

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

**Transforming Nova into an Electric Vehicle Leader: Strategic
Electrification and Insights into Team Dynamics in a Simulated
Business Environment**

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Abstract

Over three weeks of immersive simulation, Nova's strategic journey in the electric vehicle industry was meticulously mapped out. The simulation explored the company's shift towards sustainable practices, with carefully crafted strategies developed for key departments, including strategy, finance, and operations. The Business in Practice (BiP) experience highlighted the importance of interdepartmental synergy and cooperation, crucial for enhancing value creation and revitalizing Nova's product portfolio. This experience reinforced professional skills and fostered significant personal growth, providing a robust foundation for navigating future challenges.

Keywords

Strategy, Management, Team dynamics, Finance, Innovation, Operations, Automotive, BiP

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Part 1 – Firm Analysis

Introduction

Nova, an international player in the automobile industry with an emphasis on electric vehicles, is one of the leading players in the process of changes in transport. Historically, the automobile industry has been dominated by vehicles with combustion engines, whereas today, there is a tendency toward mobility solutions that integrate more and more electric vehicles. Such a change is not only consumer-oriented, but there are reasons behind it, like international agreements on climate change, that influence the policies of many countries. Countries worldwide have set progressive goals and strategies to speed up the changeover to electric vehicles, including the European Union Green Deal and the incentives to purchase EVs in multiple countries (Alvarez 2023). All of these show the importance of moving towards no-emission vehicles and are changing the competition in the car market.

In this ever-changing context, Nova is trying to expand and remain committed to sustainability. They have embedded sustainability in all their activities, from engaging in production to expanding their charging network with green energy. The company's name, Nova, comes from its desire to be “new” as it seeks to revolutionize the transport sector for the better and find ways of achieving sustainability in the automotive industry.

This analysis will center on three crucial areas of Nova’s business: strategy, finance, and operations. For each of these areas, the equivalent academic theories have been examined, and how decisions are made at Nova has been revealed. To increase the relevance of this analysis, some industry examples used by other car manufacturers will also be compared with those of Nova. Moreover, a cross-functional view will be taken of these three areas of business to

demonstrate the degree of overlap that exists within these areas in the case of how Nova achieves its competitive edge in the rapidly evolving automotive industry.

Strategy

PESTEL Analysis

The PESTEL analysis presents the global political, economic, social, technological, environmental, and legal forces affecting the automotive sector (Figure 1). In political terms, the initiatives include the EU's Green Deal and the Fit for 55' package, which aims to reduce greenhouse gas emissions by 2030 considerably and have 100% zero-emission vehicles on the road by 2035 (Alvarez 2023). Looking at the economic dimension, the industry is challenged with inflation, high interest rates, and the supply shocks brought by the COVID-19 pandemic, which consequently affected, if not hampered, the trends of consumers going for low-cost cars (Wainschel 2024). There is also a sociocultural trend regarding preferability of sustainable mobility, which is creating the need for EVs and thereby creating a need for workforce retraining (Schmidt, Kofler, and Schreiber 2021). Alongside it, improvements in battery technology, self-driving, IOT, and AI has a very significant impact on how competitive the company will be (Schmidt, Kofler, and Schreiber 2021). Environmentally, there is a call for adopting EVs and reducing emissions, which is a driving force in the industry (Alvarez 2023). Legally, there are several issues, i.e., do the proper implementation of the protection of going to court and defending one's intellectual property and address the problems of changing trade agreements – integrating trade agreements restrictions in contractual easements (Alvarez 2023).

Resource-Based View

To create a strategy in the electric automotive industry, the Resource-Based View (RBV) is essential (Figure 2). This means that both tangible and intangible resources are considered for gaining a competitive advantage. For instance, tangible resources may include modern production facilities and wide charging networks necessary to support innovative electric vehicle technologies. On the other hand, intangible resources like brand reputation and intellectual property consisting of various patents surrounded by exclusive rights also fall under this category since they can hardly be imitated by rivals, thus leading to a sustainable competitive edge-building process (Mazzei 2023). To succeed in the EV market, one must have affordability, cost-effectiveness, and long-distance travel capability supported by large-capacity batteries and the highest safety standards. Any manufacturer lacking these features might experience difficulties when entering the market or even face challenges concerning their survival in business over time hence indicating that there should be an all-rounded resource-based approach towards such a venture.

SWOT Analysis

A SWOT analysis of Nova reveals critical strengths, weaknesses, opportunities, and threats that shape its strategic direction (Figure 3). Nova's strengths include early investments in electric vehicles, innovations in batteries, AI, and charging networks, along with a substantial market share and high employee satisfaction. However, the company faces weaknesses such as overproduction, excess inventory, and low-profit margins, indicating areas for operational improvement. Opportunities arise from the growing demand for EVs, technological advancements, and the expansion of shared mobility services (Gao et al. 2016). Conversely, threats include economic instability, uncertainty around the long-term adoption of EVs, and increasing competition in shared mobility services, all of which require Nova to remain agile and innovative.

Porter's Generic Competitive Strategies

Nova is in the differentiation quadrant of Porter's Generic Competitive Strategies framework (Figure 4), meaning that it seeks to offer products that are unique and of high quality compared to those offered by its competitors. Such an attitude puts it among other premium brands like BMW, Mercedes-Benz, and Tesla, which also pay attention to invention, sophistication, and improved functionality to attract a wide range of customers. While Toyota and Hyundai, among others, compete through lower costs over broader markets or, Suzuki focuses on narrower markets with cost advantages. Nova tries to be different by introducing new features into its products. Similarly, this company does not resemble luxury niche organizations such as Ferrari or Lamborghini mainly because they target small segments at the top end of the market. However, what differentiates Nova from these firms is its strategy of combining wide appeal with strong differentiation while simultaneously providing superior value for money across all these categories. Thus, ensuring a competitive advantage based on advanced sustainable performance vehicles that consumers prefer.

Sustainability Strategy

Sustainability at Nova is an essential aspect of their business plan. The company makes only electric vehicles that align with the global trend towards greener transportation. According to quarter 13 reports, this approach has made the company a pioneer of sustainable transport and also led to eliminating CO2 fleet emissions, a milestone achievement (Graph 1). Unlike most organizations that use CSR as a marketing gimmick (Russo-Spena, Tregua, and De Chiara 2018), they are genuinely striving for change within the industry and not just putting up appearances. Hybrids have been phased out completely, with the last scrutinized model taken off production during quarter thirteen, thereby signifying clear intentions toward full electrification on their part. Besides strategic investments into innovative battery technology, artificial intelligence and the proprietary charging network by Nova have all contributed

significantly to improving vehicle performance and customer convenience while reducing CO2 emissions tied fines. At Nova, corporate social responsibility is vital; hence, receiving a 100% CSR rating by quarter fifteen shows how much they care about sustainable practices that benefit communities around the company (Graph 2). This indicates that Nova was among the first companies to invest heavily in sustainability. By integrating sustainability into its core strategy, Nova continues to drive forward as a responsible industry leader, setting a benchmark for environmental stewardship in the automotive sector (Russo-Spena, Tregua, and De Chiara 2018).

Mission and Vision

Nova's mission and vision serve as the foundation for its strategic direction. The company envisions a future where its innovative capabilities in the automotive industry drive positive change, making sustainable transportation accessible to all. This vision aligns with its mission to empower customers with sustainable and innovative transportation solutions that enhance their driving experience and contribute to a greener future. Nova's strategies are crafted to fulfill these objectives, focusing on customer-centric, environmentally responsible innovation.

Finance

Debt and Equity Ratios

Nova's debt ratio fluctuated over the six years, sometimes sinking below the industry's benchmark of 47.3% (Basdekis et al. 2020). The debt ratio was between 38.6% and 51.2% during the simulation (Graph 3). This ratio kept being less than 47.3% for many quarters, although there was a remarkable drop in Q7 when it reached 38.6%. It, however, rose above the benchmark only during specific periods, with a peak of 51.2% recorded in Q19. These changes imply that Nova might have found it hard to keep up with the recommended debt ratio,

thus frequently working below what is indicated by the optimal industry standards. The trend is also supported by six years' data on debt-to-equity ratios, which ranged from 0.799 at year-end to a record high of 1.153 during the peak investment period (Graph 4). These high figures were primarily caused by heavy investments in innovation, factory expansion, and new vehicle development, as shown by debt-equity ratios over the six years. To put that in context, General Motors had a debt-to-equity ratio of 1.835x in the second quarter of 2024 ("Yahoo, GM, D/E-Ratio" 2024). Indicating an even greater dependency on borrowed capital than Nova did during its start-up phase. This contrast highlights how relatively conservative Nova was when using debt as a tool for funding growth. The company wanted risk and creativity to stay even.

WACC and Cost of Capital

The WACC of Nova has been between 5.4% and 6.1% in the last quarters (Graph 5). Over time, Nova's capital cost has decreased, which means it is using its capital more efficiently during the six years. This could also mean the company is considering less expensive ways to get funding for the projects. Nova's adoption of strategic green bonds, alongside other efforts to keep up with a balanced debt-equity ratio has led in this positive direction. Nova used green bonds to finance its green investments. These bonds were cost-effective for raising capital since they bore an annual interest rate of 3% for 16 quarters (Figure 5). In terms of quantity, the amounts issued by Nova fluctuated between \$182 million and \$2.89 billion and ended up with a total of \$11.17 billion in green bonds. Strategically issuing these types of debt securities enabled the company to obtain huge funds required by an ambitious investment plan without destabilizing itself financially. Such favorable conditions mainly resulted from the eco-friendly nature of this financial instrument, which enhanced creditworthiness and attracted policy incentives that further brought down the cost of funds (Xu, Li, and Yin 2023). This strategy demonstrates how important Nova attaches to sustainable growth and its capacity to harness long-term oriented green finance tools in pursuit of such objectives.

Return on Equity

Return on equity (ROE) is a critical measure of a company's profitability concerning shareholders' equity. It shows how well resources are used by an organization to make profits. The ROE for Nova fluctuated heavily each year, indicating that what the company did with their investments had a high impact. In its early stage, it kicked off at a substantial rate of 23.43% (Graph 6). However, this percentage fell drastically to 0.60% during the third year due to the massive investment and attendant expenses required at such a growth phase. But then again, after some time, the company recorded relatively high numbers- 21.27% achieved by the sixth-year finish. Recovery like this implies that these investments started bringing back positive results, thus leading to more profitable business ventures for Nova and better satisfaction among shareholders. The ups and downs regarding ROEs at different times over a certain period show why one should consider short-term and long-term effects when evaluating financial performance (Dziak 2023). This means that while heavy investment might only temporarily reduce if managed well, it can eventually lead to very significant gains.

Analysis of Profitability

Gross profit margin is a measurement that shows the proportion of revenue exceeding the cost of goods sold, thus demonstrating the efficiency of production and pricing strategy. Nova's Gross Profit Margin was 37.92% in Year 1; it slightly fluctuated and finished at 36.15% by Year 6, which means that over these years, this company has been able to keep constant levels for its production efficiency (Graph 7). The operating profit margin demonstrates what percentage of total income remains after deducting all costs but those incurred due to running core business activities such as wages and depreciation. In year one, Nova's Operating profit margin equaled 21.51 % but fell significantly, reaching only 12% during the third year because huge investments were made into infrastructure and innovative solutions development (Graph 8). However, some signs later indicated its restoration, which amounted to 18.68% in the sixth

year. That reflects improved operational efficiencies together with better controls over expenses. It shows how much money the company gets from every dollar they earn as revenue. Net profit margin represents bottom-line earnings realized when all other items have been deducted, including taxes. Their first-year net profit margin was estimated at 11.42%, then dropped drastically, declining to only 0.41% three years later because many heavy investments attracted high costs. However, afterward, it recovered pretty well, finally achieving around twelve percent rate within year six (Graph 9). The described improvements show that these investments began bearing fruits, increasing their gains. These profitability trends are similar to broader industry patterns where, initially, firms experience a decrease in profit margins due to large upfront expenditures. At the same time, they get back on track when such inputs start delivering returns and realizing operational efficiencies (Camp, Havlin, and Stanley 2022).

Operations

Greenhouse Gas Emissions Reduction

In operations management, it is necessary to know where the greenhouse gases (GHGs) come from to establish sustainable business practices. The GHG Protocol identifies three emission scopes: Scope 1, Scope 2, and Scope 3 - each with a different range of emission sources (Patchell 2018). The auto industry must decrease emissions by 90% before 2050 to meet the global climate goals. **Scope 1** covers direct emissions from owned or controlled resources such as company vehicles and manufacturing plants. By Q28, Nova had cut down its scope 1 CO₂ production from about 140,000 to 52,532 through strategic investments (Graph 10). These investments included spending \$ 200 million on technology that reduces water consumption and \$400 million on waste reduction during production, both leading to reduced emissions indirectly (Figure 6). Also, spending \$500 million on getting ISO14001/EMAS certified ensured strict environmental policies were followed. **Scope 2** includes indirect emissions

resulting from the generation of purchased electricity. During the same period, Nova reduced their scope 2 carbon dioxide equivalent output by approximately 80%. From around 83 774 in Q11 down to 12 850 in Q25 (Graph 11). Investments made here involved spending \$150 million worth of energy-efficient technologies while another \$250 million was used in installing solar panels, which are renewable sources, thereby reducing reliance on fossil fuels still further (Figure 7). Also, investing \$150 million into an energy management system helped optimize use, leading to more savings achieved through cutting back on these types of emissions even further than ever before. **Scope 3** comprises all other indirect emissions associated with a company's activities outside of its boundaries, such as those occurring in the supply chain. During Q28, Nova reduced their scope 3 carbon dioxide equivalent output by about 77%. From 578 441 in Q14 down to 155 602 in Q22 (Graph 12). How did Nova achieve this? Quarterly investments worth \$81.06 million were made towards carbon offset projects, while \$20 million was spent on getting suppliers to adopt sustainable practices throughout their business operations. Besides, it also launched a recycling initiative for EV batteries, which saw \$200 million being put aside, thus reducing environmental impact and emissions from raw material extraction (Figure 8).

Inventory and Factory Utilization

Nova struggled with managing days of inventory. The fluctuations were signs of failure to match supply with demand. The standard in the automotive industry is keeping DOI between 55 and 65 days (Libby 2022). However, Nova's deviations from this goal were quite significant. Secondly, there was an imbalance between production capacity and actual output, as seen in factory utilization rates (Graph 13). In Q6, early in the period, it reached about 96% but fell to as low as 70% by Q11 before gradually recovering to 100% by Q28. These fluctuations imply overproduction and underproduction, causing unstable stock levels. The fluctuations in factory utilization coupled with conservative adjustments made during production stages created

situations where quantities held went beyond or below required levels, making it difficult for the firm to maintain consistent measurements like DOI. Volkswagen, a global leader in the automotive industry, has also faced challenges associated with fluctuating demand driven by market trends and external factors. Volkswagen's ability to remain resilient during these fluctuations is largely attributed to its diversified product portfolio and strategically located global production facilities ("Volkswagen - Trends in the Markets - Annual Report" 2021). Companies like Nova can better navigate demand uncertainties in the automotive sector by adopting a similar approach to diversification and developing a deep understanding of regional markets.

The 4V Model

The 4V model—Volume, Variety, Variation, and Visibility—is important for achieving operational efficiency (Slack, Chambers, and Johnston 2010). Volume refers to the number of products manufactured. However, they can bring down costs; much should be done to match them with demand so that overproduction can be avoided, as evidenced by the excessive stocks of Nova. Variety is concerned with the variety of items supplied; dealing with many types of vehicles complicates things, which was a challenge for Nova, resulting in inventory imbalances. Variations in demand are either having too much stock or running out of it due to demand oscillations, showing that there is a necessity for more flexible systems based on their records. Finally, Visibility indicates how much customers know about the production process. In the case of Nova, keeping visibility high serves as evidence of quality assurance commitment and being an environmentally friendly vehicle manufacturer.

Product Life Cycle Management

The product life cycle is a model businesses use to manage a product's introduction, growth, maturity, and decline from conception to launch (Zimmer 2021). This was something that Nova

grappled with when it expanded its production capacity too soon – running multiple factories while still at the introductory level. The outcome was overproduction; huge stocks were left over after demand had been satisfied, coupled with empty plants due to non-usefulness. In other words, inefficiencies abounded, which drove up costs unnecessarily. A better strategy might have been to match manufacturing more closely with real market needs, thereby saving resources through increased efficiency.

Operational Performance Objectives

Operation Performance Objectives are quality, speed, reliability, flexibility, and cost (Costa and Antunes 2024). These aims are necessary for attaining competitiveness. However, they frequently imply that if one excels at any of these areas, it will be at the expense of another. It is essential to balance these objectives in the automobile industry, where prices are constantly pressured. Profitability requires excellence in cost control management, speed, quality, and flexibility. Therefore, all these must be achieved concurrently lest manufacturers lose competitiveness in a demanding market environment.

Integrated view across functions

This analysis has consistently pointed out the intricate relationship of strategy, finance, and operations within Nova's structures. The company not only focuses on sustainability as a strategy, but this vision is firmly anchored and aligned with the financial and operational aspects. For example, there are certain green technologies that the company has invested heavily in supporting the overall corporate strategy of differentiating its products and taking the lead in the electric vehicle market. Such a strategy will, in turn, affect how the company raises money, such as the issuance of green bonds to support sustainable activities, which will ultimately be echoed in the activities geared toward trimming down the overall carbon footprint in all three scopes (1, 2, and 3) of the company.

In addition, operational issues of inventory management and production capacity constraints affect the gross margins and, hence, the profitability performance of the company. These operational factors have a bearing on the strategies pursued, including improving the production system to address market needs and the organization's sustainability. Strategic and operational decisions are also influenced by financial objectives, such as debt-to-equity ratio and return on equity. These are used to benchmark and further refine strategic and operational plans, thus creating a loop of dependence.

Nova achieves its strategic objectives while staying within prescribed fiscal and efficiency boundaries by employing a balanced representation of these functions. This integrated view highlights the need for elaborating on and mixing all business processes and activities in strategic development to make the company sustainable and competitive even in the future with respect to the changes occurring within the automotive industry.

Conclusion

Finally, the analysis adequately accounted for Nova's internal analysis, following the aspect that advocates the synthesis of the organization's strategy, finance, and operations. The organization's enduring attention to sustainability has proved to be one of the pillars that shape every sphere of the company's activities. Such integration is not only the tactical embedding of features but also the organization's policy, as Nova can keep up with the competition in a fast-transforming and harsh industry.

Beliefs in innovation and sustainability have been crucial in the development of Nova in laying the groundwork, which was technology-oriented. It offers designs and structures to its products by spending money on developments such as better batteries and artificial intelligence. As a result, these products are different and better in some aspects, such as how much environmental impact they cause relative to the competitors. Such a differentiation strategy has positioned the

organization in a niche market, which is more inclusive for an actively growing number of consumers who prefer “green” products.

The company has shown considerable prudence and innovation in its financial policies and practices. A typical increase in debt to finance the company’s aggressive structural expansion-oriented programs via green bonds shows the company has learned how to integrate financial instruments into its broader strategic objectives. This way, the company has been able to access resources required for growth with relatively low leverage, which helps protect its finances in the long run. Similarly, the management of corporate debt and the search for reasonable levels of return on equity that can be maintained reflect prudent capital growth unstressed by financial health for transient benefits.

As far as operations are concerned, however, Nova has also experienced some setbacks, mainly in inventory management and utilization of production capacity. These challenges bring forth the challenges of performing operations in a rapidly expanding industry. Still, Nova's steps in pursuing such issues, including streamlining processes and improving supply chain dynamics, testify to the company’s operational focus. The reduction of greenhouse gas (GHG) emissions targets in the company, including all its business activities, additionally reinforces the consistency in the company’s commitment to being a sustainable business rather than this being a business strategy.

This analysis highlights the need to align strategic, financial, and operational considerations. As was mentioned in the analysis, one does not simply need to introduce new products but to build a business oriented towards strategic goals to achieve success in the highly competitive automotive market. By applying such an integrated strategy, Nova has been able to weather the storm of technological changes and market shifts to position itself as a leader in the green vehicle market.

In addition, the case of Nova and other similar companies responds to a research need about the future direction for maximizing competitive advantage in the industries experiencing significant changes in technologies and environmental concerns. In the automotive sector, strategy, finance, and operations are not merely convenient management operations but the core competencies that every firm should have. A company with these capabilities will find it easier to adjust to emerging trends and opportunities and sustain growth in the future.

To sum up, Nova's integration of strategy, finance, and operations has created a successful business model that others could emulate. The organization's efforts in sustainability, risk absorption, and operational efficiency will challenge other companies in transportation and other industries.

Part 2 Incidents - Introduction

The section below will evaluate a couple of critical incidents that arose through the business simulation period. Which positively or negatively impacted the performance of the team and the personal development of the group. These incidents are significant as they highlight critical aspects of teamwork, leadership issues, and decision-making under adversity. The first incident describes missing a chance to carry out a very important sales pitch that could have led to a strategic partnership for Nova. This scenario is valuable to analyze as it illustrates the essence of being assertive and points out what psychological safety means to a team. The second incident occurred at a critical moment in the simulation. Our team, which had low morale and performance, found itself in a situation where it needed to make a drastic move to become competitive again. This incident is important for what it teaches about resilience in leadership, the need for an adjustment in direction, and the nurturing of a team environment. Leadership, teamwork, and the implementation of theory are all well pronounced in both cases, and therefore both warrant a detailed analysis.

Critical Incident 1 – Missing the Sales Pitch Opportunity

Description of the Incident

The first critical incident occurred when I did not take the sales pitch myself but left it to other team members. This pitch was important because it could have secured a partnership with a car dealership worth \$1.9 billion. After our sales training class, I felt confident about my pitching abilities, having worked as a Customer Success Manager for over two years, where upselling was essential in my role. Once we finished the sales lecture, we were supposed to prepare who would pitch and present the next day. Only three out of seven members could be in the room to answer questions, and only one person was pitching. When I returned from filling my water bottle, my team had already decided who would present. In the beginning stages of the simulation, I didn't feel psychologically safe enough in my group, so I could argue that I should due to my experience. Given the high stakes involved here made me doubt myself, thinking others might do better than me at it.

Preparation for the pitch proceeded with those selected to present taking the lead, while the rest of us, including me, could have taken more initiative toward this task. Unfortunately, the next day, it didn't work out well, resulting in failure that demoralized the whole team, especially those who presented. We spent the rest of the day making Year 2 decisions, and low motivation led to poor choices.

My response

This event was critical to me because it put a new limitation on my ability to speak up and be assertive. I usually have no problem saying what I think or fighting for what I believe is right. But in this case, I felt strange and uncomfortable and held back.

Since then, I've thought a lot about the experience, trying to understand why I didn't say anything. It has been an eye-opening process for me. My actions kept me from giving my best

contribution to the team, which led to bad results for everyone involved. I did not communicate that the work was below standard. This reflection has been critical in helping me understand how my behavior, or lack thereof, impacted group performance.

After examining and learning from this incident, I will aim to handle similar situations better in the future. There needs to be a balance so that while still having confidence in myself, I can contribute to making the team more successful overall.

Incident Analysis

This incident made me reflect on team dynamics and effective leadership. Reputable sources provide several essential concepts regarding team dysfunctions, sound decision-making, and conflict management.

Patrick Lencioni's book, "Five Dysfunctions of a Team" (2002), claims that the principal dysfunctions are the absence of trust, fear of conflict, lack of commitment, avoidance of accountability, and inattention to results. These dysfunctions can cause severe problems for team performance because they are interconnected (Lencioni 2002). Trust is missing when people cannot open up to each other about their weaknesses; therefore, no one wants to admit mistakes or ask for assistance. Consequently, if this first failure prevails among the group members, it will lead them into a second one, which is avoiding conflicts since there is no trust among them anyway. This also leads to the third dysfunction – lack of commitment, where decisions are not made well because the members do not support them fully until all their ideas have been considered during the decision-making process(Lencioni 2002). Our team did not create a safe climate for psychological safety; hence, people were afraid to speak out and debate the strategy chosen.

Furthermore, during the simulation, it became clear that our team lacked representation from the Earth Green personality type, characterized by being considerate, reliable, and patient

(Figure 9). This gap in our team dynamics may have worsened our challenges in fostering psychological safety. The Earth Green personality type often helps facilitate conflict resolution and brings a calm, patient approach to team interactions. With this personality type, our team may have leaned more heavily into more dominant, assertive behaviors, potentially stifling open dialogue and deep reflection. This absence likely contributed to the lack of trust and fear of conflict, as there wasn't a natural mediator to encourage more inclusive and balanced participation from all team members.

Psychological safety, according to Edmondson (1999), refers to an atmosphere in which people feel comfortable expressing themselves without fearing negative consequences such as humiliation or punishment by others. Psychological safety is important because it allows team members to speak up, share ideas, admit mistakes, and ask for help. Knowing they will not be ridiculed, punished, fired, or otherwise retaliated against. Conversely, where there is no psychological safety, people keep quiet bearing their thoughts within themselves thus denying the group learning opportunities which ultimately leads to poor team performance. The absence of psychological safety was demonstrated through avoidance of conflict and poor commitment towards the chosen strategy due to the lack of inclusive debate.

To address this concern, some possible actions include setting explicit norms around communication and encouraging open dialogue from the onset. Regular check-ins and feedback sessions create an environment where members feel safer expressing themselves. Furthermore, trust-building activities within teams can be promoted through team-building exercises or transparency in decision-making processes. This would make individuals more cohesive, thus working together effectively since every person feels that he/she is part of the whole establishment (Edmondson 1999). Creating psychological safety will enable team members to engage in learning behaviors such as seeking feedback and discussing errors, which are necessary for improving performance.

James Scouller's "Three Levels of Leadership" model identifies three types: Public Leadership, Private Leadership and Personal Leadership (Scouller 2011). In this instance, however, one was critical: personal leadership. I had to be self-aware and manage myself sufficiently to get my group to produce the best possible outcome. The episode also showed me areas I am weak at – these are some things I need more practice in. Good examples would be proactive self-reflection with a mentorship angle to boost confidence. This area is encompassed by personal leadership; team leading can be enhanced by assigning roles based on individual strengths within an environment fostering mutual responsibility and support. It could be useful, for example, when conducting skill assessments among ourselves during pitching sessions so that those most qualified are given such opportunities with backing structures being put in place.

To make decisions effectively, you need to define goals, gather the relevant information, come up with possible choices, decide which one to go with and evaluate the implementation (Adair 2022). Our decision-making as a team was not structured enough; hence we failed in our pitch presentation. This might have been averted by applying models such as Adair's five stages, whereby all views are considered to achieve desired results. Inclusivity at the initial phases of team development may be promoted by adopting these methods, which will lead to better strategic thinking and communication when making decisions within groups.

Conclusion and review of learning

The first critical incident highlighted the need for assertiveness, psychological safety, and effective team dynamics. By missing the chance to lead the sales pitch, I realized how my hesitation and self-doubt prevented me from contributing fully to the team. This situation underscored the importance of speaking up when necessary, especially in high-stakes scenarios where every team member's contribution matters. The lack of psychological safety in our group further inhibited open communication and decision-making, as described by Patrick Lencioni's model of team dysfunctions.

Reflecting on this experience, I understand that fostering psychological safety in teams is essential for creating an environment where everyone can voice their opinions freely.

Encouraging open dialogue and ensuring that all perspectives are heard will prevent future instances of self-doubt and improve overall team performance. I also learned the importance of personal leadership, where being assertive and confident in one's abilities can lead to better outcomes for the team. Moving forward, I will apply these lessons to balance my individual confidence with the team's collective success.

Critical Incident 2 – Becoming more aggressive

The second critical incident happened after a discussion with Professor Fernandes. Our team had the lowest rank and a negative score, which marked the game's turning point. Low morale was made worse by depleted capital that resulted from several unsuccessful role-playing exercises. We needed clarification about how we were losing, considering our collective decision-making ability as intelligent people. The professor said we might be short on assertiveness or need more “unpleasant” opinions. At this juncture in the competition, I thought our only way out was to behave radically despite it being near the end of the simulation. The feeling of being at the bottom, worsened by our initial self-assurance and group dynamics, was discouraging. No morale was left in us, and our team appeared stuck without any way forward.

My response

After speaking with Professor Fernandes, I realized much more needed to be done at a higher and more aggressive pace. Hence, we opted for a higher-intensity strategy. In this regard, we developed a scheme that would help us re-evaluate our pricing and marketing strategies every three months with each car or factory to control our inventory better, which had been proving difficult all along. I had to take charge as the leader to rally the group together and create order. It wasn't an easy choice because I knew that, in doing so, I would have to get uncomfortable

by stepping outside my comfort zone while confronting personal tendencies to avoid conflicts. As the director of operations, I closely supervised every manufacturing plant and vehicle under our care. Car prices were changed depending on how well they performed regarding DOI, while factories indicated where we had invested too much yet yielded little through marketing. Taking charge of redistributing these resources towards a positive financial outcome was one way I ensured not a single person felt left out during these deliberations since everybody's input mattered equally. Even though this move triggered heated debates, it still breathed new life into decision-making. For instance, heated arguments erupted over price changes, among other things related to cutting down costs on promotions. What mattered most was that each member saw things from different angles, broadening company interests within such forums and thus leading them eventually into productive conversations.

During our discussion with Professor Fernandes, we also reviewed the peer assessment evaluations we had completed individually for each team member the day before. I was taken aback by the differences in how the team's performance was perceived. I had rated myself a 3 out of 5, which I thought was fair, given the description of a 3 (Figure 10). However, my teammates had rated me a 5 out of 5, which I felt was inaccurate since a 5 was described as "Able to perform the role of any team member if necessary" – a level I didn't feel I had achieved. Similarly, I had rated most of my teammates a 3 or 4, believing those scores to be good, but they seemed disappointed by the results. We concluded that these discrepancies were likely due to cultural differences and varying interpretations of the assessment criteria. This helped us understand that what we saw as fair or good was influenced by our backgrounds and highlighted the importance of clear, shared expectations in a diverse team.

Analysis of the incident

During the critical moment in the project, our team, struggling with low morale and performance, decided to implement new strategies to regain competitiveness. This situation

reflects what Gersick's punctuated equilibrium model describes as a midpoint transition, where teams reassess their approach and introduce necessary changes to meet project goals (Gersick 1991). While some members welcomed this shift, others felt it disrupted our focus on execution, leading to frustration and internal conflict. As Ford and Sullivan (2004) argue, introducing novel ideas after this transition can hinder performance by creating distractions, highlighting the delicate balance between creativity and execution that we faced.

According to Ginka Toegel and Jean-Louis Barsoux in "How to Preempt Team Conflict" (2016), our performance could have been much better if we had followed a more proactive approach towards team dynamics during the simulation. At first, the team faced challenges such as a lack of assertiveness among members and low morale; these were further exacerbated by the failure to hold open conversations that were structured around working styles and expectations. This created room for miscommunication and poor strategies, which are reflective of destructive fights identified by Toegel and Barsoux (2016). Had we adopted their method of facilitating early dialogues about look, act, speak, think and feel many potential sources of disagreement would have been brought to light before they became problems. For instance, it might have been helpful if we shared our communication styles and decision making preferences at the beginning so that we can align faster and work together smoothly. Trust is built when people are encouraged to air their views without being judged. Hence, each member should have been given an opportunity during this period to express his or her liking or expectation of others' conduct within a non-judgemental environment. This will create a more substantial base for collaboration because there will be no hidden feelings among us. In my incident analysis, the turning point coincided with some actions that aligned with what Toegel and Barsoux recommended. We started doing quarterly evaluations where we openly talked about our strategies, including scrutinizing pricing and marketing tactics. Adopting an assertive but transparent approach helped us re-focus on goals, which led to improved

performance in the end. It would, however, not have taken long before everything started going right if only those conflict management techniques had been used proactively from the start. Since nobody felt good about themselves, and neither did they know exactly what was expected of them until later on.

Looking back at the turning point in the simulation, I realize that applying principles outlined in Martine Haas Mark Mortensen's article "The Secrets of Great Teamwork" (2016) would have significantly increased our team's effectiveness. Successful teams require, according to Haas and Mortensen (2016) compelling direction, strong structure, supportive context, and a shared mindset. We lacked direction and structure throughout the simulation because our goals were unclear, nor were they consistent with strategies being implemented at different stages. Hence, we only managed to confuse ourselves more as time went by. The article suggests that setting clear, challenging, yet achievable objectives can help energize members towards a common purpose while also giving them something specific to work towards, this could have been quite helpful had it been done from the onset.

According to Knight (2015), team mood is crucial in determining how much teams engage in exploratory searches as they approach a deadline. In teams with a positive mood, exploratory search tends to decrease, as members become more satisfied with their current approach and are less likely to seek new solutions. In contrast, negative mood can drive continued experimentation as teams remain unsatisfied with their progress and seek better alternatives. In our case, the team's negative mood prompted a reevaluation of our strategy and an openness to explore new ideas, which ultimately helped us regain competitiveness, despite the frustrations that arose from making changes so close to the deadline

When we spoke with Professor Fernandes, I took charge as a leader to solve the most pressing problems of our team. "How to Become a Leader as a Fellow" by Indira Bhavsar-Burke and Christen K. Dilly (2023) made me think about this incident from another angle — that of

effective leadership principles. One thing that I did well was adopting assertiveness strategies where needed; for instance, every three months, I would appraise all cars with their factories. It dawned on me that my approach aligned with what Bhavsar-Burke and Dilly (2023) say about knowing your mission and acting towards it while considering others' needs, too. When we talked about pricing as well as marketing, it occurred to me that these two areas were closely related since they both dealt with the management of inventory in our organization, which is why I decided to refine them so much. But there were some places where things could have been done better. Despite integrating people around common goals, a more detailed analysis should have been undertaken into individual strengths vis-a-vis weaknesses among different groups forming one team like ours. Such an exercise could provide us with greater understanding while at the same time aligning efforts towards achieving success together more effectively than before. These are the kinds of actions that improved decision-making within our group and therefore boosted team spirit back again to high levels. The same ones foster an inclusive environment according to those who wrote this book, but even still, we should have gone further by putting up such structures like holding regular meetings aimed at checking how everyone is progressing based on his or her strongholds rather than focusing only on weaknesses alone which does not lead anywhere near what could be termed as true cohesion among members resulting into improved performance for any given organization irrespective of its nature indeed even when dealing with diverse teams having varied skill sets.

Conclusion and review of learning

The second critical incident emphasized the importance of assertive leadership during times of adversity. After our team's poor performance and subsequent discussion with professor Fernandes, I took on a more aggressive role, leading the team to adopt a new, high-intensity strategy. This decision, although uncomfortable at first, helped revive our approach to pricing and marketing, leading to more focused discussions and improved team morale. The

assertiveness I displayed in guiding the team through these challenges was critical in turning things around, though it also revealed the need for earlier conflict management strategies, as outlined by Toegel and Barsoux.

This experience taught me that leadership requires both assertiveness and adaptability, particularly when morale is low. By stepping up and creating space for more structured evaluations, I was able to foster productive discussions that eventually led to better decision-making. In the future, I will ensure that team expectations and communication styles are clearly established from the start to prevent misalignment and internal conflict. This incident underscored the importance of clear direction, shared goals, and assertive leadership in navigating complex challenges within teams.

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Appendix

Figures

Figure 1: PESTEL-Analysis, own illustration

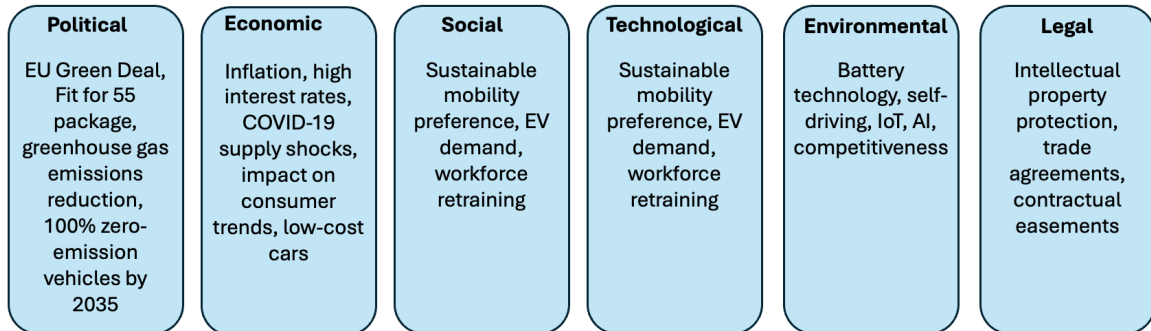


Figure 2: RBV, VRIO Framework, own illustration

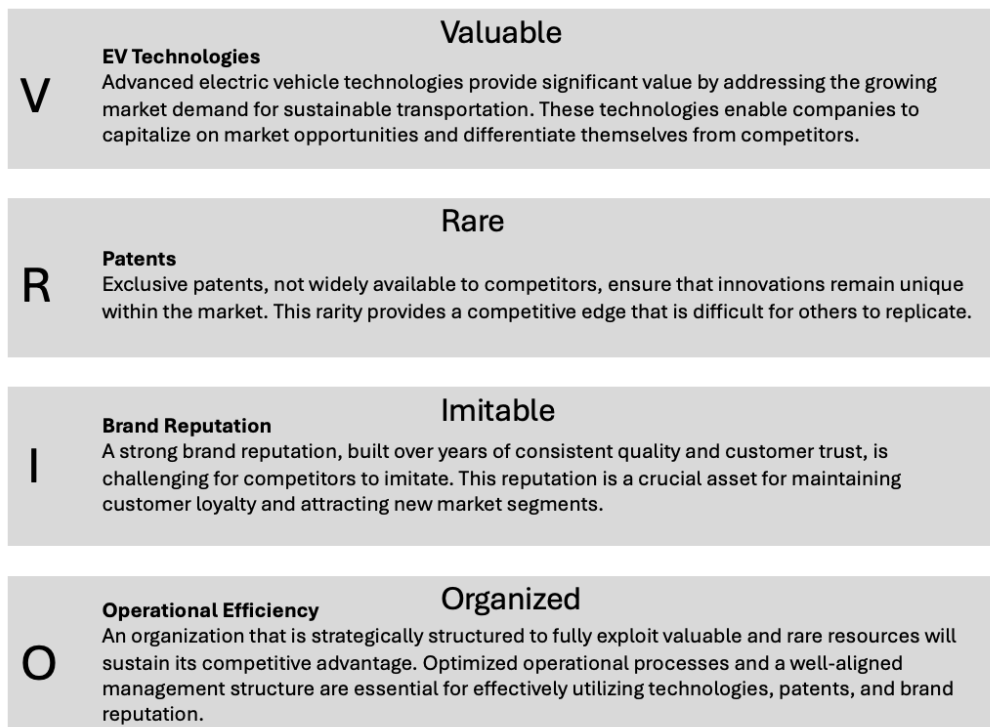


Figure 3: SWOT- Analysis, own illustration

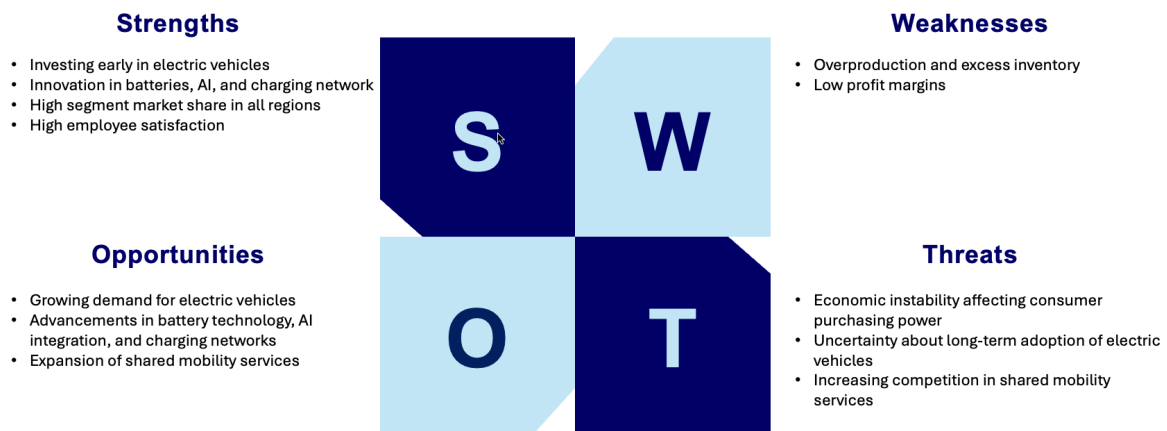


Figure 4: Porter's Generic Competitive Strategies framework – Nova's illustration

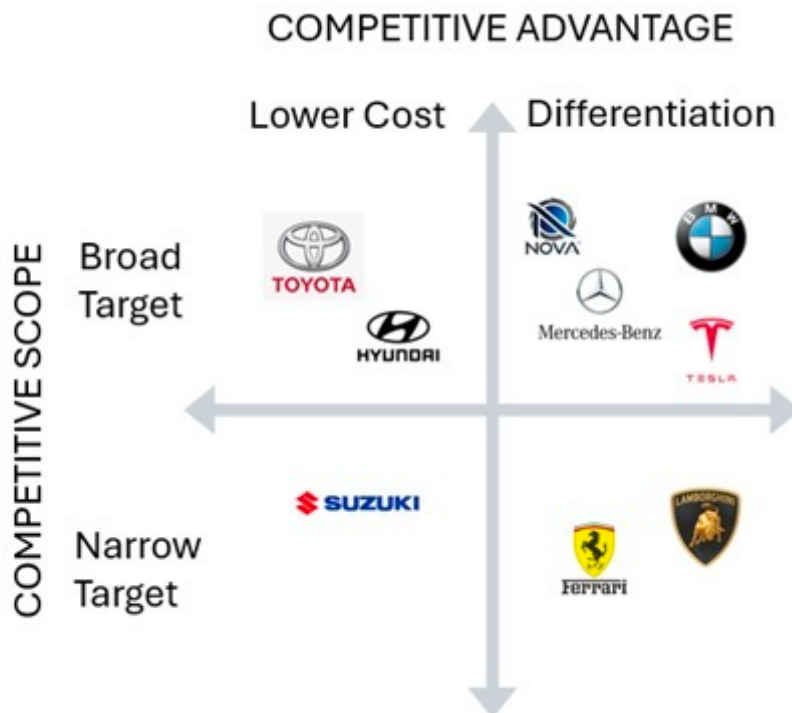



Figure 5: Green bonds – Nova


Issued Bonds

Contract	Volume	Interest Rate	Term *	Rest Term *
Bond Issued	\$2,215M	3.00%	16	13
Bond Issued	\$779M	3.00%	16	12
Bond Issued	\$215M	3.00%	16	11
Bond Issued	\$1,005M	3.00%	16	8
Bond Issued	\$182M	3.00%	16	7
Bond Issued	\$763M	3.00%	16	5
Bond Issued	\$602M	3.00%	16	3
Bond Issued	\$2,428M	3.00%	16	2
Bond Issued	\$2,890M	3.00%	16	0


* Term is shown as Quarters


Figure 6: Scope 1 investments – Nova


Water Consumption Reduction 




Implementation Time 2 Business Quarters
Investment \$200M





Waste Reduction 



Implementation Time 2 Business Quarters
Investment \$400M



ISO14001 / EMAS Certificates 



Implementation Time 2 Business Quarters
Investment \$500M






Figure 7: Scope 2 investments – Nova

Energy Efficiency Investment 



Implementation Time 2 Business Quarters
Investment \$150M




Install Solar Panels 



Investment \$250M



Energy Management System 



Implementation Time 2 Business Quarters
Investment \$100M








Figure 8: Scope 3 investments – Nova


Offset Suppliers CO2 




Implementation Time 2 Business Quarters
Quarterly Costs \$81.06M





Sustainable Suppliers 



Implementation Time 2 Business Quarters
Investment \$20M



External Battery Recycling 



Implementation Time 2 Business Quarters
Investment \$200M




Figure 9: Discovery insights

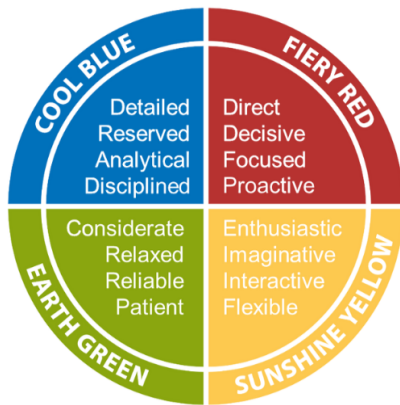
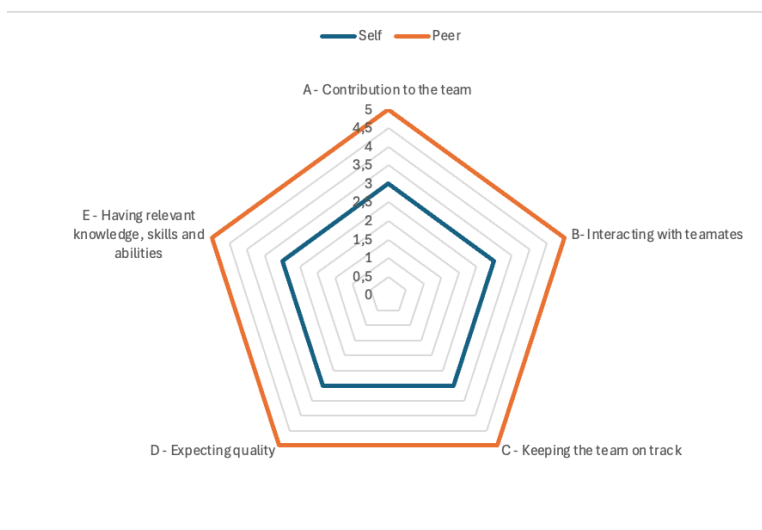
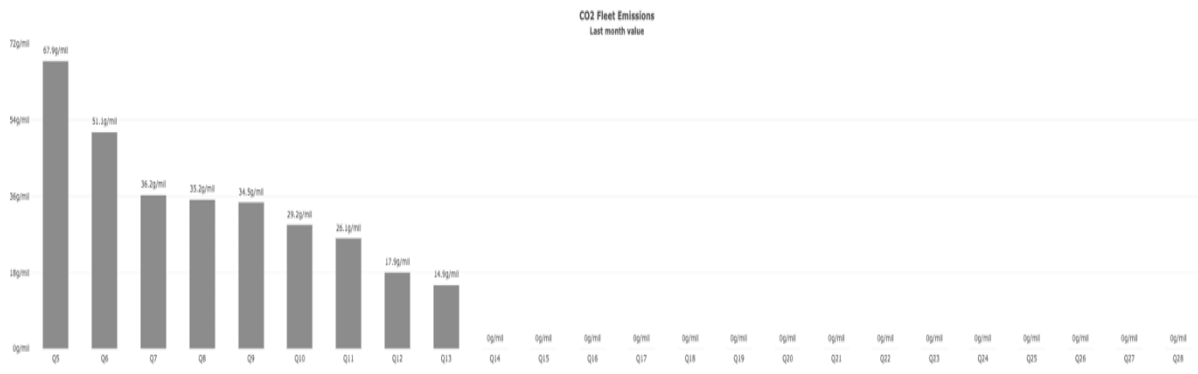


Figure 10: Self and Peer assessment - Nova

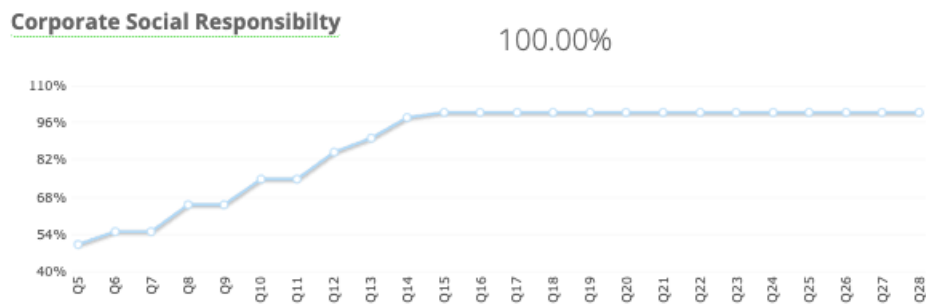


Graphs

Graph 1: CO2 fleet emissions – Nova



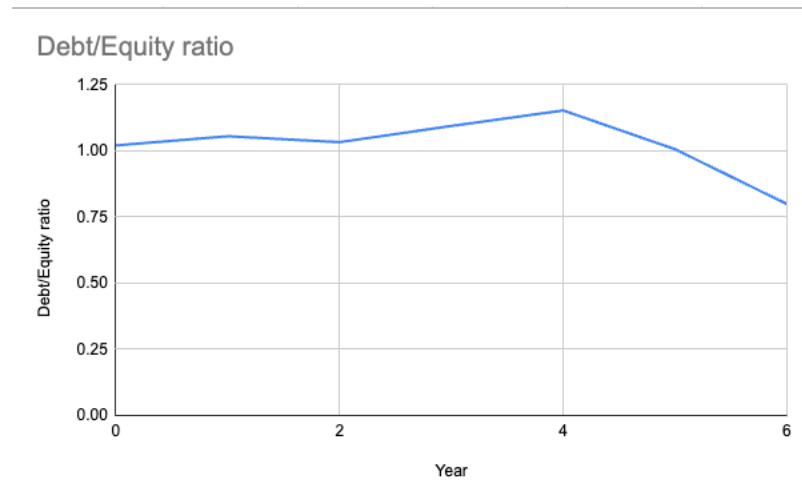
Graph 2: CSR - Nova



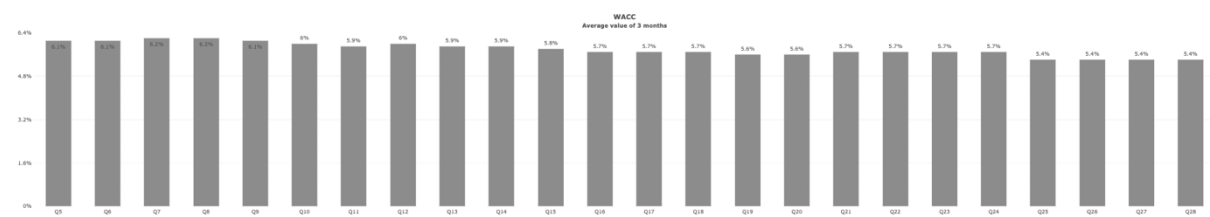
Graph 3: Debt ratio – Nova



Graph 4: Debt to Equity ratio - Nova



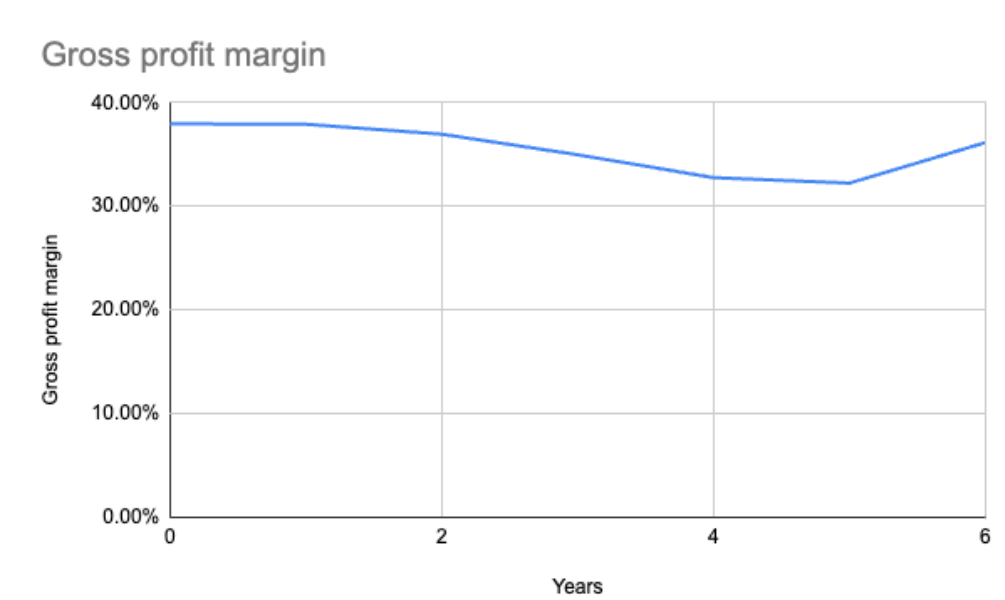
Graph 5: WACC – Nova



Graph 6: Return on Equity – Nova



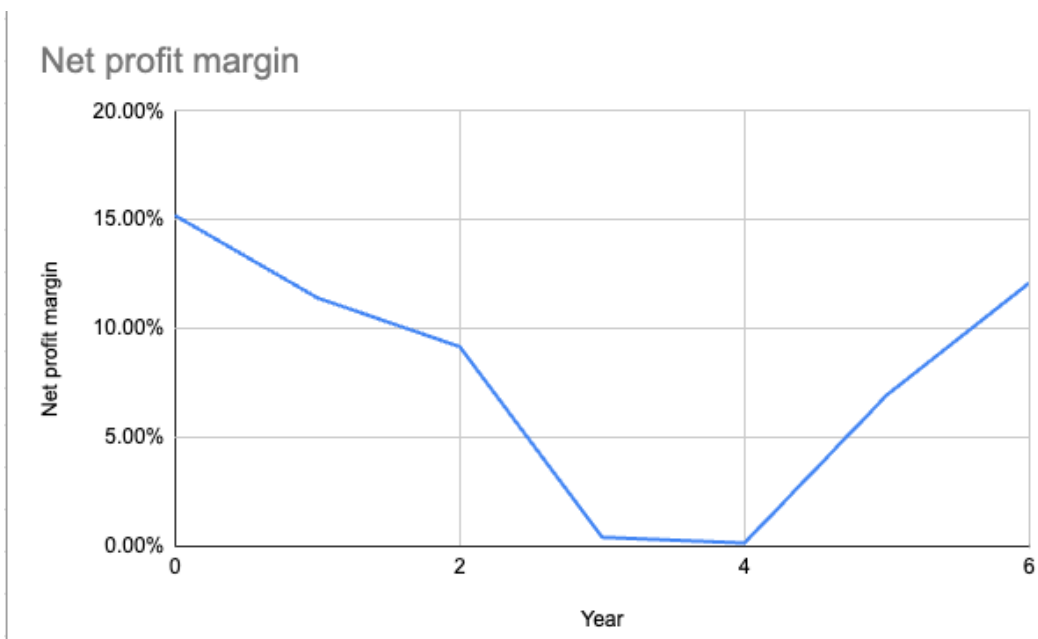
Graph 7: Gross operating Margin – Nova



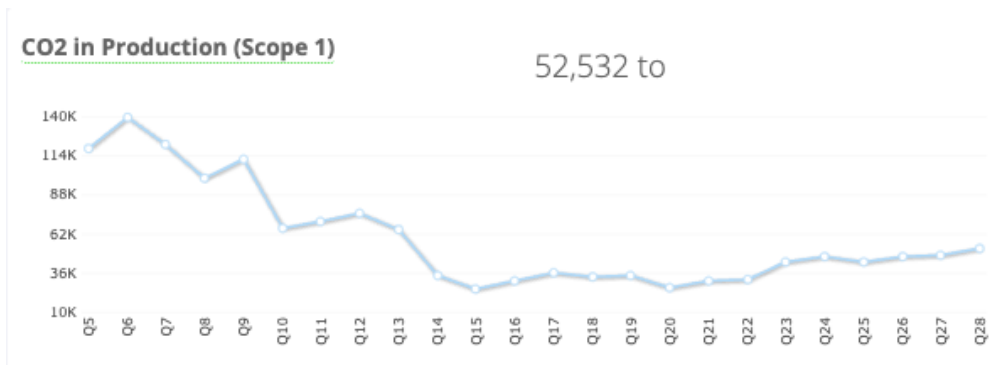
Graph 8: Operating Profit Margin – Nova



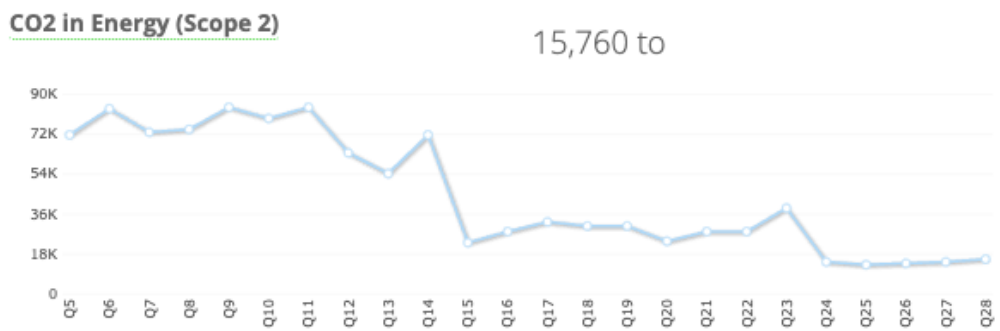
Graph 9: Net Profit Margin – Nova



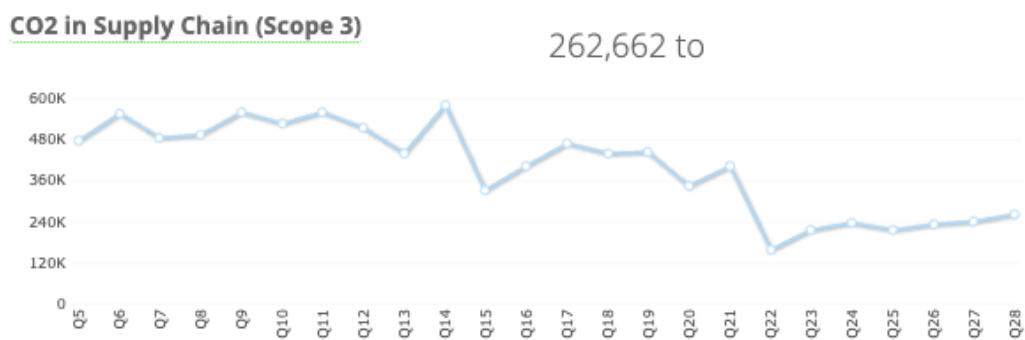
Graph 10: Scope 1 emissions – Nova



Graph 11: Scope 2 emissions – Nova



Graph 12: Scope 3 emissions - Nova



Graph 13: Factory utilization – Nova

