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Škoda Auto's governance crisis



The [industrial strategy](#) of the Czech Republic, if there is one, is to support high value-added products. The new strategy of the country's biggest industrial company, Škoda Auto, is the opposite. It plans to go downmarket by competing in the affordable-car sector with Hyundai, Kia and Dacia. This isn't just because of the coronavirus. Volkswagen's head of product strategy, [Michael Jost](#), spoke about it last year, although VW Chair Herbert Diess [denied it at the time](#). Diess finally confirmed it [on Sat. in FAZ](#). He oversaw the cannibalism of VW's other brands by Škoda for five years (two even as head of Škoda's supervisory board), so this is a major reversal. In the FAZ article he said that VW is simply too big for the top boss to be running the company and one of its brands too (he was also in charge of the VW brand). Things get overlooked, he said. Škoda's strategy was overlooked, and overcoming the effects of a governance crisis and a corona crisis will now mean double the pain.

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