

# Leadership in the Field: Interviews with Global Leaders

By Russell Reynolds Associates

with Walter Friederichs

Peter Schwarzenbauer talks about digital transformation, navigating culture changes and the company of the future.

AN EDITED TRANSCRIPT

## Chapter 1: Digital Transformation

**Walter Friederichs:** Hi Peter, you are a member of the management board of BMW Group. Thanks for coming here. We're very interested in learning about your responsibility.

**Peter Schwarzenbauer:** I would like to start by saying that I have probably the best job in the car industry and I mean it because the scope is so big and so interesting.

Our long-term strategic goal is, you know, to become the most successful, premium individual mobility provider and not only cars. This is where we opened i-Ventures in New York, i-Ventures gives us now the possibility to invest in small startups operating in the area of mobility. Just to give you a little bit of overview of how dynamic experience. We screened over 800 startups in the last two years, all related to mobility and we've invested in about seven so far and this is an area which gives us access to start up, seeing very fast in this area and combining it what we can bring to the table.

**Walter Friederichs:** So that is all around the aspect of mobility solutions then. Is that just in the US or is it on a global scale?

**Peter Schwarzenbauer:** It's on a global scale when we look in to the startups, of course, one of the key measurements is is it scalable? Is it possible to have it implemented internationally and does it have an economic future? Then of course it has to add to supplement basically what we are offering already in our cars. Let me give you just one example.

Park now is one of the area where we are investing heavily, everything that can help a consumer in the future to find easily a parking space, we are trying to invest in this and I give you a reason why we are doing this. If you look at major cities around the world, especially on a typical Saturday afternoon when people go shopping, 30 per cent of traffic in a city is looking for a parking space. So can you imagine what we could change on the mobility area if we could find much smarter solutions than just driving around to looking for a free space? We have first pilot projects in San Francisco running, we will implement something later on also in Europe and we are cooperating also with big parking houses.

**Walter Friederichs:** Why does BMW actually invest in such startups rather than just cooperating with them?

**Peter Schwarzenbauer:** The possibility of investing in the startup companies give us also the possibility to work closer with them, because for us it is a strategic investment, now we want to be part of the development and not just like a normal venturing company.

So our strategic goal is more to develop companies which in the future offers for our customers, so that we have even a better way of providing mobility. Now we are not only giving money to start companies we are also offering them the whole package I mean how to develop a business plan. How to develop your marketing plan? We see a lot of young people in this start up scheme, they have great ideas, great expectations, but sometimes, of course, they miss the basics in business. So I'm putting this together, I think it's the best way of moving forward.

## Chapter 2: Navigating Culture Changes

**Walter Friederichs:** What are the major challenges in moving in that direction?

**Peter Schwarzenbauer:** The major challenge, I think, is a more cultural issue. I mean imagine just now BMW Group extremely well structured, perfect processes, the German mentality shines through in every aspect and then you have the startup scheme now. You know, totally chaotic, no processes, no structure whatsoever, but huge ideas, gut feeling. Energy, they are ready to take risks. So I think for us, and for me personally, it's a little bit like a new art of bringing these two extremes together, I think both sides can benefit heavily.

**Walter Friederichs:** Does it tell you something about the talent requirements for conducting your business in the future?

**Peter Schwarzenbauer:** Definitely, I mean I learn a lot every day to be very honest, discussing the startup schemes because I'm totally convinced that we need more of this profile, of this talent, also in our companies. They are people, they are ready to take some risks and they don't fear of failing because this is something you need to have. If you want to step forward, if you want to get an extra mile, if you want to be open minded, you cannot have fear of failing. If this is the case get out of the startups, you're doing not so well. So this is an attitude I find in many of these entrepreneurs which I would love to see more in big corporations.

**Walter Friederichs:** So when you're integrating this kind clear qualifications, do you have ideas how you actually get to align the two different worlds internally to a corporate, externally in a startup, but internally to BMW?

**Peter Schwarzenbauer:** I personally like this cultural shock. I think it's quite an interesting situation that we are facing now. But honestly this will take time, I mean cultural change in the company normally three to five years, so I'm convinced that we will need some time where there are some hurdles you have to take on the way, but we started, we embarked in this way and I think this is extremely good for the culture, on one side for the BMW Group, but also I can see that the startups are learning a lot from us.

### Chapter 3: Company of the Future

**Walter Friederichs:** How would you describe the ideal company to look in the future?

**Peter Schwarzenbauer:** If I would describe it, I would like to have a mix between the perfect, organised, well-structured company like BMW and on the other hand, this start up scheme, being really inventive, thinking out of the box approach. So if I combine this, I am envisioning a company, high speed, high profit, and high relevance. I think that high speed, to be always ahead of the game, it's very important. High profits, this gives us the possibility to continuously invest in new technology with this in the future of the company and high relevance because I'm totally convinced that it's not enough for a company like BMW just to offer beautiful cars, great motorcycles. I think we have to have a certain relevance within society to be accepted overall. So these other three terms I would love to see in my ideal company.

