# Company Origin

Volkswagen (VW) is a German automobile manufacturer headquartered in Wolfsburg, Lower Saxony, Germany. The company was founded in 1937 by the German Labour Front under the Nazi Party. Initially, the company aimed to produce affordable cars for the German populace, a vision that led to the creation of the iconic Beetle.

The Beetles design, developed by Ferdinand Porsche, featured an air-cooled rear engine and a rounded shape for better aerodynamics, making it a distinctive and practical vehicle. During World War II, Volkswagen shifted its production to military vehicles, including the Type 82 Kübelwagen and the amphibious Schwimmwagen. The company also utilized forced labor from concentration camps, a dark chapter in its history that Volkswagen has since acknowledged and addressed through restitution efforts.

After the war, the British Army officer Major Ivan Hirst played a crucial role in reviving Volkswagen. The factory, heavily bombed during the war, was repurposed to produce civilian vehicles. Hirsts efforts led to the mass production of the Beetle, which became a symbol of West Germanys post-war regeneration. By the 1950s, Volkswagen had established itself in the United States and other international markets, with the Beetle becoming one of the best-selling cars of all time.

In the 1960s and 1970s, Volkswagen expanded its product line with models like the Type 2 (Transporter) and the Karmann Ghia. The acquisition of Auto Union in 1964 and NSU Motorenwerke AG in 1969 brought the Audi brand into the Volkswagen Group, laying the foundation for its luxury vehicle segment. The 1970s and 1980s saw further diversification with the introduction of the Golf, Passat, and Polo models. These vehicles helped Volkswagen navigate the challenges of the oil crisis and changing consumer preferences. The Golf, in particular, became a cornerstone of Volkswagens lineup, known for its reliability and versatility.

In recent decades, Volkswagen has continued to innovate and expand. The company has embraced electric vehicle technology, with plans to launch numerous EV models by 2025. Volkswagens global presence has also grown, with significant investments in markets like China and the United States.

# Why

## Mission

Volkswagen aims to make mobility sustainable for future generations.

## Vision

The company envisions a future where every journey is safe, sustainable, and enjoyable, leveraging advanced technologies to enhance the driving experience.

## Values

Volkswagen is committed to innovation, sustainability, and customer satisfaction, striving to lead the automotive industry in quality and technological advancements.

# What

Volkswagen (VW) operates as a global leader in the automotive industry, offering a diverse range of vehicles across multiple segments. The company is structured into several key brand groups, each targeting different market segments and consumer needs.

## Brand Groups and Key Models

### Core Brand Group

* Volkswagen Passenger Cars Known for models like the Golf, Passat, and Polo, VW Passenger Cars focus on delivering reliable and versatile vehicles. The ID. series, including the ID.3, ID.4, and ID.7, represents VWs push into the electric vehicle (EV) market.
* Škoda Offers a range of models such as the Octavia and Superb, known for their affordability and practicality.
* SEATCUPRA Focuses on sporty and youthful designs, with models like the Leon and the CUPRA Formentor.
* Volkswagen Commercial Vehicles Includes models like the Transporter and the Amarok, catering to business and commercial needs.

### Progressive Brand Group

* Audi A premium brand offering a range of luxury vehicles, including the A-series sedans, Q-series SUVs, and the e-tron electric models.
* Bentley Focuses on ultra-luxury vehicles, with models like the Bentayga and the Continental GT.
* Lamborghini Known for high-performance sports cars such as the Huracán and the Aventador.

### Sport Luxury Brand Group

* Porsche Offers high-performance sports cars and SUVs, including the 911, Cayenne, and the all-electric Taycan.

## Electric Vehicle (EV) Strategy

Volkswagen is heavily investing in electric mobility, with plans to launch numerous EV models by 2025. The ID. series is central to this strategy, aiming to make EVs accessible to a broader audience. The company is also developing its battery technology through its PowerCo division, which focuses on securing raw materials and advancing battery production capabilities.

## Global Presence

Volkswagen has a significant global footprint, with manufacturing and assembly plants in various regions, including Europe, North America, South America, and Asia. China remains a crucial market, contributing significantly to VWs sales and profits. The company is also expanding its presence in the United States, with investments in new models and production facilities.

## Financial Performance

Volkswagens financial performance has been robust, with strong sales revenue and operating profits. In 2023, the company reported sales revenue of 235 billion, an increase of 16 year-over-year. The operating result for the first nine months of 2023 was 16.2 billion, with an underlying operating margin of 8.

## Challenges and Strategic Initiatives

Volkswagen faces several challenges, including the transition to electric vehicles, competition from Chinese automakers, and the need to improve operational efficiency. The company has launched several strategic initiatives to address these challenges, including performance improvement programs for its core brands and investments in new technologies and markets.

## Corporate Governance

Volkswagens corporate governance structure includes a two-tier system with a management board and a supervisory board. The company has faced criticism for its governance practices, particularly regarding the influence of its controlling shareholders, the Porsche-Piëch family, and the State of Lower Saxony.

# How

## Organization and Leadership

Volkswagen (VW) operates under a two-tier corporate governance structure, comprising a Management Board and a Supervisory Board. The companys leadership is currently spearheaded by CEO Oliver Blume, who also serves as the CEO of Porsche. Blume has been instrumental in driving VWs strategic initiatives, particularly in the realms of electric vehicles (EVs) and software development. The Supervisory Board includes representatives from the Porsche-Piëch family and the State of Lower Saxony, which hold significant voting rights.

## Corporate Governance

Volkswagens governance has faced criticism, particularly regarding the influence of its controlling shareholders. The Porsche-Piëch family and the State of Lower Saxony together control 73.3 of the voting rights despite owning only 43.7 of the equity. This structure has been cited as a barrier to more aggressive cost-cutting and strategic flexibility. However, VW has made efforts to improve transparency and accountability, including plans for an independent audit of its Xinjiang plant to address human rights concerns.

## Operations

Volkswagens operations are segmented into several brand groups, each targeting different market segments

* Core Brand Group Includes Volkswagen Passenger Cars, Škoda, SEATCUPRA, and Volkswagen Commercial Vehicles.
* Progressive Brand Group Comprises Audi, Bentley, and Lamborghini.
* Sport Luxury Brand Group Focuses on Porsche.

The company has a significant global manufacturing footprint, with plants in Europe, North America, South America, and Asia. VW is also expanding its presence in the United States and China, with major investments in new models and production facilities.

## Financial Performance and Strategic Initiatives

Volkswagens financial performance has been robust, with sales revenue reaching 235 billion in the first nine months of 2023, a 16 year-over-year increase. The operating result for the same period was 16.2 billion, with an underlying operating margin of 8. However, the company faces challenges, including the transition to electric vehicles and competition from Chinese automakers. To address these challenges, VW has launched several strategic initiatives

* Performance Improvement Programs Focused on enhancing the competitiveness of core brands like Volkswagen Passenger Cars.
* Electric Vehicle Strategy Significant investments in the ID. series and battery technology through its PowerCo division.
* Software Development Restructuring its software arm, Cariad, to improve efficiency and meet the demands of modern, connected vehicles.

## Customer and Supplier Management

Volkswagen serves a diverse customer base across multiple segments, from affordable cars to luxury vehicles. The company is committed to innovation and sustainability, aiming to make mobility more sustainable for future generations. VW also maintains strong relationships with its suppliers, ensuring a stable supply chain for its extensive range of products.

## Recent Developments

Volkswagen has been active in addressing its governance and operational challenges. The company recently announced a 5 billion investment in the American EV start-up Rivian to accelerate its software transformation and gain access to Rivians EV architecture. This move is part of VWs broader strategy to enhance its competitiveness in the EV market and improve its digital capabilities.

Additionally, VW has faced labor challenges, particularly in its U.S. operations. Workers at the Tennessee factory recently voted to join the United Auto Workers (UAW), marking a significant shift in labor relations for the company. This development could have implications for VWs cost structure and operational flexibility in the U.S. market.