

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

BUSINESS IN PRACTICE:

Evon's transition to fully electric vehicles reflecting on the interconnectivity
of the different company's departments.

Carlotta Feliciani

Work project carried out under the supervision of:

João Baptista

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Abstract:

Business in Practice is about applying theory into practice through the use of a simulation in which a team composed of seven members manages an imaginary car manufacturing company. The project centers on integrating key functions such as Finance, Operations, Marketing, Human Resources, and Innovation. Team dynamics and collaboration are essential to success. This experience equipped us with practical, hands-on skills, preparing us for our future careers.

Keywords

Business Simulation, Apply Theory into Practice, Sustainability, Team Dynamics, Interconnectivity Across Business Functions, Self-Awareness, Automotive Sector, Electric Vehicles, Innovation, Communication

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1. Company Analysis

1.1. Introduction to the Company Analysis

Understanding that sustainability challenges confronting our society are deeply ingrained and cannot be effectively addressed without implementing significant structural and systemic changes is at the basis for the very needed transition of today's world. Adjustments and evolutions need to occur across various dimensions, including technology, economy, culture, ecology, institutions, and organizational frameworks. Essentially, this viewpoint emphasizes the necessity of a comprehensive transition that encompasses these interconnected areas to achieve lasting solutions for the sustainability issues we currently face. (Loorbach and Wijsman 2013).

Evon is a car manufacturing company that operates with factories in Europe, China, and the US. The company, which was already established, was initially focused on combustion engines and hybrid vehicles. Taking into consideration the current transition to electric vehicles, to try to face the environmental issues, Evon's main mission was to become the innovation leader in the car manufacturing market while looking after customer's demand. This strategy is pursued by offering a different variety of car models in the different markets hence to ensure the maximum level of costumers' experience also considering any government restriction.

Nowadays, businesses are more conscious of the huge benefits that sustainability has to offer (Loorbach and Wijsman 2013). Throughout the evolution and decision-making process of the company, sustainability and customers were indeed the main concerns of Evon. The following company analysis focuses on the development and understanding of three main departments: Finance, Operations and Human Resources. These functions will not only be examined singularly, but most importantly interconnections between them will be presented. To support the simulation of the company we worked on, academic theories, frameworks, and

comparisons with real-life companies across the different functions are included. This to understand much deeper its process, relative growth, and the overall performance of Evon.

1.2 Finance

The finance department retains a key role in controlling the growth and financial health of a company. The main and common goal of all functions is the creation of value which cannot be defined “as a one-off activity”, but instead as an ongoing system of actions of gradual enhancements throughout various of business operations” (Klonowski 2014).

The performance evaluation of Evon centers on the capital structure, financial performance metrics, cash flows, and payment terms. This approach provides a comprehensive understanding of the company's overall performance and the effectiveness of its strategy.

Capital Structure - Starting with the analysis of the Debt Ratio (see Figure 1) which describes the capital structure of a firm, our goal was to keep the debt ratio of Evon at around 50%.

Leverage oscillated between 35.8% to a maximum of 53.2% with an average of 45%. This amount of debt was chosen to ensure that the cost of borrowing was lower than the cost of financial distress. This strategy was adopted to sustain ongoing investments, but most importantly to drive innovation.

Green Bonds - Debt was raised through loans and green bonds. Green bonds are financial instruments that are used to finance environmentally friendly projects. Specifically, they focus on raising capital for low-carbon and sustainable initiatives (Bhutta et al. 2022). This instrument is particularly attractive not only for its purpose of bridging the gap between needs versus market demand while curbing ecological decline (Bhutta et al. 2022) but also because of its positive reputational effect they offer. Furthermore, green bonds have the advantage of having a lower interest rate compared to conventional bonds. Their popularity is steadily growing in the car manufacturing sector, reflecting the increasing commitment to sustainability in this industry. Toyota introduced its first green bonds program in 2014 to

support the sale of environmentally friendly vehicles and extend the company's environmental commitment. Toyota "issued five Green Bonds totaling \$7.6 billion as of December 31, 2021" so far. (Toyota Financial Services 2022)

Given that in year 5 we were able to increase the amount of debt by issuing bonds, our team decided to buy back shares to lower the cost of capital and thereby enhance the final economic profit.

Financial Performance Metrics - In the simulation, the method applied to measure the creation of value from a financial point of view was the Economic Value Added (EVA) approach, which measures the surplus, which is kept after accounting for the capital employed for funding the business (Sharma 2010). This concept enables to understand both internal and external performance as it aligns with the company's goal of value creation (Sharma 2010). This method provides a framework to better understand possible opportunities to increase returns while minimizing the cost, which means to understand the optimal capital structure to aspire to. "In simple terms, it can be stated that EVA measures the profitability net of cost of capital" (Sharma 2010).

Profits in the Economic Value Added approach are discounted by the weighted average cost of capital (see Figure 2): a measure of the optimal capital structure which defines the cost for the firm to raise capital for new investments (Rodriguez 2023). We aimed to reduce the weighted average cost of capital over the years to maintain the company's financial health and to ensure our ability to borrow at a lower cost. According to PwC evaluation data, WACC over the last 12 months in the automotive sector oscillated between 9.2% to 9.7% (PwC eValuation Data 2024). On average, we achieved a WACC of 6% and the last year we managed to reach a final cost of capital of 5,275%.

Extending the focus on the financial development of EVON, revenues, net income, EBIT margin and return on net assets can be good indicators of the results obtained over the 6 years.

In Q25 revenues (see Figure 3) increased sharply reaching their highest value in the following quarter (Q26) \$ 8,342.7 M. A decrease in car prices fostered sales. Over the years, the average growth of revenues was \$ 6,228 M. Turning point's for Return on Net Assets (see Figure 3) occurred in Q20 as it started to increase gradually until the end of the 6 years showing the better performance of Evon in the last two years showcasing the effects of the investments made in the previous years. The EBIT Margin (see Figure 4) which measures the efficiency of the firm to generate revenues and balancing costs through selling cars waved over the six years. Starting from Q19 onwards, it started to constantly increase reaching its maximum level of 22.26% in Q28. Over the course of the 6 years Evon had an average EBIT Margin of 17.7%, which can be compared to the EBIT Margin of Tesla, which averages to 13.65% (Macrotrends Tesla EBIT Margin 2010-2024). On a global scale instead the Ebit margin in 2022 for the automotive supplier industry averaged 4.6 percent (Statista 2022). Net income, which measures the difference between revenues and all costs incurred fluctuated over the quarters, dramatically affected by the launch of new vehicles and factories done by the company. It reached its lowest amount in the 4th year after having issued the highest number of bonds (\$ 5,082M).

Cashflows - The performance of Evon may be represented by cashflows which indicate the net balance of inflows and outflows at a specific point in time (Stobierski 2020): investments significantly affect the free cash flow as they imply outflows that have generated a negative free cashflow for different quarters. Nevertheless, the turning point occurred in Q25 reaching free cash flows of \$ 2,953M (see Figure 5).

Additionally, in Q15 Evon started to offer a financing option to customers to boost demand and selling prices. Customers could buy a car on credit by committing to a contract term that would last 60 months with an interest rate of 3.99%

Payment Terms - Having high accounts payables can benefit a company by effectively using supplier funds to finance operations. Conversely, high accounts receivables indicate that the company is awaiting payment in the short term. To improve our cash conversion cycle and optimize cash management, Evon extended the supplier credit term from 30 to 40 days while reducing the customer credit term to 15 days. This adjustment allowed us to increase operating cash flow by collecting payments from customers sooner and delaying payments to suppliers.

Fixed Costs - It is fundamental to consider the industry we worked on to understand the relevance of fixed costs. A car manufacturing company is capital intense. Fixed costs, which include all expenses that do not vary with the level of output produced are from one point of view very impactful on the business but on the other are crucial to achieve economies of scale. Fixed costs in fact have a much greater impact on earnings compared to many other industries such as in the service or tech industries. Having a high capital-intensive nature, the automotive sector requires significant investments in factories, machinery, labor and research and development which implies that the break-even point to reach is higher: they must sell a specific number of vehicles before starting to generate profits. As already mentioned for this industry, it is fundamental to achieve economies of scale as fixed costs remain constant despite the vulnerability of the market due to demand fluctuations.

Many aspects and decisions influence the final performance of the company but can also support the transition to electric vehicles. Balancing the ratio of debt and equity, choosing the most suitable payment terms, following a strategy, and keeping up with new investments to support growth and innovation allowed us to achieve at the end of the six years an economic value added of \$ 2,602.32 M (see Figure 6). Over the course of the simulation, finance had a central role in supporting investment decisions, evaluating the financial health of the company by constantly and closely collaborating with the operations function.

1.3 Operations

By converting inputs into outputs, operations are at the core of any manufacturing company.

Operations interact with the finance department to discuss the decision-making process in terms of costs, fulfilling market needs by communicating with the marketing departments and makes this possible with the support and work of human resources.

The mission is to set up an integrated value chain to ensure the company achieves growth and customer satisfaction from product development, production to sales of the products.

Evon's main objective included full electrification of its vehicles. Nowadays, electric vehicles are indeed set to revolutionize every aspect of transportation driven by climate change emergency but with the expectation of becoming cheaper and higher performing than gasoline-cars. (Crabtree 2019)

4V Model - Evon pursued the highest level of efficiency in the production process while maximizing profits. Whichever category of business you consider, different structures, features and implications arise. The 4V model (see Figure 7) describes key aspects of manufacturing systems which are Volume, Variety, Variation, and Visibility. Some Evon models, such as Sport E or Evon Lux, were produced in smaller quantities. This resulted in less repetition, lower systematization, less specialization, and higher unit costs. Other models such as the City E, EVON Biz, and EVON Micro were produced in higher volumes across two factories, leading to greater repeatability, more systematization, capital intensity, and lower unit costs due to economies of scale. Moreover, the company was producing a high variety of models (average of 7,84 over the 6 years) which necessitated a flexible and complex production system. This level of variety allowed Evon to meet diverse customer needs but also adds complexity to the manufacturing process. However, the demand for these vehicles fluctuated significantly, requiring the company to frequently adjust capacity and manage inventory levels. This dynamic environment demanded flexibility and close

coordination with marketing to align production with market needs. The company had to operate with high visibility in its processes, meaning that customers and the internal team had clear insights into the production and supply chain operations. High visibility is crucial for maintaining flexibility and responsiveness to demand fluctuations and market trends.

BMW may be the car manufacturing company that shares the most similar characteristics with Evon. The production of both high-volume models and low-volume luxury models, the wide range of vehicles which requires a flexible manufacturing system, demand which depends deeply on luxury and performance models which necessitate frequent adjustments and a huge emphasis on customer satisfaction which implies high visibility are all dynamics of BMW which can be easily coupled too Evon. (BMW 2024)

Management of Factories - Evon operations department aimed to reach a reasonable number of models in line with the factory's capacity and customer's preferences. Over the years, in accordance with our strategy we developed car models that were technologically advanced and that would satisfy customers demand in terms of costs and necessities. To maximize sales, Evon aimed to expand factories to exploit economies of scale, reach 100% factory utilization and avoid cannibalization.

At the end of the 6th year, we had built five factories in Europe given that it had a central role in the overall car manufacturing market; in China we built the lowest number of factories (three factories) whereas in the US we built four factories.

Starting from year 5, it was decided to produce very similar models of EVON biz and EVON micro in China and the US simultaneously. This strategy was adopted to oppose the high tariffs introduced by the American and Chinese governments to each other to disincentivize sales. Tariffs, which have always played a central role in the international market, are taxes that aim to protect countries while generating income on imports or exports, but at the same time they create inefficiencies (Rogers et al. 2024). China was indeed the main target of the

US for higher import tax, given the intense competition between the two economies particularly in key industries such as the automotive one. The US in fact added tariffs to both exported and imported cars in China. Cars exported from Asia to the US were subject to 100% tariffs.

The optimal days of inventory which indicates how much unsold inventory is held by the company, oscillates around 30 to 60 days for each car model. It was indeed crucial to monitor its fluctuations every quarter in order to adapt production and avoid having excessive unsold stock. As the days of inventory rise it means that the company is overproducing compared to what it is able to sell hence production is adding up to existing stocks. On the other hand, below 30 days of inventory production does not satisfy demand meaning that in the following quarter the company would run out of stock. This would imply loss in sales and dissatisfaction from clients.

Another indicator to observe over the quarters is factory utilization (see Figure 8) which contributes to achieve an appropriate balance between production and sales. A factory utilization above 100% indicates that the factory is operating beyond its designed capacity and impacting workers capabilities. In the last year we managed to get to 100% factory utilization in all the markets. From Q9 to Q12 we had relevant issues in managing the production of cars: days of inventory for all vehicles were too high. We therefore started to rotate the production of the different cars to decrease the exorbitant inventory we had. This issue helped us to better manage future quarters by following customers' preferences and understand better which new models to launch.

By the end of year 6, Evon had an extensive portfolio of 8 cars (see Figure 9), exclusively electric vehicles with extended sodium ion battery technology and autonomous drive level IV. At this point we managed to decrease to a good point the amount of stock stored in the different factories that allowed us to achieve a good balance between sales and inventory that

would not negatively impact our amount of fixed costs. This situation created a trade-off in the management of the production of the different factories: whether to keep production active in all the factories available reaching a point of over-production or whether to stop production of some models for some quarters depending on the demand but still incurring in costs for having factories active but not productive. Taking into consideration the business we were operating in; it was fundamental to exploit economies of scale in order to diminish the impact of fixed costs. This was done by expanding the number of factories in each market and producing a car model in more than one facility at a time.

Sustainability - Sustainability, which can be defined as the capacity to meet the requirements of stakeholders both directly and indirectly without jeopardizing its ability to satisfy the needs of the future stakeholders, (El-Khalil and Mezher 2020) had a major role in the decision process of the operations department. Considering that “approximately 30% of industrialized country’s emissions and 17% of the emissions of Carbon Dioxide” derive from combustion vehicles, ensuring emission-free travel was a priority in the vision of Evon (Williams 2006). Over the years we made many investments in order to diminish emissions. Scope 1 investments allowed to reduce water and waste consumption, but we also invested in Scope 2 to improve energy efficiency and Scope 3 to disincentive the future production of indirect emissions. Investing in these goals qualified Evon for issuing green bonds.

From Q18 we managed to decrease C=2 Fleet Emissions (g/mile) to 0 as we had all electric vehicles (see Figure 10). Evon had already planned its future moves in terms of ESG investments in order to fulfill Scope 2 and 3.

A critical point in the electrification process are batteries, as they offer a promising possibility to determine the future of electric vehicles (Crabtree 2019). Undoubtedly, battery innovation is necessary due to the fact that purchase price, range, charging time, lifetime, and safety depends on the battery (Crabtree 2019).

The transition process to move to electric cars made the cost structure of Evon to adapt by investing more and more resources into R&D, innovation investments as well as training courses for the employees. From an operations perspective, Evon maintained a differentiated portfolio with mix flexibility in terms of prices and characteristics of the models with the long-run objective of being innovation leader while listening to customer's demand. Improved processes are necessary at the functional and systemic level to achieve sustainability, (Williams 2006) hence interdependency across the different functions is fundamental. This challenge requires practicality with the involvement of consumers and policymakers to adopt such changes (Williams 2006). The success of the business was in fact tight to the readiness of all the departments to adjust to the needs of the market. Resilience is part of the mechanism, being strategically aware and working with a synergistic management team enables to face disruptions and unexpected shocks (Annarelli and Noninno 2016). This ability can support the workflow by minimizing threats or by understanding how to maximise recovery to a more desirable state (Annarelli and Noninno 2016). To conclude, any final decisions enacted by the operations department have heavy control and effect over the entire firm since outcomes are measured in terms of sales.

1.4 Human Resources

“In working life, the most important value is employees. That is why Human Resources Management is the key factor for success of a business. Being a global world and being a part of global competitive markets processes force businesses to manage human factor more truly for every level” (Goswami 2018).

Keeping employees satisfied and motivated (see Figure 11) was the main concern of the Human Resources director. This figure in fact was mainly in charge of monitoring and increasing salaries, hiring new directors, and investing in training courses. Every responsibility of the Human Resources director would directly affect operations and the core

business of Evon. Key factors to take into consideration in the Human Resources department are indeed motivation and preparedness. Motivation of managers, employees and directors makes a huge difference in the business considering that job satisfaction eases efficiency and effectiveness of business organizations (Aziri, 2011). Employees necessities are a major implication when analyzing job satisfaction. Being treated as human beans elevate dramatically the perception of the employee in the working space (Aziri, 2011).

Factory Staffing - Factory staffing was measured in terms of motivation, qualification and workload and was adjusted quarter by quarter depending on the needs of the different factories. Ideal was to keep a balanced number of employed people over the years. The staff that felt underpaid, poorly trained, or overworked negatively impacted productivity.

Compa Ratio - At first it was decided to keep a more conservative approach in terms of salaries to allocate more resources in other departments to make the company grow from an operational point of view. But sooner we noticed that as the other departments, Human Resources had a central role in the business, satisfaction of people working and investments to support their technical and personal growth were key to succeed. Results and satisfaction started to increase significantly and became more constant when we started to invest more on salaries. The compa ratio shows the level of salary each manager was getting compared to the average of other managers working in the same position in the market. This was helpful to adjust the remuneration of managers adequately over time not only with respect to their skills and capabilities. The strategy adopted involved to have a compa ratio of at least 4%.

Remuneration for managers which had expertise in more technical skills and that have been loyal to the company for more years would be higher than less skilled workers. Even though managers from the same area of competence had different salaries depending on their proficiency, growth over the years was homogenous: every manager was entitled to a better compensation.

Training - Competency management, a systematic method applied in HR practices is essential for improving workforce performance, talent development, and organizational success (Venkat 2023). It focuses on the specific technical and behavioral skills, knowledge, and attributes needed for effective role performance (Venkat 2023). Vital for the development of the business was indeed the investment in training for the single managers to advance specific skills that would have allowed to take further investments such as sustainability skills to invest in scopes or sustainability policies. Training involves an upfront cost, but it leads to future returns by enhancing skills that drive business innovation and growth (see Figure 12). Preparedness is at the base for success in a company but is not enough in the long run if motivation lacks. Hiring managers with a higher level of skills would have impacted sales. At the same time, higher skilled workers implied higher salaries. It was therefore necessary to strike a balance between how much to invest and the skills necessary to grow. As soon as we invested in skills such as digital expert or sustainability, we would have consequently raised the compensation of managers as they would bring more competence to the firm.

Every quarter, managers of the different areas were making suggestions to support and help the work in the company. Accepting or rejecting their proposals would impact their well-being in the company. Hence, the Human Resources manager had to constantly communicate with the other directors given that the choices taken by them would impact the level of motivation and satisfaction of the managers.

Social Policies and Green Human Resources – “Corporate sustainability, corporate social responsibility and sustainable work systems” are gaining more and more relevance when dealing with strategic management of human resources (Genari and Macke 2019, 806-815). As the other departments, Human Resources was involved in sustaining Evon in the transition to electric vehicles but also had a central role to guarantee the commitment of the firm to social policies. The investment made in the creation of the sustainability policy outlines the

goals of Evon in committing and promoting environmentally responsible operations. These practices ensured that all staff and managers are fully aware of our Sustainability Policy and are committed to implement it. Two other key investments made by the Human Resources department included the sustainability policy training and sustainability awareness training to further support the creation of a healthy and sustainable workplace. The sustainability policy trainings equipped our team with the skills needed for critical business decisions and successful strategy formulation. To foster a better work culture, work-life balance as well as to have an impact on customers and the world we further implemented sustainability awareness training. All these investments qualified Evon for green bonds.

Diversity - Another crucial aspect when hiring for Evon is diversity. Nowadays, gender diversity has a crucial role in all industries. Organizations with healthy gender ratios earn better profits: a study done by the Center of Talent Innovation demonstrated that firms with greater diversity have 45 percent higher chances to boost market share annually (Naik, Mehta and Chandani 2019, 105). Women in fact add “a different dimension to decision making processes” (Naik, Mehta and Chandani 2019, 105). Evon reached 42% of women and 58% of men when hiring managers. The near-future plan of Evon is to get to 50% each.

In recent times, several car manufacturing companies place Human Resources at the core of their operations, recognizing that their workforce is key to innovation, productivity, and maintaining a competitive edge. Toyota which is known for the Toyota Production System (TPS) places a significant focus on employee development and engagement. The system emphasizes respect for people, continuous improvement, strong HR practices, continuous learning, development, and engagement which are well-known dynamics that are vital to succeed for Toyota (Toyota Production System 2024).

By the end of the 6 years the Employee satisfaction reached 100% and all trainings for managers that were available in the simulation to support the growth of the firm were done.

In summary, the primary role of the Human Resources director is to proactively address situations, motivate employees by nurturing their skills and development, and ensure optimal operational capacity.

To achieve significant results as a company, it is essential to focus on key areas such as recruitment and selection, performance appraisal, and training. At the same time, environmental, economic, and social dimensions should be prioritized within the managerial framework of organizations. Integrating these elements will allow for the development of a more sustainable and responsible approach, promoting both operational efficiency and adherence to sustainability principles. (Andersson et al. 2022)

1.5 Interdependencies between functions and conclusion of company analysis

Team functions is about interdependencies. It is fundamental for every department to cooperate and communicate for a mutual goal in order to succeed. The main driving forces of the automotive industry are consumer demand and their interests, globalization, technological shifts, economic conditions, governments, and regulations. Taking into consideration all these factors, Evon decided to implement a specific structure over the years that would have allowed to cover all requirements. Every quarter we started working on operations. It was evaluated the current situation of each vehicle and with the collaboration of the marketing director, sales prices were adjusted. In addition, operations had to determine when and where to open new production lines. To satisfy customer's demand, the Operations department is strictly interconnected with Marketing and Human Resources. Sales and prices were analyzed with the main support of the Marketing director. Additionally, any new investment to launch new models was analyzed and with the approval of all the team-members: it was decided how to proceed and which decisions to take. Innovation department had in fact the role to decide

which new product line to launch and the mix of features that would bring the greatest return. To facilitate the decisions on the most requested feature the innovation department closely communicate with the Marketing director. This whole process was monitored by the finance department, which oversaw the approval of investments, establishing budgets and find resources for new investment opportunities. Human Resources role come into play at the end of this circle once most decisions were already taken. Factory staffing depended on the decisions taken by the operations department. Hiring new managers was a consequence of the decisions taken by innovation department. Additionally, Human Resources was entitled to support the requests of the other members and invest in required skills. The Human Resources director also made appropriate wages adjustments to keep workers motivated and this was once again done with the approval of the finance director. This way of operating helped us over the years to monitor the decision-making process and avoid missing any important step for the growth of Evon. The overall analysis of the performance of Evon over the 6 years demonstrated how much all the departments are interconnected. Coordination between the functions is key to make a strategy work. All functions have as a major goal the creation of value with at its core sustainability and innovation. Full electrification process was indeed completed at the end of 6 years, Evon was in fact able to offer only electric vehicles thanks to the investments made to have more efficient and more economically friendly systems of production, major players to create social and economic value in organizations (Loorbach, Wijsman 2013).

2. PERSONAL ANALYSIS

2.1 Introduction

“Not finance. Not strategy. Not technology. It is teamwork that remains the ultimate competitive advantage, both because it is so powerful and so rare” (Lencioni 2002).

As we were told from the very beginning, team dynamics were a crucial aspect of the Business in Practice. Being in teams of seven, it is evident that different opinions are at the base of any conversation which may lead to positive discussions or to more animated arguments. Effective teamwork demands collective effort, synergies among individuals and harmonious interactions, essential dynamics for creating productive work and educational settings by sharing ideas and expertise shaped by emotions, both positive and negative that arise during collaboration. (Huang, Lajoie 2024)

Below, two critical incidents will be described and analyzed. Both situations made me more self-conscious and taught me the importance of being yourself but always agile in the various situations that can emerge when working in teams.

2.2 Critical Incident 1

Description - The group was composed of seven members and five different functions: Finance, Operations, Human Resources, Innovation and Marketing. Finance and Operations were led by two people each whereas all the other functions were directed by a single element. I was assigned the role of Human Resources director which at first caught me by surprise as I am a Finance student, and I was worried that I would lack the necessary skills to undertake the role. Despite my initial doubts I decided to take this opportunity to navigate a new area and to learn something new.

During the first week of the Business in Practice, it was given us the opportunity to understand the platform, get to know each other's, name the company, define the mission, vision, and the goals we wanted to achieve over the three weeks of work. Additionally, we did two trial rounds to ascertain that we were able to navigate the platform and test our strategy. From the very first meeting my group and I had, I noticed that we were not stressing enough the importance of following a strategy over the course of the simulation to have common goals to achieve. We were instead more focused on trying all the features available rather than

to reason in the long-run perspective. At first this “non-approach” did not look to harm the business. After the first two years of decisions, we started to struggle as outcomes were more unstable instead of more encouraging. I firmly believe that this was our main weakness that did not help in the end to find the key to elevate exponentially the performance of our company. Not having built a strong strategy but following the outcomes of our decisions to proceed had to be added to the fact that we were 7 different people with 7 different personalities. It certainly impacted the performance of Evon.

Reflection and Analysis - I tried to be myself as much as possible despite always underestimating my thoughts. My personal feeling of being judged connected to the fact that I found my role marginal in the decision-making process, made me feel less influential in the overall work. The Human Resources role was adding value to the company but was not central for the success of the business as the main decisions were taken by the operations department with the approval of Finance one and adjustments were proposed by the Marketing director. Given my role in fact I struggled to feel dominant considering that I could not check most of the relevant data which would have allowed me to lead the team or at least to be completely involved in the decision-making process. Regardless of my efforts to connect my role as much as possible to Operations, I could not be deeply involved in terms of conclusions considering that what I was supposed to do as Human Resources director was not adding value to the core business, which was manufacturing and selling vehicles.

My general perception was emphasized by the fact that we were lacking strategic moves to proceed. After the first years of decisions, it started to become more and more clear the fact that we were reacting to what was occurring and the outcomes we were obtaining rather than following a proper strategy. This was confusing and not efficient at all. This emerged also as the main issue during the sim clinics. In addition to lacking a proper strategy, we became distracted by the overall Business in Practice ranking due to our competition with the other

teams. Instead of concentrating on Evon's mission and vision, we prioritized excessively the rankings. "Research consistently reveals that teams often underperform despite having additional resources: coordination and motivation issues usually erode the advantages of collaboration and hinder real progress affected by the fact that competition with other teams alters the dynamics of a group" (Coutu 2009).

From one side what I appreciated from the beginning was our mutual concern of being ourselves and not feeling judged by other people thoughts. But this shared perspective was harder when put in practice. From my point of view, all the members were holding back their genuine opinions, as if they were too afraid to fall into arguments. More than not having a proper strategy we were all too polite and respectful of each other's. Being overly diplomatic with one another led to a lack of real disagreement in decision-making, resulting instead in mere abstention. We always had to reflect on the fact that choices would leave to consequences: selecting the best or good actions is the aim for any decision problem. However, any feasible decision taken involves the global landscape and other variables (Amgoud and Prade, 413-436).

I personally find that arguments may lead to useful conclusions if initiated with the shared assumptions.

Learnings - The limited role I was assigned to and my feeling of inferiority did not facilitate the process. Feeling less smart and always worried about annoying others with my perspective probably did not support myself during the simulation. In light of the fact that I am the first person who is not confident about her own's opinions, it is also probably the reason why what I usually try to express was not perceived by others as clear as I would have liked to. I felt not convincing enough, it was as if I was not being heard. I often noticed that my proposals were not welcomed from the beginning: I may have presented some ideas which in the end were adopted but that at first were ignored. This does not aim to blame the other members; it is

something I should work on in order to improve my general performance. The ability to be listened has primary relevance when dealing with a team.

Despite my shy personality I still have very high expectations not only on myself but also on people I work with. I expect from others my same level of involvements, and this may become an issue when working in teams since different people may have different ways of working in terms of strengths and rhythm which would not preclude positive outcomes.

Findings demonstrate that both specialization and diversity are vital for innovation and success as team members should serve as both lead contributors and generalists providing support for others (Klug and Bagrow 2016).

Over the course of the Master, I was part of many group-works which therefore would have implied that I was already aware of my limits and personal weaknesses. Despite that, they emerged once again, probably given by the fact that team dynamics were central in the Business in Practice simulation. During this project in fact, we were expected to work on a daily basis with other member to simulate as much as possible a real company situation in which different departments had to interact daily on diverse aspects making sure to combine and merge different requisites which assumes huge cooperation and engagement.

Overwhelmed by my insecurities it was as if I was accepting the non-strategy approach, we were following instead of facing the issue. I behaved as if my teammate were more aware of the situation and knew what they were doing.

Even though self-awareness presents different definitions, it can be defined “as an inwardly focused evaluative procedure which entails that fellows make self-comparisons” (Ashley and Reiter-Palmon 2012, 2). This work has the main mission of getting a “better self-knowledge” and improvement when facing diverse situations (Ashley and Reiter-Palmon 2012, 2).

Assessing backward the paths I can surely spot my areas of improvements and weaknesses considering the possibility of falling into bias given my feeling of inferiority.

We currently live in dynamic and ever-changing world in which developing key leadership skills is crucial for students' entering the job market. Skills that are critical to succeed paired with the ability to navigate the different possibilities of career paths helps dramatically to improve awareness (Rubens et al. 2018, 1-13).

Self-awareness is without doubt one the most important aspects that you can take away from the Business in Practice project.

Having all color energies in the team ended up to not being enough to strike a balance between being strategic and interpersonally relate with each other. Something did not work as planned and expected but mistakes lead to improvements which will sustain our personal and technical growth in future dynamics.

2.3 Critical Incident 2

Description - During the three weeks of the Business in Practice we had to carry out different tasks related to the business that would stimulate different skills other than technical and academic aspects related to the management of a company.

Two of the tasks were Sales role plays. For the first role play, we were tasked with selecting a specific number of participants to attend a meeting aimed at securing the prospect's agreement with an ideal client to stock and sell Evon vehicles. The week after we had the second role play which was about client retention. This time the goal of the meeting was to discover any issue or risks that were jeopardizing the relation with the client under consideration with the possibility of losing it. In our team we were mixed between people who are doing the Master in Management and the Master in Finance and we noticed that some of us were more outgoing and prepared to carry out this kind of activities. We therefore decided that the three most confident people would have done the first role play and indeed, it was a success. Naturally, this would have implied that the other three members of the team and I would have participated in the second role play. We were shier and less used to do

public speaking. I associated this weakness to the fact that we were all coming from financial studies, and we were not used to do presentations or relate to people without having something prepared to the very last detail. This was a great opportunity of improvement. In the simulation we were not finding the right key to make huge step forwards therefore we really needed to do more than a decent job to avoid losing the client.

We had one afternoon, and the same morning of the role play to rehearse and try to come up with ideas and suggestions of possible issues. This activity showed the different level of involvement that was given to the task: two members of the group in fact did not care to prepare for the role play as much as I thought it was necessary. In the end we practiced only a couple of hours before the role play. We tried our best to feel more confident with the help of the other team-members which were not participating in the actual role play.

Reflection and Analysis - The role play was not a success, we lost half of the Customer's account. I was not satisfied as my expectations are always very high even though I tried my best to defend my role and to emphasize the work that the Human Resources department was doing in the company. During the actual role play, every member contributed but reflecting backwards on the dynamics, team effort was not enough. From the beginning effective teamwork lacked as some people were disinterested to even aspire to our full potential as a team. We all had different color energies inside the group. In particular, two people who did the second role play with me had "sunshine yellow" characters whereas the third person and I have "cool blue" personalities (see Figure 13). Factor analysis demonstrated that "sunshine yellow" qualities are the polar opposite of the "cool blue" qualities" (Benton, Schurinnk and Desson 2008) which entails that their features engage less compared to the "cool blue" qualities and the "fiery red" which would integrate with each other more.

Having a "cool blue" personality, my analytical and dedicated approach emerged and were in contrast with the more easygoing and chill "sunshine yellow" personalities. When dealing

with people I do not know or when facing new circumstances, I am very cautious, I need to be prepared and study every detail. “Cool blue” personalities hate the feeling of not having studied and examined a situation as reacting without a strategy may lead to more mistakes. Questioning and being precise are core “cool blue” qualities. On the other side, “sunshine yellow” energies are more likely to spot negative aspects of the “cool blue” personality considering that they prefer dynamism than cautiousness. The “sunshine yellow” is sociable, enthusiastic, and persuasive. It prefers to react than being logical. This is what emerged also before the actual role play. The “cool blue” personalities were more concerned on practicing enough and try to come up with as many scenarios as possible whereas the “sunshine yellow” personalities took their time to join the meeting and thought that preparing would have had minor benefits for the actual role play.

These conclusions and features on the four colors are supported by the Insights Discovery model which was developed through item analysis and reinforced by a huge amount of quality data on norms which revealed the reliability of the model (Benton, Schurink and Desson 2008).

Learnings - The sessions we had before the role plays showed how the interconnectivity between the different areas is crucial to communicate the vision and mission of the company. Who evaluated our performance during the role play could spot the anxiety and that we were not used to do this kind of activities. Confidence lacked and doubts emerged.

Knowledge, adaptability, and trust are indispensable in any effective sales presentation (Cicala, Smith and Bush 2012). Moreover, impactful conversations are crucial to foster sales-buyer relationships.

Role plays were very insightful as gave us the opportunity to have a better understanding of the entire sales process. During the preparation session and the actual role play it emerged the importance of open-ended questions which facilitate the elaboration of concepts when

communicating with the other party. Active listening, paired with positive body language and empathy is the starting point to enhance effectiveness in conversations. The parties need to engage, feel the trust and the same level of commitment. Considering these aspects, as a team we could have done better. We preferred to not risk dramatically, and we did not try hard enough to overcome our limits. My exaggerated attention to what the others would perceive of myself emerged once again during the role play. We cooperated but were not connected with each other, we were too defensive instead of embracing the requests of the clients we were talking to. In general, avoidance could be the right way to define how we behaved with each other and during the role play. To sum up, role plays were a great learning opportunity to practice situations that we would face in the near future. Having the chance to practice, get hints and feedbacks before doing it in the real world stimulated my willingness to improve my communication skills.

2.4 Conclusion

Reflecting on personal dynamics, analyzing the skills required to be an effective member to perform well in collective cross-functional decisions were the main goals of the personal reflection segment. Essentially the first critical incident concerned my personal feeling of inferiority when dealing with different personalities while having failed as a group to build a solid strategy. On the other hand, the second critical incident relates to team efforts and team dynamics when selling the vision of a company. Both made me aware of the importance of self-awareness and communication when engaging with others. According to the Journal of Workplace Learning, well-structured and successful teams include positive interdependence, support of other's success, individual accountability, teamwork skills and group processing. Constant visualization of success, distinctiveness and uniqueness, creativity, communication, teamwork, and hunting are all elements of the wolf pack, necessary for high performance teams (Johnson, Heimann and O'Neill 2000). The "wolf pack" (Johnson, Heimann and

O'Neill 2000) serves as an excellent metaphor to illustrate the essential qualities that were needed during the Business in Practice simulation, as well as core features for future workplace dynamics. My reflective and critical attitude should be considered as a plus and not negatively. Thinking before speaking and taking a step back when needed helps the process to reach solutions. The Business in Practice experience stimulated in me the willingness to be more risk taking in the interpersonal relations when working in team. This experience made me more confident when talking. Becoming aware of my strengths and areas of improvements will enable personal growth. Awareness and strategy support team dynamics and relations with other parties. When dealing with people, trying to share, and selling a certain vision, being conscious of the purpose facilitate the other party to understand the message. In the fast-paced world we are currently living in, using purpose is regarded as the main driver to stay updated and maintain a central role for fast-scaling businesses (Malnight, Buche and Dhanaraj 2019). The personal analyses emphasized one more time how fundamental are interconnections and interdependences. Connections not only with the different departments and functions but also interpersonal dynamics add what is necessary to support and implement technical expertise.

In future situations I will try my best to preserve my ideas and reasonings. Even though during the Business in Practice simulation I did not manage to be enough persuasive, I understood more how to embrace my weaknesses and be flexible with other personalities. Connecting with team members was not the only lesson I gained; I also learned the importance of being efficient and resourceful in unpredictable situations, especially when faced with challenges that required quick thinking and adaptability without prior preparation. This will surely help me in future circumstances, especially in the job market.

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Appendix

Figure 1: Debt Ratio

Figure 2: WACC

Figure 3: Revenues, Return on Net Assets

Figure 4: Ebit Margin, EBITDA Margin

Figure 5: Free Cash Flows

Figure 6: Economic Value Added in mUSD

Figure 7: 4V Model

Figure 8: Factory Utilization

Figure 9: Car Models at the end of six years

Figure 10: CO₂ Fleet Emissions (g/mile)

Figure 11: Employee Satisfaction

Figure 12: Management Skills

Figure 13: Colour Energies

Figures:

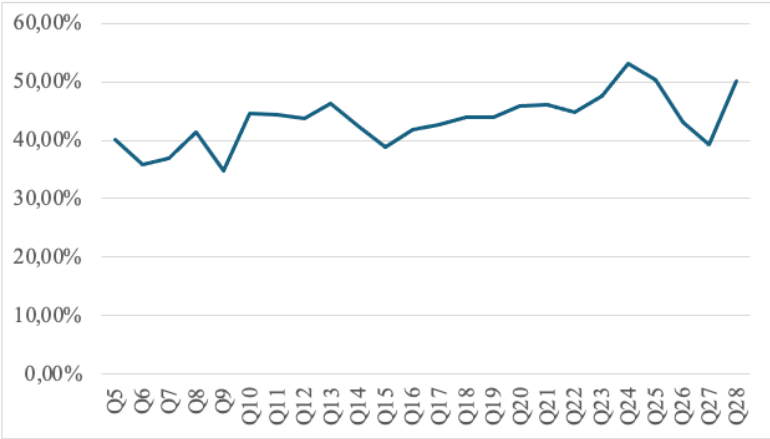


Figure 1: Debt Ratio

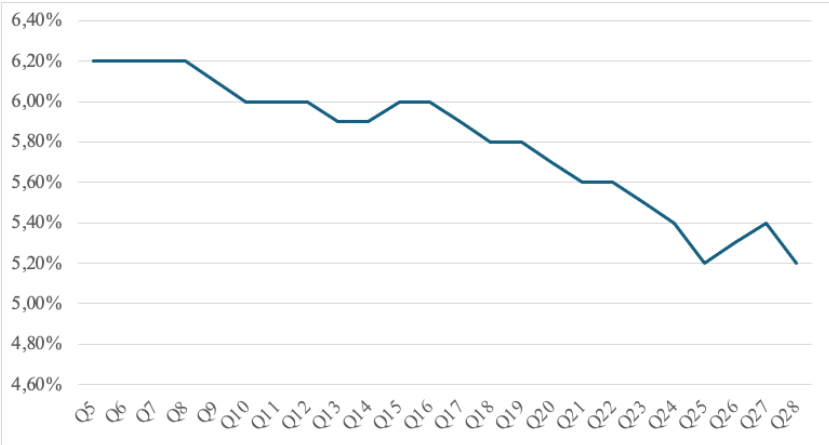


Figure 2: WACC

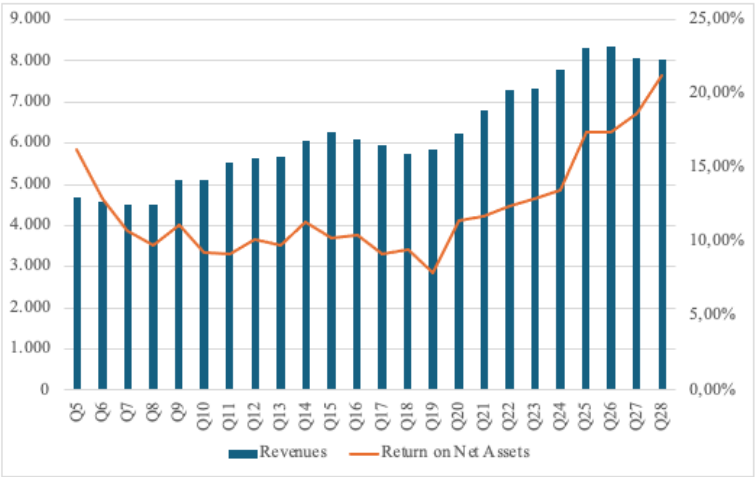


Figure 3: Revenues, Return on Net Assets

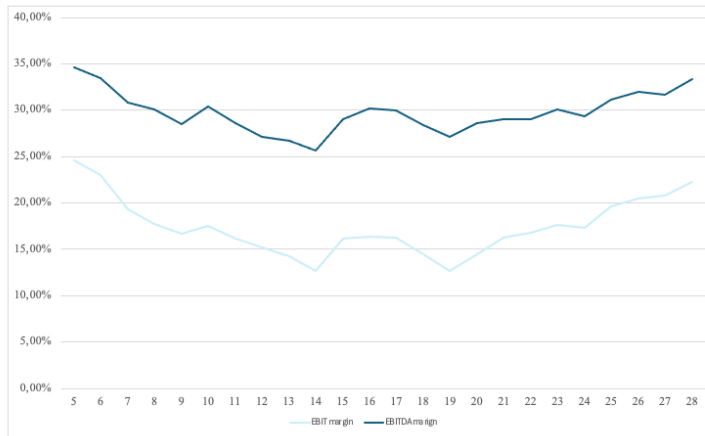


Figure 4: EBIT Margin, EBITDA Margin

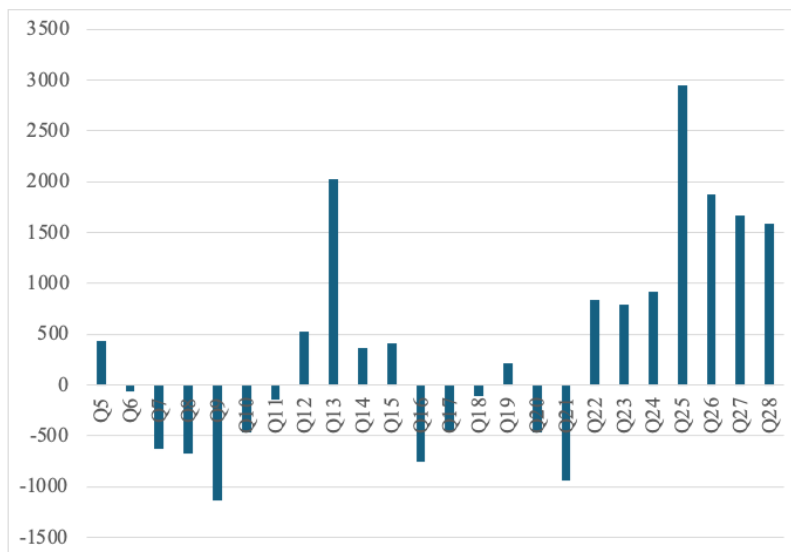


Figure 5: Free Cash Flows

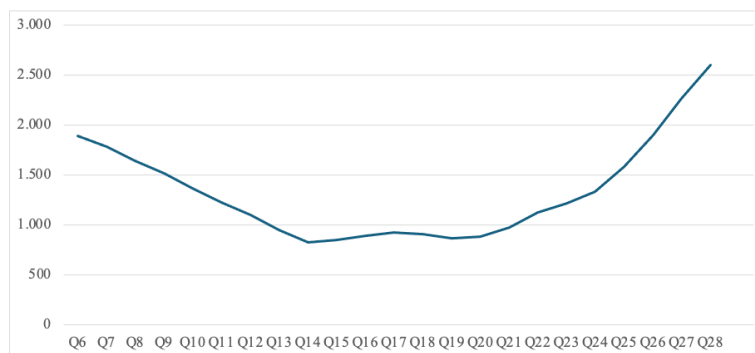


Figure 6: Economic Value Added in mUSD

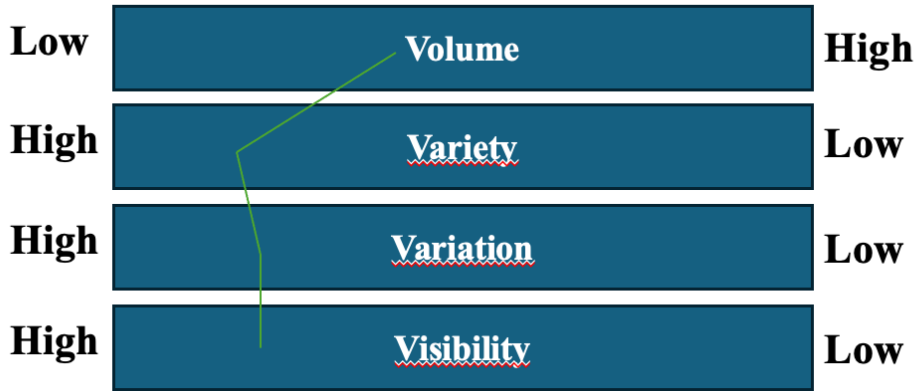


Figure 7: 4V Model

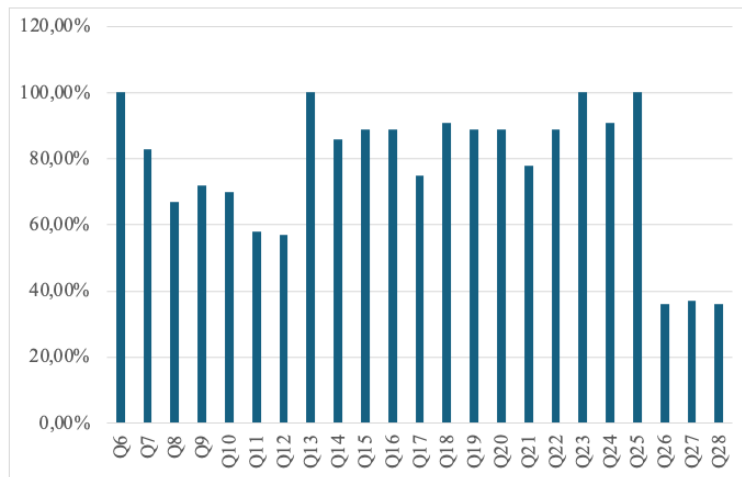


Figure 8: Factory Utilization

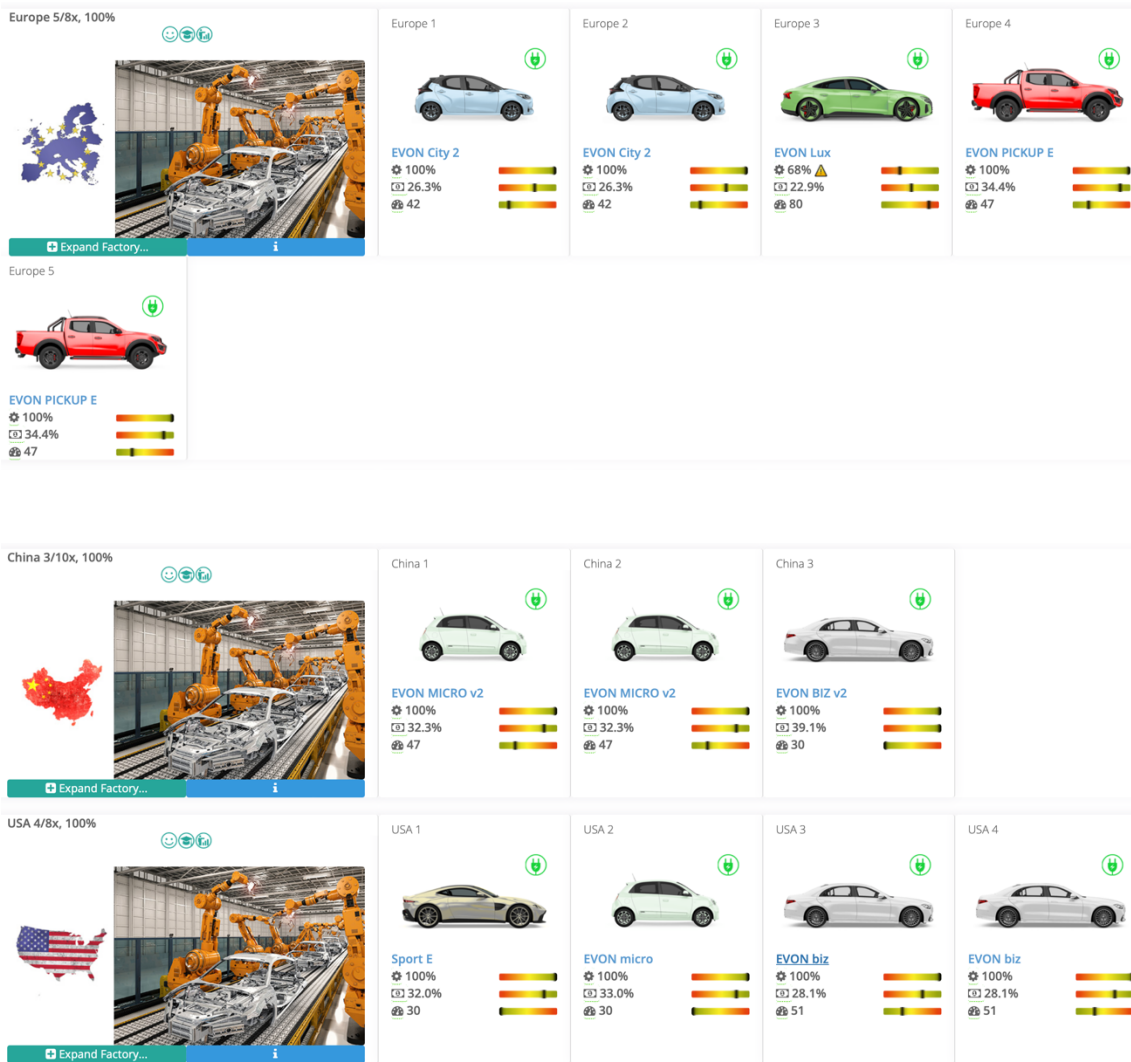


Figure 9: Car Models at the end of six years

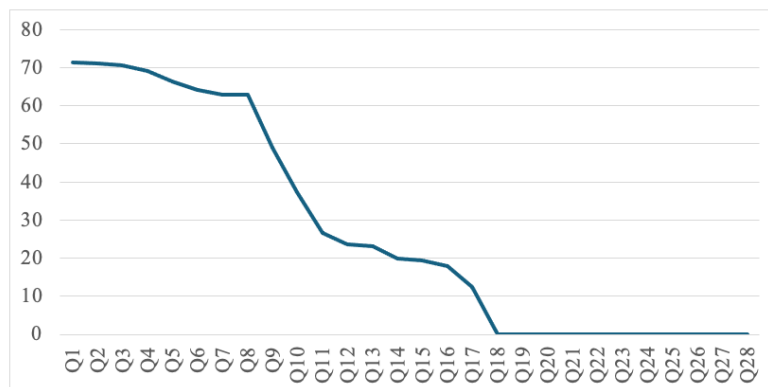


Figure 10: C02 Fleet Emissions (g/mile)

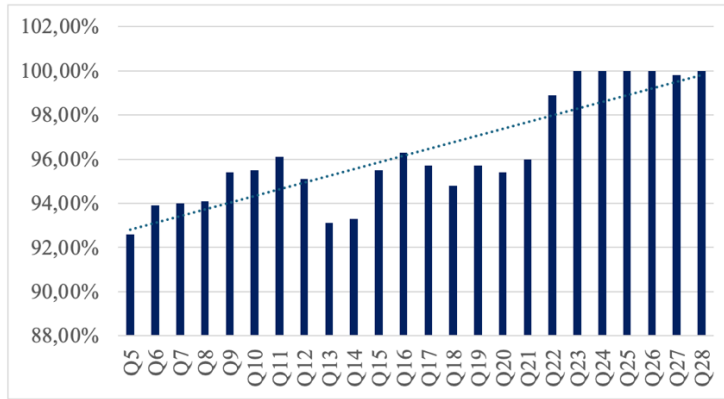


Figure 11: Employee Satisfaction

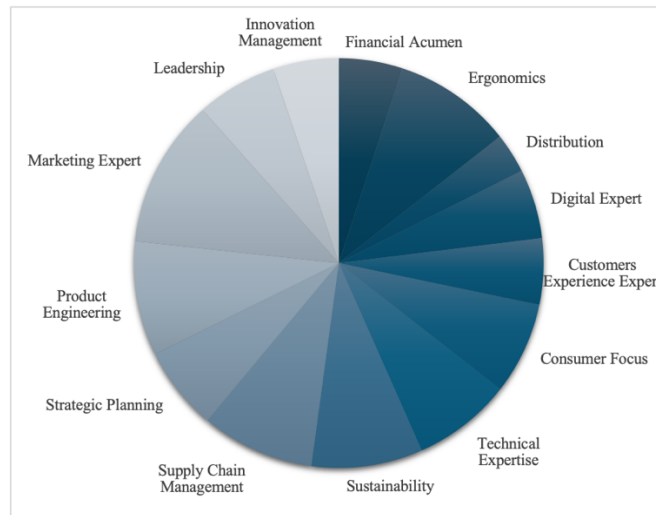


Figure 12: Management Skills



Figure 13: Color Energies