



Matthias Müller, chief executive officer of Porsche, became the new CEO of VW last week. Photograph by Krisztian Bocsi – Bloomberg via Getty Images

COMMENTARY

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Volkswagen's new CEO must tackle the 'culture of arrogance'

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Matthias Mueller who was [appointed Volkswagen AG's chief executive officer](#) on Friday doesn't have an easy job. As a result of the diesel emissions scandal, which forced [Martin Winterkorn](#) to resign, VW faces a welter of legal sanctions and civil lawsuits, 11 million diesel vehicles that don't meet emissions standards, as well as the looming risk that [consumers will boycott](#) its vehicles.

Berthold Huber, interim chairman of VW's supervisory board, on Friday [described the cheating scandal](#) as "a political and moral catastrophe."

VW's ability to regain public and consumer respect may hinge on Mueller's ability to tackle the company's culture; specifically, the company's willingness to look unflinchingly in the mirror and address what has long been seen as a culture of arrogance, epitomized most recently by the evident disregard for government clean-air standards. "There's a measure of arrogance to this that I think people find appalling because they figured they can get away with it – we're smarter than everyone else," said former automotive marketing executive Peter De Lorenzo, Autoextremist.com blogger [told USA Today in an interview](#). "That really casts this in a wildly negative light."

Even Bernd Osterloh, VW's top labor executive and a member of the supervisory board, conceded at Friday's press conference in Wolfsburg, Germany that "Volkswagen needs a fundamental cultural change."

The arrogant culture

The pride and self-regard of many VW managers for the automaker's engineering prowess evidently led to the belief that U.S. government officials were too dim or too distracted to uncover the misleading emissions tests fabricated by VW engineers. Indeed, the episode [recalled another at VW](#) a decade ago when a senior VW human resources executive was caught and convicted for bribing German union officials.

Like Toyota, which was embroiled in [a safety scandal of its own](#) over allegations of unintended acceleration in 2009, VW immediately said it will decentralize decision making, [putting more power in the hands of regional brands](#) like Skoda and Seat in Europe. U.S. operations will report to a newly-formed North American group. Muller should consider acknowledging, however, that those who acted improperly may have done so from a misguided perception from senior executives of what VW views as acceptable or expected behavior – for which VW management bears responsibility and which VW will change.

Time to diversify

Since male, German engineers dominate VW's upper echelons, the automaker should consider diversifying its talent pool and accelerate hiring from abroad, recruiting women and non-Germans and promoting them into positions of leadership. Mueller, a non-engineer whose

specialty is information technology, is the first non-engineer to run VW since 1992.

Jason Vines, a former Ford vice president of public affairs during the [Ford Explorer/Firestone tire affair](#), said “culture isn’t immediately changeable, only behaviors. An important change for VW would be to give public affairs a seat at the table of management, rather than assigning it the job of cleanup.”

If Mueller is to restore VW’s honor, he must convince VW’s three key stakeholders that his actions are vital for the automaker’s prosperity and perhaps, even its survival. Those groups are: the Porsche family that controls 51% of VW stock, the province of Lower Saxony that owns 20% of the stock and the German unions that control half the supervisory board. For this difficult mission, he may need help from the German government: German chancellor Angela Merkel has an incentive to assist, for her political opponents [are attacking her this week as being “in bed”](#) with the nation’s car industry.