The Porsche product line principle: for 20 years a role model for the industry

30/05/2019 20 years ago – in May 1999 – Porsche introduced a new structure for its vehicle projects: the so-called product line organisation. It has long been regarded throughout the industry as a model of efficiency and flexibility.

The product line coordinates a vehicle family over its entire life cycle – from concept, through development, production, sales and production support, to the end of production. What makes this approach special is that each product line operates like a company within a company, and each reports directly to the Chairman of the Executive Board. The concept has set a precedent: Volkswagen also introduced product line organisation in 2016, and other companies have also adopted the principle since then. “Porsche vehicles must be fascinating, attractive and of high quality,” says Oliver Blume, Chairman of the Executive Board of Porsche AG. “Just as important, however, is that they are manufactured in an efficient and economic process. With product line organisation, Porsche made a strategic, farsighted decision early on, and its integrative nature has proven itself over the long term.”

Efficient organisation along the value chain is a key success factor for Porsche. The matrix organisation approach – wherein the product line organisation takes responsibility for the outcome of a vehicle project, while the standard line organisation of the development department has the technical expertise and is responsible for the scope of its respective area – has triumphed here. The product line specifies the “what” and “when”, which is to say that it defines the requirements and scheduling of the vehicle project; the line in turn defines the “who” and “how”, that is the responsibilities and procedure. This clear assignment of tasks has created an organisational form for vehicle projects that is both highly efficient and flexible.

Until 1992, new products were developed through project work. As part of the Porsche improvement process initiated by then-CEO Wendelin Wiedeking, SE teams (Simultaneous Engineering) were introduced in the mid-1990s, establishing a cross-departmental approach to thinking and action within projects. Product line organisation was first tested as part of the introduction of the Cayenne, under the leadership of Klaus-Gerhard Wolpert, and was found to be very successful. Subsequently, Porsche also established the structure for the Carrera and Boxster from May 1999. Since then, product line organisation has been firmly integrated into the company. “This was a paradigm shift,” remembers Hans-Jürgen Wöhler, who took over leadership of the newly created Boxster product line, and is today responsible for the Cayenne and Macan. The first Vice President of the Carrera product line was Wolfgang Dürheimer, who would go on to become Member of the Executive Board, Research and Development.

One particularly innovative feature of the new development was that it put responsibility for the entire life cycle of a vehicle onto the product line. The product line not only handles new model development, but also develops variants, and deals with production support and model updates. Ultimately the customer benefits from the flawless project management. And it will play a central role in guiding our thoughts and actions in the future also. The goal of all those involved is clearly defined: to build the best sports cars in the world. Product line organisation is the seed that will form the basis for high-quality Porsche products in the future also.

Porsche currently has four product lines: the 911 and 718 sports cars under the management of Frank-Steffen Walliser, the SUV Cayenne and Macan for which Hans-Jürgen Wöhler is responsible, the Panamera with Thomas Friemuth at the head, and the first fully electric sports car from Porsche, the Taycan, under the leadership of Stefan Weckbach. The Vice Presidents of the product lines are supported by those with responsibility for the model lines that fall under them. Project managers are responsible for the various components in their product line – body, electrics, chassis, drive and complete vehicle – as well as for production, sales, project and process management, and procurement. This ensures short decision-making chains and fast responses with the best possible quality.

The product line makes and coordinates the decisions for all product-related topics across a model's entire life cycle, independent of departmental interests. “We report directly to the CEO. That means we are able to achieve the optimum result for the product and the company,” says Hans-Jürgen Wöhler, “while at the same time taking technology, deadlines and budgets into account.” August Achleitner, recently retired long-standing Vice President of the Carrera product line, and later the 911/718 product line, adds: “I was completely won over by this concept right from the beginning – and I still am. It's the best thing that could have happened to Porsche. This structure has absolutely proven itself over the last 20 years.”

Image Sublines

Path: media/Images/img_1.jpg
Title: Porsche Cayenne, 2019, Porsche AG
Subline: A first-generation Porsche Cayenne

Path: media/Images/img_2.jpg
Title: August Achleitner, then-Vice President Product Line Carrera, Hans-Jürgen Wöhler, then-Vice President Product Line Boxster, 2009, Porsche AG
Subline: August Achleitner (l.) and Hans-Jürgen Wöhler

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