



Frank-Peter Arndt,
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»Surprising solutions«

Frank-Peter Arndt, BMW Group, Member of the Board of Management of BMW AG, Production, talks about the opportunities of small-car production in Germany, the lessons of the sales crisis and project i.

Mr. Arndt, will car production in Germany ever return to the record level set in 2007?

I am certain that this level will be reached again. The question is: How long will it take and which OEM has which concepts to offer? In any case, BMW is exceptionally well-positioned with its new products. We could not have picked a better time for the market introduction of the X1, for instance.

What production lessons have you learned from the sales crisis?

We saw our unit sales plunge by 19.5 percent in the first half of 2009 compared with the first half of 2008. We immediately adjusted the production numbers and prevented inventories from building up. We were able to deal with this reduction in production relatively easily. Not too many OEMs have such a »breathing capacity.«

Which instruments worked particularly well?

One area that should be mentioned is factory organization. At BMW, we systematically produce at least one world and one split model in a factory. This enables us to react extremely well to swings in demand. Another goal is to create a good balance of flexible temporary employees and the full-time workforce.

Could BMW efficiently produce a small car below the 1 series in Germany?

As far as efficiency goes, we continue to be in really good shape. Since 2005, we have boosted productivity in production at the BMW Group by about 30 percent. In the same period, average production costs per unit have fallen about 20 percent. Between June 2008 and June 2009, we were able to cut the production time per unit by an additional 7 percent – in spite of the lower volume.

Experts maintain that engineered costs in Germany are too high. This would have a particular impact on small-car production.

In the past, engineered hours per vehicle were frequently a resulting value. In our projects aimed at the future, including project i, this key performance indicator is a target. That is, we determine fixed levels about how high such an indicator should be.

Speaking of project i: What does Mr. Reithofer mean when he says that BMW wants to revolutionize automaking with the help of this project?

Until now, electric drive systems have been adapted to current vehicle concepts. In our project i, we are thinking about completely new vehicle concepts that have been optimized in terms of the application as electric vehicles. These concepts will look much different from what you see on the streets right now. Sure, our mega-city vehicles will probably have four wheels. But in terms of the package and overall concept, you can expect to see a few surprises.

With that in mind, are electric cars a new business design for contract manufacturers?

With such innovative, forward-looking products, OEMs are well advised to keep their know-how to themselves for now.

On the whole, Germany offers good opportunities for the production of electric vehicles.

It certainly makes sense at the beginning to produce innovative products close to where they are developed. In general, however, we support the viewpoint that production must follow the market.

The interview was conducted by Claus-Peter Köth.

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