



WILLIAM J. KRUEGER

Title Vice Chairman

Organization Nissan Americas

Website nissanusa.com/about/corporate-info/

Other Krueger is responsible for daily operations of Nissan Americas' business in the United States, Canada, Mexico, Brazil, and 37 other Latin American and Caribbean countries. He oversees all manufacturing and supply chain management for Nissan's three plants in the United States and its two plants in Mexico. Before joining Nissan, Krueger held management positions at Toyota, General Motors, and Harley Davidson. Krueger is also a member of the board of directors of the Atlanta Fed's Nashville Branch.

“You Need to Have a Much More Agile Mind”

An Interview with William Krueger of Nissan Americas

Nissan was a pioneer among foreign-based automotive manufacturers that have built assembly plants in the southeastern United States. The Japanese automaker became the region's first “transplant” with the 1983 opening of its Smyrna, Tenn., factory. It originally made Datsun pickup trucks. Today, it produces six Nissan models. Nissan subsequently opened an engine plant in Decherd, Tenn., in 1997 and another vehicle assembly plant in Canton, Miss., in 2003. *EconSouth* spoke with William J. Krueger, vice chairman of Nissan Americas, about the evolution of vehicle building and what that means for the workers who build them.

EconSouth: *Nissan's move into the South has apparently worked out okay. How does the company feel about that original decision to come to the region, and how did Nissan decide to come to the southeastern United States?*

William Krueger: It's worked wonderfully well. As I understand it, the initial decision was based on the fact that we were very centrally located to where the customer base was. This goes back to a time when Lamar Alexander was governor of Tennessee. He had a satellite photo of the United States at night. He took it to Japan and showed it to all the automakers. It essentially showed where civilization was; the clusters of lights were major population centers. Smyrna, Tenn., was accessible to the bright lights of the Northeast, the

Midwest, the Midsouth, the Southeast, the mid-Atlantic. It was an almost optimal spot to access a huge, huge buying population. So for inbound and outbound logistics, it was a great geographic position.

ES: *Has automobile manufacturing changed much in just the last few years?*

Krueger: There's been a sea change from, let's say 20 years ago, when entire vehicles were manufactured piece by piece by the automakers. Since then, the structure and construction of vehicles have turned more modular. That means we've divided the final assembly work and shifted more of the design and expertise of certain components to our supply base. So the automakers became more integrators of products from multiple key suppliers that supplied seats or interior packages like the instrument panel that already had the radio installed, the air bags, and a lot of that stuff.

The competition became not between OEMs [original equipment manufacturers, or the major automakers] as much as between big suppliers. Many suppliers shifted their labor outside of the United States. First it went from the [American] North to the [American] South, then out of the country. For Nissan I think we're seeing that shifting back to putting [the supplier base] in-house or near our site because the transportation costs and the need to be much more responsive to the marketplace have driven us to that next evolution.

ES: *What does this mean for your workforce? How has their work changed?*

Krueger: The integration of parts, of modules, requires that our skilled workforce be much higher skilled. Specifically, our maintenance organization has shrunk,

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but expectations of their capabilities have grown pretty much the way technology has grown. Cars used to be bolts and pulleys; now they're electronics.

ES: *More specifically, how does that evolution change the demands on factory workers?*

Krueger: There's a greater mental burden. In our Smyrna plant, we're making the two-door and four-door Altima. We're producing the Maxima, Pathfinder, Xterra, and the Frontier for export and domestic markets. Technicians need to have the capability to understand multiple different products

going to multiple different countries, which adds to the complexity of building them. You're not screwing the same bolt 10,000 times a shift. There are different option configurations for different vehicles. So you need to have a much more agile mind.

ES: *Can you give me a quick example of how a Maxima going to, say, the Middle East would be different from one sold in this country or South America?*

Krueger: There are different engines with different requirements for durability and different safety features. What's standard in one country is an option in another. In the Middle East, for example, people often drive 100, 110, or 120 mph for six hours. They use the entire fuel tank, then slow down and stop. In South America, the terrain is much more severe than in the United States—elevation changes and road conditions are different from America. That calls for different suspension packages. And different countries and regions have different emission control expectations.

The flexibility of our workforce and the capability of our workforce really allowed us to weather the 2008 financial crisis with zero layoffs. We got through it by reallocating and shifting our model mix and volume, and absorbing different levels of work into our workforce.

ES: *How did the flexibility allow you to avoid layoffs?*

Krueger: It has a lot to do with mutual trust and mutual respect that the leadership and workforce have for each other. We are focused on training people to understand and comprehend what we're doing. We engage workers in [planning and carrying out] line-speed changes, model mix rebalancing, and new model introductions. It's not a management-dictated type of system. It's very much full teamwork. So skill sets we look for in recruiting are flexibility, communications skills, and a team concept. ■

This interview was conducted by Charles Davidson, a staff writer for EconSouth.

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