

THE
ECONOMIC
CLUB OF
CHICAGO

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On February 8, 2018 the Club was honored to once again host the Auto Show Media Preview Luncheon at McCormick Place. Hinrich Woebcken, CEO of the North America region for the Volkswagen brand, and president and CEO of Volkswagen Group of America, spoke to a packed audience that day. Club member David Snyder moderated a Q&A session after Mr. Woebcken presented on the exciting developments he foresees in the automotive industry.

“The next five to eight years are going to be, as a car industrialist, more exciting than the last 80 years,” Mr. Woebcken said.

To start, Mr. Woebcken addressed the company’s comeback after the 2016 emissions crisis, which resulted in the recall of 500,000 vehicles in the United States. Under his leadership, the company coordinated a logistic effort that bought back, fixed and resold the affected cars. In 2017, a U.S. judge approved a \$1.2 billion settlement for over 600 car dealerships.

“In my 30 years of business experience, I never had such a challenge as to manage a crisis and at the same time build a future,” said Mr. Woebcken.

Even so, he and his team pressed on and formulated a new business model for Volkswagen in North America, starting with governance. Rather than reporting back to headquarters in Germany, the company decided with Mr. Woebcken’s arrival that a strong central leadership was needed in the United States. This allowed Volkswagen of America greater autonomy in driving the cost model, factory functions, and purchasing.

Additionally, the team focused its development on the future of electric cars, investing \$2 billion in the United States on electrical charging infrastructure. By 2025, Volkswagen intends on being the largest manufacturer of electric cars in the world.

During the Q&A session, Mr. Snyder asked if Mr. Woebcken thought a recent estimate from McKinsey – by 2030, 15 percent of cars will be autonomous – was an accurate estimate. Mr. Woebcken ultimately disagreed.

“I personally am not so optimistic that it will come fast, because autonomous driving is not only [about] technology, it's also an ethical debate, which we will have to start in society,” he said, referring to the fact that it will be up to computer systems to make decisions that could result in car accidents.

“I’m skeptical of legislation and society accepting machines making those tough decisions – it will take more time than what we [think] now,” he said.

After the Q&A session, members and their guests had an opportunity to visit the Auto Show Preview.