

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

BUSINESS IN PRACTICE:
ANALYSIS OF THE STRATEGIC CHANGE OF AN AUTOMOBILE MANUFACTURER
AND SELF-REFLECTION ON THE JOURNEY

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Abstract

The Business in Practice (BiP) program focuses on an immersive business simulation that combines academic concepts with practical applications. Students work in teams to manage a global automotive company, tackling real-world challenges such as the transition to electric vehicles and the integration of sustainability. The program emphasizes the strategic interplay of key business functions – finance, operations, marketing, innovation, and human resources. In addition, participants develop key skills in team dynamics and leadership as they develop and implement long-term business strategies. This thesis focuses on analyzing the company's performance during the simulation and reflecting on personal development.

Keywords

Apply theory in practice, Business simulation, Develop a business strategy, Strategic change, Integrate and coordinate decisions across business functions, Managing a business, Automotive industry, Sustainability and ESG, Team dynamics, Working in teams, Self-reflection

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1. Firm Analysis

1.1 Introduction and Review of the Company

The automotive industry is undergoing a profound transformation driven by technological advances, changing consumer preferences and increasing regulatory pressure to reduce environmental impact. Consumer concern about emissions has increased and alternatives to vehicles with conventional combustion engines (CVs), such as hybrid and electric vehicles, are gaining in importance. Governments around the world are particularly accelerating the transition to electric vehicles (EVs) by offering financial incentives to consumers who adopt this alternative (IEA 2024). The rise of EVs, autonomous driving technologies and the increasing demand for sustainable and connected mobility solutions are changing the competitive dynamics of the industry (IAA Mobility n.d.). At the same time, growing public interest in environmental, social and governance (ESG) issues has prompted the industry to address the impact of its practices. The key to success lies in adaptability and continuous innovation (Reers, et al. 2023).

This changing landscape has forced established car manufacturers to rethink their strategies, and BEEP is no exception. The first part of this thesis deals with the strategic change of BEEP, an automobile manufacturer that has historically focused on the production of CVs. With operations in Europe, China and the United States, BEEP has long been a major player in the global automotive market. However, as the industry began to move towards electrification, digitalization and sustainability, BEEP recognized the need to not only adapt, but to lead the way in this evolving landscape. The following firm analysis will focus on Strategy, Operations, and Marketing. More specifically, the rationale behind the respective decisions, their effects and the adjustments made during the simulation are explained.

1.2 Analysis of Functions

1.2.1 Strategy

Initial Strategy: The initial strategy was developed according to the Strategy Diamond Framework by Hambrick and Frederickson (2005) (ignoring the “vehicle” part; see Figure 1), which outlines the steps BEEP wanted to take to drive sustainability within the automotive industry and stay at the forefront of the EV transition (**Mission**).

Arena: From the beginning, BEEP’s strategy has focused on rapidly expanding its EV portfolio in Europe, China and the USA to position itself as a first mover in the EV market and offer the most advanced technologies. The goal was to be fully electric by the end of year 2. BEEP viewed hybrids as a temporary solution that did not align with its vision for the future and wanted to send a clear message to the market that it is fully committed to electrification. In addition, the development of luxury and sports EVs was prioritized based on a thorough situation analysis. However, BEEP also wanted to develop mid-range EVs to appeal to more price-sensitive markets. **Differentiators:** In developing the strategy, Michael Porter’s (1980) generic strategies framework was used to determine BEEP’s market positioning. After evaluating various strategies, BEEP opted for a premium pricing strategy underpinned by a strong differentiation approach, targeting early adopters who value advanced technology. This strategy ensures that its EVs are seen as cutting-edge products while covering the high research and development (R&D) and production costs to maintain healthy profit margins. The EV market, especially in its early stages, tends to attract early adopters who are less price sensitive and more focused on the value of new technologies (Miller, Cardell and Batra 2023; Noppers, et al. 2015, 80). In addition, BEEP aimed to differentiate itself by emphasizing sustainability and eco-friendly manufacturing processes. This sustainability differentiation motives align with the increasing interest of consumer towards ESG matters. **Staging and Pacing:** Through early and substantial investment in R&D, BEEP wanted to develop advanced technologies that

would justify a premium pricing and position the company as market leader. BEEP also planned to invest in new production facilities in Europe and the USA to meet future demand and achieve economies of scale. ***Economic Logic:*** The economic logic of BEEP's strategy focused on first mover advantage, as it would have the opportunity to set premium prices (Kerin, Varadarajan and Peterson 1992, 34-35), especially in the luxury segment, where its brand strength and innovative features would enable higher margins.

Execution and Impact: In the beginning, BEEP's strategy seemed to work well. By acting quickly, exposure to CO2 emission penalties, which have become an increasing financial burden for car manufacturers who relied on CVs, were significantly reduced (see Graph 1). BEEP's portfolio became fully electric in Q11 (see Graph 2), and initially focused on luxury and sports EVs produced in single factories. The cars sold well, and demand matched the production capacity, resulting in stable and satisfactory days of inventory. BEEP also recorded a rapid increase in sales figures for almost all new vehicles launched on the market in the first quarters. This early success reinforced the belief in the potential of the EV market and gave BEEP the confidence to expand production. However, this later expansion and the fast pace of BEEP's transformation led to significant challenges. Although sales increased rapidly after each launch, growth stagnated abruptly once a certain number was reached (see Graph 3). It was wrongly assumed that the initial growth rate could be maintained for longer. This miscalculation illustrates how difficult it is to predict market dynamics during such a significant technological change (Bohnsack, et al. 2020, 729). Consumer skepticism about this new technology combined with high prices meant that the market was smaller than expected. This led to excess inventory and underutilized factories, which drove up costs without the expected sales growth, highlighting the risk associated with being a pioneer in a market where demand is still nascent. In addition, the approach to keep costs low to invest more in R&D resulted in insufficient investment in marketing, which weakened BEEP's brand positioning and failed to

communicate the benefits of this technology and the value of its EVs. Given that BEEP is a pioneer for whom educating the market is critical, this lack of marketing investment was a major oversight and not in line with a differentiator approach employing a premium strategy. This was also reflected in the value added, which fell from \$1,930 in Q4 to \$424.58 in Q21. As a result, BEEP revised its approach and aligned it more closely with its target positioning to improve execution without fundamentally changing the core strategy.

Reaction and Reflection: The strategic realignment was successful because BEEP realized that it was lacking one of the most important competitive methods for a differentiation strategy, namely market orientation (such as advertising) (Dess and Davis 1984, 477). In response, marketing expenditure was increased significantly (see Graph 4). This strengthened brand awareness and effectively promoted BEEP's vehicles, but also helped to reduce excess inventory. BEEP also realized that the prices it initially set were too high for such a young market, even though its cars were much more technologically advanced than those of its competitors. Prices were therefore gradually lowered each quarter. It can be argued that a one-time drastic price cut would have been more beneficial for inventory management, but by lowering prices only slightly each quarter, it was possible to identify the maximum willingness to pay of the critical mass of consumers relevant to production capacity. In addition, this strategy also made it possible to find out which car models' customers are less price-sensitive to and where marketing efforts are particularly important to benefit from this. Moreover, BEEP didn't want to jeopardize its image as a premium car manufacturer. Instead, the production of cars with too much stock was temporarily halted and production capacity was subsequently reduced so that no car was produced in more than two factories. BEEP also placed more emphasis on relaunching cars instead of constantly developing new ones. To quantify the success of the strategic realignment, the value added increased from \$424.58 in Q21 to \$2,413 in Q28, exceeding the initial value of \$1,930 (Q4) prior to the strategic change (see Graph 5).

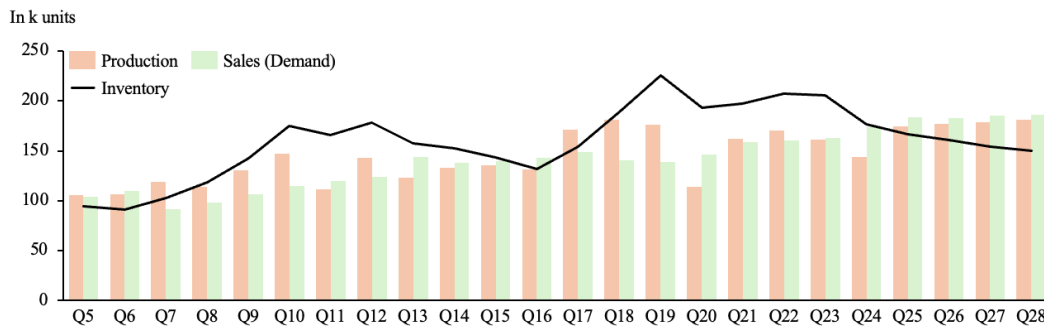
1.2.2 Operations

Characteristics of Operations

“The most basic role of operations is to implement strategy. Most companies will have some kind of strategy, but it is the operation that puts it into practice” (Slack, Stuart and Johnston 2010, 63). Slack et al.’s (2010, 19-20) “4V” framework - including volume, variety, variation and visibility - can help to understand how different aspects of operations have contributed to BEEP’s challenges and relate to its strategic positioning. Volume and variety differ most between companies, which is why the following focuses exclusively on these two dimensions.

Volume: BEEP’s production capacity was rapidly expanded, and investments were made in new production facilities, which proved to be one of the biggest challenges for BEEP. The first important decision during this expansion was the discontinuation of production of the Business 135H model. The margins of it were declining and finally reached a negative CO2-adjusted profit margin in Q6. The financial pressure and BEEP’s strategic objective of moving to a fully electrified fleet made it clear that continuing with the Business 135H was not a viable option. Instead, it was replaced by its zero-emission successor, the B2. The B2 was produced in two factories in Europe from the outset, a decision driven by both the expected high demand and desire to accelerate the learning curve within the operations department. The same applied to the expansion of production of the 4x4E SUV in Europe in the same quarter. As a pioneer in the premium EV market, BEEP wanted to produce more units from the start to benefit from the learning curve faster than its competitors. This would help to reduce production costs, improve quality and increase operational efficiency faster. In addition, it wanted to dominate the emerging EV market by scaling quickly, solidifying its brand as the market leader and capturing a significant market share before the competition could catch up (Lieberman and Montgomery 1988, 42), while also taking advantage of economies of scale. BEEP could then either increase its profit margin or pass the savings on to customers at a later stage.

However, demand for the company's cars has generally not grown as expected. The market for EVs was still in its early stages and potential customers were reluctant to adopt new technologies at high prices (Wicki, et al. 2023, 47). This discrepancy between production capacity and market demand led to significant **overproduction** (see Graph 6), the greatest source of waste according to Toyota (Liker 2020, 58).



Graph 6: Overall Development of BEEP's Production, Sales and Inventory
(IndustryMasters Simulation 2024) (own illustration)

As production continued to outstrip demand, the company was faced with a growing inventory of unsold cars. High inventory levels are detrimental in the automotive industry, especially in the premium segment. The accumulation of unsold cars ties up capital and carries the risk of damage or obsolescence, leading to potential write-downs and losses (Slack, Stuart and Johnston 2010, 345). As inventory levels rose, the company was forced to halt production to prevent further increases in inventory, resulting in **underutilization** of production facilities (see Graph 7). Underutilization is a significant inefficiency in operations, as fixed costs such as depreciation, maintenance and operating resources continue to be incurred regardless of production levels but have been spread over a smaller number of units, driving up the cost per vehicle (Slack, Stuart and Johnston 2010, 155). The sudden halt in production also led to underemployment or layoffs, which affected employee morale and increased turnover. To mitigate this effect, an attempt was made to almost never leave a factory empty, but either to develop a new car model or to expand the production of an existing model in the respective market. But the latter meant that BEEP was to some extent caught in a vicious circle.

If the production of one model was stopped, the production of another model was ramped up, which meant that it would most likely also have problems with too much stock soon. This issue was exacerbated by the construction of two additional factories, one in the USA (finished: Q13) and one in Europe (finished: Q17). Even if the long-term sales growth projections had been accurate, BEEP underestimated that it would have significant overcapacity for much of the period in which demand was growing due to the early construction of the new factories (see Graph 8). To summarize, although BEEP positioned itself as a premium manufacturer with relatively high prices, it pursued a cost leadership strategy in operations by focusing on economies of scale and trying to reduce costs, which is typically the approach when competing on price rather than differentiation (White 1986, 221). But instead of reducing production costs, BEEP was confronted with rising costs due to the issues described above (see Graph 9).

Variety: BEEP offers a wide range of technologically advanced EVs in different car segments. This approach to variety is in line with its overall strategy (Hill 1988, 402). By covering all car segments, from small cars to SUVs and pickups, the company has ensured that it meets the preferences of a broad customer base and caters to different lifestyles. It minimizes the risk of losing potential customers who are looking for advanced features but prefer other body styles or sizes. But BEEP's approach of offering a wide variety of vehicle models also played a crucial role in optimizing operational efficiency. As the company rapidly expanded its production capacity, it needed to ensure that this capacity was used effectively. The development and introduction of new models became an important strategy to utilize this increased capacity, as the increase in production of already existing cars led to excess inventories. The continuous development of new models was one of the key levers that helped BEEP overcome the initial challenges in operations, which eventually led to a strong product portfolio with a factory utilization rate of 100% (see Graph 7) for almost all cars (except the B2 at 99%) and acceptable days of inventory (see Graph 10) (Libby 2022).

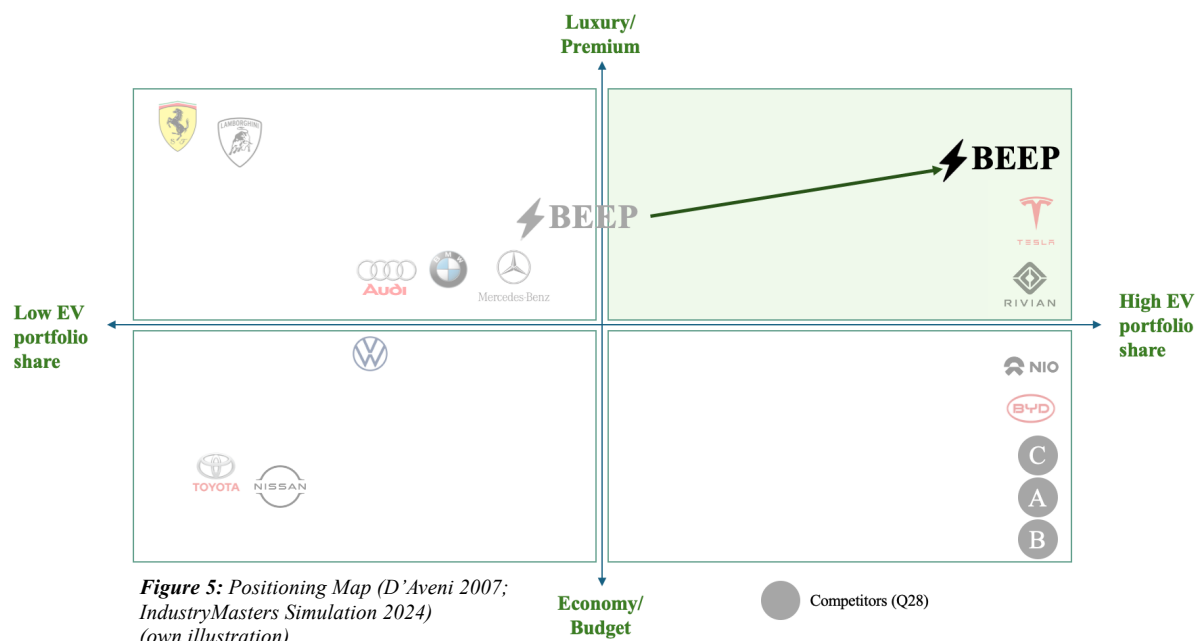
Sustainability Investments

Slack et al. (2010, 40) identified five aspects of operations performance that have an impact on business competitiveness and customer satisfaction including quality, speed, dependability, flexibility and cost. However, in today's rapidly changing business environment, sustainability is becoming a sixth objective of operational performance and is increasingly important as both consumers and stakeholders demand more environmentally conscious practices (Shou, et al. 2019, 3-5). Looking at the company's activities from a sustainability perspective, BEEP has not only strived to switch its product portfolio to more environmentally friendly alternatives but has also focused on implementing more sustainable operations and integrating sustainability as a core objective alongside traditional performance metrics. Significant **investments** have been made in all three areas of greenhouse gas emissions. As part of Scope 1, BEEP has introduced water-saving techniques and waste reduction strategies that reduce operating costs and minimize the impact on the environment, resulting in a 59% CO₂ reduction in production from Q5 to Q28. The company is also certified to ISO 14001 and EMAS. In scope 2, the focus was on energy efficiency, e.g. by investing in solar panels, to reduce greenhouse gas emissions and lower electricity costs. By installing an energy management system (EMS), energy consumption was further optimized, allowing the company to achieve greater efficiency. BEEP was able to reduce its CO₂ emissions in scope 2 by 79% from Q5 to Q28. BEEP initially focused on internal processes and improvements, and only then invested in Scope 3 initiatives, as the efforts in Scope 1 and 2 helped to reduce material and operating costs, which was an important priority. As BEEP only started working with external partners and suppliers later to extend its sustainability efforts to the entire value chain, the company is not yet as strong in this area. In addition, BEEP has not invested in external battery recycling as it has decided to invest in internal recycling facilities to strengthen its image and visibility in the area of sustainability and to benefit from the more flexible and efficient use of recycled materials.

1.2.3 Marketing

This first part looks at the core aspects of BEEP's marketing strategy that have been instrumental in aligning BEEP with the evolving needs of the market and ensuring that it remains competitive and relevant in a rapidly changing industry (Jaiswal, Deshmuk and Thaichon 2022, 1). While segmentation and targeting efforts have identified key consumer groups and focused on high-potential segments (see Figures 2-4), the following examines how BEEP has positioned itself within the automotive industry to capitalize on these insights.

Positioning: To visualize the changed positioning of BEEP, a positioning map was developed (see Figure 5) (D'Aveni 2007). In particular, it illustrates the transformation of BEEP from a car manufacturer with a modest proportion of EVs in its portfolio to the full electrification of its fleet (horizontal). The vertical dimension shows the competitive position in terms of brand image, which also correlates with the price level (from luxury/premium to economy/budget).



BEEP wanted to position its cars as the epitome of sustainability, innovation and performance in the premium segment by highlighting the environmental benefits of its zero-emission vehicles and their technological superiority. In reality, long-established car manufacturers are still at the beginning of the transition to e-mobility, and their share of EVs is well below 50%.

Marketing Tactics Analysis

Product: When BEEP decided in Q5 to shift its focus from conservative combustion engines to electric motors and transform the company into a 100% electric car manufacturer, it had one model per vehicle segment at that time (see Figure 6). BEEP started by replacing the least value-added CVs first, but also introduced more technologically advanced successors to its EV models. In the end, each car was replaced by a sustainable and more technologically advanced alternative. The technological superiority of EVs over conventional vehicles is particularly important for the successful adoption of EVs (Morton, Jillian and Nelson 2017, 444).

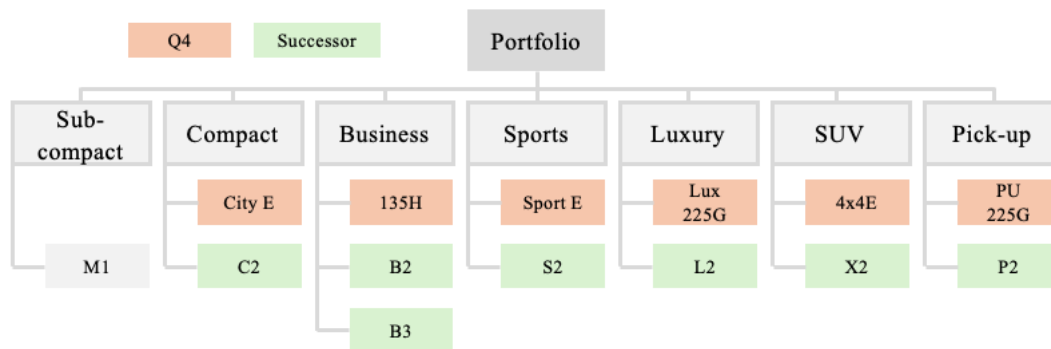


Figure 6: BEEP's Product Portfolio over Time
(IndustryMasters Simulation 2024) (own illustration)

BEEP has specifically focused on the development of business-line cars and SUVs as similar assumptions to the real world were made, where these types correspond to the preferred body types of all consumer segments (Miller, Cardell and Batra 2023). In addition, BEEP has launched a vehicle in the subcompact segment that is designed to meet the needs of more price-sensitive consumers who still value advanced technology and that is intended to serve as an introduction to electromobility. To analyze the strategic positioning of BEEP 's vehicle offerings, the **BCG matrix** is used, a tool that divides products into four segments based on market growth (representing the market attractiveness) and market share (representing the competitiveness) (see Figure 7) (Henderson 1970). The “star” of BEEP’s portfolio is the B3 business-line car. It has the highest market share overall and great growth potential, and its sales figures are even comparable with cars that cost only half as much. The “cash cow” is the

X2 SUV, which has the second-highest market share in all markets and is the leader in the USA. Sales have remained stable, and the profit margin is increasing. The P2 pickup and the S2 sports car can either become a “star” or a “pet” in the future (therefore classified as “question mark”). At the moment, they have the greatest growth potential and the best contribution margins, but it is still uncertain whether consumers will buy such special cars in the future and whether they will therefore be able to achieve a relevant market share. The C2 compact car can be regarded as the “pet” in BEEP's portfolio. Although sales are high, its market share is relatively low. In general, there is a lot of competition in the compact and subcompact segments. It is also important to compare the C2 model with the M1 model since they target similar consumers. The latter has the same overall market share, but better margins and value-added ratio.

Price: The prices for new vehicles were around 20% (+/- 5%) higher than their predecessors, as they were based on the real world, where EV enthusiasts are willing to pay a 20% premium for an EV (see Figure 8) (Miller, Cardell and Batra 2023). In addition, BEEP did not want its new car models to completely cannibalize their technologically weaker predecessors. However, a clear deviation from this pricing approach was the X2 SUV, which was priced 52% higher than its predecessor, as sales of the newly launched cars were growing rapidly and BEEP therefore felt that the price of the most preferred body type could be even higher in relative terms. This worked as long as it was only produced in one factory. After BEEP expanded production to two factories, stock levels rose quickly, and the SUV segment became a problem. Coherence with the overarching strategy and coordination between marketing and operations was one of the biggest challenges for BEEP in general. The pricing strategy was tailored to a premium positioning and a differentiator approach, rather than a strategy focused on volume and leveraging economies of scale. As inventory of most vehicles increased over time, BEEP realized that the prices were too high for the masses, especially in an emerging market where acceptance of EVs is still comparatively low (Wicki, et al. 2023, 47). The marketing department

responded with gradual price reductions for almost all vehicles until the turning point at the end of year 5, when the innovation and operations department succeeded in managing production in a way that was compatible with a premium provider. After this turning point, prices were increased again, and gross profit improved (see Graph 11).

Promotion: The lack of focus on the overall strategy and targeted positioning was also evident in the advertising. A fundamental mistake was that BEEP underestimated the importance of marketing in an emerging industry. In contrast to the conventional automotive market, the EV sector is still nascent and consumer awareness and understanding of the benefits and unique selling points of EVs is still low (Wicki, et al. 2023, 78). As a result, potential customers need to be educated not only about the superior technology and environmental benefits of EVs, but also why BEEP's offerings are worth the premium price. The decision to allocate a below-average budget for marketing and instead use the funds primarily for R&D has therefore proven to be counterproductive. The median marketing expenditure of companies as a percentage of revenue is around 7%, although large companies tend to spend between 9-12% (Tudose and Alexa 2017, 3). BEEP spent significantly less than 2.5% of its revenue on marketing up to Q18 (see Graph 4). Looking at the marketing expenditure for the individual cars, Beep's marketing approach up to year 5 was more reactive than proactive. Marketing expenses were usually only increased when a car had problems with too much stock. The budget was then drastically cut again, which only increased the risk of the same problem recurring, as can be clearly seen with the B2 model (see Graph 12). Therefore, at the same time as the price adjustment, BEEP has also adapted its promotion efforts to truly establish itself as a leader in the premium EV market. Marketing expenditure was increased to around 3% of revenue, which have been kept stable over the last two years of the simulation (see Graph 4). However, Tesla took a similar approach, focusing more on R&D than traditional marketing and relying on innovation to drive its brand forward (Agarwal and Bangeja 2022).

KPI Analysis: Impact of adjusted Tactics

BEEP's **revenue** development shows a clear correlation between the strategic adjustments to marketing and the company's financial performance (see Graph 13). Until Q20, quarterly revenue averaged \$5,000 million. In Q21 revenue rose by 14% and exceeded the \$6,000 million mark per quarter for the first time, reaching \$6,600 million. The continued revenue growth, which has averaged \$8,000 million per quarter over the last two years of the simulation, reflects the success of the adapted tactics, which has resulted in higher sales figures and better market penetration.

	Q4	Q19	Q28
Europe	33%	33%	43%
Asia	34%	30%	37%
Americas	32%	31%	42%

*Figure 9: Development of BEEP's Market Share
(IndustryMasters Simulation 2024) (own illustration)*

The development of BEEP's **market share** in all markets also underlines the effectiveness of its revised strategy, with Europe being the strongest market, closely followed by the Americas (see Figure 9). BEEP saw the lowest growth in market share in Asia, partly due to unique challenges such as high tariffs. When analyzing the **sales figures**, the C2 compact car proved to be the best-selling model with a high of 44.4 thousand sales per quarter, closely followed by the M1 subcompact with 39.6 thousand sales per quarter (see Graph 14). These models had the lowest selling prices, making them accessible to a wider range of consumers. The success of the C2 and M1 models also demonstrates the importance of offering a range of products that appeal to different consumer segments. The decision to also launch smaller cars aimed at more price-sensitive consumers was a strategic decision that helped BEEP to capture a larger market share without diluting its premium brand image. The business line models, B2 and B3, have also performed well in terms of sales, confirming the choice to focus on this segment, which is in line with consumer preferences identified in the segmentation analysis.

1.3 Case Study: Tesla

Tesla's strategy, similar to BEEP's, began with a focus on premium products and technological leadership, targeting early adopters with high-priced EVs. Over time, Tesla recognized the need to shift to more affordable models to capture a larger market share (Cuofano 2024). It also invested heavily in expanding production capacity through Gigafactories to meet demand and reduce costs, which ultimately led to high inventory. In response, Tesla, like BEEP, has lowered prices to increase demand (Sriram and Jin 2024). Tesla shifted from focusing exclusively on high margins to prioritizing sales volume to ensure market leadership (Lienert and White 2023). In Tesla's early years, when the company only focused on the high-end market with luxury models, revenues were modest and profitability elusive - Tesla consistently reported losses. However, as Tesla ramped up production and prioritized volume over margins, financial results improved dramatically, showing a similar trend to BEEP's (Cuofano 2024).

1.4 Conclusion

BEEP's transformation into an EV manufacturer demonstrates the importance of strategically aligning all departments – such as strategy, operations and marketing - to respond to changes in the industry. The strategy sets the vision, but without coordinated operations and marketing, even the best-laid plans can falter. As Slack et al. (2010, 63) put it: “Without effective implementation, even the most original and brilliant strategy will be rendered totally ineffective.” However, one of the main issues was the speed of the transformation. Unlike startups, BEEP faced the challenge of a legacy infrastructure. The rapid switch to EVs required a restructuring of its entire business operations which initially led to significant financial losses and a fall in the share price. Established car manufacturers face the challenge of finding a balance between innovation and business continuity - a balance that BEEP has tilted too far in one direction. A smoother transition could have mitigated early financial losses and allowed the company to better assess market demand before fully committing to such a drastic change.

2. Critical Incidents and Self-Reflection

2.1 Introduction to Personal Reflection

Self-reflection is a powerful tool for personal development that allows us to critically examine our experiences and gain meaningful insights. The following analyzes two critical incidents that occurred during the three-week project that challenged me and taught me how to respond.

2.2 Incident 1: Difficult Start and Changed Team Dynamics

Description: At the beginning of the program, I expected to have to take on the role of leader, as no one else seemed particularly committed or proactive. For example, I took care of getting in touch with the others and creating a WhatsApp and Teams group to keep everyone connected. Even after our first online meeting, I was the only one who felt responsible for organizational issues such as scheduling and setting up videocalls for our practice rounds. In addition, participation during our online meetings was disappointingly low. The discussions were mainly led by one other team member and me, while the rest of the team was mostly silent. Some team members even attended only one of the three sessions, which made it difficult to get to know the simulation platform in its entirety and to test different strategies.

Contrary to my expectations, the dynamic of our group changed significantly when we finally met on campus. In person, our members were much more open and committed. What initially seemed like a disengaged and disorganized team turned into a group with a lot of ambitious members. We now had four leaders, including myself, who were instrumental in driving the project forward. This change was supported by the results of the Insight Discovery test, which revealed that most of us had a dominant “fiery red” personality, or at least strong tendencies towards it (see Figure 10). The “fiery red” personality is characterized by traits such as determination, assertiveness and a proactive approach to challenges (Insights Discovery n.d.). As a group of predominantly fiery reds, we all had strong opinions and were not afraid to stand up for our decisions. This often led to unnecessarily long and heated discussions and debates.

Response: Initially, I found it difficult to adapt to the new dynamic as I had expected to be the sole leader in the group. The initial lack of commitment from my team members made me adopt a more dominant leadership style. This was to ensure that tasks were completed effectively, and our project progressed smoothly. My previous experiences had conditioned me to believe that leadership meant taking charge and ensuring tasks were completed to high standards and that it is usually singular. However, as our team evolved, I realized the importance of adapting my leadership style to take into account the contributions and strengths of others. But many different personalities also meant that we had different opinions and approaches on how we tackle and conclude things. As we also had conflicts over general issues such as our differing perceptions of quality and requirements, I began to fear that this shared leadership style would lead to even more trouble. This was one of the reasons why I still always volunteered to take the lead when tasks came up for which there was no clear responsibility of a specific department, such as the sales or ESG role plays. Leading these tasks gave me confidence that they would be done effectively and in line with my quality standards.

Analysis: Unlike traditional vertical leadership (i.e., hierarchically based, formally appointed), shared leadership is defined as “an emergent and dynamic team phenomenon whereby leadership roles and influence are distributed among team members” (D’Innocenzo, Mathieu and Kukenberger 2016, 1968). However, adopting shared leadership has been particularly challenging for me, mainly due to my strong need to maintain control over projects and my tendency towards perfectionism, which often led to a lack of delegation and micromanagement. According to Maner and Mead (2010, 483-484), individuals with a **high need for control** are less inclined to share leadership tasks. Reflecting on my own experiences, I realize that my desire for control often stems from a fear of failure and a lack of trust in others. This often manifests itself in an unwillingness to delegate tasks and an overemphasis on control over every detail of the project. I experience this feeling especially at the beginning of projects, when I

don't know the team members, which is consistent with the findings of Lorinkova and Bartol's (2021, 100) study that unfamiliarity seems to be a burden that hinders the development of shared leadership. In this particular case, it was even more pronounced because not only did I not know the others before, but I already had a negative impression of my team members. I initially thought that I couldn't rely on them, which only increased my need for control. However, as the project progressed, I began to recognize the different skills and leadership qualities that each member brought to the table. I realized that my need for control was limiting me and the entire team. Delegation of tasks is essential for sharing the workload, developing the skills of team members and fostering a sense of ownership and responsibility within the team (Nnah Ugoani 2023, 23-24). Slowly, I began to let go and allowed others to take on more responsibility. But this shift didn't happen immediately, it took a conscious effort to step back and trust my team.

What made this transition even more difficult was the fact that we had several strong personalities in the group, each with their own ideas of what constitutes good work. For example, while some of us preferred in-depth research and detailed analysis, others placed more emphasis on practical implementation and quick results. I, for one, am quite a **perfectionist**. It has often meant that I have been unwilling to delegate tasks because I believed that others could not meet my high standards. While striving for excellence is commendable, an excessive pursuit of perfection can be detrimental (Malik 2023, 1185). Perfectionists often place unrealistically high demands on themselves and others (Curran and Hill 2019, 410), leading to stress and dissatisfaction. I also experienced this self-imposed pressure when preparing our ESG report. I knew that thorough research and careful preparation of the slides would take a lot of time, so I started working on it the night before submission. But unfortunately, my team did not share this sense of urgency. They only started working on it on the day the report was due. This discrepancy between my expectations and their approach left

me feeling isolated and frustrated. Even though I tried my best to push the report forward, we almost missed the deadline. Such situations reinforced my belief that I had to complete tasks myself and closely monitor the work of my team members. I feared that simply reviewing the documents would not leave enough time for major adjustments if needed. This mindset has often led me to micromanage, a tendency rooted in my desire for control and perfectionism. At the time, I didn't realize that my perfectionism might have contributed to or even caused my team members' procrastination. Malik (2023, 1185) highlights that "[...] overdue perfection in work asked by leaders might be handled in such a way as to procrastinate it to the last minute so that further changes in work would create a hassle." In addition, when every little detail of a project is monitored and controlled, it often leads to frustration and resentment among team members. Research by Amabile, et al. (2004, 8 & 27) shows that micromanagement can stifle creativity and reduce motivation as team members feel that their autonomy is being undermined. By not allowing my team members the freedom to approach tasks in their own way, I limited their ability to take responsibility for their work.

Reflection: The changed team dynamics described above allowed me to recognize the flaws in my leadership approach, which I probably would not have recognized so clearly if I had not been challenged by my team members but had continued to hold the sole leadership role throughout the simulation. Realizing that my need for control, my perfectionism and my tendency to micromanage were getting in the way of effective leadership was the first step towards improvement. In the future, I will focus on building trust within my team from the outset. Lorinkova and Bartol (2021, 100) emphasize the importance of distributing leadership roles early on, as this can foster a sense of ownership and accountability among team members. However, building trust within the team is not just about assigning roles, but also about a deep understanding of each member's strengths and weaknesses. It is crucial to find out how we can support each other effectively. This requires taking team building exercises and discussions

about individual skills seriously. Although we talked about our strengths and weaknesses at the beginning of the project, it was more like a mechanical process. We listed our attributes without really analyzing these findings or incorporating them into our subsequent workflow. We also used the Discovery Test to identify the different personalities in our team. However, we only took note of these differences but failed to integrate this understanding into our team dynamics. I now realize that it is not enough to just be aware of these aspects, but that we as a team also need to actively incorporate them. This means that we need to adapt our communication style, delegate tasks according to individual strengths and create a supportive environment in which everyone feels valued. This goes hand in hand with the realization that it is more valuable to give constructive feedback than to strictly monitor team members so that they can develop and take responsibility for their tasks. Effective leadership involves empowering team members.

Furthermore, it is important to find a balance between striving for high quality work and recognizing that perfectionism can also be counterproductive. The pursuit of excellence is important but should not come at the expense of team dynamics and overall productivity. I will endeavor to communicate my expectations clearly and involve the team in setting these standards. Above all, however, this is an area in which self-awareness plays a crucial role. In my research, I found that self-oriented perfectionism is often linked to tying one's self-worth to achievements (Curran and Hill 2019, 411). When I think about it, I have to admit that this also applies to me. I often seek external recognition. Be it academically, professionally or personally. And if something doesn't work out or doesn't go the way I want it to, it stays with me for a long time. To be a good leader, it is important that I am first at peace with myself and learn to deal with and appreciate myself before I include other people in my focus. Also, recognizing that mistakes are part of the learning process, and that excellence can be achieved through collaboration rather than individual effort is critical to effective leadership.

2.3 Critical Incident 2: Sales Role-Play

Description: During the preparation for the sales pitch, the question arose as to who in the team would take on which role, and another team member and I quickly offered ourselves as candidates. However, the need for a third candidate remained, as some team members had clearly communicated that they were not willing to participate, while others had only offered their willingness as a last resort. Finally, our HR Director offered to support during the sales role-play. But despite his willingness, I had concerns about the HR Director's suitability for the role. He tended to speak impulsively without fully thinking through his thoughts, resulting in an unclear and unstructured argumentation. Moreover, he often found it difficult to explain his points of view and the reasons for his decisions clearly and logically during the simulation, which could have led to unqualified answers during the Q&A part. During the next and final discussion about the participation, I suggested that the other Operations Director, the Marketing Director and I should handle the pitch, without mentioning the HR Director. Although the Marketing Director was one of those who offered their support if no one else is going to do it, she was surprised by this decision as she had assumed that the HR Director would take on this role. I just made the decision who is going to support during the pitch indirectly by neglecting that the HR Director volunteered to do it the day before. As we haven't made our final decision about it until this point, I just pretended to haven't heard that the HR Director was offering himself.

Response: From the very beginning, I felt a strong sense of responsibility and commitment. Of our team of seven, it was mainly the same four people, including myself, who were constantly engaged and contributed to discussions. I automatically volunteered as a candidate for the pitch because I cared about the team's success and was convinced of my abilities. As there was still a need for a third candidate and other team members either did not come forward at all or only reluctantly as a last resort, I experienced a growing sense of frustration and

urgency. I was particularly disappointed with the other two members of our team who always contributed and who I considered to be the best qualified people for the job. The situation became even more complicated for me when our HR Director finally offered to support during the Q&A part. While I was initially relieved to have another volunteer, my relief quickly gave way to concern. His impulsive speaking style and unclear reasoning made me uneasy. I was worried about the possible negative impact on our pitch. As we continued with our preparation, my inner conflict intensified. I wanted to achieve the best possible outcome for the team, but at the same time I felt increasingly uncomfortable turning down the support of the HR Director. The decision to put the other Operations Director, the Marketing Director and myself forward for the pitch and bypass the HR Director left me feeling guilty. In this situation, I felt somewhat deceitful and dishonest for pretending not to remember the HR Director's earlier offer.

Analysis: Looking at my actions through the lens of Patrick Lencioni's "The Five Dysfunctions of a Team" (Joosr 2015), it becomes clear that my behavior, while well-intentioned, was jeopardizing the effectiveness of our teamwork. The main issues revolved around a lack of trust, failure to hold team members accountable and conflict avoidance.

When I reflect on my disappointment with the two team members who normally always did their bit, I realize that my expectations were not just hopes, but rather demands. I was concerned that involving anyone other than the three top performers would threaten our chances of winning the client. This perception can be understood as **lack of trust**. Trust is defined as the expectation that the future actions of others will be beneficial to one's own interest, which implies a willingness to be vulnerable to those actions (Mayer, Davis and Schoorman 1995, 712). Thinking about it, I have figured out that my lack of trust towards these three team members was mainly due to two aspects. **First**, I had misjudged their abilities based on their limited English skills. A study by Tenzer, Pudenko and Harzing (2014) found out that team members who have a better command of the team's working language tend to be trusted more.

Conversely, it is often difficult for people with lower language skills to be perceived as competent and trustworthy (ability-based trust). They are often mistakenly perceived as less competent. If you take this into account and look at the two groups again, it is indeed noticeable that they differ greatly in terms of their English language proficiency. **Secondly**, the three high-performing team members had similar personality traits to me, as revealed by the Insights Discovery test. Because I identify with blue and red personality traits, I emphasized analytical skills and structure, overlooking the importance of empathy and human touch. This bias significantly impacted my decision-making process. When assembling our team for the pitch, I favored people who were similar to me - analytical and structured - inadvertently creating a team that lacked diversity of thought and approach. This limited our team's potential by excluding diverse perspectives (Apfelbaum, Phillips and Richeson 2014, 236-239). We only won half of the client, which, according to the feedback we received, was mainly due to a lack of human touch during the pitch (see Figure 11). This is exactly what the HR Director could have brought to the table. This became clear during our client retention role play, where we saw how valuable his contribution was. His ability to connect on a human level, which I had underestimated, was exactly what we needed.

In this case, the issues of **avoiding accountability and conflict** are closely intertwined. According to Patrick Lencioni (Joosr 2015), accountability is "the willingness of team members to confront each other about negative performance or behavior." Instead of openly addressing my concerns about the HR Director's suitability for the job, I chose to ignore his offer. Thereby, I hindered the HR Director's development by not giving him feedback that could have helped him improve. Feedback is a crucial aspect of professional development, and my reluctance deprived him of the opportunity to enhance his skills and contribute more effectively to the team. Furthermore, my hesitation to confront the HR director also stemmed from a fear of being perceived as judgmental or presumptuous when assessing the skills of others.

Especially in the initial phase of the program, I tried to avoid conflicts because I wanted to bring the team closer together and not be the one who felt superior to his team members. However, constructive conflict is essential for the growth and improvement of a team. By avoiding these conversations, I avoided potential short-term discomfort but sacrificed the long-term cohesion and efficiency of the team. Embracing accountability and being willing to have difficult conversations are essential to building a strong, and high-performing team (Joors 2015).

Finally, my concerns about the commitment of the “low performing” team members were paradoxically linked to my own actions. While I doubted their dedication, I also failed to give them the opportunity to become more involved in the project. By not really considering them for the pitch right from the beginning, or even ignoring the voice of the HR director, I could have further demotivated them and created a self-fulfilling prophecy where my lack of trust would have led to their lower commitment.

Reflection: One of the most valuable lessons I have learned is the importance of encouraging diversity and inclusion in teams. Diverse teams are more likely to approach problems from different angles, which leads to more innovative solutions (Forbes 2011, 4). In the future, I will strive to challenge my assumptions and preconceptions about others and actively work to understand and appreciate the strengths and skills of all team members, especially of those who are different from me. I will also promote a culture of open communication and inclusion. Instead of getting frustrated thinking my team lacked commitment, I should have tried to understand the reservations and motivations of my colleagues. If I had engaged with them more intensively, I might have been able to find out the reasons for their hesitation to participate in the pitch and help them overcome their insecurities or other underlying issues.

This experience has also taught me that trust needs to be actively cultivated through inclusive measures and open communication. It also depends on creating a strong sense of psychological

safety within the team. Psychological safety refers to the belief that one can speak up, share ideas, ask questions or admit mistakes without fear of embarrassment, rejection or punishment. When team members feel psychologically safe, they are more willing to voice their concerns, offer creative solutions and take risks without fear of negative consequences (Edmondson 1999, 354-355). However, my actions did not help to build this foundation, but even deprived the HR director of his psychological safety by ignoring his offer (Clark, 2020: 4). Feedback would not only have given him the opportunity to improve but would also have shown that I am committed to his development and helped to build trust. If I had been more transparent about my own expectations and concerns in general, it might have created a dialog in which others would have felt comfortable sharing their concerns as well. Going forward, I will actively seek input from all team members and ensure that everyone feels heard and valued.

2.4 Conclusion

This experience has had a lasting impact on my understanding of leadership and teamwork. Initially, I found it difficult to balance my desire for control and perfectionism with the need to trust my team members. However, I soon learned that effective leadership is not about dominating tasks, but rather about empowering others, utilizing each other's strengths and creating a psychologically safe environment. At the same time, it is equally important to critically assess your own actions and performance on a regular basis. Striving for high standards can sometimes lead to a blind spot where we can overestimate our own contributions. Even if my colleagues recognized my commitment and the quality of my work to a similar extent as in my own assessment, the evaluation also shows that I sometimes lack humility (see Figure 12). Finally, I have come to understand that true growth often takes place outside of our comfort zone, where we are challenged to question our assumptions and improve our flaws. In such situations, we often discover the most valuable lessons about ourselves and our ability to adapt.

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1. Abbreviations

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1. Abbreviations

CV	Conventional Vehicle
EV	Electric Vehicle
ESG	Environmental, Social, Governance
R&D	Research & Development
Q	Quarter
E-mobility	Electro-mobility
HR	Human Resource
Q&A	Questions & Answers

2. Figures

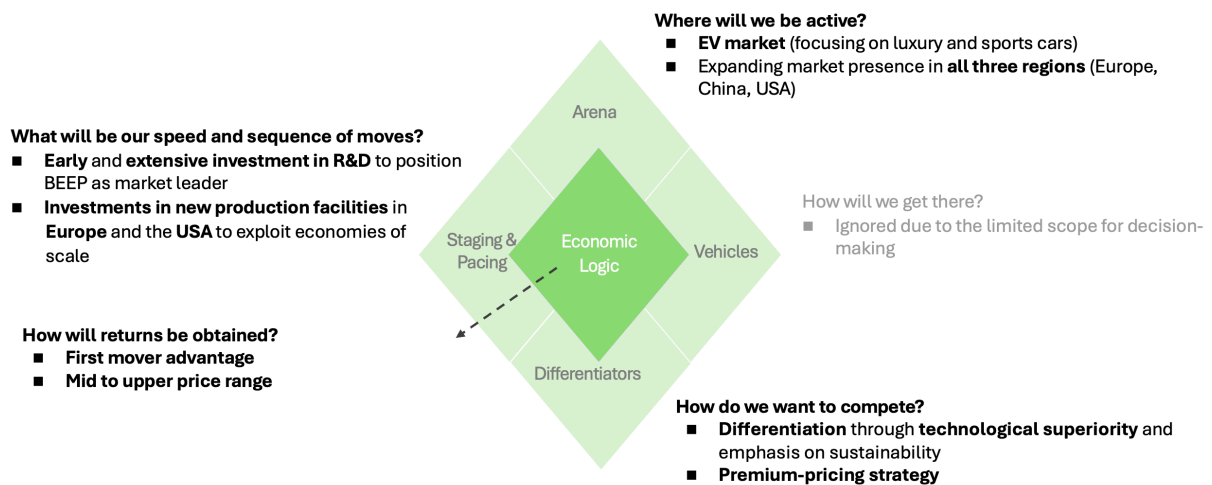


Figure 1: Initial Strategy (structured according to Hambrick and Frederickson's Strategy Diamond (2005)) (own illustration)

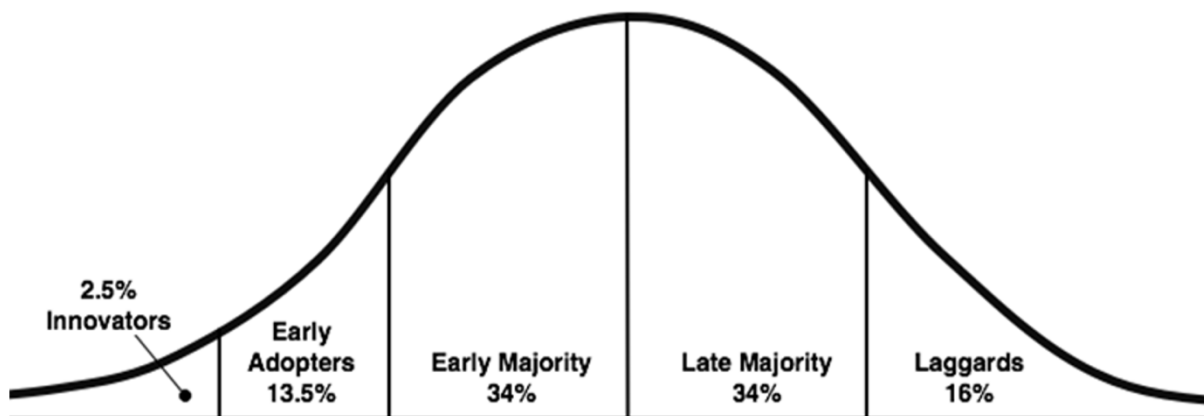


Figure 2: Diffusion of Innovations (Rogers 2003)

Literature on consumer EV adoption emphasized that EV buyers belong to the first three customer groups of the technology adoption cycle proposed by Rogers (2003) – innovators, early adopters, and the early majority (see e.g. Noppers et al. 2015: 79-80; Rezvani et al., 2015: 128). These groups account for around 50 % of the market and therefore offer considerable potential.

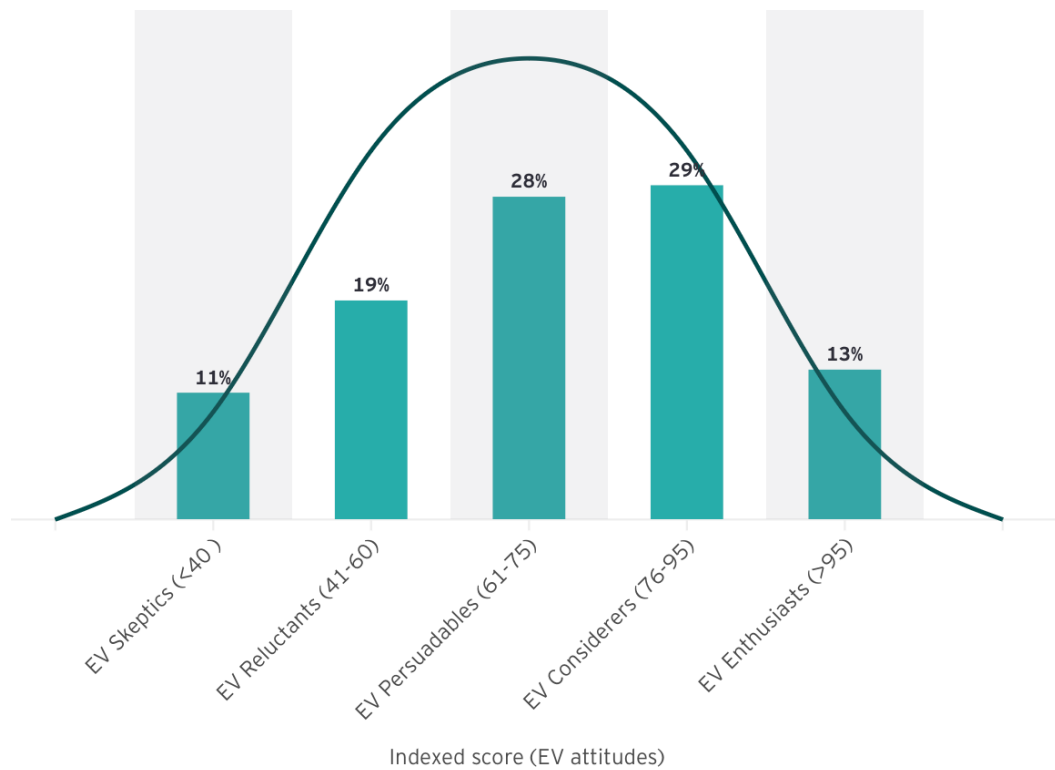


Figure 3: Consumer segments based on attitudes towards EVs
(Miller, Cardell and Batra 2023)

Miller, Cardell and Batra (2023) have identified five distinct consumer segments that span a spectrum of attitudes and characteristics ranging from EV skeptics to EV enthusiasts

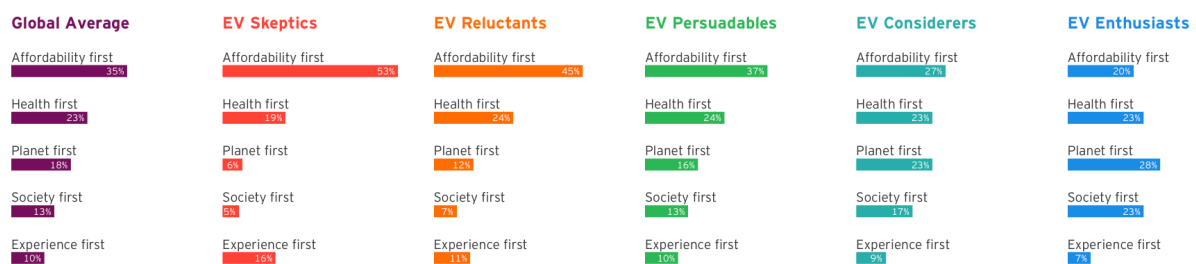


Figure 4: General Attitudes of Consumer Segments
(Miller, Cardell and Batra 2023)

BEEP decided to prioritize environmentally conscious consumers and tech-savvy early adopters and focus strongly on EV Enthusiasts. They are the least price-sensitive consumers (Miller, Cardell and Batra 2023).

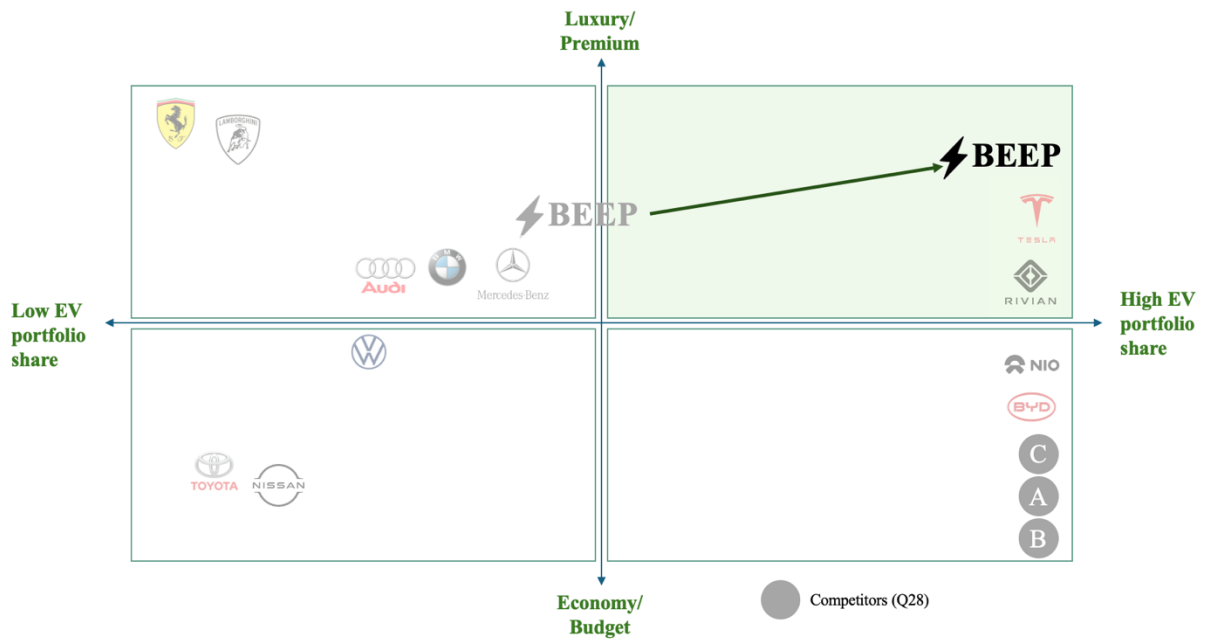


Figure 5: Positioning Map
(D'Aveni 2007; IndustryMasters Simulation 2024) (own illustration)

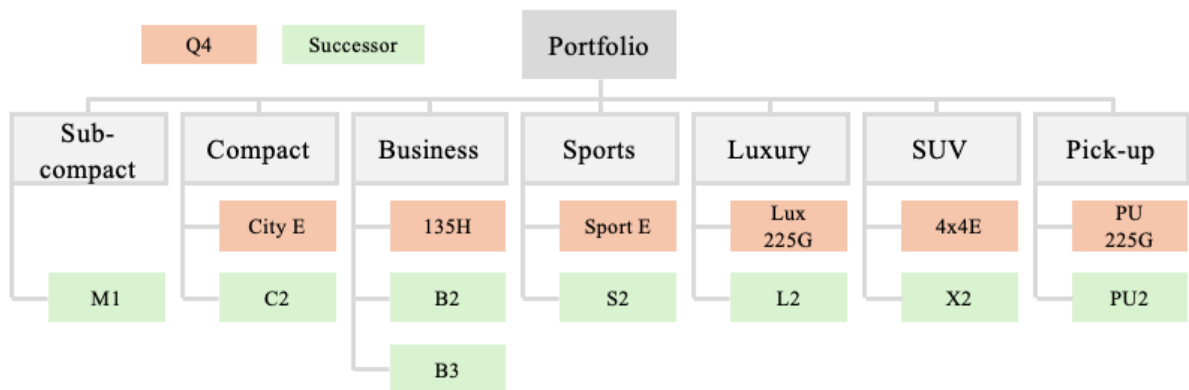


Figure 6: BEEP's Product Portfolio over Time
(IndustryMasters Simulation 2024) (own illustration)

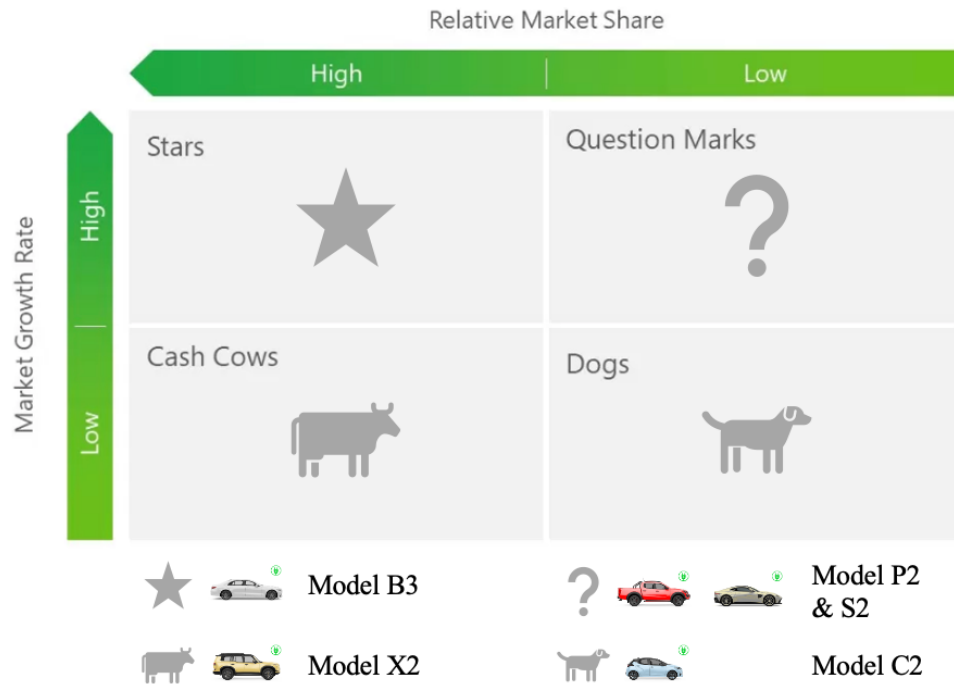


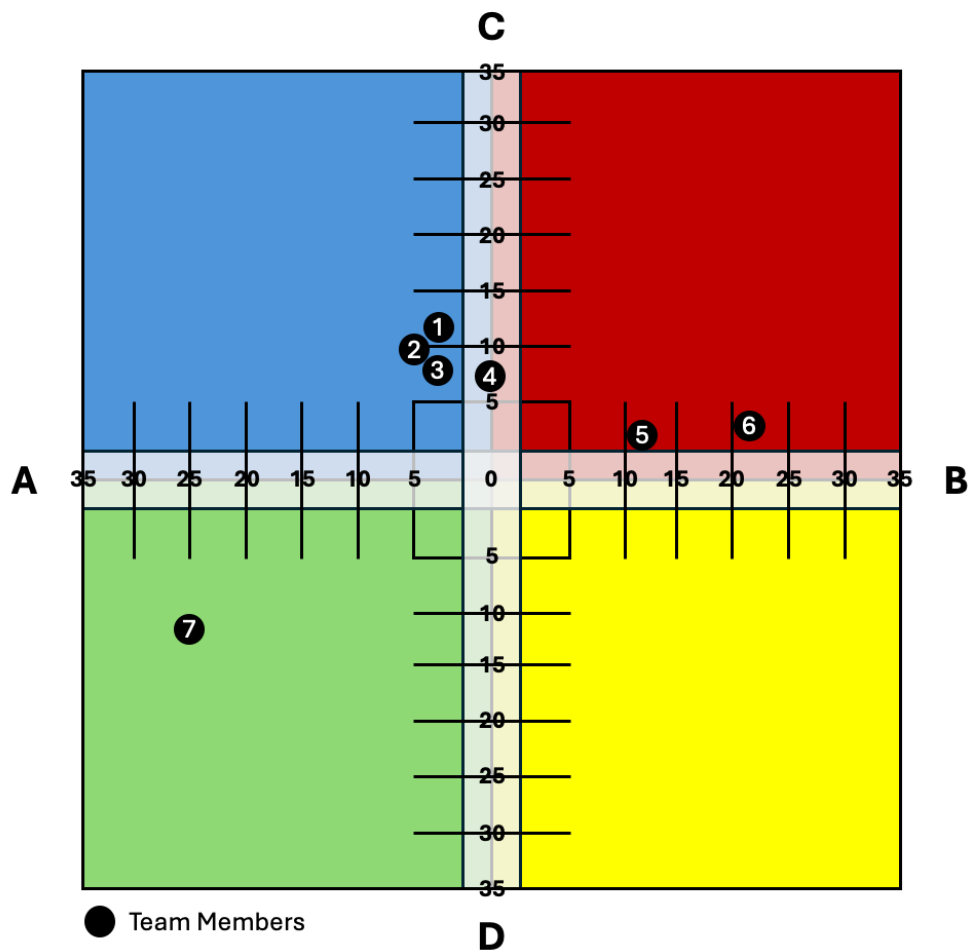
Figure 7: BCG Matrix
(Henderson 1970; IndustryMasters Simulation 2024)

Q4	Successor	Car Price (\$) Price increase relative to predecessor	
Business 135H		37,340	
Model B2		41,330	11%
Model B3		51,160	24%
City E		24,510	
Model C2		30,734	25%
Lux 225G		91,440	
Model L2		106,722	17%
4x4E		59,700	
Model X2		90,691	52%
M1		29,234	
Sport E		50,518	
Model S2		63,949	27%
PU 225G		53,340	
Model P2		66,440	25%

Figure 8: BEEP's Price Setting
(IndustryMasters Simulation 2024) (own illustration)

	Q4	Q19	Q28
Europe	33%	33%	43%
Asia	34%	30%	37%
Americas	32%	31%	42%

*Figure 9: Development of BEEP's Market Share
(IndustryMasters Simulation 2024) (own illustration)*



*Figure 10: Insights Discovery Test Results
(Insights Discovery n.d.) (own illustration)*

Beep	Very unsatisfying					Very satisfying				
Skill / Behaviour	1	2	3	4	5	1	2	3	4	5
Body language: eye contact, smile, gestures, body position			x							
Verbal Language: assumptive, relevant, straight to the point, brief, simple, confident				x						
Rapport: establishing trust, keep it natural and familiar, conversational				x						
Value proposition: clear, persuasive, clear USP, relevant, short, unique				x						
Content: focus on customer needs and seller's differentiators, not focus on product specificities			x							
Form: simplicity, uniqueness, story telling, creativity, engagement, time management ...			x							
Extra 2min:										
Ability to answer posed questions, objections, etc.				x						

Comments
lack of human touch - very mechnical, and reading
a bit stiff, but still pleasant group
did not present the group
could focus more on the client needs (the expansion goal was a bit missed)
could be simpler, especially when asnwering question
did not fully understand / addressed the concern of the client (EV adoptio in African countries)

Figure 11: Sales Role Play 1 – Feedback
(Fernandes Miguel 2024)

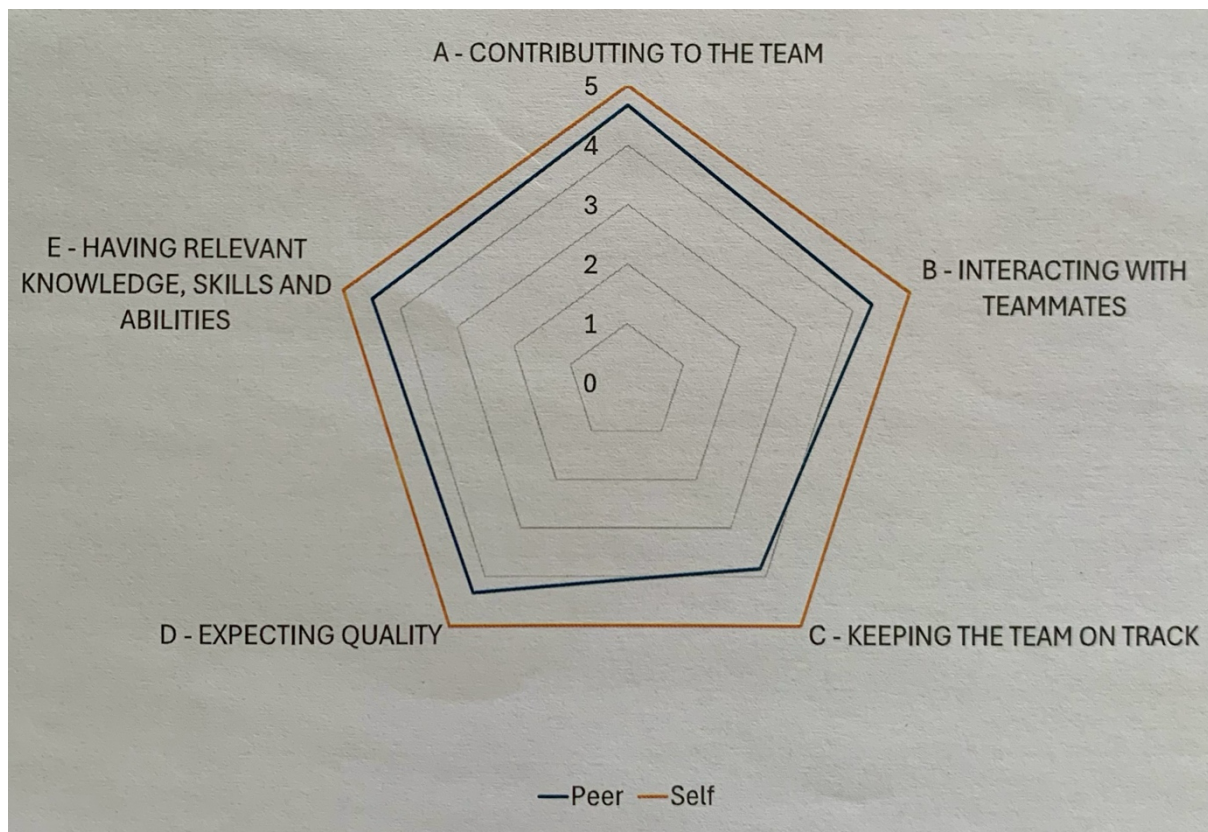
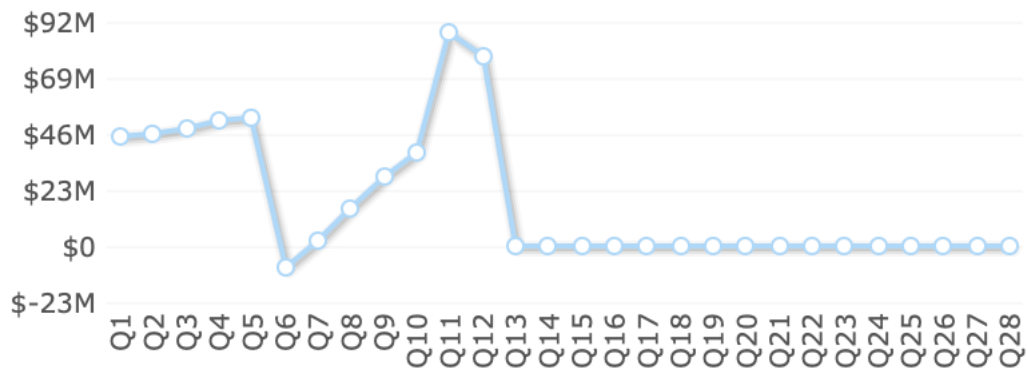
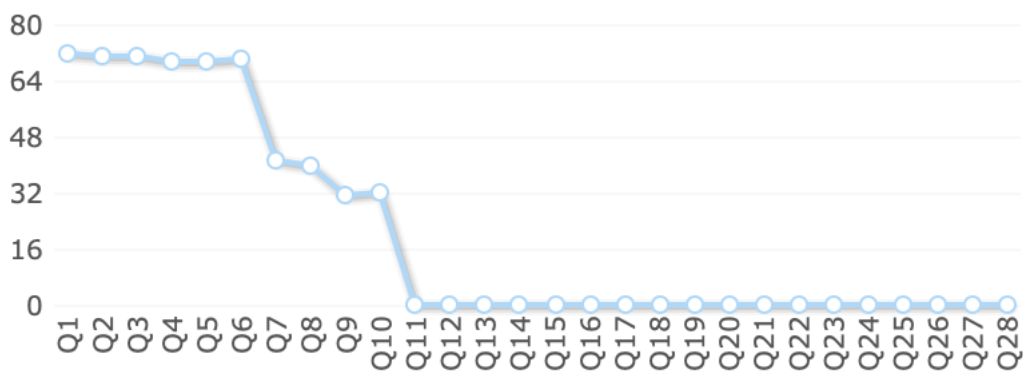


Figure 12: Peer & Self Evaluation
(Business in Practice (BIP) Program)

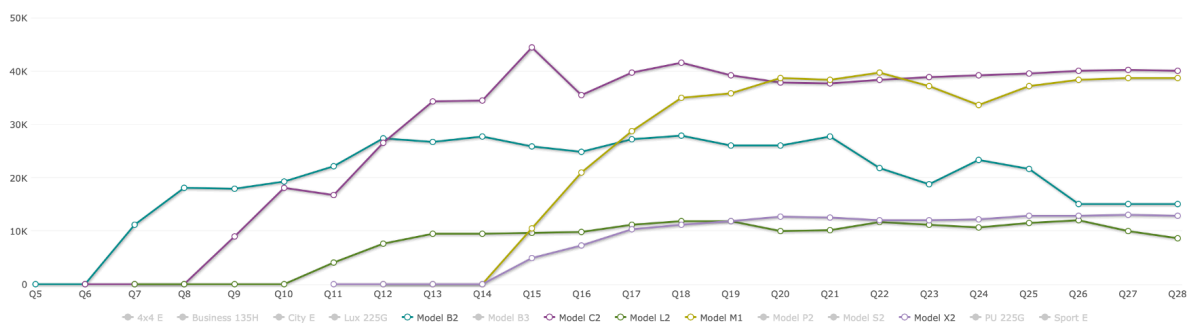
3. Graphs



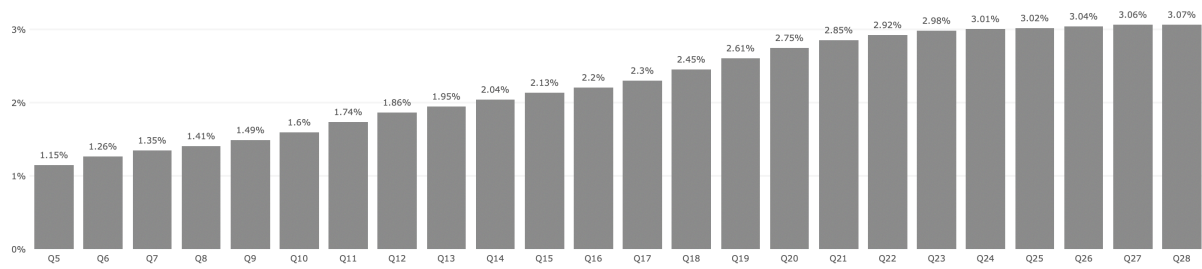
Graph 1: BEEP's CO2 Penalty/ Bonus over Time
(IndustryMasters Simulation 2024)



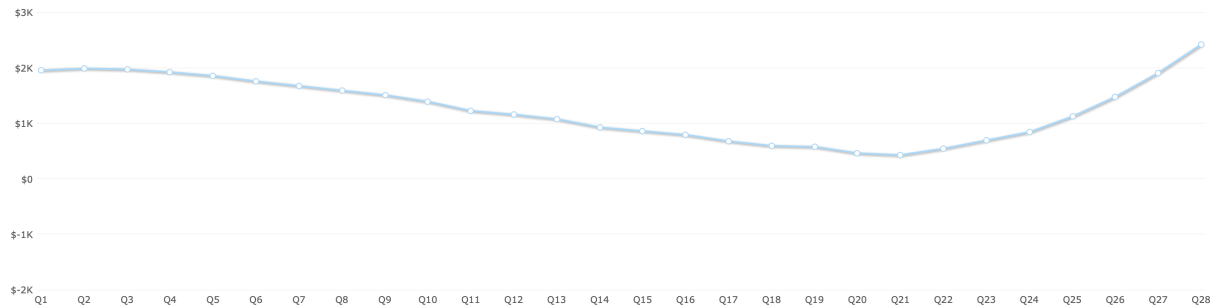
Graph 2: BEEP's CO2 Fleet Emissions (g/mile) over Time
(IndustryMasters Simulation 2024)



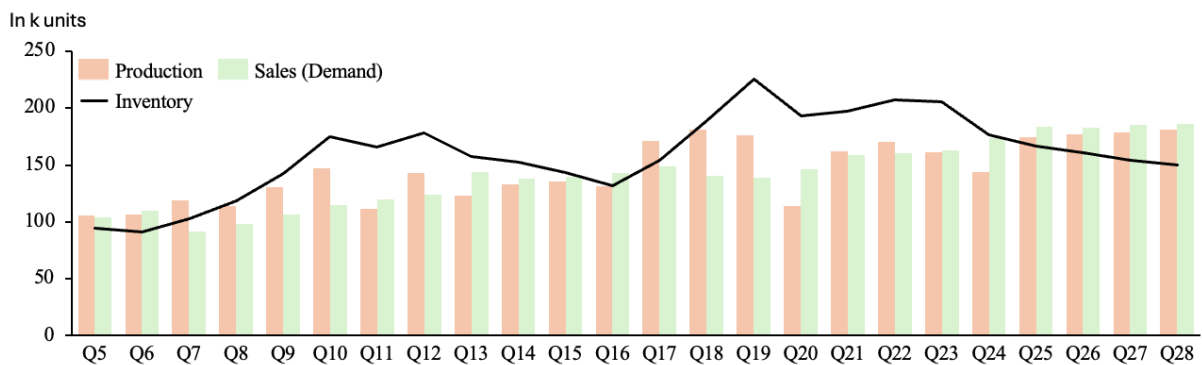
Graph 3: Development of the Sales Volume of BEEP's First New Car Models
(IndustryMasters Simulation 2024)



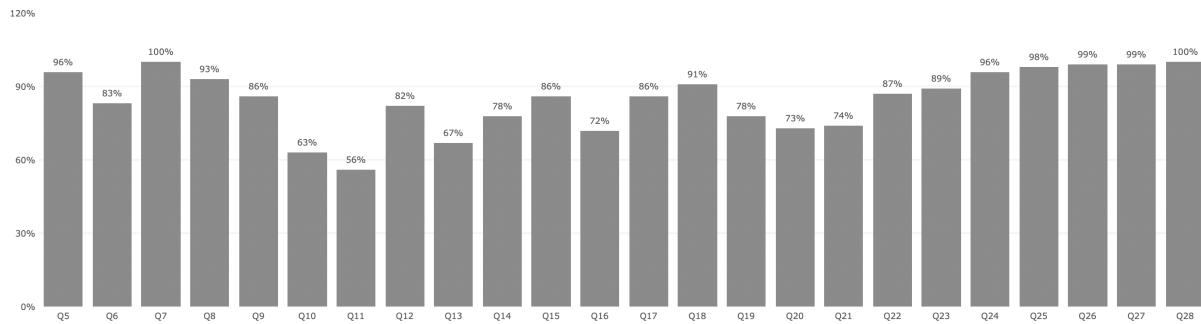
Graph 4: BEEP's Marketing Spend as Percentage of Revenue over Time
(IndustryMasters Simulation 2024)



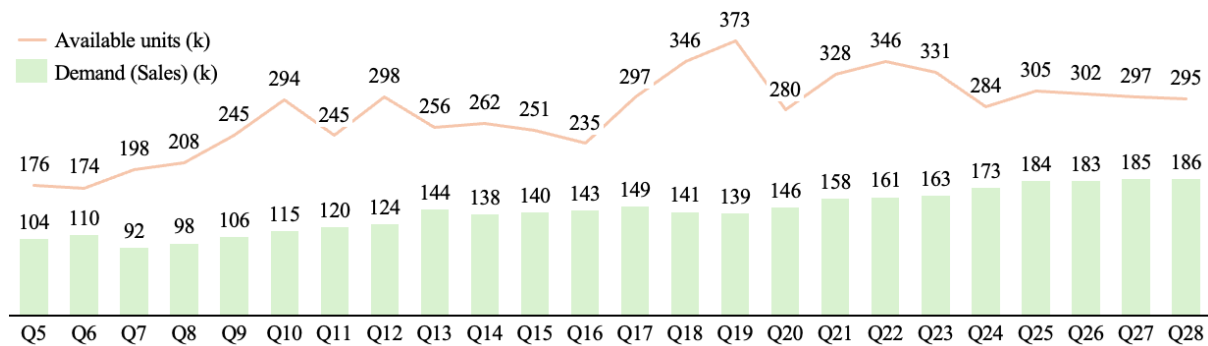
Graph 5: Development of BEEP's Added Value
(IndustryMasters Simulation 2024)



Graph 6: Overall Development of BEEP's Production, Sales and Inventory
(IndustryMasters Simulation 2024) (own illustration)

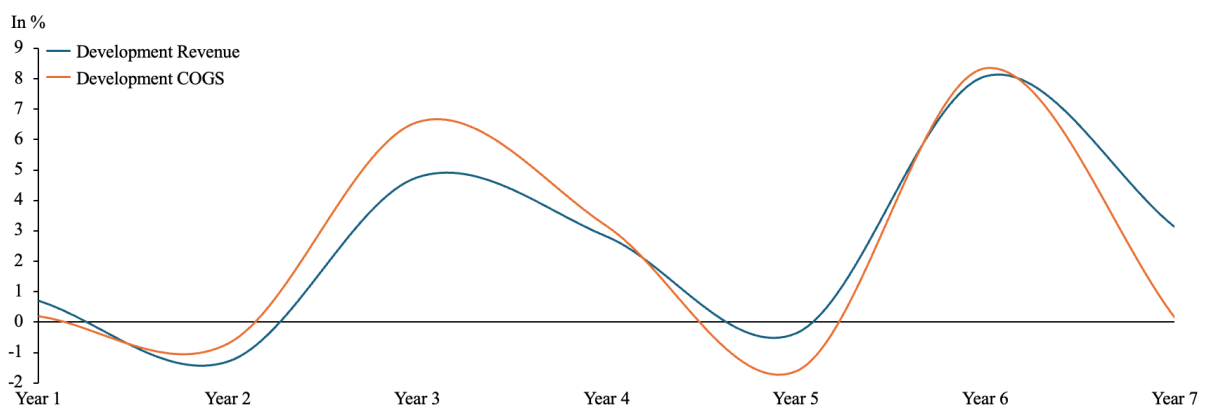


Graph 7: BEEP's Factory Utilization over Time
(IndustryMasters Simulation 2024)

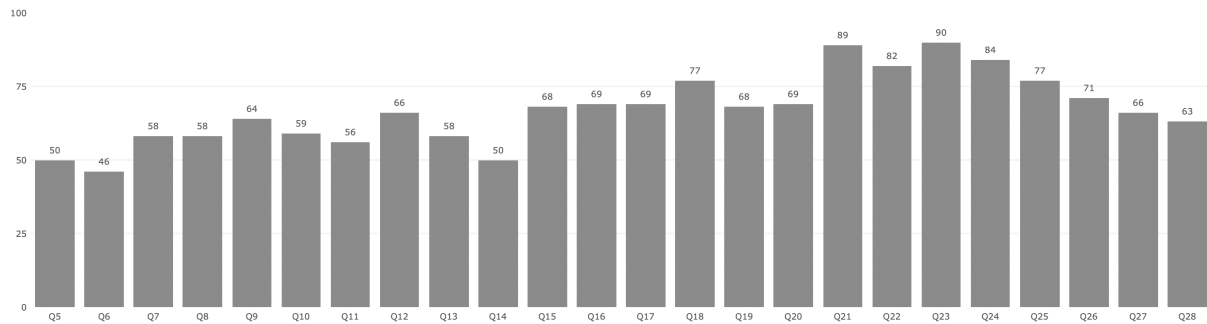


Graph 8: Comparison of All Available Units with Total Sales
(IndustryMasters 2024) (own illustration)

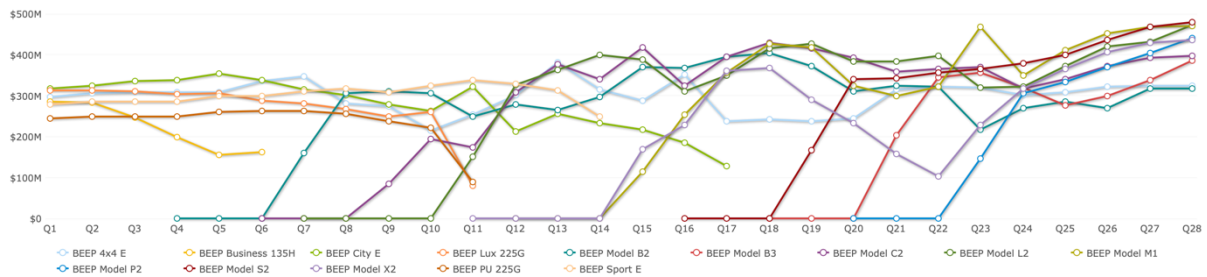
Note: Available units = Inventory units + Production; 4k units per car model were deducted from the inventory for each quarter to respect the minimum of 30 day of inventory



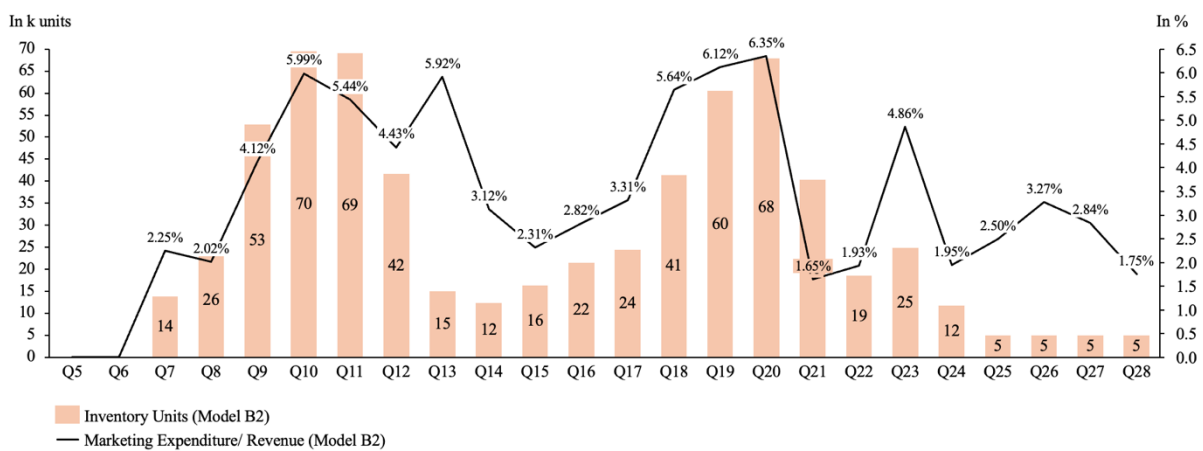
Graph 9: Development of BEEP's Revenue and Cost of Goods Sold (COGS) in %
(IndustryMasters Simulation 2024) (own illustration)



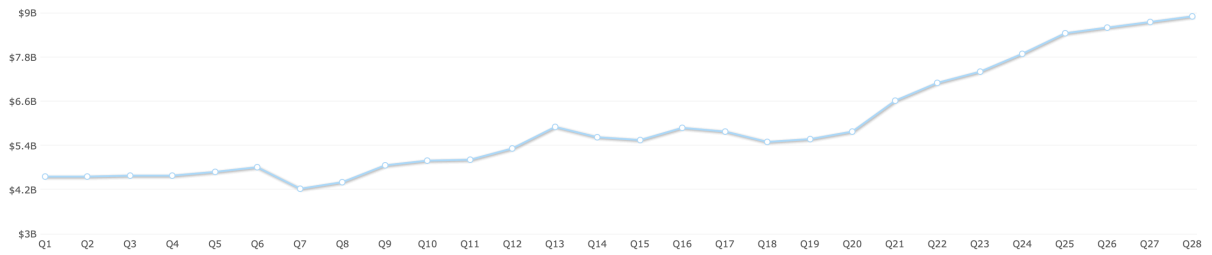
Graph 10: Development of BEEP's Days of Inventory
(IndustryMasters Simulation 2024)



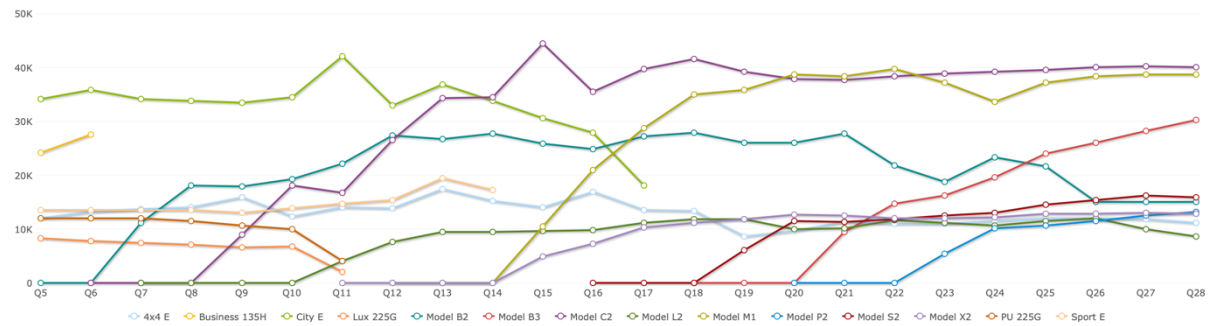
Graph 11: Development of Gross Profit of BEEP's Individual Cars
(IndustryMasters Simulation 2024)



Graph 12: Correlation between Marketing Expenditure/ Revenue and Inventory Units of BEEP's Model B2
(IndustryMasters Simulation 2024) (own illustration)



Graph 13: Development of BEEP's Overall Revenue
(IndustryMasters Simulation 2024)



Graph 14: Sales Volume of BEEP's Cars over Time
(IndustryMasters Simulation 2024)