

DRIVEN

Inside BMW, the Most Admired Car
Company in the World

DAVID KILEY



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John Wiley & Sons, Inc.

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To the memory of Gustav Otto, as well as to the tens of thousands of
unheralded people associated with BMW over the years who have
made it the company and brand it is today.

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D.K.

Introduction

Safe to say, I'm not alone in calling BMW the most admired car company in the world. I venture such a bold, highly subjective statement only after numerous conversations over the years with men and women working for car companies, car magazines, and advertising agencies. It's a notion supported by my years of journalism covering the auto industry and test-driving any number of BMWs. I've driven BMWs for two decades now, judging them against vehicles built by Infiniti, Mercedes-Benz, Saab, Lexus, Acura, Jaguar, and others. Every time I slip behind the wheel, it leaps out at me—an *authenticity* and a sure-footedness that characterizes nearly all the vehicles BMW produces. Their design, performance under the hood, and the balance and agility of each vehicle are superb. Even when a competitor surfaces and achieves more horsepower or a faster 0- to 60-mph time, most true car aficionados sense in their gut that those other cars are trying to be *Bimmer* beaters. Nearly every time, those posers, especially those competing against the BMW 3 Series, 5 Series, and M Series cars, play a poor Jayne Mansfield to BMW's Marilyn Monroe, or an earnest Vic Damone to BMW's Frank Sinatra. Not slop, but not the top.

Overall, it's been a company grounded in nearly airtight *consistency* as well as *authenticity* when it comes to BMW-branded vehicles.

Authenticity, my research always found, is a trait bred in the bone at BMW. Not just of product, but of brand. My years of studying, writing about, and working in marketing tell me that authenticity is perhaps the most important aspect of a successful brand, especially with cars. The worst marketing howlers occur when companies lose sight of what a brand stands for, trying instead to force it into some modern, ill-fitting suit to appeal to a younger, hipper audience, or hurrying a poor specimen to market in order to fill a suddenly popular market niche. Examples abound: the Mercedes A Class, an egg-shaped city car that bears no relation to the Mercedes E Class or coupes; the Volkswagen Phaeton, a VW luxury sedan costing \$70,000 to \$80,000 and wearing the same brand as the \$16,000 Polo (a subcompact sold outside the United States); the Chrysler TC, a curious and laughable 1980s exercise involving a Maserati design bum-rushed onto a Chrysler LeBaron; the Porsche 924, a sport hatchback that was built originally for VW but eventually sold as a Porsche; the Jaguar X-Type, a front-drive car grafted onto the platform of a Ford Mondeo. To BMW's credit, it has not executed a product in the past 30 years that can be stamped as silly or unworthy of its brand character as "The Ultimate Driving Machine." Even during the painful mid-1990s, when it lost billions on the misguided purchase of the British Rover Group, BMW inflicted no harm on its own core marque. And early in the twenty-first century, when BMW's American-born designer Chris Bangle began turning out his first designs unencumbered by the reins of long-time product chief Wolfgang Reitzle, criticism of the cars focused for the most part on some of Bangle's design choices—trunk shape, headlamps, a cut line here or there. The driving machine guts underneath the hotly debated designs were hardly questioned for their superiority over the competition.

General Motors product chief Bob Lutz, formerly a management board member at BMW in charge of sales and marketing, calls BMW the most focused brand in the industry "and a model for any company trying to figure out what it stands for." At GM, Lutz regularly holds up BMW brand focus as a benchmark to executives in charge of defining GM's stable of often muddled brands.

Chrysler Group's head of sales and marketing in 2001 and 2002, Jim Schroer, told me he was trying to bring "BMW thinking" to the reorganization of Chrysler's Chrysler, Dodge, and Jeep brands—not so

much Mercedes-Benz thinking, despite the naive slight against his parent company, but “BMW thinking.” Said Schroer, “BMW is relentless in driving home a focused brand message and strategy that everyone in the company, top to bottom, understands. That’s gold when you achieve that in a company.”

Ron Harbour, president of Harbour & Associates, the auto industry’s acknowledged expert on productivity, someone who has studied every global car company and been to most of the industry’s factories, agrees that BMW is top of the industry when it comes to the combination of financial performance and the product it puts on the road. Says Harbour, “BMW has created a brand that is exclusive and exquisite. It’s more than just putting nicer leather in the cars or the fit and finish. It’s the total commitment in the organization to putting the best products on the road, according to the company’s definition of ‘best.’ BMW really puts product before anything else, before productivity or ease of manufacture or anything else, and its success is rooted in that commitment.”

It wasn’t until a July 2002 interview with BMW chairman Dr. Helmut Panke that I realized the secret of BMW’s success corresponded with some of the best advice I ever received from my own parents. On occasion, my mother told my five siblings and me, “Remember who you are.” Behind that advice is the simple idea that if we would only keep in mind how she and my father wanted us to conduct ourselves, all would remain right in our world. Those words, in fact, are etched on my father’s gravestone. I asked Panke, who was a consultant at McKinsey & Co. before joining BMW in 1982, what he would tell companies seeking insight from BMW if he were still charging McKinsey big bucks for his advice. Said Panke, “I would say: Focus on understanding *who you are*, what you stand for. What are the values you have in the organization? What are the values you believe in for the products and services that you sell and provide? People like to play charades when they are children. But in real life you cannot impersonate other values and characters and basic principles. There is a sentence I often use to crystallize what we are about. And I think it’s important to be able to do that: to articulate the one idea in one sentence that captures the company’s character so that everyone understands and believes it. ‘BMW builds high-performance products because BMW is a high-performance organization.’ This is an idea that speaks not just to our products. It is across seemingly unrelated fields