

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:
The Journey to a Sustainable Future –
Team Dynamics and Difficulties in Implementing Change Management

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04/10/2023

Abstract

Sustainability is becoming increasingly relevant, which is why companies must transform by using disruptive technologies. Business in Practice is a simulation of a car company that is facing this challenge of transformation. This work focuses on the strategy of the automobile manufacturer and give an in-depth analysis of the marketing and finance function. It aims to highlight the importance of the effective interplay among all business functions. Furthermore, it describes the challenges of teamwork and analyzes the author's behavior during the Business in Practice simulation.

Keywords

Apply theory in practice, Business simulation, Develop a business strategy, Integrate and coordinate decision across business functions, Managing a business, Reflective practice, Sustainability and ESG, Team dynamics, Working in teams

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209).

1. Firm Analysis

1.1 Introducing VOLTA and its Environment

Climate change and technological disruption are two megatrends that will reshape the entire world (PwC, 2022). These deeply rooted trends will have a long-term impact on humanity as a whole and, consequently, on all sectors of the economy. The automotive industry is particularly affected by these two megatrends, since it is responsible for nearly 15% of global CO₂ emissions and is thus compelled by the Paris Agreement to reduce its emissions (Möller, 2022). To minimize global warming and achieve the 1.5-degree target, technological advancements must be made to make road mobility more sustainable (UNFCCC, 2015). This poses a significant challenge for the entire automotive industry and requires a multitude of changes and adaptations.

As part of this master's thesis, an IndustryMasters simulation was conducted in which a company, referred to as VOLTA, was confronted with the challenge of change. VOLTA is an automotive manufacturer with production facilities in China, Europe, and the US, which also represents the company's sales markets. At the beginning of the simulation the company does not yet have any electric vehicles (EV) in its portfolio, nor the technology to produce them. Over a period of six years, the goal was to make the company more ecologically sustainable and financially profitable. This work particularly focuses on the *strategy* development phase, which includes an analysis about the challenges of the environment in which VOLTA operates. Furthermore, *marketing* decisions are examined, including pricing and promotion strategies. The last aspect considered is *finance*, where the company's quantitative development is evaluated, and financing decisions are closely examined. The final section provides insights into how these various areas are interconnected and ultimately assessed VOLTA's performance. To better analyze the companies journey, various academic frameworks and theories are

applied, as well as real-world examples. The second part looks more closely at the challenges of teamwork and what conclusions can be drawn from them.

1.2 Review of Strategy Function

When undertaking the restructuring of a business, a fundamental aspect to consider is the implementation of an effective and well-aligned corporate strategy (Cote, 2020). While there is no universally agreed-upon definition for corporate strategy, Michael E. Porter explains a corporate strategy as a cohesive and integrated approach, involving decisions, actions, and resource allocations made by a company's management to accomplish its long-term goals and objectives (Porter, 1996). It revolves around selecting the industries or markets in which the company will compete, efficiently distributing resources among ventures, and capitalizing on synergies and competitive strengths throughout the organization. The ultimate objective for VOLTAs strategy is to position the company strategically in lucrative markets, determine the extent of its activities, and configure its business portfolio to ensure enduring profitability and a sustainable competitive edge.

1.2.1 Trends that Reshaping the Automotive Landscape and VOLTA's Role

For a deeper insight into forthcoming market dynamics, an exploration of trends shaping the automotive industry is imperative. Notably, McKinsey underscores the significance of "Future of Mobility" and "Electrification and Renewables," funneling substantial investments of \$194 billion and \$288 billion in 2022, respectively (Chui et al., 2023). These transversal trends hold direct implications for the automotive sector. Additionally, Simon Kucher identifies pivotal trends steering the industry's trajectory. The ascent of EVs gains traction, with more than half of potential buyers considering EVs. Moreover, avenues for novel revenue streams emerge through connectivity features and concepts like vehicle-to-grid (Simon Kucher, 2023). Navigating these trends presents a formidable challenge for numerous companies ahead.

VOLTA is poised to confront this challenge by placing a distinct emphasis on sustainability and cutting-edge technology to boost its competitive edge in the evolving landscape.

1.2.2 PESTEL Analysis – Factors that Shaping the Automotive Industry's Future

The PESTEL analysis provides a comprehensive view of various factors impacting the automotive industry's transition towards sustainability and innovation (Carruthers, 2009). The *political aspect* underscores the role of governments in incentivizing EVs adoption through economic measures and imposing tariffs to regulate trade (see Figure 1). This suggests a delicate balance between encouraging clean technology and regulating market dynamics. *Economically*, emerging markets, reduced battery costs, and service integration are shaping the industry's landscape, indicating a shift in demand and competitive strategies. On the *social front*, changing consumer attitudes towards ownership and the shift in vehicles' status symbol status highlights a potential shift in market preferences and buying patterns (Gao et al., 2016). The *technological dimension* emphasizes the significance of software, EV technology maturation, and efficiency advancements, which indicates a strong focus on innovation and technology-driven differentiation. *Environmentally*, the analysis highlights the importance of sustainable choices, but also the challenges in battery production and charging infrastructure development. Lastly, the *legal aspect* underscores the complexities surrounding autonomous driving, safety regulations, and environmental standards, indicating the need for well-structured legal frameworks (Brenner & Herrmann, 2017). Overall, the PESTEL analysis reveals a multifaceted landscape with interconnected factors influencing the automotive industry's evolution, demanding adaptability, and strategic alignment.

1.2.3 SWOT Analysis - Analyzing VOLTA's Internal and External Landscape

The SWOT analysis conducted on the VOLTA provides a comprehensive assessment of its internal strengths and weaknesses, as well as the external opportunities and threats it faces (see

Figure 2). This strategic evaluation offers valuable insights that can inform the formulation of an effective corporate strategy (Hill & Westbrook, 1997).

Starting with the *strengths*, the company's prominent position among the top car manufacturers and strong employee relations provides a solid foundation for growth. Reliable revenue streams and a favorable credit rating signify financial stability, supporting ambitious expansion plans. The allocation of substantial funds toward electrification reflects a commitment to innovation and sustainability. These strengths suggest a platform from which the company can further excel. However, the analysis highlights *weaknesses* that require attention. Relying solely on traditional vehicles exposes the company to market shifts towards sustainability. Excessive CO2 emissions and declining performance indicate the urgency for environmental and operational improvements. Furthermore, the need for significant investments to remain competitive poses a financial challenge. *Opportunities* identified point toward avenues for growth. The potential revenue increase through novel business frameworks and sustainable technology investment presents exciting prospects. Leveraging the momentum of electric vehicles and capitalizing on the emergence of autonomous driving aligns with industry trends. The projection of shared vehicles gaining prevalence underscores the potential for innovation in response to evolving consumer behaviors. Nonetheless, *threats* can impede progress. The increasing consequences of low sustainability ratings underscore the urgency for emission reduction. The expected decline in diesel car sales due to emissions scandals highlights the need for adaptability. Next to that, the competition driven by emerging market participants poses challenges to market share, as well as volatility in material costs and the risk of lagging innovation require mitigation.

Interpreting these findings, a coherent corporate strategy can be formulated. VOLTA will capitalize on strengths by diversifying its product range to include EV. By addressing weaknesses, it will commit to emission reduction target and operational optimization. Opportunities can be harnessed through innovative business models, sustainable investments,

and tailored segmentation strategies. Threats need to be mitigated by stick to stringent sustainability measures, responding to competition with innovation, and prudent financial management. In conclusion, the insights derived from the SWOT analysis provide a well-rounded understanding of VOLTA's internal dynamics and external environment.

1.2.4 Vision, Mission, and Values - Seamless Innovating with Purpose

To provide a foundation for organizational development in challenging decision-making situations, it is advisable to formulate a clear vision, mission, and values (Mirvis et al., 2017). This ensures that all employees have a shared understanding, making it easier to make aligned decisions. The vision of VOLTA, "Driving seamless change", aims to signal that the technological future will not be a major disruption for customers (see Figure 3). This is important because many consumers have fears about the sustainable and technology-driven future of mobility, including concerns such as "range anxiety" (Kester et al., 2020). Overall, the mission and values show that VOLTA is determined to lead the way in the automotive industry by producing cutting-edge electric vehicles that prioritize sustainability, performance, and technological advancement. The values emphasize a commitment to ethical business practices, collaboration, and a culture of excellence and innovation.

1.3 Review of Marketing Function

To ensure that a well-designed strategy delivers the desired positive outcomes, it must be implemented in the operational business. Marketing plays a crucial role in this context, serving as a tool for generating and sustaining demand, relevance, reputation, and competitiveness. Udell and Laczniaak define it as follows: "*Marketing may be viewed as the product planning, pricing, promotion, distribution, and servicing of goods and services needed and desired by consumers*"(Udell & Laczniaak, 1981). Since the marketing function was one of the most influential roles in the simulation, the strategy behind the decisions will be highlighted below.

1.3.1 Segmentation, Targeting, Positioning - VOLTA's Target Segment

The Segmentation, Targeting, Positioning (STP) approach is one of the fundamental concepts in strategic marketing, aiming to align marketing activities with profitable customer segments (Dibb & Simkin, 1991). For VOLTA this appeared as follows:

Segmentation: The psychographic characteristics of a target customer for VOLTA are individuals who have an awareness of environmental conservation, value new technology, and are willing to pay a slight premium for it.

Targeting: VOLTA's overarching target audience is the upper-middle class with a sustainable consciousness. Given that, the vehicle prices will be around 10% above average.

Positioning: Thanks to innovative technologies, VOLTA's vehicles are clear pioneers in the market and make a statement regarding a sustainable future. This enables customers to distinguish themselves from traditional automotive brands that have struggled to transition to up-to-date technology. This issue was experienced by the German automaker Volkswagen (VW) in recent years. VW invested relatively little in the development of electric motors and other new technologies, causing their otherwise highly regarded vehicles to lose competitiveness in China and resulting in significant losses for the company (Eddy, 2023).

1.3.2 Marketing Mix – 4 Ps

One traditional approach to develop an effective operational marketing is the 4P-model. The 4Ps marketing mix consist of four pillars: Product, Price, Place and Promotion (McCarthy, 1960). These will be used to outline VOLTA's objectives and approaches in marketing and are partly supported by examples form the simulation.

Product: Product policy involves all the actions and strategies that a company employs to carefully pick, enhance, and effectively bring its products and services to the market for customers to buy and use. One of VOLTA's key objectives was to become more sustainable and reduce carbon emissions to zero by Quarter 16. This required a significant transformation

of their product portfolio, which initially consisted exclusively of vehicles with internal combustion engines (ICE) and one hybrid engine. To facilitate a seamless transition for customers, VOLTA introduced two new hybrid vehicles to the market, before exclusively launching fully electric cars starting from Q9 onwards (see Figure 4).

Another crucial aspect for VOLTA to drive growth was to offer a wide-ranging product portfolio, catering to various price ranges and usage scenarios (Buffoni et al., 2017). To increase the product line depth, the PRO series was introduced. Those were cars, which had the highest standards of autonomous driving, connectivity as well as range. As a result, VOLTA had a total portfolio of six cars in different categories in the last year (see Figure 4). Ranging from the microcar *City Electra*, starting at an affordable entry price of \$24.480, all the way up to fully equipped executive car, the *Biz Electra Pro* for \$51.850 (see Figure 5).

Price: The price policy is all about deciding how much to charge for a product, adjusting prices when necessary, and offering discounts. The aim is to find the perfect price that allows the company to make the most profit while still being able to compete with other businesses.

VOLTA adopted a price skimming strategy in setting the prices for their vehicles. As previously outlined, VOLTA consistently introduced cars with high standards surpassing those of their competitors, enabling them to launch with prices of minimum 10 above the market average. When competitors introduced vehicles with comparable technology levels, and VOLTA's demand started to decline, they gradually lowered prices to stimulate demand. This was due to the significant price elasticity observed between price and sales volume (Bolton, 1989). Occasionally, due to VOLTA's inability to meet the high request for their cars, they used pricing as a tool to artificially decrease demand and increase the profit per car. An example of this was the continuous high demand for the *City Electra*, which negated the need for price reductions (see Figure 5).

Place: Distribution policy revolves around how the product reaches customers, which is why it's also referred to as distribution strategy. In essence, it encompasses all the activities related

to getting a product into the hands of customers. VOLTA distributes its cars through a traditional dealer network. Besides the possibility of expanding the network of dealers through a sales pitch, there was no influence on the distribution policy in the simulation. In terms of VOLTA's strategy, a distribution model similar to that of Tesla would have been a better fit. Through online sales and showcasing in upscale department stores or exhibitions, the profit margin per car could have been increased, and the sales process more streamlined (Musk, 2012).

Promotion: The primary objective of promotion is to raise awareness among the public about a company's products and their benefits, while also encouraging purchasing decisions. In the simulation, there were two main promotion tools. The first approach involved adjusting the percentage of revenue allocated to marketing for each car. VOLTA increasing this percentage especially for new lunches and the associated marketing expenses would rise in value as long as the revenue for that specific car remained stable or increased. Another approach of VOLTA was to decide to engage in product placement in the film "The World of Tomorrow," which was released in Quarter 16. This product placement incurred a cost of \$5 million. The decision was justified by VOLTA's plans to launch two new EVs at the time of the film's release (see Figure 4). Additionally, various studies have shown that product placements in films can be highly effective. A well-known example is Aston Martin, which has appeared in James Bond films since 1964 (Aston Martin, 2021). Similarly, many Marvel films feature Audi vehicles, serving as a compelling example of the transition from combustion engines to electric cars. The partnership began in 2008 when the character Tony Stark was shown with the Audi R8 Coupe, which was the brand's flagship model at the time. The character continued to use this model in six more films until he switched to the completely electric Audi e-tron concept car in the 2020 film "Endgame". Kai Mensing, the supremo of Audi's Product Placement International division, described it as a "win-win-situation," stating that "the movies are a perfect possibility to present our brand values and models to a large global audience in an authentic, elegant and more decent way"(Mensing, 2019).

1.3.3 Ansoff Matrix

The Ansoff Matrix serves as a framework for crafting growth-focused business strategies (Ansoff, 1957). It integrates considerations of both markets and products to determine the direction of company growth. Within the Ansoff Matrix, there are four primary growth strategies: Market Penetration, Product Development, Market Development, and Diversification.

From the STP analysis and the Marketing Mix, it is evident that it is crucial for VOLTA to produce EVs as a *new product* in the long term and also enter this *new EV market*. Therefore, the growth strategy that aligns with VOLTA's objectives is *diversification* (see Figure 6). Specifically, it involves horizontal diversification since the company already manufactures cars and can leverage existing expertise. The goal is to become a market leader in the new EV market. However, this objective is strongly influenced by the competitive landscape, which is not considered in the Ansoff Matrix. In Quarter 5, Competitor C is the only one specializing in EVs. This is making them a long-term competitor, since they have the first movers advantage and thereby can potentially gain a competitive advantage in development (Yan, 2022). Tesla also benefited from this advantage in 2022, by increasing its production by 47% compared to the previous year and becoming the top luxury car brand in the United States for the first time (Sankaran, 2023).

1.4 Finance

"However beautiful the strategy, you should occasionally look at the results."

This quote attributed to Sir Winston Churchill (1874-1965) aptly underscores the importance of not only pursuing a well-defined strategy but also considering a company's overall success. Depending on the company's objectives and strategy, a combination of both financial and non-

financial metrics proves suitable. However, to ensure sustained viability in the market, a solid financial foundation remains a crucial factor for every enterprise.

$$\text{Value Added} = \text{NOPLAT} - (\text{Net Assets} * \text{WACC})$$

This principle is mirrored in the simulation as well, where the pivotal metric for determining success is the *Value Added*. To get a comprehensive understanding of the value creating process, the following section will elaborate into aspects such as the company's capital structure, the trajectory of its turnover and cash flows, and the impact of payment terms.

1.4.1 Capital Structure - The Balancing Act Between Cost Efficiency and Bankruptcy Risk

The capital structure describes the proportion of debt and equity in the total capital of a company. This is crucial for companies as it influences the overall cost of capital and the risk of bankruptcy. While Modigliani/Miller Proposition I states that the value of a firm is not affected by the chosen capital structure, this is only the case in a world without taxes and perfect financial markets (Modigliani & Miller, 1958).

For VOLTA the Debt-to-Equity (D/E) ratio was rather high with >1 in the first three years (see Figure 7). This can be explained by the issuance of debt, which was needed for the significant initial investments required for the transition from ICE to EV. In general, a higher D/E ratio is found in capital-intensive industries, such as the automotive industry, which is why VOLTA has decided to take a similar step (Talberg et al., 2008). From year 4 onwards, this ratio steadily decreases, reaching its lowest point in year 6 at 0.28. This development is a result of two share buybacks and the repayment of outstanding bonds.

In the absence of extreme scenarios involving both indirect and direct bankruptcy costs due to excessive leverage, there is a proportional correlation between a higher D/E ratio and lower Weighted Average Cost of Capital (WACC) (Haag & Koziol, 2023). This is also reflected in VOLTA's WACC, which decreased from 7.45% to 7.15% in the first four years. Although the debt-to-equity ratio didn't increase significantly during those years, the average interest rate on

the company's debt has changed. Initially, all the debt consisted of loans with an average interest rate of 4.85%, but it gradually shifted towards cheaper Green Bonds. *Green bonds* are fixed-income securities used to raise capital for activities aimed at reducing or preventing environmental or climate damage. VOLTA, given its strong investment in sustainable technologies, had access to a maximum of \$10,7 million in Quarter 28, of which they utilized \$4,6 million with an interest rate of 3%. Companies like Mercedes-Benz and Volvo also use Green Bonds to finance their sustainable initiatives and convey a clear message, that they are committed to a sustainable future (Mercedes-Benz, 2022; Volvo Cars, 2023). Even though VOLTA was predominantly financed by the more cost-effective Green Bonds in the last two years and the total interest expense went down, the WACC increased again to 7.4% (see Figure 7 and 8). This is due to the more costly *equity component*, which increased by 47%. VOLTA accepted this dilemma because reducing the proportion of debt decreases the risk of bankruptcy, as well as the Net Assets, which resulting in an increase in Value Added (see Figure 9 and 10).

1.4.2 Managing Cash Flow - The Interplay Between AP and AR

Accounts Payable (AP) and *Accounts Receivable* (AR) are two interrelated yet opposing financial processes. A company's AR is the money that the company expects to receive from customers who have made purchases on credit for its goods and services (Bougheas et al., 2009). When a company acquires goods with a commitment to repay the amount within a brief timeframe, it is referred to as AP.

In the first three years, VOLTA reduced the customer credit terms to 15 days and extended supplier payment terms to 40 days. This led to a reduction in AR by up to 37.4%, while AP increased by 104.5% (see Figure 11). VOLTA made that choice to bolster the company's liquidity and prevented additional borrowing of external capital. Starting from the fourth year, the investment volume decreased, and the Free Cash Flow (FCF) turned positive (see Figure 12). This stabilized VOLTA's financial situation, prompting an increase in Customer Credit

terms and a reduction in Supplier payment terms. While this reduced liquidity, it had the advantage of boosting revenue as the extension of the payment period to 40 days appealed to more customers. Additionally, suppliers granted a 1.0% discount for payment within 15 days, reducing overall manufacturing costs.

1.4.3 Profitability over Growth - VOLTA's Financial Transformation

For a business to achieve stable financial situation, it must focus on its cash cycle and ensure it can bridge the cash gap between receivables and payables. When a business runs out of cash, its operations come to a halt. This emphasizes the importance of consistent positive cash flows for the sustained financial health of any business (Boex, 2015).

Even though VOLTA experienced quarters with declining revenue, the company managed to increase its yearly revenue by 34.5% to \$22,2 million over the six-year period. Moreover, the gross profit saw an impressive increase of 50%, and the net profit even surged by a remarkable 231% (see Figure 13). This demonstrates that while the transformation didn't lead to significant revenue growth, it significantly improved the *company's profitability*.

This is also reflected in the *Free Cash Flow*. In the first three years, the company predominantly generated negative FCF. This was due to significant investments in Scope 1-3 and the introduction of Green Financing. *Green Financing* allowed customers to finance their cars over 60 months with an interest rate of 3.99%. VOLTA decided to offer this option for one year to boost the launch of its first two electric cars, Lux Electra and Micro Electra (Basset et al., 2023). This decision resulted in a revenue increase of \$1,0M in Quarter 9 (see Figure 14). After having successfully completed the technological transformation, VOLTA was rewarded by obtaining high FCF.

A similar picture emerged for *Value Added*. This fell in the first three years until it then increased to a final value of \$3,27M (see Figure 10). This development is reminiscent of the "Death Valley Curve", which normally describes the critical initial phase of a startup (Ritter &

Pedersen, 2022). Although VOLTA is not a start-up, it also had to invest heavily in new technology in addition to enter a new market, which is why a parallel can be drawn.

1.6 Interconnectivity between Functions

To achieve company success, it's crucial to recognize that business functions are interrelated. They cannot operate in isolation but need to work together cohesively (Nasrudin, 2023). While each function may have its own specific goals and targets, they must be in harmony with and actively support the broader objectives of the company as a whole.

This synergy is also discernible across the various functions within the simulation. The *strategy* assumes its role as the overarching blueprint, guiding decision-making processes and articulating long-term objectives. In the context of VOLTA, this translates into the effort to enhance the sustainability of its car portfolio. To effectively execute this strategy, it necessitates the acquisition of detailed insights from diverse departments within the organization. The *finance department*, for instance, must precisely determine the budgetary requirements for implementation while concurrently revealing the direct consequences of all measures. In parallel, the *marketing department* acts as the conduit for representing the specific preferences of customers and can influence supply and demand through various operational strategies. Additionally, departments such as *operations* and the *innovation* team must provide information regarding production speed and the availability of technologies. It is only when these multifaceted components merge seamlessly that a company can establish the realization of its predefined objectives in a manner that is both sustainable and enduring.

For VOLTA, this collaboration is particularly evident in the last year, and it is also reflected in individual key performance indicators (KPI). The factory utilization was at 100%, which means no potential is wasted. The customer satisfaction was also at 100%, leading to a consistently high number of sales. Nevertheless, there was enough inventory to meet the demand, indicating good coordination between the operations and marketing functions. Ultimately, this is reflected

in the finance department with a significantly increased and high Gross Margin of 49.4%. At this point, VOLTA has successfully completed the desired transformation process.

1.6 Conclusion – Sustainable Success in the Automotive Revolution

By analyzing the future trends and applying the different frameworks, VOLTA realized that a big change in the automotive industry is coming and the company has to adapt. Therefore, the company's *strategy* was particularly aimed at a sustainable and technology-driven future. The company has been able to successfully implement this strategy, which is reflected in the fact that they have the best technologies on the market and were able to become CO2 neutral at an early stage. Winning the overall *Sustainability Award* also confirms that VOLTA has always remained committed to its strategy and that sustainability plays an important role for the company. Through clear positioning, the *marketing department* was able to keep demand consistently high and generate sustainable profits. Through approaches such as the price skimming strategy and marketing expenditures aligned with the product life cycle, the company was able to achieve considerable gross margins of over 50% in some projects. Targeted product placements also helped with the launch of new cars and benefited the overall reputation. The *finance function* had a certain impact on all functions, as it is required to allocate the available capital as effectively as possible. In doing so, it must pay particular attention to the capital structure, as this influences the financing costs and the bankruptcy risk of the entire company. Also, the level of returns, reflects the effectiveness of all functions, making good communication especially important for this department.

In the end, the biggest lesson of the simulation was that a company can only be successful if all departments get enough attention and work hand in hand with each other. To ensure this, effective *communication* is the most important foundation stone, which can only be achieved through a excellent *team spirit*.

2 Self Reflection and Critical Incidents

2.1 Introduction to my personal Business in Practice Experience

The Business in Practice (BiP) program entailed not only the mastery of simulations but also the dynamic challenge of collaborative teamwork. Participants were preassigned to specific group configurations, necessitating cooperation with previously unfamiliar individuals from the program's inception. This distinctive arrangement presented manifold opportunities for experiential learning and personal development, while concurrently introducing a set of inherent challenges that demanded adept handling within the group context.

The team to which I was assigned, known as "Team Volta," encountered two significant incidents that left a profound and lasting impact. One such incident involved a sales pitch, during which I experienced an unfortunate setback. Subsequently, this essay delves into the intricacies of this situation, encompassing an in-depth analysis of both my individual response and the collective reactions of my team. Given the potential recurrence of analogous circumstances in diverse real-world settings, a meticulous examination of this episode is imperative to discern invaluable insights and cultivate a deeper understanding of the valuable lessons it bears. The second incident of significance pertains to a tense interpersonal situation involving a team member, accentuated by the cultural disparities in our working styles, and the manner in which I responded to it. In the context of an ever-globalizing world, the convergence of individuals from diverse cultural backgrounds has become increasingly common. Consequently, comprehending how to foster optimal functionality within such environments and ensuring seamless collaboration among team members assumes paramount importance. In this milieu, the exploration of varied personality types assumes significance, alongside a discerning evaluation of the peer review process. Ultimately, the insights gleaned from these two pivotal incidents are extrapolated to inform my professional trajectory, affording valuable lessons for my future endeavors.

2.2 Incident 1 - Learning how to Deal with Failure

2.2.1 Description

In the context of a simulation round, a sales pitch was conducted at the outset, offering the opportunity for Volta to secure a new client and gain additional financial resources. As a team, we were allotted the afternoon and the subsequent morning to prepare for this pitch. Following our content preparation efforts during the afternoon, the question arose as to who would assume the role of presenting the pitch. The condition stipulated that the pitch should be delivered by a single individual. Regrettably, no members of my team expressed interest, and consequently, I volunteered to undertake the task. However, the outcome of the pitch was not particularly successful, resulting in expectedly negative feedback, and ultimately, we were unable to secure the client. In contrast, approximately half of the other teams achieved success in winning the client, with an additional quarter making partial gains, thereby attaining a financial advantage over our team.

2.2.2 Response

During the preparation of the sales pitch, I realized a lack of complete alignment with the structure and content of the pitch. While I appreciated the team's preparation efforts, my usual practice involves only presenting the content I created in my own. Consequently, I initially held back when it came to deciding who would present. Eventually, I agreed to take on the task, not only to avoid imposing it on someone else but also because I enjoy presenting and challenging myself. However, I encountered difficulties during practice, struggling to find the right words and failing to effectively convey all the discussed points during the actual presentation. This led to a sudden onset of insecurity, preoccupied with the consequences and the perceptions of my team members. Post-presentation, I realized that my approach had been limited to learning a script rather than fully grasping the content, as I typically do in other presentations. Disappointed in myself and my performance, I confessed my failure to my team, who were

offering me encouragement and supported me that it is not a big deal that we haven't performed perfectly. As someone accustomed to delivering decent presentations, the realization that I had missed a unique opportunity for the team amplified my frustration. Furthermore, the inability to secure the client, coupled with observing the success of other teams, further diminished my self-confidence. As I remained fixated on my previous failure my ability to concentrate during the next round was gone, as well offering effective support to my team,

2.2.3 Analysis

The following section will center on the analysis of the initial incident, seeking to understand the factors contributing to this setback and drawing insights from it. In the given situation, several elements can be identified as both positive and negative. One *positive aspect* is my willingness to step up and take on the responsibility of presenting the sales pitch, despite not feeling completely familiar with the content. This demonstrates a sense of initiative and a willingness to challenge myself in difficult situations. According to Albert Bandura's concept, stepping out of the comfort zone has a positive effect on self-efficacy beliefs and self-confidence. The psychologist describes this concept in the "Social Learning Theory", which describes the control of motivation and human behavior (Bandura, 1977).

When examining this incident through the lens of the *Big Five model*, my actions align with a personality type characterized by Openness. The Big Five model, a well-established framework in personality psychology (see Figure 15), categorizes individuals into one of five primary dimensions. The personality trait of *Openness* signifies a propensity for embracing risks and welcoming new experiences (McCrae, 1996). Individuals with high Openness tend to exhibit a strong sense of curiosity and creativity. They exhibit a deep curiosity and a desire for innovation. Conversely, individuals with a high level of Openness frequently have unconventional ideas that can sometimes be perceived as impractical.

A negative aspect is that I overestimated my abilities when I agreed to take on the presentation of the sales pitch. This could be indicative of the Dunning-Kruger effect, which describes how individuals with lower competencies tend to overestimate themselves, while high-performers often underestimate their abilities (Dunning, 2011). This might have been at play during the group decision, causing my team members to underestimate themselves, even though they could have presented the pitch exceptionally well. However, since my decision at that moment about stepping out of my comfort zone and not about my superiority, it contradicts the typical pattern associated with this effect.

Another reason for the negative outcome and the associated disappointment is my incorrect approach to decision-making and presentation preparation. During the decision-making process about who would present, I should have directly addressed the fact that I wasn't entirely comfortable with the content and, therefore, likely wouldn't deliver a good presentation. In this situation, I lacked the awareness to raise this issue openly within the team. If I used this opportunity, we could have worked together to find a solution to this challenge.

When analyzing the *situation of the presentation* itself, it can be inferred that my lack of familiarity with the content and discomfort in the presentation role contributed to my suboptimal performance. This is supported by research on the importance of understanding and connecting with the material being presented (Curran-Everett, 2019).

After the presentation I became aware of how many teams had won the sales pitch, which led me to compare myself to them. This resulted in a decrease in my self-esteem, and I found myself dwelling on my perceived failure. This phenomenon can be explained by the *Social Comparison Theory*, which was introduced by Leon Festinger in 1954. It involves the observation of other individuals with the aim of gathering information about their performance, which is then used for the assessment and evaluation of one's own accomplishments (Dijkstra et al., 2010). In my case, an "*upward comparison*" took place as I compared myself to

individuals who were more successful. This created a „*contrast effect*” with these individuals, which had a detrimental impact on my self-esteem.

After experiencing the setback, I found myself not fully receptive to the uplifting sentiments expressed by my team members. Instead, I fell into a *cycle of self-critique*, which significantly extended my concerns with the setback and hindered my ability to engage with new challenges.

2.2.4 Reflection

To avoid falling into such a downward spiral in the future and to learn from this mistake, reflection on the incident and the implementation of a system to better handle such situations is important. This is also found by research, that indicates that individuals who employ active problem-focused and emotion-focused coping strategies tend to exhibit more favorable outcomes compared to those who adopt an avoidance coping style (Joseph, 2011).

To proactively prevent such an incident from occurring in the future, I can pay closer attention to my operational approach. For instance, during the initial stages of pitch preparation, I could engage in early discussions with my team to determine the presenter and avoid deferring the topic until the last possible moment.

In the event that I should encounter a similar situation again, I can take a more active approach during the preparation phase. By actively contributing to shaping the content of the pitch to align it more closely with my personal style and strengths, I would have increased my familiarity and comfort with the material. This would have resulted in a more authentic and confident presentation. Also, I should focus on comprehending the key messages and concepts rather than solely relying on memorization and script-learning. Nevertheless, should I encounter a setback in the future, it must not discourage me from making further attempts. Especially when step out of our comfort zone, we have the potential to learn and grow most rapidly (Gardner, 2015).

2.3 Incident 2 - The Significance of Empathy

2.3.1 Description

Prior to the beginning of the simulation, me and my team members acquainted ourselves through video calls, followed by an in-person gathering on campus. During this period, an observable and harmonious group dynamic occurred, with each member exhibiting a certain level of reserve while actively contributing to the discussions. As the team's familiarity with one another grew, distinct patterns and roles began to emerge, leading to some individuals becoming more reticent and reserved in their participation. The result was that only three to four people were actively discussing and responsible for decision-making. Following the initial rounds of the simulation, my team engaged in a lunchtime discussion centered on cultural differences across nations. During this conversation, one team member made a remark expressing disfavor towards working with Germans. Curious to understand the basis of this reproachful statement, the team collectively inquired further. The team member in question explained that she always felt a sense of insecurity when working with Germans due to being considerably younger than most of them and lacking extensive experience from internships or work abroad. Notably, in settings where she interacts with peers of her age group and experience, she assumes a more assertive and leadership-oriented demeanor. This incident marked a pivotal moment of collective recognition, underscoring the need for refinement in our team's communication dynamics.

2.3.2 Response

During this incident, when my team member made the shocking statement that she did not like to work with Germans, I was initially surprised and felt somewhat offended. I had not anticipated such a straightforward expression of dissatisfaction, particularly considering the previously harmonious and cooperative group dynamics we had experienced. However, as she

further elaborated on her feelings and insecurities related to age and lack of work experience, I began to understand and empathize with her perspective.

A sense of introspection washed over me as I contemplated my role in her reduced participation in group discussions. I realized that I might have unconsciously contributed to this situation due to my own communication style and approach to decision-making within the team.

The realization that my behavior might have unintentionally discouraged her from sharing her ideas and opinions left me feeling a sense of responsibility and remorse. I felt a deep desire to rectify the situation and create a more inclusive and supporting environment for all team members to contribute actively. This incident prompted me to question my assumptions about effective communication and highlighted the need to be more attuned to individual differences in communication styles and preferences.

Moreover, the incident caused me to reflect on my personal growth goals, particularly in the context of developing empathy. While I had acknowledged the importance of empathy during the “Leading Yourself” workshop, this incident exposed the limitations of my progress in this area. I felt determined to immerse myself in understanding the feelings and perspectives of others more profoundly, recognizing that empathetic communication is essential for fostering a supportive and cohesive team dynamic.

2.3.3 Analysis

In the following analysis the origins of this team dynamic will be explored. While I acknowledge that the responsibility for this incident is not solely mine, I will focus especially on my own behavior.

I generally approach decisions making processes very pragmatically, aiming for efficient execution to minimize unnecessary work and time consumption. I always assume that everyone take part in discussion and will contribute with their opinion and given information. Unfortunately, I was not aware that team members might feel intimidated and therefore not

express their opinions. This led to the fact that my impatience to move forward quickly after obtaining majority agreement had led me to overlook the quieter voices and unexpressed thoughts within the group. This behavior can be attributed to my *fiery red personality* type in the 4-Color Model. The Swiss psychologist Carl Jung developed this color model of behavior, which refers to the "psychological preferences" of each person. It looks at how one interacts with the world around them, how they make decisions and whether they have an introvert or extrovert personality (Bottlender et al., 2006). It divides people into four personality types: Red, Blue, Green and Yellow (see Figure 16).

According to my self-assessment, I possess a extroverted personality who tends to prioritize thinking over feeling. Fiery red personalities are characterized as extraverted thinkers with a competitive spirit. Their guiding principle is "*Let's take action now*" and are highly motivated to achieve tangible results. They are particularly skilled at leading and coordinating teams following clear instructions. While I identify with many of these traits, some aspects of the Yellow personality also resonate with me. Specifically, that I enjoy interacting with others and valuing teamwork a lot.

These characteristics are also reflected in the conducted *peer-assessment*. Particularly in the areas of "*Contribution to the Team*" and "*Interacting with Teammates*", I was able to achieve notably high ratings (see Figure 17). Overall, my self-assessment aligned closely with the evaluations provided by my team, which has instilled a sense of confidence in the accuracy of my self-assessment.

*"The better we are at communication, the more effective we are
at achieving our hopes and dreams."*

This quote by Alessandra and Huansaker underscores the crucial role of effective communication in achieving our personal goals (Alessandra & Huansaker, 1983). This principle can also be applied to our team, which is why we initiated efforts to work on and enhance our

communication. The fact that not all team members actively participated in the decision-making process also led to a lack of diversity in our decision options. This was primarily because our team consisted mainly of Red and Yellow personalities, resulting in somewhat one-sided decisions. This aligns with the 4-Color Model, which asserts that teams with a balanced mix of personalities achieve the best results. Furthermore, we also faced an *information deficit* as not all team members shared the information from their respective roles. This highlights the importance of ensuring effective communication within a team, especially for someone with a more outgoing and extroverted personality.

2.3.4 Reflection

To enhance our team's communication, we implemented mechanisms to ensure that everyone is heard, and there is no information deficit. At the beginning of each decision-making round, we introduced a practice where each member presents their newly acquired information. This effectively eliminates the information gap, providing everyone with the same foundation for making decisions. In the next step, we asked questions and engaged in initial discussions. During this phase, it's particularly crucial for me to exhibit high levels of empathy. I must explicitly focus on understanding the needs of others and being attentive to their feelings and thoughts. To achieve this, I find it helpful to briefly step back from the discussion, listen, and observe. This can sometimes be challenging for me as a fiery red personality, and I must exert careful self-control and compel myself to do so. In addition to my personal commitment to ensuring everyone in my environment feels comfortable, a study also highlights the *benefits of empathetic* leadership. Managers who practice empathetic leadership with their direct subordinates are perceived as more effective by their superiors (Gentry et al., 2007). This holds significant implications for my *future career*, as teamwork is crucial here as well (Yale University, 2023). Particularly in roles with responsibilities for managing employees, displaying empathy and giving everyone a voice are essential attributes.

In conclusion, the incident sparked a range of emotions within me, from surprise and confusion initially to introspection and a strong desire to improve my communication style and empathy skills. This pivotal moment served as a valuable lesson and impetus for personal growth throughout the simulation, prompting me to create a more inclusive and understanding environment within the team.

2.4 My Summary and Learnings of BiP

The first incident has taught me crucial lesson, which was the importance *of not fearing setbacks* and recognizing their substantial potential for personal growth. While it's crucial to learn from setbacks, dwelling on them for too long and letting them drag one down should be avoided.

The second incident highlighted the *significance of empathy*. Despite the challenging task of quantifying this skill, its profound influence on various aspects of professional life is undeniable. Discovering my personality type has allowed me to make sense of many past behaviors. Nevertheless, I am committed to ensuring that in the future, I continue to trust my intuition and refrain from becoming overly confined to the traits associated with a specific personality type. Particularly if it may not authentically represent me.

BiP has afforded me the chance to engage in intense *self-examination and behavioral analysis*. It has served as both a catalyst and a dedicated space for me to explore the motivations behind my actions and craft strategies for enhancement. In the fast-paced environment of our daily lives, such in-depth introspection is often sidelined due to time constraints. Moving forward, I am committed to proactively allocating time for this essential self-reflection. This will enable me to gain a deeper understanding of my behavior in both my professional and personal domains.

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Appendix

1 Abbreviations

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1 Abbreviations

List of Abbreviations

AP	Accounts Payable
AR	Accounts Receivable
BiP	Business in Practice
D/E	Debt-to-Equity
EV	Electric Vehicle
FCF	Free Cash Flows
ICE	Internal combustion engine
KPI	Key Performance Indicator
NOPLAT	Net Operating Profit Less Adjusted Taxes
STP	Segmentation, Targeting, Positioning
VW	Volkswagen
WACC	Weighted Average Cost of Capital

2 Figures

Figure 1: PESTEL Analysis of the Automotive Industry

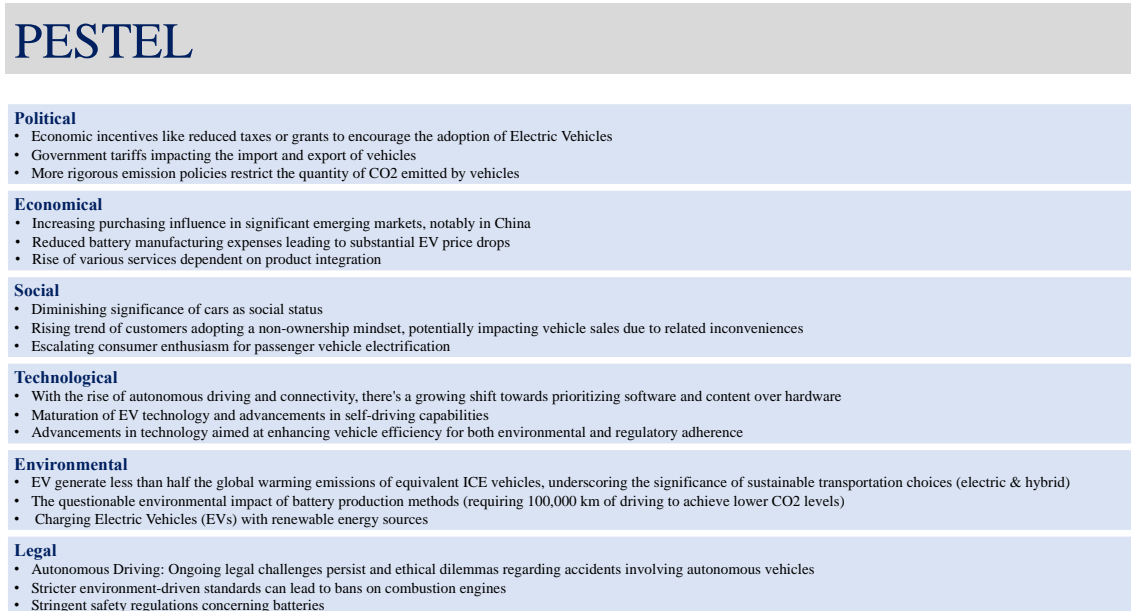


Figure 2: SWOT Analysis for VOLTA

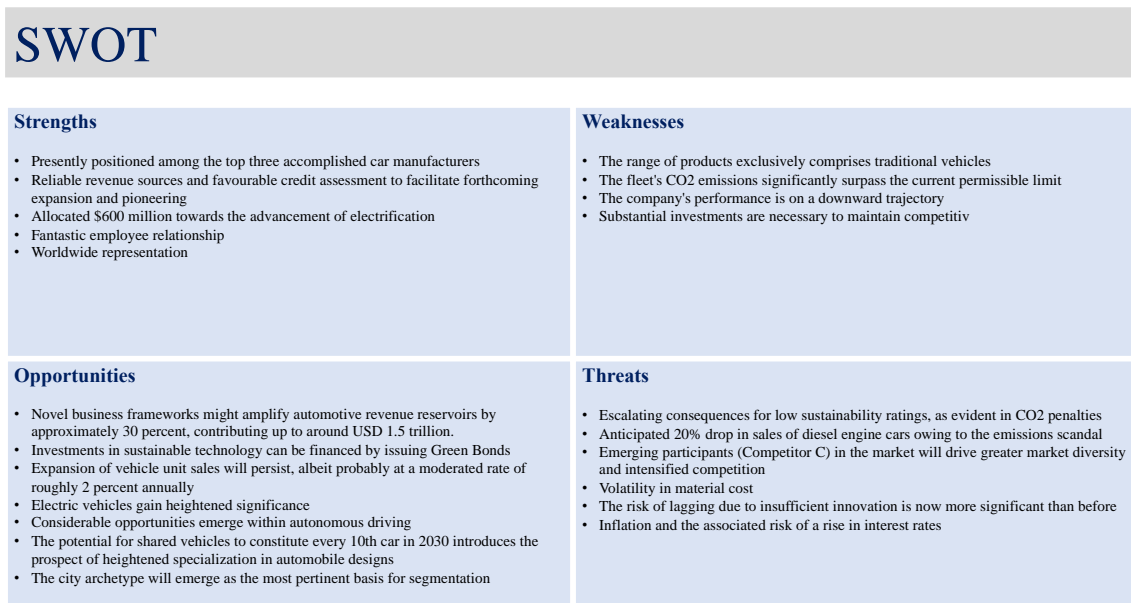


Figure 3: VOLTAS Mission, Vision and Values

Vision:	Driving seamless change
Mission:	To revolutionize the automotive industry by delivering cutting-edge electric vehicles that combine exceptional performance, advanced technology, and environmental sustainability.
Values:	Sustainability / Innovation / Excellence / Collaboration / Integrity

Figure 4: VOLTAs Car Portfolio and Selling Period of the Cars

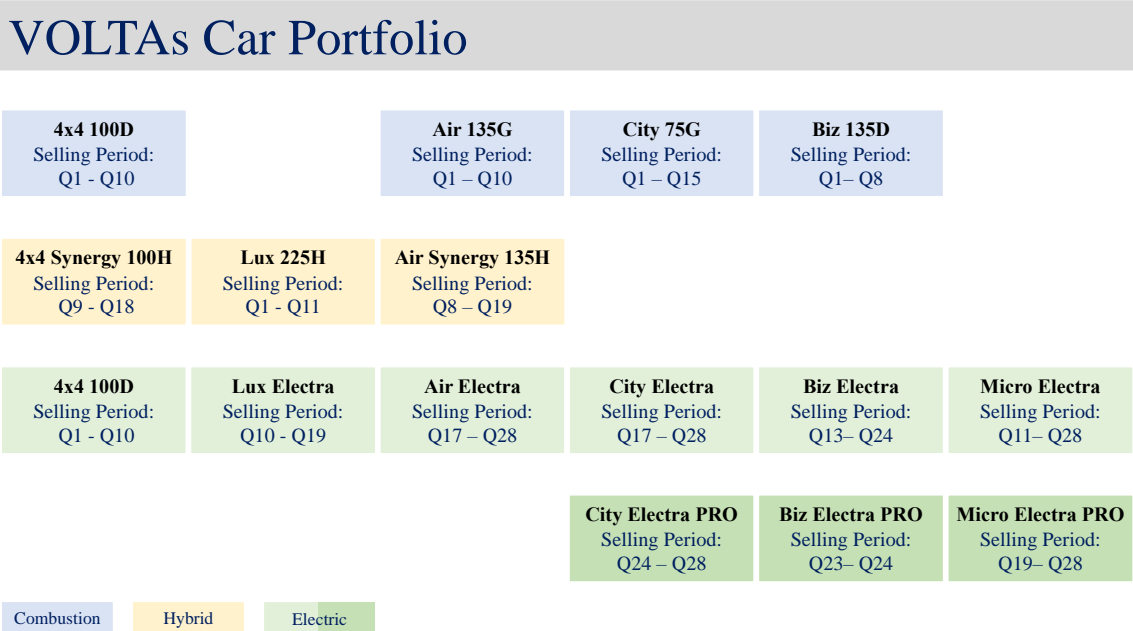


Figure 5: Sales Prices of each of VOLTA's Cars

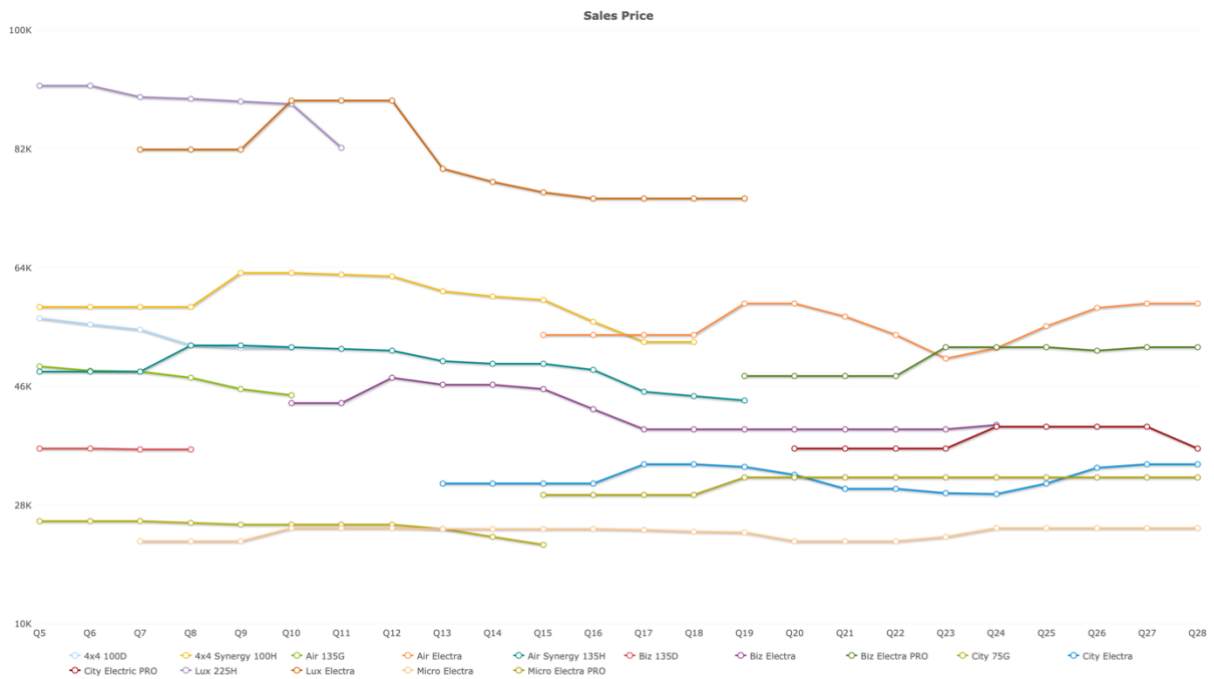


Figure 6: Ansoff Matrix and VOLTA's Positioning

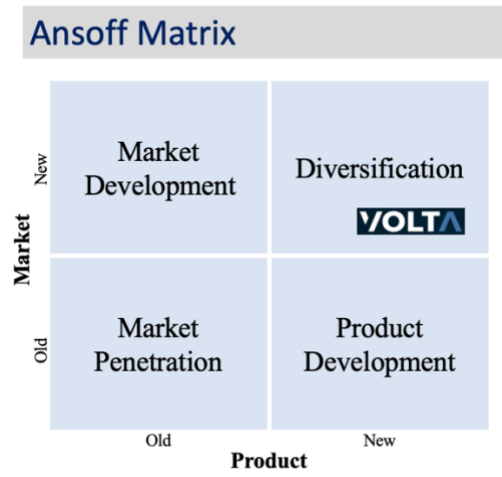


Figure 7: VOLTAs Part of Debt and Equity and the resulting WACC

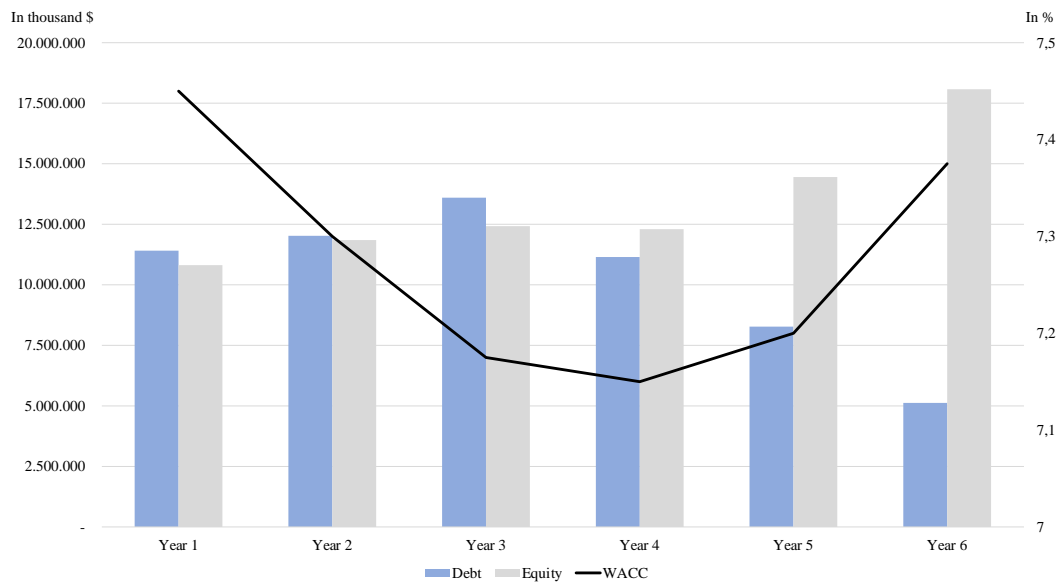


Figure 8: VOLTAs Interest Expenses

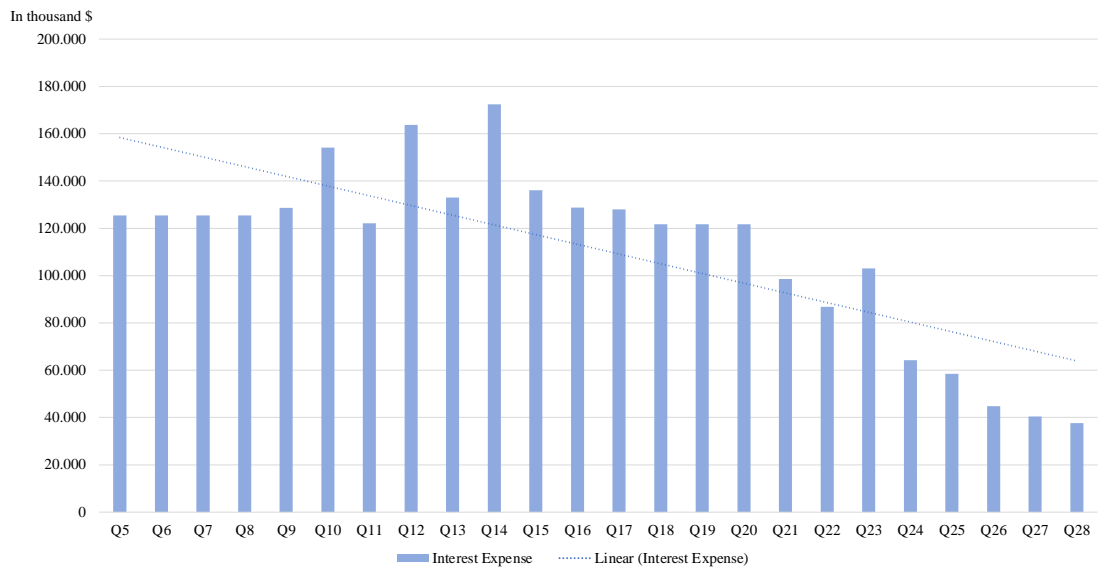


Figure 9: VOLTAs Net Assets

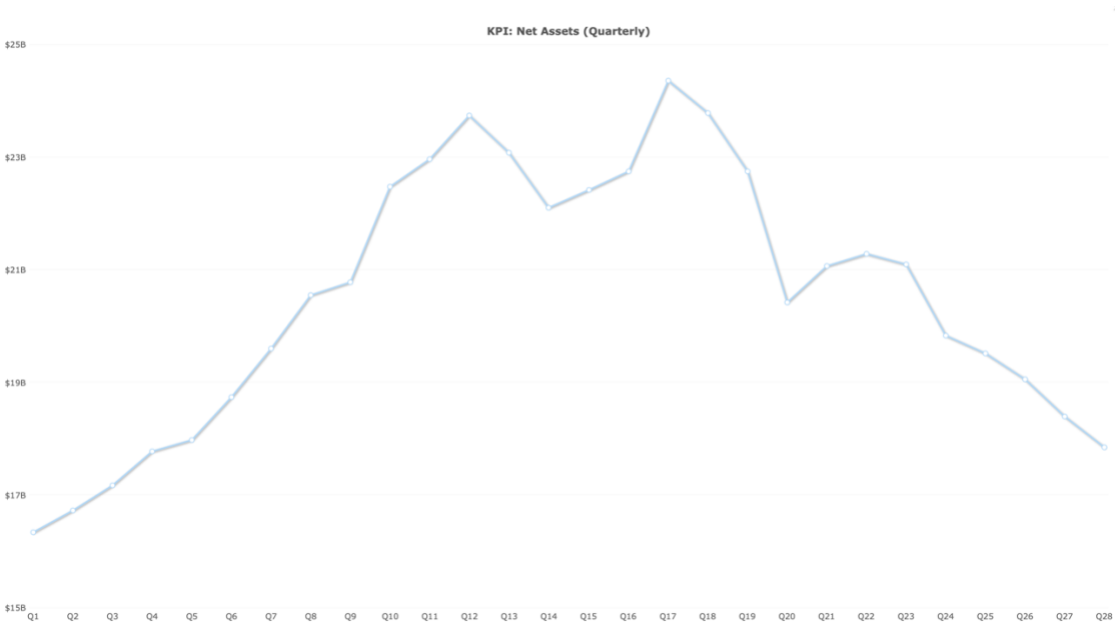


Figure 10: VOLTAs Value Added

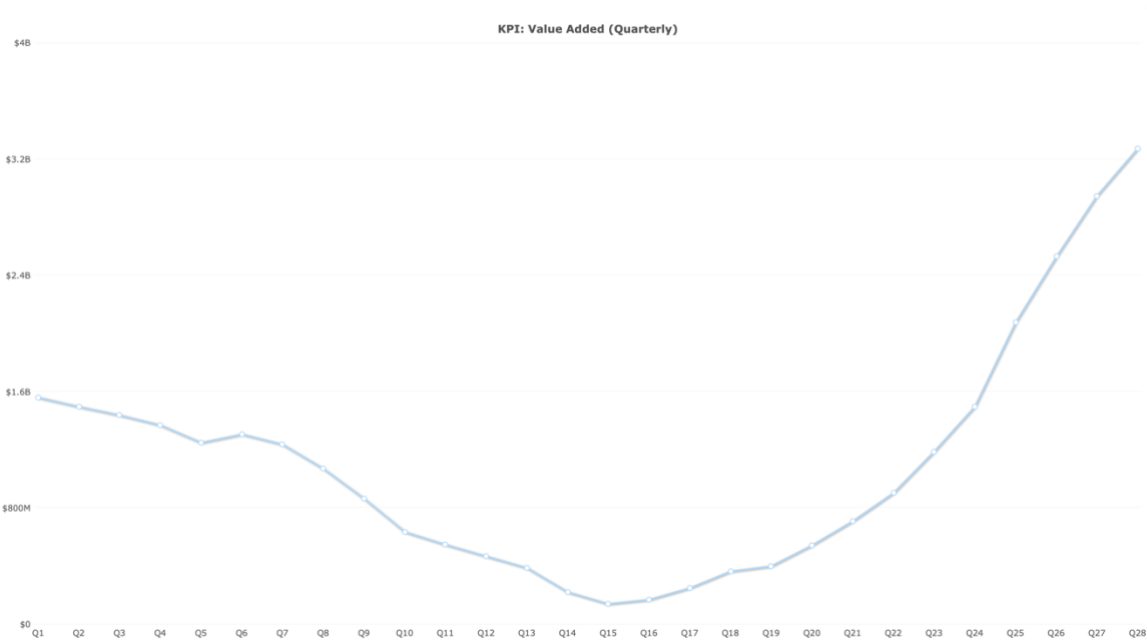


Figure 11: VOLTAs Accounts Payable and Accounts Receivable

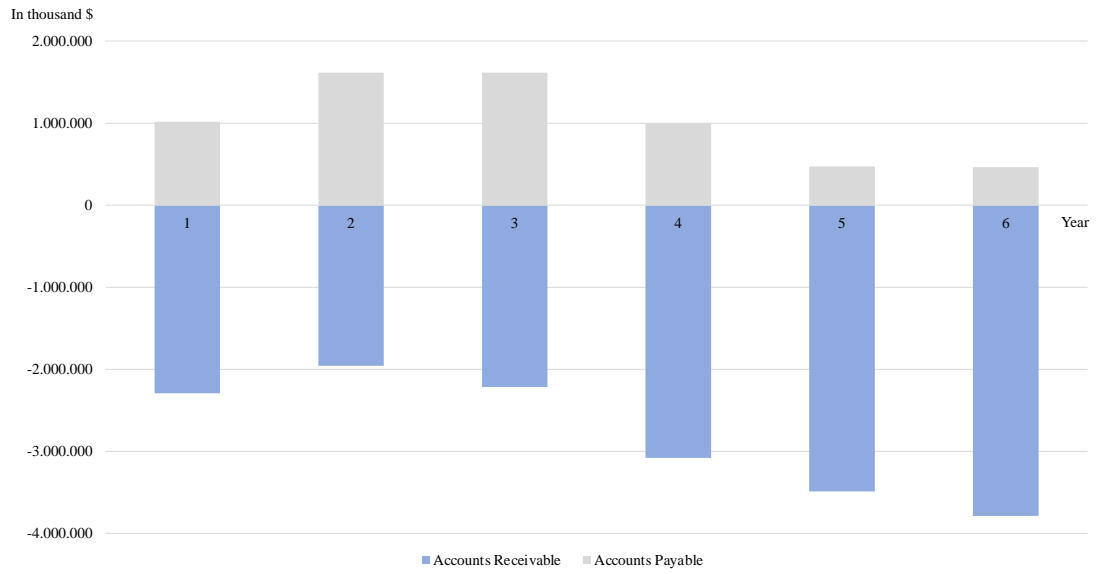


Figure 12: VOLTAs Free Cash Flows

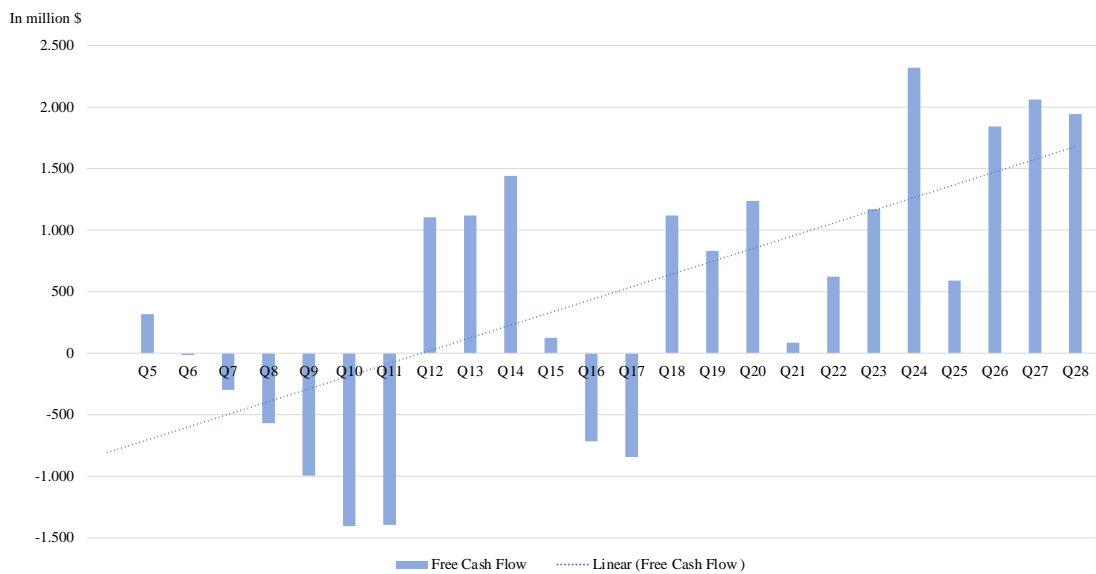


Figure 13: VOLTAs Gross Margin, EBIT Margin and Net Margin

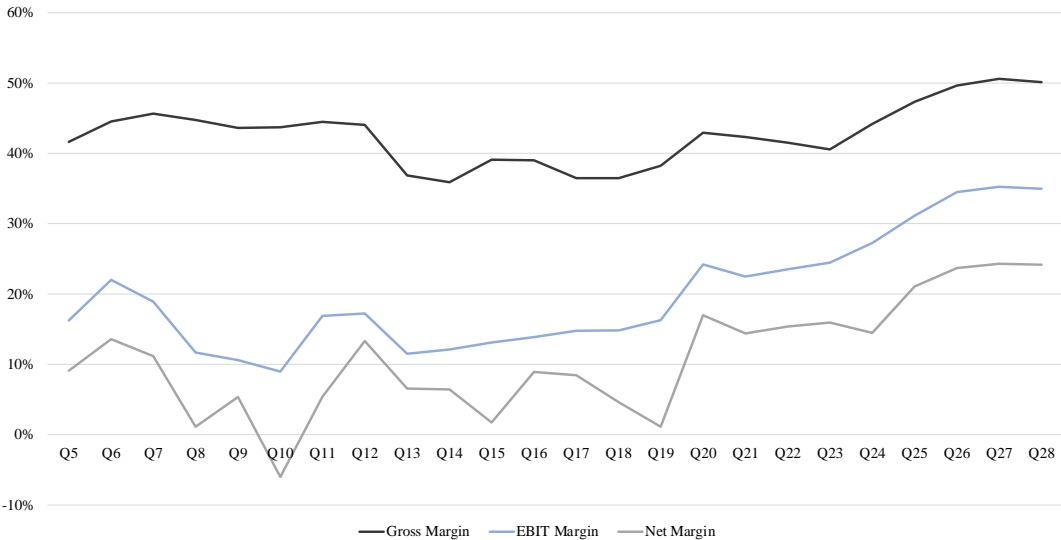


Figure 14: VOLTAs Revenue

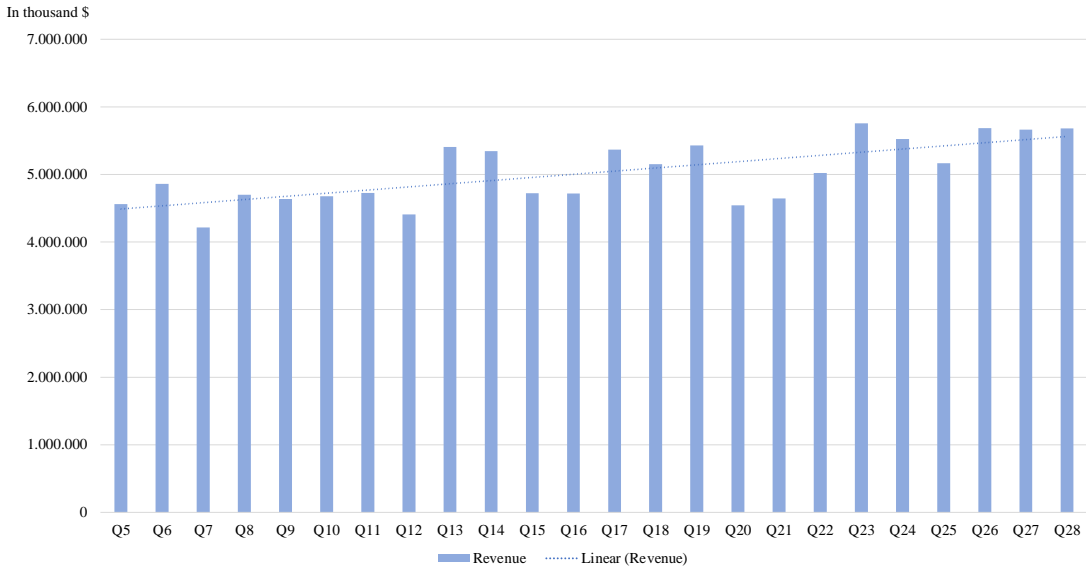


Figure 15: The Big Five (Digman & Goldberg, 1990)



Figure 16: The 4-Color-Model (MudaMasters, 2018)

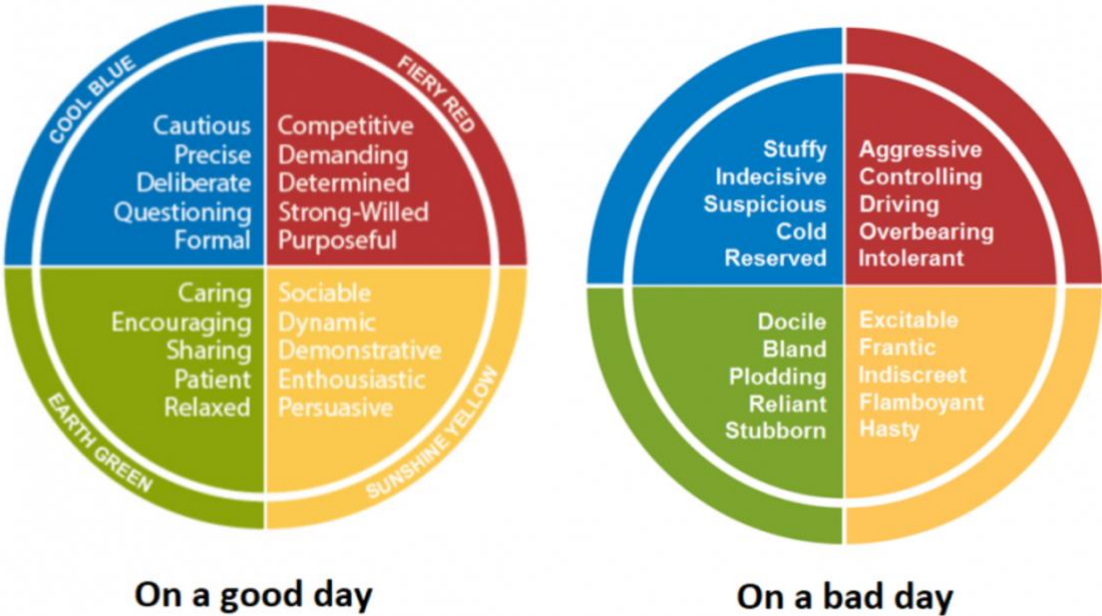


Figure 17: Personal Peer-Assessment Result

55509 _ Nicolas Quinke

