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BUSINESS IN PRACTICE: HOW EARLY SUCCESS FOSTERS UNFORESEEN SETBACKS

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Abstract

Electrification of vehicles has gained increasing preponderance over the last few years. If, on the one hand, it denotes the urgency and attention towards a more sustainable future, for companies in the sector it means a higher volatility in terms of workflows and team management, in order to keep up with the latest technologies and to not fall short of other competitors. Throughout this project, it will be simulated a real-life scenario describing the electrification journey of a company, the most significant challenges that are faced along this path and its customized cost-leadership strategy to conquer this emerging disruption market.

Keywords

Apply theory in practice, Business Simulation, Reflective Practice, Sustainability of Competitive Advantage, develop a business strategy, automotive industry, interdependencies across business functions, ESG Integration

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Personal Reflection

Established as an experiential didactic tool for a more impactful form of academic learning, the Business in Practice simulation revealed to also perform the function of an enriching self-development experience. Following the original study of Dewey (1991), I attempt to learn from reflective journal writing by posing questions about the turn of two critical events and understand whether or how I could have ensued better outcomes. Regardless of the challenges entailed with unraveling prior beliefs about my personal traits and capabilities, it was critical to acknowledge, at this early professional stage, several hidden cognitive biases, which were constraining my overall performance (Weinstein and Mayer 1986, 315-27).

Despite the initial appearance of a strong cohesive team, both critical incidents resulted from not promptly tackle primary structural issues. Firstly, to prepare for the simulation launch, teams were advised to assemble an overall strategy, mainly to have a corporate logical guidance throughout the years. Faced with adversities to create an upfront plan for the ambiguous future of each business unit, my team opted to not address the problem itself, but rather take decisions merely depending on the results from previous quarters. In fact, it was the incoherency between considering myself a leader, capable of encouraging problem solving, yet simultaneously deciding to neglect than to react, that encouraged me to reassess my actual competencies. Secondly, in addition to the simulation practice, other insightful activities also took place. The client retention role play was one of the most challenging tasks for our group, mainly due to the lack of team consensus. The ongoing discussions compelled the group to postpone the script composition to hopefully gather a brighter mindset. Instead, the overall exhaustion intensified the subsequent team collapse. Whilst the critical incident could evolve around how others failed to pledge their duties, I realized that my absence of trust and avoidance of accountability also fostered such outcome. Essentially, as I aspire to become an enthusing leader in the fierce business environment, recognizing and learning from these mistakes is of upmost importance.

Critical Incident I

The Event

The first week of the Business in Practice had an intentional lower amount of workload, partially to give students the opportunity to get acquainted with the platform, the team, and useful theoretical concepts. Nevertheless, similar to any real company relaunch, some metrics needed to be established beforehand, namely the vision, mission, goals and, most importantly, planning the strategy that would sustain value during the upcoming automotive disruption. In order to fully understand our roles in the simulation, we were given two trial rounds that would simulate the first operating year. Despite being advised to use those trials as a helping guide to create bold strategic foundations for incoming years, the team placed excessive effort solely on those first-year decisions. After all, the previous attempts to build a future plan kept leading to ambiguous questions that would depend on the result of current outcomes, discouraging the team to think further ahead. While this non-strategy approach seemed harmless at first sight, deciding to move forward without a concise plan, only concerned with the present year duties, positioned the group in a severe volatile condition, highly prone to additional disagreements. After the first trial round, I was starting to feel anxious for not having yet any sort of potential strategy, but also because, when comparing other groups' progression with mine, I easily figured the actual consequences of such poor decision. From a chronological perspective, it took me a week to be aware of the critical incident I was facing and potentially only triggered by the feeling of inferiority from comparing myself to others. Rather than tackle the very first adversity I encountered during the simulation and encourage the entire team to solve their problems as well, I opted for idleness. Bear in mind it was not the first time I had to deal with uncertainty or ambiguous obstacles, nor would be the first occasion I had to undertake the role of a leader in an unmotivated team. Besides, during the pursuit of my management degree, I have gathered enough theoretical resources on how to deal with these drawbacks, refuting the hypothesis this being a result of insufficient academic knowledge. So, was I losing my leadership capabilities or have I been holding onto a misconception about my own skills? On a personal note, the feeling of being easily influenced to not solve the problem was sufficiently disappointing, but being aware of the consequences and still lack the ability to prevent a discernible team disfunction was even more alarming.

Reflection and Learnings

The decision to disregard the importance of building a future strategy, just to avoid the hurdle of dealing with ambiguity, was undoubtedly a turning point for the entire team. In spite of the initial challenge to withdraw positive outtakes from this debacle, I reflected upon the significance of uncovering solutions that will allow me to avoid or better adapt to similar situations in the near organizational future.

Drawing from the cumulative amount of teamwork performed throughout the previous academic years, it could be assumed I had already acknowledged my technical and social boundaries. However, by falling under the tendency to favor information which solely confirmed prior beliefs, also known as confirmatory bias (Wason 1960), I kept hindering myself from recognizing former mistakes, while misguidedly overestimated personal cognitive capacities. In fact, according to the sunshine yellow personality (Insights Discovery 1993), as I am predominantly defined, there is an instinctive desire to be exclusively involved in groups where my contribution is appreciated. Therefore, the snowball effect entailed with not being aware of my own skills was being intensified by not allowing any constructive criticisms, since they tend to be perceived as external disapproval or personal confrontation. According to Cannon and Edmondson (2005), this necessity to create an unrealistic positive illusion of ourselves is an implicit outcome of the human desire to preserve high self-esteem, through disassociation of our own failures. However, building high levels of self-esteem at the expense of overestimating my actual capabilities was placing me in a position that Kruger and Dunning (1999) described as unskilled and unaware. This effect in which below-average performers fall prey to the belief they are greater than average has dangerous consequences for an individual's overall performance, such as overlooking opportunities to improve a skill that is thought to be already developed, setting stage for subsequent biased appraisals. In essence, I have been regarding myself as a problem-solving leader, when in reality, even though I disregard all personal errors and seem to only recognize ineffectiveness on other colleagues, my lack of initial effort also constrained the team's ability to build a solid future strategy. One possible explanation for this judgmental tendency is the evident bias blind spot, (Pronin et. al. 2002) described as the higher propensity of people to detect bias in others' actions relative to theirs. Take the aforementioned anxiety feeling, expressed by the end of the first week, as a concrete example of all these hidden biases: recall that I claim to have already anticipate an undesirable outcome after considering my team's decision to pursue a non-strategy approach, yet still not gather the capabilities to rectify the chosen path. Nevertheless, I was under the impression to have been easily influenced to not tackle the problem, rather than immediately accept that I also fell short to expectations. Moreover, to further enhance this introspection, the previous assumption stating I had already anticipated the outcome will require additional analysis since it might be subject to personal misperceptions. A relevant study conducted by Fischhoff (1975) poses that I could be overvaluing my predictability skills, through selectively remember information which only confirms prior beliefs, also designated as hindsight bias. If the consequences had been already foreseen, as previously argued, I should have promptly felt more responsible for not being able to prevent this outcome, instead of moving forward with the perception it was merely lack of team effort. Notwithstanding the previous insightful evidence, it is also critical to consider the peer assessment scores. Faced with the straightforward conclusions with regards to my distorted self-reality, it was not expected to observe any opposing findings. Contrarily, all peers overvalued my skills in all five parameters (Appendix I), compared to my average individual appraisal, which can be interpreted either as other people's aversion to disclose my flaws or, despite the identified biases, I can also partially display humbleness traits. On one hand, it could be argued that if four different personalities find a broad consensus about my own abilities, then my self-evaluation is somewhat undervalued. On the other hand, the easy going and fun approach I tried to endure might have restrained my colleagues to give their candid opinion, perhaps to avoid possible frantic reactions. Considering the lack of thorough inputs from third parties, the utmost partial conclusion will be to consider both possibilities.

Upon reflection, it became clear that I was misplacing significant value on introspective, relative to behavioral, information. Although the personal reflection endorsed compelling findings, to be capable of debiasing from all unconscious self-judgments, I will need more than a solid understanding about psychological barriers or merely recognizing I am susceptible to them. Several lines of evidence suggest transcribing each key decision, with detailed reasoning and expectations, as the best solution to demonstrate individuals their cognitive limitations. The goal is to assess, on a later stage, the factual outcome, identifying whether or why the predicted rationale was unsuccessful (Tjan 2012). Similar to this journal writing introspection, the expectation-reality comparison will allow to consolidate my awareness on my strengths and areas of improvement. Bear in mind that in the process of backward rationalizing past events, it is also possible to fall prey to personal misjudgments, which emphasizes the importance to have a detailed analysis on why certain assessments were made. To ensure the best unbiasing approach, I should also seek for effective feedback, entailing individual development appraisal and proper recommendations on how to improve my skills.

Going forward with my professional career, I believe that being self-aware of my own limitations is both a competitive advantage and a growth requirement for the initial stage, to surpass liable beginner mistakes, as well as for the long-term to preserve the humble mentality.

Critical Incident II

The Event

Along the three weeks, teams were presented with the opportunity to have a solid understanding on the entire sales process, from the initial offstage interdependencies between the five areas, in which an agreement on the unique value proposition is settled, to the decisive face-to-face customer-employee interaction, coached through the roleplays. The underlying message of these workshops was to recognize the importance of customer approach, both at the level of client acquisition but also buyer retention, since it is worthless to develop brilliant ideas but lack the skill to sell them. Despite being a very insightful module, the client-retention roleplay became one of the most negatively challenging tasks. The assignment itself, contrarily to the former roleplay, had previously-established guidelines, outlining the required topics to be approached. Intuitively, for many teams, it enhanced the simplicity of the project. Under no circumstances, could I have assumed that the, thus far, 'agreeable' group, whose decision-making process had not yet generated any severe disagreement, would utterly collapse. Even though it was the beginning of the week, the simulation challenges revealed to be more demanding, which evidently translates into more exhaustion and less motivation for additional activities. Nevertheless, I requested to finish the entire script composition during the afternoon, instead of dealing with that assignment at night, as suggested by other members. During the initial brainstorm, it could already be perceived unusual tensions among some members, yet I still held my early request, and asked for more empathy with each other, in order to reach consensus. While the determination to promptly end the task may seem desperate, it was rather a precocious effort to avoid incurring the same mistake of the previous week, in which the team could only manage to meet at midnight in order to prepare for the first roleplay. Faced with relentless discussions on what would be the best approach to persuade the client, members were starting to get unsettled, leading to an utterly collapse. To prevent any further complications, the group decided to complete the task later that night – the alternative I fiercely tried to inhibit in the first place. Regardless of the clear tensions, there was still a script to be written and presented in the following morning, which encouraged me to find alternative solutions and search for additional academic materials. In the course of the night, I understood that none of the members had yet entered the online document, as it had been formerly settled. The members' lack of commitment to pledge their duties left me astonished, but also highly concerned, since the two presenters would not be able to memorize the script, solely written by me, few hours before the roleplay. It stands to reason that the presentation was a thorough disaster, and unresolved conflicts were only responded with the aid of the Sim Clinics workshop.

Reflection and Learnings

Being critical when reflecting about an incident should go beyond pretending to only blame ourselves for the unforeseen turn out of events. Contrarily to the previous situation, I do sense that team members significantly contributed to the unfavorable outcome. However, reflecting on others' behaviors would not grant me any constructive self-development, which does not go in accordance with the aim of this segment. Instead, this introspection will focus on my lack of effective teamwork, as well as several team dysfunctions that could have been prevented.

Firstly, it is important to recognize how I inhibited the team from reaching full potential by neglecting members' schedule preferences. Research evidence demonstrates how feeling respected and supported enhance positive emotions. In agreement with Fredrickson's (2004) insight, perceiving these positive emotions magnifies the individual capacity both to cope more effectively, reducing the propensity to react in a defensive manner, as well as to handle group tasks as a social responsibility, which are two important inputs to build synergetic team bonds. According to the Sim Clinics workshop, two prominent reasons lag behind my persistency to end the script during the afternoon: the absence of trust and avoidance of accountability.

Firstly, whilst assessing the concept of trust, researchers have devoted significant attention to the implicit relation between trust and cooperative behavior, along with its associated performance benefits. As teams are becoming more diverse, so are the social, emotional, and human needs involved. Therefore, cooperation amid such distinct individuals is crucial to reach teamwork effectiveness (West 2012, 6). Recall from the event description that the main reason for not agreeing to delay the task was to avoid incurring another unproductive meeting at unbearable hours. However, if a preventive conversation had occurred once that issue was raised, I would have given the opportunity for everyone to reflect on better solutions for any upcoming similar duty. Ironically, the turn of events, compiled with resentment and frustration feelings, led me to believe that my judgement towards other members was indeed accurate. Fortunately, with personal reflection and external feedback about my attitudes, I was able to assemble a different take away from the situation and understand the importance of cooperation. Aside from damaging the foundation of teamwork, holding grudges towards teammates will only weaken the groups' overall performance, as stated by Toegel and Barsoux. Whilst the conventional approach advocates how to deal with conflicts once they arise, both authors defend that, under those circumstances, individuals build unnecessary frustration, "making it difficult to reset negative impressions and restore trust" (Toegel and Barsoux 2016). Instead, authors give preference to a proactive approach, in which the leader facilitates prior conversations with regards to expectations, preferences and suggestions on how to deal with misalignment frictions. Despite the overall consensus that communication is the ultimate solution to overcome trust conflicts, the preemptive aspect of the latter approach is personally more compelling to be applied in a future group assignment, alongside with better comprehension and listening skills.

Secondly, avoidance of accountability refers to the aversion of confronting partners on their negative performance or behaviors. As noted in the first critical incident, I was too comfortable in attributing the burden of unforeseen outcomes to third parties, rather than myself. Given such frequent tendency, one could assume that, at least, I held others accountable for their hypothetical mistakes. However, even with this bias in effect, those judgements were never externalized, either to preserve the ideal friendly image or just to avoid conflict. These assertions are consistent with the idea that I devote excessive attention to what others will perceive of myself once I undertake certain behaviors. In fact, the majority of my daily actions are regulated according to how I intend to come across to others, which frequently conflicts with my actual personality, but also allows an easier integration in groups, preventing personal rejection – features commonly identified in the Sunshine Yellow color energy. Despite the individual benefits entailed with this defense mechanism, namely the superior adaptation to change, it has dangerous implications for team success, given that the intended standards are being disregarded at the expense of preserving interpersonal relations. The importance of team accountability is further supported by Lencioni (2002) who describes this healthy pressure as a vital function for any leading team, emphasizing how it "exposes any potential problems with a team member's work", thus allowing for group dysfunctions to be proactively solved.

Essentially, miscommunication is at the root cause of both unraveled issues. Although this practice is only inferred as a learning experience, in a real business environment, there is already high propensity to fail for much complex reasons, which reinforces the importance to avoid incurring problems due to poor communication or other team dysfunctions. The excessive attention allocated to what others will perceive of myself upon confrontation could be disregarded if my feedback interactions were effective. For Tunstall and Gibbs (1996), this encompasses being specific, learning driven, tied to an action plan, while always recognizing the allocated effort.

Conclusion

The aim of this segment was to reflect on the progress of two critical incidents, and understand whether I could have ensured better outcomes. Given the wide array of personal biases disclosed during this introspective practice, it was possible to discuss fundamental learning ideas, which I intend to apply in the near organizational future.

The first incident evolves around unraveling prior beliefs about my own skills and capabilities, interpreted as lack of self-awareness and reserved constructive criticism, whilst the second example clarifies my cooperative limitations, specifically the lack of aptitude to give feedback and be socially indulgent. Even though there is a clear distinction within events, defined by individual versus social dysfunctions, both theoretical recommendations reached an agreement on the importance of effective feedback as a feasible solution to overcome these biases. By contrast, it was also concluded that the peer evaluation was not necessarily the most effective method to receive feedback, since the majority of figures opposes academic findings. Despite acknowledging interaction and contribution to the team as my key competitive advantages in the group, according to other members, I was keeping the team on track at an average of 4.5/ 5 level (Annex I). This would imply, among other aspects, to ask the group for feedback and use their suggestions to self-improvement (Annex II), a statement that has been assertively refuted during this study.

In essence, critical occasions can easily acquire negative connotation, yet they also instill fundamental growth requirements, which according to Goleman (2002), can be translated in three of the four domains of emotional intelligence: individual and social awareness, and relationship management. The underlying goal for the subsequent professional stage is to allow myself to grow in those aspects, by implementing the communicative-listening and detailed decision records methodologies, which will not inhibit failure from happening, but will certainly grant me the opportunity to learn from different mistakes.

Firm Analysis

Over the previous decade, disruptive forces have fiercely coerced the automotive industry to revolutionize the entirety of its business model in order to take advantage of the changing preferences, sustainability concerns and the eminent rise of new technologies. Even though the global sales for electric cars could only reach a margin of nearly 10% in 2021 (IEA 2022), consumers' awareness regarding the alarming planet condition has been accelerating the shift from internal combustion engines (ICE) to either fully electric vehicles (EV) or hybrid options. Faced with this market trend, Omnia decided to reinvent its concept and become part of the new equation, urging to contribute towards the proposed sustainable development goals, within the following ten years. The overall aim is to be capable of enduring greener inbound operations, while providing electric yet accessible cars, especially, to the younger generation, whose ambition towards sustainability is bounded by the lower purchasing power.

The subsequent section describes the management process and respective challenges entailed with creating value during this advancement. The analysis will give specific focus on three key business areas: strategy, operations and marketing, as well as their solid interdependencies in the decision-making process. Despite being established as a simulation platform, the Business in Practice resembled, in several aspects, current challenges encountered by conventional firms. Henceforth, to grasp a realistic assessment on Omnia's decisions to overcome certain issues, a comparison with real automotive firms is also incorporated in the study.

With an auspicious beginning ahead, the company underestimated the importance of outlining a bold long-term strategy to sustain its competitive advantage across all business units, ultimately leading to unforeseen setbacks. Even though the transformation from ICE to EV might seem straightforward, without defining a concrete path, the firm got inattentive to problems in disguise, which culminated in being far surpassed by the competition and having to resort to unsustainable price promotions to remain competitive in the market.

Strategy

Every new business is required to establish three principles in advance: the mission, vision and core values. With a clear mindset in place, a company is then capable of building the forth fundamental pillar: a strategy plan on how it will win.

Accordingly, in the context of the simulation, Omnia launched its new brand with the aim to offer sustainable, tailored and accessible cars for the younger generation, envisioning a future portfolio built upon the most distinctive cars worldwide. The agility to fulfill different customer preferences combined with a balance between rational decisions and entrepreneurial risk-taking, in order to overcome environmental concerns from exclusively possessing conventional vehicles, allowed Omnia to continuously pledge to its original propositions. With an ambition to become the first player to utterly convert the fleet into electric engines and finance every investment towards the adoption of more sustainable processes, thus reducing its carbon footprint, the firm was determined to move forward with its alleged customized price-sensitive strategy. The combination of several inputs enabled the company to consecutively lead the disruption race in the early years. Nevertheless, as it advanced into the last four quarters, the value added started to improve at a considerably slower pace relative to its competitors (Annex III), demonstrating a severe oversight in the long-term strategical approach. Therefore, even though to some extent it is possible to succeed without holding an appropriate tactical proposition, under those circumstances, the firm is entailed to sustain its long-term value with much greater effort. Scholars have assessed that one of the most emblematic reasons for such detrimental mistake is related with the misperception between the definition of strategy and strategic goals (Vermeulen 2017). To attain its objectives, Omnia opted to merely adapt to new conditions, and counter different obstacles, which despite being fundamental features of any strategy, they should not alone define the strategy itself. Whilst this lack of plan allowed the firm to, at most, reach its predefined strategic goals, an actionable and coherent set of choices, also described as strategy, would have defined the most efficient path to, not only, reach those goals but also forecast how to better exploit them in the future. Notwithstanding the importance of aspiring to become the market leader, within the continuous dynamic car manufacturing industry, it is also relevant to recognize strategy as a concept whose purpose goes beyond winning competition in an arbitrary metric by the end of a specific time span. Sinek (2020) explained how this concept is erroneously perceived, by many firms, as an event rather than a journey, mainly because leaders outline finite objectives in what is considered an infinite game. In fact, amid the fast-moving automotive environment, sustaining a competitive advantage is extremely difficult since it requires constant adaptation and attractive innovation, considering that newly developed qualities might have already grown into obsolete features. Henceforth, players need to accept the volatile nature of the game, instead of compromising the business by wasting useful resources, only to win in every comparable parameter. Moreover, between the fourth and fifth year, other industry players started to strengthen their strategy, threatening the enduring victory position Omnia had conquered thus far. In an attempt to remain equally competitive, the firm's decision-making process became extremely dependent on competitors' behaviors. At this stage, winning was being instilled as a purpose rather than a result of good strategic fit. Evidently, this decision resulted in loss of coherence and identity, since the company was no longer concerned with efficient inbound logistics. Taking the case of Omnia into consideration, it is possible to conclude that without an actual strategy plan, there is a tendency to resort to the outside-in strategic perspective, portrayed by excessive comparison of outcomes with rivals and set competition mainly based on prices. In spite of being essential, the formal statements, aligned with the strategy, are yet not sufficient to return value to the company. It is worthless to develop a product with strong built-in foundations if it lacks strategic fit with customer demands. For this reason, firms need to describe their specific business models, which will encompass a set of hypotheses on how it plans to create wealth. A discussion on some of these models is presented below.

Business Model Canvas (Internal Perspective)

This model is a one-page visual tool created to provide a common language, among companies, on how the company intends to seize and convey value. It categorizes the relevant information into nine building blocks, in order to help perceiving business beyond product-centric thinking (Osterwalder 2013). Firstly, the value proposition is built on the premise to deliver accessible, yet innovative, cars for the consumers who recognize the urgency to act towards sustainability but are bounded by low purchasing power. By the end of year 6, Omnia had an extensive portfolio of seven exclusively electric cars, prepared with advanced connected drive systems to provide a unique autonomous driving experience. Secondly, in this industry, few are the brands which are not integrating parts of a joint venture or collaborative partnership, endorsed to allocate operations along the supply chain on behalf of external parties. Consequently, there are unavoidable similarities amid competitors when outlining this model. For example, akin to Omnia, most companies are entitled to manufacture, design, or develop, through R&D, new cars (Appendix IV). Since the majority of firms do not assemble the entire car in their own factories, key partners will implicitly need to supply specific components (i.e. batteries, chassis, engines, front screens). For instance, Rolls Royce, Opel and even Range Rover use BMW engines in some of its models (Kulev 2020). Furthermore, the government also plays a key role by incentivizing, through various remunerations, the purchase of sustainable cars, thus allowing firms to finally embrace the disruptive forces into their businesses. Thirdly, the transition process has shifted Omnia’s cost structure towards relentless R&D and innovation investments, requiring to be complemented with people training expenses. Finally, concerning customer-related categories, the firm allocated great effort to keep pace of consumers' most valuable preferences, specific to each geographic area, without compromising vehicles quality, in order to build a solid customer-base relationship based on trust.

Porter's Five Forces (External Perspective)

This model evaluates the intensity of five competitive forces within the automotive industry. The initial large amount of capital required to become a player in this industry, especially during this disruption stage where R&D is crucial to remain competitive, prevent established firms from the threat of new entrances. Besides, there is already a huge rivalry among existing firms, whose majority has been on the market for several years, holding a significant advantage on reputation and brand loyalty. Despite the significant number of public transportations available, or more recently, the electric scooters and bikes, none of those alternative usually offer the same convenience as private vehicles, which translates into a medium-to-weak threat of substitutes. Although switching between suppliers is costly, the large amount of potential suppliers a firm can choose from mitigates their bargaining power. However, the same rationale applies when considering the buyer perspective, since individuals or corporations can easily choose alternative brands, would the product or price be insufficiently appealing (Han, 2021).

SWOT Matrix (Combined Perspectives)

In spite of its limitations, this strategic planning technique creates a sense of urgency to act upon the firm's threats and weaknesses, by means of their strengths and opportunities (Kenton 2022). For instance, solving Omnia's weaknesses, such as low days of inventory, was made a priority in the quarterly decision-making process, since, by recognizing the intense rivalry among existing firms, disregarding those aspects could convert into a loss of potential customers to the competition.

Integrated view across functions

After gathering a sound understanding on the abstract key pillars, according to the hierarchy of objectives, the following section should focus on defining individual department strategies. Whilst it has been acknowledged how Omnia failed to create an appropriate corporate strategy, it did however establish its strategic goals, to which both marketing and operations divisions needed to be aligned with. Although each head of department was responsible to ensure, individually, if challenges or conflicts were solved before moving forward to the subsequent quarter, overall decisions typically involved the contribution of every member, in order to grasp different intakes on how to solve a certain problem, but also to avoid miscommunication issues. Particularly, it is important to enlighten how those two departments were required to work collectively throughout the entire simulation period, by mutually solving difficulties related with vehicles sales. In fact, prior to the launch of any electric car, the marketing director was entailed to confirm with the operations division if there was a production line available, in a specific geographic area, once the product was fully developed in innovation. According to the response, operations could also request marketing to adjust the prices of other vehicles, whose excess production was endangering the normal function of the business and would shortly need to be discontinued. For each quarter, the operations manager would bring inputs related to the levels of production of each vehicle or factory utilization rates, typically followed by a delegation of urgent actions from marketing, human resources or even the finance department. All things considered, at Omnia, each division is part of a greater system and should not take isolated nor autonomous decisions, since they will certainly affect the company in a much greater degree. In spite of the fact that during the course of the simulation managers were mainly concerned with attaining individual department goals, it was only possible to also reach the broad strategic aims due to an alignment of interests within all parties, to ensure the final destination would never be neglected along the journey.

Marketing

The final product was not the only business aspect in need of adjustments after disruptive forces were embraced. Perhaps one of the most impactful modifications on marketing strategies occurred with the introduction of the internet, and the subsequent development of technologies. Rivalry among competitors became fiercer as a result of the improved bargaining power of buyers (Ferrell et. al. 2022, 3), who are now capable of comparing multiple car alternatives within a matter of few clicks. Once more, the current market circumstances reinforce the importance to develop an outstanding, customer-centric, marketing strategy. There are three key steps towards the definition of this tactic: understanding where Omnia was before the launch of the simulation, recognizing where it wanted to be or become by the end of the six years, and lastly, how it planned to reach the desired outcome.

Considering the evidence described in the business models above, it is already possible to perceive the external and internal conditions Omnia was facing before the first practical year. Therefore, this analysis will depart from the second step, also known as the heart of strategy, which consists in outlining the segmentation, targeting and positioning (Kotler et. al. 2022). The STP will give an initial understanding of where Omnia will position itself in the market amongst other players. The end result tends to be depicted in a positioning map, where relevant competitors are displayed according to two market drivers. From an early market analysis, performed before Omnia relaunched its business in the EV market, the firm concluded that it should focus its business on building accessible, as opposed to luxury, fully electric vehicles, thus, being allocated in the second quadrant of the map (Appendix V). For instance, if Omnia revealed to become a real brand, its direct competition in the automotive industry would be XPeng, Lucid, BYD and Byton. The lack of non-asian brands in that segment confirmed prior evidence of an existing gap in the global market for accessible electric vehicles. Therefore Omnia's positioning statement was defined as "For downscale consumers looking for the irreplaceable convenience of a particular vehicle, that is not simultaneously crushing the planet, Omnia is the only agile brand among all electric vehicles, capable of assembling tailored and elegant cars for an accessible price, through the deployment of solely the required inputs to offer what the customer cherishes”. For a large extent, these buyer personas tend to be portrayed in recent-employed younger generation (Butler 2019). With the strategic plan established, the last step entails the respective implementation, also recognized as the Marketing Mix. Since Omnia’s final products are tangible assets (vehicles), the implementation process will focus on the 4P’s: product, price, promotion and place, even though the latter does not require further analysis as it is limited by the direct sales network.

Product

Initially, Omnia manufactured five distinctive ICE models, ranging from grown to already in decline vehicles (Annex VI). Even though the aim was to eventually phase out all cars solely powered by internal combustion engines, and to replace them with electric versions, some vehicles were already underperforming within slow-markets, thus require urgent action to avoid incurring further losses. Bounded by the simulation alternatives, the quickest replacement solution was to develop a hybrid car (Biz H1). Afterall, some competitors had already launched their hybrid options and results were sufficiently appealing. Conversely, Biz H1 soon fell short to expectations, clarifying why the hybrid route was not the path to be pursued (Appendix VII). Returning to the initial plan, Omnia intended to take advantage of the benefits entailed with being one of the first players to offer electric cars. As such, from the second year onwards, the firm entered the EV market, while progressively discontinuing the ICE cars once they reached their declining phase (Appendix VIII). Nevertheless, due to limited financial resources to fund the development of new cars, it was not until year 4 that all conventional vehicles were utterly extinguished from the brand portfolio and replaced by its electric, modern and advanced model. Thereupon, Omnia's portfolio was compiled with short life-time cycle models, ongoing demand fluctuations, and completely different vehicles, varying from low-priced (City E1) to luxury (Lux E1) options. Thus, portfolio management played undeniably a key role during this disruptive process. A well-managed portfolio ensured there was enough market coverage and synergies between products, while simultaneously diminishing the risk of cannibalization. Additionally, it gathered enough customer-evidence on which models were significantly valuable to pursuit further adaptation. Rather than committing to the initial plan to continuously develop innovative features in all models, the firm gathered a better understanding on its financial limitations, as well as on efficient expenditure of resources, since, for instance, a car developed to satisfy price-sensitive consumers, does not require additional feature improvements, as it will imply an unnecessary increase in price. Contrarily, City E1 and Air E1 designated, what is entitled in marketing, as cash-cows. Cash cow is a product with high market share but is integrated in a stagnated market. These models are worth the investment of adaptation, at autonomous driving and connectivity levels, once they will keep generating significant revenue streams. Ideally, according to the growth share matrix (Henderson, 1970), the excess cash generated by those vehicles should be applied in the 4x4 E1 model, also denominated question marks: cars inserted in prosperous markets but whose offer is not necessarily attractive. Once Omnia started to allocate excessive focus on competition strategies, it became too inattentive to its own product development. As it will be explained in the following segment, shifting from customer-centric to solely fast follower strategy, endanger the entire business model.

Price

The idea that firms should price their products to value, as opposed to cost or simply to match competition, is not recent, yet still greatly disregarded, especially in aggressive competitive industries. During disruption, marketing is entitled to adapt prices, both for old models being withdrawn but also for the new vehicles entering the portfolio. The origin of the price variance is what determines if it is an acceptable tactic or an avoidable mistake. For example, if the origin of price reduction is to enable the removal of excess inventory from an outdated product, it is considered strategically acceptable. However, from year 5 to 6, Omnia also decided to adjust its prices merely according to the level of rivalry threatening its business, which eventually ended up in jeopardizing the entire portfolio management. In accordance with Leszinski and Marn (2021), this lack of understanding on how to correctly value the products has its origin in the first step of defining a marketing strategy: the positioning map. Failing to recognize the static positioning of each car in the diagram, will implicitly translate in an inaccurate assessment of its own products. Being Omnia a firm with great variety in its portfolio, only considering the overall brand to assess its positioning is not enough.

Promotion

Inside the scope of the simulation, promotions were limited to three different categories: customer promotions, print and tv campaigns. Additionally, the firm could also improve the support effectiveness with employer training. Each quarter, various different decisions among the five departments were taken, inhibiting the possibility to understand the isolated effect of promotions in demand. Therefore, in spite being useful tools to influence demand levels, Omnia decided to only resort to these solutions once every four years, either to precede a launch of new electric cars or to boost the weakened sales value. Finally, in an attempt to attract more customers, as players strengthen their competitive strategies, Omnia assessed its possibilities and decided that the most viable would be to also invest in other type of promotion, specifically, through a famous movie star.

Operations

In the real automotive companies, operations are at the core of each business and can be analyzed at three distinct levels: the level of supply chain, in terms of overseeing the transformation process between input resources and the assembled cars, the level of operations, combining all flows and operations within the different departments, and the level of processes, which covers the network of individual tasks that need to be accomplished in order to transfer the input to the next stage of the process.

At an operational level, Omnia always preserved its differentiated portfolio, also identified as mix flexibility, which in spite of discharging the dependency on a specific car sales, entails not only higher unit costs, but also allocates a heavier dependence on proper marketing and operations alignment, in accordance with Benny and Cooper (1998), reinforcing the aforementioned interdependency across business units. Hence, the performance of operations management and its attentiveness with the entire business will deliberate the success of the firm. On that account, Omnia not always had fortunate decisions. Bear in mind that new production lines took four quarters to be developed, inhibiting the possibility to not plan ahead which cars were going to each geographic locations. However, during the last operational year, the first generation of electric cars (E1) was coexisting with second generation (city E2 and air E2), as they were all enduring revenue streams. This unfortunate decision coerced the firm to incur cannibalization problems, as well as shortage in the number of established facilities. Confronted with this logistics issue, the firm decided to leave out, for the last two quarters, the Air E2, based on comparative profit margin contributions. A normal, yet avoidable, human error mistakenly took out one facility of the Air E1, rather than E2. Essentially, instead of maximizing the sales of the model Air, by leaving solely in production the most profitable car, we kept both cars, reduced the production of one cash cow and remain incurring cannibalization between the two models (Appendix IX). The aim of this example is not to centralize the problem around one human mistake, but to enhance the comprehension that operations have indeed a heavy control over the entire firm. Similarly, there were also challenges inherent to the automotive industry, to which Omnia, could not also prevent in time, such as government taxes or changes in monetary regulation. Regardless of the problem's nature, one of Omnia's biggest strength was to acknowledge the consequences and decide to respond in a quick but efficient manner. Since it was the last quarter, the firm could not do much than just return to normal functioning, but instilling this sense of resilience would help further disruptions (Annarelli and Nonino 2016).

Enclosed with the EV transformation there is the need to measure not only the traditional economic profit but also the organization's impact at a societal and environmental level. In order to build an authentic sustainable business, and take an active role towards attaining the proposed sustainable development goals, Omnia incurred large investments to ensure it would minimize all possible damages towards the three emissions scope: production, supply chain and energy. Scope 1 investments attempt to reduce Omnia's factory emissions towards the environment as a direct result of daily activities, whereas scope 2 encompass indirect emissions released in the atmosphere, from the consumption of purchased electricity, steam, heat and cooling. Finally, as the name implies, scope 3 investments were towards the reduction of indirect emission that occur along the value chain (GHG Protocol 2001). Although there was an ongoing financial trade-off between developing new cars or embrace these projects, since both had large initial capital requirements, the firm managed to find a balance and reach the sixth operational year with a significantly higher sustainability level, zero carbon footprint and all associated benefits involved (Bernoville 2022).

Moreover, this tactic is also aligned with the ultimate objective to utterly convert Omnia into lean operations: a business strategy conducted by eliminating all sorts of waste while achieving the best efficiency (Toyota 2019).

Conclusion

Following the reflection segment over the two critical incidents, the current segment had proven to be a great approximation to what the professional future holds. By challenging ourselves to transpose our simulation exercise and its conclusions into realistic business models, as well as into fundamental and transversal marketing concepts, it did elevate the project into a realistic work-like environment.

Even without a well-structured predefined strategy, Omnia managed to lead during the first few years. However, as time went by, competitors with a defined strategy ended up being more successful, pushing Omnia into an auto-destructive loop as soon as it started to risk and make decisions mainly upon its competitors results. Without despising this hard-learned lesson, one positive aspect to withdraw from the strategic point of view, was the collaboration and constant communication between the different division leaders. This type of collaboration helps to mitigate the volatility challenges that this kind of disruption market presents, by bringing together efforts from different key pillars of the company towards one common goal.

In accordance with the Strategy division, also in Marketing and Operations, Omnia could have performed better, for example, in terms of managing cleverly its portfolio as soon as it reached the fourth year. Nonetheless, given the wide range of subjects and the work implicit to each and every one of the tasks under the Marketing scope, the group as whole was up to the expectations, by integrating, for example, the financial balance available with a correct portfolio management, without compromising the company’s success, mainly during the first years. Despite the incidents at operational level, Omnia always reacted with resilience to avoid incurring further mistakes.

In essence, I refer to Business in Practice as an eclectic experience, indispensable to enhance students understanding on different perspectives of the corporate environment which will soon become a daily reality.

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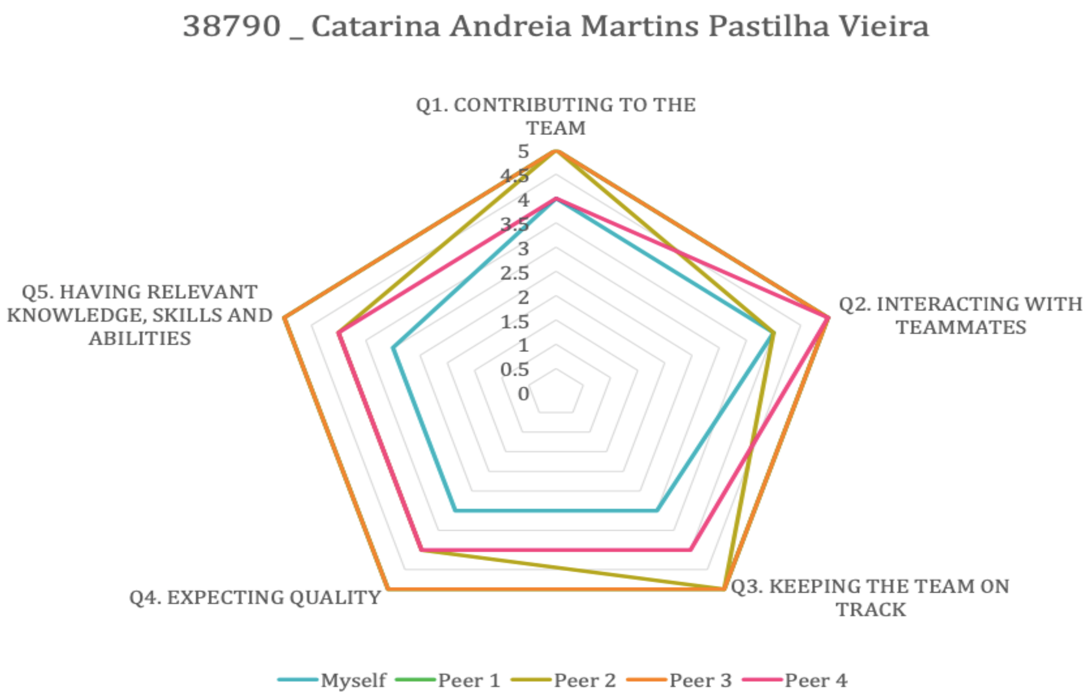
Appendix



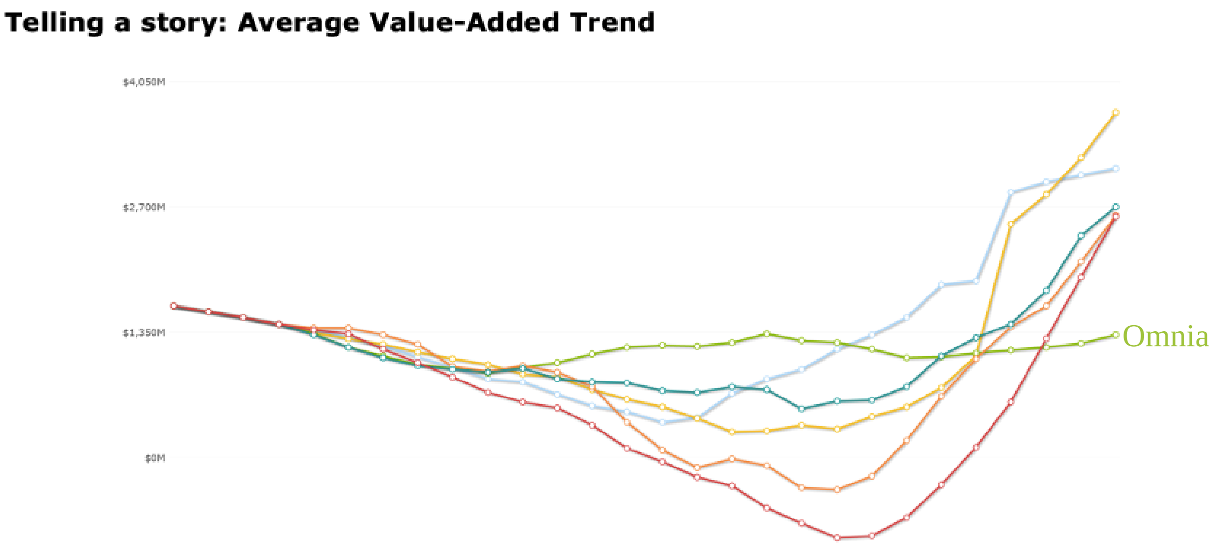
Appendix I: Results of peer and self-assessment on 5 different parameters

Q3. KEEPING THE TEAM ON TRACK *

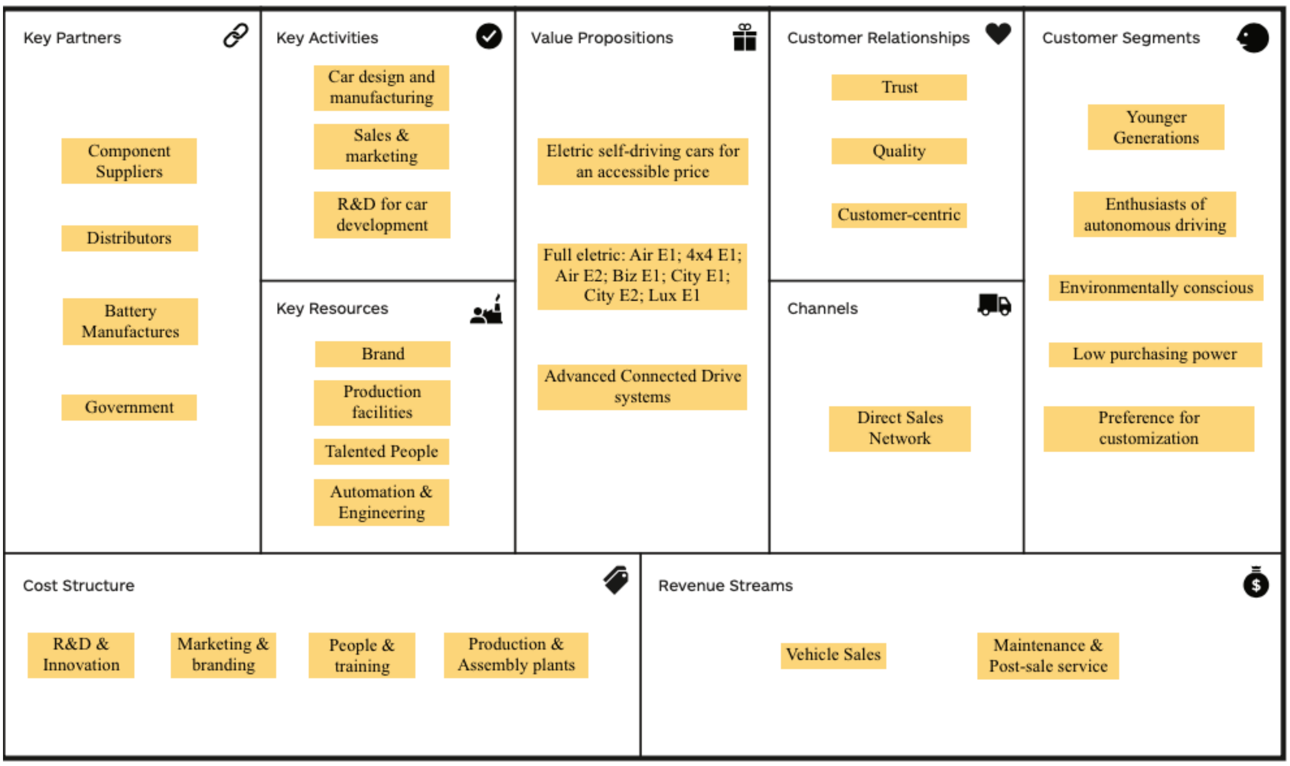
Q2. INTERACTING WITH TEAMMATES

5 — 4	3	2 — 1
Asks for and shows an interest in teammates' ideas and contributions	Listens to teammates and respects their contributions	Interrupt, ignores, bosses, or makes fun of teammates
Improves communication among teammates, provides encouragement to the team	Communicates clearly, shares information with teammates, participates fully in activities	Act without teammates input, does not share information
Asks teammates for feedback and uses their suggestions to improve	Respects and respond to feedback from teammates	Complains, makes excuses, or does not interact with teammates, accepts no help or advice

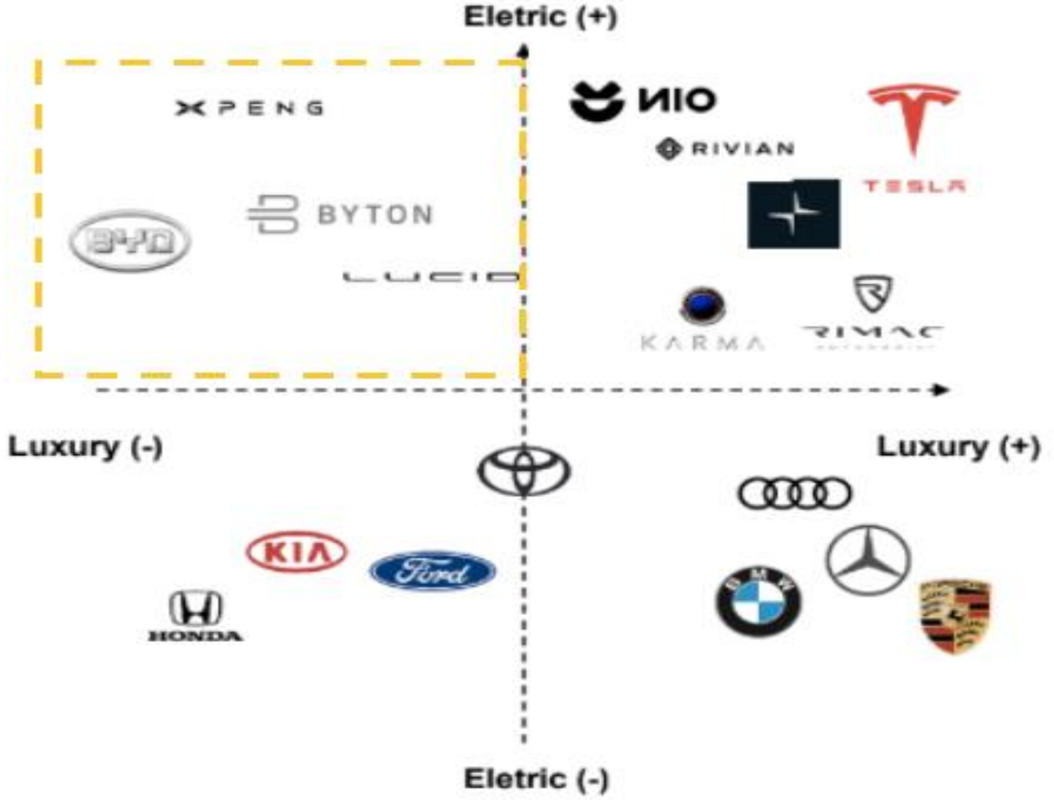
Appendix II: Third parameter marking scheme



Appendix III: Average Value-Added trend among the six teams playing the Business in Practice simulation, where Omnia is represented under the color green and competitors in the other 5 different colors.

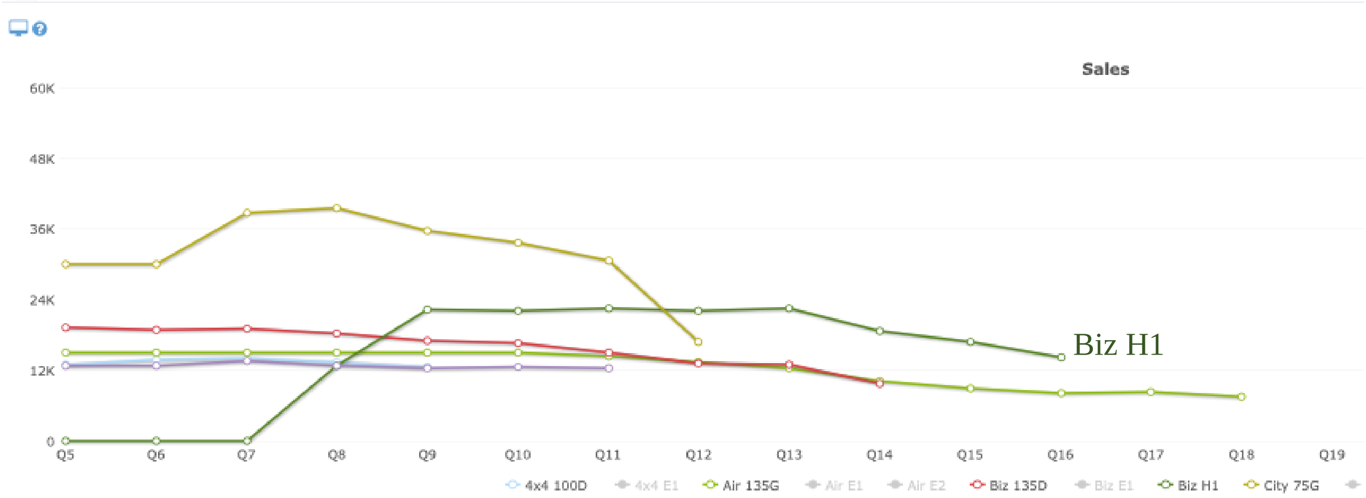


Appendix IV: Omnia's Business Model Canvas

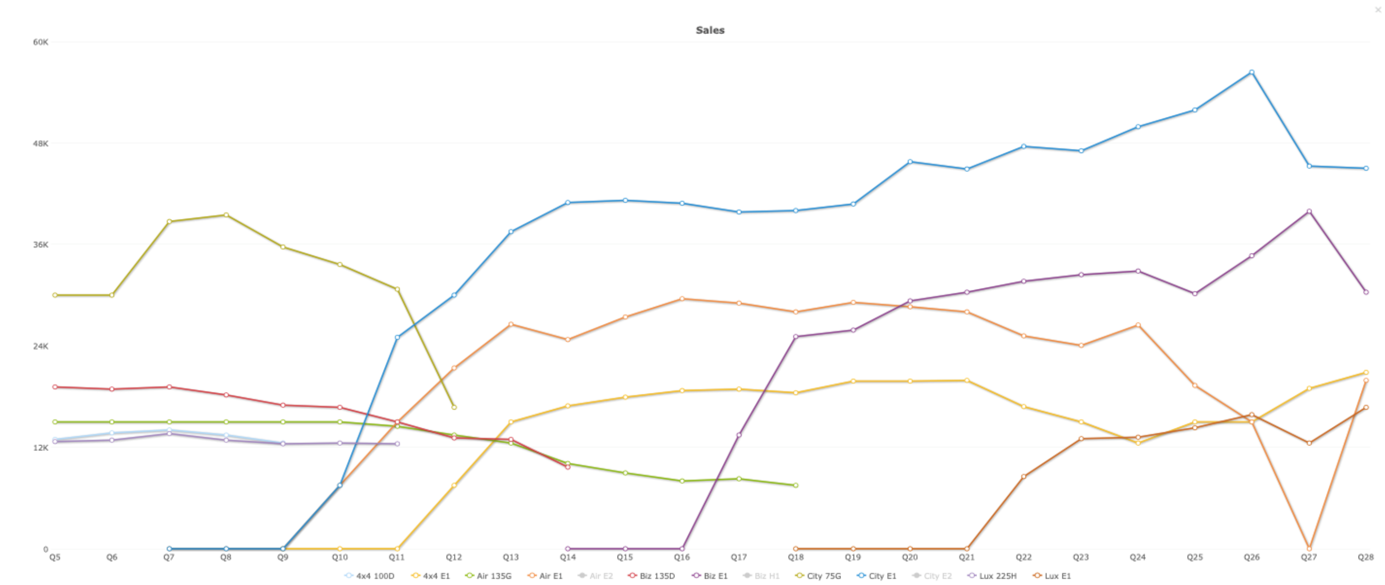


Appendix V: Positioning Map of relevant competitors in the EV market, including in a dashed line of Omnia's respective quadrant

Appendix VI: Omnia's portfolio brand in Q1



Appendix VII: Evolution of the sales value of the hybrid model, Biz H1



Appendix VIII: Conventional cars withdraw and subsequent introduction of electric versions

Appendix IX: Human Error in Q27