





“Opportunities for improvement are always there”

Michael Macht knows both sides of the coin. As the first CEO of Porsche Consulting, he knows how relevant the know-how gained during Porsche's turnaround is to external customers. And as the Production and Logistics Executive of Porsche since 1998, he knows about the challenge of integrating a permanent improvement process into the corporate culture. “We still have consultants in house—including from Porsche Consulting. This support guarantees that the process doesn't seize up,” he explains in this interview.



More efficiently produced than its predecessor by a double-digit percentage: The new Porsche 911 with gasoline direct injection

Porsche realized early in the 1990s that it could view a crisis as an opportunity. Is there a particular incident you personally recollect in connection with the crisis?

Michael Macht: “Yes, when we were forced to part company with 30 percent of our workforce. That was when the Porsche crisis became real to me; it got to me. Fortunately we were able to avoid compulsory redundancies, and to regulate the situation using early retirement and voluntary redundancies. The point was not to get rid of 30 percent of our people, but to preserve 70

percent of our jobs. But I never want to have to go through that again.”

Must a company get to a low point like that before summoning the courage for radical restructuring?

Macht: “Not necessarily. But experience shows that people only realize the absolute necessity to act when the company gets into real trouble. Actually, it’s much better to start necessary restructuring before the company has its back to the wall. If you do that, you can



introduce a lot of innovation with a certain degree of safeguard. And it isn't your last shot."

But for Porsche it was?

Macht: "Yes, that was indeed Porsche's last shot. It had to work."

What was the crux of the restructuring at Porsche?

Macht: "When Dr. Wendelin Wiedeking came to Porsche in 1991 as the executive board member respon-

sible for production and stock management, he started by analyzing our situation thoroughly. The figures were clear: costs were far too high, productivity and quantities too low, couldn't keep our staff occupied."

How quickly did that realization turn to action?

Macht: "Very quickly. Wiedeking arrived in August of 1991, and we were already discussing the consequences of his analysis in September."

The crucial question in discussions being, how do we get out of this?

Macht: "And the crucial approach to the turnaround was realizing that we had to make the value-creation process our top priority once again. Up to then, all sectors, such as development, purchasing, and logistics, had looked for solutions based on their own particular perspectives. The sum of those parallel decision-making processes then came together in the production process. That was where the various threads had to be wound together, laboriously and, of course, most inefficiently."

Please describe what that was like.

Macht: "It was just impossible to assemble vehicles in a process-secure way. Assembly was almost impracticable at many sites, there was a lot of reworking needed, we had stocks piled up to the ceiling... you could make an almost infinite list of faults."

And suddenly everything changed?

Macht: "The essence was: production defines how the ideal value-creation process looks. In the end, we always earn more money by making vehicles of high quality, as efficiently as possible and at the time when the customers want them. Of course, the consequences were manifold. For example, only those parts actually to be assembled were allowed to be available on the line. So shelving at the line became superfluous, because parts were now sent to the vehicle as per production order." ▶

There must have been objections and resistance?

Macht: “Some persuasion work is of course necessary in such a situation. And in fact the real coming to terms with the crisis consists in infusing the entire enterprise with the culture of turnaround, from the idea to the realization, and winning over all sectors to the new approach.”

How important is it to get external advice and help into the company in such a situation?

Macht: “That was when we set up the contacts we still have today with Japanese company advisors and Toyota. In Japan, we could see how our vision was implemented and how it worked. Production is the focus there. All other aspects are ancillary sectors doing preliminary work. But just by understanding something, you’re still a long way from applying it. You need the consultant to guide you, help you with the first steps, and make any necessary corrective interventions. He also makes sure that the whole restructuring process doesn’t seize up, and that the right methodology and systematic approach are used.”

So is it easier to allay concerns if you have external help?

Macht: “Definitely. Because the prophet isn’t heard in his own country. An outsider is regarded as more competent, people are more willing to listen to him, his credibility is much higher than that of an advisor from your own company.”

How can employees be convinced about the idea of restructuring?

Macht: “By making them participants instead of recipients. You have to involve the employees in the process. Once Porsche staff had the requisite tools from courses of instruction, training, and workshops, they started presenting the changes themselves within their own divisions. That’s the key to getting the employees to take responsibility, to have an interest in whether the new measures they introduce actually work.”



Michael Macht: “We can offset the rising amount of product substance with a permanent productivity offensive.”

Can you give an example?

Macht: “Our order-picking trolleys illustrate the process quite well. They were designed and of course built by the employees themselves. But to begin with the wheel spacing wasn’t quite right. But they very quickly corrected the problem themselves. The trolley was their idea, they were convinced of its usefulness, and they presented it. And they implemented this project with total commitment.”

How do you keep alive a culture of permanent improvement in the enterprise?

Macht: “Following restructuring come the stabilization and further development phases. This process can succeed only if the company addresses the right issues programmatically, year after year. There have to be clear targets, which can only be attained if the methods learned are applied. For support, we conduct numerous master-craftsman’s workshops every year. We also still have consultants in-house, including from Porsche Consulting, which ensures that the process doesn’t seize up.”

So even after a successful restructuring, as at Porsche, a company has to stay on its guard?

Macht: “Always. The great challenge is really to convince personnel, again and again, of the need for further development in spite of the successes of past years.”

Is there a present-day example in production conversion for the new 911 of how the Porsche improvement process is still being implemented?

Macht: “The manufacture time shows it very clearly. The new Porsche 911 is produced more efficiently than its predecessor by a double-digit percentage—even though it has a new engine, a new transmission, a new infotainment system, and many other things. That’s only possible if you are consistently living the culture of constant improvement in all areas.”

But don’t you ever reach the boundaries of what is possible in an optimization process?

Macht: “No. You can always get better. The outside context changes too, after all. Let’s look at how a Porsche was built in the ’90s and now. We now manufacture a vehicle in a fraction of the time, even though the amount of equipment has increased many times over—just think of the increasing number of control units, ABS regulating systems, adaptive mufflers, all the way through to sound and communications systems. So

because the product is constantly in development, there are always plenty of opportunities to get better. And you have to take them: if we took as long to make a Porsche as we did in the early 1990s it would now cost more than twice as much.”

And be unaffordable.

Macht: “We must, and can, offset the rising amount of product substance in the vehicles with a permanent productivity offensive.”

Is there an ideal factory of the future, in your view?

Macht: “No. There are too many parameters in determining a factory for that to be possible. You have to go on trying to see if individual solutions fit the particular production context. What’s crucial to me is that we constantly improve in the fields of quality, cost-efficiency, and delivery service. My vision is a zero-flaw vehicle that we can produce as efficiently as possible, just in time, with as short a delivery time as possible.” ◀