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Business in Practice: from simulation to real-life knowledge

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Abstract

As people care more and more about sustainability, companies have to adapt and hop on the trend. In a group of seven, we assumed the responsibility of different director roles (Finance, Innovation, Marketing, Operation and Human Resources) for a simulation of three weeks, to drive the change towards electrification of an automotive company: “Pantheon”. Its strategy, marketing decisions and finance results will each be analysed and compared to real-life companies to understand the ups and downs. In addition, this paper will focus on two critical incidents to self-reflect on the lessons the simulation taught us.

Key Words

Automotive industry, Car manufacturer, Simulation, Strategy, PESTEL, SWOT, Finance, Capital structure, Debt-to-Equity, WACC, FCF, ROE, EBIT Margin, Cash Conversion Cycle, Marketing, STP Model, Marketing Mix, Four Ps, Teamwork, Communication, Peer-assessment.

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1. Firm Analysis

Pantheon, an international automotive manufacturer is mostly producing and selling combustion engine technologies to its customers. However, as climate change is getting more and more alarming, regulations are set across the world for example, 100% CO₂ emission reductions for both new cars and vans from 2035 (Store 2023) in the EU. Therefore, just like any players in the automotive industry, Pantheon is destined to change its portfolio of cars, as well as its production methods. As this transition cannot be done in one day, the executive team gave itself six years to restructure the company and lead that change. This journey is analyzed in the following section by diving into three dimensions : strategy, finance, marketing.

To clearly understand the decisions taken during the transition period, an analysis of the company's strategy is necessary. Before looking at the company's characteristics with internal and external frameworks, a description of its vision, mission, values, and business model is conducted. This first part is important to understand the financial ratios Pantheon was able to achieve six years after having welcomed our team of seven directors. In addition, for better interpretation, some of the most important KPIs are directly compared to the industry's market. With these analyses done, all key elements are laid to understand the rationale behind the decisions taken, but to enhance comprehension, the report goes even deeper. Indeed, marketing frameworks as well as an integrated view of the said function across all the others are explained later in this section.

To conclude the firm analysis, an overview summarizing all of this section's key elements is written. This offers a reflection as of what to remember and learnings to draw from Pantheon's journey. Finally, through the experience earned during the six years running the business, looking at the mistakes, successes, and trends, it allows the company to open up to what lies ahead.

1.1. Pantheon's Strategy

“A company can outperform rivals only if it can establish a difference that it can preserve” (Porter 1996). As the market is highly competitive, Pantheon cannot operate without having established a solid strategy to differentiate itself from the competitors. Six years after the welcoming of the new executive board of directors, Pantheon has managed to do so by affirming its willingness to be the leader of the sustainability transition. In fact, the company's strategic plan, including the usual Vision, Mission, and Values, is fully oriented towards sustainability:

- Vision: Driving sustainable excellence for a better future.
- Mission: Consistently drive sustainable excellence by designing, manufacturing, and delivering high-quality vehicles that surpass customer expectations, that will lead towards sustainability, in a sustained way.
- Values¹: Sustainability, Excellence, Integrity, Innovation, Customer-Centric Approach, Collaboration, Empowerment, Social Responsibility, Continuous Improvement, and Value-Driven Pricing.

All businesses must answer to a market's need. In this case, the need is clearly identified: a greener way of private transportation. As this step is completed, a scan of the industry's environment needs to be conducted to then be able to focus more and assess the opportunities and threats of the company.

1.1.1. External Analysis

Businesses operate inside an external environment on which they have little to no impact (Cadle, Paul, and Turner 2010). It can either be revolutionary and reshape its environment, which is very unlikely to happen, or in most cases, it can adapt to it. In Pantheon's case, despite

¹ See *Appendix 1* for more details.

being innovative, it was not revolutionary, therefore, an environmental scan through a PESTEL analysis is relevant to identify the uncontrollable factors it operates in.

Political: Two main aspects affect the automotive industry, the first one being the safety regulations: even though flights in airplanes may seem more dangerous, analysis has shown that the likelihood of having a fatal accident in a car is 2,200 times higher than in an airplane (Bailey, Hardiman, and Pickett 2023). Thus, governments enforce strict regulations that manufacturers have to follow. The second aspect is hereby more relevant as it concerns emissions policies. Indeed, as climate change becomes more alarming, governments have to act on it, and as the car industry has a great impact on CO₂ emissions, they are left with no choice but to set regulations for this market.

Economic: Despite the Russian invasion of Ukraine having a direct impact on the inflation of 1.3 percentage point worldwide (Caldara et al. 2022), it does not affect all countries equally. As the European inflation rate has risen above 10% in 2022, China has not increased above 3% on that same period. In addition, in emerging countries like China, the number of potential buyers increase thanks to higher incomes, leading to bigger market demands.

Social: The social assertion is quite controversial due to an increasing interest in electric vehicles (EV) for private transportation, while at the same time there is a drop in the willingness to own a car. In fact, a US study back in 2017 predicted a drop of 80% by 2030 of private car ownership (Garfield 2017).

Technology: In the automotive sector, the innovations are the main driver of the transition. From electrification to autonomous driving, by way of connectivity, companies have to allocate a big investment budget in order to compete with competitors and meet the demand. As some of those new technologies are solely to improve the quality of the vehicle (e.g., longer batteries, faster charging station), they are necessary for the product's viability on the long run. In

addition, more advanced technology helps improving safeness, a consideration that appears to be crucial to the customers and to the authorities.

Environmental: As mentioned in the political section, environmental concerns make their way to the automotive industry. As many reports have shown, CO₂ is an important actor in the global warming, and traditional private ways of transportation (combustion engine passenger cars) are some of the biggest emitters of that particle. People tend to switch their preferences to an eco-friendlier mean of transportation inciting manufacturers to make the switch as well.

Legal: The pressure from the customers also affects indirectly car producers through the pressure applied to the lawmakers. Indeed, by reproaching the government for not taking enough actions to solve global warming, new laws are emerging, the most relevant one being in the EU, forbidding the sale of new combustion engine cars. To help make that transition, premiums are paid if the average CO₂ emission of a company surpasses the threshold.

1.1.2. Internal Analysis

As the broader view of the picture has been analysed, a more precise study with the focus on the firm can be conducted. Therefore, Pantheon's SWOT analysis is conducted to then be compared to a similar company.

Strengths: On an innovative point of view, all investments in terms of *Electrification*, *Connectivity*, and *Autonomous driving* are completed, thus allowing us to offer high-end premium quality products to our customers. With an aggressive marketing strategy, yet conservative on prices, Pantheon is able to sell its newly produced cars under 30 days for six out of the seven vehicles it offers.

Weaknesses: Being able to immediately sell the cars produced is somewhat positive, but it mostly means that demand is greater than supply. Therefore, further investments should be made to acquire or build new plants to be able to have more product lines. In the meanwhile, an adjustment in marketing is necessary.

Opportunities: There is a growing trend on electric and autonomous vehicles (Mounce and Nelson 2019). With the existing portfolio of cars Pantheon presents, the company already has an advantage on that point. In addition, with increasing technology quality, batteries' production will become cheaper, decreasing the costs of production.

Threats: It's only a matter of time before competitors catch up to Pantheon's technology. Other than competitors, customers and governments could be a threat to the industry. While customers might worry about the underlying impact of batteries for the environment, authorities may harden the laws as they have done in the past (from 95g/miles of CO₂ allowed to 70g/miles). In addition, this technology change could be a threat to the employees' knowledge and know-how.

When comparing Pantheon's SWOT analysis to another similar company, such as Tesla (see *Appendix 2* for Tesla's SWOT), a pattern appears. Indeed, while most of the Strengths and Threats for both companies are similar, their Weaknesses and Opportunities are different. For example, while Tesla is known for having an impressive hiring strategy, Pantheon has been able to show a strong employee satisfaction hovering around 99% in the last year. Additionally, both companies share a strong innovative capacity. As for the threats, operating on the same market and being quite similar exposes both firms to the same risks: Increasing competition, Uncertainty of rare earth metals (for battery production), Government policy, and Public opinion. On the other hand, the two manufacturers are not structured the same way, therefore endure different weaknesses and benefit from distinct opportunities. Major weaknesses discrepancies would be having a controversial CEO on one side, while the other's main worry is about lack of factory. The unusually high employee turnover that Tesla suffers from shows a potential management issue that Pantheon seems not to have. As for the opportunities, Tesla differs from Pantheon mainly through its in-house battery production while Pantheon does not have any other concrete advantages that its peer does not have.

1.2. Financial analysis

This section aims to evaluate the strategy stated earlier, but this time in a more numerical way. Indeed, the major Key Performance Indicators (KPI) are depicted in a way that shows the evolution over time, but also to be compared to the industry in general or specific targeted companies.

1.2.1. Capital structure

The first KPI to be analysed is the Debt-to-Equity ratio (D/E), used to show the balance between the benefits from tax shields and the cost of bankruptcy (Lyle 2017). At the time when the new set of managers entered the company in the fourth quarter (Q4), D/E was at 1.02 (see *Appendix 3*). As the transition period was happening, the ratio rose up to 1.31 in Q16 due to the loans taken to satisfy the need of investments. It then went back down to 0.66 in Q28 once those investments were profitable. In March 2014, a new law that aims to set a target for 2020 to reduce CO₂ emissions from new passenger cars was established across the EU (European Union 2014). Therefore, when comparing to the industry's ratio at that time (see *Appendix 4*), a drastic change is noticeable. Indeed, the industry's Debt-to-Equity ratio goes from a steady 0.55 to 1.44 in two years. This is the result of required investment for the transition, similar to Pantheon, and later followed by a similar drop to 0.81, not reaching the historical level.

The Weighted Average Cost of Capital (WACC) is used for levered firms to calculate their Net Present Value (NPV). The lower the WACC is, the better it is for NPV, therefore, the aim for any finance director is to lower the ratio to either be able to attract more investors, or to benefit from cheaper loans (Schmedders 2022). As there is usually a correlation between D/E and WACC, Pantheon is no exception to that rule up to the 20's quarter (see *Appendix 3*). When looking at the WACC variations for the past 6 years, it decreased by almost a full point, going from 7.9% to 7%. The decline can be depicted into three phases:

- During the first phase happening before the renewal of directors, from Q1 to Q4, the WACC went from 7.9% to 7.5%.
- The second phase, from Q8 to Q14, thanks to a second green bond issued at 3% (instead of 4.25% from a loan) for \$635M, the weighted average cost of debt and equity decreases.
- In the last phase, during the last 4 quarters, a small drop in Pantheon's WACC happened. After almost two years of steadiness at 7.2%, a final drop of 0.2 point occurred due to a share buyback policy established by the company.

Starting around Q20, the correlation between D/E and WACC starts to wear off. The reason being that at the same time that Pantheon is repaying the loans with the highest interest rates, there is enough cash inflow for share repurchase. Even though the debt is smaller than equity in proportion, it is overall much cheaper, thus reducing the WACC.

1.2.2. Free cash flow

"Free cash flow, the net cash generated by operations (after cash investment), determines the ability of the firm to pay off its debt and return cash to shareholders" (Penman 2000). Negative FCF is not synonym of bad performance. In fact, in times of restructuring, it is usually necessary to go below 0 to invest for the company's future. That is more or less the strategy opted by Pantheon's new set of directors once the takeover happened in Q4. Indeed, the result after they had taken their first decisions was almost -\$1,000M in FCF (see *Appendix 5*). The investments made seemed to have paid off immediately in the next quarter as a spike in operating cash flow is observable (+284%), however, it did not last as it plunged the following two years to reach -\$627M in Q13. During that same period, investments kept being strong, either for Autonomous driving (\$1.4B), Electrification (\$1.1B), Connectivity (\$760), or renewing the portfolio. This led to little to negative FCF, reaching the minimum of -\$1463M in Q11. It is nothing unusual, especially when comparing to similar companies (see *Appendix 6*). For all four compared firms, there are negative FCF before returning highly positive free

cash-flows. This phenomenon appears as well to Pantheon, starting at quarter 14 when the operating cash-flows increase to \$2,229M. During the last year, from Q24 to Q28, the average investment spendings were less significant than the first five years' spending (31.23%).

1.2.3. Financial Ratio

The following section covers a wider range of KPIs to explain what they mean before comparing them to Tesla, a similar company. All the data used for the comparisons can be found from *Appendix 7* to *Appendix 9*.

Return on Equity (ROE): Return on Equity “tells you what percentage of profit you make for every dollar of equity invested in your company” (Gallo 2016). As Tesla has had a negative ROE for a long time, the focus is made starting from the second quarter of 2018, which is, in this case, Q10. Even though Pantheon was able to have a positive ROE for the first 3 years, starting in Q13, costs of investments are reflecting on the financial statements. While it took many years for Tesla to benefit from those investments, it only took 2 years for Pantheon. Both firms follow the same trend from Q15 to Q21, starting at a ROE of -2% up to 16% for Pantheon and 14% for Tesla. However, while Tesla continues to grow steadily for two more quarters up to 28% and stabilizes around that, Pantheon sets back its growth for two quarters before growing up to 44% in Q29, increasing its ROE by 252% in one year.

EBIT Margin: Earnings Before Interests and Taxes (EBIT) is a ratio that measures the profitability of a company without taking into consideration interests and taxes. The higher the EBIT margin is, the more efficient a firm is to produce, sell, and deliver their product, therefore, companies aim to optimize that ratio and avoid going into the negative as it means that they are losing money. The two peer companies have had two different strategies: as Pantheon had a more conservative and traditional approach and always keeping a positive EBIT margin, Tesla on the other hand had a more aggressive approach in the beginning and selling at a loss

(-\$621M in EBIT resulting in a -15.52% of revenues). Indeed, despite having positive Gross margins ($\frac{\text{Gross profit}}{\text{Revenues}}$), Tesla had too much fixed costs in the first 8 quarters leading to negative EBIT margins, going as low as -18.19% of its revenues. For Pantheon, in the first 13 quarters, EBIT margin was mostly driven by Gross margins as fixed costs are proportionally stable. The first turning point for Pantheon occurs in Q14, when EBIT margins start to grow on average by 1 percentage point (p.p.) per quarter until Q24. This constant growth is due to the increase in revenues resulting in lower fixed costs per car sold, as well as the bonus received from the government for being below the CO₂ emissions allowance. For both companies, another turning point starts in Q23. For Pantheon, up to Q25, the progressive launch of 4 new cars increases the firm's margins: the new cars, being the finest models on the market with all the latest technology allows Pantheon to increase prices while still making sales. By Q25, all new cars are introduced, and margins stabilized. As for Tesla, EBIT margin starts decreasing, mostly due to lower gross margins necessary to compete against newcomers in the industry as well as entering the Chinese market.

Cash Conversion Cycle (CCC): The CCC is the number of days required for a company to transform a finished good into cash, from the moment the raw material is paid to the supplier, to the moment the money is received from the customer. In a cash flow management viewpoint, the lower the ratio is, the better it is for the company. In order to decrease the CCC, directors can either increase the payable period, or decrease either the holding period, or collection period. During the first year of the new set of directors, the firm's CCC drops 15.2% (from 488 days to 414) before seeing an increase of 56.6% (up to 625 days) in two years. The reason of such variability in Pantheon's CCC is linked to the high volatility in the holding period due to high inventory. Eventually, starting at Q15, when the CCC is at its peak, inventory decreases by 31.7% thus reducing the holding period by 203 days. Concerning the collection and payable period, they are quite stable, fluctuating by 6% and 19% respectively over the six-year period.

1.3. Marketing and its peer functions

Marketing can be defined in many different ways, one of which is the art of creating value for the people who will benefit most from what the firm has to offer (Jiwa 2014). This definition describes well the role of Pantheon's Marketing Director, as its main objectives are to gather data from the market in order to identify the customers' preferences and satisfy their needs and expectations.

This section is split into two subparts: the first one explores the STP marketing model, a way to link the strategy model with the marketing functions; the second subpart is about the marketing mix, in other words, the four Ps. In both sections, some notions are in direct link with other departments, showing how integrated and central the marketing department can be in a company.

1.3.1. STP Marketing Model

"There is no such thing as a satisfied customer. Customers are always looking for something better, faster, cheaper, or easier" (Kotler and Keller 2000). According to Kotler and Keller, all customers have different expectations from one another, therefore a product would not satisfy all the market needs. In fact, a single company will never be able to launch enough products to satisfy everyone, which is why companies have to select which type of customers to serve before creating a new product. The Segmentation, Targeting, and Positioning marketing model focuses particularly on that, as it aims to categorize customers into small groups.

Segmentation: Pantheon, like any other firms would do, starts by segmenting the overall market into smaller groups before choosing which ones to target. The different criteria chosen by Pantheon for segmenting are region, population density, income level, environmental awareness, lifestyle, and purchase occasion.

Targeting: From the six major axes of segmentation, Pantheon targets one or more types of customers who match either the company's value, or its strategic plan. Starting with the

environmental awareness, Pantheon is looking for customers who share the same value, that is sustainability. From the products' features to the way of producing them, everything is thought to reduce CO₂ emissions and offer sustainable vehicles. Producing in such an eco-friendly manner compared to competitors, the cost of production is undeniably more expensive, leading to higher selling prices. For that reason, Pantheon targets customers with high level of incomes. Even though they do not specifically target technophiles, Pantheon wants to share its value of excellence through innovation and offer the highest quality cars available on the market. This wish translates into long-lasting cars that does not need replacing for a long time, thus attracting customers with small purchasing occasion. When it comes to regional preferences, the largest market for passenger cars is Asia, followed by Europe and North America (Carlier 2023). Consequently, two to three factories have been set up and are operating in each region. Finally, for both population density and lifestyle, Pantheon tries to target different types of customers thanks to its range of vehicle models. For example, for someone living in a heavily populated city using a car to go to work, the Hermes (micro model) would perfectly suit their needs.

Positioning: The last step of the model is to see how Pantheon positions itself compared to competitors and if it fits the segmentation and targeting done beforehand. As its goal is to be seen as a qualitative car brand that drives sustainability, the best way to show how its positioned would be through a positioning map. Since sustainability cannot be quantified, a survey about people's perception on many passenger car brands would be required to create that perceptual map, however, no such research has been done on that matter. For that reason, the second-best option is to compare price with quality perception. Indeed, surveys have been made, and Anupam Bajra (2021) uses the results to broadly explain the North American automotive industry. The positioning map can be found in *Appendix 10*, where Pantheon and its three competitors (A, B and C) were added. From that map, it is clear that Pantheon has achieved its goal to drive excellence to the detriment of being more expensive than its direct competitors.

1.3.2. Marketing Mix

The marketing mix is a "set of tactical marketing tools – product, price, place, and promotion – that the firm blends to produce the response it wants in the target market" (Armstrong and Kotler 2019). To decide on the “four Ps”, the marketing team cannot work on its own and focus only on the market trend. In fact, from the market research, the marketing director needs to share the data with other departments’ directors to take decisions and advise its colleagues.

Product: For the four Ps model, “Product” stands for anything that a company offers, that is physical goods, services, experiences, events, persons, places, properties, organizations, information, and idea (Armstrong and Kotler 2019). In an automotive manufacturer, the product is usually a combination of a physical good (the car) and a service (maintenance or repairing). For Pantheon, the product is mostly considered as the vehicle itself as they have no repairing workshop, therefore offer no services in terms of maintenance. The role of marketing when deciding on launching new products is to work hands in hands with the innovation director to advise them on the model and the features to have in the next product. During the six years of operation, Pantheon has had up to four iterations per car. The first iteration is a basic combustion engine car except for the luxury car that started with the hydrogen technology. The second iteration, called “Mark 1”, introduced on the market from Q6 to Q11, is a remake of some of the original combustion cars but with a hybrid motor type. Once the investment for electric technology is finished in Q10, the two first cars of the third iteration “Mark 2” are being created with electric motors for a launch on the market in the beginning of the third year. The final generation, “Mark 3” is an upgrade of Mark 2 with all the latest features available to achieve excellence.

Price: While it is easy to understand what price means, i.e “the amount of money charged for a product or service” (Armstrong and Kotler 2019), being able to set the price of a product is not as simple. Indeed, different methods are used to set prices like price skimming, penetration

pricing, value-based pricing or cost-plus pricing, but Pantheon focuses on the dynamic pricing method. This consists of setting the price according to the supply capability compared to the demand, and competitors. In other words, there is no specific price, nor fixed margin to achieve when setting the prices. When working with this method, it is primordial to work with the operation director to understand how the production lines are working since the goal is to produce slightly more than what is sold. This way, Pantheon wants to maximize its margins while not accumulating too much inventory. Through the inventory unit line chart (*Appendix II*), it is clear that the strategy is not easy to master.

Place: The place is both where the factories and the selling points are. Since Pantheon is careful on sustainability and that product transportation is responsible for a great part of CO₂ emissions, they try to produce their products where it sells the most. To achieve that strategy, the marketing director has to work once again with the operation director to give the result of the market research and show which product sell in which region. Another key aspect of the place where the production lines are, is in direct link with the human resources department. Indeed, when introducing a new model on the production line by replacing an old one, the workforce required, and the managing skills may vary.

Promotion: "The activities that communicate the merits of the product and persuade target customers to buy it" (Armstrong and Kotler 2019) that Pantheon uses is split into five constant methods. The first one is a product-specific promotion that consists of allocating a budget for the advertisement of a product. During the introduction and growth stage, the budget was high to raise potential customers awareness on that product and decreased over time. The four other types of marketing affect the brand in general, and consists of customer promotions in point of sales, trainings for services, printing campaigns and TV campaigns. Finally, Pantheon resorted in Q12 to a celebrity endorsement thanks to an environmental activist to support the initial strategy of being a leader in sustainability.

1.4. Conclusion

During the six years the new set of directors have been operating the company, things have evolved, and the following section sums up those evolutions, the potential mistakes made, and the learnings to take away from their experience.

Before going into the mistakes that occurred, let's focus on what made Pantheon a successful car manufacturer by Q28. The first important aspect to look at is being able to incorporate the team's values into the company's mentality. Indeed, the whole strategy had to be rethought and redefined to show the importance of sustainability and excellence as much in the product than in the processes. The next step was the capability of integrating that new philosophy into the various departments and launching new eco-friendly vehicles. Finally, external communication through an ESG report for the investors and open to the customers was required to show how the promises made were truly being incorporated.

Even though Pantheon has doubled its Value Added since the change of directors (see *Appendix 12*), it has not always been easy. In fact, the strategy of "driving sustainability in a sustainable way" did not pay out the way they expected. Indeed, starting to create a generation of hybrid for launching after Q10 was a waste of money as they did not last long due to the importance of the fully electric vehicles need on the market. In addition, sometimes the focus of the team was not at the correct spot. For example, when economies of scale were made, it was to the detriment of overproduction meaning that savings made thanks to the mass production, was lost because of high inventories. It quickly led to lower margin due to lower selling price in order to quickly reduce the inventory units.

Finally, Pantheon is a perfect example to show that when times get rough, it is not systematically synonym of failure, but simply an inevitable step to grow stronger. In the end, the biggest strength of Pantheon came directly from the directors who never gave up and enhanced communication to identify, plan and solve problems.

2. Personal Reflection

As the first section focuses on Pantheon through an external point of view, this second section is about my thoughts on my experience during the Business in Practice (BiP) simulation. During the three intensive weeks of the BiP, six of my colleagues and myself were assigned different roles to run a virtual car manufacturer, Pantheon, while attending academic sessions. Each of the five roles had its own interface that no other could have access to, therefore, communicating between each other was the key to success during this experience.

While some roles had to be shared between two students (Operations and Finance), I was the only director appointed to the Marketing department. My role in the team was to identify the market's trends, communicate them to the rest of the team, set the prices per car and per region, adjust the marketing spending for each car, and optimize the marketing strategy for the brand.

“Teams are usually composed of successful, smart, hardworking people who have been effective in their own areas. Yet, they often fail to realize their potential for collaborative, high impact action” (Johnson, Heimann, and O’Neill 2000). As they mention, even if we are good at what we do, working as one team might not work out all the time and indeed, various incidents occurred.

The following two parts discuss two of the critical incidents that occurred to me during the three weeks of the BiP. Those incidents consisted in how I, as a Marketing director, felt unheard even though I am supposed to give out recommendations, and the second one is about the impression I gave to my colleges not being how I perceived myself. To fully capture the learnings gathered from those two events, the following steps are observed. A quick description of what happened introduces the main issue I experienced. Building on that, my feelings towards the problem and my team members are given, before explaining how I reacted. Fortunately, I have learned from those critical incidents, thus the last part will be dedicated to the key takeaways to remember from such experiences.

2.1. Incident 1 – The frustration of being unheard and powerless

2.1.1. Description

The focus of our three weeks of Business in Practice was not only on our ability to run a company. In fact, during the first week, there were many academic sessions during which we would discover and learn some insight on the industry and on each department (See *Appendix 13* for BiP 2023 Timetable). Only two slots during that week were allocated to practice running just one year of the simulation before being reset for the next practice or the real simulation. As for the first practice, we decided as a group to get to know the website and look at the simulation all on our own, and for the second one to do it as a team as if it was for real. In both cases, it was a short-sighted view, meaning that we did not worry much about the strategy in the long run. The problem started arising at the beginning of the second week, on Monday during lunch break.

Even though we had established a strategy for our company, I could not see concretely how we would apply it in the long run. I wanted to make sure that everyone was on the same page and that we knew exactly where we were heading with Pantheon and what we thought the company would look like at the end of the sixth year. I did not expect to find out that, despite wanting sustainability to be our main priority, we did not all have the same end goal. In fact, the matter kept worsening as I slowly realized that I was the only one thinking differently compared to the rest of the team.

2.1.2. My reaction

According to Katherine Miller (2005), misinterpretation can occur during an oral conversation when the speaker and the listener have different assumptions, expectations, or interpretations of the verbal and nonverbal cues that are exchanged, which can result in misunderstanding, confusion, or conflict. In the early stages of the conversation, I thought I had misunderstood what they were envisioning, or that I did not express myself clearly when

talking about how I would see the company's future. Indeed, where I saw the portfolio being as diversified as possible, offering all the kinds of models we could create, they imagined the future being centred solely around two or three models. Discrepancies started arising from that moment, separating the team in two, where I would find myself alone on one side.

As the only marketing director, I had useful data, if not the most important, to shape the company's future, and being unheard seemed like a waste of potential. Therefore, I believed that my point of view should have been listened to and taken into consideration before taking the first decisions. That is why, I attempted multiple times to reach out to them in order to rediscuss the matter, but with no success. Firstly, we all got back home right after the academic session succeeding the lunch break during which the incident started, thus leaving me with no time to exchange. Then, we gathered the following day right before the lecture which introduced the roleplay we had to prepare for the next day. As stress was rising due to the upcoming speech, I was not able to broach the subject. Once our group had done the presentation, we headed to lunch. For once, it could have been the right opportunity to talk all together about the end-goal strategy, however the rest of the team wanted fact-based arguments, that I had on my computer, but did not bring to the break. Hence, I decided to send them the document I had worked on for many hours during the week for them to analyse and discuss through Teams that evening. The meeting was postponed to the next day, before being completely turned-down due to the lack of time, as we were making the first year's decisions first thing in the morning.

During the whole week when communication was lacking, I endured different emotions and feelings. The phase when I could not envision clearly where we were going with the company left me feeling confused and led me to discuss it with the team. It was at that moment that the incident occurred, launching the week to a bad start. Indeed, day after day, my feelings kept worsening, starting with a simple frustration that kept growing over time. As we were unable

to communicate, it created a gap between my team members and I, leaving me aside feeling misunderstood and unheard. The test taken during the BiP shows that “blue personalities”, such as myself, “desire to know and understand the world around them” and “like information to be accurate and complete before proceeding” (The insights group 2009), but I also expect others to think this way. This aspect of mine fed my frustration as I could not offer the required data for them to fully understand the matter or the fact that the information they had was incomplete. As the second day ended and we still had not taken the time to exchange, my frustration began to transform into anger. To try to attenuate that emotion, I used avoidance coping, that is an effort “oriented toward denying, minimizing, or otherwise avoiding dealing directly with stressful demands” (Holahan et al. 2005) during the lectures: I would focus hard on what was presented in order to forget the problems I had with my group. Soon, that mechanism would allow me to feel more at peace, but to the cost of demotivation. In fact, I had taken a step back from the simulation, giving up on my involvement as an advisor for the company. This means that despite filling the required decisions from the marketing director, I would not give any recommendations to the rest of the directors, thus doing the bare minimum. At that time and until the second year’s decisions, I felt completely useless; however, I kept hope that in the near future, they would realize the importance of my role and all the work I could bring to the table, that is why I kept working hard on collecting and analysing the data on my end.

As the company’s value added plummeted in the second year, a drastic reconsideration was necessary. In fact, our mission that was to “drive sustainability in a sustainable way” had to be rethought due to the underperformance of hybrids. The process of reestablishing the strategy offered us a fresh start, where my insights were the foundation of our future decisions for the rest of the simulation. Even though the company’s value-added kept worsening during the following years, we were able to identify where the problem came from, and gradually worked on it. Once we had fixed that issue, we saw a continuous increase in that KPI.

2.1.3. Learnings

“Most of the time, [Hackman’s] research shows, team members don’t even agree on what the team is supposed to be doing” (Coutu 2009). This experience taught me that it is not evident for a team with no leader to all agree on what to do. At the beginning we thought that everything would go smoothly and that our team would not endure any problems along the way, but we quickly realized that it would be impossible.

I also learned from this critical incident that sometimes there is no need to rush things as it is more striking to learn from our mistakes. In our case, I wanted to express my point of view no matter what, which created an unpleasant tension between my colleagues and I. This situation could have been much better if I had set aside my beliefs when I realized I was the only one in disagreement, and waited for the company to encounter its first difficulties before expressing again how we could perform better. However, to avoid the tension, they could have made more effort on their end, and take more time to listen to me. What I take away from this experience is the importance of taking time to listen to everyone in a team. Now that I am fully aware of this, I am convinced it will be very useful in my professional life.

Even though the main communication issue had not been officially solved, we can notice that we were able to move forward nonetheless. I think it’s important to know that, when faced with a problem, there is not only one way to tackle it. In the beginning, we wasted too much energy due to having a problem we wanted to solve, when, as a matter of fact, we just could have agreed to disagree.

Finally, this particular situation also shows how flexibility in work can be beneficial. Indeed, I am very grateful towards my team for being flexible once they had realized that the strategy implemented was not working anymore. Because of that, I will make sure to pay more attention in my future team-works and try to be flexible even if it shows that I am wrong while somebody else is right.

2.2. Incident 2 – From illusion to reality (Peer-assessment)

2.2.1. Description

At one point during the BiP, there was an allocated exercise to evaluate our colleagues and ourselves as part of the team. According to Topping (2009), peer assessment is “an arrangement for learners to consider and specify the level, value, or quality of a product or performance of other equal-status learners”. Doing such an exercise can have various benefits, such as enhancing student engagement, developing communication skills, fostering collaborative learning, and promoting critical thinking (Boud, Cohen, and Sampson 2014). There are no predefined criteria the evaluation requires, so the questions can vary depending on what it is used for. In our case, there was five axes of evaluation: contributing to the team, interacting with teammates, keeping the team on track, expecting quality, and having relevant knowledge, skills and abilities. Some of the criteria were more interesting for us than others as we either did not quite know how we should understand it (expecting quality), or it just felt irrelevant due to the context of the situation (having relevant knowledge, skills and abilities). On my end, I thought the most important criteria was “contributing to the team”, as it would show how important and how useful our work is for the others.

Being able to assess our colleagues and being assessed by them is a great idea as we see how group members see ourselves compared to how we see ourselves. On the second Friday of the BiP, after two weeks of teamwork, including one week of real decisions on the simulation, there was the deadline for each of the group members to fill in the survey. Four days later, on the last Tuesday of the program, a team dynamic clinic was organised during which we talked about how we were feeling since the beginning of the BiP, what were the positive and negative points of our team, and most importantly, when the results of the peer assessment were given out.

2.2.2. My reaction

At first, when I received the paper with the radar chart (*Appendix 14*), I was a little bit surprised being rated so low for most of the points, but I remembered that we told each other to grade honestly according to the grading scale given in the survey. This means that I did not know if I was particularly low or if everyone had received more or less the same grades. As I looked around trying to look at their papers and identify how the team graded each other, I started to realize that it looked like they all had much better graphs than me. Since we were in the team clinic where we talked about problems and group dynamics, I decided to speak up and express how surprised I was to see such a gap between my results and the team's results. With the consensus of the team members once the BiP was over, I was able to gather their graphs and create a new radar graph comparing their results with my evaluation. The graph can be found in *Appendix 15*. Because it was already the end of our time slot, we did not have time to discuss it much, and either way, nobody knew what to say as they were too embarrassed.

Due to how touchy the matter was, and the fact that the next day we had a final presentation on the company's ESG compliance to deliver, I knew I could wait before asking them once again why they perceived me the way they did. Even though I felt betrayed because at this point in the adventure, I saw them like friends before seeing them like colleagues, I did not want to worsen the situation. The reason why I wanted to understand their opinion was not to confront or to challenge them, but purely to learn from them and fully benefit from the exercise. If at that time they saw me like this while I thought I did better, it is interesting to see where the divergence is between our opinions. We stayed together the afternoon to work on the ESG roleplay until we had barely finished at which point we all went home. The next day, we took the morning to finish small details, and went for lunch during which we took the time to discuss the grades they had given me.

We all sat down around a table, and I asked openly what they thought of me and why I had received such marks. As they did not really know how to explain as a group, one person started to explain what went through his mind when grading me. He explained that at the time of the assessment, he still had in mind the incident discussed in the previous part. The fact I would always want to challenge the strategy we opted for in the first place was irritating for him and that played a major role into his grading process. I then asked the person next to him to give her honest opinion, and the same thought process happened for her. As I had asked all my group members, we realized that the problem mostly resulted from the first incident more than my implication in the group.

From this deduction, I was reassured and understood their opinion. The main objective of the exercise had been achieved for my part: see how your team members perceive you, and most importantly, why they think of you this way. However, we did not stop there as we thought the peer-assessment exercise could be improved. We started realizing that the period when we had to review each other was not ideal for us. As we first thought that moving the survey later during the program was a great idea, we then imagined that it would have matched for us but might not be suitable for everyone as they could also have incidents arising later in the BiP. Our second thought was that a second assessment at the end of the three weeks would be more meaningful.

We all agreed on this idea, and two weeks later, when we all went our separate ways after the closing ceremony, I took the initiative to recreate the same survey for us to re-assess each team members. Due to many fun times we had together between the first incident as well as the first peer-assessment and the end of the BiP, the tensions were loosened. Thanks to this build-up of trust, no bias was present, and the results of the second peer-assessment were different (see *Appendix 16*). In fact, not only my results changed, but all of the group members saw changes in their graphs despite not being the main actor of the first incident.

2.2.3. Learnings

At the beginning of the BiP, we each completed an “At my best/At my worst” table in which we would say five qualities defining us when we are in a good mood, and five flaws we have when in a bad mood. Even though we did not expect much from that exercise, I believe it helped easing conflicts. “When you surface differences before a team starts work—even when the group seems homogeneous and harmonious—you can pre-empt destructive conflict” (Toegel and Barsoux 2016). Filling up the table was helpful not only to understand what to expect from the others, but also to be able to work on myself. Indeed, the contrast between filling up the table and how I actually behaved was interesting. As I knew what my flaws were, I could try to work on them, and avoid falling into what I knew would not be pleasant to the others, such as being too stubborn, or lacking effective communication.

That period of the experience has also strengthened the importance of communication. If we had not taken the time to exchange on why they had graded me that way, I would have been left with frustration, and doubts about myself. I will always remember the benefits of that situation for future eventual similar incidents, and I will always try to understand the reasoning of someone’s thoughts before reacting. I can always learn more about myself from others if I am open to feedbacks and constructive criticism.

Finally, my group members have proven from the two peer-assessments that perception about someone can change, just as Primeau (2021) explained in her work: “Even a fixed mindset is not set in stone. You can change your mindset”. From what we have experienced, and latter discussed with the group, the timing at which you assess someone can affect your perception, especially with all the external factors that are occurring at that time. In addition, the amount of time spent with someone is a factor we believe is important to take into consideration when giving feedbacks. Where you tend to spend time with a person is the final factor we identified influencing on perception, i.e. if it is at school or work, in a park, at parties or anywhere else.

2.3. Conclusion

I am very grateful for having been part of the Business in Practice program. As lectures during my scholarship has taught me knowledge only useful in specific jobs, this adventure has taught each of us, both individual and collective, valuable lessons. Not only have we experienced directing marketing, operation, human resources, finance, or innovation, we have most importantly learned to communicate between each other to make those distinctive departments work together. We could have followed theoretical lectures for months, having practiced it intensively for three weeks was much more insightful, just like the Chinese proverb says “I hear and I forget. I see and I remember. I do and I understand.”.

I believe the learnings gathered during the three weeks will be very helpful when in a work environment. From the first incident, I have learned to be patient and to overcome disagreement. It has also shown me the importance of flexibility in work that I will try to implement in my future career. The key takeaways I draw from the second incident are mostly the importance of communication, and how perception about someone changes over time and depending on external factors.

Other than professional learnings, I feel like the experience was beneficial for my personal life as well. Indeed, having identified what colour our personality was through a test, helped us during the simulation, but has also helped me by better understanding people after the program. As a blue person, I want to be correct, like to be precise, or take logical and deliberate decisions. However, not all people are like me, and non-verbal keys allow me to identify their personality and adapt to their way of communicating.

Finally, the BiP was a perfect ending for my scholarship. It is a great transition from school lifestyle to work lifestyle while still remaining a fun experience. As a French person looking to meet new people from all around the world, discovering new cultures, this program was also an excellent conclusion to my journey.

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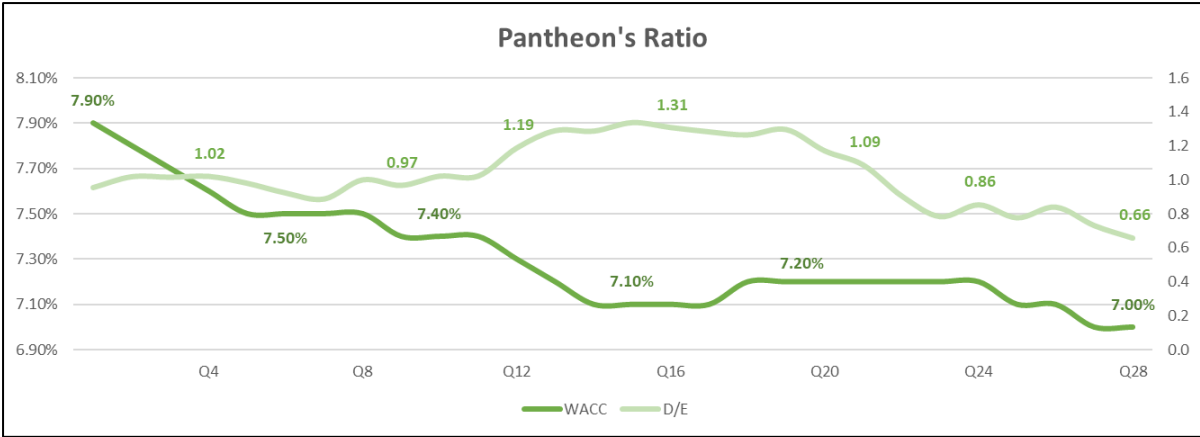
4. Appendix

Pantheon's Values	
Sustainability	We prioritize sustainable practices in all aspects of our business, striving to minimize our environmental footprint and promote a greener future
Excellence	We are committed to achieving excellence in everything we do, from product design and manufacturing to customer service, ensuring that our vehicles consistently meet and exceed the highest quality standards
Integrity	We operate with unwavering integrity, upholding honesty, transparency, and ethical conduct in all our interactions with customers, employees, partners, and stakeholders
Innovation	We foster a culture of innovation, continuously pushing boundaries and exploring new technologies and solutions to drive positive change in the automotive industry
Customer-Centric Approach	We place our customers at the heart of our business, understanding their needs, and delivering tailored experiences, exceptional service, and reliable products that enhance their lives
Collaboration	We believe in the power of collaboration and actively seek partnerships with like-minded organizations, suppliers, and communities to achieve shared sustainability goals and create a broader positive impact
Empowerment	We empower our employees to excel, providing a supportive and inclusive work environment that fosters creativity, personal growth, and professional development
Social Responsibility	We recognize our responsibility to contribute to the well-being of society, engaging in philanthropic efforts and social initiatives that address pressing issues and improve the communities we serve
Continuous Improvement	We embrace a mindset of continuous improvement, consistently seeking opportunities to refine our processes, enhance efficiency, and innovate for a better future
Value-Driven Pricing	We are committed to offering fair and competitive pricing that reflects the superior quality and sustainable value of our vehicles, ensuring that our customers receive exceptional products at a reasonable cost

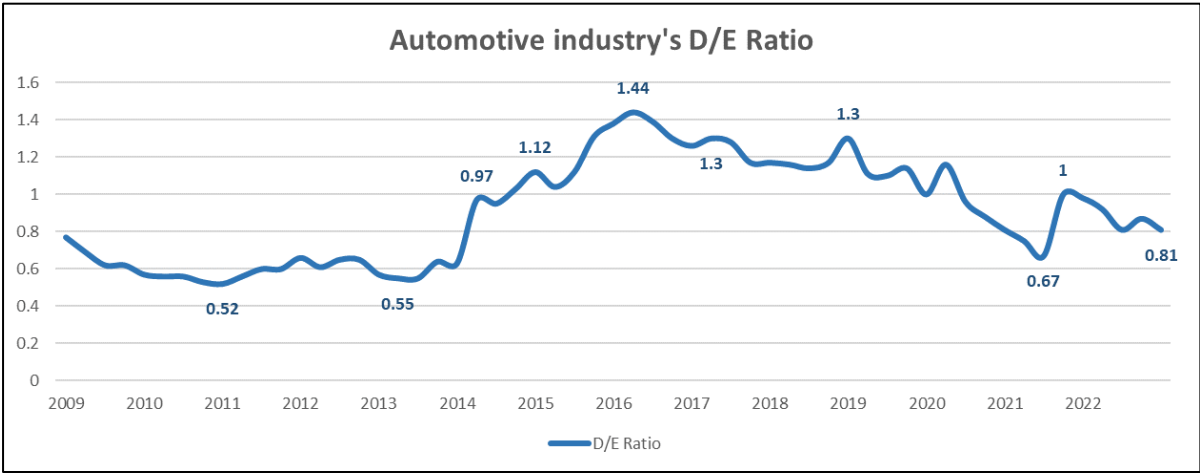
Appendix 1 - Pantheon's Values



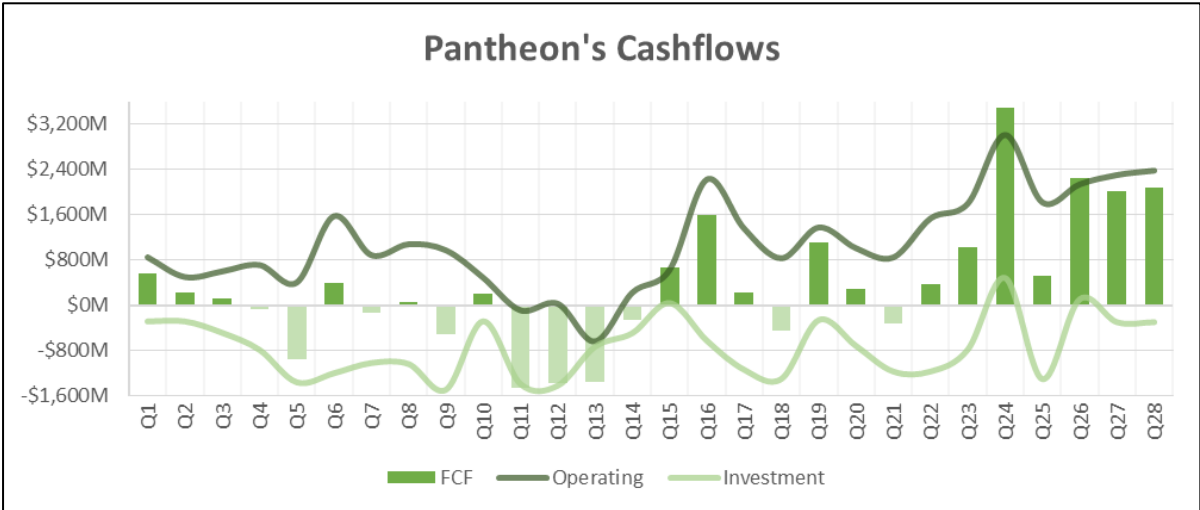
Appendix 2 – Tesla's SWOT analysis from BusinessModelAnalyst.com



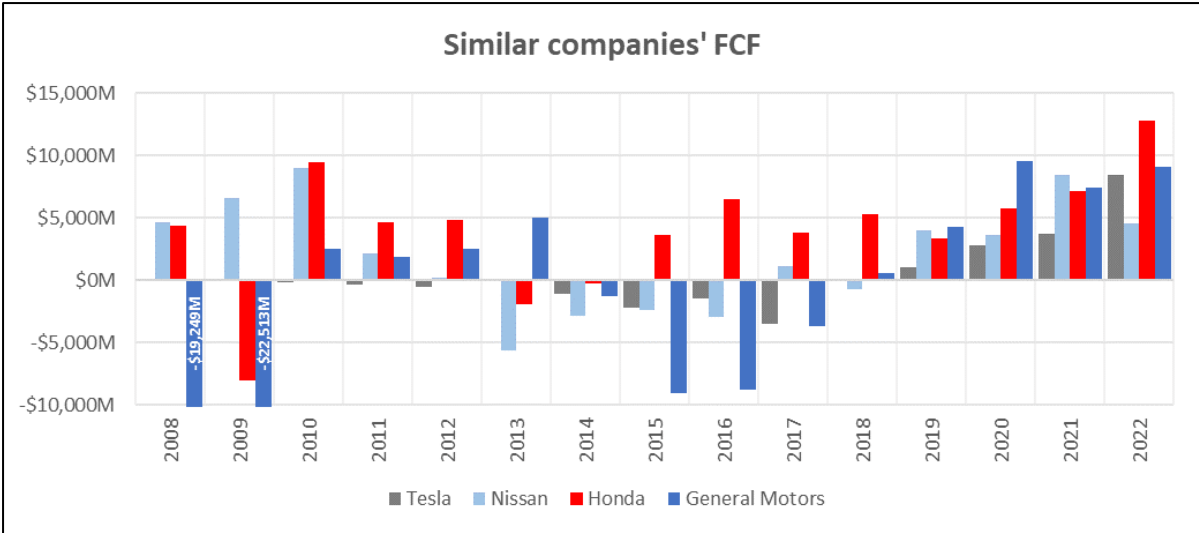
Appendix 3 – Pantheon's WACC and D/E



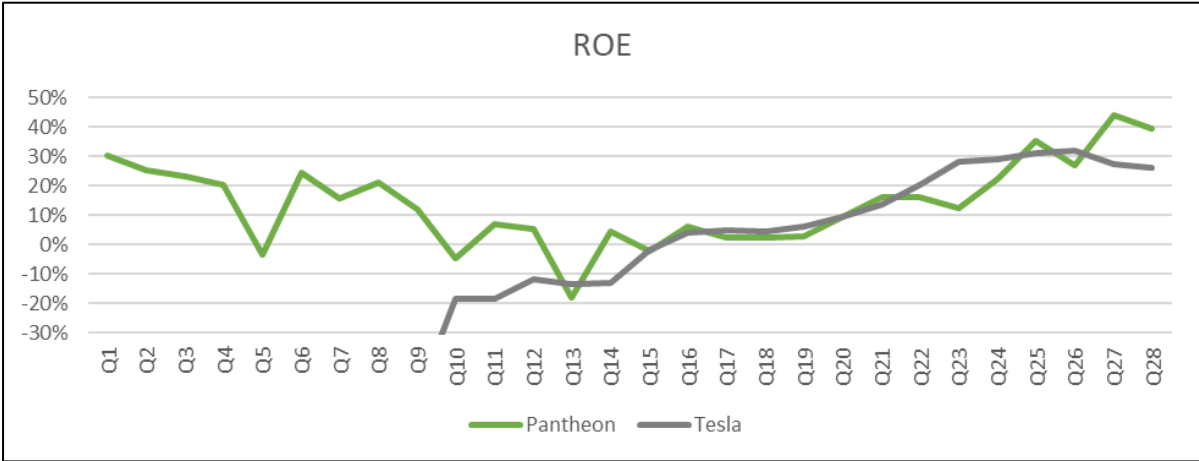
Appendix 4 – Automotive industry's Debt-to-Equity ratio (data from macro trends.net)



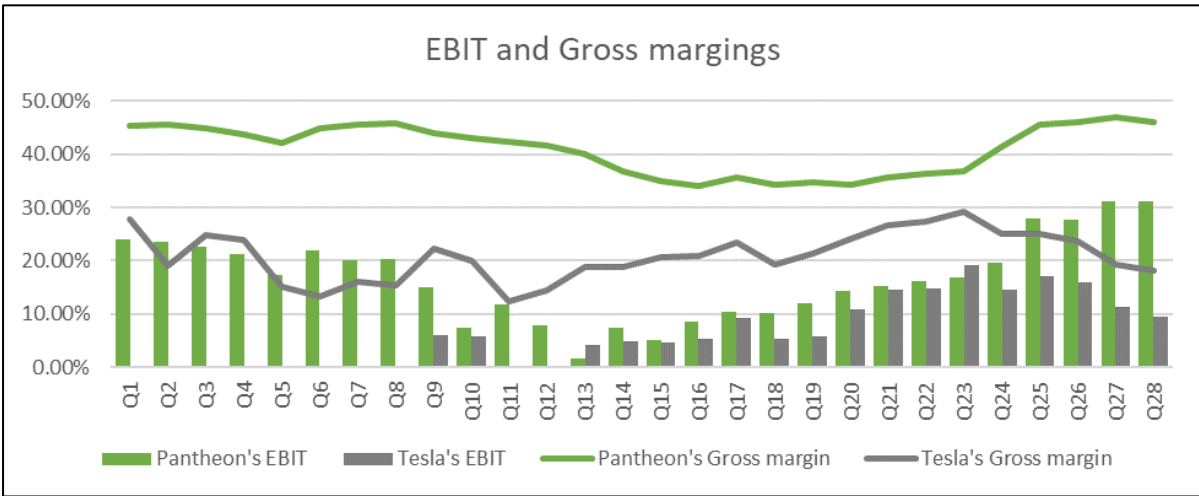
Appendix 5 – Pantheon's Free Cash Flow (FCF), Operating Cash Flow (Operating), and Investing Cash flow (Investment)



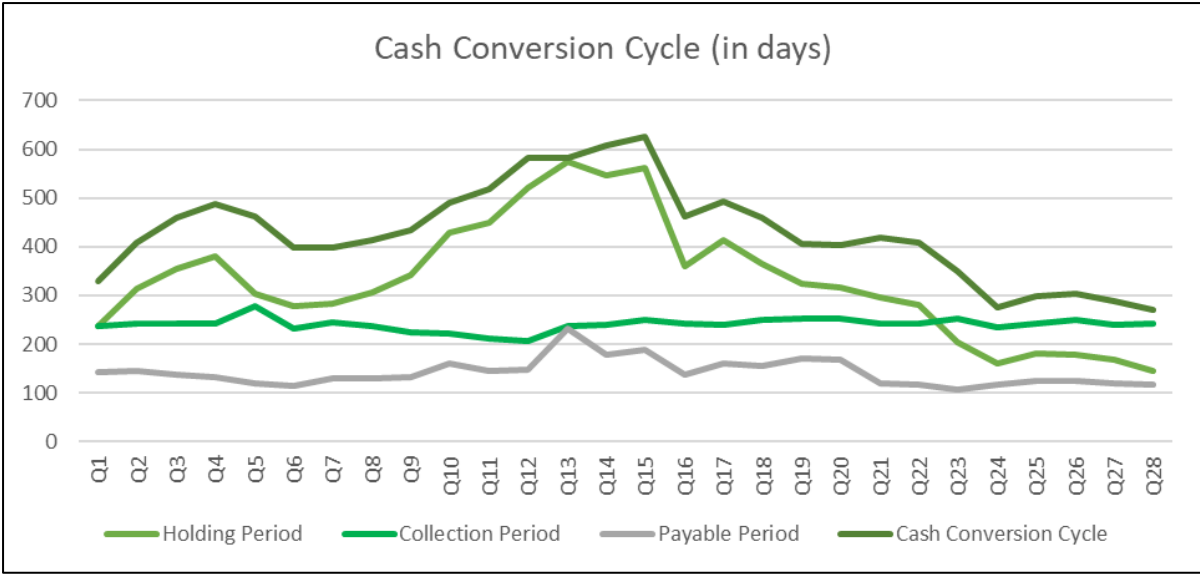
Appendix 6 – Tesla, Nissan, Honda, and General Motors FCF (data from [macrotrends.net](https://www.macrotrends.net))



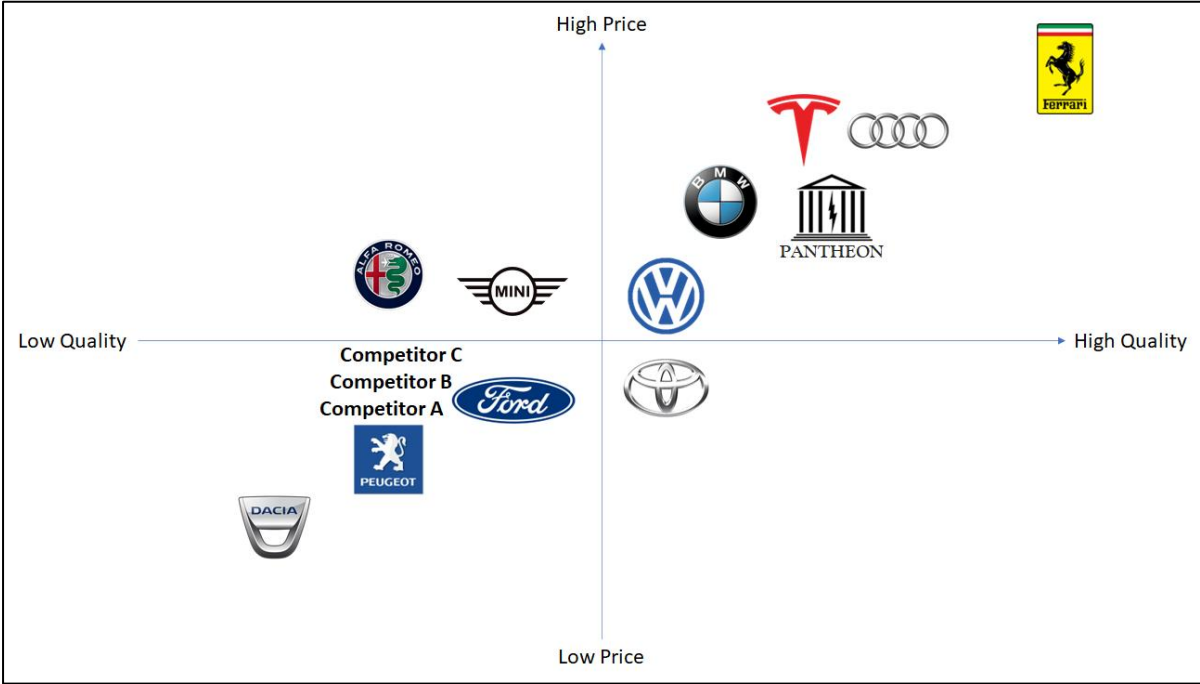
Appendix 7 – Pantheon and Tesla's ROE (data from [macrotrends.net](https://www.macrotrends.net))



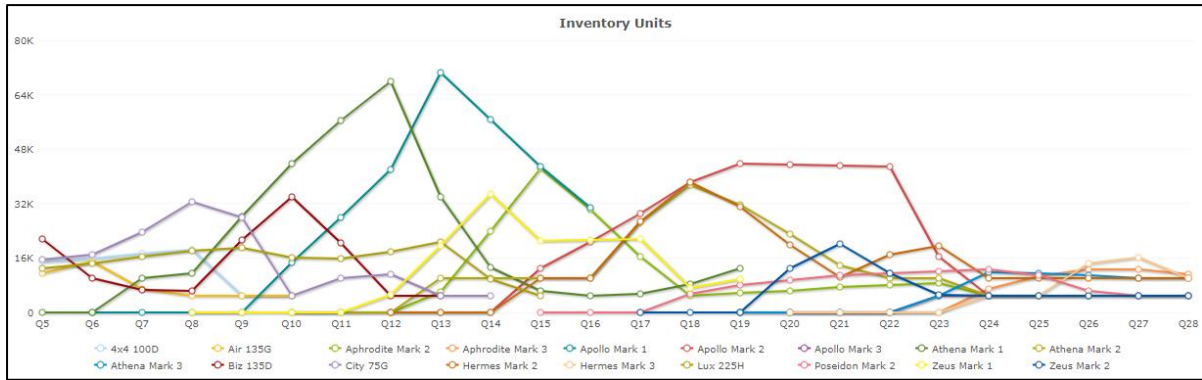
Appendix 8 – Pantheon and Tesla's EBIT and Gross margins (data from [macrotrends.net](https://www.macrotrends.net))



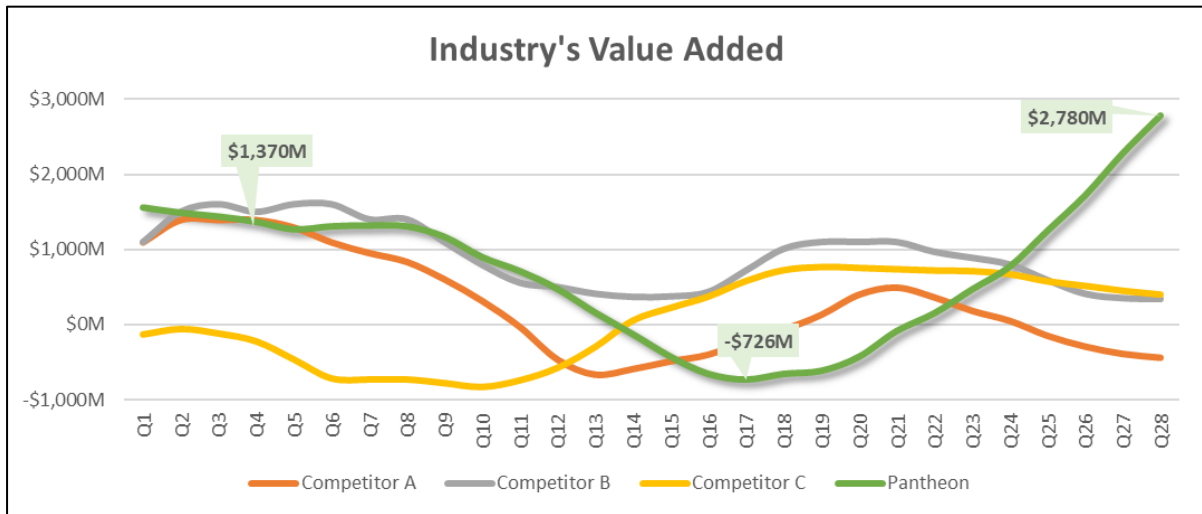
Appendix 9 – Pantheon Cash Conversion Cycle’s detail



Appendix 10 – Positioning map featuring Pantheon and Competitors A, B and C (data from medium.com)



Appendix 11 – Pantheon’s inventory in units (graph from the simulation)



Appendix 12 – Pantheon’s Value Added compared to its competitors

Week 1 (12th Jun - 18th June)

Mon 12 June	Tue 13 June	Wed 14 June	Thu 15 Jun	Fri 16 June	Sat 17 June	Sun 18 June
10:00 Opening and Simulation overview 12:00 Sim training in teams 13h-14h lunch	10:00 Sim practice	10:00 Sim functional training G1: HR + Ops G2: Mrk + Inov G3: Fin	10:00 – 13:00 Academic session on FINANCE	10:00 – 13:00 Academic session on HR	10:00 Sim practice	
14:00 – 17:00 Academic session on STRATEGY	14:00 Sim practice	14:00 – 17:00 Academic session on MARKETING	14:00 – 17:00 Leading yourself Workshop	14:00 – 17:00 Academic session OPERATIONS	14:00 Sim practice	

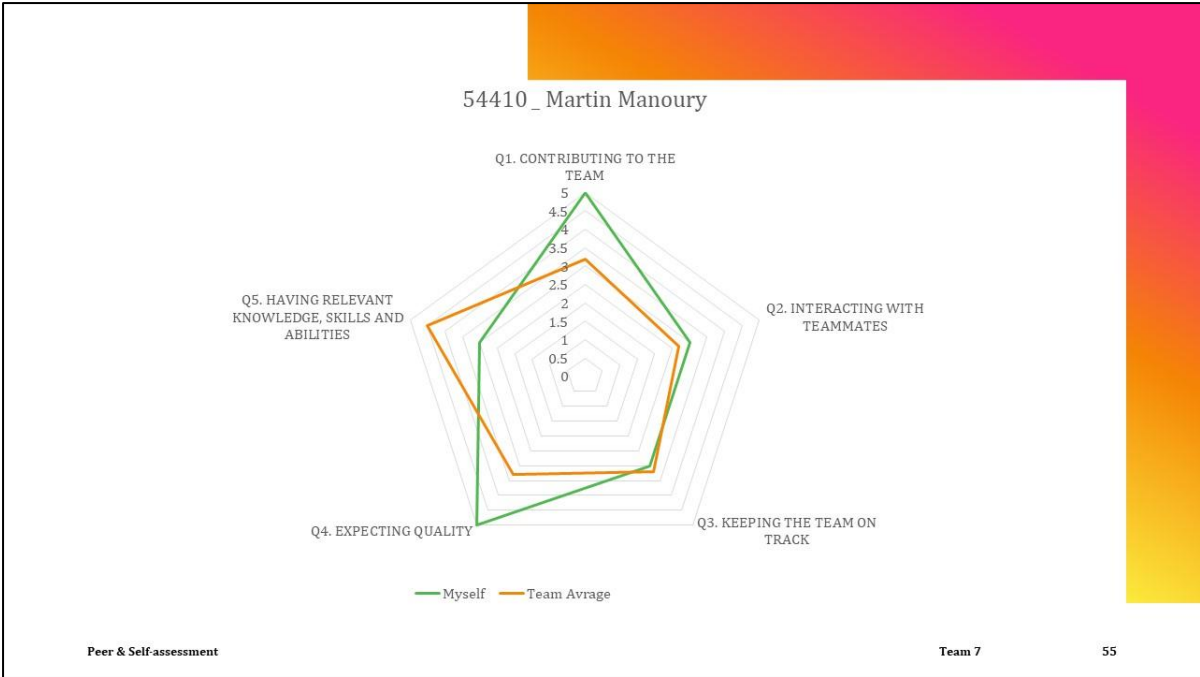
Week 2 (19th June – 25th June)

Mon 19 June	Tue 20 June	Wed 21 June	Thu 22 Jun	Fri 23 June	Sat 24 June	Sun 25 June
10:00 – 13:00 Academic session on INNOVATION 13h-14h lunch	10:00 – 13:00 Sales workshop 13h-14h lunch	10:00 – 13:00 Sales Role plays 13h-14h lunch	10:00 – 13:00 YEAR 2 decisions 13h-14h lunch	10:00 – 13:00 YEAR 3 decisions & Sim Clinics 13h-14h lunch	Team review and prep for three final years of Sim	
14:00 – 17:00 Academic session on SUSTAINABILITY	14:00 – 17:00 Assignment briefing	14:00 – 17:00 YEAR 1 decisions	14:00 – 17:00 Leadership in Practice Workshop	14:00 – 17:00 Sim Clinics	Team review and prep for three final years of Sim	

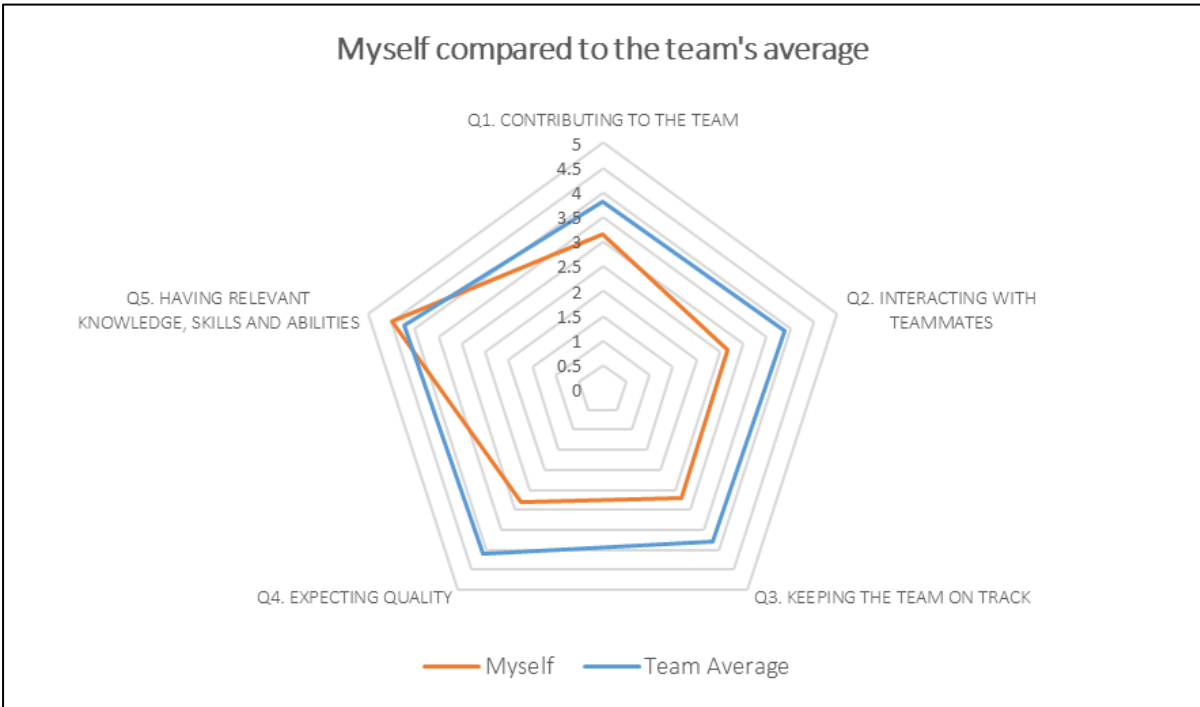
Week 3 (26th June – 30th June)

Mon 26 June	Tue 27 June	Wed 28 June	Thu 29 Jun	Fri 30 June		
10:00 – 13:00 Client retention workshop 13h-14h lunch	10:00 – 13:00 Client Role Plays & Team dynamic clinics 13h-14h lunch	ESG ROLE PLAY 13h-14h lunch	10:00 – 12:00 Assignment briefing 13h-14h lunch	10:00 – 12:00 Sim results debrief 12h-14h lunch and awards ceremony		
14:00 – 17:00 YEAR 4 decisions	14:00 – 17:00 Client Role Plays & Team dynamic clinics	14:00 – 17:00 YEAR 5 decisions	14:00 – 17:00 YEAR 6 decisions			

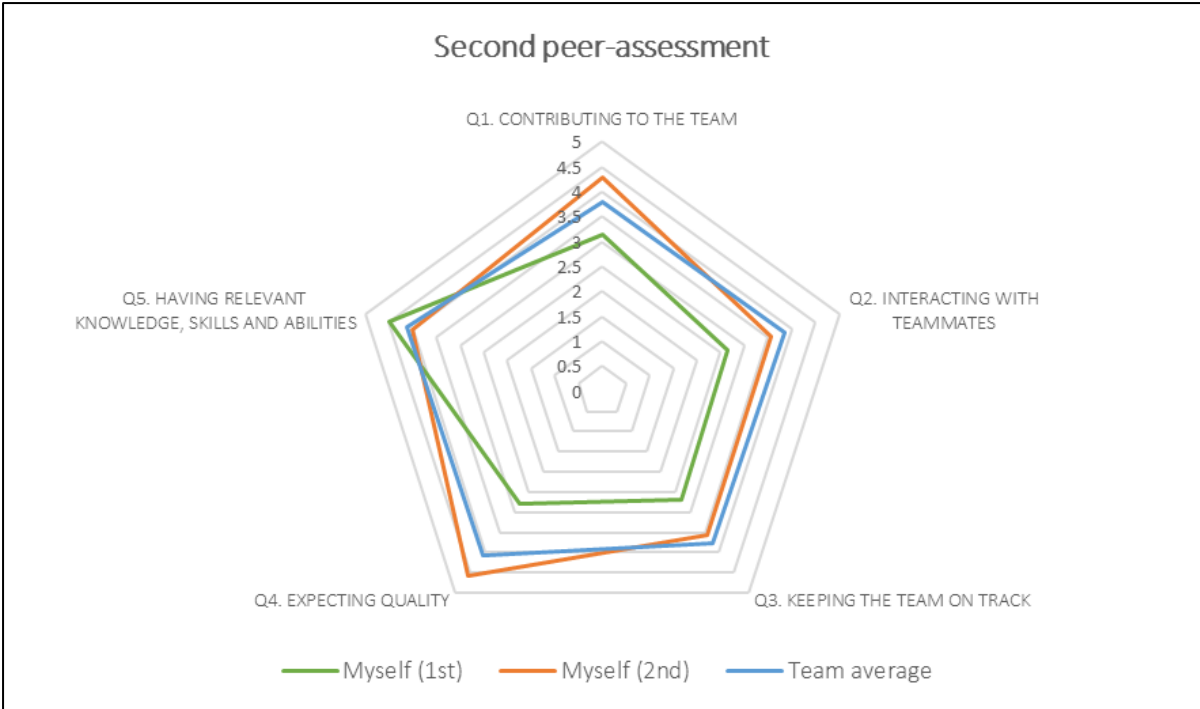
Appendix 13 – BiP 2023 Timetable



Appendix 14 – Peer-assessment with how I evaluated myself (green), compared to how the team evaluated myself (orange)



Appendix 15 – My peer-assessment's result (orange), compared to the team's average result (blue)



Appendix 16 – Second peer-assessment’s result (orange) compared to the first one (green) and the team’s average on the second peer-assessment (blue)