

A Work Project, presented as part of the requirements for the Award of a Master's degree in
Finance from the Nova School of Business and Economics.

Business in Practice – A Journey of Discovery and Growth

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12/09/2023

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Abstract

Business in Practice immersed students in the dynamic automotive industry, designed to foster critical thinking and leadership skills within cross-functional, international management teams. Throughout this journey, two personal perspectives on arising conflicts will be shared. The program's virtual firm simulation reveals the intricate dynamics between departments and its directors, pivotal for sustained organizational success. Beyond Strategy's important function, this approach highlights the interaction and linkage between Finance and Innovation.

Keywords

Strategy, Innovation, Transition to Electric Vehicles, Finance, Trust, Motivation.

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209).

Firm Analysis

Introduction

As I embarked on the fascinating journey of *Business in Practice*, little did I know that this experience would become a defining chapter in my personal and professional development. The past three weeks have been a period of challenges, successes, and setbacks, but most importantly, of profound learning. During this program, I had the privilege to immerse myself in the real world of the automotive industry and witness the never-ending developments that shape this sector. This company analysis provides insights on the many challenges that LeafTech (LFT) faced as it successfully transitioned from combustion engine technology to a fleet fully electric. In specific, I will shed light on the complex operations of an automobile firm, looking at its strategic choices, innovative initiatives, and financial performance.

Given its use as a guiding compass to reach the desired destination, strategy will be first focus of this study. A carefully developed strategy outlines the organization's vision and mission as well as the methods through which its objectives will be achieved. I will closely examine the company's strategic choices, assessing how it handles market segmentation, product positioning, and global expansion. My subsequent examination of the company's commitment to innovation will focus on its R&D initiatives, technological relationships, and initiatives to electrify and improve the performance of its vehicle portfolio. Finally, through a complete analysis of LeafTech's financial performance, I will examine the company's financial health, key financial ratios, revenue and value-added trends, as well as the evolution of the capital structure and investments made over the last six years. At last, the primary ideas and crucial lessons learned are presented for both me and future management teams in similar situations. It will be emphasised in particular how organisational functions are connected to one another and how important strategic alignment is for all of them.

Strategy of LeafTech

The strategic decisions made by LeafTech had a profound impact on its fate in the dynamic world of the business simulation. The importance of a well-defined strategy became apparent from the very beginning, as we saw its vital role in setting the path of LeafTech's journey. LFT's strategy served as both a map and a driving force, guiding the firm towards a revolutionary trajectory and being guided by its mission, vision, fundamental core values, and unshakeable code of honour.

As an active participant of the rapidly changing automotive industry, LeafTech saw the need of adopting innovative technical advancements that had the potential to transform the sector landscape. Four major technology trends - diverse mobility, autonomous driving, electrification, and connectivity - have a dramatic influence on society at large, as highlighted by McKinsey & Company's projections (McKinsey & Company, 2016). LeafTech mapped out a strategic trajectory that sat in perfect harmony with these forces of change in advance of these disruptions. The desire to go beyond conventional paradigms was underscored by the commitment to sustainability, one that went beyond profit margins and resonated with universal calls for environmental care and responsibility, supporting the Sustainable Development Goals (SDGs) of the United Nations (UN General Assembly, 2015), which are in line with international efforts to address urgent challenges like climate change.

LeafTech's strategic plan envisioned for more than just cars, it believed in a future that was both sustainable and inclusive, in which electric vehicles would be a natural component of the lives of people from all walks of life. Our mission was to *Lead the Transition from Diesel to Electric Cars* by promoting innovation, respecting commitments to customers and the environment, and putting sustainability at the centre of all business decisions. With a deep dedication to innovation and customer-centricity, LFT rose to the forefront of environmentally

friendly mobility solutions, operating in accordance with a set of core values that reflected progress, responsibility, and a desire to make the world a better place.

The chosen strategy was developed using a variety of analytical frameworks. For one, a thorough PESTLE analysis allowed for a general understanding of the external environment (Table 1). The automobile sector is currently headed to significant shifts, with government-imposed tariffs from nations like the US and China affecting car import and export. Moreover, regulations relating to CO2 emissions are anticipated to get tighter in an effort to reduce vehicle emissions, with consumer preferences shifting towards EVs. Porter's Five Forces analysis (Table 2) explored the competitive dynamics of the industry, leading to the conclusion that this industry appears to be very competitive and difficult to enter into, not particularly alluring for new entrants. Moving on to the internal analysis, through the use of SWOT framework (Table 3), we were able to grasp LFT's starting point, which included, on the one hand, having mostly internal combustion vehicles with very high inventory, but on the other hand, taking the first steps towards electrification. As well as this, Resource-Based View was another useful tool in this time period. This framework argues that having strategic resources gives organisations an outstanding opportunity to outperform its competitors (Hannagan, 2012). Rather than external factors, this model also states that internal resources are more important to firms when it comes to achieving a competitive advantage (David, 2017). By internal resources one may consider tangible (TR) and intangible resources (IR). Buildings and equipment make up the majority of the automobile industry's TR, whilst intellectual property and brand reputation are considered IR. The latter category often creates the competitive edge and is more challenging for rivals to obtain (Mazzei, 2020). As such, we searched within to comprehend which own specific advantages LFT could bring to the market and use it to stand out.

Taking into consideration market trends and findings from the frameworks mentioned, a strategy was designed. With a distinct strategic focus on differentiation and on *blue ocean* strategy, LeafTech sought to build an all-electric fleet with cutting-edge technologies and widespread market appeal across Executive, Convertible, SUV, Compact, and Luxury categories. The company aimed to lead the way in untapped markets, such as the Micro sector, highlighting LFT's pioneering attitude and continuous dedication to innovation. The price for our products was carefully established to ensure the natural link between quality, affordability, and sustained cash flows, reinforcing the company's value added.

With these thoughts in mind, LFT's timeframe was formulated. In the first three years, the plan of action included transitioning the entire fleet from diesel to electric, while also making purposeful investments in sustainability and lowering carbon footprints. Afterwards, in the following three years, the proposed strategy consisted in replacing the now-electric fleet with newer higher-quality EVs and supporting the marketing director to increase sales, which would ultimately raise money and cash flow. In order to properly meet the demands of this changing market, LFT had to expand and construct new factories, totalling to twelve factories at Q28.

By providing the finest quality electric vehicles and exploring gaps in the market, LFT was able to outperform its competitors, positioning itself as the best-quality manufacturer, and successfully become a market leader. A real-life industry example embodying similar principles is Mercedes-Benz. Driven by its indisputable commitment to quality and customer satisfaction, this German multinational's strategy reflects LeafTech's. Not only do they cater a wide range of models in different categories, recognizing and fulfilling customer needs, but they are also making their way into electrification, by addressing local requirements on the path towards e-mobility. Furthermore, MB's goal to go fully electric by the end of 2030 (Mercedes-Benz, 2021) resonates with LFT's strategy and vision.

Innovation of LeafTech

In the context of the business simulation, LeafTech's journey was greatly impacted by its commitment to innovation. As a fundamental driver of a company's survival and growth, innovation served as an indicator for LFT's transformational path. As we navigated the shifting automotive market landscape, it became evident how essential innovation was to our strategy. In fact, as Lee emphasises, businesses that don't innovate, end up slipping behind their rivals and running the risk of being obsolete (Lee, 2021). In this comprehensive examination, we dive into the foundations of LFT's creative endeavours, shedding light on its tactical adaptability, technical ambitions, and economic ramifications.

Central to LeafTech's vision was the daring ambition to provide electric vehicles to a widespread of consumers, bringing in a new age of environmentally friendly and sustainable mobility. This project required the broadening of the vehicle categories to include the highest quality requirements, autonomous driving capabilities, and connectivity technologies while strategically converting the company's conventional fleet into entirely electric vehicles. This transition was vital to keep up with the key trends that will influence the automotive sector in the future (McKinsey and Company, 2016), as well as to maintain a competitive edge through its dynamic capabilities (Teece, 2018). Moreover, the growing pressure concerning ESG compliance from important players such as investors and governments made this move necessary, especially when considering both penalties and bonuses from the CO2 report (Tett, 2020).

From an early stage, we understood the crucial importance of innovation, resulting in heavily investing in this department aimed at pushing LeafTech's cars to the forefront of technological development. Over the first two years, we invested a total of \$2,310M, demonstrating our commitment to connectivity, autonomous driving, and electrification. As

the market developed, however, the pace of innovation slowed down, leading to the incremental incorporation of few additional features over time. This matter was not exclusive to LFT, but was seen throughout the market, with new product introductions slowing after Quarter 20.

In addition to this, we also gave the product life cycle important attention while establishing our fleet portfolio. In order to fulfil consumer demand and maintain high factory utilisation, it is necessary to build and then market new, better models as soon as vehicles become outdated (Simpson, Siddique and Jiao, 2006). According to Hill, a product's lifecycle is divided into four periods, introduction, growth, maturity, and decline (Hill, 2011). In light of this, having a clear understanding of the distinctive features that characterize each phase paved the way for a successful change in fleet.

The introduction stage was marked by strong marketing efforts aimed at raising customer awareness and generating early demand. Moreover, it is in this stage that predictions regarding the success or misfortune of the car at hand could be made. Following then, the growth phase saw increasing demand, persistently high marketing costs, and rising sales. In the maturity phase, the focus moved to optimised sales and profitability, while the decline phase required intentional price reductions to encourage a final spike in sales before discontinuance. This is important to highlight that, during each product lifecycle, especially in the growth phase, the innovation director proceeds to manufacture a second car to succeed the first one in time to replace it when the current becomes outdated.

LeafTech's innovation journey was highlighted by the determining move into the developing Micro category in Quarter 7. Although some research points that pioneering companies are not always in a favourable position, and this is particularly evident in the early phases of the market (Brown, 1992), we recognised that the strategic benefits of being the first mover outweighed

the inherent difficulties of doing so. Our perseverance to adapt to the changing dynamics of the automobile industry, embracing innovations like electrification and autonomous driving, as conventional combustion engines began to fade, served as the foundation for this leap of faith (Henley, 2021). This strategic consideration enabled LeafTech to, not solely remain competitive, but also stay ahead in the simulation. Had we not made the decision to be the first automotive firm in the Micro category or invested in innovation to provide the highest-featured and best-quality cars, we may have failed to keep up with the enforced pace this industry requires and lagged behind.

The undeniable success of LeafTech's creative initiatives translated into a clear competitive advantage and better profitability when compared to our competitors and peers (Thornhill, 2006). Our ability to provide differentiated, more expensive solutions that were in line with the changing legislative environment, supporting electric vehicles through emission caps and penalties on polluting firms, strengthened this competitive edge. Later on, firms whose fleet emissions stood below the cap would be allowed a bonus factor (Figure 1), responsible for a portion of LFT's total income in Q28. Moreover, the inclusion of ethical and sustainable components, the use of solid-state battery technologies and the ecological sourcing of raw materials emphasised our dedication to environmental responsibility, a value that became more prominent as the market accepted EV technology.

In the last year of the simulation, we continued to showcase our dedication to ethical sourcing and customer-centred innovation. LFT established a long-lasting joint venture with a car-sharing company in Quarter 24, rendering over \$200M in the last two quarters of BiP. This undertaking is common practise, and the automobile industry is full of instances of similar alliances. A real example of this can be the joint participation of BMW and Daimler in the car-sharing market with their "Share Now" service (Riley, 2019).

Finance of LeafTech

A company's finance department acts as a roadmap, showing its current situation and offering crucial insights into its future course. This section explores the essential role that finance has played in LeafTech's development, including its main goal of maximising economic value added. It also explores important responsibilities including capital structure management, WACC analysis, and other significant financial performance metrics.

In the context of capital structure, the complex interactions between debt and equity support operational activities and spur expansion, needing a careful balance between the tax advantages of debt and the costs associated with leverage (Bradley et al., 1984). The debt-to-equity ratio (D/E) is recognised as a key indicator of borrowing risk and has a direct impact on capital costs (Zimmer, 2020). Making decisions on capital structures is of utmost importance and is frequently of urgent concern to businesses. Numerous companies implement flexible or relatively narrow leverage objectives that set upper and lower debt limits in order to realign their capital structures for the best possible balance (Baker et al., 2011). As such, the D/E ratio for LFT was carefully monitored, fluctuating between 38% and 51% (Figure 2). This was related to the ongoing rise in debt, which was primarily achieved through the issuing of bonds which overpowered the impact of rising equity supported by retained earnings. The debt ratio is greatly influenced by balancing financial flexibility with maintaining a respectable credit rating, which serves as a barometer of financial stability (Baker et al., 2011). In particular, LeafTech's debt ratio ranged from 49% and 51% in the quarters when its credit rating was BBB (Q14, Q17, and Q21).

Businesses use the weighted average cost of capital (WACC) as a crucial cost benchmark to determine if a project is feasible (Hargrave, 2022). It takes on the function as a performance benchmark, identifying project or operational success, and one may state that WACC and D/E

ratios are proportionally correlated. Increased operational risk is indicated by a higher WACC, showcasing that enterprises are perceived as riskier and need to compensate investors with higher returns. The WACC for LeafTech started out at 7.5% and gradually decreased throughout the course of the simulation (Figure 3). By following this trend, LFT was able to continuously surpass industry standards from a strategic standpoint, which resulted in a remarkable 6.5% WACC by the end of BiP, the lowest of all twelve teams.

In particular, one important aspect is the use of green bonds for projects with concern about the environment. LeafTech used these bonds to drive the long-term transformation of its R&D projects and Scope 1, 2, and 3 investments in emissions reduction. In order to maximise the advantages of such financing options, LeafTech significantly reduced their WACC by giving priority to green bonds with a 3% interest rate. By prioritizing such green bonds, which had the lowest rate among all available options, LFT was able to significantly reduce its WACC, enhancing the advantages of such financing options even further. Leading corporations like Honda and Ford serve as examples reflecting the benefits of green bonds, by using them to lead projects that benefit the environment and reduce CO2 emissions. Honda and Ford showed their commitment to environmentally friendly transportation systems by issuing green bonds on the US market for \$2.75 billion and \$2.5 billion, respectively (Honda, 2022; Gilliard, 2022).

Determining supplier payment terms and consumer credit arises as another key component of business financial policy. Operating cash flow is optimised through good management of Accounts Payable (AP) and Accounts Receivable (AR). AP is the term used to describe unresolved payments owing to suppliers for products or services. The ability to retain funding for continuous business operations and financial requirements can be improved by being close to bill payment dates (Tuovila, 2022). AR, on the other hand, reflects unpaid sums that are expected to be paid to the firm soon. The benefits of maintaining high AP levels include the

facilitation of operational finance through joint financial resources from business partners. Given that we were fully aware of how impactful it was to change the payment terms in our favour, LeafTech was able to reduce its AR while increasing its AP up to Q16. As a result, we were able to convert cash favourably (Figure 4). Afterwards, nevertheless, AP started to decline once more, whereas AR started to rise as a result of increasing Revenues (Figure 5) as opposed to worsening payment terms.

The Net Operating Profit (Figure 6) was another significant indicator that was examined. This KPI was particularly low in the early phases of BiP due to significant early expenditures in e-mobility technology and manufacturing. However, this initial spending proved to pay off, as seen by the simulation's last three years of positive development. Nevertheless, as a consequence of significant loan repayments made between Q19 and Q21, there was a temporary decline in profitability.

The company's cashflows represent the movement of cash inflows and outflows, visualized in Figure 7. In the early years of LeafTech, significant investments were made in factories and technologies amounting to almost \$3,000M, which resulted in a considerably negative investing cashflow and a mostly negative free cashflow. Nevertheless, a well-coordinated approach anticipated this behaviour and the rise in operational cashflow starting in Year 5 to coincide with the maturing of the EV market. This resulted in a significant positive FCF during the last two years, peaking at \$2,374M in the last quarter.

Ultimately, adopting the optimal financial structure, choosing the best payment terms, and investing in the correct capital expenditures enabled LeafTech to successfully carry out and implement the strategy. By virtue of its continued liquidity and development into a lucrative, sustainable business that outperformed all rivals, LFT was able to generate a value added of \$3,426M (Figure 8).

Integrated view across functions

The examination of LeafTech's performance confirmed that all departments were highly interdependent, with sustainability acting as the company's guiding philosophy, strategy being a roadmap, operations as the driving force behind execution, and finance as the judge of team's effectiveness across divisions.

Strategy outlines the path for the shift to sustainable mobility, which further prioritises long-term goals and considers competitive, sustainability, and profitability insights from innovation and finance, respectively. In order to reach zero emissions, sustainability is incorporated throughout the goal. Simultaneously, innovation feeds the engine of progress by organising the conception and implementation of cutting-edge models. As well as this, innovation carefully invests in features relating connectivity, electrification and autonomous driving, and analyses the impact of CO2 regulations. The incorporation of sustainability, a rising market need, involves strategic innovation to link product offers with environmentally conscious expectations. This task requires a coordinated innovation strategy together with a thorough understanding of the financial success of such initiatives. Concurrently, finance provides a clear quantification of the innovative projects and strategic plans. This division not only allows for the tracking and improvement of LFT's performance, but also offers the required financing to all other roles, for example fundings for technological innovations and new product development of hybrid and electric vehicles. Finance also explores the area of sustainable finance, which includes strategies like green financing. Here, sustainability shows itself as an attractive strong financial driver, assuring long-term financial stability and success.

All things considered, the success of organizations relies on the cooperative teamwork across departments. Thriving in the challenging automotive industry is made effortless and effective with a clear synergy between strategy, innovation, and finance.

Conclusion and Review of Learnings

Throughout this enriching journey, I had the opportunity to dive and gain significant insights across all five simulation roles, with particular emphasis on the strategic, innovative, and financial dimensions. Moreover, being in close contact with this fast-paced automotive industry allowed me to not only broaden my horizons but also find new opportunities in fields I hadn't previously considered.

Particularly, I learned priceless insights regarding the strategy's anchoring power. A clearly defined strategy that was in keeping with LFT's mission and vision served as an important guide despite the simulation's never-ending complications. This strategic alignment effectively led us through difficult turning points while steadily anchoring us to our core values, which are founded on customer centricity and vanguard goals.

Parallel to this, innovation played an instrumental role in driving LFT's remarkable transition from conventional combustion engines to a world of entirely electric power. This forward-thinking department acted as a catalyst for revolutionary technology developments and made ventures into untapped markets possible.

Needless to say, none of these successes would have been possible without knowledgeable finance management. Every aspect of the business has consistently benefited from LeafTech's financial strategy, which is deeply interconnected around the coordination of capital structure, the pursuit of favourable payment terms, and a constant dedication to value-added. The challenging juggling act combining the strategic use of green financing, the management of WACC, and the constant demands of all areas of the company to provide the necessary fundings displayed an exciting glimpse into the future of my career path.

Individual Personal Reflection

Introduction

This reflection delves into the transformative impact of the Business in Practice simulation on self-development and growth, as it guided me through a ride of real-world scenarios, testing my adaptability, communication, and decision-making skills. The program's collaborative environment fostered an atmosphere of open dialogue and idea-sharing, allowing for alternative perspectives and methods to flourish with a group of like-minded individuals, prompt to tackle the intense and fast-passed journey that was this BiP. Nevertheless, conflict and disagreement rose.

From the onset, I made efforts to journal, recording relevant events and further reflecting on how these incidents impacted my perspective regarding the performance of my duties alongside with my attitude towards various altercations. In retrospective, this practice proved to be insightful, as it highlighted two critical events in which withholding, mistrust and hidden biases were pivotal. The first major incident reflected the structural flaws concerning trust and communication our team faced throughout the initial stages of the simulation. In this regard, communication will be discussed as a foundation for a successful team. The second critical event concerns the lack of preparation and effort devoted to the assessed role plays in this project, and which effects had on team's motivation. Therefore, motivation and its absence will be the emphasis of this discussion.

Ultimately, both positive and negative aspects of my conduct will be addressed, in addition to the peer evaluation. Accordingly, and with the guidance and proper application of concepts learnt in the academic sessions and through research, key insights will emerge shedding light on means to take advantage of future opportunities of personal growth.

Critical Incident 1

At the beginning of each year of decision-making, we would get together and draft a comprehensive plan of action for that same year. This approach aimed to ensure that every department had a clear roadmap with each team member fully aware and in agreement with the strategy proposed. The result was a more structured and organized blueprint for LeafTech, setting us on a path of success. Undoubtedly, this method of planning proved to be useful and effective during the first stages of our project. However, as the first two years of the simulation unfolded, some shortcomings began to surface.

Despite my meticulous analysis as a finance director, we consistently found ourselves in need of significantly more funds than initially estimated. As a result, we were forced to ask for greater loans to close the financial shortages. This recurring pattern left me feeling frustrated and perplexed. I couldn't understand why, quarter after quarter, we were dealing with the disappearance of substantial amounts of money without any apparent explanation. Doubt began to creep in, and I couldn't help but wonder if some omitted actions were at play within the team. The increasing mistrust made it difficult for me to fully trust my teammates, and this feeling was shared to the other department directors when we discussed the issue. I was hopeful that the urgent meeting would, at last, bring some answers to this unsettling situation and restore the confidence in my team. Nevertheless, the meeting left me feeling even more disheartened and confused. Every division chief expressed genuine surprise at the financial discrepancies and reassured that their department wasn't responsible for the questionable expenditure. The lack of clear answers and inability to identify the root cause of the financial issues only enhanced my feelings of mistrust and frustration, and I began to question the effectiveness of our communication and collaboration as a whole.

In the following, the role of trust and communication in a successful team will be discussed, shedding light on the best behaviour in conflict scenarios.

The lack of trust felt in my team is demonstrated by Patrick Lencioni as the first and most severe dysfunction of a team (Lencioni, 2002). According to this theory, trust is viewed as the foundation for a successful and cohesive team, whilst its absence paves way to negative and unproductive work environments. Moreover, research conducted by Costa, Roe and Taillieu, further supports this notion, revealing that high levels of stress, low interpersonal satisfaction and commitment as well as low perceived task performance are all linked to trust issues. This suggests that overtime, members within the team may become unwilling to be vulnerable with one another, hesitant to admit their mistakes or weaknesses, and reluctant to seek or ask for help. Likewise, the presence of grudges and a desire to avoid spending time with certain team members are viewed as clear indicators of a lack of trust. In such manner, teamwork may grow to be disastrous, fostering a sense of alienation among team members (Costa, Roe and Taillieu 2010). Indeed, the detrimental effects of this lack of trust were apparent in my team as our meetings became more time-consuming and less efficient. The team's growth and collaboration were hampered by members' reluctance to speak frankly, which resulted in misunderstandings and a lack of alignment on important matters. To overcome this lack of trust, it is critical to create an environment in which team members feel secure to share their thoughts and concerns without fear of being judged or retaliated against.

During the second *Leadership in Practice* workshop presented by Professor Miguel Fernandes, our team was able to understand the importance of this concept for the well-functioning of the group. We understood that, in order to get past this critical event and restore confidence within our team, we had to be honest and upfront with one another, discussing our feelings and concerns without fearing criticism or retaliation. As we sought to re-establish trust, we learned

that trusting team members are perceived as being more proactive, having a higher level of focus on task output and well as being more optimistic and communicating their point of view more often (Newman, S.A. and Ford, R.C., 2020). Unsurprisingly, from that time period onwards, the trust once lost was rebuilt. As a team, we had open discussions and made genuine efforts to comprehend one another's viewpoints and issues. Through these efforts, were able to get to the bottom of this mystery, and gradually, the team's dynamics reverted to its original high-functioning condition. This change made it possible for us to collaborate more successfully, using one another's skills and strengths to accomplish our common objectives. As a result of the newly discovered trust, an atmosphere of optimism and enthusiasm developed, encouraging honest dialogue and productive teamwork. As stated in the article written by Hadley and Mortensen, "when teams work, they really work", demonstrating that effective teams are capable of coming up with innovative answers to difficult issues and provide its members with gratifying challenges (Hadley, C. & Mortensen, M., 2022).

In hindsight, it is clear that several preventive steps should have been done to build a culture of trust and open communication from the start, and ultimately prevent the lack of trust that was felt within the team. For one, addressing prevalent issues early on is proved to be beneficial, instead of remaining silent and only sharing concerns with the team at a later stage, as I unfortunately did. I have learned how valuable it is to proactively share fears and discuss possible difficulties with the rest of the group in the initial stages, as it will prevent from escalating to bigger proportions and eroding trust. This strategy would have paved the way to a more supportive and productive atmosphere, where everyone would feel at ease voicing their ideas and opinions without worrying about being judged.

As well as this, another key learning I took away from this experience was the importance of transparent and open communication. As reported by Newman and Ford, by adopting regularly

scheduled conversations or video-enabled meetings, one can maintain continuous contact with the remaining members of the team, favouring an atmosphere of open dialogue (Newman, S.A. and Ford, R.C., 2020). In the context of the simulation, having clear and open communication from the beginning would have been instrumental in overcoming problems and unforeseen events more efficiently. As research suggests, even when everyone speaks the same language, there can be significant discrepancies in how people express themselves, leading to misunderstandings (Toegel, G. and Barsoux, J.L., 2016). By focusing on transparent communication, we certainly could have avoided disagreements and facilitated a smoother resolution of issues.

Upon reflecting this event, I now can better comprehend that, had we addressed these matters and allowed for a trustworthy and open environment, our team's results could have been enhanced. Not only would our collaboration and problem-solving skills have developed organically as a consequence of more open communication, but also the team's overall morale would have been more enthusiastic, as teammates would have felt valued and respected in sharing their views and ideas. The power of open dialogue without any judgement from both parties, plays an important part in laying a foundation of trust and respect among a team. Through the creation of ground rules for productive cooperation, teams can boost their dynamics and develop a healthy team culture (Toegel, G. and Barsoux, J.L., 2016). Moreover, having a setting in which team members could freely express themselves without fear of repercussions would have promoted a sense of psychological safety, leading to increased involvement and dedication to the team's goals.

Critical Incident 2

Throughout this simulation, each team had to face three distinct role plays with three possible outcomes, each with considerable implications for the company's financials. Succeeding these challenges could result in a rise in revenue, gross profits, and prospective investor interest. Failure in these role plays, on the other hand, would lead to decreased revenue, lower gross profits, or possibly a loss of investor support. In addition, there was also the chance that nothing would change and that the role plays would not significantly affect the company's financials.

As astonishingly as it may sound, my team was able to successfully lose all three role plays. We failed to win the new client in the client acquisition role play, lose the current client in the client retention challenge, and lose the chance to win further investment in the ESG role play. Each time the results came in, our morale suffered tragically. The continuing sequence of defeats began to take a toll on my motivation, and I couldn't help but view this aspect of the BiP project to be our Achilles' heel. In particular, I was one of the team members in charge of presenting our plans during the customer retention role play. I first felt reasonably confident in my abilities, but there was also a creeping worry of the questions the clients would make. Unfortunately, I had underestimated just how challenging reality would turn out to be. We were unprepared for the flood of questions from our clients, particularly those concerning pride month, and we found it difficult to respond in a way that satisfied them. The pressure overwhelmed me and left me unable to react appropriately, which caused me to freeze. We were all crushed by the presentation's aftermath, which further diminished our motivation to rise to the obstacles. The failure to succeed in the role plays, as well as the related emotions of disappointment and frustration, weighed harshly on the team and myself. My ambition and self-confidence suffered with the constant run of losses. Knowing that our efforts had not resulted in the intended outcome made it difficult to remain enthusiastic and motivated.

In the following, the importance of motivation will be discussed in more detail. It will cover how to deal with demotivating situations and learn from them, as well as how to prevent this lack of drive in the future.

Motivation is a driving factor that addresses the reasons how and why people act and perform the way they do. It provides answers to issues like why employees and supervisors come to work and perform well (Maduka, C. E., & Okafor, O., 2014). In the context of work environments, recognising the elements affecting motivation is essential for keeping a productive and engaged team. The distinction between intrinsic and extrinsic motivation made by Edward Deci sheds light on the various factors that affect people's behaviour. According to this author, there can be a distinction between intrinsic and extrinsic motivation. Intrinsic motivation is the act of engaging in an activity for the sole purpose of partaking in such activity. Whereas extrinsic motivation, on the other hand, reflects how people might place an excessive amount of focus on the objectives or outcomes of a task and on achieving a specific or desired degree of performance (Deci, E.L., 1972). In connection with the simulation, this argument supports my experience of pressure and anxiety given that I placed too much emphasis on the end-results of the role plays rather than the tasks themselves. When the results did not reach our expectations, this performance-driven attitude led me feeling insufficiency, disappointment, and failure. Research further confirms that there is indeed a significant link between motivation and performance. Motivation acts as a catalyst that shapes how people approach problems and the effort put in to succeed (Deci and Gagne, 2005).

This lack of motivation in a prolonged period of time, can have significant and even terrific effects on teams' overall balance and performance, leading to a decrease in productivity and efficiency. As stated by Tohidi and Jabbari, in the absence of motivation, in the context of companies, the level of quality of employees' work and overall job performance may decline

(Tohidi, H., & Jabbari, M. M., 2012). In the course of the project, these symptoms were evident. This absence of enthusiasm was responsible for a number of situations in which we were reluctant to meet and discuss our next steps, a lower performance in workshops, alongside with the general mood of the team being unwilling.

Furthermore, the absence of feedback is another aspect to take into account while attempting to explain the lack of motivation. We can improve our tactics and raise our performance by gaining new perspectives and ideas from specialists in the field or mentors in the industry. However, without its guidance, individuals cannot fully learn from their experiences, alter their strategies, and ultimately improve their performance. And, although at the end of each role play, every team would get some feedback regarding their performance in that challenge, we never took it seriously. Hence, understanding what was done correctly and what could have been done better, in a constructive manner, is essential for one's personal and professional growth (Fong, C. J., Schallert, D. L., Williams, K. M., Williamson, Z. H., Warner, J. R., Lin, S., & Kim, Y. W., 2018). For the purpose of overcoming demotivating circumstances successfully and learning from them, seeking outside sources for advice and guidance may be quite helpful. Improving our readiness for and prospects of success in the face of future difficulties could only be accomplished by reviewing our approach to the role plays and making modifications in response to constructive criticism.

During the *Team Dynamic Clinics*, my group was able to frankly open up about the motivational issues we were facing and collectively understand where our mistakes were coming from in the role plays. Open and honest dialogues about our views and concerns within the team revealed to be another critical methodology in coping with demotivating conditions. Through exchanging ideas and helping one another through challenging situations, a more positive and understanding team culture was successfully established. And by recognising our

shortcomings and working collectively to solve them, we were able to build a deeper feeling of togetherness and motivation. Afterwards, we joined in a meeting to address the insights we were given just before and, with the strength and will to improve our current circumstances, we were able to overcome the demotivating wave, as well as give our best in the final stages of the project. We only then grasped the importance of having a growth-oriented mindset. This way of thinking was crucial to effectively deal with demotivating situations and learn from them. In agreement with Johnson, Heimann and O'Neill, failures and setbacks should not be viewed as impossible obstacles but rather as opportunities for growth. Reflecting back on the difficulties encountered during the simulation and examining the causes of the failure might yield insightful information for future ventures (Johnson, Heimann and O'Neill 2000).

In retrospect, the second critical incident gave our team important advice on how to manage disappointing outcomes. We should have been proactive and adaptable, rather than just accepting the undesirable consequences and letting our motivation wane. In order to attain the results we were initially aiming for, it was crucial for us to comprehend our errors and figure out how we may have enhanced our potential. Had we conducted a thorough analysis of the role plays and our performance, we would have been able to identify the precise reasons of our failure and pinpoint the areas where we fell short of efficacy or effectiveness. Moreover, adopting a philosophy of growth and being receptive to feedback would most likely help us manage these difficult situations with perseverance and determination. These priceless teachings will certainly serve as a guide for my upcoming endeavours, enabling me to overcome challenges and grow as a professional.

Conclusion and Review of Overall Learnings

The experience in Business in Practice has been a valuable learning journey that has enhanced my awareness of team dynamics and the significance of motivation and feedback in my future professional life.

Understanding the power of feedback and the importance of having a safe environment that promotes honest and open conversations will undoubtedly benefit teams and lay the foundation for success. Reflecting on the peer assessment (Figure 9) received from my fellow directors, I found that my personal evaluation on “Contributing to the team”, “Interaction with teammates”, “Keeping the team on track” and “Having relevant knowledge, skills and abilities” was either slightly lower or the same with my colleagues’ perception, in a very high level. This feedback indicates that my contributions and inputs were helpful and useful for the team’s success, and my personality traits revealed to positively influenced LeafTech’s mood and energy. However, there was a discrepancy on “Expecting quality”. I had overestimated my score (5/5), being slightly above team’s average (4/5). This difference in results may reflect the time period in which I felt unmotivated leading to critical incident 2. This decline in drive most likely had an impact on the quality of my work and on my ability to encourage others to give it their very best. Recognising this, the concept of lack of motivation is something I need to work on towards in order to contribute in a positive manner when facing challenging scenarios and thereby overcoming the difficulties presented.

Moving forward, I am determined to not only strive to better comprehend my colleagues' viewpoints, but also to maintain a positive and motivated attitude when faced with confrontations or difficult situations.

In hindsight, I can certainly state this experience has allowed me to get to know myself on deeper level, understanding my strengths and weaknesses, and grasping areas that require improvement and growth. Moreover, being given the opportunity to manage and articulate a company in times of transformation in a cross-functional team, pushed me to do better and to put the theoretical knowledge learnt in practice. Throughout these three weeks, I understood the interconnectivity of all functions available. Comprehending the importance of having a cemented strategy, one that can shape and determine the course of a company, while controlling and improving capital structure and other financial metrics proved to be crucial for the success of LFT. As well as this, BiP revealed how pivotal the roles of innovation and sustainability are, not only in the automotive industry, but in any sector, to drive growth and progress.

What I have learned from this experience goes beyond the world of automobiles. I now understand the nuances of developing a strategy that combines innovation, sustainability, and a sense of purpose. I have learned how innovation may disrupt and transform whole sectors and seen how sound financial judgement can transform visions into real outcomes. Perhaps most crucially, I now understand how these components interact dynamically and come together to form a successful symphony.

As I look back to Business in Practice, I take with me a deep awareness that Strategy, Communication, Marketing, Trust, Human Resources, Leadership, Sustainability and Finance aren't simply abstract ideas for businesses. They are the essence of institutions that want to defy convention and make a lasting effect. The knowledge and abilities acquired will prove to be useful in real-world situations well beyond the simulation, providing a blueprint for any organisation looking to succeed, adapt, and lead in a rapidly changing environment.

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Appendix

Table 1 – *PESTLE Analysis of Automotive Industry*

Political	Government-imposed tariffs affecting car import and export. Stricter emission regulations, limiting the amount of Greenhouse gas emissions by vehicles. Implementation of exemption policies or the provision of financial incentives for EV purchasing.
Economic	Rising purchasing power in major emerging markets such as in China. Battery production costs decreased, significantly lowering the cost of EVs.
Social	Growing consumer interest in electric vehicles. Customer non-ownership attitudes are becoming more prevalent, endangering car sales.
Technological	Development of technologies to improving the efficiency of vehicles to make them more environmentally and legally compliant. Development of EV technology and the advancement of self-driving technologies.
Legal	Introduction of laws aimed at boosting the purchase of electric vehicles. Passing of a new law limiting the production and sale of conventional combustion-powered vehicles.
Environmental	Government policies introduced penalties for CO₂ emissions to pressure automakers to reduce pollution levels. New environment-driven standards in the supply-chain implemented to ensure low emissions in the automotive industry.

Table 2 – *Porter's 5 Forces of Automotive Industry*

Threat of New Entrants (Low)	High barriers to entry given high capital requirements connected with establishing factories, creating, manufacturing, and distributing automobiles. High fixed costs can only be reduced through economies of scale, involving a high volume of sales.
Threat of Substitutes (Medium)	Emergence of new mobility services posing an increasing threat to traditional car ownership.
Bargaining Power of Suppliers (High)	Limited supplier alternatives on the market, especially relating to battery supply.
Bargaining Power of Buyers (Low)	Customers for automakers are not concentrated, due to changes in the industry.
Competitive Rivalry (High)	High exit barriers alongside with high fixed and storage expenses. High growth potential, with manufacturers interested in transitioning to e-mobility.

Table 3 – *SWOT Analysis of LeafTech's starting point*

Strengths	Revenue increase is anticipated in the near future as electric car investment begins. Most of LFT's product line is relatively young. Three prominent product categories (Luxury, Compact, Convertible).
Weaknesses	Product line offering consists exclusively of traditional vehicles, with high inventory. High levels of CO2 emissions. Low level of diversity in the workplace.
Threats	Increasing competition in the electric vehicle market. Costly debt as a result of present credit standing and availability of new credit. Increasing Government-imposed regulations influencing profitability (CO2 penalty).
Opportunities	Transition to electric vehicles. Possibility of green financing, a lower interest rate alternative to traditional loans. Electric models can be used in three quarters. New product offerings with up-to-date technology. Increasing Government-imposed regulations influencing profitability (CO2 bonus).

Figure 1 – CO2 Penalty of LeafTech

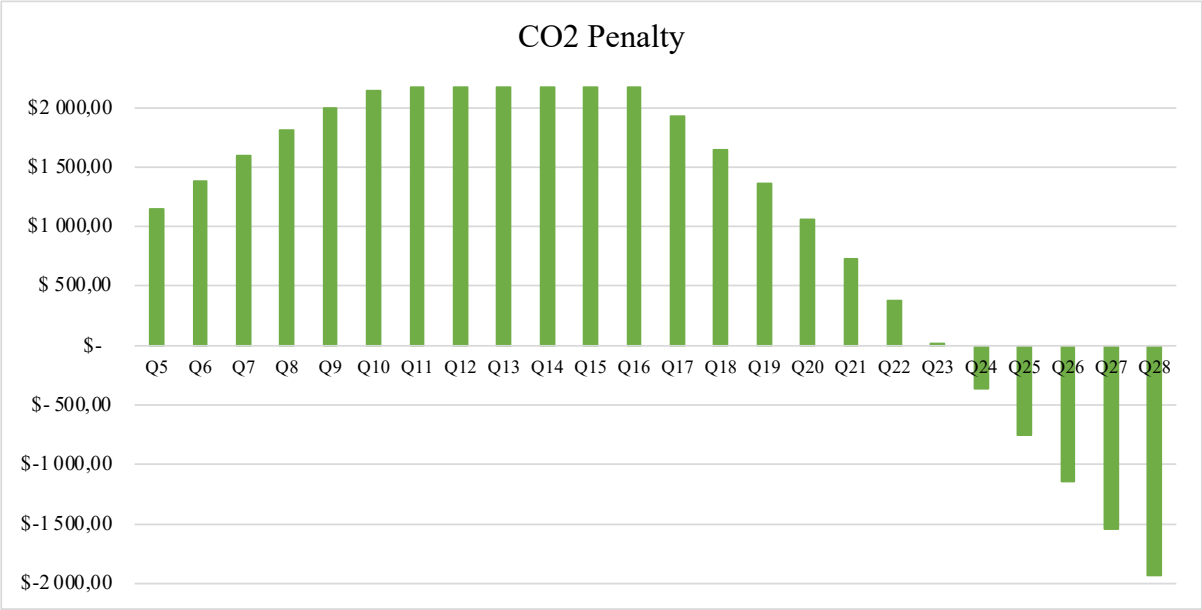


Figure 2 – Debt-to-Equity Ratio of LeafTech

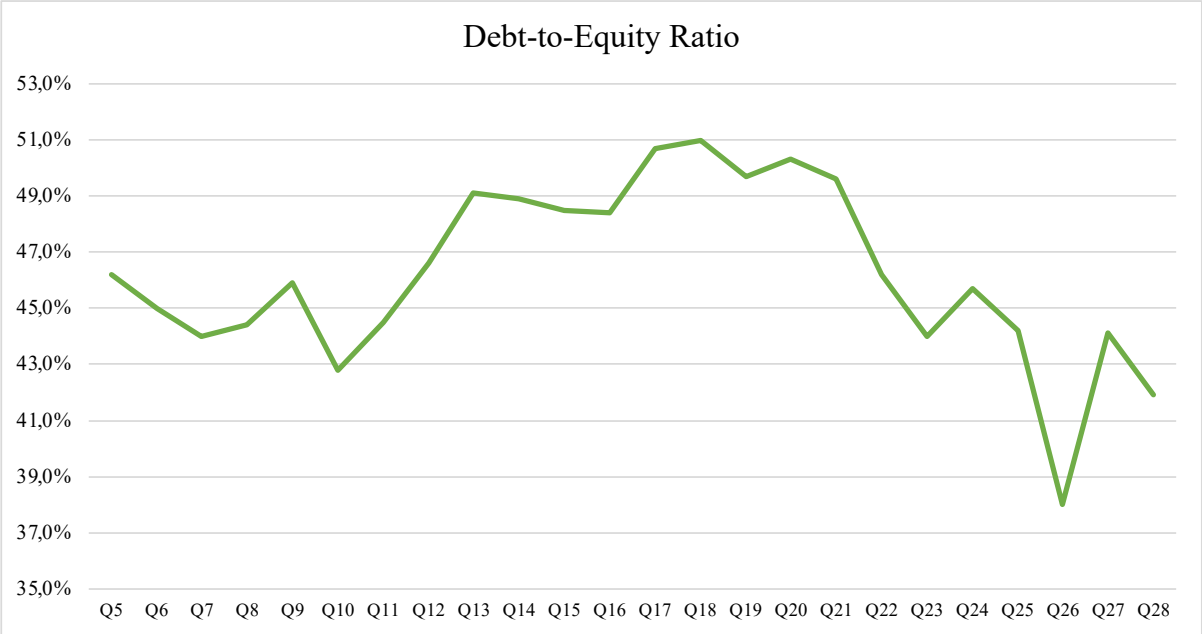


Figure 3 – *Weighted Average Cost of Capital of LeafTech*

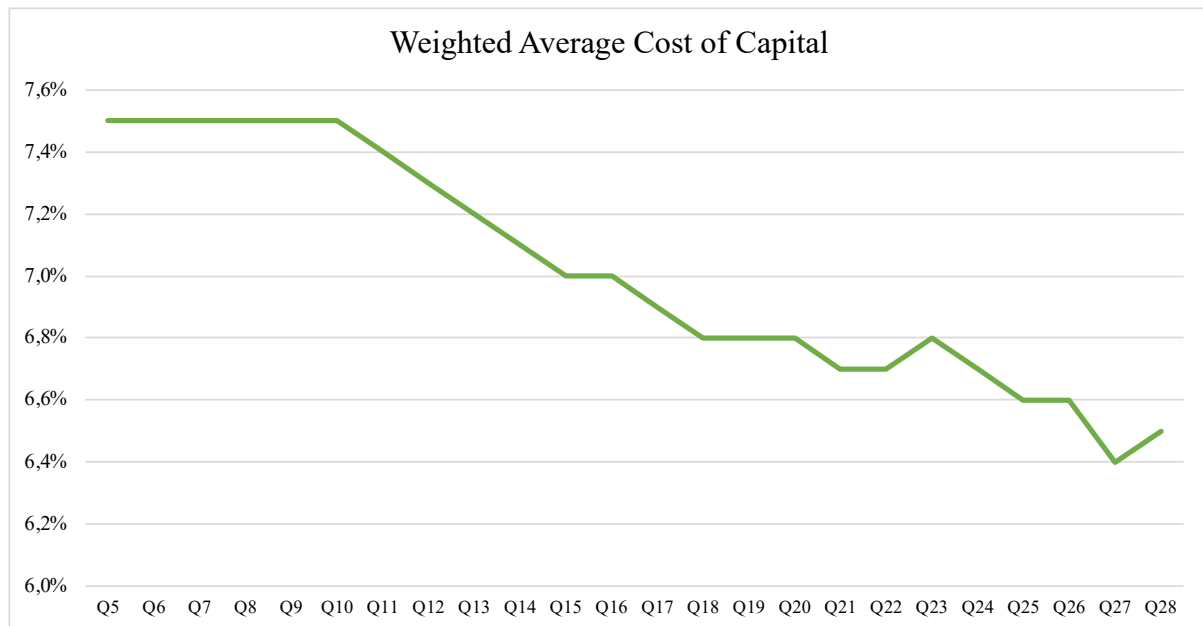


Figure 4 – *Accounts Receivable and Payable of LeafTech (in Millions of \$)*

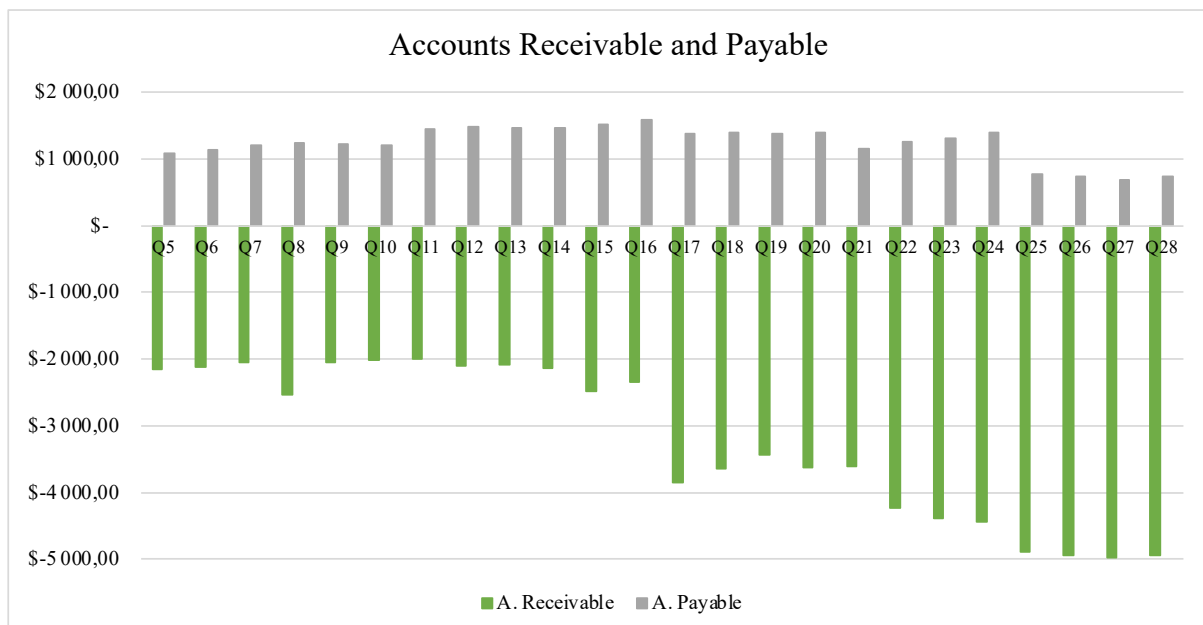


Figure 5 – Revenue of LeafTech (in Millions of \$)

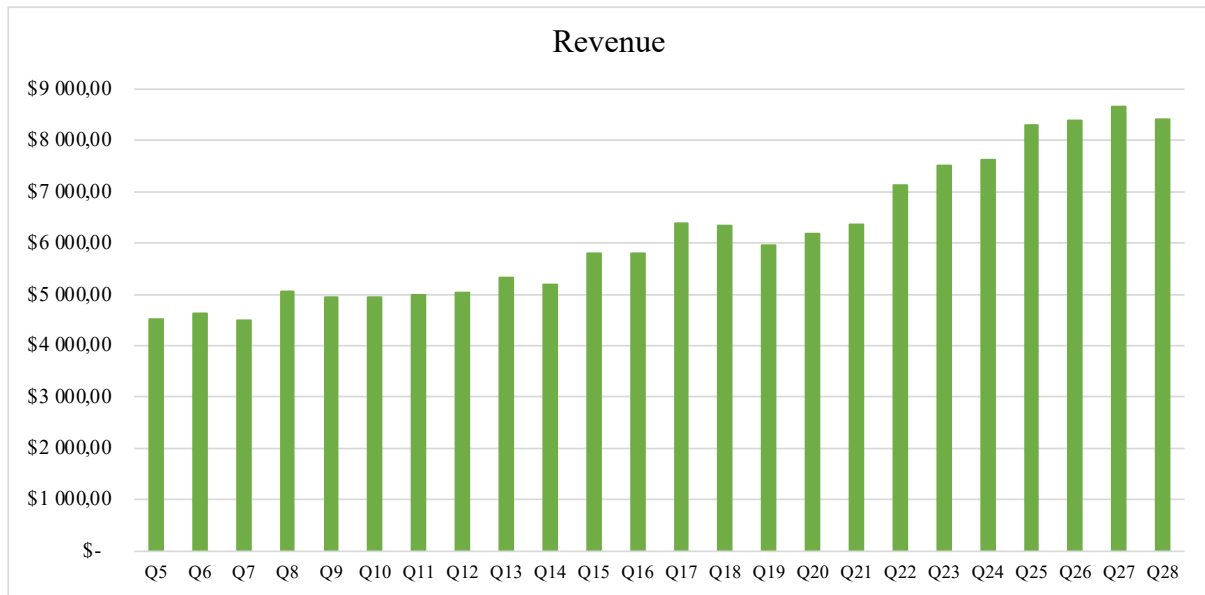


Figure 6 – Net Operating Profit of LeafTech (in Millions of \$)

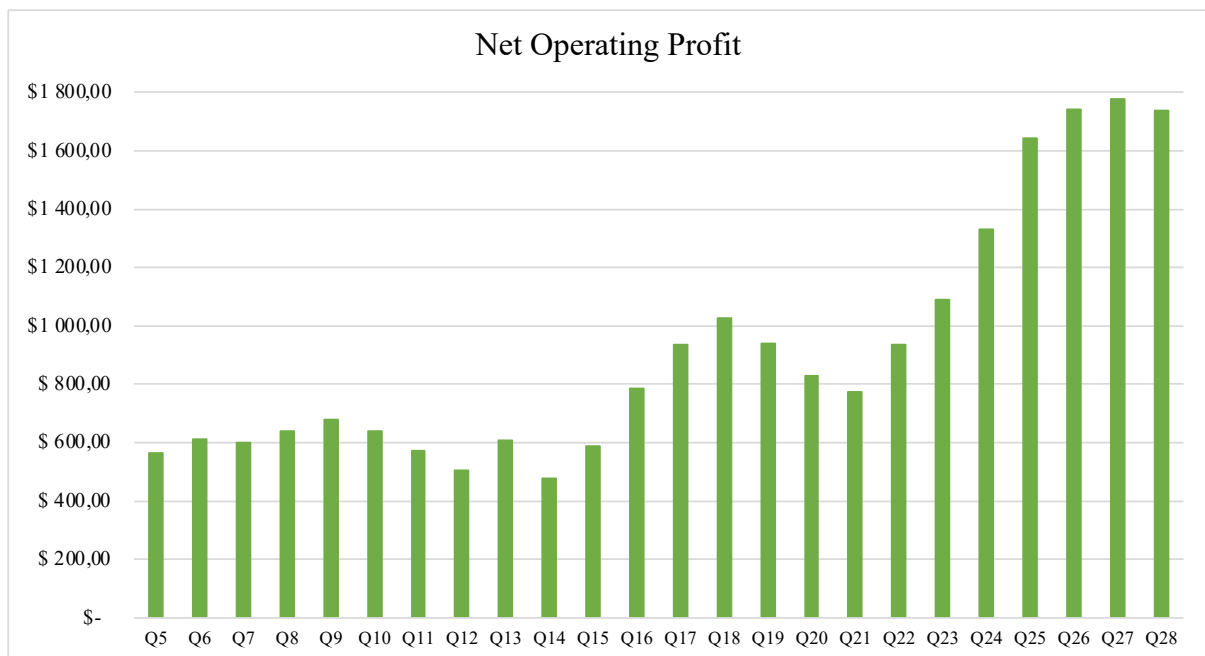


Figure 7 – *Free Cash Flows of LeafTech (in Millions of \$)*

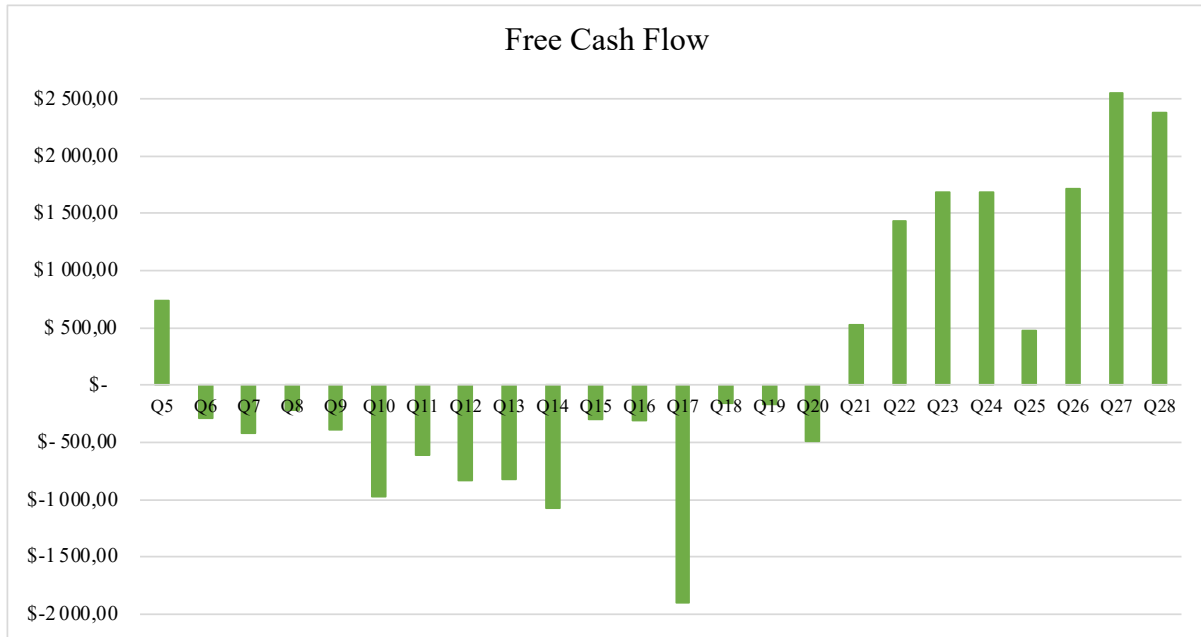


Figure 8 – *Value Added of LeafTech (in Millions of \$)*



Figure 9 – *Peer and Self-Assessment*

