

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

Embracing profitable sustainability: The evolutionary path of Humba Motors

LIAM ALASTAR AHERN

Work project carried out under the supervision of:

João Loureiro Rodrigues

12/09/2023

Abstract:

This project provides a detailed examination of Humba Motors, emphasizing its crucial business functions: Innovation, Finance, and Operations. Through the analysis of innovation, operations, finance and interdepartmental collaborations, we explore the intricate relationships and dependencies that drive Humba Motors' success in the automotive industry. Key findings underscore the essential role of synergy across these functions, highlighting how innovation relies on finance, operations collaborates with finance for efficiency, and product life cycles impact strategic decisions. This study offers valuable insights into the interwoven dynamics of Humba Motors' operations, shedding light on the holistic approach essential for achieving sustainable growth and innovation excellence.

Keywords:

Business in practice, Finance, Operations, Innovation, Critical incident, Eclectic vehicles, Sustainability, Anlysis.

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).

1. Introduction and overview

The automotive industry is undergoing a significant transformation driven by the urgency to address climate change and the rising demand for sustainable solutions. Electric vehicles (EVs) have emerged as a crucial response, prompting car manufacturers to make substantial investments in electrification programs. Over the past two decades, electric cars have evolved from a niche alternative energy source to a mainstream and highly sought-after option for consumers.

In this context, the Business in Practice simulation offered a unique opportunity for a new board of managers to take over Humba Motors, a car company at the initial stages of its electrification journey. Humba Motors embodies a commitment to quality, reliability, and modernity through digitalization. To navigate the disruptive changes in the automotive industry effectively Humba Motors' approach was to emphasized high innovation, focusing on developing and offering market demanded EVs to customers. Embracing innovation and leading with demand based vehicals Humba Motors set itself to be a formidable competitor in the rapidly evolving market. The finance department played the pivotal role in managing financial resources and allocating investments to support electrification programs and innovation initiatives. Operations were optimized to streamline production processes, supply chain management, and logistics, ensuring efficient manufacturing and delivery of electric vehicles.

In the following section, I will provide a comprehensive exploration of these three critical departments that shaped the trajectory of Humba Motors throughout the Business in Practice simulation. These departments are Innovation, Operations and Finance each contributing uniquely to the company's strategic evolution in response to the challenges and opportunities presented by the automotive industry.

2. Review of the function Innovation

2.1 Company Overview and Context for Innovation

Humba Motors, a prominent automotive company operating across Europe, China, and the United States, embarked on a significant journey during the simulation. At the onset of the simulation, Humba Motors' production lines were primarily focused on manufacturing conventional vehicles, encompassing both vehicles with internal combustion engines (ICE) and those equipped with hybrid systems. This conventional-centric portfolio positioned the company within the conventional vehicle market, setting the stage for its transition into the dynamic realm of electric vehicles (EVs).

2.2 Unveiling Innovation

In the realm of automotive innovation, Humba Motors stands out as a paradigm of strategic prowess and commitment to pushing boundaries. The company embarked on a transformative journey, marked by a series of strategic innovations that not only disrupted the market but also met previously unmet consumer needs. This commitment to innovation, spanning multiple quarters, is a testament to Humba Motors' vision and creativity in capturing new market segments and redefining industry standards.

Product Development Hi-bred 75 Humba Motors' innovation journey commenced with Quarter 4, where they channelled investments of \$520 million into Product Development Hi-bred 75. This bold move signalled the company's determination to pull away from conventional combustion engines, addressing the growing demand for eco-friendly vehicles. By investing in the Hi-bred 75, Humba Motors recognized the importance of sustainability and seized the opportunity to cater to environmentally conscious consumers.

Humba Motors invested \$250 million in Connectivity Technology. This underscored the company's commitment to enhancing the driving experience through advancement in

technological comforts that recognize the significance of staying connected while on the road, Humba Motors not only catered to the tech-savvy consumer but also set a new standard for in-car connectivity.

Matching well with the previous quarters investments, Humba Motors allocated -\$160 million to Infotainment Services. This investment showcased the company's dedication to creating a holistic driving experience. Infotainment services not only offered entertainment but also provided valuable information, further enhancing the appeal of Humba Motors' vehicles.

Quarter 7 was a testament to Humba Motors' multifaceted approach to innovation. With investments of \$500 million in Automated Parking, \$300 million in Home Charging Stations, and a substantial \$700 million in Product Development of the Raptor 1.1, Humba Motors demonstrated its commitment to convenience, sustainability, and cutting-edge technology. Automated Parking simplified urban living, Home Charging Stations catered to the electric vehicle surge, and Product Development Raptor 1.1 hinted at the company's dedication to pushing the boundaries of performance in EVs.

Humba Motors directed an investment of \$550 million into Product Development of the Wall-E. This strategic move highlighted the continued transition into electric vehicles, meeting the growing demand for cleaner transportation options. It also showcased Humba Motors' commitment to staying at the forefront of the electric vehicle revolution resulting in the Wall-E generating excellent sales and profits.

Quarter 9 was characterized by a dual focus, with investments of \$150 million in Big Data and \$650 million in Product Development of another EV, the Glide. Humba Motors leveraged the power of data to drive informed decision-making and invested significantly in Glide, positioning itself to cater to evolving consumer preferences with a dynamic product lineup and in Quarter 11, \$200 million to High Power Charging (HPC). These investments

were a clear testament to the company's commitment to electric vehicle infrastructure. By investing in HPC, Humba Motors aimed to make electric vehicles more accessible and convenient for consumers, bolstering the adoption of sustainable mobility solutions. A similar strategy to that of the extremely successful Tesla company. With an investment of \$250 million in Driver Assistance and \$550 million in Product Development of the Alcantara quarter 12 prioritized safety and further progress into total EV production.

Quarter 14 marked another pivotal moment, with Humba Motors investing \$510 million in Product Development Bloom and \$200 million in Cross-Platform Technology. These strategic moves highlighted the company's commitment to holistic product development and seamless connectivity, catering to the evolving needs of modern consumers.

Quarter 16 witnessed Humba Motors' investment of \$660 million in Product Development Safari and \$300 million in Cloud Connection. These investments underscored the company's dedication to product diversity and cloud-based solutions, paving the way for a more versatile and connected driving experience, ingelligence move taken for skills develop in David, F., David, F. R., & M.E. David (2020).

In Quarter 18, Humba Motors showcased its commitment to security with an investment of \$400 million in Secure Infrastructure. Simultaneously, the company allocated \$565 million to Product Development of the Pikachu, exemplifying its commitment to staying at the forefront of technology and product development.

Finally, in Quarter 19, Humba Motors directed investments of \$660 million into Product Development of the HoneyMoon. This strategic move hinted at the company's dedication to continuously evolve its product offerings, catering to emerging consumer demands in the EV market. GM, Volkswagen and Ford have all also strategically allocated resources towards enhancing their respective EV technologies mirroring Humba Motors' own shift towards electric vehicles and technological investments. (Boudette 2023). Furthermore ford it pulling

away from its reliance on VW technology (Sergeev 2023) shows the hyper competitive shifts in the Eclectic vehicles.

2.3 Key conclusions and remarks

Humba Motors' innovation journey is a testament to its unwavering commitment to pushing the boundaries of technology, sustainability, and consumer satisfaction. The sequential order of innovations reflects a strategic and calculated approach to meet diverse consumer needs while setting new industry standards that was made possible by the to be discussed linchpin finance department.

Based on Humba Motors' revenue (see Figure 2) and assuming a linear expenditure of a similar development for investments, Humba motors is allocating an extremely high 13.6% of revenue on development compared the industry expenditure leader, Honda at 6.25 %.

Although innovation success isn't solely determined by the magnitude of financial investments it certainly does represent a slingshot of rewards to come for example, Tesla outspent other car manufacturers on research and development (Crider 2022), a strategy also employed by Humba Motors' during this transition phase (see table 1). These findings underscore that innovation in the automotive industry isn't solely a function of financial investment. Instead, it suggests that a balanced approach, combining strategic investments with effective execution and market responsiveness, is key to achieving innovation (Rubin and Struass, 2023) excellence and maintaining a competitive edge in the evolving landscape of electric vehicle (EV) models and sales.

3. Review of the function of Operations

The extreme variation in the days of inventory and factory utilization directly impacted the FCF negatively especially in the first 4 years where investment expenditure was high (see Figure:7). In an effort to optimize sales the production lines of the vehicles where often

moved around from factory to factory, resulting in extensive switching costs and opportunity cost generated from the delay in production coupled with personal and marketing adjustments. This turbulently high days of inventory had a chain reaction leading to also effecting the financing of the company in revenues, costs, working capital and employee satisfaction. By tying up a substantial amount of working capital it is also limiting the funds that could be needed elsewhere and the slowed sales cause a dip in the cash inflows (see Figure 10). Lastly, it effect the sustainably aspect of the company due to the environmental cost include to store and maintain these vehicles for extended periods of time.

In summary, analysing these figures underscores the importance of balancing profitability, inventory management, and product life cycle stages for effective decision-making in the automotive industry. (Landvater 1995)

3.1 Emissions Reduction Investments:

Beyond product performance, Humba Motors is resolute in its commitment to environmental sustainability and greenhouse gas emissions reduction. The investments made in this realm further reflect the interconnectedness of functions. These investments not only align with global sustainability goals but also cater to the preferences of the finance department for green bonds that contributed to lowering the WACC.

Scope 1 emissions are addressed with a \$600 million investment, concentrating on Water Consumption Reduction (\$200 million) and Waste Reduction (\$400 million). Key metrics include lower water usage, reduced waste, and progress toward ISO14001/EMAS certification. The focus on reducing water consumption and waste not only indicates responsible resource management but also contributes to lower operational costs

Scope 2 emissions receive \$410 million in investments, with allocations for Energy Efficiency (\$150 million) and Solar Panels (\$250 million) for renewable energy. An Energy

Management System (\$10 million) enhances efficiency, and metrics span energy use, renewable energy adoption, and system implementation timelines. (Rubin and Struass, 2023)

Scope 3 emissions are combated through collaboration with suppliers and partners. Initiatives like Offset Suppliers CO2 (\$19,982K monthly), Sustainable Suppliers (\$10 million), and Co-Investing with Suppliers (\$50 million over two quarters) aim to reduce emissions throughout the value chain. These metrics encompass supply chain emissions reduction, supplier sustainability, and project timelines. these investments and metrics illustrate that Humba Motors is actively taking measures to minimize its environmental impact, improve operational efficiency, and foster sustainability throughout its value chain. It signifies a forward-looking approach that not only aligns with global environmental initiatives but also enhances the company's reputation as an environmentally responsible corporate citizen.

3.3 Key conclusions and remarks

The investment into these scopes 1,2 and 3 projects unlocked access to more green bonds for Humba motors to use, which at every opportunity where a loan or bond was needed a green bond was chosen. Furthermore, it also generates a sustainability focused company image.

4. Review of function of finance

Financial analysis serves as a window into a company's current financial state and offers valuable insights into its future prospects. The key financial pillars underpinning the assessment of Humba Motors' performance encompass its capital structure, payment terms, financial development, and cashflows.

4.1 Capital Structure:

First and foremost, the capital structure delineates the ratio of debt to equity utilized by Humba Motors to fund its operations and facilitate growth. The Debt-to-Equity (D/E) ratio is

a crucial indicator, as it signifies the company's risk associated with borrowing funds and directly impacts its capital costs (Pratt and Grabowski, 2008).

Decisions pertaining to the capital structure are of paramount importance and require prompt attention by the company's management. In the case of Humba Motors, financing decisions have consistently been influenced by a vigilant observation of the Debt-to-Equity ratio, which experienced a decrease from Q4 to Q28 of 2.5% which is relatively consistent, with a notable dip in Q26 due the share buy back (see Figure 9). This trajectory can be attributed to a continuous balancing of debt issuance with investments and payback needs, that the effect of growing equity from retained earnings couldn't overcome alone. The explicit exceptions to this were in quarters when the loans were redeemed. In Year 6, Humba Motors refrained from issuing further loans, achieving a more balanced ratio.

The Weighted Average Cost of Capital (WACC) functions as Humba Motors' capital cost indicator and a standard for evaluating project attractiveness (Hargrave, 2022). In the absence indirect and direct bankruptcy costs for the sake of the simulation, an inversely proportional relationship between WACC and Debt ratio because the cost of debt is lower than the cost of equity. This is due to the fact that Humba Motors leveraged more debt with a lower cost namely in the form of Green bonds at 3% in comparison to equity, which incurs a higher cost at never reaching below 9.7%. Consequently, the WACC witnessed a consistent overall decrease.

Green bonds play a significant role in supporting climate change mitigation and environmental conservation projects (Lu, 2021). These bonds offer lower interest rates, typically fixed at 3%, as an incentive for green investments, in contrast to regular loans with interest rates ranging from 4.25% or higher, depending on the company's credit rating.

Humba Motors extensively leveraged green bonds at every occasion possible to finance its sustainable initiatives, including research and development in electric vehicles (EVs) and investments in Scope 1, 2, 3 emissions reduction. For Humba Motors, the allure of green bonds extends beyond financial benefits, as they also enhance the company's reputation.

4.2 Payment Terms

This held great importance in Humba Motors' financial landscape. Accounts Payable represent outstanding amounts owed to suppliers for goods or services that remain unpaid. Optimal management of payment terms can significantly enhance cashflow, as it allows the company to retain funds for operational and financial purposes (Tuovila, 2022). Accounts Receivable denotes funds due to the company in the short term (Hayes, 2022). Maintaining a high level of proves advantageous, as it effectively finances operations through funds provided by business partners. Humba Motors successfully reduced its accounts receivable until Q14, which was a favourable trend for cash conversion coupled with an increase in its accounts payable however with a dip in Q14 proceeding to a steep increase of roughly \$400 million and then back down to the final quarter where it reached its lowest at \$520 million (see Figure 1). while AR began to ascend due to accelerated revenues rather than less favourable payment terms (see Figure 4). Quarter 16 saw Humba Motors refrain from any new debt or equity issuance and instead focused on its customer credit term, extending it to 40 days. This decision was to improve working capital management by collecting payments from customers more efficiently. As a financial professional, this strategy could positively impact cash flow and liquidity, reducing the need for additional financing. However, it's crucial to monitor the effects of extended credit terms on the company's accounts receivable and overall cash position. Overall, the extension resulted in a 1% increase in revenue.

The buyback of shares in Q26 demonstrates a commitment to enhancing shareholder value but necessitates a careful balance between returning value and preserving liquidity (Yardeni, Abbott ,2022) however for the nature of the simulations it was an error for the finance team because of the given goal of decreasing the WACC which it did not (see Figure 8). The net effect of these actions on the share price was positive and hence it increased the value of equity.

The strategic moves of offering green financing in Q8 cost \$150 million and that coupled with the later extension of customer credit terms to 40 days generated the optimal purchasing environment for consumers whilst aligning with sustainability goals and working capital management, respectively. These initiatives can attract socially responsible investors and improve liquidity and were done to try boost sale however there was potential risks, such as delayed payments that did not occur.

4.3 Performance and results

Revenues experienced a notable upswing following a pivotal turning point in at the end of year 5 (see Figure 2). The maturity of the EVs coupled with the financing policies bared fruit and stimulated greater unit sales. The return on net assets, provides valuable insights into the utilization of assets in generating earnings and enables comparisons with industry peers (Hayes, 2021). The increase in net income generated a significant upsurge in return on net assets, soaring from 13.4% in Q24 to 27.3% in Q28 (see Figure 3). This is spawned from the increased utilization from Operation department and the increased profitability of the EVs sold.

The EBIT margin (see Figure 5) exhibited varying quarter but an overall consistent increase over the six-year period. This metric highlights Humba Motors' ability to generate profits efficiently through core operations, all while managing cost reductions and profitable prices.

4.4 Cashflows

Cashflows of the company depict the movement of cash inflows and outflows. During the initial years of the simulation, Humba Motors made substantial investments in new technologies and production facilities. Consequently, the free cashflow primarily remained negative, chiefly driven by a highly negative investing cashflow (see Figure 10). However, the strategic approach was tailored with this in mind, envisioning a robust operating cashflow from 4th year and onwards. This strategy effectively transformed the free cashflow, yielding a positive trajectory with an impressive improvement with a dip in the final year at \$1,630 million.

Humba Motors chose to offer green financing as an alternative to traditional leasing. Green financing contributes to the company's sustainability rating and greenhouse gas score this approach was driven by the anticipation of increased demand and selling prices. Notable examples of companies adopting green bonds to leverage environmental benefits include GM and Ford. These bonds serve as a financial instrument utilized by various entities, including Ford, GM and VW as just some of the companies making use of green bonds, illustrating this trend of “green” investments (Miller 2023).

2.3 Key conclusions and remarks

In conclusion, judiciously managing the capital structure, optimizing payment terms, and making strategic capital expenditures were pivotal in Humba Motors' ability to implement and execute its strategy successfully. As a result, the company was able to realize added value amounting to \$2,770M overall maintaining liquidity throughout the journey, and emerging as a sustainable and profitable enterprise that has a promising future.

Secondly, Humba Motors' debt-related decisions, such as bond issuances and loan redemptions, showcase a balanced approach to capital management. While issuing bonds provides necessary capital for strategic initiatives, it also increases debt levels and interest expenses. The redemption of loans reduces debt but requires significant cash outflows.

5. Integrated cross view of functions:

The company understood that the finance department was located at a unique crossroads within the business, necessitating collaboration with other divisions in order to create bottom-up budgets (Marsh 2022). It was also, in the best position to follow the consequences of any changes and make better strategic decisions, as it was aware of the available resources and the first to know about any changes in expenditures, earnings, or losses.

An example for this is innovation heavily relies on finance for resource allocation and ROI evaluation. Finance collaborates with operations for efficient manufacturing and in the case of Pikachu's 48.72% margin highlights profitability and the 33 days of inventory signal potential cost improvements.

Operations adapt to innovations. For Safari, in maturity with \$1,063 million revenue and a 44.87% margin, operations aligned with innovation to open an American production line.

Product Life Cycle and Decision-Making: Product life cycles impact decisions. Pikachu and Safari, mature, maintain 100% factory utilization. In contrast, Bloom, in decline with \$1,091 million revenue and a 44.31% margin, prompts finance-innovation collaboration to extend its life cycle with a \$20 million investment.

The choices made in terms of factory utilization, the number of production lines, and geographical distribution are crucial, and these decisions must align with the financial goals of the company. Furthermore, product life cycle stages impact these choices, as evidenced by

Pikachu and Safari's focus on production in the maturity phase, while Bloom's future strategy warrants consideration due to its declining stage.

Furthermore even at an international level, subsidies worldwide encourage electric vehicle (EV) adoption through financial incentives and tax benefits, which vary by country. China offers regulatory advantages and unrestricted EV driving, while the US, Norway, and the Netherlands provide tax incentives. For instance, Norway exempts EVs from the 25% value-added tax for conventional vehicles in the same class, making EVs competitively priced.

These incentives, funded by green bonds or government subsidies, collectively promote the shift to e-mobility.

An integrated view across these functions underscores the interdependencies and intertwining of decisions. The finance function, for instance, plays a pivotal role in evaluating the viability of innovations and allocating resources for production. Operations, on the other hand, collaborates with both innovation and finance to ensure efficient and cost-effective manufacturing.

7. Reflections on the BIP Journey

From understanding the work, "*Effective Teamwork : Practical Lessons From Organizational Research*", West highlights the exceptional power of teamwork as the ultimate competitive tool (Michael A 2012). I embarked on the transformative journey of the Business in Practice (BIP) program, I didn't realise that the majority of the learning experience would come from my colleagues, this sentiment seemed to be the essence of my experiences within the program. BIP, a dynamic and intensive three-week endeavour, broadened my intellectual horizons across diverse disciplines and provided a crucible to translate theory into tangible outcomes. Amidst this journey, I realized that unwavering collaboration, dedication, and cohesiveness were vital to unlocking our team's potential and maximizing the possibilities for collective success.

Placed within Team 12, a central role within the BIP program's immersive learning environment, I found myself amidst a group characterized by remarkable diversity. Comprising individuals from various nationalities, backgrounds, sexual orientations, and personalities, our team resembled a tapestry woven from a myriad of threads. This diversity came to the forefront during our exploration of leadership sessions, where we identified with the Insights Discovery model's spectrum of colours. This mosaic of perspectives presented both opportunities and challenges that excited me. While diversity nurtured innovation, the potential for misunderstandings stemming from differing thought paradigms was also evident.

The equilibrium within our team was highlighted by the colours attributed to each member – five intense reds, one diligent blue, one peaceful green. While enriching, this composition also hinted at the potential dominance of a particular perspective. However, our team's

dynamics were marked by camaraderie and mutual respect, fostering constructive interactions. Still, amidst this harmonious tapestry, two pivotal incidents emerged as crucibles of personal evolution, compelling me to reevaluate my viewpoints, adapt my approaches, and catalyse my growth.

7.1 Critical incident 1: Pressures of leading

When our team played the first practical round of the simulation. We were disoriented and unsure of how to proceed because there was no Chief Executive Officer (CEO) role, I was under pressure as a finance director to guide, lead, and assume full responsibility for all choices made by each department, in terms of the investment decisions and the subsequent direction the company would follow.

Each director was primarily focused on their function and the investments they deemed necessary. However, there was no platform that integrated all the information about the required investments. Basically, every member of the team wanted the same thing, money for their investment and without having a prior knowledge of the company's intended path and the necessity of each investment and how each one would affect the company.

As a result, I became uncomfortable, stressed, and felt incapable of structuring the correct budget. The most frustrating part was that I was not able to communicate this clearly to my team. Normally communication comes easy to me but in this case I found it difficult to admit my own lack of knowledge. This resulted in an initially poor performance for the practice round and an increase in myself deprecation as well the sense of hostility when things are not going well in a group setting (Toegel, G. and Barsoux, J.L. 2016). Nevertheless I still retained my personal mindset of giving it everything I have, which meant spending many hours studying and trying to understand how to contribute to the team in the way I wanted to.

I was extremely excited for this challenge as I saw it as a way for me to learn as much as possible in the shortest time frame. I want to be in a position of decisional authority in the my future career so this was an excellent practice run of the split attention that this would entail. That being said it was still another matter entirely to have the ability to do this role well.

7.1.1 Decision making and deliberation

I tried and failed initially to effectively convey the challenges I was encountering but eventually I made a viable method to streamline the decision-making process within the team. Taking into account that I could be the one blamed or praised for the entirety of the companies performance I found a way with my co-finance director to incorporate the team and decided to create an excel table with all the possible investments and costs. We incorporated this into the budget and made it visible for anyone and everyone to contribute their opinion of which investment was most important. This created a more democratic approach to the issue and resulted in extremely cohesive team dynamic where everyone knew what the other was doing. Ensuring that the holistic picture was clearer for all and to ensure that it was aligned with our overall strategy. Making this table gave me the structure I needed to make my decision and on the other hand it also made it clear to my team why I choose specific investments over others. This transparent structure allowed me to feel at ease communicating my doubts and confusion at times. This was a relief because I knew if I continued to be recovered it would have been detrimental to the company's performance overall. Once we got used to the democratic team approach it seemed to be working well but in the end it shifted again to the final call on investments falling to the finance directors but in a far my productive manner.

7.1.2 Self-awareness and realistic goals

The experience unearthed an embarrassing facet of my self-observation and self-evaluation. I had a proclivity for downplaying my competencies and contributions, signifying a notable lack of self-awareness but also coupled with an extreme expectation for high-quality. This revelation manifested itself clearly after the peer evaluation assessment. Furthermore I believed that it was now attainable to perfectly budget and predict the company's future just because we had constructed a method that had generated initial success, unfortunately this was not the case. While my own self-appraisal assigned me diminished scores across various domains, my peers consistently bestowed higher accolades upon my endeavours in terms of expecting quality but I scored lower than intended on in the other sections. This incongruity serves as a scale exemplification of the chasm that separates my internalized self-perception from the external judgments imposed upon me. This discordance can be analogized to the contours of a pessimistic self-evaluation, wherein an internal critique incessantly prejudiced viewpoints, thereby impeding self-assuredness and obstructing forward progression. This form of self-assessment often ushers in bouts of procrastination and instigates a deleterious cycle, a recurrent pattern that consistently materializes when I start new challenges which also subjects my own capabilities and achievements to stringent introspection.

7.1.3 Decisions and development

The incident caused me to critically view my self-awareness in various aspects of life, including decision-making and team dynamics. Research suggests that individuals with a clear self-concept tend to exhibit greater confidence, creativity, and decision-making abilities, "How to Meet Yourself: A Workbook for Self-Discovery" (LePera 2022) supports this sentiment by exploring the extraordinary benefits of self-discovery. Moreover, self-awareness contributes to building robust interpersonal relationships and effective communication, reducing the likelihood of deception, and enhancing leadership skills. In most areas of my life I always situated myself into the leadership role because it seemed to be the natural thing to

do however in the context of this incident I found myself lacking that usual confidence regarding my capacity to lead and collaborate with my team which led me to focus on providing tools to improve team performance while hesitating to present these solutions confidently. Over the course of the first week it seemed that I would continue to ‘betray’ myself in this regard but after a conversation with my parents about the huge benefits of putting yourself in the so called firing line of stepping up to lead, namely the learning experience, I found my motivation to persevere the challenge with all my effort. My own desires for learning overcame my initial timid behaviour and I am grateful for that change because it opened up far more learning opportunities than the alternative passive participation.

7.1.4 Structure and communication

Initiating a new project often involves the challenge of working within a team that may lack defined direction, goals, or structure. This can be particularly daunting when interacting with individuals of diverse personality types, or even more so when they are too similar, and when effective communication is still a work in progress. The uncertainty surrounding these early challenges can amplify anxiety, especially concerning unforeseen outcomes and how to deal with them as a unit. I believe that my life long experience of working in teams for sport helped me tremendously to adapt quickly to a team dynamic and even to set the tone for a productive one.

During the initial stages of our team's interaction, I found myself in a largely unfamiliar setting, with limited knowledge of the company and its team members. These circumstances contributed to my desire to set the standard and put myself to effective use, resulting in an overwhelming feeling of being too forward but as the simulation progressed I had the opportunity to get to know my team mates quickly and I believe I got lucky with such a level headed good people as team mates. I was also fortunate that they recognised my central role

and named me our head of integrity immediately recognising my good intentions for all our members. If I had not stepped up and put myself into the position to ‘expose’ myself I would not have been able to get through to my team mates so clearly and genuinely. It's worth noting that compelling direction and solid structure can enhance team members' sense of involvement, orientation, motivation, and enthusiasm to create a “true-team” (Hadley, Constance, Mortensen and Mark 2022). Implementing tasks, processes, and norms creates transparency and prevents destructive behaviour which in y case resulted in the facilitation of integrated decision-making across the different roles. (Haas and Mortensen 2016).

7.1.5 Key lessons and improvements

My most valuable lessons for personal were firstly that my time invested in sport was priceless for team communication but I still need to put more effort into refining my communication skills to to make it one of my strengths not just adequate and secondly I felt the need to prioritize the development of my self-awareness according to each situation, eventually I did accomplish this but in future I can see that I will need to be able to do this much quicker. It is essential to practice understanding and acknowledgement of your teammates and that we are all learning and evolving (Gervase 2009).

7.2 Critical incident 2: The importance of adaptability

In the realm of business relations, maintaining robust client relationships depends on trust and the ability to collaboratively find solutions that suit both parties involved. I will recount a significant experience that underscored the efficacy of teamwork and collective problem-solving during a pivotal meeting between LuxeMotor Retail and Humba Motors. The overarching goal was clear: retain the client and reach a solution that would leave everyone content.

The client's objectives were of paramount importance from the outset. LuxeMotor Retail had distinct aspirations centered on electrification, portfolio enhancement, profitability, and

business expansion. Recognizing and respecting these objectives laid the foundation for a productive engagement.

The meeting commenced with expressions of gratitude for the client's time and invaluable feedback. We emphasized the importance of the LuxeMotor Retail and Humba Motors partnership, reassuring the client that their concerns were being taken seriously. This acknowledgment set the stage for a collaborative and solution-focused atmosphere.

However, the first challenge surfaced as dissatisfaction with our product and the team swiftly demonstrated the power of teamwork by presenting an array of solutions, including repair or replacement of cars, offering alternative models, refunds or exchanges, extended warranties, compensation, and collaborative problem-solving. We actively involved the client in the decision-making process, fostering a sense of partnership. This to me was excellent however it was not the intention of the exercise, it was rather an exercise on the clients concerns being heard and making them feel understood. To gain deeper insights, we posed essential questions about the client's unmet needs and priorities, which provided valuable guidance.

The second challenge centred on keeping our composure in the face of a non sensical clients without being able to discuss any solutions only dive further into what is the so called problems or concerns. We responded with transparency, clearly justifying the validity of our solutions and explaining the value proposition. This mistake highlighted our rigidness and lack of dynamic flexibility needed to change a predetermined group discussion to try get on the 'same page'. I was the second one to make to shift to focusing on hearing and asking more questions but unfortunately some members did not realise in time and our unified front was lacking.

This experience showcased the power of teamwork and collaborative problem-solving or in this the lack thereof.

7.2.1 Embracing Client Objectives and Trust-Building

The incident underscores the fundamental importance of client relationships in the business world. Trust and collaborative problem-solving emerged as pivotal elements during a crucial meeting between LuxeMotor Retail and Humba Motors. From the outset, we recognized the significance of our client's objectives and aspirations. This acknowledgment not only set a positive tone but also established a foundation of mutual respect, which is vital for this exercise on maintaining client relationships.

In hindsight, I realized the significance of prioritizing and respecting the client's goals. It was evident that aligning our objectives with theirs was crucial for a successful outcome but more than that was the need for understanding. This experience taught me that trust is built on understanding and addressing the client's needs and concerns, even if it means adjusting our own priorities. In a similar sense client relations are a form of team dynamic where if there is a lack of trust or understanding the path ahead will be littered with pitfalls for failure, as supported in , “The Five Dysfunctions of a Team: A Leadership Fable” (Lencioni 2002) where he states that lack of commitment and absence of trust can destroy a team.

7.2.2 The Power of Teamwork and Collaboration

The heart of this incident lay in the ability of the team to work together seamlessly. When faced with the initial challenge of addressing client dissatisfaction, the team's response showcased the power of collective problem-solving skills. We presented a range of potential solutions, attempting to actively involve the client in the decision-making process. This approach should've fostered a sense of partnership and demonstrated our commitment to finding a resolution that left all parties content.

However, it's crucial to note that the team's success in this aspect was somewhat useless as the primary aim of the exercise was to ensure the client felt heard and understood, rather than to propose actual solutions. Despite this, the team's ability to collaborate effectively highlighted the importance of working together to tackle complex issues that I felt proud of. In "The wolf pack: team dynamics for the 21st century" it explains the relationship of teams, namely how to work, play and communicate with each other (Johnson, Heimann and O'Neill 2000). I attempted to foster this dynamic to improve our internal relations and by doing so I was deeply satisfied to see it work in action, even if in this case it ironically went in the wrong direction.

7.2.3 Adaptability and team dynamic Flexibility

The second challenge that emerged during the meeting provided valuable insights into the team's ability to adapt and remain flexible in the face of unexpected circumstances. When confronted with a client who seemed focused on discussing concerns rather than solutions, our initial response highlighted our rigidity. We struggled to transition from our predetermined group discussion to actively listening and asking essential questions.

I personally took initiative in shifting the focus towards understanding the client's perspective and needs. However, not all team members made this transition smoothly, which resulted in a lack of a unified front which although I was satisfied with some members it left me disappointed in others as I knew their ability to be dynamic was present, however under the stressful circumstances they didn't perform. This experience taught me the importance of dynamic flexibility, particularly for in the future, when dealing with clients who may have different communication styles or expectations.

7.2.4 Key lessons and improvements

This incident emphasized the critical role of trust, teamwork, and adaptability in maintaining performing well in as a team in stressful situations and unforeseen circumstances. It served as

a reminder that success often hinges on our ability to align with the other members of our team, collaborate effectively, remain flexible when circumstances change and ,in this case out failing point, to be able to and have the trust to follow the lead of a team mate (West 2012).

8. Conclusion

The program's emphasis on teamwork, collaboration, and adaptability resonated deeply with the principles highlighted by West (2012) in the importance of effective teamwork in organizational success.

Within Team 12, the diversity of perspectives posed both challenges and opportunities, but we harnessed this diversity to foster innovation and constructive interactions and I enjoyed working with them. Two critical incidents stood out in this journey, providing significant lessons for personal and professional development. It revealed the power of democratic team approaches and the need to align individual contributions with the team's overall strategy.

The significance of client relations, trust-building, and collaborative problem-solving. It also highlighted the importance of adaptability and dynamic flexibility when dealing with unexpected circumstances.

In both incidents, the power of teamwork and collective effort shone through, reinforcing the idea that success in any endeavour hinges on our ability to collaborate, adapt, and align with the goals of our team. These experiences have not only enriched my understanding of effective teamwork but have also motivated me to continue developing my communication skills, self-awareness, and adaptability in future challenges.

As I reflect on my BIP journey, I carry with me the valuable lessons learned, with a renewed commitment to applying them in my future endeavours and embracing the power of effective teamwork as a competitive advantage in my personal and professional life.

Appendixes:

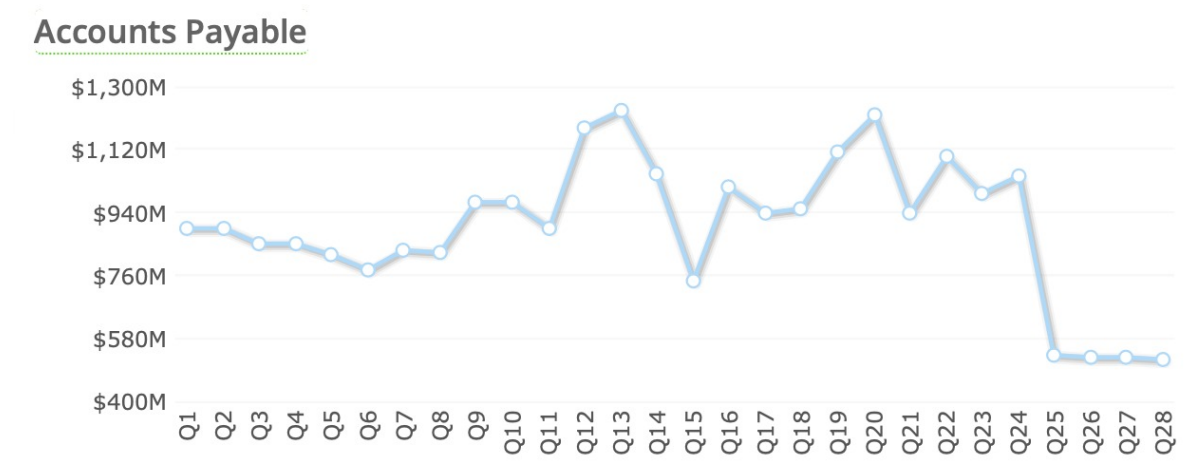


Figure 1: Accounts payable

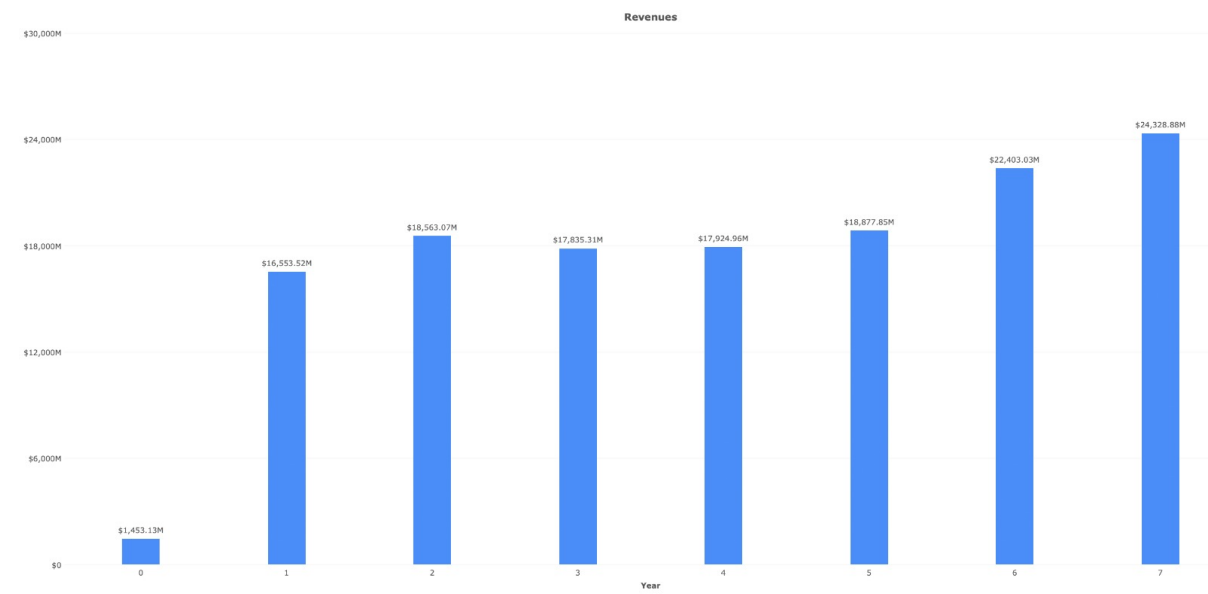


Figure 2: Annual Revenue

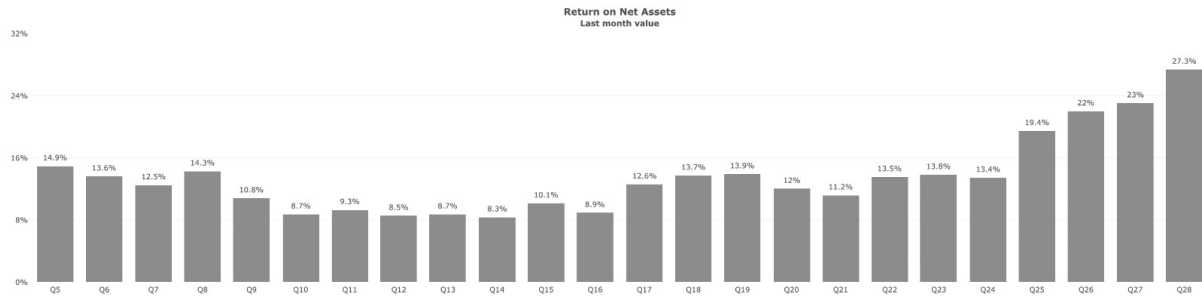


Figure 3: Return on Net Assets

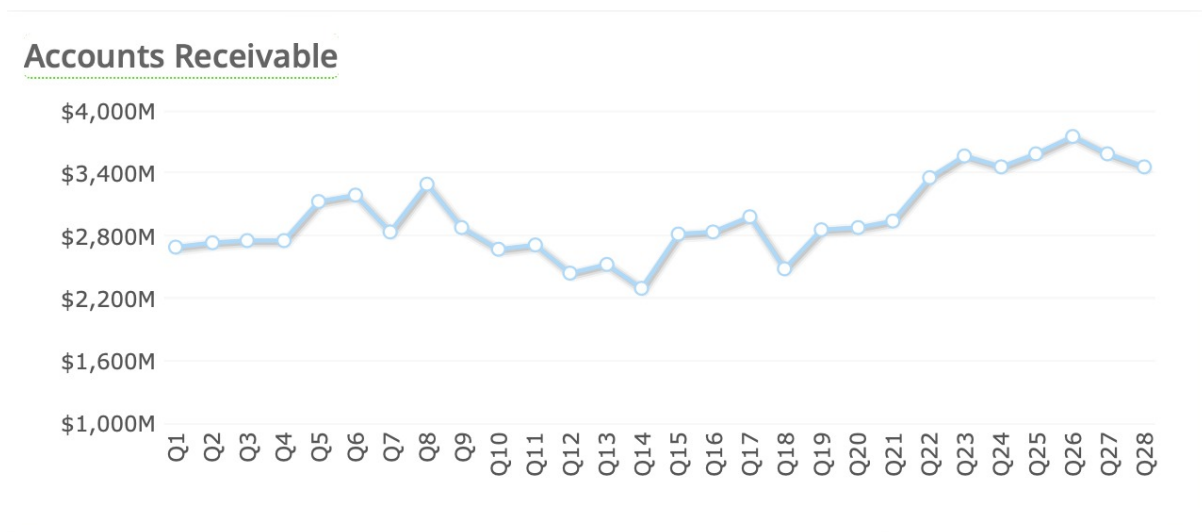


Figure 4: Accounts Receivable

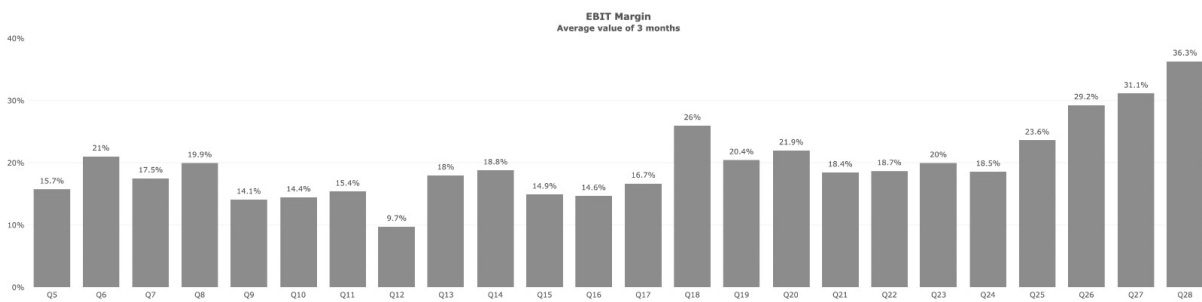


Figure 5: EBIT Margin

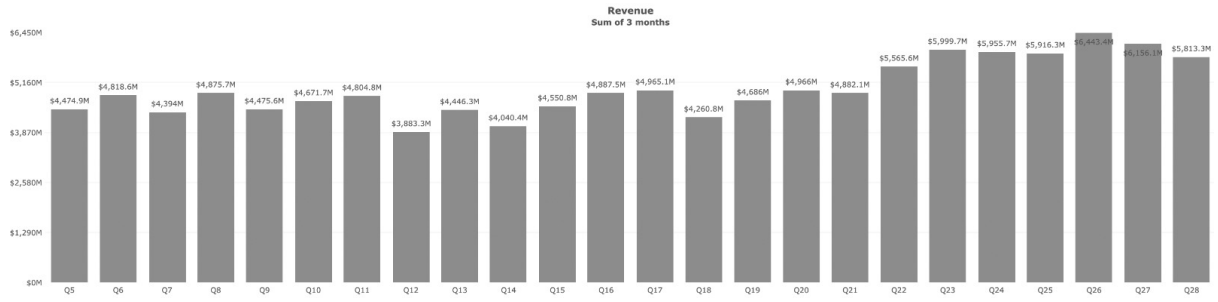


Figure 6: Quarterly Revenue

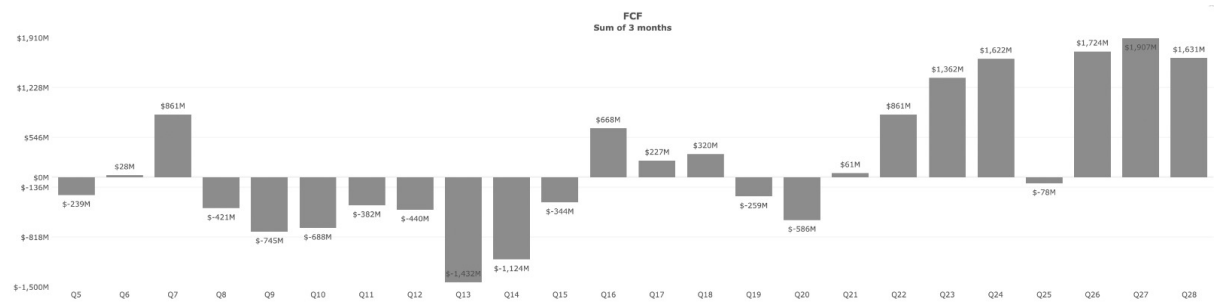


Figure 7: Free cashflows

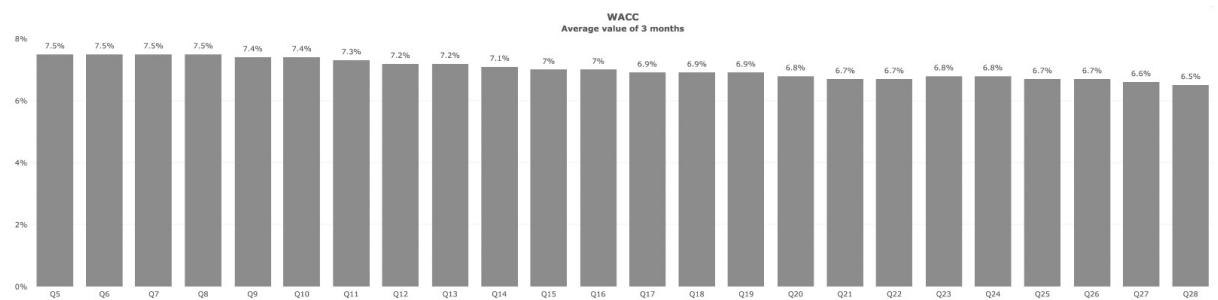


Figure 8: Quarterly WACC

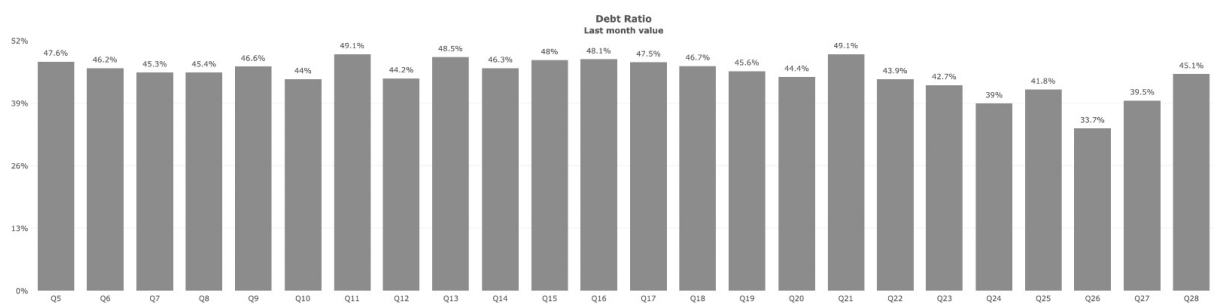


Figure 9: Quarterly Debt ratio



Cash Flow Analysis

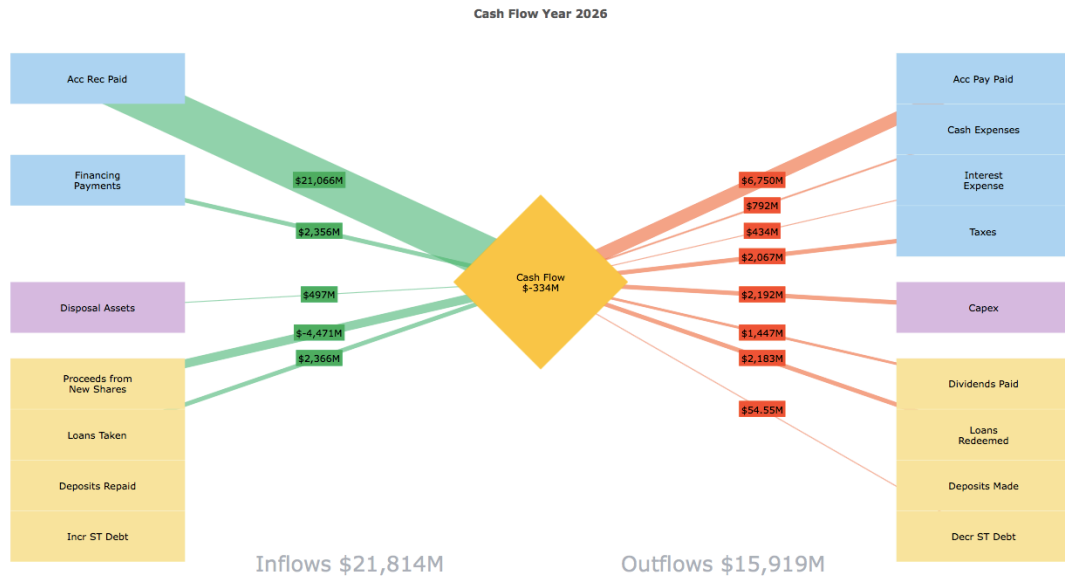


Figure 10: Cash flows diagram

Quarter	Project Development	Investment (Million USD)
19	HoneyMoon	660
18	Secure Infrastructure	400
18	Pikachu	565
16	Safari	660

16	Cloud Connection	300
14	Bloom	510
14	Cross-Platform Tech	200
12	Driver Assistance	250
12	Alcantara	550
11	High Power Charging	200
9	Big Data	150
9	Glide	650
8	Wall-E	550
7	Automated Parking	500
7	Home Charging Stns	300
7	Raptor 1.1	700
6	Infotainment Services	160
5	Connectivity Tech	250
4	Hi-bred 75	520
	Total	8075

Table 1: Innovation expenditure

References

- Johnson, P. R., Heimann, V. L., & O, Niell. K. (2000). The wolf pack: team dynamics for the 21st century. *Journal of Workplace Learning*, 12(4), 159–164.
- Feitosa, J., & Salas, E. (2021). Today’s virtual teams: Adapting lessons learned to the pandemic context. *Organizational Dynamics*, 50(1), 100777.
- Haas, M., & Mortensen, M. (2016). The Secrets of Great Teamwork. *HARVARD BUSINESS REVIEW*, 94(6), 70–76
- David, F. R. (2017). *Strategic management : concepts and cases : a competitive advantage approach /*. Pearson.
- Knight, A. P. (2015). Mood at the Midpoint: Affect and Change in Exploratory Search Over Time in Teams That Face a Deadline. *Organization Science*, 26(1), 99–118.
- Noonan Hadley, Constance, and Mark Mortensen. 2022. “Do We Still Need Teams?” *Harvard Business Review Digital Articles*, 1–7.
- Boudette, Neal, 2023, The New York Times, G.M. Posts Solid Profit as It Pushes to Take On Tesla in E.V.s, 1
- Sergeev, Angel, 2023, Motor1, Ford To Gradually Reduce Its Dependence On VW EV Tech, 1
- Landvater, Darryl, 1995, Oliver Wight Ltd Pub, World Class Production and Inventory Management
- Miller, Laura, 2023, esgclarity, Boom in auto sustainable bond market
- Toegel, G. and Barsoux, J.L. (2016) How to pre-empt team conflict. *Harvard Business Review*, 94, pp.78-83.
- Gervase R. Bushe. 2009. *Clear Leadership : Sustaining Real Collaboration and Partnership at Work*. Vol. Rev. ed. Mountain View, Calif: Nicholas Brealey.

- Tuovila, Alicia, 2022, Understanding Accounts Payable (AP) With Examples and How to Record AP, <https://www.investopedia.com/terms/a/accountsreceivable.asp>
- Hayes, Adam. 2022. “Days Sales of Inventory (DSI).”, <https://www.investopedia.com/terms/d/days-sales-inventory-dsi.asp>.
- Michael A. West. 2012. Effective Teamwork : Practical Lessons From Organizational Research. Vol. 3rd ed. Chichester, West Sussex: Wiley-Blackwell.
- Marsh, Alfie. 2022. Strategic Finance: The Finance Function as a True Business Partner. Strategic Finance: The Finance Function as a True Business Partner. [blog.spendesk.com](https://blog.spendesk.com/en/strategic-finance). February 15, 2022. <https://blog.spendesk.com/en/strategic-finance>.
- Lu, Shirley, 2021, The Green Bonding Hypothesis: How Do Green Bonds Enhance the Credibility of Environmental Commitments?, <https://www.hbs.edu/faculty/Pages/item.aspx?num=63500>
- Pratt and Grabowski, 2008, Cost of capital, Wiley
- Toegel, G. and Barsoux, J.L. ,2016, How to Preempt Team Conflict, <https://hbr.org/2016/06/how-to-preempt-team-conflict>
- David, F., David, F. R., & M.E. David (2020). Strategic management: A competitive advantage approach, concepts and cases. Florence: Pearson–Prentice Hall.
- Rubin and Struass, 2023, The creative act: a way of being