

# VW's new CEO faces twin challenges of Porsche, software problems

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Serial technical troubles at VW, as well as fractious relationships with workers' representatives spelled the end of the road for Herbert Diess as chief executive, who was ousted in a supervisory board coup.

When Oliver Blume ascends to the top job at German automaker

Volkswagen in September, he will be faced with taming the challenges that led to the fall of his predecessor, Herbert Diess, last week.

Serial technical troubles at Europe's largest carmaker, as well as fractious relationships with workers' representatives spelled the end of the road for Diess as [chief executive](#), who was ousted in a supervisory board coup.

Blume is moving up from Porsche, VW's premium sports car brand, which is set to go public later this year during a turbulent time for markets.

In his four years at the helm of Volkswagen, 63-year-old Diess steered the legacy carmaker out of its 2015 "dieselgate" emissions-cheating scandal onto an ambitious programme to become the world's biggest electric car manufacturer by 2025.

But difficulties at VW's software arm, Cariad, a pet project of Diess's, have delayed key plans and made it harder to catch up with competitors like US manufacturer Tesla.

Software is the "number-one challenge", said Matthias Schmidt, an auto analyst based in Berlin.

Bringing software development in-house, shedding outside suppliers and keeping control of computing architecture of the car, is difficult to achieve, but has potentially huge financial benefits.

Blume "needs to decide whether he will continue to follow Diess's plan" or make a [strategic decision](#) to "buy it in" and "live with the consequence of seeing that potential profit centre vanish", Schmidt told AFP.

"The idea of doing everything in a centralised way will probably be

rethought," said German automotive expert Ferdinand Dudenhoeffer.



The new CEO, Oliver Blume, is moving up from Porsche, VW's premium sports car brand, which is set to go public later this year.

### **Unanimous vote**

In addition to the troubles at Cariad, Diess's position as CEO was weakened by running battles with workers' representatives.

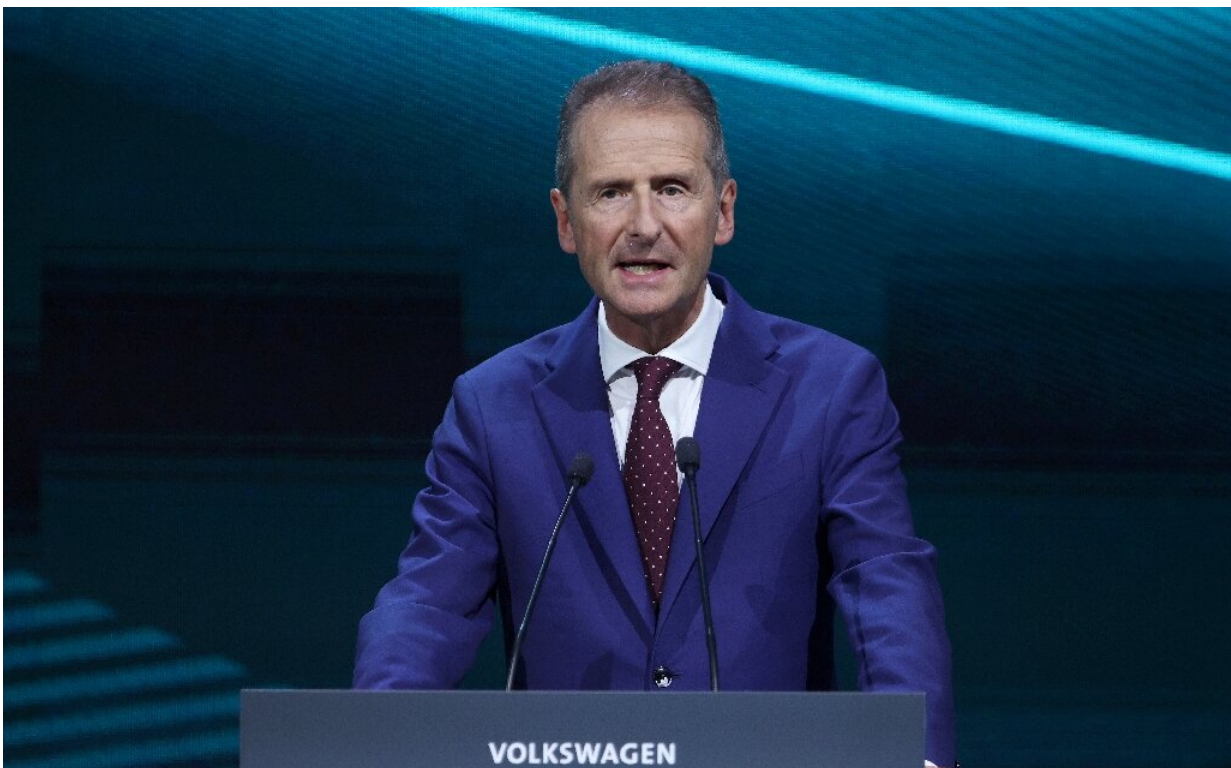
The tendency of Austrian-born Diess to rub people up the wrong way and the proliferation of internal spats were the main reason for his exit, according to a source at the carmaker.

There were no dissenters on the vote to finally eject him, just before the start of the summer holidays.

Diess "had enemies" and was "not liked by the politicians or the works council" represented on the [supervisory board](#), Dudenhoeffer said.

The outgoing CEO's propensity for conflict was "very important" to get the group to face up to its past and find a new direction, he said.

But the task at hand was to carry out the changes Diess had identified as necessary, not to keep bashing heads together, Dudenhoeffer added.



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## 'Cooperative'

Blume is likely to steer clear of the provocative comparisons with US competitors and strongly worded tweets that won Diess few friends.

The new chief, who has spent his entire career at Volkswagen, is more "cooperative" than Diess, who was hired from rival German carmaker BMW, Dudenhoeffer said.

Chief financial officer Arno Antlitz will bring continuity to the top team at Volkswagen, adding [chief operating officer](#) to his portfolio of roles.

Blume will "continue Diess's big strategic projects", said Dudenhoeffer, including making VW's own batteries, building a modern factory close to its headquarters in Wolfsburg and developing mobility services with the reacquisition of rental company Europcar.

Blume will take the steering wheel of the group on September 1, while also retaining his CEO role at Porsche, which is set for a stock market entry in the last three months of 2022.

Blume would likely stay at Porsche through the flotation before having to "concentrate on managing the VW group machine", said Schmidt.

The future CEO "will be judged on VW's success in China" and the US, two key markets where Volkswagen has struggled in recent times, said Dudenhoeffer.

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