Matthias Müller, in the Driver's Seat at Volkswagen

By DANNY HAKIM and JACK EWINGOCT. 1, 2015

Matthias Müller, <u>Volkswagen</u>'s new chief executive, has not been the typical button-down German executive.

Before the company's emissions-testing scandal broke, he had spoken out in support of the migrants streaming into Germany, likening their journey to his own childhood as a refugee from East Germany. Mr. Müller, who had been the head of the <u>Porsche</u> division at Volkswagen, is also a racing enthusiast, who has poked fun at the industry's infatuation with self-driving cars.

"We don't want a smartphone on wheels," he told a German car magazine recently.

A few days after that comment, his boss at the time, Martin Winterkorn, said that, by the end of the decade, Volkswagen "will have transformed all of our new cars into smartphones on wheels."

But there is skepticism that Mr. Müller is the right person to change Volkswagen's corporate culture. While they may have differed over turning cars into smartphones, Mr. Müller was a longtime lieutenant of Mr. Winterkorn, who resigned as chief executive last week. And Mr. Müller was Volkswagen's head of product planning from 2007 to 2010, as the cars that caused the scandal were being developed.

Matthias Müller ran Porsche from 2010 until being named chief executive of Volkswagen after the emissions scandal. Credit Kai Pfaffenbach/Reuters

Mr. Winterkorn — considered the man whose ambitions to build the world's largest car company led Volkswagen into crisis — has not severed his own ties with the company. He remains chief executive of Porsche Automobil Holding SE, Volkswagen's largest shareholder. (Mr. Müller is one of the three other members of the board.) Mr. Winterkorn is also on the supervisory board of Porsche Holding, the largest Volkswagen dealer in the world, operating in 22 countries in Europe, South America and China. And he remains on the board of the Audi division at Volkswagen.

The scandal came to light last month, when Volkswagen said it had installed software in 11 million diesel vehicles worldwide that was used to cheat emissions tests in the United States. Mr. Müller, whose company is facing investigations across the world, has promised to restore trust, conduct an aggressive internal investigation and come up with a fix by next week.

An engineer with a passion for cars, he told reporters last week that he did not know about the scheme. Speaking to senior managers in Wolfsburg, Germany, on Monday, Mr. Müller called Volkswagen's manipulation of emissions tests inexcusable.

Mr. Winterkorn has also denied knowledge of the scheme. "I am not aware of any wrongdoing on my part," he said after the scandal broke.

As one of his first strategic moves, Mr. Müller said he would give the division that makes Volkswagen brand cars the same independence as other brands like Audi or Porsche. The change was tacit acknowledgment that management of the company's largest unit by volume has been overly centralized.

Mr. Müller has also made little attempt to distance himself from Mr. Winterkorn, to whom he owes much of his career success. "It's important to me to thank Dr. Winterkorn for everything that he has done for Volkswagen," Mr. Müller said, according to a summary of his remarks provided by Volkswagen. "I have huge respect for his achievements."

The company's approach has caused concern among some environmentalists that it is not ready to change its culture. "I am disappointed," said Rebecca Harms, a prominent member of the Green Party in the European Parliament, who comes from Lower Saxony — a German state that is also a major Volkswagen shareholder. Her party controls the state in a coalition with Social Democrats.

Ms. Harms said Volkswagen, which is based in Lower Saxony, had an opportunity to break with the past, but missed it in its rush to appoint Mr. Müller as the successor to Mr. Winterkorn.

"They needed a fast decision," she said in an interview. "What I would have loved would be now to go for a real shift, to bring in new people, not protecting the old way."

Volkswagen was one of the first caught cheating when the United States started regulating tailpipe emissions in the early 1970s.

Dan Becker, director of the safe-climate campaign at the Center for Auto Safety in Washington, said Volkswagen needed "to scour the house with an outsider who's not afraid to get to the heart of this huge fraud and its perpetrators, however high," he said. "Instead they've chosen a longtime VW crony."

Others are more supportive. Stefan Bratzel, director of the Center of Automotive Management, an automotive research group based near Cologne, said, "He has a bit of another style than the Piëch and Winterkorn style of management," referring to two previous Volkswagen chief executives, Mr. Winterkorn and Ferdinand K. Piëch. "Before the scandal, it was known that he said what he thinks," he said. "That's not the usual thing at Volkswagen if you want to make a career."

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