

"Everyone is now contributing according to their strengths"

13/04/2020 Porsche, like so many others, has seen the coronavirus crisis halt the assembly lines for weeks. What does the current situation mean for politics and the economy? Minister Presidents Winfried Kretschmann and Michael Kretschmer talk to CEO Oliver Blume about daily crisis management, personal sacrifices and the lessons we may learn for a post-coronavirus era.

Gentlemen, is the coronavirus crisis changing the relationship between the state and business?

Kretschmann: The good relationship that we have established over the course of the years is now paying off. Around 350 companies have already answered my call to the business world with offers to support us in producing protective equipment and medical apparatus – an overwhelming response. If companies like Porsche or Daimler help to procure protective clothing and fly in face masks from China, that is quite fantastic.

Do companies now have to compensate for what politicians failed to do by not making adequate preparations?

Blume: No, I see that differently. And in a positive sense: everyone is now contributing according to their strengths. No-one could have predicted a pandemic on this scale. So “what if” discussions do not help. It is important that we all stand together and support each other. The cooperation at our different locations with the state of Baden-Württemberg and Free State of Saxony is outstanding. We will successfully overcome the crisis together – politicians, business and society are all making a joint contribution to this end.

Kretschmer: We can indeed feel a degree of very healthy patriotism in the companies, not just at Executive Board level, but also among owners and employees. In spite of all the existential worries that all of us have, we are tackling this together. We are also learning to value the benefits of global companies; for example, Porsche has a very different network in China than we as a state government could ever have. That helps enormously in getting aid supplies to Germany.

What can a manufacturer of luxury sports cars contribute when it comes to health?

Blume: We have checked in our surroundings and with the state authorities where the concrete needs are greatest and what help can be provided quickly. The “Porsche helps” programme was created as a result of this. For example, consultants from Porsche Consulting are supporting the crisis management teams of both federal states, and our IT specialists from MHP are also helping out. In addition, we are organising the supply chains for protective clothing, and are donating equipment from our stocks, as well as money for hospitals and food for food banks: we have increased the budget for donations by five million euros. Our employees are also working as volunteers; trained paramedics are in demand, as are drivers for aid organisations. We have set up a platform to organise all this: for Germany, but also worldwide. We discuss the activities every day.

How long can we keep up this exceptional state of affairs? What are the chances of it being relaxed after Easter?

Kretschmer: I say to all those who are getting impatient: we have to keep these measures in place for as long as necessary. If you look at France or Italy, you can see what a terrible situation we have currently been spared. We have so far avoided patients lying helplessly in hospital corridors. We have not had to call in the military to collect the dead.

Kretschmann: At the back of our minds we are naturally thinking about the fact that the measures to contain the pandemic are damaging the economy. But if the crisis were to allowed to take its course in an uncontrolled way, that would damage both people and businesses to an immeasurably greater extent. Everyone must be clear about that. In other words, we will maintain the restrictions for as long as we have to. That is why we can only ask people to be patient. The possibility of relaxing the measures depends on how the number of infected people develops, and on how much test capacity and how many intensive care beds we can organise. And above all on how we can protect the risk groups. We are working hard on this: the Minister-Presidents will meet straight after Easter, and we will see then whether we can start to lift the measures in a foreseeable period.

Blume: I agree with the politicians there: we must not start to open up the country too quickly. We must proceed together circumspectly and take things step-by-step. At the same time, we as a company are already preparing for this in detail. We are thinking through the entire working day for the factories: from temperature measurements at home, protective clothing and hygiene through to workplace organisation. The priority when restarting production is ensuring the safety of everyone.

Will Porsche survive the shutdown without state aid?

Blume: Yes, we will. We have only applied for assistance for around 1/3 of the workforce, those working reduced hours like in many other companies. That is not state aid, but an insurance benefit that employers and employees have paid into the Federal Agency themselves over years. Overall, we have solid liquidity that is sufficient for several months, but which is naturally also finite. I am more concerned about our global suppliers and our retail partners: how stable are they, how long will their liquidity last? And how will they organise the restart? We are keeping an eye on that.

Is anyone ordering a Porsche at the moment?

Blume:Yes they are, but the situation varies greatly in the different regions of the world. In China, where all dealerships were closed in February, demand is already recovering noticeably. In Europe, however, dealer operations are significantly restricted. But it is in phases like these that people develop dreams and needs. After the crisis, the demand for sports cars may be even higher than before, that would be my wish at least.

How long will the population stay quiet? When will the grumbling about restrictions of freedom become an open protest?

Kretschmer: The whole world is doing what we are doing to protect itself against the spread of the virus. The measures are not just arbitrary restrictions imposed by the state; they save lives. That is the reason why we have been able to control the spread of the virus so far. However, it is possible that we will again see higher rates of infection in a few days, and we must be at least prepared for that. One thing is certain, however, any other path would have much more dramatic consequences.

Kretschmann:There are naturally always people who do not accept this. But on the whole the population is observing the drastic restrictions. I am also very grateful for that. If we return to normal too quickly without due care and then have to announce even stricter measures afterwards, then we will really lose the trust of the population. For the time being, we can therefore simply ask everyone to exercise patience.

The Chancellor says that the country will not return to normality all at once. How exactly can weimagine that?

Kretschmann: Restrictions will be lifted in stages, that is certain. The responsible teams are working on what this will look like exactly in practice. The factors here include the risk of infection in the

corresponding areas and their economic importance. A car dealership must be seen differently than a pub, for example, because it is much more difficult to maintain physical distancing in the latter. The more patience we show in accepting the current restrictions, the greater the probability that we will be able to gradually open up again in the foreseeable future. And once more, we always have the importance of business in our minds; we see the fantastic efforts being made by companies – that feeds back in a positive way.

Kretschmer:Politics and business are maintaining a united front. That is the only way for us to overcome this crisis together. We can now see as a society how reliant we are on business. It becomes clear in such a crisis situation what the fundamentals of the economy mean for each individual. The solidarity that we are now experiencing will hopefully lead to the realisation that we must listen more closely after the crisis when companies say what entrepreneurial freedom is needed to remain globally competitive.

Kretschmann: We can also see now what is needed to start things off quickly, and how excessive bureaucracy is unnecessary in some cases.

That sounds like an encouragement for business to soon demand something in return.

Blume:No, that's not what it is about. Business supports politics and politics supports business. And together we work for the benefit of the people. Society as a whole must stand together, and we are making our contribution without the request for something in return later on.

But the car industry is already demanding that ecological constraints be relaxed due to the burdens caused by the crisis. Are politicians willing to do that?

Kretschmer: We do not have to start with such a contentious topic straight away. Companies need more freedom. I can see that. After 1945 and 1989, we did not build up the country through a very high degree of regulation, but with plenty of freedom. We must take care not to draw the wrong conclusions from the crisis, such as turning back the process of globalisation because it was not possible to deliver face masks quickly enough right now. I do not believe that it would be the right lesson learned if we were to strive for 100% self-sufficiency in Germany.

Blume: Globalisation has many positive aspects, and international exchange will remain extremely important. Globalisation might look slightly different in the future and may take place with a greater degree of caution. Having said that, it makes a considerable contribution to prosperity in the world. As regards what politicians should do after the crisis, it would be important to stimulate the economy with specific consumer incentives; in the interest of society as a whole. And as far as the environment is concerned: we remain committed to our carbon targets, we are systematically implementing our sustainability strategy, and are also obtaining corresponding advice from experts. We will invest 15 billion euros in the next five years in topics such as e-mobility, sustainable production and digitalisation – coronavirus will not change that.

Kretschmann: In Baden-Württemberg we started a strategy dialogue after the diesel affair, where the

car industry caused serious damage to itself. That was something completely new: car manufacturers, the energy industry, local authorities, scientists, politicians – all sitting round one table to discuss the transformation process, with specific results such as a comprehensive charging network for our state. And after the coronavirus crisis, the motto is now more than ever! We must work together, establish mutual trust.

If the whole world is now standing still, will that delay the move towards e-mobility?

Blume: Most certainly not. We decided on a clear, sustainable product strategy at Porsche some years ago, and we are continuing on that path. I even believe that people will live their lives with a greater degree of awareness after the crisis and that there will be a clear impetus towards e-mobility. Many people are currently thinking about what makes life worth living. And I think that there will be a greater focus on low-emission technologies as a result.

Kretschmann: The climate crisis will not disappear. We will end the coronavirus crisis at the latest when a vaccine is available, but there is no vaccination against global warming, that problem will remain. We must therefore see it as an opportunity to include this aspect in our calculations when restarting the economy. At the same time, we must take into account the fact that industry has been severely dented. It may therefore be necessary to make some adjustments on a political level, but we must not let up in our climate protection efforts. If we were to give up the two-degree global warming target, it would have devastating consequences for people, the economy, for us all. We should always bear that in mind, even if we currently have other priorities.

The government is currently pumping many billions into rescue packages. Someone will have to pay for that in the end. Who will that be?

Kretschmann: In the end all of us. Most people will initially be poorer after the coronavirus crisis. If we set up a financial umbrella worth five billion euros in Baden-Württemberg, we will have to pay back the money within ten years. In other words, we have to save half a billion a year somewhere else in the budget. The money does not just fall from the sky. Let us not deceive ourselves: there will be a tough debate about who pays these costs. But there is little point arguing about that now, right in the middle of the crisis.

Kretschmer: First of all we can be grateful here in Germany that we are able to mobilise the necessary financial resources to provide rescue funds for business and to ramp up the health system. In fact to such an extent that we are also able to accept patients from other countries – that is an important sign of solidarity in Europe. I am very much in favour of this, but not of the general communitisation of debt, which is now being put forward under the name of coronavirus bonds.

Blume: It will take a very great effort to get the economic and social system moving again after the crisis. Everyone must make a contribution to this, both big and small. For example, we are giving our employees at Porsche the voluntary option of donating part of their profit-sharing bonus. As the Executive Board team, we are supporting this initiative with a private donation of half a million euros to

hospitals and charitable organisations. The solidarity that is currently being shown by our society will have a positive effect on us all – and give us strength for the future.

Kretschmann: I am very confident that we will emerge from the crisis in good shape. Unlike many other economic crises, the cause, the virus, came from outside in this case. As soon as we have the pandemic under control, all the signs are that things will start moving upwards again.

Info

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Subline: Porsche CEO Oliver Blume

Path: Interview with Oliver Blume/Images/img_3.jpg
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