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Volkswagen targeting further boost in factory productivity

- Goal of the new TRANSFORM.TOGETHER production strategy: 30 percent increase in productivity worldwide by 2025
- Board Member for Production Andreas Tostmann: "Efficiency potential in Production through 2025 totals €2.6 billion"
- Paradigm shift from product to process orientation to be implemented worldwide in eight action areas
- Production makes major contribution to achieving profitability target of over 6 percent by 2025

Berlin – The Volkswagen brand’s TRANSFORM.TOGETHER production strategy targets a 30 percent increase in productivity worldwide by 2025 compared to 2018. Production is therefore making a major contribution to achieving the profitability target of over 6 percent for the brand. "We want to rank among the best for productivity. We need to generate competitive returns to enable us to make key investments in the future and thus safeguard today’s jobs tomorrow and beyond. Together, we are ushering in a new era in Production for the Volkswagen Passenger Cars brand. This is about nothing less than a paradigm shift: from a product-oriented company to a production-and process-oriented company. For Production, that means our department will be more important than ever going forward", Dr. Andreas Tostmann, the Volkswagen Brand Board Member for Production, commented at an event held at the Berlin Motorwerk location attended by 500 managers from Volkswagen’s 17 vehicle manufacturing plants.

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The action areas of the production strategy

The new TRANSFORM.TOGETHER production strategy with its eight central action areas lays down the roadmap for leveraging existing efficiency potential and achieving a sustained increase in productivity. "Volkswagen is currently in the midfield compared with our most important competitors when it comes to

production and labor costs as well as margins, making overdue



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investments more difficult. Our processes and structures are too complex. And there is also room for improvement in standardizing our global production network. That is why we are now introducing uniform structures at all factories along with uniform and comparable key performance indicators. In production alone, we have efficiency potential of €2.6 billion through 2025", Tostmann added.

In order to realize these ambitious goals, Volkswagen Production has defined eight main action areas containing concrete measures to drive the progress of the production strategy at all Volkswagen sites:

- Productivity
- Team of the future
- Rework-free products and processes
- Sustainable structures
- Stable sales order process
- Ramp-up excellence
- Low-expenditure factories of the future
- Think Blue.Factory

Process and production optimization plays a key role in the success of the strategy in all action areas. Complexity is being significantly reduced. "Our factories must become faster, leaner and more efficient: in terms of factory costs per vehicle, investments in new resources and products, as well as hours per unit, i.e. the number of hours spent by production and non-production-related units on building a vehicle. We will be making massive reductions in factory costs and investments, for example by reusing existing resources and factory structures and through systematic standardization. That is how we will be cutting investment by €1.5 billion compared with today's level", Tostmann said.

The brand has targeted a 45 percent improvement in environmental KPIs at its sites compared to the reference year of 2010. As Andreas Tostmann explained: "The improvements in resource efficiency through Think Blue.Factory have also already achieved savings of €130 million since 2010. On average, there has already been a 30 percent decrease in key environmental indicators. Our long-term goal is 'zero impact': CO₂-neutral production."

Note to newsdesks: An interview with Dr. Tostmann and Dr. Robert Cisek, Head of Production Strategy at the Volkswagen brand, is available from



3:00 p.m. from the Volkswagen [Newsroom](#) and the corporate website www.volkswagenag.com.

About the Volkswagen brand: Making the Future Real.

The Volkswagen Passenger Cars brand is present in over 150 markets and produces vehicles at more than 50 locations in 14 countries. Volkswagen delivered about 6.23 million vehicles in 2017, including bestsellers such as the Golf, Tiguan, Jetta or Passat. The company has a current workforce of 198,000 employees around the globe. Added to this are more than 7,700 dealers with 74,000 employees. Volkswagen consistently pursues the enhancement of automotive construction. Electric mobility, smart mobility and digital transformation of the brand are the key strategic topics for the future.
