



THE TICKER

NEW CULTURE WANTED

The discovery last year that Volkswagen had installed “defeat devices” on more than 11 million vehicles to skew emissions results cast a harsh spotlight on the German firm’s corporate culture, where subordinates were reluctant—at best—to admit failure or contradict superiors. In fact, German newsmagazine *Der Spiegel* famously called Volkswagen “North Korea without the labor camps.”

Questions remain over the extent to which Volkswagen’s top executives were aware of the emission-test cheating, but there is little doubt that the cutthroat culture made gaming the system seem like the lesser of two evils. Former CEO Martin Winterkorn was known for openly berating employees; his predecessor, Ferdinand Piëch, wrote in his memoir, “My need for harmony is limited.”

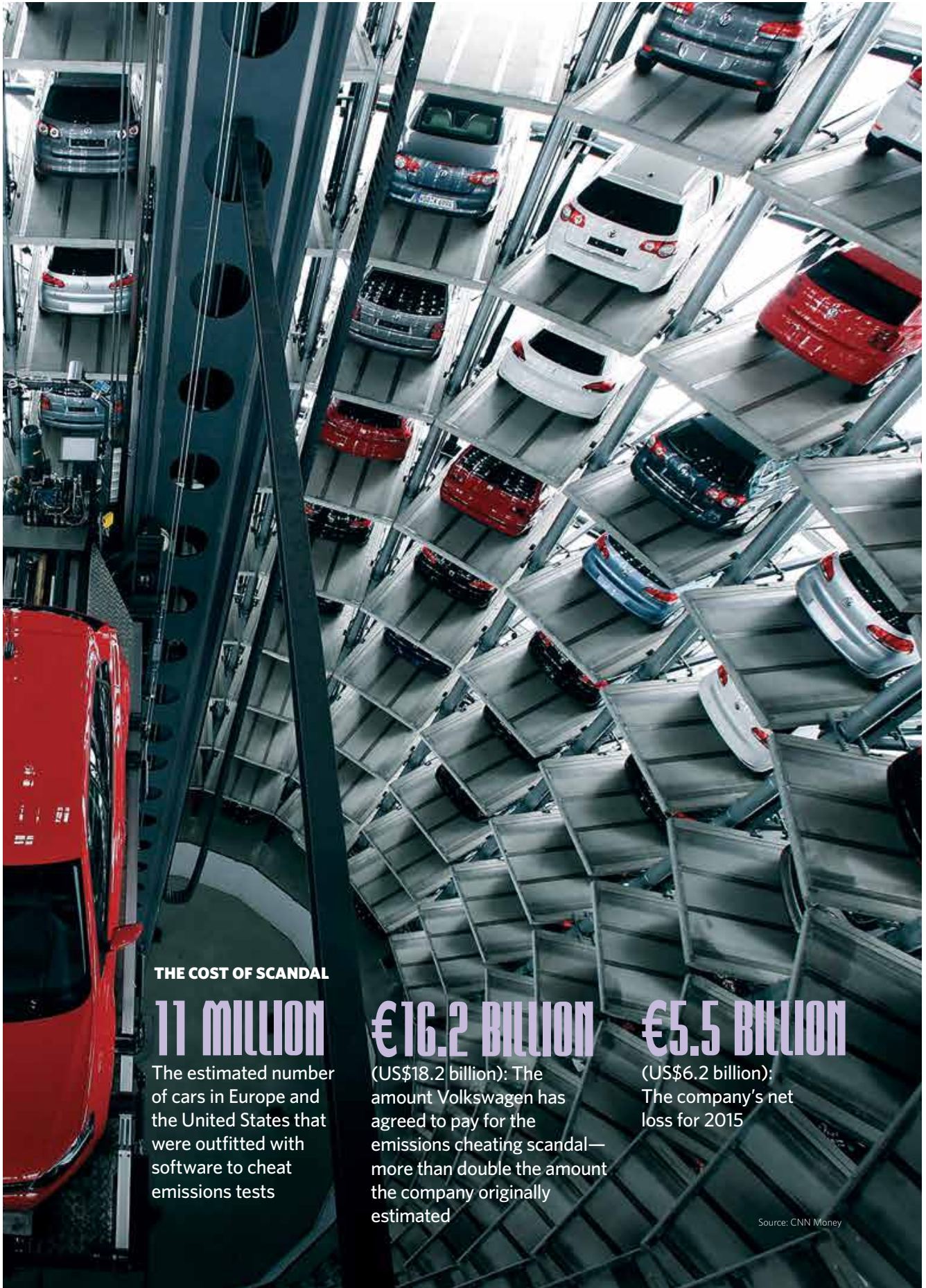
To repair the dent in the company’s profit margin post-scandal, Volkswagen is shifting gears to foster a new kind of culture. New CEO Matthias Müller has said he will decentralize decision-making and give regional brands—such as Czech carmaker Škoda—a more prominent voice. A new North American group will oversee operations in the United States, where Volkswagen has seen its market share steadily decline.

Mr. Müller has also demonstrated his commitment to change in the C-suite and the boardroom. So far he has cut three management board positions and replaced more than a dozen top executives, including the CEOs of Volkswagen’s Škoda, SEAT and Lamborghini divisions. New executives are granted more autonomy than their predecessors: They’re encouraged to “follow their instincts, and are not merely guided by the possible consequences of impending failure,” Mr. Müller said in a December 2015 press release.

“The difference is like night and day,” Andreas Renschler, the board member running Volkswagen’s truck business, told *The Wall Street Journal*. “We all realize that the crisis gives us a huge opportunity to change the company.”

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—Andreas Renschler,
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Volkswagen



THE COST OF SCANDAL

11 MILLION

The estimated number of cars in Europe and the United States that were outfitted with software to cheat emissions tests

€16.2 BILLION

(US\$18.2 billion): The amount Volkswagen has agreed to pay for the emissions cheating scandal—more than double the amount the company originally estimated

€5.5 BILLION

(US\$6.2 billion): The company's net loss for 2015

Source: CNN Money