

# 28<sup>th</sup>

# AUTOMOTIVE INDUSTRY MEETING

TWO WORLDS - TWO SPEEDS?

Barcelona, November 6-7, 2013

ACADEMIC SUMMARY



28<sup>th</sup>

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SUPPORTING COMPANIES:

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## INTRODUCTION

On November 6-7, 2013 we celebrated the 28th edition of IESE AUTO in Barcelona, coorganized with KPMG under the leadership of Mr. Francisco Roger, Partner, Country Coordinator Automotive Industry, KPMG Spain. In doing so, we continued the tradition established in 1986 by Prof. Pedro Nueno and Mr. Joan Llorens, the former President of SEAT.

The automotive industry continues to be a motor of innovation and job creation, and a sensor of the state of the economy in all countries where it has a significant presence, including Spain.

A year ago, at the conclusion of IESE AUTO 2012, we ventured to say that in 2013 the outlook for the Spanish economy – and its automotive industry - would change towards the better. This has become a reality: economic data released by the Spanish government in November and December 2013 support this claim and, at the regional level, the Catalan economy is reaching record levels of exports. But Spain's automotive market continues to suffer from backed-up demand and the average age of the cars on the road continues to rise. As soon as the Spanish economy generates new, stable jobs on a continuous basis again, this backed-up demand will generate a jump in car sales. But not only that: an increase in new car sales will have a positive effect on the health of passengers, as cars seven years or older pose twice the risk of a fatal accident as new ones; and it will also have a positive effect on the environment, as new cars have a smaller CO2 footprint.

During IESE AUTO 2013, the CEOs and general managers of the leading Spanish car manufacturers underlined their investments in Spain and on the Iberian Peninsula, their increased exports, their ded-

ication to talent development as a sound basis for future growth, and the new models that are being assigned to their factories as a result of the increase in productivity that has taken place in the last few years. These new models are the result of the focus on lean processes and reducing working capital while being sensitive to new market trends that emerged during the economic crisis in Spain. Like most car manufacturers, large suppliers see emerging economies, most of all China, as the driver behind some of the impressive financial results seen in 2013 (e.g., Audi, BMW and Mercedes). This trend will continue, resulting in the ongoing globalization of platforms and the trend of outsourcing content from OEMs to suppliers. On the other side of the value chain, car dealerships in Spain are still suffering from a sales drop of almost 60% since their peak in 2007. Credit access restrictions for SMEs add to this challenge and a complete rethinking of this business might be called for, as the future role of the dealer might be very different from today. Along every step of the value chain, a customer-centric approach based on extensive data collection and analysis holds promise while platform strategies, globalization, regulations and several other factors continue to increase the complexity of dealers' business.

On the technological side, the electrification of the powertrain continues to generate a lot of discussion. While some brands of electric vehicles (EVs) might generate impressive sales numbers in well-to-do Silicon Valley and benefit from subsidies in the United States, Norway and other countries, the task of selling electric vehicles to the masses continues to be a challenge. At the same time the emergence of new forms of mobility solutions, ranging from car sharing to on-the-go parking and other value-added services, illustrates that the automotive sector continues to be the largest investor in R&D while it maintains its tradition of business-model innovation.

All new mobility solutions and business models require connectivity to achieve their full potential. As the car is one of the few remaining “white spots” of connectivity, one can expect to see a battle between the automotive industry and the communication and information technologies industries for control of connectivity platforms and their significant network effects.

The discussions during IESE AUTO 2013 also showed that the industry is very supportive of all initiatives that foster Spain’s competitiveness, such as the Mediterranean Corridor railway line and joint educational programs like those found in Germany. Like other countries, Spain gives the automotive industry a pivotal role in the government’s efforts to reindustrialize the country after the collapse of the construction industry in the wake of the global financial crisis. A somewhat more dynamic approach can be seen in China, where the communist government understands that the automotive industry is of national importance (for the future of the country!), and that the introduction of electric vehicles is a key way of reducing emissions and the country’s reliance on oil, while it leverages its ample reserves of rare earths. Chinese private automakers such as Geely (the owner of Volvo) and BYD (a manufacturer of EVs and a cooperation-partner of Mercedes) are developing faster than state-owned companies, due to their flexibility and the more aggressive strategies they can implement.

More than ever, the automotive industry continues to be a global powerhouse of product, process and business-model innovation. The electrification of the powertrain, connectivity, new mobility models and the increasing weight of China make for an interesting but highly unstable mixture, which, at this stage, makes the automotive industry one of the most interesting and, in my opinion, the most interesting industry to watch and work in.

I would like to thank all the speakers for their valuable contributions and Mr. Francisco Roger, Partner, Country Coordinator Automotive Industry, KPMG Spain, for the continued and excellent cooperation that allowed us to make IESE AUTO 2013 a success.

I look forward to seeing you at IESE AUTO 2014!

**Prof. Marc Sachon**

Chairman, IESE AUTO  
January 2014





## SESSIONS OF NOVEMBER 6, 2013

### OPENING SESSION, IESE AUTO 2013

Prof. Marc Sachon, a professor in IESE's Operations, Technology and Production Department and the Chairman of IESE AUTO, welcomed Mr. Felip Puig, the Minister of Enterprise and Employment in the Regional Government of Catalonia, Mr. Francisco Roger, the coorganizer of IESE AUTO and a Partner at KPMG Spain, and the members of the audience.

Mr. Francisco Roger, a Partner, Country Coordinator Automotive Industry, KPMG Spain and coorganizer of IESE AUTO, welcomed all the members of the audience to the event on behalf of KPMG and IESE. He pointed out that the event at IESE brings together the key decision makers in the Spanish automotive industry and emphasized that the recovery of the Spanish economy and its automotive industry seems to be on its way.

**Mr. Felip Puig**, Minister of Enterprise and Employment, Regional Government of Catalonia, Spain

Minister Felip Puig opened IESE AUTO 2013 with a brief overview of the status quo of the general economic situation and the automotive industry in Catalonia.

The current and recent condition of Spain's economy forced the national automotive industry with all its players to reshape and adapt their standing to the new status quo. The consequences of the economic recession have affected both families and enterprises, but turnaround signs are now starting to appear in the economy in general.

Different macroeconomic statistics have recently started to deliver positive news; Catalonia is reaching



Mr. Felip Puig, Minister of Enterprise and Employment, Regional Government of Catalonia, Spain



Mr. Francisco Roger, Partner, Country Coordinator Automotive Industry, KPMG Spain and coorganizer of IESE AUTO

record levels in exports and tourism; logistics are being improved with ongoing development of the Mediterranean Corridor, which will foster local enterprises and international ports' activities in general. In Catalonia, the goal of ensuring that industrial activity accounts for 20% of GDP has now been achieved, which verifies the industrial mark that the people of Catalonia have stamped on their culture.

Mr. Puig claimed that in Catalonia the auto industry fosters economic activity through several key companies such as SEAT, Nissan, the RACC Automotive Club and the Formula One Grand Prix Circuit in Montmeló.

Mr. Puig finished his talk by highlighting the pivotal role of the Catalan automotive industry and emphasizing ongoing governmental support through investments in logistics as well as educational programs that promote and develop the industry.

## THE SPANISH ECONOMY: A NEW STAGE

**Prof. Antonio Argandoña**, IESE Business School

Prof. Argandoña stressed that the global economy is in good shape. Nevertheless, those that see improvements in their macroeconomic statistics, such as some European Union countries, Japan, the United States and some others, still need to continue supporting economic and environmental policies in order to maintain the positive trend seen lately in their markets.

The United States' economy currently shows signs of recovery, but there are some issues that need to be addressed, such as a more focused fiscal policy and strengthened job creation.

Regarding the Eurozone, Prof. Argandoña perceived an increased political willingness to improve and

solve fundamental issues. This, however, will come at a cost to E.U. countries that are in economic trouble, such as Italy and Spain, because it will expose them to higher interest rates to finance the private and public sectors.

Developing countries are also facing growth problems. China's weakened growth has disruptive effects on the global economy and especially on its neighbors, where the effects of the downturn are considerably more devastating because of these countries' close ties with the Chinese economy.

Spain's economic outlook is promising in the near future thanks in great part to the recent reforms made by the Spanish public sector and also to the huge ongoing effort made by Spanish society in general. Such measures make it possible to envision a moderate increase of 1% in Spain's GDP in upcoming years. This increase would be the result of the anticipated increase in the amount of exports from Spanish enterprises. However, Spanish companies are also expected to increase their spending on new equipment in 2014. As a counterpart, debt will still be a major burden in the Spanish private sector and in society in general. Credit restrictions are and will be present in the economy, since the cost of access is still prohibitive for families and SMEs. Government public debt is partly responsible and is still seen as a safeguard by investors. In order to redirect the availability of credit to families and SMEs, Prof. Argandoña suggested that the government should reduce its current account deficit, which would result in a drop in its needs for credit to finance its operations.

During the Q&A session, Prof. Argandoña was asked about the possibility of creating employment with such moderate growth of 1%. He replied by saying that the Spanish job market has a solution to its high level of unemployment, even with such a moderate

growth level, but to find a solution, it is vital to reach a consensus between all social stakeholders. He also pointed out that Spanish society in general should keep demanding more hard work from the government in the form of solutions to the current structural problems in order to do away with the passive attitude of certain politicians, who only seem to take action when election time rolls around.

Prof. Argandoña concluded by stating that austerity is a positive measure and that the government should continue applying it. In his view, there will also be a moderate average increase of around 1% in Spanish GDP over the next ten years.

### AUTOMOTIVE MANUFACTURERS IN SPAIN (I)

(Moderator: **Mr. Francisco Roger**, Partner, Country Coordinator Automotive Industry, KPMG Spain)

**Mr. Antonio Cobo**, General Manager, General Motors Spain

The automotive sector is increasing its influence and importance among the different industries that make up the Spanish industrial sector. For this reason, it should be a priority on the Spanish agenda.

The Spanish automotive industry is considered to be the second-largest producer (in units) in Europe and the 11th worldwide thanks to its 17 assembly plants distributed around the country. The auto industry generates about 16% of the total value of Spanish exports and generates a total of 8,500 registered patents annually.

General Motors and Opel have invested €4.5 billion in the last 10 years in their Zaragoza plant. Mr. Cobo said that the Spanish automotive industry enjoys a highly competitive position because of



Mr. Antonio Cobo, General Manager, General Motors Spain



Prof. Antonio Argandoña, IESE Business School

its production quality, productivity and competitive costs. Such characteristics are vital to allow the country to maintain its competitive advantage against the current overcapacity production level affecting the European continent.

An important part of General Motors Spain's competitiveness level was achieved recently with the signing of the latest trade union agreement, which has led to greater flexibility and the allocation of several new production models such as the SUV Opel Mokka and segment B models that share platforms with Opel and the PSA-Citroen Group.

Mr. Cobo ended his presentation by explaining General Motors' recipe for success: a clear and decisive willingness to achieve a greater competitive position in local, regional and worldwide standard levels; proceeding without preconceived notions; bearing in mind the current legal framework; and working jointly with trade unions and the company's institutional support. To conclude, he said that the talent and involvement of the human factor at General Motors plays a key role in the competitive level achieved by the company.

**Mr. José Manuel Machado**, Chairman and CEO, Ford Spain

Ford set up its factory in Spain in 1976 with the aim of exporting two thirds of its production. More recently, in 2008, Ford reached a major trade union agreement that set the basis for the 2010 investment announcement of €1.1 billion. Four different models are being assembled at Ford's Al-mussafes factory, among them the Transit Connect, which will be the first model exported to the United States in large volumes from a Spanish automotive factory.

The economic crisis has made it necessary to have a sound, well-established industrial sector as a backbone. In the region of Valencia, exports have increased by 20% overall. Ford's numbers are even better: they show a 40% leap in exports in the same period.

To maintain this growth, Mr. Machado urged all the stakeholders in the automotive industry to keep working hard and to concentrate ideas and initiatives through ANFAC in order to take a broader approach and achieve better results.

In the Q&A session, Mr. Machado mentioned that the 2012 ANFAC goal of three million units was intended to have a positive effect in the media and within the auto industry in Spain. The plan resulted in a broader national approach reflected by all the public ministries, which published aid plans and promoted initiatives to boost the automotive sector, such as the Ministry of Industry's renovated PIVE 4 Plan and the Ministry of Agriculture and Environment's new PIMA AIRE Plan.

Mr. Cobo pointed out that current and future investment plans in the automotive industry have become very rational and undergo thorough analysis before being executed in the countries that have been gaining competitiveness. Spain is one of these competitive countries within Europe and GM has therefore seen an opportunity to keep assigning new models to be assembled at the GM Zaragoza plant.

Mr. Machado and Mr. Cobo were both asked about the threat that car-sharing services can represent to automobile sales. Mr. Machado foresees limits in sharing schemes, but also sees plenty of potential sales in local markets such as Spain, once the economic situation improves. Mr. Cobo said that car-sharing schemes are one of the pillars of GM's global strategy. He has personally seen the poten-



tial of such services at the Zaragoza plant with the shared fleet used by different GM workers.

Lastly, the speakers were asked about logistics and continuous training for personnel in Spain. Both argued that infrastructure such as the Mediterranean railway corridor and joint educational programs between industry, the public sector and universities are key to keep increasing Spain's competitiveness level.

## THE FUTURE OF THE AUTOMOTIVE INDUSTRY

(Moderator: **Prof. Marc Sachon**, IESE Business School)

**Mr. Carl-Peter Forster**, Board Member Volvo Cars, Geely and IMI Plc

The automotive industry is facing an overcapacity issue in some developed markets such as Europe. However, overcapacity itself is not the main challenge for the industry in Mr. Forster's view. For him, the entry-ticket level to gain a place in this challenging sector is to be able to run a sound production strategy at worldwide level. Hence, with that in mind, it is of prime importance for auto brands to price their products correctly and avoid rebates and discounts in order to gain market share.

European brands should bear in mind that, in order to be price competitive against foreign car manufacturers that produce their vehicles in highly cost-competitive countries such as South Korea, Europeans have to leverage their acquired knowledge and new technological developments in foreign and local markets to generate profits by selling these advances as an exclusive feature of European brands. The case of China and VW is an example of German technology being used to generate sales in the booming Chinese market.



Mr. José Manuel Machado, Chairman and CEO, Ford Spain



Mr. Carl-Peter Forster, Board Member Volvo Cars, Geely and IMI Plc



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Regarding the electrification process that is becoming more important in newly developed vehicles, Mr. Forster anticipated that the trend will continue in the short and medium term. In the mid-segment, plug-in hybrids (PHEV) will gain importance as emissions regulations tighten over time. It may also be possible to see the implementation of regulations enforcing the use of the PHEV electric powertrain within city centers and the use of internal combustion engines in those same vehicles outside city centers. Mass production of pure EVs in the short and medium term will be hard to accomplish because of the current high cost of batteries.

Tesla's EV technology has been successful only in some countries with a high income level. However, Tesla's approach is still a far-off solution for EVs' current mass market needs. Tesla's sales model approach could become a prospective solution given the current decline in the business model of physical dealers: customers start by searching for information on the Internet and, when they have made a decision, they approach any of Tesla's showrooms to finalize their purchase or buy the car directly on Tesla's website. In the end, in Mr. Forster's view, what customers want from dealers is to fulfill the need of getting a good deal at the end of their purchase process. BMW is also experimenting with a new approach through its recently established "i" brand.

During the Q&A session, Mr. Forster insisted that it was important for brands to establish a more direct communication bond with their customers in order to get to know them better and thus be able to react rapidly to new trends. Tesla is an example of a new customer service approach.

When questioned about the Chinese market and how brands can protect their intellectual property, Mr. Forster said that automotive technology is hard to imitate,

so brands should keep investing in R&D to maintain their competitive advantage and strengthen their brand image. Chinese companies are trying hard to reach the quality levels and brand image power of their European and American counterparts. For this reason, the current approach of Chinese brands involves acquiring foreign brands. Geely's purchase of Volvo is a recent example.

## MOBILITY AND CONNECTIVITY IN THE 21ST CENTURY

(Moderator: **Prof. Marc Sachon**, IESE Business School)

**Mr. Christian Steiner**, Head of Corporate Mobility Services, BMW Group

Mr. Steiner explained the current BMW strategy, which focuses on current global tendencies such as the always-connected society and the global urbanization trend. BMW's Number One Strategy was created in 2007 by the BMW Group in order to establish new growing business opportunities, as reflected its new generation of premium vehicles and mobility services under the BMW "i" badge.

Services such as car sharing (for private customers and enterprises); on-the-go parking reservation, localization and reservation of PHEV/EV charging services; and a new car-rental service are examples of the new strategy being implemented by the BMW Group. As Mr. Steiner explained, this strategy is the company's response to adapt to society's new mobility demands caused by current global megatrends.

During the Q&A session, Mr. Steiner pointed out that his company's car-sharing service is not affecting BMW car sales. In fact, it is attracting new consumer pools that were not able to drive a BMW before. Because such service has a lower total cost of ownership, a wider mass

of potential clients can afford to drive a BMW. Regarding all the new services developed under the "i" badge, Mr. Steiner said that they are currently in the process of being interconnected to achieve 98% interoperability.

**Dr. Dirk Schlesinger**, Global Lead Manufacturing Industries, Cisco Internet Business Solutions Group

For Dr. Schlesinger, the new business models for always-connected vehicles will be software-centric, not hardware-centric. These new business models in the automotive sector can currently be seen in the growing mobile application developments in cars and portable gadgets, the popularization of mobile Wi-Fi hotspots and the capability of ECU flashing. In the medium term, they will evolve into car-to-car and car-to-roadside communication and later into cars being used as sensors. In the long term, the focus could come from self-driving cars, vehicular mesh networks and modular cars.

In addition to all this foresight about developments, open software solutions will also play a key role in making all future connectivity services available and compatible. The compatibility of apps with online services will be a challenge for automotive manufacturers and companies that specialize in bringing on-going connect-

ed services to future customers. To reduce such compatibility issues, it is critical to develop an open, broad and independent enabling platform that will enhance adaptability to oncoming services for future connected vehicles.

Dr. Schlesinger concluded by saying that car connectivity is happening now and is reflected in the software-centric business models that software and automotive companies are pursuing in different forms. If automotive companies want to leverage these constant technological advances, it is imperative to shorten development times (which usually last around 3 to 5 years) in order to match them as much as possible to the faster development times of tech companies (which are presently between 12 to 18 months).

In the Q&A session, Dr. Schlesinger mentioned that there is currently enough bandwidth infrastructure to handle all the information being generated by mobile devices, but it could still become a challenge when more services are developed and deployed. In his view, the technology exists, but has to become more affordable. When asked whether hacking could become a safety threat to drivers, Dr. Schlesinger said that with all the new cars becoming a sort of computer, there will be 1,000,000 new computers in the OEM's mainframe.



Dr. Dirk Schlesinger, Global Lead Manufacturing Industries, Cisco Internet Business Solutions Group



Mr. Christian Steiner, Head of Corporate Mobility Services, BMW Group

There will thus be considerable need for security and it will become a challenge for auto manufacturers and service providers to maintain it over time.

### SERVICES: A KEY LINK IN THE VALUE CHAIN

(Moderator: **Prof. Pedro Nueno**, IESE Business School)

**Mr. Vicenç Aguilera**, President, Automotive Industry Cluster of Catalonia

There are currently around 380 automotive-related companies in Catalonia that generate 38,000 direct jobs. In 2012, Catalonia-based automobile manufacturers produced more than 500,000 units, which represented more than 25% of total Spanish automobile production.

Mr. Aguilera provided details on the well-developed automotive sector in Catalonia. It is made up of strong, global automotive engineering companies, automobile and parts manufacturers, and many complementary service companies that have been generating increasing interest in automotive sports.

The Automotive Industry Cluster of Catalonia, currently comprising 50 companies, was created with a series of goals in mind:

- To reindustrialize Catalonia
- To generate cooperation between the established automotive industries
- To promote partnerships in Catalonia to foster knowledge transfer

To achieve these goals, the Cluster will promote more and better continuous personnel training throughout the sector, increase the sector's competitiveness and encourage product innovation.

During the Q&A session, Mr. Aguilera pointed out that, with a strong euro, tier 3 suppliers are experiencing greater difficulty in the current economic situation compared to tier 2 and tier 1 suppliers, which have more economic power. In response to another question, Mr. Aguilera mentioned that higher productivity and a highly technological automotive industry should attract fresh investment to the Catalan automotive industry. The Cluster is also enhancing networking in order to allow local SMEs to set up in foreign markets such as Mexico and China. It works nonstop to promote the Catalan industry abroad with the aim of attracting new investments in order to modernize and expand the Catalan automotive industry's production capability.



Mr. Vicenç Aguilera, President, Automotive Industry Cluster of Catalonia

Mr. Ricardo Molina, General Manager, Acciona Services



**Mr. Ricardo Molina**, General Manager, Acciona Services

The Acciona company is mainly focused on the energy industry and has expert abilities in logistics and energy efficiency. By leveraging such knowledge, Acciona has implemented several projects with different automotive companies such as the Nissan plant in El Prat de Llobregat in Barcelona Province.

In Mr. Molina's view, car-connection services should not be a matter of a lack of hardware technology because such technology is already available. Instead, it should be a matter of making content and data available to users in their ongoing daily activities.

## RESULTS OF THE 2013 IESE AUTO SURVEY

**Prof. Marc Sachon**, IESE Business School

In the face of continuing urbanization and the range limitation of electric vehicles, metropolitan areas are of increasing interest to the automotive industry. The 2013 IESE AUTO Survey was therefore conducted in the metropolitan area of Barcelona and generated a data set of 1,107 interviews (more details are available upon request).

One of the topics of the 2013 IESE AUTO Survey was assessing the general perception of the PIVE II Plan, an initiative implemented by the Spanish government to reduce CO2 emissions by lowering the average age of the Spanish passenger vehicle pool. Asked about their car purchasing habits, 68% of the interviewees responded that the PIVE Plan had no or little influence on their decision to buy a new car. They did, however, believe that the plan made sense as a stimulant to increase car sales.

In the second part of the survey, participants provided data on the age of the car park in Spain. Some 21% of participants answered that they had owned their car for 10 years or more (in the 2012 IESE AUTO Survey, the respective number was 16%). Some 79% of respondents said they drove cars that had been in their possession for 10 years or less, with the average time being 4.3 years (up from 4.1 years in the 2012 survey). Some 78% of respondents stated that they had a relative or friend who drove a car with an expired ITV permit. These and other responses indicated that in November 2013 there was a significant backed-up demand for cars in the Spanish market. Not surprisingly, 59% of respondents agreed that they would consider buying a new car in the case of an economic upturn.



Prof. Marc Sachon, IESE Business School



Mr. Francisco José Riberas, Chairman and CEO, Gestamp



The 2013 IESE AUTO Survey also measured several parameters related to the sustainability of EVs. The absolute majority of respondents (more than 50%) agreed with the statement that electric vehicles are a better choice for mobility in the city and more than 50% of respondents were concerned about recycling the batteries of EVs.

Asked about where the most environmentally friendly car would come from in 2020, some 42% of respondents voted for Japan, 28% for Europe, 12% for China, 8% for South Korea, 6% for the United States and 4% for another country. In the 2010 IESE AUTO Survey, Japan had had a greater lead with 61%, followed by 18% for European brands.

In closing, Prof. Sachon stressed Google's strategy of turning Google Maps into a key enabling technology, which would allow the company to hold the keys to a mobile ecosystem of services around it, excluding established OEMs of today.

## WHAT WILL THE SUPPLIER OF THE FUTURE LOOK LIKE?

(Moderator: **Prof. Marc Sachon**, IESE Business School)

**Mr. Francisco José Riberas**, Chairman and CEO, Gestamp

In Mr. Riberas' view, future economic growth will remain in the so-called emerging economies, i.e., the countries that are now showing positive growth. With that in mind, big automotive suppliers should foresee and understand the future needs of their customers in order to react properly and anticipate future market trends. Gestamp's future involves providing added-value in the form of new, revolutionary solutions for their customers in order to avoid becoming a commodity.

In recent years, Gestamp has maintained a positive growth tendency generated by widening its international operations and targeting emerging economies. As a global supplier and a leader in chassis, body work, automotive mechanisms and rooftops, its current challenge is to develop a sound strategy in order to enter the Asian market. Today Gestamp has 96 production plants in 19 countries with 12 research and development centers with more than 1,000 specialized engineers. The company has become a leader in developing and implementing hot-stamping processes for the automotive industry.

Mr. Riberas identified five global megatrends faced by the automotive supplier sector:

1. Global production at two speeds
2. Increased outsourced content from OEMs
3. Platform globalization
4. Technology and regulatory trends
5. Accessing financial markets for new and better funding

When comparing global light vehicle production in 2007 with anticipated production for 2019, emerging markets (which include not only the famous BRICS, but also Middle Eastern countries such as Iran, Saudi Arabia, Turkey and others) are expected to show 175% growth, whereas 1% growth is expected in developed markets. As a strategic move, Gestamp is reducing its European turnover dependency and focusing on Asia, where the company is establishing new manufacturing sites. In 2013, four new plants started operations in China and a strategic alliance was established with the Japanese company Mitsui to increase Gestamp's presence in more potential Asian markets.

Another ongoing trend is platform globalization. As an example, Mr. Riberas mentioned that the company expects the VW group to have around 10 shared plat-



Prof. Pedro Nuño, IESE Business School

forms for 81 different vehicle models around the world by 2019. To face such challenges, vehicle manufacturers will need to have strong, globalized suppliers.

During the Q&A session, Mr. Riberas said that, as a global enterprise, Gestamp faces the hard challenge of maintaining a sound culture with its plants and R&D centers around the world. Different nationalities imply different ways of tackling realities. To counteract such issues, Gestamp decided to upgrade personnel development by assigning responsibilities and then performing assessment on that basis. It also struck a balance between management centralization and decentralization.

## **AUTO 2020: MORE OF THE SAME**

**Prof. Pedro Nuño**, IESE Business School

According to Prof. Nuño, Catalonia has the automobile in its DNA. The first car factory in Catalonia was established in 1896 in Barcelona to manufacture electric vehicles. Nowadays, the automotive sector is

firmly established in Catalan culture and produces a varied amount of positive impact.

The car industry is facing major challenges like the economic crisis and, on a different level, the restrictions proposed by local governments to reduce the amount of car traffic in city centers, a measure that indirectly impacts car sales, but all at once governments are promoting initiatives to boost the economic activity of the automotive industry established within their territory.

Vehicle manufacturers are facing new trends such as the use of new, advanced materials, the digitalization of society, the evolution of combustion engines, and constant and mobile connectivity.

Some other megatrends highlighted by Prof. Nuño were the ongoing globalization of the economy, the different speeds at which countries' economies evolve and, last but not least, the convergence of production costs between the different world economies. Online business will keep evolving and gaining ground among customers, but Prof. Nuño still believes that customers want to receive the personal attention that only a physical store can deliver.

## ENTREPRENEURSHIP IN THE AUTOMOTIVE BUSINESS

(Moderator: **Prof. Pedro Nueno**, IESE Business School)

**Mr. Freeman H. Shen**, Board Member and Group Vice President, Geely Holding Group

Geely is a young Chinese company that has 25 years of history and during this short time it has gained tremendous momentum, totaling sales of around 30 billion US dollars for the ongoing year. Geely's entrepreneurial path started back in 2009 when the company considered the opportunity of buying the Swedish car manufacturer Volvo from Ford Motor Company with the idea of leveraging Volvo's technology to increase the quality and excellence of Geely products and also as means of boosting brand awareness outside the Chinese market.

The negotiation process took about four years and faced several challenges such as the need to get the best cost-effective and sound financing source in order to secure the buying process. Mr. Shen emphasized that it was not a lack of availability of credit, but the need to search for the best funding option. Another challenge that Geely confronted was a matter of doubt in the automotive sector regarding Geely's ability to run a multinational company like Volvo when Geely was only present on the Chinese market. For Mr. Shen, Volvo's acquisition process was a successful operation that demonstrated Geely's management capabilities reflected in the never-ending operations at Volvo's factories during the entire negotiation process. Currently, both companies are being run independently and are being provided with the financial resources they need to continue their sound operations.

After Geely took control of Volvo operations, Mr. Shen pointed out that they found a lack of entrepreneur-

ship and motivation among the Volvo personnel. It was an old, overly bureaucratic company in which final decisions were not made at Volvo's Gothenburg headquarters, but at Ford's main office in Dearborn, Michigan. Geely started reconverting Volvo's culture by making the bonus-for-everyone policy available immediately. Instant results came in the form of an overall positive reaction from the Volvo employees.

In Mr. Shen's view, China was going to be the turnaround strategy for Volvo, supported by Geely's extensive knowledge of the Chinese market. Again, results were almost immediate: last year China became Volvo's biggest market, as well as the source of new funding to continue R&D at Volvo's research centers.

During the Q&A session, Mr. Shen highlighted that the main reason to develop EV technology within China is the national security grade given to the automotive sector by the Chinese government, as it is the next environmental concern. To develop EV technology, Geely recently acquired a small EV manufacturer with the idea of leveraging its technology to create a low-cost car while Volvo focuses on developing high-end solutions. When Mr. Shen was asked when he thought a Chinese auto manufacturer would start selling its products in Europe, he replied that today Chinese companies need to acquire more knowledge in order to reach European and American quality and safety standards. Innovation is key, which is why Geely sees Volvo as a secure investment that will contribute the technical qualities that Geely currently lacks. Finally, Mr. Shen said that Geely and some other Chinese companies support the withdrawal of the current 50-50 ownership policy for Chinese joint ventures. They understand that free market competition between manufacturers will boost innovation and competitiveness, and generate many positive impacts on the Chinese market.

## SESSIONS OF NOVEMBER 7, 2013

### THE PERSPECTIVE OF ANFAC

(Moderator: **Prof. Marc Sachon**, IESE Business School)

**Mr. Rafael Prieto**, President, ANFAC (Spanish Association of Car and Truck Manufacturers) and executive Vice President and CEO of Peugeot for Spain and Portugal

The economic crisis has had and will continue to have a major impact on the Spanish automotive sector. The internal market plummeted and with it the national distribution network, which is still going through an overhaul process because of the drop in internal and external demand. This lower demand reduced production output and as a result factories' energy costs are gaining importance within OEMs' cost structure. Spain was the 12th world vehicle producer in 2012 after being the 7th in 2005. The Spanish vehicle market, which was ranked 8th in the world in 2005, dropped to 20th in 2012.

The outlook has improved for the auto sector. The Spanish industrial production index for automotive manufacturers grew 7% at a time when the total Spanish industrial production index dropped by 2.6%. During the first half of 2013, the automotive industry created

2,400 new job positions thanks to an 8% increase in vehicle production.

Looking back, in the last five years, Spanish automobile factories have been assigned more than 20 new models to be manufactured. In 2011, there were 34 different models being produced at Spanish factories. In 2013, there are 39 different models and the number is expected to reach 45 by 2015. Also of great importance is the fact that these newly assigned models are targeted to be exported not just to the European market, but also to key foreign markets such as the United States.

Mr. Prieto pointed out that it is as important to have a sound, prosperous automotive industry as it is to have a strong internal market. For that reason, it is imperative to increase Spanish sales in order to reach the mark of one and a half million units sales per year and a total of three million vehicles produced at Spanish factories. To achieve both goals, it is important for the government to keep supporting the automotive sector with aid plans like the PIVE and PIMA Plans, which have proved to be successful measures to push sales and production.

During the Q&A session Mr. Prieto talked about the backed-up demand that has been created during the last few years in the Spanish market and which has several causes, including the old car park pool and



Mr. Freeman H. Shen, Board Member and Group Vice President, Geely Holding Group

Mr. Rafael Prieto, President, ANFAC (Spanish Association of Car and Truck Manufacturers) and executive Vice President and CEO of Peugeot for Spain and Portugal

the sales slowdown caused by the economic crisis. Once a customer decides to change her/his car, the new car acquired will have at least two or more generational technological advances compared to the old car, which means that the customer's experience will be very pleasant thanks to all the technological breakthroughs the new-generation features cars are equipped with.

Regarding the Spanish auto market, in Mr. Prieto's view, there will be signs of economic recovery when sales of light and heavy industrial vehicles start to show positive growth numbers. For Mr. Prieto, that would be a sign of the recovery of industrial activity and industrial production and with it the recovery of the economy in general.

Mr. Prieto understands that some benefits have been gained from the economic crisis. As a society, Spaniards have become resilient to failure. Labor relations between trade unions and enterprises, though still hard, have become more interconnected and focused on the envisioned goals of both companies and unions. It has also become clear that there is a need to invest more heavily in logistics infrastructure in order to move goods more efficiently instead of continually increasing spending on civil transportation infrastructure.

## TRUCK MANUFACTURERS IN SPAIN

(Moderator: **Prof. Pedro Nuevo**, IESE Business School)

**Mr. Jaime Revilla**, President & CEO, IVECO Spain

IVECO is part of the CNH Industrial group, which was created after the merger of FIAT Industrial and CNH Global. CNH is a multinational company that currently owns 49 R&D centers and 64 production plants. It has a workforce of more than 68,000 employees.

The European economic crisis forced IVECO to restructure its production layout in Europe. Five factories were closed in continental Europe, but the two facilities the company has in Spain were left untouched: the specialized heavy truck plant in Madrid and the light truck manufacturing plant in Valladolid.

In 2008, the European light industrial vehicle market and the heavy truck market fell 35% and 44%, respectively. In the same year, the equivalent markets in Spain fell 75% and 77%, respectively. Both of IVECO's Spanish plants are considered key by the company, especially the Madrid factory, since it produces the entire IVECO heavy truck line for Europe, Africa and other foreign markets.



Mr. Jaime Revilla, President & CEO, IVECO Spain



Mr. Frank Torres, Vice President Nissan Industrial Spanish Operations, Nissan Spain



Mr. Revilla described IVECO's production plants in Spain as world-class manufacturing factories. They are in the top three positions in IVECO's worldwide factory quality roster. In the last seven years, IVECO Spain has encouraged personnel involvement by allowing staff members to participate in the ongoing production and management improvement process at the factories. As a result, more than 100,000 suggestions have come directly from the company's personnel at all levels.

IVECOS's key factors for success in recent years have included continued investment in its facilities and R&D, focusing on consolidating superior quality levels, improving labor costs, strengthening a good supplier structure, reaching flexible, win-win agreements with trade unions, keeping a low average-age workforce, and benefitting from the aid of governmental plans like the PIMA Plan. There were also issues that IVECO sees as a challenge such as the weak local market, the geographic position of its plants and its logistics costs.

During the Q&A session, Mr. Revilla said that, in order to overcome a high-impact crisis, it is essential to keep stock levels low and it is also important to foresee incoming market trends in order to react properly at all company levels, especially at the production level.

## **AUTOMOTIVE MANUFACTURERS IN SPAIN (II)**

(Moderator: **Mr. Francisco Roger**, KPMG Spain)

**Mr. Frank Torres**, Vice President Nissan Industrial Spanish Operations, Nissan Spain.

In the last few years, the Spanish automotive sector has been going through a deep reformulation process. As a result, in Mr. Torres's view, the sector is heading

back to its place among the top 10 world manufacturers, mainly because of the high level of competitiveness achieved. The weakened Spanish market is still an important issue to be solved. In Mr. Torres's words, countries that are top automobile producers also have strong local markets, which are needed in order to keep the company headquarters' attention in these countries on producing and selling their products.

The years 2009 and 2010 were full of challenges for Nissan Spain, but after applying several key decisions and reappointing the company strategy, the current outlook is more promising for Barcelona's Nissan plant. To underpin economic recovery, Nissan is investing 2.5% of its local turnover in Spain. The company has also established that competitiveness, continuous innovation and human talent are the key elements of its sustainable growth formula for the upcoming years. In the last two years, Nissan Spain has hired 260 engineers and has also developed hiring plans for recent graduates.

Mr. Torres stated that, as a company, Nissan has strong innovation genes. He provided the examples of the new segments created by some of the company's recent models such as the Nissan Qashqai, Juke and the Nissan Leaf, the first EV vehicle to be mass produced worldwide.

In the Q&A session, Mr. Torres explained the broad view and cooperation bonds Nissan Spain has established with Spanish universities. There is currently an ongoing master's program at the Universitat Politècnica de Catalunya in which engineers and technicians from Nissan Spain work as professors and lecturers. There is also a professional training program established between Nissan and the Regional Government of Catalonia. Regarding R&D, Mr. Torres emphasized that the government should support companies' efforts in order to reach a minimum R&D investment of at least 2.5% of Spanish GDP.

## STRATEGY AND SUSTAINABILITY IN THE AUTOMOTIVE INDUSTRY

**Prof. Mike Rosenberg**, IESE Business School

The business world is measured in a different time scale than the environment and nature. The former thinks in quarters, semesters and years, and the latter in decades, centuries and millennia. Companies are trying to figure out how to align themselves with environmental needs and are trying to embrace the sustainability trend that is currently gaining traction around the world.

Depending on many factors, the new environmental regulations can turn out to be an opportunity or a burden for company operations. Compensatory legislation in a certain region could be leveraged as a competitive advantage in the markets of different regions.

Price is still a sensitive issue when considering customer preferences in their mobility needs. Food is the only market in which people are open to spending more, whereas they tend to be more reluctant when considering spending more on a greener car. Being greener is positive if the price of the two cars is the same.

The approach of car companies to plug-in hybrid technology varies widely. Prof. Rosenberg explained

that, in 1992, Toyota established its fundamental product approach of producing the most environmentally friendly cars on the market. With that goal, the company started developing new propulsion technologies, which resulted in their first hybrid car, the 1997 Prius model. Ford's approach involving placing small bets to test new trends and technologies. Ford's first hybrid cars were fitted with Toyota hybrid propulsion technology. The big project promoted as the new big and revolutionary idea was the way in which General Motors got involved in the hybrid technology race. Such a big project resulted in the PHEV Volt model. The technology developed within that project was not shared with any other car in the GM line until a couple of years later.

Talking about Tesla, Prof. Rosenberg stated that the target customer for the company is a person with a high income level and a considerable amount of environmental concern. Regarding the company and market practices, Prof. Rosenberg emphasized that Tesla has benefited extensively from the subsidies that the American government has pushed forward for the sale of EV cars on American soil. Nevertheless, Prof. Rosenberg pointed out that Tesla is an over-valued company at 18 billion US dollars compared to the FIAT group, which, with all its brands, factories and worldwide presence, is valued at 7 billion US dollars.



Prof. Mike Rosenberg, IESE Business School



Mr. Jaume Roura, President, FACONAUTO

## SALES AND POST-SALE BUSINESS

(Moderator: **Prof. Marc Sachon**, IESE Business School)

**Mr. Jaume Roura**, President, FACONAUTO

FACONAUTO encompasses all automotive dealers on the Spanish market and, on their behalf Mr. Roura highlighted the need to develop a new business model between OEMs and automotive dealers. Today's small and medium dealers are not profitable, but, as Mr. Roura stated, they should be.

The economic crisis hit the Spanish automotive sector hard, especially FACONAUTO's associates. After reporting a growing sales tendency of 13.6% between 2000 and 2006 and 1.9 million units sold, in 2007 the market sank 59.2% and the company reported a total of 790,000 units sold. Dealers saw a drop of 76% in the flow of customers into their showrooms between 2007 and 2012, and an average of four visits per dealer instead of 18. Sales and revenue fell an average of 64% and 47%, respectively, per dealer in the same time period. Restructuring recently took place and 19% of the total number of dealers closed down, which meant that more than 49,000 direct jobs were lost.

Mr. Roura highlighted the importance for FACONAUTO and all its members of the distribution law recently passed in the Spanish Congress, though it still has not been published in the official Spanish gazette. This law is important, especially for SME distributors. In 2012, almost all of FACONAUTO's members ended the year with losses. Nevertheless, it is expected that by the end of 2013 the overall situation will improve, mainly because of the adjustments made in the last few years. Mr. Roura explained that the new distribution law will also help improve the economic situation of SME distributors.

Lastly, Mr. Roura pointed out that it is essential to support the financial needs of FACONAUTO's members. Mr. Roura commented on the credit access restrictions gradually being imposed on the automotive distribution sector. This situation should be reversed in order to drive and facilitate the business environment, mainly at the level of the SME distributors, which are going through a reinvention phase in which they are concentrating and consolidating their operations.

In the Q&A session, Mr. Roura emphasized that the anticipated sales improvement for 2014 should not be the sole source of increased income, but, instead, new business models should be developed in order to correct dealers' hard economic situation. Mr. Roura also pointed out that non-official workshops have been reducing their margins and have still managed to stay competitive, mainly among owners of old automobiles, thus posing a challenge to official dealerships, which have higher costs and pay higher per-hour prices.

**Mr. Roman Havlasek**, Head of Skoda Service, Genuine Parts and Accessories, Skoda

Brands are finding that establishing and keeping closer contact with their customers is key. Mr. Havlasek said that there are several ways to get to know your customer better, such as organizing customer forums and satisfaction studies. This need comes from natural customer evolution, which is now reflected in customers' heavy use of social media, such as sharing ideas through media and text. Mr. Havlasek also identified an evolved type of customer, which he named the hybrid customer. Members of this new breed are less predictable in their patterns of behavior and choices, making it more challenging for brands to get to know them better.

Personalization is also a major trend that clients currently expect to get from their preferred brands in the form of services and products. These services include multi-mobility services, which should cover the current quickly changing transport modes that customers use on a daily basis. In terms of products, there is the always-connected trend, which cars will have to be compatible with and be able to connect and synchronize with mobile gadgets like mobile phones and tablets.

To establish a long-lasting bond with prospective and current customers, the brand first needs to understand them. With that goal, SKODA has built its new commercial strategy around a customer-centric approach in which they will try to establish a close customer relationship starting with the acquisition of the vehicle and continuing through any future interaction between customers and any brand representative.

During the Q&A session, Mr. Havlasek said that the VW's new MQB platform strategy has some advantages and some disadvantages. For example, there will be a reduced number of parts because of compatibility among brands, but there could also be a price convergence between the different brands targeted at different types of customers.

When asked about the compatibility of the Chinese market with SKODA products, Mr. Havlasek replied that both are compatible. He also highlighted the fact that China is a key market for the brand. In order to be coherent with its current customer-centric strategy and to be closer to its customers, the company has established its operating base in Shanghai and has created regional offices with each working as an importer within the Chinese territory. Finally, Mr. Havlasek pointed out that the Chinese joint venture is a very challenging one because of the lack of automotive culture among the Chinese people, which makes it harder to establish a bond of trust between the sales representatives at SKODA dealers, who in many cases learned to drive when they started working for the company, and customers, who usually are well-educated people with extensive driving experience.

#### THE PERSPECTIVE OF THE *DIRECCIÓN GENERAL DE TRÁFICO* (DIRECTORATE GENERAL OF TRAFFIC)

(Moderator: **Prof. Marc Sachon**, IESE Business School)

**Dr. María Seguí**, Director General for Traffic (DGT), Ministry of Interior, Spain



Mr. Roman Havlasek, Head of Skoda Service, Genuine Parts and Accessories, Skoda



Dr. María Seguí, Director General for Traffic (DGT), Ministry of Interior, Spain



## THE AUTOMOTIVE INDUSTRY IN CHINA: PRESENT AND FUTURE

(Moderator: **Prof. Pedro Nueno**, IESE Business School)

**Mr. Andrew Thomson**, Partner Head of Automotive for China and Asia Pacific, KPMG

China is still a buoyant market, despite the restricted economic situation that the Western hemisphere is going through. From January to July 2013, the Chinese market sold 12.3 million vehicles, a 12% increase compared to the previous year. 8.89 million of those vehicles were passenger cars, a segment that experienced an increase of 20%. Mr. Thomson stated that there is low risk in the Chinese economy, despite the lower growth rate of Chinese GDP.

Within the Chinese automotive market, there are segments that play a key role for auto makers, namely, the luxury, premium and SUV segments, which are the most important for foreign brands because of their strong growth rates and ability to generate margins. The C segment is currently the most important segment in China and holds a 46% market share in the current year.

Foreign automakers are still the most important producers and sellers in China. Since 2008, the top three OEM positions have been held by VW, GM and Hyundai. Of the total amount of sales, local and European brands both have a 27% market share. The amount of locally produced units is expected to rise because the government pushed forward an announcement setting the target of a 40% share of local production in all future Chinese automobile sales.

The Spanish automotive car park has been aging in great part because of the economic crisis that started back in 2007. This situation poses greater risk in the case of accidents involving the people who drive cars that are 10 years old or older. Nevertheless, exceeding the speed limit is still the main reason for major injuries in accidents among Spanish motorists, followed by the lack of passive safety equipment in the vehicle. The passengers and occupants of vehicles that are seven years old or more have twice the risk of dying as those in newer vehicles. In the case of vehicles that are from 10 to 14 years old, the risk of dying is three times that of new vehicles.

In order to reduce people's risk of suffering major injuries in an accident and to reduce the environmental and health impacts, the DGT set the goal of lowering the average age of the current Spanish vehicle park from 9.5 years to 7.5 years by 2016. To achieve this goal, Dr. Seguí pointed out that the DGT will establish joint projects with manufacturers and other interested parties. Along the same lines, the roadworthiness testing procedure will be reinforced for the purpose of minimizing the risk of letting vehicles drive without passing the established safety and emissions regulations. Finally, Dr. Seguí highlighted the DGT's recently approved funding for in-house R&D, the first measure of its kind in DGT history.

During the Q&A session, Dr. Seguí highlighted the hard work that the DGT is doing towards setting up the digital maintenance book intended to keep constant track of any mechanical and status changes in all Spanish vehicles.





Left to right: Joan Llorens and Pedro Nuño, Founding Chairmen. Prof. Marc Sachon, Chairman, IESE Automotive Industry Meeting

Local private Chinese automakers such as Geely and BYD are developing faster than state-owned brands because of their flexibility and aggressive strategies. Private Chinese OEMs recently started acquiring foreign brands. The Geely and Volvo case is an example of a successful acquisition. In Mr. Thomson's view, Chinese brands should first invest in medium-size foreign suppliers before going for complete automotive companies. Such investments do not imply a considerable effort for certain brands, and they allow them to acquire fresh technology and know-how.

During the Q&A sessions, Mr. Thomson pointed out that Chinese auto brands will soon be selling their products on foreign markets. Today, the Chinese-developed BMW 7 Series long-wheel base is being exported to Middle Eastern countries, an example of cooperation between Chinese automotive manufacturers and foreign brands.

For companies that want to establish operations in Chinese territory, Mr. Thomson warned about the cultural differences that exist between Chinese business people and their Western counterparts. Chinese executives appraise good and trustful relationships and often establish commitments during the negotiation process which ultimately mean that there is a will to continue with talks. Decisions are usually made and applied quickly.

CLOSING SESSION

Prof. Marc Sachon, the Chairman of IESE AUTO, stated that the Spanish automotive industry is taking new positive roads. Ford and Nissan's decision to invest heavily in their local operations is a positive message for the whole industry.

Prof. Pedro Nuño, the founding Chairman of IESE AUTO, commented that the increase in competitiveness of the Spanish automotive sector in recent years could provide a basis for attracting a future Chinese manufacturer to Europe.

Africa shined again in different presentations during the IESE event. For Prof. Sachon, the African topic will continue to draw attention and grow in importance. It may even be the theme of a future event.

Lastly, Mr. Francisco Roger, KPMG Spain Partner and coorganizer of the IESE AUTO event, pointed out that investments should be maintained in the Spanish automotive sector in order to keep boosting its competitiveness. He referred to all the relevant public and private sectors that depend and benefit from such an important industry.

In the end, Prof. Sachon, Prof. Nuño, Mr. Roger and Mr. Llorens, a co-founder of IESE AUTO and the former president of SEAT, expressed their appreciation to all the participants and the organizing team of IESE 2013 Automotive Industry Meeting..





# APPENDICES

## PROGRAM

**Wednesday, November 6, 2013**

8:00 WELCOME AND REGISTRATION

8:30 OPENING SESSION, IESE AUTO 2013

- Felip Puig, Minister of Enterprise and Employment, Regional Government of Catalonia
- Prof. Marc Sachon, Chairman, Automotive Industry Meeting, IESE Business School
- Joan Llorens, Founding Chairman, Automotive Industry Meeting
- Francisco Roger, Partner, Country Coordinator Automotive Industry, KPMG Spain and Coorganizer

9:15 THE SPANISH ECONOMY: A NEW STAGE

- Prof. Antonio Argandoña, IESE Business School

10:15 AUTOMOTIVE MANUFACTURERS IN SPAIN (I)

- Antonio Cobo, General Manager, General Motors Spain
- José Manuel Machado, Chairman and CEO, Ford Spain

*Moderator: Francisco Roger, Partner, Country Coordinator Automotive Industry, KPMG Spain*

11:15 THE FUTURE OF THE AUTOMOTIVE INDUSTRY

- Carl-Peter Forster, Board Member Volvo Cars, Geely and IMI Plc

*Moderator: Prof. Marc Sachon, IESE Business School*

12:15 MOBILITY AND CONNECTIVITY IN THE 21ST CENTURY

- Dr. Dirk Schlesinger, Global Lead Manufacturing Industries, Cisco Internet Business Solutions Group
- Christian Steiner, Head of Corporate Mobility Services, BMW Group

*Moderator: Prof. Marc Sachon, IESE Business School*

13:15 SERVICES: A KEY LINK IN THE VALUE CHAIN

- Vicenç Aguilera, President, Automotive Industry Cluster of Catalonia
- Ricardo Molina, General Manager, Acciona Service

*Moderator: Prof. Pedro Nuño, IESE Business School*

15:45 RESULTS OF THE 2013 IESE AUTO SURVEY

Analysis of the 2013 IESE AUTO survey with a focus on public aid to the industry, cars and the environment, and mobility.

- Prof. Marc Sachon, IESE Business School

16:15 WHAT WILL THE SUPPLIER OF THE FUTURE LOOK LIKE?

- Francisco José Riberas, Chairman and CEO, Gestamp

*Moderator: Prof. Marc Sachon, IESE Business School*

17:30 AUTO 2020: MORE OF THE SAME

- Prof. Pedro Nueno, IESE Business School

18:00 ENTREPRENEURSHIP IN THE AUTOMOTIVE BUSINESS

- Freeman H. Shen, Board Member and Group Vice President, Geely Holding Group

*Moderator: Prof. Pedro Nueno, IESE Business School*

18:45 CONCLUSIONS AND CLOSING SESSION (FIRST DAY)

- Prof. Marc Sachon, Chairman, Automotive Industry Meeting, IESE Business School
- Prof. Pedro Nueno, Founding Chairman, Automotive Industry Meeting, IESE Business School
- Francisco Roger, Partner, Country Coordinator Automotive Industry, KPMG Spain

19:15 NETWORKING COCKTAIL RECEPTION



**Thursday, November 7, 2013****8:30 THE PERSPECTIVE OF ANFAC**

- Rafael Prieto, President, ANFAC (Spanish Association of Car and Truck Manufacturers) and Executive Vice President and CEO of Peugeot for Spain and Portugal

Moderator: Prof. Marc Sachon, IESE Business School

**9:15 TRUCK MANUFACTURERS IN SPAIN**

- Jaime Revilla, President & CEO, Iveco Spain

Moderator: Prof. Pedro Nuevo, IESE Business School

**9:45 AUTOMOTIVE MANUFACTURERS IN SPAIN (II)**

- Frank Torres, Vice President Nissan Industrial Spanish Operations, Nissan Spain

Moderator: Francisco Roger, Partner, Country Coordinator Automotive Industry, KPMG Spain

**10:45 STRATEGY AND SUSTAINABILITY IN THE AUTOMOTIVE INDUSTRY**

- Prof. Mike Rosenberg, IESE Business School

**11:15 SALES AND POST-SALE BUSINESS**

- Roman Havlasek, Head of Skoda Service, Genuine Parts and Accessories, Skoda
- Jaume Roura, President, FACONAUTO

Moderator: Prof. Marc Sachon, IESE Business School

**12:45 THE PERSPECTIVE OF THE DIRECCIÓN GENERAL DE TRÁFICO (DIRECTORATE GENERAL OF TRAFFIC)**

- María Seguí, Director General for Traffic, Ministry of Interior, Spain

Moderator: Prof. Marc Sachon, IESE Business School

**13:15 THE AUTOMOTIVE INDUSTRY IN CHINA: PRESENT AND FUTURE**

- Andrew Thomson, Partner Head of Automotive for China and Asia Pacific, KPMG

Moderator: Prof. Pedro Nuevo, IESE Business School

**13:45 IESE AUTO 2013 CLOSING SESSION**

- Prof. Marc Sachon, Chairman Automotive Industry Meeting, IESE Business School
- Prof. Pedro Nuevo, Founding Chairman, Automotive Industry Meeting, IESE Business School
- Joan Llorens, Founding Chairman, Automotive Industry Meeting
- Francisco Roger, Partner, Country Coordinator Automotive Industry, KPMG Spain and Coorganizer



## IESE'S PRESENTATIONS

PROF. A. ARGANDOÑA, IESE: THE SPANISH ECONOMY: A NEW STAGE

### EL ESTADO DE LA ECONOMÍA GLOBAL, EUROPEA Y ESPAÑOLA

Prof. Antonio Argandoña  
IESE Business School

XXVIII Encuentro del Sector de Automoción  
Barcelona, 6-7 de noviembre de 2013



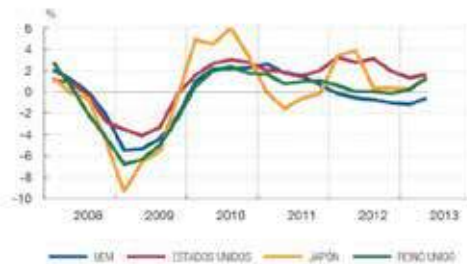
### La economía mundial



Prof. Antonio Argandoña

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PRODUCTO INTERIOR BRUTO  
Tasa interanual

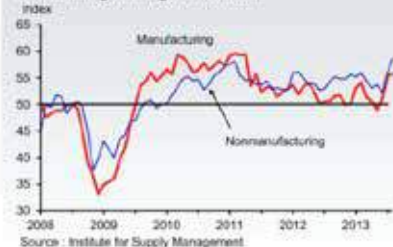


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USA

Purchasing managers' indexes



Source: Institute for Supply Management



Prof. Antonio Argandoña

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### Las economías de la Eurozona

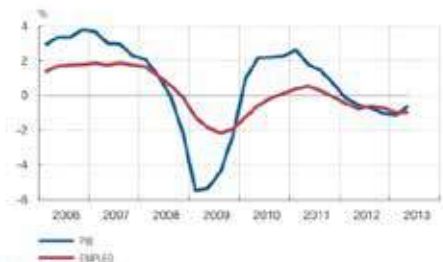


Prof. Antonio Argandoña

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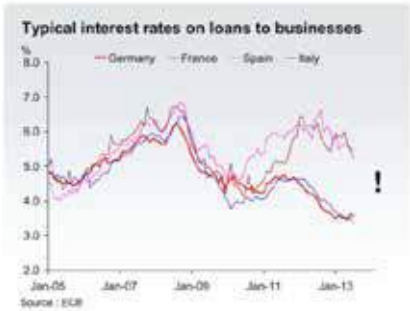
### CONTABILIDAD NACIONAL DE LA UEM

PRODUCCIÓN Y EMPLEO  
Tasas de variación interanual

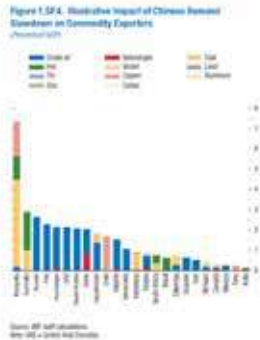
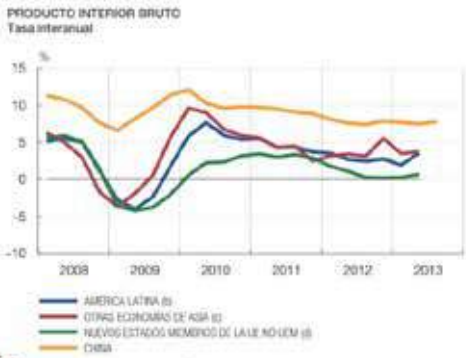


Prof. Antonio Argandoña

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Las economías emergentes

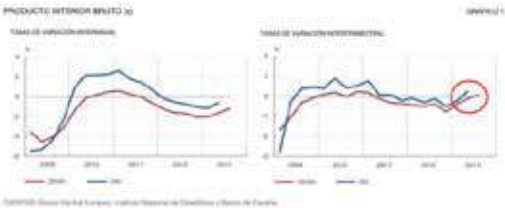


La economía española



Prof. Antonio Argandoña

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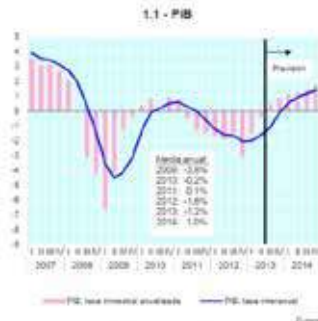


FUENTES: Banco de España, Instituto Nacional de Estadística y Banco de España



Prof. Antonio Argandoña

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Prof. Antonio Argandoña

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PREVISIONES ECONÓMICAS PARA ESPAÑA, 2013-14

TASA DE VARIACIÓN ANUAL EN PORCIENTO, SEVA INDICADOR EN CÍRCULO

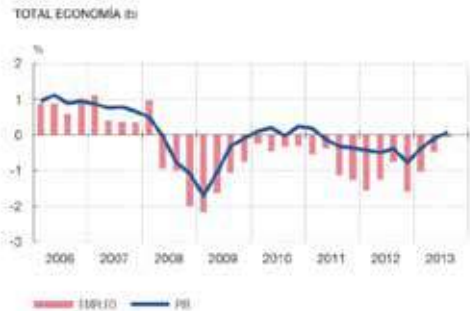
	Datos observados			Previsiones FICUCAT	
	2008 2009-2012	2011	2012	2013	2014
<b>1. PIB y agregados, precios constantes</b>					
PIB, pm	3.7	0.1	-4.8	-1.2	1.8
Consumo final hogares e ISPLSH	3.8	-1.2	-2.8	-2.8	0.3
Consumo final administraciones públicas	4.3	-0.9	-4.9	-2.1	-1.6
Formación bruta de capital fijo	6.2	-6.4	-7.8	-6.2	-2.1
Construcción	6.6	-10.8	-8.7	-10.3	-4.8
Construcción residencial	7.2	-12.8	-8.7	-8.4	-4.0
Construcción no residencial	4.2	-8.2	-10.8	-11.9	-5.9
Equipos y otros productos	7.4	6.8	-2.6	-0.1	1.4
Exportación bienes y servicios	6.7	7.6	2.1	6.6	6.0
Importación bienes y servicios	6.3	-0.1	-8.7	-0.1	1.9
Demanda nacional (B)	4.5	-0.1	-4.1	-0.1	-4.9
Saldo exterior (B)	-0.8	7.1	2.9	1.8	1.5



Prof. Antonio Argandoña

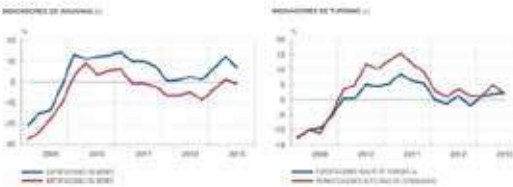
Fuentes: octubre 2012

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Prof. Antonio Argandoña

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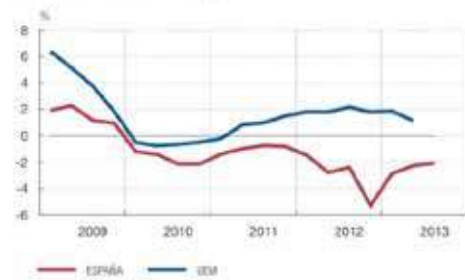
FUENTES: Instituto Nacional de Estadística, Ministerio de Economía y Competitividad, y Banco de España



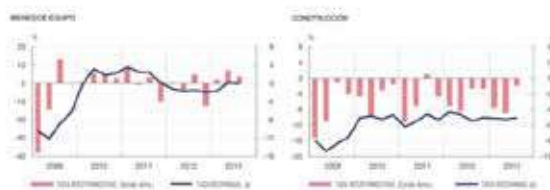
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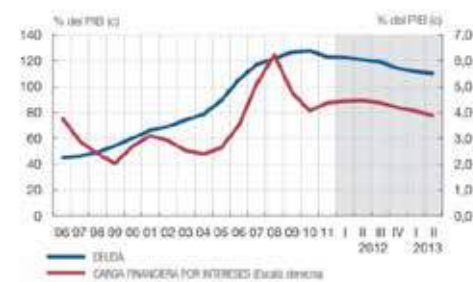
COSTES LABORALES UNITARIOS (B)



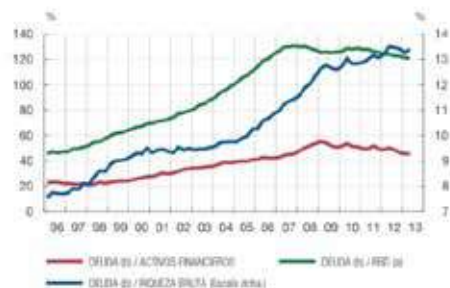
España: exportaciones e inversión en equipo y maquinaria (2008=100)



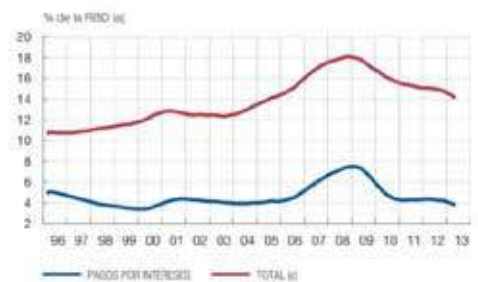
DEUDA Y CARGA FINANCIERA POR INTERESES. CUENTAS NACIONALES



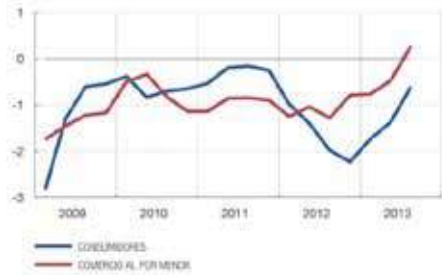
RATIOS DE ENDEUDAMIENTO



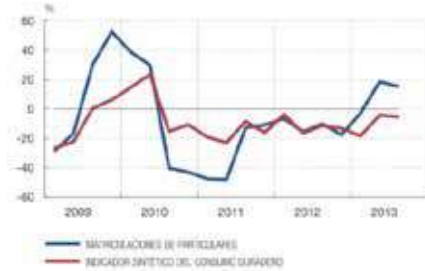
CARGA FINANCIERA



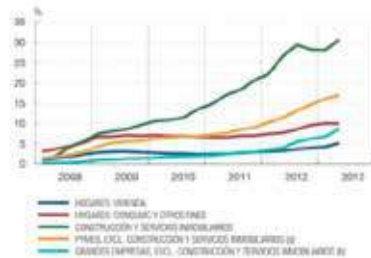
INDICADORES DE CONFIANZA (6)



INDICADORES DE CONSUMO DURADERO (6)

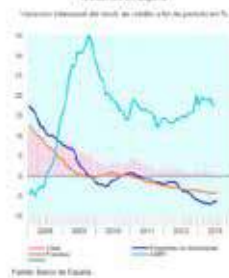


RATIO DE CREDITOS SOBRE CRÉDITO



FUENTE: Banco de España.

T1 - Financiación a los sectores no financieros residentes en España



Fuente: Banco de España.

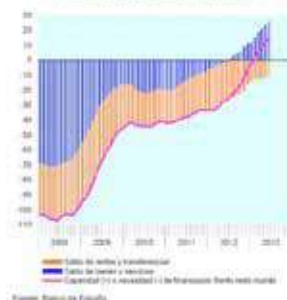
AA, PP - deuda consolidada según PDE (% del PIB)



Fuente: BEVA Research a partir de BCE.

6.1 - Balanza de Pagos

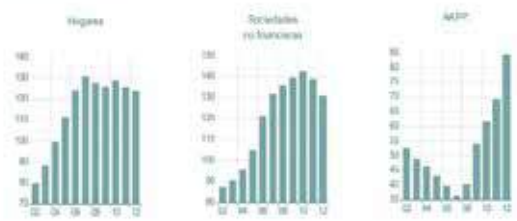
Miles millones euros, datos trévi de 12 meses



Fuente: Banco de España.



Gráfico 11. Cuentas no financieras: deuda bruta (1)  
En porcentaje del PIB

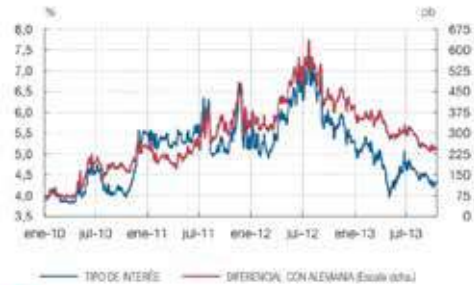


(1) Pérdidas y valores positivos de acciones  
Fuente: Banco de España e ISE

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DEUDA PÚBLICA A DIEZ AÑOS



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## PROF. MARC SACHON: RESULTS OF THE 2013 IESE AUTO SURVEY



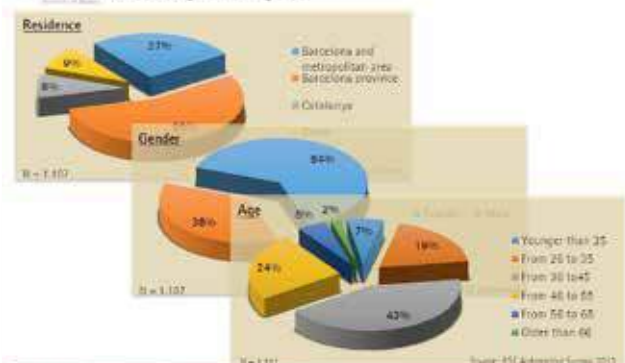
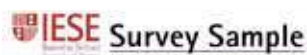
### IESE AUTO 2013 - Survey

Professor Marc Sachon  
Luis Herrera, MSc

Prof. Marc Sachon  
msachon@ieses.edu

IESE AUTO  
November 4th, 2013

Slide 1



Prof. Marc Sachon  
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Slide 2



### Plan PIVE: A Decision Factor?

The plan PIVE made me consider to buy or change my car:



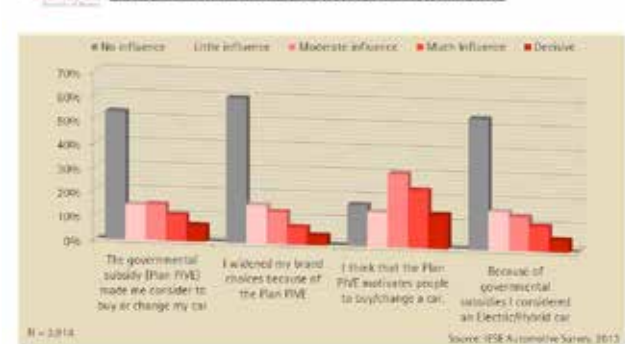
N = 900

Source: IESE Automotive Survey, 2013

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msachon@ieses.edu

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N = 3,014

Source: IESE Automotive Survey, 2013

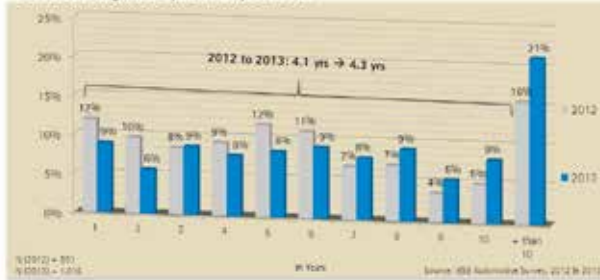
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msachon@ieses.edu

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## IESE Spain: Backed-up Demand

For how long have you had your car?



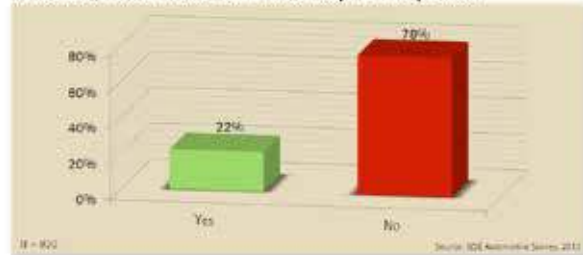
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## IESE Spain: Backed-up Demand

A relative/friend drives a car with an expired ITV permit:



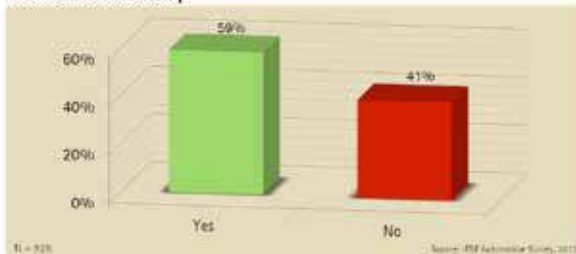
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## IESE Spain: Backed-up Demand

In case of an economic recovery, I would be willing to buy a new car from a Car Dealership



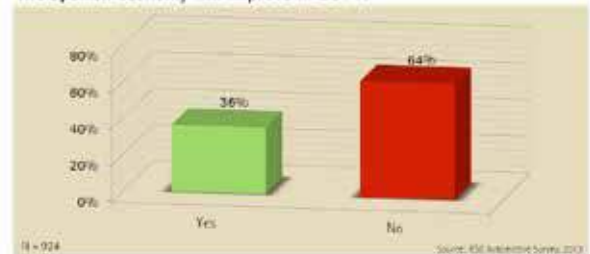
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## IESE Spain: Economic Outlook

The Spanish economy will improve in 2014:

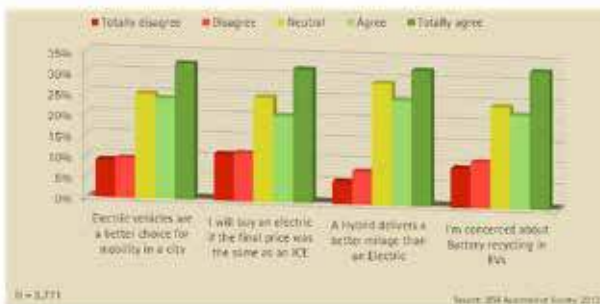


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## IESE Automotive and Environment

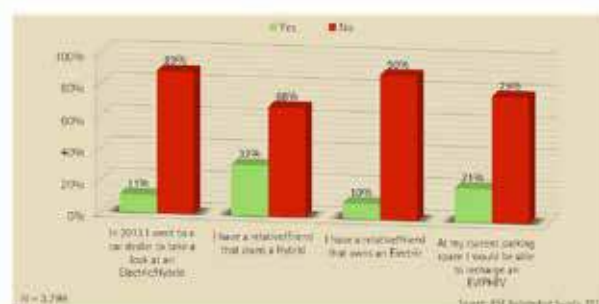


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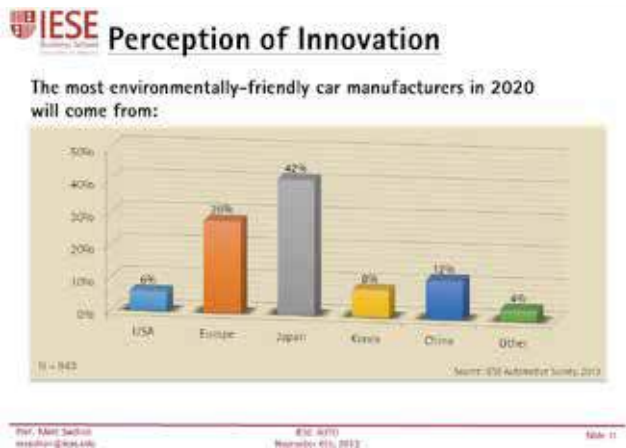
## IESE Status Quo of Hybrids and EVs



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**IESE** Business School University of Navarra

**Thank you!**

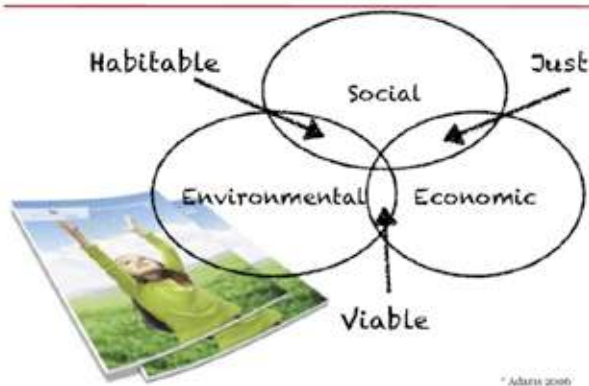
msachon@ies.edu

Prof. Marc Satchon msachon@ies.edu IESE IESE A370 November 6th, 2013 Slide 13

## PROF. MIKE ROSENBERG: STRATEGY AND SUSTAINABILITY IN THE AUTOMOTIVE INDUSTRY

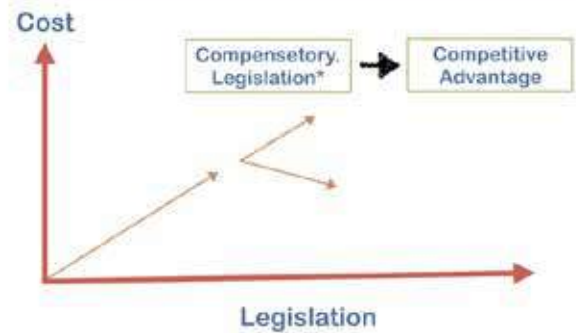


## Sustainability\*



\* Adams 2006

## Opportunity or Expense?



\* Porter and v.d. Linde 1995

## Non Market Strategy\*

- Issues
- Interests
- Institutions
- Information



\* Bennis 1993

## Beyond compliance\*

- Differentiation
- Cost reduction
- Risk management



\* Reichardt 2002

## OEMs



## Electric cars









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**PROF. PEDRO NUENO**  
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Founding Chairman, IESE Automotive Industry Meeting



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Coorganizer of IESE Automotive Industry Meeting

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ACCIONA Service



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