up component manufacturers across the globe, the company is customer focused and exercises great care in the manufacturing of its automobiles and components. According to Toma and Marinescu (2013), the company offers excellent customer services before, during and after sales services. From product manufacturing to the final delivery to the customers, the firm employs diverse and strategic management capabilities to ensure the provision of invaluable support to all the customers. Therefore, the company manufacturing and service operations are oriented to creating value for the customers at every stage of the supply chain, and ensuring the customers are given value for their money.

**Theories and Techniques**

Develop by Morgan Walker in 1950s; the critical path method (CPM) is useful in analyzing projects or production network logic (Elango, 2004). In essence, some activities are crucial to project completion or manufacturing process. Unlike CPM that is focused on the critical activities that would otherwise slow and interfere with project completion if not performed in a timely manner, the program evaluation and review technique (PERT) is a management planning and control technique that entails the identification and subsequent graphical representation of the major project activities as well as their associated interdependencies, especially in large scale production. In the Nissan context, PERT would be highly applicable to the company's manufacturing and distribution activities that require control, planning and integration of work efforts such as in projects involving several regional and in international subsidiary companies. The CPM would be highly preferable in individual activities of the company subsidiaries, as well as large-scale projects involving several outlets.

On a different point of view, it is crucial for business enterprises to develop and maintain a reliable forecasting system. A forecasting system promotes sustainability of a supply chain. The main steps enlisted in the furcating process include problem definition, information gathering, preliminary analysis, selection of the best-fitting model, and implementation and evaluation of the chosen forecasting model (Murray, 2009). In the Nissan context, forecasting can aid the company in mitigating risks and uncertainties as experienced in 2011, by ensuring the management has recovery strategies entailing future profitability and response to economic upheavals. Implementation of the forecasting model for the top selling product line would enable Nissan management to adjust the production capacity, based on the projected demand and take advantage of any speculated market opportunities.

Lastly, supply chain risks are very diverse and highly depend on the industry and operational scope of an organization. Nevertheless, demand, performance, implementation, market and strategies associated risks remain the most definite and predominant risks in supply chains (Gupta, 2014). These risks can be mitigated through application of appropriate demand forecasting and analysis strategies, continuous monitoring of both internal and external business environment, ensuring lead time and performance visibility, conducting market research and analysis of prevailing and anticipated trend and finally, and choosing a reliable supply chain management strategy (Gupta, 2014). To mitigate the risks of natural disasters as experienced in Japan 2011, Nissan should take a strategic approach encompassing examination of the existing supply chain and its vulnerability to natural disasters and implement structural and non-structural risk mitigation mechanisms in current and future business operations.

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