



Volkswagen's CFO Hardy Brennecke Adds Family to Cultural Diversity Goals

You can get a whole new perspective on diversity by talking to Hardy Brennecke who is the Executive Vice President and Chief Financial Officer of Volkswagen Group of America. His area of responsibility includes the entire U.S. business division of the Volkswagen Group, including logistical operations and investment in and construction of U.S. manufacturing facilities. One of the challenges he faces is creating a supportive work environment for employees with different cultural and ethnic backgrounds. In discussing Volkswagen's approach to diversity, it's clear that the company is dedicated to ensuring its employees have many opportunities to experience and learn from different cultures.

There are two reasons for supporting cultural exchange. First, employees are able to experience personal development in an increasingly global business environment. Second, the Volkswagen Group benefits from the development of its workforce cultural sensitivities and the ability of staff to move back and forth among various work locations around the world. In this regard, Volkswagen represents the modern day global corporation where cultural diversity has an equally important role as that of racial and gender diversity.

In pursuit of these goals, Volkswagen has formed a number of Diversity Councils throughout the U.S., including the Corporate Diversity Council representing a cross section of U.S. operations. In addition to workforce diversity, the company also promotes diversity in its supplier and dealer networks. Attracting and retaining diverse suppliers and dealers is accomplished through initiatives managed by Purchasing and Dealer Networking teams, partnerships formed as a result of the Diversity Outreach initiative, and a supplier mentoring program. The company goal is to establish long term relationships with qualified, experienced and value driven suppliers. Businesses certified by the National Minority Supplier Development Council or the Women's Business Enterprise Council in the U.S. are encouraged to register with Volkswagen Group of America.

DiversityPlus Editor-in-Chief Paul Lachhu sat down with Mr. Brennecke to get a better understanding of how Volkswagen has strengthened its international brand by promoting workforce and supplier diversity. The company has established a diversity model for global operations that any company operating in more than one country can use to leverage diversity to promote business success. The model is such that it easily encompasses all definitions of diversity including cultural, gender or racial.



How is Volkswagen embracing the global change in diversity?

We operate in 153 countries around the world, so are in nearly every country. Because of this, diversity is a major focal point for us as a company. We want to be able to transfer people to different countries without creating undue stress. For example, we built a factory in Chattanooga, TN, in the U.S. that began operating in April 2011. We bring people from all areas of the world to support this startup phase. However, we also send people from the U.S. to Europe and to other parts of the world to give them the opportunity to learn new cultures, to benefit from the cultural exposure and to develop their own identity as Volkswagen global team members.

What specific program is Volkswagen putting into place to ensure diversity both internally and externally?

We have programs where people can request to work in other countries for specific periods of time, like those coming to work in the U.S. for three years. We also have U.S. workers going to Germany and to other locations in the Volkswagen World to work for a specific time period and then returning to their home country again. This program works extremely well because it promotes cultural diversity, but employees know when they will return home.

How are you identifying and retaining diverse talent?

That's a very important topic that we have addressed this year. We have a talent management process designed to identify our diverse talent and expand opportunities. Management looks at all different levels of the company and says, "Who works for us that has the talent to go to a different part of the company or to a different country?" We identify which people are a good fit for taking advantage of existing opportunities or those opportunities we should develop to make best use of this talent in our company.

What do you consider as one of your best practices employed inside the company?

One of our best practices is the fact we have programs that, on the one hand, focus on the person, but on the other hand, also focus on the family. In my view, this is one of the benefits of working for Volkswagen. It's clear we have to focus on the spouses and the children of our staff, as well as the staff members in terms of helping the whole family adjust to cultural challenges. For example, when German staff is transferred to another country like the U.S., we talk about school and kindergarten because school is so important. We must make sure the timing of the job transfer takes the end of the school year into



account. We ultimately have to make sure the family will be able to adapt to living in a foreign country. We can't just bring someone over from Germany and then say that all the family issues are secondary in nature.

One of the big challenges for companies in America is getting diverse talent at the highest levels of management, which can also include the Board of Directors. Is that something Volkswagen struggles with in terms of not just being black and white but of being a different culture?

I think it is a challenge for us as a company, but we need to consider the program and goals over a longer period of time. We can't say diversity starts now and we have to implement everything within three months. Coming back to the example of the family, it's important to say, "Over what period of time is a change possible?" If it doesn't work this year, then maybe the transfer or promotion will work in two years. Being able to plan this far ahead in time is very important, but you get a high level of flexibility and openness in programs that take the future into consideration.

Now one of the things Volkswagen Group of America is doing is building its supplier diversity base by getting a lot more minorities and women as suppliers. Is this effort supported from the very highest levels?

We have had a lot of success with employee led advisory committees, especially in Chattanooga, where we said, "People should be part of and involved in the diversity program discussions." The results speak for themselves. In 2010, we were awarded the Corporate Leadership Award by the Urban League of Greater Chattanooga because of our commitment to diversity and inclusion. One of the main reasons for our success is because key decisions on diversity are made at the top so everyone knows this is a very important program and has the full support of the executive level.

What can other companies in Germany and other parts of Europe learn from Volkswagen's success?

I think the fact that a diversity program must be implemented from the top down is one of the most important lessons. Also, another lesson is that diversity programs should reflect long term goals and not just short term effort. As mentioned, you can't change everything in three months. But you can say, "What are the steps we need to take to reach the long term target?"



What are you most proud of, not just in terms of diversity, but in terms of success at Volkswagen?

I think that we have a clear success strategy in place and are executing it even when times are difficult. For example, the decision to locate and build a manufacturing plant in Chattanooga was made in the midst of an economic crisis. It says this company is really committed, and whatever happens, it executes its strategy. That reflects good decision making from the start.