

A portrait of August Achleitner, a middle-aged man with short brown hair, wearing a dark grey suit, a light blue shirt, and a striped tie. He is smiling slightly and looking towards the camera. His hands are resting on the red bodywork of a Porsche 911. He is wearing a silver watch on his left wrist. The background is a plain, light grey wall.

August Achleitner (59) has been with Porsche since 1983, and been responsible for the 911 model series since 2001. An industrial and mechanical engineer, he is practically unequalled in his ability to combine profitability and customer enthusiasm.

911

FORMULA FOR SUCCESS

AN INTERVIEW WITH AUGUST ACHLEITNER



August Achleitner is the engineer in charge of the 911 model series at the Weissach Development Center of the sports car maker Porsche AG. The iconic Carrera is not only the core Porsche model but also a classic example of optimum product management.

We asked Achleitner about the formula for success behind the 911.

📄 PETER WEIDENHAMMER 🗨️ CHRISTOPH BAUER

Fifty years after coming onto the market, the 911 is more popular than ever. What is its secret?

I don't think anyone could have predicted this kind of success. In the early years the company continued to develop the car on a tight budget. Then it became clear how much the customers liked the 911—back then they were the real driving force behind its continuing existence. If we compare that situation with today, we also see some key external and internal factors. External influences such as feedback from journalists in the industry, feedback from customers, some of our competitors, and regulatory aspects play a role. With close consideration of internal topics from our preliminary development and also from other model series, we are creating a catalogue for the next generation of the 911. That is what we might call the composition.

Then there is the matter of costs. How do you choose the right course?

Porsche is very cost-conscious. This plays such a strong role in our day-to-day work that we're always striving for the optimum results. By "optimum" I mean the best cost-benefit ratio, which consists of the best, most cost-effective technical solutions in combination with the greatest possible customer satisfaction. There can be different types of costs, of course, such as those for development, investment, for the components themselves—or the sum total.

That sounds simple. Is it in fact?

You often get something like a tug-of-war: on the one hand, you've got an attractive technical solution, because especially the 911 is called upon to demonstrate its performance in a competitive environment. On the other hand, there's the fact

that as a manufacturer we want and have to be profitable with the car. That means we have to earn money. This is no trivial balancing act. There's nothing special about simply deciding to put all manner of technology into the car; I can come up with the requisite ideas on a Sunday afternoon if need be. But when you count everything up and see what it costs and what type of price tag we'd have to show our customers, then everything looks quite different. And it certainly won't be getting any easier. In particular, the regulatory specifications on reducing fuel consumption and emissions may trigger advances in engineering, but they also generate high levels of additional costs for the cars.

How do you approach the introduction of new solutions and technologies?

You have to think strategically: you know when the next car is coming out, and you also know when the one after that is coming. You know what you have to do for the next 911 to make it more attractive and give customers something really new. But you don't have to exhaust all your resources at once. That means when it comes to new ideas, there's always another one just around the corner.

The iconic 911 is more than the sum of its parts, though. Why is this?

When we run the tests on the overall vehicle we do a lot of fine-tuning. I could outsource this checking of the car's functions. But then the passion would be missing. The overall harmony, the compulsion to keep working on every last detail just one more time—ultimately, that is what counts. Then when the car is finished, it's clear that it's a completely rounded product. Everything is the way the customer wants it. ←



Profitable products combine benefits for customers with low costs for companies.

THE ROAD TO A PROFITABLE PRODUCT

Successful companies make themselves more competitive by regularly putting their products to the test—even if they are selling superbly. The crucial factor here is to examine them from the customer’s perspective. Are the products still meeting the latest demands on the market? What do customers expect, what additional value would they pay extra for, and what might they in fact consider unnecessary? It is a balancing act to achieve the best possible relation between benefits for the customer and product

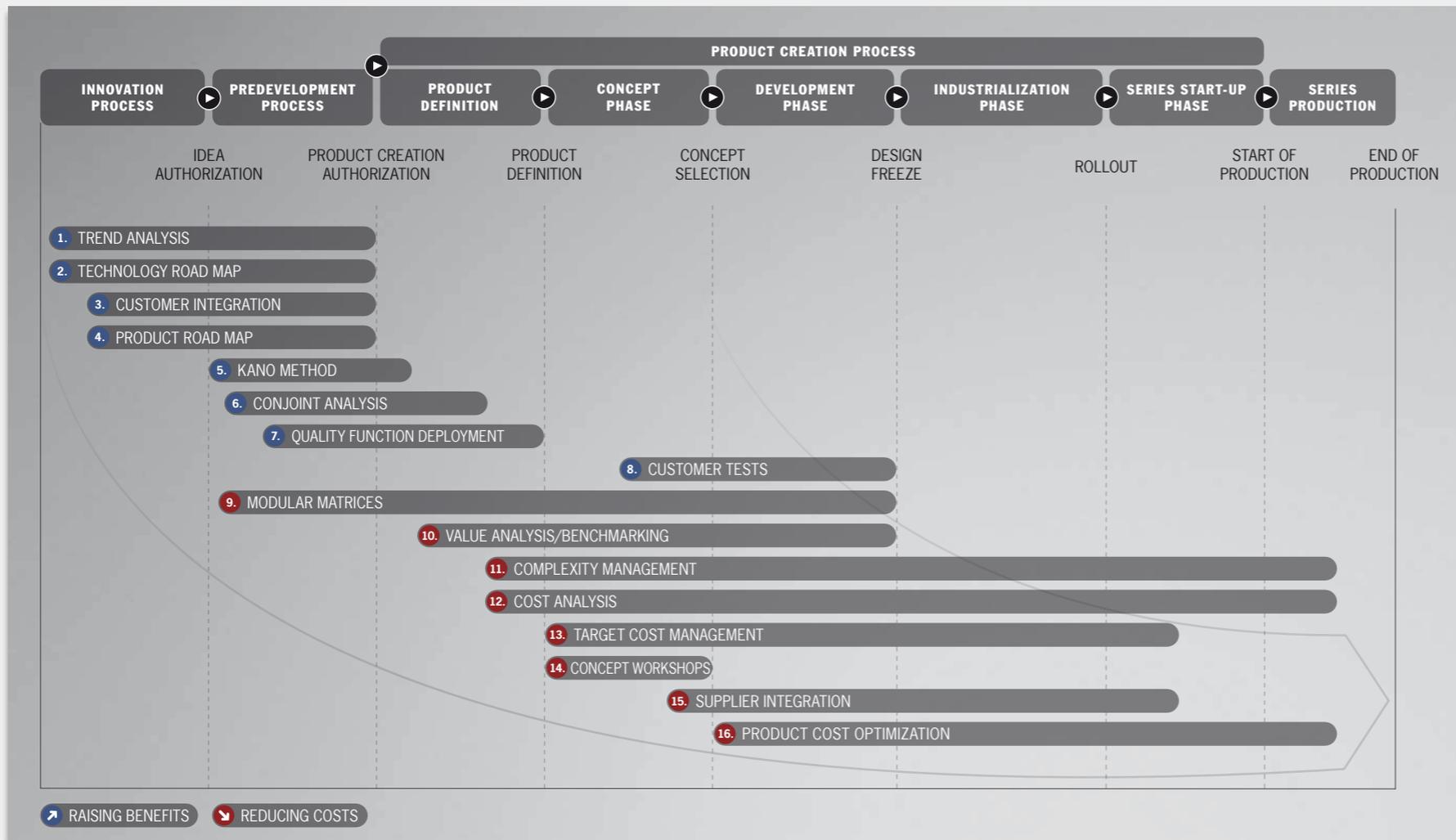
costs for the manufacturer. And this balance constantly has to be recalibrated in response to ongoing change, new trends, and shifting market conditions.

Profitable products arise from a focus on the essentials. If customer wishes are fulfilled to perfection, high sales volumes and high prices can be attained. To ensure the functionality, emotional appeal, and social acceptance of their products, companies have to make the right decisions at the right time. They have to know the expectations of their customers, and they also have to work together with the right partners and choose the best possible production techniques.

The key to reaching price targets for customers without putting the company’s profit contributions at risk lies in consistent cost management from the very start. Opportunities to actively shape costs decline sharply the further a product is developed. At the same time, the level of information rises as the project proceeds. If a cost imbalance is not identified until a late point in time, countermeasures can only have a limited effect. Comprehensive, systematic application of suitable methods generates transparency early on about the requirements and possibilities on the part of customers, companies, suppliers, competitors, markets, and technologies.

Following a road map to a profitable product is the way to meet customer expectations while optimizing costs. Milestones mark this course from the initial idea on through development and then to series production. Companies can use these milestones to check whether they have chosen the right route or need to correct course. This is the way to avoid unnecessary detours and the associated expenses.

1. **IDENTIFY TRENDS EARLY ON**
Pursue [trend analysis](#) on an ongoing basis, for example by using a trend radar system to compile, assess, and display information on social, technological, economic, and/or legal developments in aggregate form. Use the results to orient the technology and product portfolios.
2. **USE NEW TECHNOLOGIES**
Use scouting systems to identify promising technologies. These systems evaluate technological alternatives for attractiveness and individual resource strengths. This creates the groundwork for drawing up the [technology road map](#), which introduces them into the preliminary development and product creation process.
3. **INVOLVE CUSTOMERS EARLY ON**
To generate product ideas and to compile product requirements, involve customers in the innovation process at an early stage. One example of [customer integration](#) is to work together with especially innovative and trend-setting customers, who are known as “lead users,” in order to identify trends, risks, and product individualization levels faster and more effectively.
4. **REVIEW PRODUCT PORTFOLIO**
Use the [product road map](#) to plan and regularly review sales of established and new product generations and variants. The product road map is logically connected to the technology road map. The two maps display the strategic development of the entire product portfolio and provide long-term project structure.



This road map shows milestones on the road to a profitable product, as well as measures and methods—for the right time and the right place.



RAISING BENEFITS FOR THE CUSTOMER



RAISING BENEFITS AND REDUCING COSTS TO ACHIEVE MORE PROFITABLE PRODUCTS

5. UNDERSTAND THE CUSTOMER PERSPECTIVE

Use the [Kano method](#) to determine the influence of product attributes and how they affect customer satisfaction. This method classifies attributes as essential, performance-oriented, attractive, indifferent, or undesired. It is used to decide which features should be retained, reinforced, or varied.

6. RAISE PURCHASING PROBABILITY

Perform [conjoint analyses](#) to determine how individual attributes affect the benefit customers derive from a product—and their corresponding willingness to purchase it. These analyses compile different combinations of attributes for potential products and have them evaluated by users.

7. MEET CUSTOMER WISHES

Put customer innovations and requirements into practice by means of specific technical solutions early on, and identify and solve possible target conflicts by involving each of the company departments. [Quality function deployment](#) (QFD) is a suitable method to support this process.

8. ENSURE PRODUCT SUCCESS

To test a product's potential for success, involve users in the course of [customer tests](#). These tests make the product available for a certain period of time, or present e.g. alternative functions and designs in a prepared environment for evaluation.

9. DEVELOP MODULAR MATRICES

To differentiate products, use [modular matrices](#) to standardize non-relevant scopes in order to reduce costs for development and production. By contrast, use targeted means to vary scopes that serve different needs and/or accommodate the purchasing priorities of different customer groups.

10. COMPARE FUNCTION COSTS

Use [value analyses with benchmarking](#) to compare the functions and costs of competitors' products. These analyses reveal alternatives for technical concepts and for product design, technologies, and materials, and are used to derive additional potential for a company's own products.

11. MANAGE COMPLEXITY

Early [complexity management](#), which starts by defining target values ("variant targets"), prevents the number of variants from escalating. This process runs through the entire product creation period and then continues on after the start of production when variants with insufficient variable gross margin or no strategic significance are eliminated.

12. CONTROL COST STRUCTURE

[Cost analyses](#) generate transparency in the cost structure via calculation-based evaluation of materials and processes. They enable alternative concepts and potential to be evaluated, reveal opportunities and risks including for bought-in parts, and thereby provide active support for target cost management.

13. DEFINE TARGET COSTS

As soon as the project starts, divide the achievable market price in a top-down direction into subcategories for each assembly. Compare this periodically with the anticipated actual costs per assembly in a bottom-up direction to lay the foundation for [target cost management](#).

14. SHAPE CONCEPTS

Specifying the concepts lays the foundation for low product costs early on. Hold [concept workshops](#) with interdisciplinary teams for development and assessment purposes. Include production and assembly concepts to ensure optimum production costs. Use experience with forerunner projects, competitors' products, and suppliers to support this process.

15. UTILIZE SUPPLIER EXPERTISE

Involve strategically significant suppliers in cost-intensive and demanding projects to generate additional potential in terms of cost and innovation. [Supplier integration](#) can be pursued in every stage of the product creation process—from the concept and development to industrialization and series production.

16. OPTIMIZE PRODUCT COSTS

In order to achieve target costs within set milestones, measures are generally developed and assessed in the form of interdepartmental initiatives. Decision-making and implementation are guided by the implementation level. [Product cost optimization](#) formats include product exams, product clinics with competitors' parts tables, and supplier workshops.



REDUCING COSTS FOR THE COMPANY

Are you using these factors for success to develop profitable products?

FACTORS FOR SUCCESS

STRAIGHT TO YOUR DESTINATION



CUSTOMER FOCUS

It's crucial to place a clear focus on customers. Items to clarify: Who are the target customers? What is important to them? What are they willing to pay for the product? What might they consider unnecessary?



INTERDEPARTMENTAL APPROACH

All company departments need to be involved in the product creation process. This is helpful in finding the right balance between customer benefit and product cost, as well as in utilizing the potential for improvement in all departments.



COST TRANSPARENCY

To have efficient cost management, everyone needs to know what the project costs are. To achieve this, estimate the costs at an early stage of development, and then monitor them consistently.



OPENNESS TO CHANGE

It's essential to meet the wishes of the customer—rather than one's own ideas about the product. Change management promotes openness to change.



COST OPTIMIZATION

Cost-reduction options need to be continuously and consistently utilized. Ideally, potential ways of saving costs should be identified at an early stage. And the results should always be reassessed for further possibilities.



METHOD UTILIZATION

When it comes to developing valuable products, a structured, methodical approach is the name of the game. That means using the right methods at the right time. The "road map to a profitable product" can help identify areas not yet addressed.

