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NOTABLE

Volkswagen Plants Roots in Tennessee

While the rest of the auto industry covers under the pressure of a global economic slowdown, Volkswagen is moving full speed ahead on the construction of a \$1 billion assembly plant in Chattanooga, TN. The plant, which will begin production of VW's new midsize sedan in 2011, will employ up to 2,000 with the ability to manufacture up to 150,000 vehicles per year. The automaker also has enough space on the 1,580-acre campus to build an identical final assembly facility adjacent to the paint shop to build additional models, including those from other brands in the VW group, most notably Audi.



VW is bucking the trend of the auto industry and building a new \$1 billion plant in Tennessee.

Chattanooga will play a vital role in Volkswagen's plan to triple its U.S. sales by 2018. "We know that here in the U.S. the car market is hitting rock bottom but business will pick up again and consumer confidence will recover and Volkswagen needs to be ready," says Dr. Jochem Heizmann, member of the board of management in charge of group production, who says he would much rather have VW in the process of building the plant now, as opposed to when the market has already recovered, because the automaker would be forced to chase the market rather than lead it. The fact that the midsize car destined for the plant was designed exclusively for the North American market also provided strong reasoning for building the car in the U.S., as opposed to facing potential currency issues through importation.

Frank Fischer, Chairman and CEO of the Chattanooga plant, says VW will borrow lessons from its other global manufacturing operations to keep the Tennessee plant at the forefront of new processes and technologies. "I would say it's a composition of different plants, including our new plants in Russia and India. It all starts with the overall design—the workstation locations will be very close to one another to enhance communication. The layout of the final assembly line is derived from a conventional T-shape, but it is "a flat T-shape," according to Fischer, who adds the layout will be "innovative" for a final assembly line. Don Jackson, who assumed the role of President of VW's Chattanooga plant after running Toyota's San Antonio, TX, truck plant, explains further: "This plant will consist of a body shop, main shop and assembly shop. Our stamped parts will be delivered on a just-in-time basis—we will build-to-order and in sequence." The paint shop will use a single process to apply the primer and base coat for reduced environmental impact.—KMK