



Lunch with the FT Carlos Ghosn

## ‘Le cost killer’: the relentless drive of Carlos Ghosn

The auto titan on an industry in turmoil, executive pay — and pitting your employees against each other

Roula Khalaf YESTERDAY

I am staring at the peeling walls and worn wooden chairs and wondering about Carlos Ghosn’s taste in restaurants. The multinational car mogul whose empire straddles the world from France to Japan has held parties in Marie Antoinette’s palace in Versailles. Yet I have just stepped through the lace-curtained doors of Paris’s Joséphine Chez Dumonet into an old-fashioned bistro, seemingly unchanged since the owners bought it in the 1950s. To my left, a lonely poster features a stand-up comedian; to my right, a frame holds a decaying theatre review.

By the time Ghosn walks in, looking relaxed in an unbuttoned white shirt under a dark blue business suit and warmly shaking hands with every waiter at the door, I am sipping champagne and nibbling on a copious portion of foie gras rushed to my table as the first amuse-bouche. “Joséphine is special and homey,” he says, taking a seat opposite me at his usual corner table. “They tell you what to eat depending on what they have: the latest meat, or mushrooms or truffles.”

I begin to understand that the unassuming, no-nonsense feel of the restaurant, where the quality of the traditional French cuisine is the only thing that matters, is vintage Ghosn. A man who shuttles between continents, stealing sleep on a private jet, appreciates familiar comforts. This is a boss whose remorseless focus on performance has won him global renown, starting in France in the 1990s, when his radical restructuring of Renault rescued the French carmaker — and also earned him the nickname *Le cost killer*, a label that annoys him but has stuck.

“It’s sexy, there’s blood in it, there’s meanness,” he says. “But everybody starts by being *Le cost killer*. If a revival plan is only about cost-cutting, it will last two years; revival is when after 15 years the company is still on the right track.” It was later, in Japan, where he restored Nissan’s fortunes by wielding the same vigorous axe — and killing one in seven jobs — that Ghosn was most celebrated. Unusually for an outsider, he was embraced by the Japanese as one of their own, his life celebrated in manga comics.

Looking fit with a sweep of black hair that shaves a decade or so off his 64 years, Ghosn is now playing his last, though no less ambitious act, presiding over an empire via a partnership between three carmakers that falls short of a merger. To the Renault-Nissan alliance forged 19 years ago (Renault controls 43 per cent of Nissan) he added in 2016 a scandal-scarred Mitsubishi Motors (with Nissan taking a 34 per cent stake). As both chief executive and chairman of the alliance, Ghosn is at the helm of the world's second-largest carmaker at a time of extraordinary upheaval.

“It’s an industry that’s a bit in the dark,” he says, “fundamentally disrupted because of connectivity, artificial intelligence, because electric cars are going to be part of the future, because also consumers are changing, they don’t want to only own a car, sometimes they want to share it. The industry is asking itself how will it catch up.”

Retirement has a new-found appeal, he concedes. He married for a second time recently after an acrimonious divorce from his first wife. But while [he plans a gradual retreat](#), he makes clear he is still up for the challenge. Disruption, he says, “is a huge stimulation”.

Ghosn asks the waiter for the day’s recommendation, taking his word on the fine Chateaubriand steak as a main course and the white asparagus as a starter. I order the veal cutlet and the same starter. “*On petite bien*” in the evenings at Joséphine, Ghosn says, but he prefers not to drink at lunch. Both he and the waiter warn me that we won’t leave the restaurant without tasting the “mandatory” dessert: the millefeuille.

Ghosn banters in French, throws in a few words of Arabic, but talks business in English. I notice that he sits straight up in his chair when discussing carmaking, spreading his arms as if making a presentation, at times leaning in towards me for emphasis. When more relaxed, his body slightly slumps into the chair, his cheek resting in his palm.

We briefly trade impressions of the wine trade in my homeland, Lebanon, where vine cultivation started 3,000 years ago under the Phoenicians. Ghosn too has deep roots there. Born in Porto Velho in Brazil to a family of Lebanese immigrants, he fell desperately ill at two years old and almost died. His mother decided to take him and his older sister back to Lebanon, where he ended up studying at a Jesuit school. He is now an investor in a local wine business. I ask him where he feels he comes from. He has no simple answer.

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Ghosn is the quintessential global citizen. A rebellious child, he loved history but was particularly good at mathematics and, on his mother’s advice, set off to Paris to study engineering at the prestigious École Polytechnique. He landed his first job as a trainee

at Michelin, where he rose through the ranks and was sent back to Brazil to head a troubled manufacturing operation, which he restored to profitability in a few years.

### **Joséphine Chez Dumonet**

**117 rue du Cherche-Midi,  
75006 Paris**

White asparagus x 2 €58

Chateaubriand steak €40

Veal cutlet €42

Millefeuille €16

Espresso x 2 €12

**Total (inc service) €168**

“I can’t make a distinction,” he says of his roots. “I have the traditions of a Lebanese family, but I am also Brazilian, and my mother was very Francophile so the French presence was there from the day I was born. I am a mixture of the three cultures.”

Multiculturalism has defined his career as much as his character. He says he leapt at the chance to go to Japan and run Nissan, partly out of cultural fascination. “When I was studying in Beirut, Asia was very remote. But

especially for me, as a fan of the car, Japan was the holy place where you could learn new approaches. So I had to go, no matter what the conditions were.”

These are not the happiest of times for citizens of the world. Ghosn rationalises the populist anxieties as a needed check to globalisation. He is convinced that the aspirations of most people are still for open borders and exchange of knowledge. Since the financial crisis, however, concern over income inequality has emboldened politicians and boards to scrutinise executive pay more closely. As chief executive and chairman of the alliance, Ghosn is one of the best-paid leaders in his industry. He earned €15m in 2016 from Renault and Nissan. His remuneration has drawn the ire of the French government, a major shareholder.

“Compensation is more scrutinised today than in the past — I have a lot of that . . . and there are lots of questions about what you are doing for society. But this doesn’t translate into less demand on performance . . . CEOs have to absolutely perform on the basic scorecard — growth, profit, free cash.”

Has it ever occurred to him that he is paid too much? “You won’t have any CEO say, ‘I’m overly compensated’,” he laughs. “It’s not up to me, the board is sovereign on this.”

Ghosn’s world has of course changed dramatically in recent years. In at least two major markets — the US and UK — business is driving through a fog of uncertainty. Ghosn has not met Donald Trump and tries to avoid talking about him, with reason. The Mexico operations of major car manufacturers have been a favourite target of the US president’s fury. So far, the biggest of all, Nissan’s, have escaped Trump’s

attention. Ghosn, in any case, is not one to be easily pushed around. In the aftermath of the 2016 Brexit vote he warned Theresa May that Nissan would move operations out of Britain unless it was guaranteed the same trading conditions after Brexit. The subsequent deal, envied by other businesses, was a “gentleman’s agreement,” he says. “We’re talking about Brexit, nobody knows what is Brexit. We’re talking about a potential new agreement but no one knows what it is.”

Ironically, it is the politician leading the charge for globalisation who has clashed with Ghosn the most. As economy minister, France’s now president Emmanuel Macron criticised Ghosn’s remuneration. He was also behind the government’s 2015 decision to raise its ownership stake to secure extra voting rights, a move that Ghosn opposed. “Nothing personal,” Ghosn quips. “We were not on the same side of the equation.”

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Ghosn seems to have a ravenous appetite, downing the eight chunky spears of asparagus, and digging into his beef while I slowly work through the deliciously large cutlet of veal. We move to his favourite subject: cars. Like many men of his generation, he developed this passion at an early age. The first time he sat behind the wheel was at 15, in his mother’s Peugeot 404; the first car he owned was a tiny Fiat 127 during his student days in Paris — “two companies I never worked for”, he notes. In 1996, with no ladder left to climb in the family-owned Michelin, he was recruited by Renault, his first foray into an industry he would help shape and that would shape him.

I’ve been told that at the heart of Ghosn’s ruthless leadership style is an obsession with “commitments and targets”. Is it true you fire people who don’t deliver on their commitments, I ask. He sits up and nods.

“When I arrived at Nissan in 1999, people didn’t feel committed to anything; they were saying, ‘I’m doing a great job and this guy next to me is not.’ The company was going bankrupt and everyone was sleeping well at night. I wanted people to make a commitment, which doesn’t have to reflect everything they could do but ensured that they did it. I also wanted them to express via a target what else they could do. If they don’t reach their commitments, I have a problem.” It was seen as ruthless, he goes on, but “the company went like a rocket, up in the first two years”.

Another of his traits is to pit people and companies against each other. He likes to call this the “systematic system” of benchmarking. “The only way I can push Mitsubishi is to say, ‘Go take a look at what Nissan is doing in this area.’ I am telling them, ‘You are engineers, you respect facts and data and I’m going to give you facts and data.’” Like it or not, Ghosn’s formula has been successful, although he admits that none of his techniques work unless the company feels the person leading it is engaged, believes in

the mission, and sets his own commitments and targets. That, he says, is his definition of leadership.

*“Parfait”* is Ghosn’s verdict on the beef, much to the satisfaction of our waiter. The famed cake-sized millefeuille is placed between us. Ghosn teases that a second serving is on the way. I confess it is the best millefeuille I’ve tasted. Ghosn’s drive makes me wonder whether he can live with imperfections. I remark it must have been difficult for his four children (all graduates of Stanford University) to grow up with such a high-achieving father.



**Has it ever occurred to him that he is paid too much? ‘You won’t have any CEO say, “I’m overly compensated”,’ he laughs. ‘It’s not up to me’**

“I don’t think so but you can check with them.” The only area where he was demanding was academic results. “I couldn’t understand it when they were coming with low scores. I said, ‘You’re not stupid. I don’t understand.’ On all other areas, I was very open, very liberal.”

We are two hours into lunch and looking into the future — his and that of the car. There is much speculation about his vision for the alliance, and a flurry of rumours about a merger between Renault and Nissan. Ghosn acknowledges he must satisfy questions about the endurance of an unusual structure that he created without a blueprint. He says he is convinced the alliance is “irreversible”.

“We created a lot of synergies, and scale is the name of the game. But I respect that some stakeholders are saying, ‘Hey, wait a minute, what’s gonna happen after you’re gone?’”

I tell Ghosn that his critics say he drags his feet on grooming successors and tries to make himself indispensable. He says he is acutely aware a leader should be wanted, not tolerated. The moment of exit is crucial because it carries a message, he says. His will be gradual, starting with a step back from the role of chief executive at Renault before his term expires in 2022. “The last message I want to leave is not that I’m holding on to my chair.”

The future of the alliance, however, rests not only on structure and personalities but also on the role and shape of the car. As we leave the millefeuille at best half-consumed and ask for a shot of espresso, I ask the big car question: will anyone own cars in the future?

“Maybe you won’t, but we will be owning cars in 30, 40 years,” he says. “The new technologies, electric, autonomous, sharing of cars, this is mainly in mature city

markets. But today you go to India, Russia, north Africa, south-east Asia, and owning a car is still a huge achievement.”

I tell Ghosn that it is often said that none of the horse-and-cart companies became automakers. He smiles and tells me about another doomsday prediction. Some 14 years ago, Andy Grove, a founder of Intel, told Ghosn that electric cars would not be manufactured by car companies. Yet the Leaf, developed by Nissan, has been the world’s best-selling electric car.

As we prepare to leave, he has the last word: “These are good one-liners, but they are almost always wrong.”

*Roula Khalaf is the FT’s deputy editor*

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