



IESE
Business School
University of Navarra

**Executive
Education**

IESE AUTO

Industry Trends — 2014

WHY AUTOMOBILE?

Industry Meetings

Help create the future of your Industry

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EXECUTIVE SUMMARY

On November 6 and 7, 2013, we held the 28th IESE AUTO meeting in Barcelona. The event was jointly organized with KPMG, partner and automotive industry coordinator in Spain. IESE AUTO 2014 carried on the tradition of the annual meetings that began in 1985 through the efforts of Professor Pedro Nueno and former SEAT CEO Joan Llorens.

The slogan of IESE AUTO 2014 was “Why a car?” When choosing a slogan, we aimed to address two important issues. The first was young people’s interest in cars, which is on the decline compared with previous generations. It would seem that connectivity and mobile technology (smartphones and tablets) are a higher priority. Second, we wanted to convey the fact that the automobile industry continues to be a very important – if not the most important – sector in countries seeking to have or that already have a solid industrial base. At the event, many presentations and discussions took place, and many points were raised, to help us analyze the question “Why a car?” These can all be found summarized in this document.

At the beginning of the meeting, the Honorable Felip Puig, regional minister of business and labor of the Generalitat de Catalunya (Government of Catalonia), expressed his steadfast support of the automobile industry as a factor of growth and employment. This viewpoint was backed by the statements and figures presented by several speakers.

In recent years, Spain’s economic status has improved considerably, a sentiment expressed by most of the presenters. The automobile industry has played a major role in this evolution. It has created more than 20,000 jobs in the past two years; it has given Spanish

engineers the chance to generate original R&D content in Spain; and it has driven major efforts to improve efficiency and lower costs, allowing Spanish factories to reach production volumes that are considerably higher than those of other countries. Furthermore, some manufacturers with facilities in Spain are striving to regain full production by 2016. These events are very positive for the industry and its goal of reaching production of three million units. However, not all members of the value chain seem to be benefiting equally from recent progress, and Spanish dealerships are far from their target earnings (a 3% return on sales), partly due to the major investments made in recent years.

The future of the industry was a topic of debate in several sessions. The speakers noted the need to better understand customers who are more attracted by their “experience” with the product than by its performance. According to figures shared during the meeting, there may be a disconnect between what manufacturers think young people want in their cars and what they are actually looking for. A customer interested not in owning a car but in mobility solutions will handle a vehicle differently and may not even be particularly eager to drive it. These facts (and the constant proliferation of products on the market) will require new ways of managing the distribution channel. The incessant digitization of the car, largely driven by customers’ need for connectivity (fearful of “missing” opportunities if they are not connected), will bring a greater risk of commodification of the product and will simultaneously require a clear answer to the question of who owns the data. This last point reflects the industry’s rising awareness of this issue, and it might pose a challenge for the Silicon Valley companies that base their business model on gathering and selling customer information.

Just like in previous years, the topic of electric mobility was debated in several different contexts. The majority of speakers as well as the audience concurred that it offers a solution to the challenges of sustainability, but the opinions on time frames differed. Tesla, a pioneer in electric vehicles in California, was cited as an example. Its Executive Board is made up of executives with considerable knowledge of innovation

and digital technology, which is reflected in some of the projects being undertaken by the company with European telecommunications companies in the field of connectivity. At the same time, several speakers and audience members questioned the sustainability of Tesla’s business model.

The speakers also identified a series of challenges for the European and Spanish automobile industries. First, productivity must rise and job flexibility must be ensured (in conjunction with the unions). Second, industry must continue working to lower emissions, find new ways to adapt their sales and distribution to the changing paradigms, address the problem of excess capacity and reflect the rising digitization of its products in its organizational structures and the profiles of its senior managers.

I would like to thank all the speakers at IESE AUTO 2014 for their valuable contributions, and especially Francisco Roger, KPMG partner and automotive industry coordinator in Spain, for his extraordinary and steadfast collaboration, which allowed this meeting to be such a success.

The meeting coming up in November 2015 will be a special one, as we will be celebrating 30 years of the meetings in Barcelona. Its slogan, “The next 30 years,” will give us the opportunity to debate multiple topics of interest to the industry. We hope to see you there!



Professor Marc Sachon
Presidente del IESE AUTO

DAY 1 - TUESDAY, NOVEMBER 11, 2014

Economic Overview: Overview of the Spanish, European and Global Economies

“An economy is efficient because its companies are efficient.”

“Export competitiveness has been regained, and the time to invest is when exports are surging.”



Prof. Antonio Argandoña
IESE Business School

Professor Argandoña opened his talk by presenting the growth expectations of the leading countries, and he noted the need to deal with a certain short-term weakness in the international economy due to low rates of long-term growth. It is not a recession but a return to reality after overly positive expectations. The central banks staved off another Great Depression but, in his opinion, monetary policy must be accompanied by tax policies and reforms. He explained that the concern with financial security and the lack of incentives stop banks from lending money, which the banks are not sure they will receive from the markets.

After reporting on the low expectations of growth for the countries in the Euro Zone, he stopped to examine Spain, a country that is faring somewhat better: he stressed the role of companies, which made the recovery possible by cleaning up their accounts during the crisis; he stated that consumption was on the upswing but that families were still in debt and had little leeway; and he underscored that the role of companies was once again crucial to maintain employment and confidence in the future. He said that the fiscal measures in Spain, though insufficient, would help to maintain the pace of growth in consumption but that the time had come to invest. He said that, in the short term, it would be essential to deal with the difficulties that the global context may cause and that, in the long term, we would be faced with being poorer

Speech by the Regional Minister of Business and Labor of the Government of Catalonia

and seeing a drop in our productive capacity and little investment, especially in human capital, and that the growth capacity of the future is limited. Given that it is unlikely that the government will continue to make the reforms needed, he repeated that it would be up to companies to look after the status of the Spanish economy in the long term. Companies have to keep improving their efficiency, monitoring their bottom lines and putting reforms into practice.

The audience asked him to assess the tax reform and its impact on growth, and they asked him whether this would affect consumption and whether he envisaged deflation.

Professor Argandoña answered that the most worrisome part of the tax reform is the short term, the public deficit and debt and that, even though this reform was not the best thing for companies, it was managing to balance sectors and clarify the scene for the forthcoming years. Regarding consumption, he explained that some experts believed that the reform had benefited family income but he said that, with moderate growth in family incomes, there was unlikely to be a steep rise in consumption. Finally, he added that, in his opinion, the risk of deflation was very slight, arguing that a 0.5% drop in consumption would barely be noticed and that, in relation to banks, the danger would be limited to existing loans but not new ones.

“I hope that the importance of industry is never downplayed again.”



Hble. Sr. Felip Puig
Regional Minister of Business and
Labor, Government of Catalonia

The honorable regional minister expressed his steadfast support of industry as a factor of growth and employment, and noted that Catalonia's industrial history cannot be explained without the automotive industry, the jewel in the crown that leads the way in innovation and internationalization, allowing the economic challenges facing us to be handled successfully. Beyond the fact that industry exceeds its economic capacity by 50% in Catalonia, he expressed his conviction that without industry the public welfare of society could not be guaranteed. He spoke about the impetus of a new industrial strategic framework from the public sector with private leadership, which has identified seven industrial sectors, representing the development of a policy of clusters that allows intelligence to be assembled and gains in size to be made – that is, the goal is to compete cooperatively in order to have an increasing presence in the global market. He also explained that progress was being made in the process of building a large technology center. He concluded his talk by restating the importance of the ethical sustainability factor and of shared value when faced with the Western economies' challenge to contribute to lowering inequalities and making strides in cohesion and social justice and equity.

New Players: Quality, Branding and Post-sales Customer Satisfaction

“Society is changing and it is changing the industry.”

“Quality begins with design.”



Gert Volker Hildebrand
Executive Director of Design
Qoros Automotive

essential. Regarding ebusiness companies, he said that mobility would be a major topic for discussion and that there would be a major change, mentioning that large companies such as Google were hiring designers.

Hildebrand spoke about the factors that gave Qoros its particular originality. Formed via a 50-50 joint venture between Chery and Israel Corporation, the company works to combine the technical standards of European engineering, German design to be more specific, with the spirit of Shanghai, a city in motion. In his presentation, he stressed the importance of working with its suppliers to jointly develop products, inspired by the Adidas concept, and that it was a multicultural company at its core in which everything was new. It is a new brand, without a legacy, with new partners and a new team that works passionately, taking great risks in the decisions they make. He underscored the importance of design and of listening carefully to automobile customers and users, and he expressed his confidence in the possibilities that technologies from other industries, especially connectivity, would contribute to the company, bringing about innovations.

The audience asked Hildebrand when Qoros would sell a million cars in China, what Qoros did differently and whether he saw ebusinesses as competitors.

Hildebrand responded that, first, it might take them eight years before they could manufacture this volume of cars, and that Qoros was different because it was a start-up, a company in which everything was new, with a totally consumer-centered approach in which human-machine-interface (HMI) systems were going to be



Value and Sustainability

“The world will need to evolve towards sustainable mobility.”

“The cars in circulation around the planet make up roughly the value of America’s GDP. They are used only 5% of the time. If we can increase usage from 5% to 10%, we can take the same resource and get double the use out of it.”



Dr. Rainer Feurer
Senior Vice President,
Sales Strategy And Steering,
Channel Development,
BMW Group

In his opinion, the world should evolve toward sustainable mobility, and he advocated public management based on proper incentives and manufacturers’ solutions that would give cars sustainable competitive advantages. He explained that BMW was investing in new technologies and spoke about an evolution – or revolution – in its models with new concepts, uses, technologies, sales models without intermediaries and combinations of public and private transportation, in an integrated solution involving dynamism, design that stirred emotions and sustainability.

The audience asked Dr. Feurer which government was doing things the best in terms of advancing toward a world with a sustainable automobile industry.

Dr. Feurer answered that he expected that Norway would become the largest electric car market in the world. He reported on the integrating approach being spearheaded by the mayor of Oslo, by introducing tax elements and incentives and arranging simple things that citizens wanted such as being able to park inside the city. After a period in which the benefits become visible, things begin to work. But this critical point must be reached with new solutions in different areas, including infrastructure, credit and tax incentives. He stated that he liked this integrating approach also because Norway was the most socialized country in the world and the logic of ethics was playing a critical role in the new concepts.

Dr. Feurer started the session by expressing his conviction that the industry was going to change radically in the next two decades. He stated that BMW had ceased being a car manufacturer because it was seeking to become a leading mobility supplier, and he stressed the importance of financial services and the foreseeable loss in importance of the ownership aspect of cars. Even though the steepest market growth is expected in China and the United States, he expressed his confidence in the potential of the European market and stressed BMW’s effort to diversify its sales in order to protect its independence.

He shared an analysis of trends for 2025 in society, the economy, ecology, technology, politics and the industry itself, which had helped the company to create strategic options, balance investments and make long-term decisions. He stressed the major changes in customers’ needs and in the ways they bought vehicles. He added that companies had to be much more flexible in order to respond to increasing volatility; that regulations and regional characteristics would require local action despite the need to be global; and that urban driving would become more important as the complexity of mobility solutions and demands to lower emissions increased. Within this context, he spoke about the technological challenges posed by the electric car.



The “Why Buy a Car?” Generation

“If we do not offer connectivity 24 hours a day, we will never convince young people.”

“Today, purchasing is based on experiences, not on how the car will be used.”



Reiner Hoeps

Managing Director,
Mercedes-Benz Cars

Hoeps shared the efforts of Mercedes-Benz Spain in recent years to attract younger customers with a more progressive mentality. In Europe and particularly so in Spain, younger customers were appearing who valued less ostentatious and more affordable brands within the premium sector. Worldwide, Mercedes was developing the new front-wheel drive line. However, in Spain, they thought that more preparation was needed and so they decided to focus on the perceptions of their young premium customers by showing them the future models. They learned a great deal. They identified impediments and ascertained what the new models brought to the brand, along with different considerations that would be useful in their marketing policy. Based on this, they launched the campaign “Something is happening in Mercedes,” which had advertisements with customers who were almost apologizing for buying a Mercedes. “Something is happening in Mercedes” also became the company’s internal slogan. They also made changes to the network of dealerships. Bureaucracy was reduced, sales jobs were reshaped and attitudes of kindness and respect toward young people, the customers to be conquered, were stressed. They worked on more accessible dealerships and on financing formulas that answered the questions: “Is a car for me?”, “Can I afford it?” and “Can I maintain it?” The new cars arrived in 2012, and they decided to launch the new CLA class outside the dealerships, in places

such as museums and discos, and they made contact with droves of potential customers. The results were positive and they became the leaders in the premium sector. They had many more young customers and the dealerships also became more profitable. Mercedes also became a quicker, more flexible company with greater self-confidence and professionalism in its teams.

Herrera then shared the history of Kia of the previous 10 years, stressing that change was what had made the brand what it was now. Although price was the focus up to 2004, coinciding with its establishment in Spain, it started to embark on a different pathway. First, it unveiled the tennis player Rafa Nadal as the brand ambassador because he represented the company’s values: humility, perseverance and effort. Until 2006, the number of units sold kept growing thanks to the prices, and a factory was opened in Slovakia. However, in 2007, after Peter Schreyer was hired as the head of design, the cars made an about-face. The first radical change came in 2009 with the small all-terrain vehicle, which was followed by other models such as the Kia Sportage, with a highly praised design. In 2011, Kia introduced the seven-year warranty in order to inspire trust in customers. In 2012, the models began to be better designed, and in 2013 the range was completed with sports models, leading the brand to enter a superior market segment. Throughout all of these years, Kia continued to be associated with sports, namely soccer and Rafa Nadal, a decision that became even more successful after Nadal won the French Open eight times, along with other promising athletes from other sports. Herrera concluded his talk by noting that this change also extended to the marketing budget, 28% of which had been earmarked for digital marketing in the latest launch.

At the end, the speakers answered several questions that revolved around their vision of the distribution model in 10 years, both for sales and after-sales services, the measures they apply to increase the profitability of their dealerships, their efforts with young people and the brands’ responsibility for the apparent loss of excitement about cars, among others.

Regarding the first topic, Herrera said that, even though car manufacturers were cutting-edge companies, the

way cars were sold had become antiquated. He stated that, among young people, the experience was more important than actually owning a vehicle, that it was necessary to get into this mindset in order to sell to them, and that communicating with them using the media they used was important. He further stressed the fact that a car had to be an extension of a smartphone, not the other way round. Hoeps concurred and added that we were going to continue to have dealerships in the future because, at least in the case of his company, people wanted to touch and test-drive cars. Still, the salesperson profile will have to be rethought, following the example of Apple – that is, distinguishing between those who welcome customers and answer questions about the product and those who are experts on commercial matters, such as financing, insurance, etc. Both speakers believed that car sharing would not be the solution for everyone, and Hoeps explained that Mercedes-Benz was considering offering attractive financing and leasing conditions in the medium term.

Regarding the measures to improve the profitability of the dealerships, Herrera spoke about product placement strategies and taking cars out of dealerships, stressing that today cars were sold away from dealerships. Hoeps, in turn, explained that, for Mercedes, dealerships were customers and partners who sought an ongoing partnership with very challenging yet feasible goals and rewarded accomplishments and he stated that, in his opinion, the profitability of its dealerships was just as important as the sales target. Finally, regarding young people, he clarified that his goal was to make his target more youthful, not sell to students, although the company was working with students as future customers. Herrera, in turn, spoke about Blue Move, a car-sharing company to familiarize young people with electric cars, and he stressed that the reasons why young people did not buy cars included “the boredom of driving a car,” which required things to be transformed in order to associate them with what characterized these young people, “FOMO” (fear of missing out), or “if I’m not connected, I’m missing out.” We should stress that, if we do not offer connectivity 24 hours a day, we are not going to convince young people. Both speakers admitted that the economic crisis and the pressure

to sell had brought prices to the fore too much and that the excitement and passion for cars had to be brought back, communicating the benefits that a car represented for young people in terms of their freedom and independence.



Manufacturers in Spain (I)

Spanish cars clearly play in the big leagues worldwide.

“In Spain we lead the manufacturing process.”



José Manuel Machado
CEO, Ford España

Machado wanted to respond to the slogan of the meeting (“Why a car?”) from the standpoint of industrialization, stating that the automotive industry was clearly an industry of the future – a global future and a huge opportunity for Spain. Its impact on exports, the balance of payments, the country’s GDP and especially innovation made it an engine of the economy. He explained that, in the case of Ford, the orders for new models were largely due to the flexibility, competitiveness and productivity of the plant in Almussafes (Valencia). He stressed that the plant’s technology equipment, capacity and quality made it possible to manufacture a hybrid model in Spain for the first time and also allowed the brand to compete in the premium models sector. He reported on the impact that these orders were having on suppliers, which had to step up their sophistication, and on the attractiveness of investments that came from outside the company itself.

He stressed that they would keep working without either blindly trusting or becoming complacent, instead keeping up the impetus of the reforms they had undertaken, promoting R&D focused on the manufacturing process. He stressed the importance of training and the need for universities and governments to produce the necessary levels of education, regardless of companies’ activities in the field. He ended his talk by discussing the need to improve

profitability and make the internal market grow in order to create a competitive environment that would further improve factories’ flexibility and efficacy, thus consolidating the position that had been attained.

The questions asked by the audience revolved around the keys to Spanish plants’ success in manufacturing new models, the possibilities of becoming an R&D country, the Mediterranean corridor and the impact of cars’ lower life cycles.

Machado answered that Spain had managed to reinvent itself and that the shift in labor relations had been essential; that in Spain they knew how to manufacture; that there was a commitment among people who knew how to adjust to new processes; and that in political terms there was a very positive reaction that was creating a climate favorable to industries in Spain. With regard to research, he stressed the relations between the Polytechnic University of Valencia and Ford on projects that were usually associated with manufacturing processes, but he warned that English was still a problem in engineering schools in Spain. Regarding the Mediterranean corridor, he underscored its vital importance for the industry and, despite the delay, he expressed his confidence that it was advancing and, at the same time, measures were being launched regarding railway widths, train capacities and trucks, which were already improvements for the industry. He also stated that, beyond the infrastructure needed, Spain should become a cutting-edge country in logistics management and he encouraged universities and institutions to work in this direction. Finally, he talked about the importance of the age of the product portfolio in a changing world, even more so given the incorporation of connectivity, which was evolving extremely quickly. He reported that the context of constant changes had required Ford to globalize radically and that they were continuing to lower the number of platforms and reorganize product development in order to amortize investments more quickly and be able to switch products much more.

Convergences Between Sectors

“Don’t think about the customer. Think about what is on the customer’s mind.”

“The automotive industry has to think about who owns information related to the Internet.”



Dieter Becker
Global Chair, Automotive Sector,
KPMG International

Becker analyzed the impact of the electrical and computer industries on the automotive industry. He stressed the evolution of both industries toward complete centralization, to such an extent that they had become commodities, and he wondered what would happen if these industries drew closer to the automotive industry. He distinguished between two ways to deal with the Internet: based on behavior and based on the things that provide access to the Internet. He noted that the latter would become a commodity, while consumer behavior was what shaped the business model at companies such as Google and Amazon. Consequently, he warned that thinking about putting many things in the car meant entering the Internet of Things, which ended up becoming a commodity. He said that, if the car is to be taken as a piece of infrastructure, we should distinguish between the driver’s behavior and the Internet of Things. He recommended that the automotive industry think about who was the owner of the information that, on the one hand, would refer to entertainment-related behavior and, on the other hand, to behavior related to efficiency and security. He underscored that the automotive industry had to be closer to owners, to the customers. The information and product portfolio that come from all of this are totally different: integration of multimedia solutions, intelligent solutions as well as



Taking the Pulse of the Sector

new business models (possible licenses, suppliers of integrated solutions, among others).

The audience asked Becker for current examples of contributions to value based on IT services in the automotive industry and for his vision of the car of 2020 and the impact of oil prices on future developments.

He responded to the first question by saying that the industry was on the right path but that it had to keep working on factors such as cheapness, global reach and reaching out to the emerging markets where there was no talk of basic connectivity. He stressed that the large OEMs concurred on the importance of connectivity. In this context, he explained that the levels of electrical and IT development were the parameters that determined whether or not a country was emerging, as opposed to the per capita figures used in the past. Regarding the cars of 2020, he said that he was sure that they would be regular cars for the majority of markets and that hybrid and electric cars would be reserved for a specific target group, such as urban areas. He stressed the need for customers to feel there was personalization. Finally, in relation to oil prices, he mentioned OEMs' ability to lower consumption levels significantly and added that public transportation would play a role in managing rising mobility, which, in his opinion, was evolving toward a pay-per-use concept. Thus, he noted that there would be different concepts of cars, each best adapted to the place where they were used: a car for urban areas, another kind of car for driving long distances.

To conclude, he stressed the convergence of the three industries and underscored the importance of being the owners of data and being aware of this interconnection.

“There is a kind of disconnect between what the people in charge of decision making in the industry believe young customers want to see in the cars of the future and what they actually want.”



Professor Marc Sachon
Chairman of IESE AUTO, IESE

In a highly interactive session in which the audience had to work in teams and share their perspectives, Professor Sachon shared the results of two surveys developed by IESE: one carried out among 90 industry leaders and another carried out among 210 members of the public in Barcelona. Half of the individuals in the public group were aged 18 to 30 (the “young” group), while the others were over 30.

Regarding key innovations in the past 20 years, the audience and the industry experts expressed varying opinions on the electrification of the transmission system (hybrid electric vehicles / electric vehicles). While the former viewed them as a fundamental innovation, the experts believed that the crucial point was really the increase in the efficiency of the transmission system. Another source of disagreement among the industry leaders and the public arose from the question: “What do young people (under the age of 30) want to see in the cars of the future?” The experts responded as follows: a) efficiency in carbon emissions, b) connectivity and c) low cost. However, the young people's responses were: a) driver assist systems, b) connectivity and c) efficiency in carbon emissions. Regarding the less youthful drivers (30 or older), the industry leaders responded: a) safety, b) efficiency in carbon emissions and c) comfort. In turn, the target group (aged 30 or older) responded: a) safety, b) efficiency in carbon emissions and c) driver assist systems. According to these results, the

automotive industry is well positioned to deal with the needs of customers aged 30 or over. However, it is a bit disconnected from its younger customers. The latest hiring strategies used by the leading original equipment manufacturers seem to indicate that the sector is aware of this gap and is trying to resolve it by hiring employees with better “digital” skills.

During the first teamwork assignment in the session, the audience reflected on the question: “Can the industry afford to cater to all its customers' technological wishes?” The participants' answer was that today many manufactures are trying to do precisely that, but that in the future they will have to change their approach given that they will be unable to keep abreast of all the areas of development. In the second teamwork segment, participants were asked to reflect on the following questions: “Will the electric car become commercially successful?” and “What's up with Tesla?” The audience believed that the primary goal was solving the challenges posed by battery development. In the opinion of many participants, electric cars are not a short-term option, although they might be viable in the long term (once the battery and infrastructure problems have been resolved). Regarding Tesla, the participants were not sure if its business model was sustainable. In the third and final teamwork session, the audience reflected on what led Google to launch the driverless car. One team answered that the company was trying to integrate Google Maps into all automobiles in order to access users' data and continue to develop its advertising business. Another believed that Google's goal was to define a standard (similar to a search tool) and gain customer loyalty through unique complementary services within its business ecosystem. A third team saw Google's step as a way to make a profit from the current trend in the automotive industry of integrating mobility solutions into cars.



The Spanish Distribution Channel

“The Spanish market is the most competitive in the European Union.”

“We need a minimum profitability of 3% in relation to turnover”



Jaume Roura
CEO, Faconauto

Roura began his talk by noting that Spanish customers enjoyed some of the highest benefits in the European Union (EU) and that the business of dealerships had minimum profitability. He stressed the importance of Efficient Vehicle Incentive Programs in prompting the recovery of sales in 2013 and praised the fact that the automotive industry had yet again been considered an engine driving the economy. He estimated sales of 845,000 cars in 2014, which would exceed one million in 2016, reaching 1.3 million in 2020; however, this last figure will still be less than the 1.7 million sold before the crisis. He surveyed the impact of the 64% drop in sales that dealerships witnessed between 2007 and 2012, noting that 788 dealerships and 1,498 services and agents folded, along with the 45% drop in the implementation of networks, which meant the loss of 50,000 jobs overall. He stressed the fact that the Spanish market was the most competitive in the EU, giving its best customers from the EU5 (Germany, France, the United Kingdom, Italy and Spain) average direct discounts of €4,300, almost 75% higher than the other countries, and he pointed out that it was cheaper to buy a car now than it was three years ago.

He explained that, in 2014, the network had extraordinary facilities with investments that were not yet amortized, and he emphasized the need to achieve

profitability by introducing new standards. He ended his talk by arguing in favor of reinventing after-sales services, the activity that had brought dealers the most. He advocated the need for brands to have a strong network to sell and provide quality services, and he shared the fact that dealers needed a minimum profitability of 3%. To conclude, he reiterated the willingness of dealers to work alongside the brands in order to prepare a bright future and build a stable market.

The audience asked Roura several questions relating to the possibility of a concentration of dealerships helping profitability. They were also interested in ideas for reinventing and redirecting things.

Roura answered the audience's questions by stating that the first thing that brands and networks had to do was see where they were failing and fix whatever was not working. He clarified that, if dealerships had to join forces to grow, they would but that the brands had to work to spearhead sales, among young people as well. On the other hand, he stressed the need to reinvent after-sales services and asked manufacturers to get involved in lowering the fixed costs of dealerships and suggested five-year maintenance formulas in order to support the official services over those offered by the competition.



Manufacturers in Spain (II)

“We can stop talking about outsourcing and start talking about insourcing.”

“Vamos a seguir trabajando para tener una posición competitiva, siempre entre los mejores, [...] nos comparamos con el resto del mundo y queremos estar ahí liderando”



Antonio J. Cobo
General Manager,
General Motors España

Cobo's opening words reported on the importance of 2014 for the Figueruelas plant, with the launch of three models in one year: the Meriva (60,000 units), a new Corsa and another Mokka from Korea, which had been one of the biggest challenges in the history of the plant. He congratulated the team that had made it possible, with huge sacrifices, which also had to work with different engineering teams in Germany and Korea. He explained that the production of the Mokka was particularly celebrated, since it meant giving up outsourcing in order to begin using insourcing, and he made clear that this brought additional capacity to respond to worldwide demand, specifically to European demand, by sharing a platform with another manufacturing center in Korea. He stated that this process entailed consolidating more than 1,000 direct employees, with three or four times that number of indirect employees, and that it was expected to reach full capacity in 2016 with 500,000 units. He stressed what a milestone that bringing production from Korea to Europe was for General Motors, and he highlighted the logistical challenges they had to deal with at first to bring all the parts from abroad while the suppliers were still getting ready. He stated that they soon expected to have 50% of the vehicle's value located in Spain, to bring 20% from Korea and to bring the rest from other

parts of the world, including Mexico, China and the United States.

He continued to stress the manufacturing of the Opel Corsa in Figueruelas, the second top-selling Opel model in Europe with more than 10 million units produced, and he highlighted the improvements in quality achieved, as confirmed by a 90% drop in the number of complaints. He pointed out General Motors' cumulative investment of more than €4.5 billion, more than half of it in the previous 10 years. He spoke about a promising future thanks to the spirit and commitment shown by the teams and union representatives and about the quality, productivity and low costs that were the hallmarks of this plant.

Regarding the future, he stated that the company would keep trying to attract investment within the context of launches of 27 models and 17 engines scheduled for 2018. In 2015, they would account for 40% of production in Europe, and he stressed the importance of the institutions understanding what must be done for the industry in order to remain here in Spain. To conclude, he repeated his confidence in his team, which was committed and passionate about being the best and about leading.



“Factories without design centers foretell a complicated future.”

“Like it or not, the electric car is the only zero-emissions response for the future.”

“Talent: that is the foundation of sustainable growth”



Frank Torres
CEO,
Nissan Motor Ibérica

Torres began his talk by stressing Spain’s participation in the new Nissan production, explaining that, of the 12 new models, four were being manufactured in Spain thanks to the improvements in competitiveness and flexibility which got under way in 2009. Competitiveness was refocused by shifting from a factory-price approach to a flexible value-chain approach, increasing the times that the production line was open and getting ready to work 24/7. Furthermore, aware that it was necessary to add value in order to guarantee the future, he spoke about the impact of having a Nissan design center in Spain with an increasingly important role in the group’s R&D for new products and about the focus on factory innovation by introducing the production of an electric car within a standard process.

Competitiveness had improved by 41% and the company was poised to help its suppliers achieve even further improvements. Continuing with this goal, they were hoping to achieve 15% cost reductions in three years. After noting that the plants would be occupied in the forthcoming years, he revealed that Nissan España was already working with 2020 in mind. He stressed the importance of talent as the basis of growth and shared several measures to promote training, including sending people to Japan and to design centers in England for a certain period of time. He expressed his conviction that Spain should play a leading role in the future and asked the government to help and to avoid carrying out activities, no matter how small, such as in the areas of energy or taxes, that would have a negative

impact and might harm Nissan’s commitments. He asked suppliers not only to have a global and innovation-focused mentality but also to lower costs by 15% and to show their flexibility and willingness to play their part.

He reported that, in 2014, Nissan would produce 122,000 cars, 65% more than the previous year and that they hoped to produce more than 200,000 vehicles in 2016, including the Nissan pickup, the new Nissan NV200, the Nissan Pulsar, the Nissan Pathfinder and the conventional NV200. To conclude, he reiterated the importance of thinking about the future and focusing on innovation, competitiveness and talent in order to deal with the new manufacturers that were evolving toward similar quality standards.



DAY 2 - WEDNESDAY, NOVEMBER 12, 2014

The Perspective of ANFAC (Spanish Association of Automobile and Truck Manufacturers): The Road to Three Million – Key Elements and Reflections

“Spain accounts for approximately 4% of total car sales in the world. Maintaining or increasing this percentage requires us to think about how we can be more competitive and efficient.”

“So far this year, the industry has created nearly 20,000 jobs.”



José Luis López-Schümmer

Chairman of ANFAC, CEO of Mercedes-Benz Spain, President of the German Chamber of Commerce

The chairman of ANFAC, José Luis López-Schümmer, surveyed the evolution of the automobile and its impact on social life and economic development. He stated that rising geographic mobility, the population increase and larger urban zones, the reduction of poverty and the rise of the middle class led to predictions that the industry will strengthen worldwide. He distinguished different needs depending on the age of the population in the geographic areas and predicted an increase in regulations in cities, along with an increase in connectivity. He estimated that world production of automobiles would soon reach 100 million and said that Spain should take advantage of this opportunity by being competitive. He stressed the increases in production in Spain and Germany compared to other countries, such as France and Italy, which had lost around three million cars, returning Spain to the top 10. However, he asked that this not lead to complacency, since other countries were poised to capture volume. He stressed the wide variety of vehicles manufactured in Spain and the country's outstanding network of suppliers. He also noted that the industry had created almost 20,000 jobs in 2014.

He reported that the Three Million Plan was part of the goal of moving Spain up in the top 10, and underpinned the request to the government for it to extend the Efficient Vehicle Incentive Program, which was justified by very low average sales per thousand inhabitants compared to other countries. In the medium and long term, they wanted to increase this from 25 to 35 cars, which was still below the average before the crisis but would nonetheless be a sound position within Europe. He also suggested the need for tax measures, such as eliminating the car registration tax, improving the circulation tax and lowering the tax rate applied to payment in kind for efficient vehicles. After reporting that Spain exports to 120 countries, he explained that the Three Million Plan consisted of exporting 2.5 million vehicles and selling half a million in the domestic market, which would yield a one-point rise in GDP. He reported that 40% of the goals of the plan had been reached but he noted that more work was still needed in updating the fleet; in reforming the training, where he expressed his support for dual training; in logistics, where he asked for greater capacity in trains and trucks; in retrieving unpaid vehicles, which would lead to better and cheaper financing; and in energy costs. At a European level, he stated that ANFAC viewed the TTIP free trade agreement with the United States as vital, along with market unity, and he also believed it was important to measure the economic consequences of the new regulations on emissions on prices paid by end customers.

During the question-and-answer session, the president of ANFAC was asked about the country's recently unveiled reindustrialization plan.

López-Schümmer reiterated that the work was halfway finished and that he felt the Ministry of Industry and the government were responsive to the automobile industry. He insisted that, if four million was to be achieved or at least three million, it was essential not to become complacent because in 2015 they would have to fight for new models and the decisions were not made in Spain. He stressed that a government and society that are automobile-friendly would improve these opportunities.



Suppliers and Innovation

“I think that the components industry is strong enough so that together we can spearhead private institutional initiatives in order to remain one of the most important engines of industrial growth in Spain and to ensure that these talents do not go abroad. We have to ensure that our people’s creativity and capacity bear fruit here at home.”



José Manuel Temiño
CEO, Grupo Antolin

Temiño started his talk by stressing the entrepreneurship of the Antolín family and recounting how the brothers Avelino and José Antolín had launched a small factory where they gained the trust of manufacturers through sound quality, how the demand for new components had increased and how they had expanded the portfolio of products and focused on creating their own technology from the very beginning. He explained that, at some point, the company decided to focus on products for car interiors and that, when its customers’ decision-making centers moved to their home countries, the company had opened technical and sales offices, which ended up taking over product development. He described a product portfolio with four product lines: ceiling systems, where they are the world leaders; doors, where they are working to reach the top; high-value seats; and interior lighting solutions for automobiles. He spoke about a distribution of sales that was diversified among five primary manufacturers while the rest of sales were virtually all over the world. Geographically, he said that Europe accounted for more than 50% of sales. He noted that the company had a presence in 25 countries, it had 120 manufacturing plants and it hoped to reach an aggregate turnover of three billion in 2014. He stressed the company’s

efforts to diversify its financing by reaching out to the capital market and issuing 400 million in a single, highly successful transaction.

He kept the topic of innovation for the end of his talk, stressing the work at the RDI center in Burgos, where 340 highly trained technicians worked. He explained that they had generated more than 400 technical solutions with 1,600 patents and that research into products and processes required investment. He stressed the need to develop manufacturing processes in order to become more competitive and productive. He stated that investment was 3% of turnover and sketched a strategy that revolved around materials, industrial flexibility and smart interiors. He noted the capacity of Spanish universities and the quality of Spanish talent that was emigrating to other countries, and he said that the automotive industry should make an effort to ensure that this creativity bore fruit here at home. In particular, the components industry was strong enough to spearhead initiatives and remain one of the most important engines of industrial growth in Spain.

The questions sparked by Temiño’s talk revolved around the economic crisis, managing a significant volume of manufacturing plants, retaining the company’s essence in an internationalization process and its supplier selection policies. He was also asked for his opinion on Africa and Asia.

Temiño responded that to deal with the crisis they cut overheads by 10%, beginning at the top with capex, and they disinvested in anything that was not part of the core business, thereby managing to lower the breakeven point by 20% and close 2009 with an EBIT equivalent to zero. When the market picked up, they reaped the benefits by improving results year after year, in 2014 as well. When he discussed the complexity of managing 120 plants, he attributed the company’s success to the extreme motivation and dedication of its team. He highlighted the importance of managing development, along with the efforts and sacrifices that had been needed to launch technologies abroad, starting with Spanish expats and later hiring and training people in local teams. He stated that the key

to loyalty at Antolín, beyond the obvious compensation packages and internal promotion, is motivation, and that retaining the essence of the company was the consequence of the enthusiasm that the Antolín family had inspired by showcasing success stories.

Regarding future areas, he stressed growth plans in China and the NAFTA countries and revealed the company’s desire to start working with U.S. companies with doors and plastic parts. Regarding Africa, he stated that for Spain, Morocco could be a chance to lower the costs of some products, but he also stressed that in order to remain a suitable country for fitters, Spain had to be a center of excellence in assembly with high productivity, providing the entire supply chain with increasingly innovative solutions. In other words, he said that the paradigm of quality, price and service must include innovation.



The SERNAUTO Point of View

“In this country, we have to take training very seriously. I am in favor of dual training and for companies to administer these percentages and for them to support themselves in their own training or hire official centers for their people.”



José María Pujol
President, SERNAUTO

José María Pujol opened his talk by presenting a few figures on the Spanish automobile components industry, which included more than 1,000 companies; provided 75% of the car value; invoiced almost €28.08 billion; had 60% of direct exports (a figure that was more than 80% if Spanish components in exported cars were included); created 191,000 direct jobs; allocated 2.8% of turnover to investment, development and innovation, although this figure was as high as 4.5% in some companies; and had an impact on the associated industry with a multiplying effect through economic generation in other sectors. He stressed that between 2009 and 2013, the number of jobs had grown by 12%. In his opinion, the industry’s keys to success lie in its competitiveness; its solid industrial fabric; its mastery of manufacturing technologies with model plants in terms of production; its job quality and flexibility; domestic companies that are the leaders in their products and technology; and its reasonable, flexible labor costs. He also mentioned that the spirit of cooperation and social partners had made it possible to have the flexibility and creativity needed to deal with construction issues, as well as more than 60 years of experience in integrating the value chain; the diversity of companies, technology and products; the experience of supplying the entire world; and investment in research and development. Regarding this last point, he stressed the need to concentrate technology

Clusters, Talent and Innovation

centers domestically. He underscored that it was an international, multilocal industry that was set up near customers and tended to have headquarters in Spain; it had a presence in 35 countries and exported to more than 150.

Regarding the future, he mentioned that the industry was facing the following challenges: productivity, innovation in manufacturing process, job flexibility, stable energy costs and logistical costs. He also emphasized the need for the Mediterranean corridor, where more than 60% of the exports in the industry circulated. He highlighted the importance of training and questioned the efficacy of current systems in allocating resources, and instead suggested that companies administer them, either through internal programs or by sending their teams to official centers. He expressed his steadfast support for dual training and for greater interaction between universities and companies, which would allow university students to do regular internships in companies. To conclude, he called for special support for SMEs, access to financing and a public sector that partners with an industry contributing to society.

At the end of his talk, Pujol was asked whether he thought it was a good idea to encourage agreements among manufacturers as a way to promote the industry.

Pujol stressed that the industry worked in a very united but discreet way with large companies pulling the smaller ones along, encouraging them to internationalize.



“We have to do things locally while always looking globally. The game is worldwide.”



Vicenç Aguilera

President, Automotive Industry Cluster of Catalonia, Ciac (CIAC)

“The skill to effect [...] cultural transformation [...] people who can function in disruptive environments [...]. The digital experience [...] is going to be part of the way things are done in all areas of the company.”



Juncal Garrido

Partner, Automotive Practice, Russell Reynolds Associates

guilera started his talk by distinguishing between and spotlighting the role of clusters as associations that join the industry vertically by encompassing brands, components manufacturers and numerous SMEs that were not members of the management associations (in this case, ANFAC and SERNAUTO). He described the uniqueness of the industrial fabric that comprises the CIAC, with two OEMs, 5,000 people working in R&D and a density in this area that was fairly high, although still insufficient. He stated that in Catalonia the automotive industry accounts for €14 billion or 7% of GDP. In his opinion, the key to a cluster's success was cooperation among the OEMs, and he corroborated the strength they brought to the CIAC. He defended the automotive industry's focus because of its cross-cutting nature, with more than 500 technologies, and he revealed that the purpose of the CIAC was to generate

competitiveness based on cooperation and helping companies to join together and internationalize. He expressed his conviction that a profound local vision was needed that reached down to companies with five or six workers but always with one eye cast on the world at large because the game was global. He repeated several times that, even though the size may still be relatively small, anything done here should be viewed with the sights set on winning this worldwide game. He explained that the CIAC had 123 members and its activity is organized around six committees in which almost 230 people from the industry participate. These same people also work in 40 cooperation projects, and he stressed that changing some things would depend on the people in the automotive industry.

Garrido then took the floor and presented an analysis of the executive committees of 11 OEMs and eight tier 1 companies with 191 and 107 executives, respectively. She mentioned that 75% of the executive committees of global companies had the same nationality and they uniformly had a low presence of women. Furthermore, the figures show that the typical CEO was an executive with the same nationality as the headquarters, with more than 25 years as a company employee and experience managing the income statements of either the brand or the division. She stressed the existence of functional careers in OEMs and more well-rounded development in top ranked companies. To conclude, she contrasted these figures with those of Tesla, a company with an executive committee in which technology and innovation were important, and which, with almost 20,000 employees, seemed to see itself as a digital company more than as a typical OEM.

Aguilera then noted that the people who led innovation and had to carry out the digital transformation were of a certain age and their digital experience was minuscule. He stressed that today was when decisions on the future had to be made, decisions that posed enormous challenges such as knowing what different user groups wanted and what was technologically possible. To conclude, he surveyed the major challenges facing the industry, which ranged from environmental protection to the value of mobility, manufacturing overcapacity in some places and shifts in sales paradigms.

Garrido spoke about the future professional qualities that companies needed: the ability to spearhead cultural transformation, since very different organizations were probably going to have to work together (mergers, consolidations, new players, etc.); the capacity to function in disruptive environments with new players that might not survive long but would have a great impact; cross-functional digital experience, which was going to be part of the way things were done in all areas within the company; and logically, operational excellence, something in which the automotive industry had always been on the cutting edge.

The audience asked the speakers what they would highlight about the cluster in Catalonia, what they thought about the lack of specialization of technology centers in Spain and whether they believed that it would be necessary to seek staff abroad due to the digitization of automobiles.

Aguilera firstly stressed the wealth brought by having two OEMs (Nissan and SEAT) with two different cultures; with two slightly distinct technological lines, strategically as well; and with different forms of training and making investment decisions. Secondly, he mentioned the topic of R&D, claiming that it was vital. He explained how Germany manufactures almost six million cars and has the capacity to develop the entire car, with thousands and thousands of engineers working towards the future. He added that there are opportunities for growth in development in Catalonia, and that as a cluster, they wanted to be the catalyst or to help SMEs understand what size they should be, what strategies they should follow and how they should go about internationalizing. On the other hand, he explained that the Government of Catalonia had already made the decision to join the technology centers and that the CIAC was offering its viewpoint on where they should be competitive and where they should be excellent. He advocated specialization, excellence and competition, stressing that even though he believed that action could be local, strategy should be global, and he recommended a global strategy for the technology centers in Spain that were oriented towards real industries in different regions, whose needs varied.

Ict Innovation: Communication and IT Companies

Garrido responded that Catalonia had young talent and that several companies in the digital sector had their headquarters in Barcelona, an advantage if it was borne in mind that automotive companies in Catalonia were competing by concentrating avidly in the digital pole. Regarding how this would affect digitization, she explained that automotive companies that had to acquire these capacities abroad would have to be prepared so that the people who join them could develop within the company. She also mentioned that an umbrella could help, citing the example of BMW, which began by having this part separate but ultimately integrated it into the organization.

“Connectivity: everyone knows that it is coming, but no one knows exactly what it will be like.”



Surya Mendonça
Managing Director of m2m,
Telefónica

From the division that Mendonça leads, Telefónica is working to make “m2m,” or machine-to-machine communication, possible as a key step in the journey toward the Internet of Things. This group includes cars in addition to other intelligent apparatuses that can be used for other purposes, such as industrial, consumer or domestic purposes, among others. He explained that the market for connected cars would grow in the forthcoming years, but that what was not clear was exactly what it would look like – different companies had different strategies, but no one knew what the future would be like. However, he noted that consumers’ preferences were clear: “Seventy-one percent are interested in buying a car with connectivity functions.” He stressed that people expected experiences similar to what telephones and tablets provided. Mendonça also said that Telefónica had been chosen by Tesla to provide the connectivity in the Tesla S model in several European countries, and he further emphasized the importance of connectivity for the brand. Finally, he spoke about the launch of a service in the German market to provide connectivity to cars that initially lacked it, with features such as intelligent monitoring of the engine and batteries, localization of alerts, and reports on travel and driving issues, among others.



“Transformar los datos en conocimiento y acciones de carácter constructivo y proporcionar información personal relevante en el momento oportuno”



Chandru Shankar
Director of Industry and
Distribution for Europe,
The Middle East And Africa,
Microsoft

Shankar briefly surveyed some of the key trends in the industry in general: digitization, how to improve user experiences and cooperation in the cross-supply chain, massive data, how to gather and use relevant information from customers, and 3D printing and its impact on the present and future of the manufacturing industry. Within this context, he stressed companies’ ability to provide cooperation tools between the value chains of different sectors. In the case of the automotive industry, he cited the example of the improvement in the experience of buying a car, either from one’s own home (home dealership) or at a dealership (fine-tuning the customer arrival experience, the showroom, etc.), and ultimately improvements in the customers’ after-sales experience. In this context, the new tools and techniques such as analyses of expectations allowed companies to better serve their customers and develop personalized products and services. As a final example, Shankar presented a video that showed the importance of Microsoft Dynamics solutions as a crucial operating feature for the Lotus Formula 1 team, stressing its ability to move and analyze huge amounts of data in real time.

During debate time, the audience was interested in the ownership of the data provided by consumers and the role of legal departments in large companies.

Shankar underscored the seriousness with which Microsoft dealt with security and privacy issues regarding users’ information, and he stressed the company’s conviction that consumers’ data belonged

to the consumers themselves. On the other hand, he explained that data could be exploited in an aggregate fashion without compromising personal information when extracting relevant information. He added that the company had groups in different activity areas that ensured compliance with the law.



CLOSING SESSION

“You can be extraordinarily competitive in this country.”

“We are going to keep fighting for the industry.”



Professor Pedro Nueno
 Founding Chairman of IESE AUTO

“We are working to see what answers the industry is going to provide to the major questions being asked.”



Francisco Roger
 Partner and Automotive Industry Coordinator, Kpmg in Spain, and Coorganizer

“The technological levels in the room were higher than at other years’ meetings.”



Joan Llorens
 Founding Chairman of IESE AUTO and Member of the Advisory Board, STA

“We are at the start of a period of huge changes, and this means work to be done on education and the future of individuals”



Professor Marc Sachon
 Chairman of IESE AUTO, IESE

At the closing event, Professor Pedro Nueno stressed the industry’s huge efforts and investments aimed at answering the questions emerging at the meeting, and he predicted a forthcoming year that was likely to be filled with answers. He further expressed his satisfaction at having heard stories of success and solidity in this year’s edition, which showed that in Spain you could be extraordinarily competitive, but you had to keep fighting for it. Francisco Roger then thanked IESE for the opportunity of sharing in these sessions, noting that the quality of the debates had been outstanding. He underscored the importance of the challenges that must be faced. Joan Llorens, in turn, pointed out the huge volume of technological issues that been covered in the talks. Finally, Professor Sachon closed the meeting by thanking the speakers for their participation and by thanking KPMG for their fruitful partnership. He expressed his satisfaction with the positive evolution of the industry compared with recent years and reiterated the training needs that future changes would bring. Finally, he invited participants to attend the 30th anniversary of the meetings in November 2015, where “The next 30 years” would be the topic of discussion.



PROGRAM

Tuesday, November 11, 2014

Welcome and Reception

Opening Session

- Professor Jordi Canals, dean, IESE Business School
- Joan Llorens, founding chairman IESE Auto and member of the Board, STA
- Professor Pedro Nuevo, founding chairman IESE Auto, IESE Business School
- Francisco Roger, partner and automotive industry coordinator, KPMG in Spain, and co-organizer
- Professor Marc Sachon, chairman IESE Auto, IESE Business School

Economic Overview: Overview of the Spanish, European and Global Economies

Although the Euro Zone has overcome the recession, the long shadow of deflation and the complexity of a potential purchase of European debt undermine its recovery. Falling debt prices have yielded a positive effect in Spain, but the sluggish employment market indicates that more work is needed.

- Professor Antonio Argandoña, IESE

Speech by the Regional Minister of Business and Labor of the Government of Catalonia

- The Honorable Felip Puig

Coffee Break

New Players: Quality, Branding and Post-sales Customer Satisfaction

The growth of OEMs in volume-leadership markets continues to steadily rise. Some companies have done very well by implementing effective quality control, branding and post-sales customer satisfaction strategies, and have begun to take their first cautious steps toward internationalization.

- Gert Volker Hildebrand, executive director of design, Qoros Automotive Co. Ltd.

Moderator: Professor Pedro Nuevo, IESE Business School

Value and Sustainability

Companies can create value by integrating sustainability in all facets of the value chain through sustainable management and responsible products that satisfy customer needs and respond to the challenges of safety, mobility, and energy efficiency, among others, and reflect a real concern for environmental protection.

- Dr. Rainer Feurer, senior vice president, sales strategy and steering, channel development, BMW Group

Moderator: Professor Marc Sachon, IESE Business School

Coffee Break

Tuesday, November 11, 2014

The “Why Buy a Car?” Generation

The automotive industry faces challenges that go far beyond engineering. Many young consumers question the need to own a car, as well as the importance of the automotive industry. How can automotive firms strengthen their brands and overall value and raise interest among younger consumers?

- Reiner Hoeps, managing director, Mercedes-Benz Cars
- Emilio Herrera, managing director, Kia Motors Iberia

Moderator: Juan José Díaz Ruiz, CEO, Díaz Ruiz & Partners

Manufacturers in Spain (I)

- José Manuel Machado, chairman and CEO, Ford Spain

Moderator: Francisco Roger, partner and automotive industry coordinator, KPMG in Spain, and co-organizer

Convergences Between Sectors

- Dieter Becker, global chair, automotive sector, KPMG International

Moderator: Professor Pedro Nuevo, IESE Business School

Lunch

Taking the Pulse of the Sector

- Professor Marc Sachon, IESE Business School

The Spanish Distribution Channel

Car dealerships are beginning to turn a profit and generate employment. While the recovery is slow, growth objectives are being met. Post-sales, international markets and used-car sales have generated new business models. What else can dealerships do to create value? How can automobiles and drivers be better supported?

- Jaume Roura, president, Faconauto

Moderator: Professor Marc Sachon, IESE Business School

Pausa

Tuesday, November 11, 2014

Manufacturers in Spain (II)

Good news for Spanish industry: the manufacturing sector, export sales and export value are growing, and investments in industry are increasing. Spain is gaining steam as an automotive player. Achieving a robust domestic market is crucial as the industry continues to create value. What plans does the Spanish automotive industry have for the future?

- Antonio J. Cobo, general manager, General Motors Spain
- Frank Torres, vice president Nissan Industrial Spanish Operations, Nissan Motor Ibérica, S.A.

Moderator: Francisco Roger, partner and automotive industry coordinator, KPMG in Spain, and co-organizer

Reflections and Comments

Networking Cocktail Reception

Wednesday, November 12, 2014

The Perspective of ANFAC (Spanish Association of Automobile and Truck Manufacturers): The Road to Three Million – Key Elements and Reflections

The Road to Three Million – Key Elements and Reflections

- José Luis López-Schümmer, chairman, ANFAC

Moderator: Professor Marc Sachon, IESE Business School

Suppliers and Innovation

The Spanish supply industry plays a pivotal role in the country's position as an automotive hub. Moreover, Spanish suppliers continue to successfully expand into international markets. How can Spanish suppliers gain market share and increase the value of the auxiliary industry to OEMs?

- José Manuel Temiño, CEO, Grupo Antolín

Moderator: Professor Pedro Bueno, IESE Business School

The SERNAUTO Point of View

- Josep M. Pujol, president, SERNAUTO

Moderator: Professor Pedro Bueno, IESE Business School

Coffe Break

Clusters, Talent and Innovation

Collaborations and alliances among companies in search of value and innovation despite increasingly dissimilar technological profiles have intensified. As professional profiles evolve, effective talent management has become key. What changes lie ahead?

- Vicenç Aguilera, president, Clúster de la Indústria d'Automoció de Catalunya (CIAC)
- Juncal Garrido, partner, automotive practice, Russell Reynolds Associates

Moderator: Professor Marc Sachon, IESE Business School

Ict Innovation: Communication and IT Companies

Information technologies offer incredible opportunities for innovation, which is particularly valued by younger consumers. Who will control the information channel?

- Surya Mendonça, global m2m managing director, Telefónica
- Chandru Shankar, EMEA manufacturing & distribution lead, Microsoft

Moderator: Professor Marc Sachon, IESE Business School

Wednesday, November 12, 2014

Closing Session

- Professor Marc Sachon, chairman IESE Auto, IESE Business School
- Joan Llorens, founding chairman IESE Auto and member of the Board, STA
- Professor Pedro Nuevo, founding chairman IESE Auto, IESE Business School
- Francisco Roger, partner and automotive industry coordinator, KPMG in Spain, and co-organizer

SLIDES

Taking the Pulse of the Sector

Prof. Dr. Marc Sachon
Chairman IESE AUTO

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IESE AUTO
11 November 2014

Slide 1

- Presentation given during the 29th edition of IESE's annual meeting of the automotive industry in Barcelona
- This event is co-organized with KPMG
- More details available at:
<http://www.iese.edu/en/executive-education/industry-meetings/29th-automotive/>

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11 November 2014

Slide 2

“Why Automobile?”

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11 November 2014

Slide 3

Automotive and Gen Y

“My teenage son’s friend was completely uninterested when I picked him at their place in my new high-powered sports-car – but when he heard that I had been at Google HQ a week before, he was really impressed!”
Senior Manager of German Premium Manufacturer

“My children never really cared about what car I drove, but when they saw a Tesla pass us on I-280, they started pushing me to buy that car – and eventually I did!”
Famous Silicon Valley Venture Capitalist and Politician

“64% of Gen Y consumers love their cars, but are 3x more likely to abandon their vehicles if costs increase.”
Leading Consulting Company

“Our problem is that we are losing our customer base: the young people don’t care about cars anymore!”
Another Senior Manager of another German Premium Manufacturer

“My problem is very simple: my customers are dying away.”
Owner of a large Japanese Premium Manufacturer dealership in New England

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Slide 4

The Past 20 Years: Key Innovations

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11 November 2014

Slide 5

Two Surveys

- Two groups surveyed
- First group (N=90): automotive sector
- Second group (N=210): population, both young (<=30 years) and old (>30 years)
- Both groups were asked about key innovations and perception of what is important

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11 November 2014

Slide 6

Biggest Innovation: Public vs. Industry

Differences between public and industry experts: positive percentage of 10% indicates that general public assigns 10% more importance to innovation than industry experts

Source: IESE AUTO 2014 Phone Survey, N = 210, 50% between 18 y 30 years (general public)
IESE AUTO 2014 Online Survey, N = 90 (Industry experts)

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11 November 2014

Slide 7

Investment in global R&D

Which of (Public) 8 sectors invests most in global innovation / R&D?

Source: IESE AUTO 2014 Phone Survey, N = 210, 50% between 18 y 30 years

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IESE AUTO
11 November 2014

Slide 8

Investment in Spanish R&D

Which of (Public) 8 sectors invests most in Spanish innovation / R&D?

Source: IESE AUTO 2014 Phone Survey, N = 210, 50% between 18 y 30 years

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11 November 2014

Slide 9

R&D Spending in 2013

1. VW Group: \$13.5 Billion
2. Samsung: \$13.4 Billion
3. Intel: \$10.6 Billion
4. Microsoft: \$10.4 Billion
5. Roche: \$10.0 Billion
6. Novartis: \$ 9.9 Billion
7. Toyota: \$ 9.1 Billion
8. Johnson&J.: \$ 8.2 Billion
9. Google: \$ 8.0 Billion
10. Merck: \$ 7.5 Billion

Source: Handelsblatt, Bloomberg, Reuters, Oct. 2014

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11 November 2014

Slide 10

Innovation Leaders (Public)

Which region will be the one to produce most of the environmentally friendly cars in 2020?

Source: IESE AUTO 2014 Phone Survey, N = 210, 50% between 18 y 30 years

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11 November 2014

Slide 11

Insights

1. Young people see automotive different than we do
2. The automotive industry is not able to communicate its achievements to young people
3. Japanese manufacturers are still perceived as being more environmentally friendly than EU manufacturers

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IESE AUTO
11 November 2014

Slide 12

The next Decade

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IESE AUTO
11 November 2014

Slide 13

Two Surveys

- Two groups surveyed
- First group (N=90): automotive sector
- Second group (N=210): population, both young (<=30 years) and old (>30 years)
- Both groups were asked about the needs for young (<30) and not-so-young (> 30) people

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Slide 14

Experts and Public, Young and Not-Young

	What do the young want (<30 yrs)?	What do the not-so-young want (>30 yrs)?
Expert Opinion Survey: 90 participants	CO2 / Efficiency Connectivity Cost	Safety CO2 / Efficiency Comfort
Public Opinion Survey: 210 participants	Connectivity Infotainment DSS CO2 / Efficiency	Safety CO2 / Efficiency DSS Safety CO2 / Efficiency
	Connectivity & Digitalization	Safety & CO2 / Efficiency

Note: Only 3 public mentioned "status symbol"

Source: 89 industry experts, IESE AUTO 2014 Web Survey 1
Source: IESE AUTO 2014 Phone Survey, N = 210, 50% between 18 y 30 years

Marc Sachon
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11 November 2014

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Insights

1. Young people see automotive different than we do
2. The automotive industry is not able to communicate its achievements to young people
3. Discrepancy between perception of low-emission producers and reality
4. Digital is becoming a game changer – for safety, emissions, connectivity and others

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Discussion 1

- Can the automotive industry afford to try to address every wish of its customers?

Discussion Feedback:

- One team:** They are already doing that: security, connectivity, communication systems... the key issue is that what is being planned today, it is sold 10 years after. The process is too slow.
- Another team:** The industry cannot run the 4 needs at the same time keeping competitive advantage on all.

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General Reflections

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Old Challenges

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The Used Car Apocalypse

"In a US market where 90% to 95% of all units are sold on a monthly payment, we take seriously the growing signs of dealer concerns over the sustainability of practices meant to lower the monthly payment and the risk that we are taking consumers out of the normal trade cycle, pulling forward demand from the future."

Source: Adam Jonas, Morgan Stanley

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New Competitors

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2013: Quoros achieves highest grade in NCAP



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New Business Models

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New Entrants with new



Tesla's next car, the P85D, will have two motors and all-wheel drive. It will match the 3.2 second 0 to 100 km/h time of the McLaren F1, one of the fastest cars ever made. And it will be even more efficient than the current, already terrific, Model S... added efficiency is thanks to the electronic system that will shift power between the front and rear motors from one millisecond to the next, so each is always operating at its most efficient point.

Source: Ward, Oct. 2014

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New Approach to Dealerships



Source: newsletter@teslamotors.com, 12-11-13

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"No one makes money on"



Source: Bloomberg, Nov. 2014

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Discussion 2

- Will Tesla be successful in Europe?
- Will Electric Vehicles (BEV) be successful?
- Why? Why not?

Discussion Feedback:

- One team:** The key challenge to solve is the batteries. Do we like to drive a car without air conditioning? Lack of development in the space, still a lot to do.
- Another team:** Short term electric car is not an option. Long term yes, we see that. Lack of infrastructures is the key issue, now it is really expensive.
- A third team:** What is the value of driving a Tesla? What is the business model?

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New Entrants from other Industry



Source: www.automobliedevs.de

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Discussion 3

- Why is Google doing the autonomous car?
- What is their agenda?

Discussion Feedback:

- One team:** We think they are trying to integrate Google Maps into all manufactures, and with that, have access to customer data to keep growing their advertisement business.
- Another team:** Basically they want to define the standard, they want to be the first mover, and then take all the competitive advantage.
- A third team:** They want to define the standard, they know that the market of auto-driven cars is huge and that current industry is struggling to integrate mobility into cars.

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What do IESE's MBA students think?

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Used Car Business: change



USED CARS:

- Optimized to speed cars' entrance to the market
- Creation of used car shopping systems with a common design in all franchised dealers
- Detailed view of the car and history
- List of available cars based on central information system
- Web 2.0 recommendation system
- Mobile app

Project: Improving the Used Car Business in Europe

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Innovation: broaden access

Success will be defined...
 ...no longer by developing superior functionalities...
 ...but by continuously adapting to customer needs
 Going from top-down innovation management...
 ...to a bottom-up employee and customer driven innovation management!

To stay on top of the automotive world ...
 ...you have to ensure worldwide access to cutting edge innovation in technology!

Project: Automotive Trends

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IESE Innovation: A true Challenge

Limited R&D resources...

R&D People	10900	20000
R&D budget	\$4.5B	\$7.3B
VC budget	\$0.1B	\$1.5B

Project: Automotive Trends
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Source: IESE MBA BCN 2015, Team 89
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IESE Insights

1. Young people see automotive different than we do
2. The automotive industry is not able to communicate its achievements to young people
3. Discrepancy between perception of low-emission producers and reality
4. Digital is becoming a game changer – for safety, emissions and connectivity; sector seems aware
5. Young people don't understand some of the structures and approaches in the industry – they seem inefficient to them

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Wrap-Up

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IESE Key Points

1. What customers want
2. Digital a key enabler
3. Young people & automotive
4. Can automotive afford all innovations:
5. Tesla Discussion: agreement that short term success not very likely; long term might be different
6. Google Discussion: divided views of Google's strategy, but agreement that company has to be taken serious

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Thank you for your collaboration!

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SPEAKERS



Prof. Marc Sachon

Chairman IESE Auto
 Professor of Production, Technology and Operations Management
 Ph.D. in Industrial Engineering and Engineering
 Management, Stanford University, USA
 M.B.A., IESE, University of Navarra, Spain
 Master Aerospace-Technology, University of Stuttgart, Germany

Areas of interest: Operations Strategy / Supply Chain Management / Automotive industry

Marc Sachon is professor in the Department of Production, Technology and Operations Management. He holds a Ph.D. in industrial engineering and engineering management from Stanford University, USA, an MBA from IESE Business School, Spain, and a master's degree in aerospace technology from the University of Stuttgart, Germany. His main areas of interest are operations strategy, supply chain management and process improvement.

He is the chairman of IESE's Automotive Event and the academic director of several programs at IESE, including the Advanced Management Program Munich and custom programs with large German companies in the automotive and the distribution sector.

He teaches courses on operations strategy and operations management in IESE's executive and MBA programs. His case studies on the automotive industry and the retail sector (e.g., Aldi, Borgers, Netflix, Nike, Porsche) are used in business schools around the world. To merge theory with practice, his MBA students conduct project work for leading companies in the automotive and retail sectors.

His research is centered on supply chain management and efficiency. His current research in the automotive sector focuses on the effects of the introduction of the electric powertrain on the industry's supply chain. He has published in academic journals, such as IEEE, as well as business journals such as European

Business Forum (EBF) and has contributed chapters to several books on operations management and process improvement.

Prior to entering academia, Dr. Sachon worked at the headquarters of IBM Germany. He has consulted for various companies in different sectors, including energy, fashion, finance, FMCG, retail and others.



Prof. Pedro Nueno

Founding Chairman IESE Auto
 Professor of Entrepreneurship IESE Business School
 Professor of IESE. Bertran Foundation Chair on Entrepreneurship.
 Doctor of Business Administration, Harvard University, 1973.
 Industrial Engineer and Technical Architect, Polytechnic University, Barcelona.
 Professor and President, China Europe International Business School (CEIBS)
 Shanghai and Beijing. Chengwei Ventures Chair on Entrepreneurship

Areas of Interest: Entrepreneurship, intrapreneurship and starting new ventures / Management of privatization and turnaround processes / Management of technology and innovation / Internationalization processes

Vice Chancellor Europe (former Chancellor),
 International Academy of Management

Author of 14 books including: *"Emails to a young entrepreneur"* (Spanish and English, 2014); *"Letters to a young entrepreneur"* (Spanish, 2007; English, 2008 and Chinese, 2009), *"Entrepreneurship. Towards 2010"* (Spanish, English, Hebrew) and of *"Compitiendo en el Siglo XXI"* (Spanish, 1998). *Emprendiendo. Hacia el 2020* (Spanish, 2009). Coauthor of *"The Light and the Shadow"* (English 1997, 1998, 2005, Spanish, Mandarin, Catalan and German). Author of *"Entrepreneurship"* (English, Spanish, 1994), and *"Corporate Turnaround"* (English, French, Dutch, Spanish, 1992, 2005).

Founder of FINAVES, venture capital corporation associated to the entrepreneurship activity of IESE Alumni.

Member of the board or advisory board of several listed and privately held companies in USA and Europe, and consultant for some international companies and institutions like the World Bank.

Member of the Visiting Committee of the Harvard Business School by the Office of Governing Boards of Harvard University, 2005-2011.

He has received the following Honors: Award Membership to the Order of Civil Merit, Spanish

Government, 2003; Cross of Saint Jordi, Government of Catalonia, 2003; Silver and Golden Magnolia Awards, Government of Shanghai, 2007, the "Friendship Award", Government of China, 2009, "La Clau de Barcelona", 2012 and "Outstanding Contribution Award" Government of China, 2014


Joan Llorens

IESE Auto Founding Chairman
Member of the Advisory Board, STA

Joan Llorens Carrió, born in Barcelona, has a doctorate in Industrial Engineering from Barcelona's School of Industrial Engineering. He graduated in Business Administration from IESE in Barcelona and from Stanford University's School of Business in California.

He has devoted much of his professional life to the automotive industry, starting as a student trainee in Enasa Pegaso. After successive promotions, he became industrial operations manager and corporate development manager, leading the company's opening and globalization process via various international agreements.

In 1986, he founded PIC Group SA, a company devoted to strategic consulting.

From 1989 to January 1994, he was chairman of the Spanish Automotive Industry Confederation, which grouped together 11 associations and federations covering the entire spectrum of the Spanish automotive sector. Upon leaving the confederation, he was named its honorary chairman.

In November 1993, he was appointed chairman of the Executive Committee of the company SEAT SA. During the period from 1993 to 1996, he successfully led the company's restructuring and profitability program ("turnaround program").

Since January 1997, he has been a member of boards of directors and governing and advisory bodies

of several companies and corporate organizations, including SMEs and family businesses.

Among other distinctions, he has the Officer's Cross of the Order of Merit of the Federal Republic of Germany and the Saint George's Cross (Creu de Sant Jordi) of the Government of Catalonia.


Francisco Roger

Business Science and MBA from ESADE (Barcelona)
Auditor and chartered accountant
Member of Spain's Official Registry of Auditors (ROAC)

Sectoral focus: Automotive / Other industrial sectors

Francisco joined KPMG in September 1987 and was promoted to partner of the firm in 2002.

He has extensive experience in the auditing of large groups, both national and multinational, paying special attention to the industrial sector and particularly to the automotive industry. His experience includes the preparation and verification of complex financial projections as well as the preparation of consolidated financial stages.

Since 1998, Francisco has taken part in the firm's training activities for both IFRS and U.S. GAAP, being accredited to perform group audits under U.S. GAAP accounting principles and in SOX environments.

Francisco acts as a KPMG relationship and service quality coordinating partner for large national and international groups in the automotive industry.

In addition, Francisco has written numerous analysis and opinion articles on the automotive sector in Spain and in the world for various media outlets.


Vicenç Aguilera

President
Clúster de la Indústria d'Automoció de Catalunya

Vicenç Aguilera, born in Barcelona, is the current President of the Clúster de la Indústria d'Automoció de Catalunya (CIAC). Industrial Engineer ETSEIB (UPC), with 40 years of experience in the Automotive sector. He has been the Engineering Manager of SEAT, President of SEAT Sport, Regional Manager in SIEMENS, and General Director of Business Development and member of the FICOSA Executive Board.

He holds a PDG from IESE Business School – University of Navarra.

Automotive management expertise, but above all, passionate and committed to the automotive industry, he is also the President of the Circuit de Barcelona-Catalunya, and collaborates with companies related to this sector.

He is a current member of the RACC Executive Board and he was the President of STA – Sociedad de Técnicos de Automoción (2001 to 2005).


Dieter Becker

Global Chair Automotive Sector
KPMG International

Master (Diplom Ökonom) in Business Administration, University of Stuttgart Hohenheim.

Dieter Becker has more than 21 years international experience in the automotive and manufacturing industry, working with a range of different clients on global projects covering strategy, business modeling, finance and controlling, sales and marketing, manufacturing, product development and HR.

He has worked and lived in Stuttgart, Tokyo, London, Zurich and now since 2012 in Munich

Beside performing a lot of different projects along the whole automotive value chain, he had been the German, European and global Chairman of KPMG's automotive practice until end of 2011, then building up the newly formed automotive competence center and taking the Global, EMA and German lead again in late 2014.

He has been very instrumental in developing industry positions on several emerging issues that impact the automotive and manufacturing industry, e.g. studies like global executive survey and global truck studies within automotive, product diversity, brand and consolidation, location management and R&D controlling, and has consequently pushed forward the product development.



Antonio J. Cobo

General Manager
General Motors Spain

Antonio J. Cobo has a degree in Physical Sciences from the University of Granada.

Since leaving the University of Granada, Antonio Cobo has spent his entire career at General Motors, in different positions of responsibility, covering several areas of the organization and in different countries, including Germany and the United States.

He joined General Motors in Spain in September 1981 and, for more than a year, did his training at Adam Opel AG (Germany) in the Bochum plants and at the Technical Development Center in Rüsselsheim. From then until 1994, he had various positions in the area of quality. On that date, he was transferred to Germany, where he was part of the team at the new Eisenach plant as a deputy director of quality. From 1996 to 1998, he was manager in the areas of quality operations and product and quality engineering at the Zaragoza plant. In 1999, he transferred to Lansing, Michigan, in the United States, as a member of the team that built and made operational the new LGR (Lansing Grand River) plant, where he held the position of director of quality. This factory, in its day the most modern in the world in the automotive industry, was created as a model for GM's manufacturing system in North America and was dedicated to producing the new generation of Cadillac luxury models.

In 2002, he returned to Europe to the International Technical Development and Product Engineering Center in Rüsselsheim, Germany, where he held the position of quality development director for small vehicles.

During this period and until 2005, Antonio was part of the team developing the Meriva, the current Corsa, the Tigra and the new Agila, and in that year he returned to the Opel plant in Figueruelas as director of quality.

From October 1, 2007, to September 1, 2010, Antonio was deputy director of the plant and manufacturing director for Opel in Rüsselsheim, Germany, where the new Opel Insignia was launched and is made.

In his career at General Motors, Antonio has led projects with other companies such as Suzuki in Japan, AvtoVAZ in Russia and Heuliez in France.

On September 1, 2010, Antonio Cobo was appointed general manager and director of the General Motors Spain plant, from where he leads the activities of the company in Spain.

In 2011, Antonio Cobo was appointed quality leader in Spain and European quality leader by the AEC (Spanish Association for Quality) and the EOQ (European Organization for Quality) and he received the ADEA 2012 award for an executive of a multinational company.



Juan José Díaz Ruiz

CEO
Díaz Ruiz & Partners

Juan José Díaz Ruiz graduated in Economics and Marketing from Lancaster University and obtained a Master's in Business Administration from Warwick Business School, both in England.

He began his career in 1972 at Ford U.K. as area manager for east London. In 1974, he joined Ford Spain, where, among other duties, he was director of operations and marketing. In 1980, he took on the role of head of marketing for southern Europe.

In 1982, he moved to SEAT as head of exports before later becoming vice-chairman of sales and marketing, a position that he combined with the chairmanship of VW-Audi Spain (VAESA), a subsidiary of the VW Group.

In 1993, he went on to hold the position of director of foreign trade and later executive director of international sales and marketing at Audi AG in Germany.

In 1998, he joined Toyota Europe as executive vice-chairman of sales and marketing, in charge of Toyota's expansion in Europe.

In September 2000, he took on the position of executive vice-chairman of Fiat Group, in charge globally of the Fiat, Lancia and Alfa Romeo brands. In June 2002, he went on to become chairman of Fiat Spain SA, a position he occupied until June 2004.

From 2002 to 2004, he was automotive industry representative at TotEmpresa, the working group used by the Ministry of Industry of the Government of Catalonia to support the industry's development.

From 2004 to 2009, he occupied the post of senior adviser for the Hyundai Group in Korea and for the brands Hyundai Motor Europe and Kia Motor Europe for the European market.

Currently, among other activities, he holds the post of chairman at J.J. Díaz Ruiz & Partners and is a member of the Advisory Board of Altair Management Consultants.



Dr. Rainer Feurer

Senior Vice President, Sales Strategy and Steering
Channel Development
BMW Group

Academic Qualifications

1987-1991

- Fachhochschule Reutlingen/Germany – German Degree in Management
- Middlesex University Business School, London/UK - BA Honors European
- Business Administration

1992-1993

- Monterrey Institute of International Studies, Monterrey, CA, USA – MBA in
- International Management

1992-1994

- Cranfield University, UK - Ph.D. in Strategy Formulation and Implementation
- Professional Career

1991

- Gruber, Titze & Partner – Consultant

1992-1998

- Hewlett Packard – Senior Consultant

1998-1999

- BMW Group – Inhouse Consulting, Sales & Marketing – project team leader

1999-2000

- BMW Group – Sales – project leader for the subproject vehicle process

2001-2002

- BMW Group - Sales - Online Ordering Overseas – global project leader

2002-2004

- BMW Group – Vice President Program Planning

2005-2007

- BMW Group - Vice President Strategic Planning

2007-2013

- BMW Group – Senior Vice President Corporate Strategy and Planning, Environment

Since April 2013

- BMW Group – Senior Vice President Sales Strategy and Steering,
- Channel Development



Juncal Garrido

Partner, Automotive
Russell Reynolds Associates

Based in Barcelona, Juncal Garrido focuses on assignments in the industry and energy sector, where she recruits across functions for senior executive positions. She has particular knowledge of the automotive, industrial equipment, and oil industries, working with clients in Europe, North America and Asia.

Previous Experience

Prior to joining Russell Reynolds Associates, Juncal was the International Sales Director at IQV, a Spanish global leading copper based agrochemicals producer. Previously, she was a Management Consultant in the Strategy and Portfolio Division of Shell International Petroleum, based in London. From there, Juncal was assigned to a diverse range of projects based in Central America, China, and the United Kingdom. She began her career at Universal Studios’ Port Aventura Theme Park. Juncal recently completed a number of CEO searches for international industrial companies. She has also recruited candidates for country management positions, marketing, sales, supply chain, finance, and HR functions, conducting these assignments for private, private equity backed and quoted companies. Juncal has additionally acquired broad executive assessment experience.

Education

Juncal received her master’s degree, with Honours, in Telecommunications engineering from the Universitat Politècnica de Catalunya and her MBA from IESE Business School in Barcelona, which included a semester at the Haas School of Business, University of California Berkeley. She is fluent in English, German, Italian and Spanish.


Emilio Herrera

CEO
Kia Motors Iberia

Emilio Herrera was born in Lausanne, Switzerland, in 1961. He began his career in the world of automobiles in 1996 as marketing manager at Chrysler Europe, first in training, then going on to run events and shows and, finally, working in general marketing.

In January 2006, he joined Chrysler Benelux as CEO, being the top person in charge of the Chrysler, Jeep and Dodge brands.

In February 2010, he joined Fiat Group Automobiles Belgium as CEO, in charge of Chrysler, Jeep, Dodge, Fiat, Alfa Romero, Lancia, Abarth and Fiat Professional.

In December 2011, he joined Kia Motors Belgium as CEO, going on to become part of Kia Motors Iberia in December 2012 as CEO, which led him to move to Madrid.


Reiner Hoeps

Managing Director
Mercedes-Benz Cars

Born June 10th 1966.

Married, 2 children (12 and 9 years)

Professional activity

Since September 2012

Managing Director Mercedes-Benz Cars at Mercedes-Benz España, Madrid

Responsible for Marketing and Sales of Mercedes-Benz and smart brands

January 2012 until August 2012

Chief Operating Officer at Mercedes-Benz Hong Kong

October 2008 until December 2011

Managing Director Mercedes-Benz Cars at Mercedes-Benz Portugal, Sintra

January 2002 until September 2008

General Manager Market Management and Pricing America and Overseas at Daimler AG, Stuttgart

February 1998 until December 2001

Sales Manager for Mercedes-Benz Passenger Cars and Chrysler at DaimlerChrysler Argentina, Buenos Aires

October 1989 until January 1998

Different positions in central sales and marketing departments for African, Arab and Latin American markets at Daimler-Benz AG, Stuttgart

Studies and Professional Training

January 1996 until December 1997. Executive MBA at Henley Management College, United Kingdom

October 1986 until September 1989. Bachelor Degree in Business Administration (BA) at Württembergische Verwaltungs- und Wirtschaftsakademie University in Stuttgart


José Luis López-Schümmer

CEO
ANFAC

The Board of Directors of Daimler AG nominated José Luis López-Schümmer Trevino to be appointed chairman and CEO of Mercedes-Benz Spain at its ordinary general meeting held on June 30, 2009.

José Luis López-Schümmer, a law graduate, was born in 1960 in Madrid. After completing his university studies, he began his career at Arthur Andersen in Madrid.

Five years later, in 1988, he joined the staff of Mercedes-Benz Spain as head of the company's sales network. In 1994, company headquarters called on him to join the Project Europe working group, under which new sales criteria for the European subsidiaries were established. At the end of the project, he returned to Spain and was appointed director of passenger car sales, a position he held between 1995 and 1998. As a result of a restructuring at Mercedes-Benz Spain, in May 1998 he was appointed director of heavy goods vehicle sales. He became general manager of goods vehicles on May 1, 2001, and went on to form part of the company's Steering Committee.

In January 2007, he took on new roles in the group's global organization when the Daimler AG Steering Committee appointed him vice-chairman for van sales and marketing worldwide.

In May 2011, the Board of Directors of the German Chamber of Commerce put its trust in José Luis López-Schümmer by making him its chairman, a position he has held since then.

In July 2014, he was appointed chairman of ANFAC.


José Manuel Machado

Chairman & CEO
Ford Spain

Born in Madrid in October 1954, the current Chairman & CEO of Ford Spain - and responsible for the activities in the Iberian Peninsula - is a man of the 'house' which he joined in 1977.

Holder of a Law Degree - from the University of Deusto (Bilbao), and Economics and Business

Administration - from the ICADE (Madrid), he has held positions of responsibility in different areas of Marketing and Sales, both in Ford Spain and Ford Europe.

In 1991 he became Sales General Director at Ford Spain, responsibility which he held until 1994 when his second international assignment began.

In Latin America he headed, in turn, Ford Venezuela and Ford Andina. In 1997, he assumed the presidency of Ford Mexico.

At the beginning of the year 2000, he was named president of New Business Development for South America in the Customer Service Division, a position he held until November of that year when he was appointed CEO of Ford Spain - Iberia.

In April 2003 he was appointed Chairman of Ford Spain, a position he currently holds.

Good expert but above all, passionate and committed to the industry, Machado was, between July 2012 and 2013, the President of the Spanish Association of Automobile and Truck (Anfac), in which, since February

2006, he also chairs the Committee on Logistics and Transport (<http://www.anfac.com/>). In late 2011, Anfac presented the Ten logistic priorities for the automotive sector. A report detailing the main clues which, according to the sector patronal, will determine the future competitiveness of Spain as a strategic centre of the European automotive industry. He has been greatly involved, and committed, with the need to create the Mediterranean Corridor as a way of improving Spanish competitiveness.

Since December 2006 until July 2013, he chaired the Spanish American Business Council (<http://www.abouncilspain.es>), independent organization created in 1988 that counts with the 53 U.S. companies with the most significant presence in our country as members.

Along with his business work, Jose Manuel Machado also promotes social development through participation in civil development initiatives. In 2009, he participated in the creation of the "Fundación SERES" aimed at supporting people and groups at risk of exclusion, so the Foundation contributes to reducing the social gap (<http://www.fundacionseres.org>).

A work and a way of understanding the social commitment that has led Jose Manuel Machado to implement - during his tenure at Ford Spain - a continuity strategy standard in its corporate culture. Each year, a Social Action Plan is defined in three lines of action: Company Specific Programmes, Volunteering and Employment of Disabled Persons.



Surya Mendonça

Global m2m Managing Director
Telefónica

Surya Guedes Mendonça, Global M2M Managing Director – Telefonica Digital

Surya is a Mechanical Engineer with an MBA from Harvard Business School. He joined Telefonica in 2001 and has held a variety of strategic and commercial roles, including Marketing Director Fixed SME in Latam, Marketing Director Fixed SME and Residential in Brazil and Marketing Director Mobile Pre-paid in Brazil. Before Telefonica he was a consultant for McKinsey & Co and worked in an internet start-up in Brazil.



The Honorable Felip Puig

Minister of Enterprise and Employment
Government of Catalonia

Born in Barcelona in 1958. Married with two daughters. He has a degree in Civil Engineering from the UPC (Polytechnic University of Catalonia) and a diploma in Business Administration from the Technical University of Madrid (UPM).

Secretary-general of the Department of Social Welfare from 1992 to 1996.

CDC organizational secretary from January 1996 to November 1999.

Minister of the environment of the Government of Catalonia from November 29, 1999, until November 20, 2001, and minister for territorial policy and public works from November 21, 2001, to December 22, 2003.

Member of Catalonia's parliament since December 2003 and, from 2003 to December 2007, spokesman for the Convergence and Union (CiU) parliamentary group.

Minister of the interior from the time of his appointment on December 28, 2010, until December 2012.

Appointed minister of enterprise and employment on December 27, 2012.



Josep Maria Pujol

President
SERNAUTO

Born in Rubí, Barcelona, in 1934. Married to María Dolores Artigas Burch. Seven children.

He has a diploma from IESE.

In 1949, he obtained the support of his family to set up Pujol y Tarrago SL, a small mechanic workshop that manufactured replacement cables for the fledgling automotive market, where there was no domestic production of cars and imports were very limited.

He has dedicated the whole of his professional life to this business, which has evolved to become the multinational Ficosa International SA, which groups together 40 companies with factories and engineering centers in 19 countries, and of which he is currently chairman of the Board.

Since December 1995, he has also chaired the Spanish Association of Manufacturers of Automotive Equipment and Components, SERNAUTO.

On November 26, 2012, he was appointed chairman of the Metallurgical Employers' Union (UPM).

In addition to his business activities, he is very interested in the education of young people and, in this area and among other responsibilities, he is chairman of the Catalan Family Foundation and of the Board of the International University of Catalonia (UIC).

During his career, he has been awarded the following honors:

Adopted son of El Burgo de Osma (1986)
 Entrepreneur of the year (1994)
 Citoyen d'honneur (honorary citizen) of the town of Bruyères (Vosges, France) (1995)
 Manager 95 – AED (Spanish Association of Managers) (1995)
 Example of entrepreneurial spirit, family – VW (1996)
 Entrepreneur of the year (1996)
 Leader of the year of the equipment and component industry – AutoRevista (1996)
 The Key to Barcelona (1998)
 Gold Medal of Work Merit (2000)
 Chevalier in the Ordre National du Mérite (National Order of Merit) (2002)
 The Economist and Spencer Stuart prize for ethics in business success (2002)
 Saint George's Cross (Creu de Sant Jordi) (2002)
 Best Spanish entrepreneur in Portugal (2003)
 Best business career – Actualidad Económica magazine (2005)
 Award for the best business career – AIJEC (Independent Association of Young Entrepreneurs of Catalonia) (2008)
 Business leadership award – Official Chamber of Commerce and Industry of Terrassa (2008)
 Metal entrepreneur award – UPM (Metallurgical Employers' Union) (2008)
 "Barcelona Entrepreneurship Capital Ambassador" award – Barcelona City Council (2011)
 Auto Award 2011, for perseverance, awarded by IESE (November 2011)



Jaume Roura

President
Faconauto

Jaume Roura Calls was born in Vilassar de Mar, Barcelona, 66 years ago. He is married and has three children. He has been linked to the automotive world since 1969, the year in which he created the Grup Lesseps, dedicated to the distribution of automobiles, especially of the Seat brand. At present it has four dealerships – in Barcelona, Martorell, Badalona and Mataró. Moreover, he represents VW in Martorell in an official capacity and Subaru in Barcelona exclusively.

For decades he has held different positions of responsibility in employers' organizations. Since 2005, he has been first vice-chairman of the Motor Guild of Barcelona. Since 2006, he has been chairman of the Catalan Federation of Motor Vehicle Vendors (FECAVEM), at the head of which he has managed to achieve unity in defense of the interests of the four Catalan provinces in the automotive industry. Since 2009, he has chaired the Association of SEAT Dealers (Ancosat) for the whole of Spain. In October 2012, he was elected, with widespread support, chairman of the Federation of Automotive Dealer Associations (Faconauto), which is the employers' organization that groups together the associations of automobile brands' official dealers in the Spanish market.

One of his great hobbies is soccer and, in this field too, he has held managerial positions. Between 2000 and 2005, he was chairman of the Catalan Soccer Federation and, during those years, he was on the Board of the Spanish Soccer Federation.



Chandru Shankar

EMEA Lead-Manufacturing & Distribution
Microsoft

Chandru Shankar is the Sales Director and EMEA MBS Lead for Manufacturing, Distribution and Resources. These industry sectors encompass Automotive, Aerospace, High Tech/Electronics, and Industrial Equipment businesses with predominantly discrete manufacturing processes, and Chemicals, Agri/Food, Metals, Life Sciences, and Textiles/Apparel organizations with predominantly process manufacturing processes. Other verticals in these sectors include B2B Distribution orgs, as well as Electricity, Water and other Energy Utilities businesses, Oil and Gas, and Mining orgs. Chandru is responsible for Microsoft Dynamics AX and CRM solutions sales to these businesses, as well as the ongoing success of these customers.

Prior to his current role, Chandru was the Dynamics Solutions Director for Microsoft Services, responsible for AX and CRM Dynamics offerings for WW MCS. Chandru is also the architect of the Microsoft Dynamics Sure Step methodology, and author of books on Customer Success with Microsoft Dynamics Sure Step.

Chandru has over 23 years of Manufacturing industry experience and consulting experience in Supply Chain and business solutions, having worked with companies in industries including Aerospace, Automotive, CPG/Plastics, High-Tech, and Industrial Equipment. He has undertaken multiple implementations of ERP & Supply Chain solutions, in numerous capacities including Program/Project Manager, Solutions Architect & Lead Consultant. His consulting skills are complemented by several years of Manufacturing Industry experience,

including expertise in CAD/CAM, Production Management, and Quality Control.

Chandru has also functioned as Adjunct Faculty for a major US University, where he has covered topics including Supply Chain/e-Business Design, Strategy & Architecture for MBA students & Company Executives. He has spoken in multiple internal and external conferences over the years, as well as conducted training programs around the world.

Chandru has a Bachelor's Degree in Mechanical-Production Engineering, a Master's Degree in Industrial Management, and a Master in Business Administration (MBA).



José Manuel Temiño

CEO
Grupo Antolin

CEO of Grupo Antolin since 1985.

35 years of experience with the Group.

Member of the Board of Grupo Antolin and several other Group subsidiaries.

Member of Renault's Suppliers Council.

Mine Engineer at Universidad Politécnica de Madrid.

He has received many awards during his career. The last one, Directivo del Año by FAPE.



Frank Torres

CEO
Nissan Motor Ibérica, S.A.

Frank Torres Figueras (Tarragona, 1969) is the vice president of industrial operations for Nissan in Spain and the CEO of Nissan Motor Ibérica SA (NMISA) and a member of Nissan's European Executive Committee.

Frank studied Industrial Engineering at the Polytechnic University of Catalonia (UPC) from 1989 to 1993 and, in 2002, earned his MBA – with an international specialization – at the UPC's Caixa Terrassa University Business School (Euncet).

In 1995, he started working for a company specializing in engineering for the automotive industry that was dedicated to the automation of production plants worldwide. For 12 years, until his departure in 2007, Frank worked on the design of production lines for different companies in the automotive and aeronautical industry, becoming the company's head of engineering operations, production and sales.

In 2007, he joined Nissan's European organization for the analysis of production engineering at its manufacturing plants. In 2008, he took on the position of director of production engineering for Nissan in Spain, a position he held until 2009, when he was appointed director of operations, with responsibility for all the logistics and engineering operations of the company in Spain. In 2010, he was appointed deputy general manager, a position of responsibility he held until 2011, when he was appointed vice president of industrial operations for Nissan in Spain.

Since his start with Nissan's industrial operations in Spain in 2008, Frank Torres has prioritized and developed a work plan whose purpose is anticipation and whose challenge is to ensure sustainable growth through competitiveness, flexibility, talent and innovation. During this time, he has taken part in key company projects.

One highlight is the allocation of new products and new investment for Nissan's production centers in Spain, such as the new Nissan Pulsar, the 100% electric e-NV200 van – produced exclusively in Barcelona and exported throughout the world – and the new pickup for the Barcelona plant, as well as the new NT500 truck for the Ávila plant.

Also worth mentioning, from the start of his time with the company, is the launch of the NV200 van in record time thanks to the improved operations of the Barcelona plant, in which he played a very prominent role. This launch enabled the production volume of these facilities to be increased, leading up to the allocation of the new models (Pulsar, e-NV200 and the new pickup).

Frank is married and has a daughter. His critical thinking and capacity for self-evaluation in the pursuit of excellence make him ideal for holding positions of great responsibility.



Gert Volker Hildebrand

Executive Director of Design
Qoros Automotive Co. Ltd.

A prolific automotive designer with 35 years of experience working with the likes of Opel, VW and SEAT. Hildebrand, 61, joined Qoros in 2011.

Gert's most famous tenure came in 2001 when he was appointed General Manager of MINI Design and led the brand into the global sales phenomena that it's now become.

Ten years on Hildebrand was tasked with designing a start-up luxury car maker from scratch. His first production car, the Qoros 3 Sedan, exemplifies two core design concepts advocated by Hildebrand: perfect proportion and 'less is more'. Its successor, the Qoros 3 Hatch, is a subtle evolution of the brand's distinctive signature design cues.

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