

New VW chief Diess aims to steer giant out of diesel cloud

April 13 2018, by Yann Schreiber



The future of the Volkswagen Group is now in the hands of Herbert Diess

The new CEO of Germany's scandal-hit auto giant Volkswagen, Herbert Diess, is a former BMW executive known as a fierce cost-cutter who is unafraid to clash with labour unions.

The 59-year-old Austrian only joined VW in July 2015, months before the "dieselgate" emissions cheating revelations plunged the German corporate titan into its worst-ever crisis.

Taking over as chief executive from Matthias Mueller, Diess, the former head of Volkswagen-branded cars in the sprawling group, will be tasked with helping the world's largest carmaker turn the page on the crisis.

In addition to his role as CEO and head of the VW brand, he will also be responsible for group research and development.

Born in Munich in 1958, Diess studied automotive technology and earned a PhD in mechanical engineering, began his automotive career at parts maker Bosch in 1989 after a brief stint in research.

He moved to BMW in 1996 and ran British plants in Oxford and Birmingham, then headed BMW Motorcycles and from 2007 became a member of the board of management.

He arrived at Volkswagen only months before it emerged the company had rigged the software of 11 million of its diesel cars to hide their real emissions of nitrogen oxides, which are associated with respiratory and cardiovascular disorders.

Mueller himself had been called to the rescue by Volkswagen at the height of the scandal that ended the career of veteran boss Martin Winterkorn.



Herbert Diess with German Chancellor Angela Merkel and now former Volkswagen CEO Matthias Mueller last year at the Frankfurt auto show

Having joined from BMW, Diess has the advantage of being largely untainted by dieselgate—giving VW a chance at a fresh start.

In his time running the flagship Volkswagen brand, Diess could boast of having doubled profitability in two years, making him a favourite with investors.

While VW has not made large-scale job cuts, labour leaders in its powerful unions opposed his tough cost-slashing and efficiency drive.

Diess "is acting in a deeply anti-social way," VW staff representative Bernd Osterloh charged in an open letter in early 2017.

"Diess has no problem making enemies," the Sueddeutsche Zeitung daily wrote, recounting how the "tough-as-nails" executive drove a hard bargain with suppliers as head of purchasing at BMW.

Diess won the support of key shareholders, the Porsche-Piech families, who allowed him to become head of both the core VW brand and the group as a whole, with its 12 makes of cars, trucks and motorbikes.

While Mueller recently made headlines with ill-advised remarks, saying that highly paid managers like him always had "one foot in jail", Diess has largely avoided controversy.

One of Diess's biggest challenges as he takes the helm will be to clarify VW's vision for the future as the auto giant navigates between a pivot towards electric vehicles and clinging to the diesel technology it has invested so heavily in.

Just last month, Diess said: "We need diesel, diesel has a future."

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