

“Innovations are the future”

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19/08/2016 How much longer will we be using combustion engines? How much longer still will we be sitting at the wheel? When will computers start driving cars? CEO Oliver Blume's answers are self-assured and courageous—and not for people with rigid ideas.

Mr. Blume, what does it mean to be innovative?

Theodore Levitt—the Harvard professor who first coined the term “globalization”—once said that creativity means having new ideas, and innovation means putting ideas to work. That's more or less the way I see it too.

Which one is harder?

Probably the latter. You start with a good idea. But the idea only becomes an innovation when it is put into practice. That is hard work, because innovations don't happen on their own. No matter how new or

great an idea is, it's not an innovation unless it advances a company or attracts customers or pays off in other ways. It's an innovation when the market cheers.

So innovation means giving customers what they want?

You should definitely know your customers. Or anticipate what they would like. But if that were all, then the Wright brothers would have kept on selling bicycles instead of inventing the airplane.

You are launching an innovation campaign at Porsche as part of your Strategy 2025. Why is that?

For one thing, the demands that customers are placing on cars and mobility in general are undergoing enormous change. And for another, quantum leaps in automotive engineering and production are compelling us to think in completely different ways. The key concepts here are electrification, digitization, and connectivity. They represent a break in the system for the automotive industry, including Porsche. On the one hand, that's a huge challenge, but on the other it's also a huge opportunity. We still want to be the most successful sports-car maker in two or three decades. Or even beyond that, as far as I'm concerned.

Can a company simply prescribe a culture of ideas and innovation?

No, I don't think so. It's not like flipping a light switch. But what we can do is open up space that allows for creativity, freedom to innovate, and thinking outside the box. People are the key here. If creativity is going to get us anywhere, then we have to start by understanding what leads people to produce ideas or, alternatively, what might prevent them from doing so. What do they need? What motivates them? How do we deal with mistakes? An innovation program does not invest in patents or inventions. It invests in people. Innovations are closely linked to enthusiasm and emotion.

Can you teach people to be innovative?

That, too, is difficult. You can convey knowledge. You can improve skills. You can create an organizational framework that's more conducive to personal development. But can you practice being curious? The desire to be innovative comes from inside. Let's call it a disposition. There are people who enjoy working on problems, regardless of where, when, or with whom. The point is to come up with something. Or not. These are the people we're looking for. The foundation for success lies in systematic and professional innovation management, and the courage to put new ideas into practice.

How do you intend to do that?

First, we are defining the fields in which Porsche is especially innovative, such as in design and in drive systems, and the associated production processes and materials. Second, we are setting up an overarching innovation management system. It interlinks all the divisions—because innovations affect the whole company—and makes our innovation projects absolutely transparent. Third, we are strengthening the innovative capacities of each individual division. Processes should become faster,

existing methods should be employed in more flexible ways, and the respective employees should be better qualified.

Isn't Porsche innovative enough?

This much is certain: Porsche has been and will continue to be innovative. The 356, 911, Boxster, Cayenne, and Macan, as well as technological front-runners like the 959, Carrera GT, and 918 Spyder, epitomize the culture of individual sports cars. The Targa design, the exhaust gas turbocharger in the 911, rear-axle steering in the 928, transaxle transmission in the 924, sequential turbocharging in the 959, and the active front spoiler in the current 991 are technological highlights. Porsche invented the hybrid drive. With the LMP1—Le Mans winner and world champion—Porsche has once again revolutionized and dominated sports-car racing. Mission E—the first purely battery-operated Porsche model—sets standards in performance, dynamics, range, and charging time. You could even go so far as to say that Zuffenhausen and Weissach are the Silicon Valley of the sports-car industry.

Clearly Porsche has a long-running history of innovation. Does this weigh heavily on the culture of ideas?

Not at all. Tradition means responsibility. It fuels us. Tradition and innovation are two sides of the Porsche coin. You can't separate them. Without our tradition we wouldn't be where we are today. It sustains us. But if tradition means "We've always done it one way, so let's leave it the way it is," then that's dangerous. Without innovation, the whole idea of individual mobility is threatened. As someone once put it, "Yes, but …" won't get you anywhere, while "Yes, and …" will. The important thing is to be innovative without divorcing ourselves from tradition.

How will you manage that?

By concentrating on the four key fields of power train, lightweight construction, connectivity, and driver assistance and active safety systems.

The company is also founding Porsche Digital GmbH in Ludwigsburg, with branch offices in Silicon Valley, China, and Berlin. Why is that?

Those places all have an especially high density of ideas.

How much of Apple or Google is involved?

First, there's a lot of Porsche thinking involved. We too need an innovation-oriented mentality and a structure that is based not on chance, but on a system.

On what exactly?

This company is like a center of expertise for digital mobility. We want to set the tone as early as

possible. Employees, teams, and whole departments work like start-ups, looking for potential new added value and innovative solutions. Mistakes are expressly viewed as part of the learning process. Porsche Digital GmbH is also looking to participate in selected venture capital funds. These partnerships provide equity capital for innovative and high-growth companies and access to new technologies. We want to learn—and profit—from them. Finally, Porsche Digital GmbH will do intensive networking in this area, engaging in professional trend-scouting and promoting long-term collaboration with other incubators.

Will that turn Porsche into a different company?

We are not seeking to change our character or turn the whole company inside out. What we want to do is systematically generate ideas across all of our divisions and put them into practice rapidly while maintaining flexibility. We want answers to persistent questions, without tunnel vision. We don't want a culture of avoidance, but rather one of entrepreneurship in the truest sense of the word. We don't want to become different. We want to become better.

Does that apply only to products?

That's one of three big errors.

And those are?

Error number one: people always think that innovation means we invariably end up with a new car. That might be the case, but it doesn't have to be. Leaders in innovation go about it in extremely nuanced ways. In addition to technologies and products, they also deal intensively with processes, services, customer interfaces, partnerships, and even business models. That brings us to error number two: Does what I do always have to be new, unique, and revolutionary? By no means. Both the "prime mover" and the "fast follower" can be very successful. Porsche did not invent the SUV. But we made a Porsche out of it.

And error number three?

A continuous improvement process would already be innovative enough. We are making everything a little faster, more lightweight, and more economical. I think we also need to have the courage to question the fundamentals. Without that, we wouldn't have the Porsche Mission E right now.

When it comes to innovation, to what extent are you driving or being driven?

Porsche is the driving force behind the culture of individual sports cars. Period. But we're not blind. Our innovations should also help to protect us against potential attacks by new players.

Are you afraid of a Google Porsche?

I have respect for the immense culture of ideas and learning at companies like Google. We can really learn from them. A fully connected, self-driving car, for example, can only be made in close cooperation with companies from the IT and communications sectors. What concerns me most is the power of those companies to attract new talent. The war for talent is tougher than ever before. To compete in recruiting new talent we have to offer much more in the way of opportunities and freedom to innovate. We need a culture in which we say “OK, give it a try” more often than “No, that won't work!” And we have to stop viewing failure as a stigma, but instead see it as an ingredient in the recipe for success.

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