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Master in Management from Nova School of Business and Economics.

Business in Practice: Driving Sustainability within a diverse executive team in a change
management context

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Abstract

The automotive industry is facing unprecedented transformation in record time. Therefore, in a simulated environment, students through cross-functional and diverse teams are presented with the challenge of collectively managing an existing automotive manufacturer aiming to incorporate sustainable aspects into the company's entire range of activities. The analyses of *Business in Practice: Driving Sustainability within a diverse executive team in a change management context* evaluates the managerial process from two different perspectives: business performance and a personal reflection on individual behaviour when working in teams.

Keywords

Change Management; Automotive Industry; Business Simulation; Leadership; Sustainability; Tripple Bottom Line; Green Human Resources Management; DEI; Innovation; Blue Ocean Strategy; Green Financing; VUCA; Working in teams; Cross-functional team; Psychological Safety; Ego Development

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Firm Analyses

Introduction

The following analyses details how LeafTech, an established car manufacturer firm, has managed to shift from conventional to sustainable mobility, outlining the successes and failures faced during three intense weeks of Business Simulation practices.

The Tripple Bottom Line

The 3 P's framework (c.f Figure 1) that stands for People, Planet and Profit was designed by Elkington to provoke deeper thought about future business models as a sustainability framework that assesses a company's social, environmental, and economic impact (Elkington 2018, 3).

Given the current business changing landscape, it is critical to reevaluate corporate strategies. Instead of focusing solely on profits, the priority should be promoting the well-being of individuals and the sustainability of the planet. Therefore, safeguarding the future may pave the road for growth and success for any enterprise, including those in the automotive industry.



Figure 1- The Tripple Bottom Line framework

In this thesis, it will be reflected LeafTech performance analyses in the IndustryMasters simulation using the TBL framework as a background. Nevertheless, some authors argue that innovation really comes into its own from a triple top line perspective. While the bottom line is concerned with net income, a triple top line seeks possibilities not just to reduce negative impact but also to enhance positive impact, thereby providing potential for real value generation (Gobble 2012, 66).

People

The **Human Resources department** oversees the management of individuals, not only employees but families and stakeholders. Aiming for overall satisfaction, LeafTech prioritized high engagement via competitive compensation levels and effective leadership, while also embedding sustainability by providing high-quality training.

Planet

The **Innovation department** leads new product creation and e-mobility investment planning to guarantee a sustainable future, by reducing resource use, waste, and environmental harm. To do so, a gradual transition from traditional cars to zero-emission options was undertaken.

Profit

Apart from generating large profits, it is crucial to underscore that businesses add value to society through job creation, innovation, and tax payments (Kraaijenbrink 2019).

The **Finance department** faced the challenge of balancing financial stability with bold changes. While maintaining robust revenues and good credit rating was a priority, seeking out efficient borrowing strategies, including access to Green Bonds was of great importance to define the best capital structure. The relevance of Joint-Ventures in this industry will be emphasized.

People: Active Human Resources department

People must be seen as a source of sustainable competitive advantage, rather than a cost to be minimized (Becker 1998, 53-101). In fact, experts from Porshe Consulting admit that human factor is what determines the success or failure of strategic transformations.

Studies suggest that **high involvement** and **sustainability** generate fertile ground for active HR strategy. These two factors are interconnected as companies recognize that corporate social responsibility plays a crucial role in attracting, retaining, and maintaining top talent, contrary to low-cost-operator and bureaucratic management approaches.

1. All on board

Firstly, it will discuss how to obtain **high involvement** within a car manufacturer firm, with effective leadership leading to a greater sense of commitment and motivation.

Wolfgang Freibichler, a partner at Porsche Consulting pointed out that in majority of the cases, transformations fail due to employee passive resistance as well as their leader's poor abilities to steer and guide change. Considering the importance of leadership, communication in a transformation must begin at the top (Hoffmann 2022). Elon Musk, for example, defines his visionary goal and readily understood mission to both internal and external target groups.

Employee Satisfaction was the main KPI to measure Human Resources performance. During the whole simulation period, the lowest level reached was 94,5%, which demonstrates the efforts to keep employees satisfied and motivated within a conservative budget. This level could have been elevated further with a more expansive budget. In fact, this result was material proof of the contrary interests between the Finance and HR departments.

The storm before heaven

In Q16, due to a request from the Finance department to decrease some costs, there was a sharp decrease in the training budget of 64% (from 1680\$ to 600\$). Despite the impact of this decision not being dramatic immediately, qualification level reached minimum level of 81% and it took four rounds of consecutive budget increases to achieve above 90% qualification level among employees. This demonstrates that training has a long-term impact that is not felt immediately, as in the real world. After the budget increase, there was a direct reflection in Employee Satisfaction as it started a steady rise in the following quarters from 95.3% to 99.6% in only five quarters interval.

Furthermore, it was possible to notice that Management team motivation is highly positively correlated with salaries increase. An increase of more than 50% in managers' salaries between Q25 and Q28 resulted in a peak rise in management motivation from 93.4% to 98.96%.

Diversity, Equity, and Inclusion (DEI)

Traditionally, the automotive and mobility industries have been lacking in diversity, particularly in leadership positions. However, a new paradigm is emerging since DEI initiatives have become a focal point within the automotive sector. These efforts aim to foster an atmosphere in which every individual can thrive both personally and professionally. Furthermore, these activities encourage a varied spectrum of perspectives within the workplace, creating the space for novel ideas and innovation (Davis and Shaw 2021, 161-163).

At Year 7, the average salary of female managers is 6% lower than the average salary of male managers, however, in the real world the scenario is not so promising as the global gender wage gap is 68.4 % (World Economic Forum 2023, 5).

In the context of gender diversity, the automotive sector lags other industries, with a mere 10% of executives identified as female (Deloitte 2020, 1). However, LeafTech stands out, having women occupying 43% of its managerial workforce.

Similarly, in the real world, attracting and retaining qualified personnel was one of the priorities for LeafTech. To achieve this, the necessity of maintaining elevated motivation levels and the significance of fostering a robust organizational culture that encompasses sustainable practices was recognized.

2. Sustainability in Human Resources Management

The second major topic will be related to **Green Human Resources Management (GHRM)** which has a favorable impact on employee job satisfaction at the individual level (Shafaei, Nejati, and Mohd Yusoff 2020, 1044).

Employee Training can increase involvement

GHRM signals a strategic focus on environmental preservation, urging top management to engage in green job practices. LeafTech demonstrated commitment by assigning sustainability-

skilled managers to each car produced.

Moreover, since fostering robust internal academies holds greater potential than external training programs (Hoffmann 2022), Sustainability Policy and Awareness Training were implemented in the second year of the simulation period. Such initiative-taking investments yielded financial benefits and enhanced a company's image as an innovative employer. After implementing these policies and training, satisfaction among employees and executives increased by almost two percentage points.

HRM that sustain the connection between firm and its employees

Disruptive times mean different parts of the company are affected in diverse ways which can generate tensions within the company, which must be managed with the help of effective communication, training, and transformative programs.

At LeafTech, there was no dismissal at management level to create an atmosphere of stability as well as in the real world, Volkswagen's has promised to provide job guarantees until 2029 in Germany (Audi Media Center 2022).

HR interactions with Operations and Marketing

The HR department had a particularly close connection with the Operations team to achieve the most efficient employee allocation to the three factories during all simulation. To do so, the entire team collaborated to create a one-year plan encompassing launches, relaunches, pauses, and discontinuations for cars, ensuring comprehensive decision-making, as it was considered the collective impact of each option discussed.

As discussed with the IndustryMasters experts in some lectures, there was a correlation between the Marketing director's qualifications and the sales of the respective cars. This led to strategic re-assignments of top Marketing directors to vehicles requiring sales boosts.

Planet: Innovation towards a sustainable world

Flexibility and innovation will play a pivotal role in addressing the unique challenges that lie ahead for the automotive industry's future trajectory (Cubiss 2021).

Companies who grasp the essentials of innovation perceive a significant performance advantage that sets them from the competition, with evidence that mastering innovation can create 2.4 times the economic profit of other firms (McKinsey&Company 2022). The connection between sustainability and innovation is emphasized in a recent MIT Sloan article. According to a study led by Robert Eccles (2012), organizations with long-term sustainability commitments outperform their traditional competitors. These sustainable firms foster cultures of innovation and trust, allowing them to excel in executing and sustaining large-scale disruptive efforts. That was the case with LeafTech, which aspired to take the lead in green transition, by transforming its product line to a highly innovative and environmentally friendly fleet.

Product Life Cycle

The product life cycle is of paramount importance in portfolio planning. This model delineates the sequential progression of most products through four distinct stages: introduction, growth, maturity, and decline. Each of these phases demands distinct strategies concerning promotion, pricing, distribution, and competition to optimize the product's value and profitability (Grantham 1997).

In the initial stage, it was required substantial marketing expenditures to introduce the product to customers, allowing for preliminary assessments of the product's potential success. During the growth phase, market demand experiences a significant upsurge, requiring sustained advertising and promotion efforts to contend with competitors. The maturity stage emerges as the most lucrative phase, characterized by stable sales while marketing and production costs decrease, until a certain period when they start to decline.

Charging up the automotive industry

The consensus among industry players is that there are four mutually reinforcing trends that will disrupt the automotive world: shared mobility, autonomous driving, electrification, and connectivity (Vermesan et al. 2021).

The innovation manager made significant investments right from the start, aligning with the company's strategy and receiving full support from the other department managers.

In the first year, it was invested 1.61 billion dollars in the three possible categories: connectivity that delivers new digital experiences to consumers and leverage data to streamline operations, autonomous driving to reduce accidents in the short term and manage traffic flow in the long term and finally, electrification to reduce the reliance on fossil fuels to improve air quality. In fact, Mercedes-Benz Group is one of real case example that invested heavily in digitalizing its product development system, allowing the company to drastically shorten its innovation cycles, and its capabilities for personalizing automobiles have improved, seeing its assembly efficiency rising by 25 percent.

On a life-cycle basis, there is a strong confidence that electric cars driven by low-GHG emissions electricity have a considerable potential to cut land-based transportation GHG emissions. Furthermore, initiatives such as diversifying materials and supply sources, improving energy and material efficiency and implementing circular material processes can successfully manage the environmental impact of battery production while addressing growing concerns about critical minerals (Calvin et al. 2023, 29).

These actions will determine whether warming can be limited to 2°C, which is the maximum rise set by the 2015 Paris Agreement.

Moreover, the role of knowledge while engaging in the process of innovation (Filiari 2010, 33), that was the reason skills such as Sustainability and Industry Connections were quickly improved by HR.

Europe, the first carbon-neutral continent on the planet

Transportation alone is responsible for a quarter of global energy-related Green House Gases emissions. Countries in the European Union have approved a major regulation requiring exclusively zero-emission vehicles to be sold beginning in 2035.

The first two launches were Hybrid cars in year 1, a conventional vehicle in Europe and a convertible vehicle in America, as we envisioned a smooth transition from Internal combustion engines to EVs. But since year 4, our product portfolio has been composed of electric cars exclusively and in the final round, we end up offering nine different electric vehicles to serve different customer preferences and tap diverse markets. Our milestone was reaching zero emissions ten quarters before the end of simulation.

Where Operations investments and Innovation meet

The Operations Directors had made large and various investments throughout the simulation period to be more sustainable, considering GHG emitted directly by the operation of the factories (Scope 1), the impact of the purchased electricity used for heating and cooling (Scope 2) and, finally, all the indirect emissions up and down the value chain (Scope 3).

In Figure 2, it is visible how prudent LeafTech was about the timing of the several investments. The investment in Energy Management System can be highlighted to demonstrate how innovation can enhance the efficiency of the systems, by adopting greener processes will reduce CO2 emissions. Nonetheless, the qualification in Sustainability provided by the increased training sessions contributed to the success of the implementation of these processes.

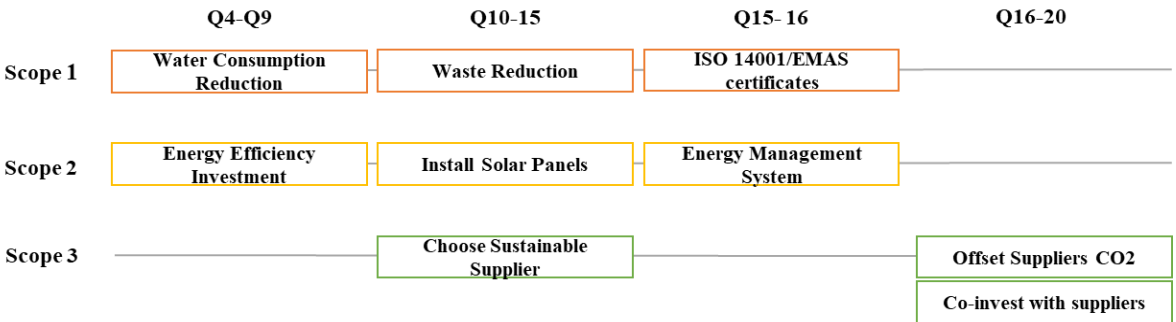


Figure 2- Operations investments

Asia demands a functional and affordable car

It is a today's reality that low-cost segment is in high demand in India and China, and this observed "downsizing" is causing difficulties for automotive makers. Even in the premium segment, developing smaller, lighter, and more efficient passenger automobiles is a top priority (Diehlmann and Hacker 2013).

Following the reality trends, LeafTech's first car launch in Asia was a Micro and it was the only car segment provided in this region given demand factors. In addition, in accordance with the Blue Ocean strategy coined by Chan Kim and Renée Mauborgne (2015), we intended to examine noncustomers in addition to existing customers.

It proved to be an immense triumph, with this car model ranking among the top four in terms of contribution margins. Additionally, it recorded the highest profit margin and the second-highest revenue income in the simulation's final quarter.

The fundamental notion was to relate innovation with value rather than speed because we knew that imitators would arrive eventually, thus making competition irrelevant was a core goal. Moreover, it is about pursuing both differentiation and low-cost, so it was critical to align value, profit, and human propositions to accomplish such objectives (Kim and Mauborgne 2015).

Where Innovation and Marketing meet

The approach involves market segmentation by identifying shared characteristics among buyer segments to capture the largest audience possible. Customer satisfaction was maximum from quarter fourteen onwards until the end of the simulation due to numerous factors, being marketing strategy one of the most relevant ones. The approach centered in providing electric cars as soon as possible providing a wide range of products to meet different client's tastes.

The range of prices was from thirty-two thousand dollars to eighty thousand dollars with contribution margins from 31.3% to 43.8%. Therefore, it was not pursued either a low-cost or premium prices strategy.

Following a rigorous analysis, our cars prices despite generally surpassing competitors ‘prices (c.f Figure 3) presented superior features, leading to the conclusion of a stronger price-quality relationship.

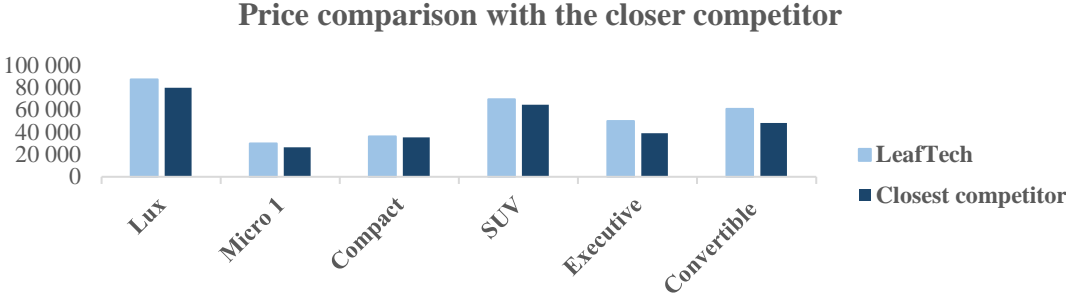


Figure 3- Price comparison between LeafTech and the closer competitor

Profit: Robust Finance

Transform and Perform

“Strong finances are paramount. Also, and especially in a transformation,” says Dr. Arno Antlitz, member of the Board of Management responsible for Finance and Operations at Volkswagen AG. Solid financial resources are crucial to support the ongoing industry transformation effectively (Magno and Wintzenburg 2023), so this was a primary objective for LeafTech. There was a consensus among the management team that stable revenues constitute the basis for robust business operations (c.f Appendix 1). By improving cost structures and creating value, LeafTech would build resilience and space for growth.

One foot on the gas and other on the brake

Although our company aimed to be an example of sustainability and innovation, massive investments were needed to implement so we needed to balance out the boldness to change but also the prudence to be financially stable.

Naturally, cash flow was a short-term issue which entailed managing profit margins, costs, and revenues as the most efficient way to pay for the initial transformational investment.

LeafTech adopted a conservative approach, paying attention to its credit rating during all

simulation since it unveils its credit and risk default to investors. A highly rated company enjoys enhanced access to capital markets, along with reduced refinancing risk and lower financial costs (Khoo and Cheung 2022, 432) so we worked towards this way as we reached the A+ credit rating by the end of the simulation.

How to finance the company?

The capital structure of a firm refers to the exact combination of debt and equity used to finance its assets and activities. In the business environment, equity serves as an expensive but long-term capital source, allowing for greater financial flexibility. Conversely, debt represents a less expensive alternative since the interest payments are tax deductible (Park and Jang 2013). Following the trade-off theory, the goal was to find an optimal mix of equity and debt that reduces the firm's weighted average cost of capital, hence maximizing company value. Given that excessive debt can result in an extremely high interest and principal repayment burden, LeafTech strategy was to contract some debt in the initial stages and gradually reduce its debt ratio since the lower the reliance on debt for asset formation, the less risky is for the firm.

In the automobile industry, the optimal debt level is computed at 47,3%. (Basdekis et al. 2020, 123). Between Q13 and Q21, LeafTech had higher debt levels compared to industry standards. From that point onwards, Debt Ratio was below 46%, reaching 36% in Q26 (c.f Appendix 2). The average D/E ratio was 0,858, a comparable value to the General Electric Debt to Equity ratio of 0,88 in the end of 2022.

Green Financing since stage 0

Every year, we had to seek financing for several billion dollars. In this setting, having a high Environmental, Social and Governance (ESG) rating is critical. A positive ESG rating shows that the firm is committed to sustainable and responsible practices, therefore improves the organization's reputation and appeal to investors, making it easier to get the funds needed for refinancing (Magno 2023).

Indeed, Green Bonds played a pivotal role in facilitating LeafTech's transition to a more environmentally friendly stance. These bonds offered a cost-effective avenue to finance research and development for electric vehicles, along with investments spanning Scope 1, 2, and 3. This amounted to a total of \$13,712 million in green capital expenditures.

Payment terms as a powerful tool

Payment terms are another area of interest for our company. Accounts Payable are a company's short-term liabilities to creditors or suppliers, that yet to be paid (Ilter 2020, 85). By strategically stretching out the payment timeline, management team could hold onto cash for a longer duration, allowing the company to build up some cash reserves, providing additional funds that could be allocated to investments that were of utmost importance in the initial stages of LeafTech green transition. Furthermore, we chose to implement a 15-day customer credit term, reducing the payment cycle from 30 to 15 days. This adjustment allowed us to collect payments from clients sooner than usual, leading to an increase in operating cash flow.

Joint Ventures instead of M&A

Adapting to dynamic customer preferences in an ever-changing mobility landscape is crucial. Given the complexity of costly electric vehicle batteries, many car makers lack requisite expertise to develop them. Strategic alliances allow sharing partner knowledge and costs, avoiding permanent commitments like in M&A (Diehlmann and Häcker 2013). Interestingly, the Finance department faced a management issue regarding car-sharing business opportunities. Our clear doubt was doing a company acquisition, the fastest but costly option or a Joint-Venture with a company like Uber that already has the expertise and processes well-established in the market. The final decision was doing a Joint-Venture as it was a cheaper and less risky investment compared to the M&A format, seen as a win-win situation.

Besides traditional alliances within the industry, cross-industry alliances will increasingly gain in importance, namely with Tech companies. In 2022, Sony and Honda joined forces to

complete a joint EV company named Sony Honda Mobility Inc. Honda will focus on car-building power while using Sony’s technology.

Finance and Operations

“We’re not going to build new plants for electric vehicles in Europe, but instead transform the ones we already have.” This was a citation from Arno Antlitz, responsible for Finance and Operations in Volkswagen AG Board of Management.

Our team decisions regarding factories building were based on Antlitz statement since in the beginning, the production of ICE vehicles was steadily decreasing and instead producing Hybrid and Electric cars to maximize factories utilization.

As demand was increasing, we calculated the potential need for new ones, regarding location and quantity. Capacity utilization of the three factories was 100% in all quarters except for five times that one factory was empty during only one quarter. In total it was decided to build two factories, one in USA and other in China (c.f Figure 4). Besides that, in the first phase was possible to use strong revenues from the conventional cars sales to pay for ramping up the activities in the electric sector.

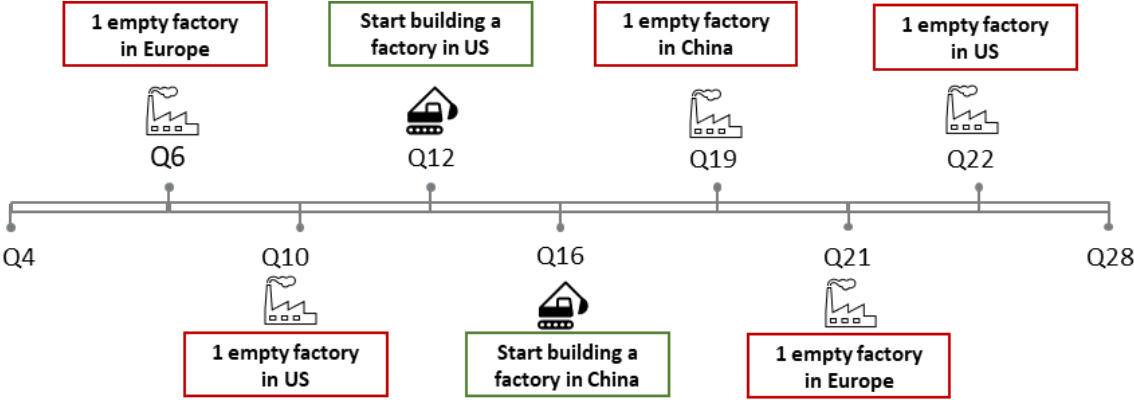


Figure 4- Timeline of factories building decision and empty factories.

Conclusion

Throughout my analyses, I tried to transpose to the paper the real connections and interdependency of all five departments.

In fact, seemingly simple choices such as workforce reductions overseen by the HR department or alterations in payment terms led by the Finance department wield substantial influence over the company's holistic performance.

Moreover, the Innovation department must harmonize seamlessly with Marketing to determine optimal pricing and advertising strategies, while also collaborating closely with Operations to ensure the capacity for producing new vehicle models.

By establishing an environment for learning and development, all individuals within the company should be equipped to address challenges, while also promoting sustainable collaboration within and across departments. Diversity, Equity, and Inclusion (DEI) efforts strive to cultivate a setting where every person can flourish in both personal and career aspects, fostering diverse viewpoints that nurture fresh ideas.

Having the right team in the place is the initial stride for a successful transition to an eco-friendly firm. This involves tailoring cars to suit the unique needs of the three key markets. Furthermore, a robust commitment to sustainability was evident in the creation of hybrid and electric automobiles, in alignment with stringent EU regulations, driving toward a carbon-neutral footprint.

None of these accomplishments could have been realized without a foundation of robust financial resources, characterized by resilient and consistent revenues.

Within the context of a transformative phase necessitating substantial new investments, meticulous consideration of capital structure and financing methods is imperative. Striving for utmost efficiency, this endeavor may involve merging or acquiring entities both within and outside the industry, namely technological firms.

I believe our positive results during the entire simulation period were due to fluid communication and the efforts made to plan decisions ahead, taking into consideration the capabilities and consequences of each department.

Individual Reflection

Introduction

Business in Practice is an immersive and intense program that undoubtedly equipped its participants with valuable skills for excelling as effective management team members.

Through the program, we had the opportunity to firsthand experience collective cross-functional decision-making within an organization which I believe has transformed into a significantly enriching experience.

Literature suggests that when fully optimized, teams are an invaluable investment. However, frequently teams do not reach their maximum potential, and effective teams are still a challenge. (Hadley and Mortensen 2022, 6). Although my team dynamics were very smoothly and without much conflict, I was able to reflect on some personal aspects that I lacked and had influenced team interactions. In this review will examine key personal learnings, including notable lessons and errors.

The first incident illustrates a lack of self-knowledge that surprised the author. It will be analyzed the several factors that were influencing my behavior where topics such ego development and dealing with uncertainty will be discussed.

The second incident occurred during the initial round of actual choices in the simulation, where a mistake was made and triggered a sense of responsibility related anxiety. This event brought some topics to the forefront, such as open communication, psychological safety, and expectations management.

Finally, through a thorough analysis of both peer evaluations and my previous discoveries, I will assess opportunities for personal growth and outline strategies to attain this development. Additionally, I will contemplate how this experience will enable me to contribute with utmost value to future teams I become a part of.

Incident 1 - Personal Trait Reflection

Knowing yourself is the beginning of all wisdom

True leadership is about leading yourself, leading teams, and leading business.

This part will be dedicated to the first step of the process and the most difficult and challenging one: self-leading. Aristoteles once emphasized the importance of knowing ourselves and during these three intense weeks working in a team, I realized I overestimated the level of my self-knowledge.

The Leading Yourself workshop was a critical moment during this journey. After having answered the questionnaire to build the Insights Discovery model, my predominant color was the Sunshine Yellow which entails the characteristics of sociable, dynamic, creative, and persuasive, representing the combination of extroversion and feeling.

However, I soon realized that my behavior was not corresponding to the Yellow characteristics. From the beginning, I was one of the least talkative people in the group and quite introverted indeed. I was surprised with my own behavior as I thought I would demonstrate my open and enthusiastic side but for sure I had a different behavioral approach when we were in the working environment.

When reflecting on this topic, I consider two main factors that were influencing my behavior.

From extrovert to introvert depending on the context

Firstly, the context shapes drastically the behavior of people and I am not an exception. It was clear that my extrovert side is triggered by my friends and when in comfortable moments. It is in these circumstances that I feel completely energized by others.

In this case, I was not extremely comfortable because aside from being a new situation for me, when I am in a working context, I am extremely focused on the tasks, and I do not easily show my joyful and easy-going side.

In fact, biological and psychological research has long viewed adaptation to changing settings as a slow process of cumulative behavioral changes whereas the normal economic approach requires an immediate adaptation to the unfamiliar environment (Apestegua, Ballester, and Cuhadaroglu 2023, 147).

Bushe and Marshak (2016) discussed three key attributes leaders will require to manage in a VUCA environment: the capacity to manage their own anxiety; practicing high levels of self-differentiation; and operating from advanced stages of ego development.

I would like to analyse the third characteristic previous mentioned.

There are some stages of ego development (c.f Figure 5), starting from impulsive (childhood) to self-aware (conventional stage) and the most advanced stages are autonomous and integrated (post-conventional stages).

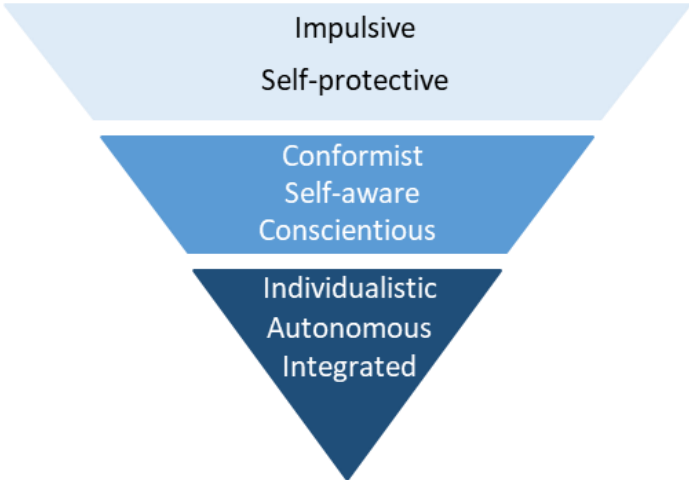


Figure 5- Loevinger's Theory of Ego Development

The dynamic interplay between inner self and the outer environment that was felt in BiP, could model my ego (Loevinger, J.1985).

In the initial stage, I considered myself at the self-aware level and by the end I can say I was in the autonomous phase, when I saw my increasing capacity to own my conflicts and acknowledge them as internal to the self.

Research from North American samples indicates that approximately 80% of adults exhibit performance within "conventional stages." However, leadership experts using this model agree that conventional ego stages are inadequate for navigating a VUCA world, admitting that individuals in advanced "post-conventional" stages are adequate (Bushe and Marshak 2016).

According to Cowie (2012, 33-35) leaders at the last stage "give up certainty for curiosity because 'not knowing' is now a state which does not threaten the sense of who I am."

Dealing with uncertainty

The second factor that exerted an influence on my conduct was of a more profound nature.

The month of June symbolized a pivotal juncture in my life, signifying a transition from a 16-year-long educational journey to an entirely distinct environment characterized by a particular degree of uncertainty.

On one hand, I was extremely excited and motivated in an inspiring atmosphere that mirrors Business in Practice dynamics but on the other hand, I found myself overthinking regarding my prospective career trajectories. Upon reaching the culmination of my Master's degree, I came to the realization that it marked the initial instance where my future path was not predetermined. At that point, a multitude of prospects lay ahead, engendering a feeling of unpredictability about the future, coupled with the assurance that it would diverge from what had been experienced so far.

In fact, a Harvard Business Review article highlights that the primary cause of the challenges faced by young individuals is the often underemphasized cultural transition from college to the professional sphere. Moreover, research reveal that this shift in culture manifests across three essential dimensions: feedback, relationships, and accountability (Molinsky and Pisman 2019).

Reflection and Learnings

Not only external but internal factors influenced my behavior during team dynamics.

The extrovert Sofia was somehow hidden inside me and I realized I was leaving the impression to my teammates that I was introvert and quiet. I realized I was not expecting the approach I had so I misevaluated myself during the first Leading Yourself workshop.

In fact, self-awareness is quite rare. The researcher and author Tasha Eurich revealed a troubling statistic from her multi-year study on self-awareness: while 95% of individuals believe they are highly self-aware, only approximately 10-15% truly exhibit such awareness (Epstein 2018, 2-4).

Regarding the external environment, I need to embrace the discomfort of not knowing. Feeling stressed because of uncertainty can become a significant barrier to learning and even performing. Therefore, enabling us to flourish in unknown contexts can foster real growth and that is a constant desire during my personal and career journey.

As described by Satya Nadella, CEO of Microsoft, leaders must shift from a “know it all” to “learn it all” mindset. This change in perspective can relieve people from the burden of needing to possess all the solutions (Zucker and Rowell 2021, 1-6).

Surely, understanding ourselves better can make a positive difference in the workplace.

Incident 2- Committing errors can influence our self-esteem

It was in the early stage of the Business in Practice program that an incident made me reflect.

It was a minor mistake from which I drew some conclusions and expanded my thoughts.

I committed a mistake in the very first round as Human Resources director when I selected the option of firing employees from the factories instead of hiring. It was not about the impact that it had on the company performance but the impact that had on me.

I remember my fellow colleagues were asking if everyone had their decisions already made to

pass to the next round more than one time. This made me feel a bit stressed and pressured as I was not ready.

On one hand, I wanted to make the best decisions I could while having a close look at everything but, on the other hand, I did not want to give the impression that I was too slow with my decisions.

Anxiety level

Recalling to the above-mentioned work done of Bushe and Marshak (2016), one of the traits of a leader in a VUCA world is anxiety. Anxiety and change are widely known to be connected. If a person experiences too little anxiety, there is little impetus for change. In contrast, excessive anxiety can lead to resistance and fear of change.

Effective change emerges when there is a sufficient level of anxiety to inspire a quest for new ideas and behaviours (Bushe and Marshak 2016).

When I committed that mistake, my level of stress increased, and I remember feeling a higher sense of responsibility since I did not want to do a mistake again. In fact, in that day I remember recalling the quote that is written in the Nova SBE campus wall “With great Power comes great Responsibility”.

From that day I realized I did not want to let down my teammates with any errors especially because I was the only one responsible for Human Resources department, so my decisions had the power to influence the performance of my team.

Communication

I can now see what I could have done better. If I was feeling too much pressured, I should have given frank feedback in a non-defensive manner. Encouragement of open communication and conversation can foster shared involvement and increase cognitive safety within the group.

The core tenet of teams is that members accept responsibility for their job, monitor their own

performance and adjust their performance techniques as needed to solve problems and adapt to changing circumstances (Johnson, P., Heimann, V. and O'Neill, K. 2000).

Fostering a culture of trust within teams and across management levels is essential by practicing mutual respect by not assigning blame to others for setbacks but also introspecting about one's own actions (Kapal 2020). This is where psychological safety materializes.

Psychological safety

Google's Project Aristotle revealed that outcomes are not solely determined by IQ points and financial resources. After reviewing 180 of its teams, Google discovered that smarts and resources cannot compensate for a team's lack of psychological safety.

Indeed, psychological safety was found as the single most essential factor in explaining organization's excellent performance (Duhigg 2016).

Timothy R. Clark (2020) presents a framework for psychological safety highlighting four stages of safety through which teams can progress. In stage 1, the individual is accepted on human grounds (inclusion safety) whereas in stage 2, the individual is encouraged to engage in the learning process (learner safety).

At the onset of the simulation, I felt I was in the third stage, the contributor safety, driven by the need to make valuable contributions to the team's performance. My desire to showcase my skills and excel was palpable, and any mistakes I committed made me feel distinctly uneasy.

The ultimate phase is the challenger safety stage, signifying the point at which individuals are empowered to question established norms, venturing beyond their comfort zones to introduce innovative or disruptive concepts. This environment represents the paramount objective for teams to achieve.

Upon concluding the simulation, I realized that this sense of comfort was not fully attained. However, I acknowledge that this progression is an evolving process that demands time and reflection among team members.

Your vision vs external perspective

In the peer feedback, the biggest gap was between my perception and others was in *interacting with teammates and keeping the team on track* (c.f Appendix 3). This reflects how my team perceived my lack of interaction with them as I was one of the least talkative person in the group.

Although it was not a surprise to me, this realization in the paper served as a powerful reminder that there is room for improvement regarding my team collaboration. Moving forward, I will be mindful of being more engaged and communicative, ensuring that my colleagues perceive better my presence and involvement.

Nonetheless, I am convinced that nothing surpasses practical experience, and my growth can only materialize when I am actively engaged in such circumstances, as we learn as we experience new situations.

Managing Expectations

The emphasis on learning is especially important in new or changing contexts where individuals lack complete information. Here, decisions were made while updating expectations and environment understanding as new data is encountered (Constantino et al. 2021, 1655).

Navigating the complexities of organizational change requires guidance from a wise mentor, coach, or supervisor (Zabriskie 2022, 34-37). This reminds me the value that the skill sessions had on me. They were very helpful, serving many times as an introduction to future inter-personal challenges we would face during all phases of the BIP program.

In the *Leadership in practice* workshop session in the second week of the Program, it was discussed how teams could make effective decisions and, in our case, was through consensus. Moreover, we had the opportunity to examine some dysfunctions a team might have which was especially useful for our real team dynamics, especially in the beginning.

Reflections and Learnings: “you don’t have to be bigger than you are.”

The challenges remind us of how human and limited we are. Therefore, it is essential to extend greater compassion towards ourselves as we endeavor to transition from a comfort zone to a learning zone. To do so, having high psychological safety is fundamental to drive performance whereas low psychological safety leads to high attrition (McCausland 2023).

Furthermore, the support of a trusted, experienced advisor is essential to test my sensemaking and call attention to any unrealistic expectations.

After my experience with BIP, I came to understand that a certain degree of anxiety can be beneficial when it is coupled with a sense of responsibility and creativity that is crucial in dynamic and ever-changing work environments.

In the future, my aspiration is to foster an environment where I can both seek and provide candid and consistent feedback as I recognized the significance of open communication in team settings, given that in many cases my perception may diverge from an external perspective.

Conclusion

In a dynamic and diverse team like ours, the personal and professional lives cannot be treated separately. There are personal interconnections that are always present in team dynamics and to achieve optimal effectiveness in a team, it is of utmost importance to comprehend the unique contributions each member brings and acknowledge them with genuine appreciation.

Teamwork possesses dimensions beyond what is immediately evident.

While I am skeptical of the existence of flawless teams, I am convinced that consistently

pursuing opportunities for improvement can enhance the collaborative work environment.

As I start my career in a strategy consulting firm, I anticipate encountering numerous challenges. I have come to recognize the importance of redirecting my attention from external organizational dynamics beyond my influence on the personal decisions within my control, empowering me to reinforce my confidence and sense of effectiveness.

During the program it was surprising to see how subconscious factors have shaped my actions, as I was able to perceive that both internal and external variables played a role in influencing my behaviour.

Leading a company during times of transformation within a cross-functional team allowed me to not only apply my theoretical departmental expertise in practical scenarios but also demonstrated the real interdependence and collaboration required among the Executive Board to succeed in a changing environment.

BIP was an experience where it was possible to create interpersonal connections and learn from others, with a constant evolving mindset where we recognized our failures and achievements.

Working in teams can be complex but it is an inspiring journey.

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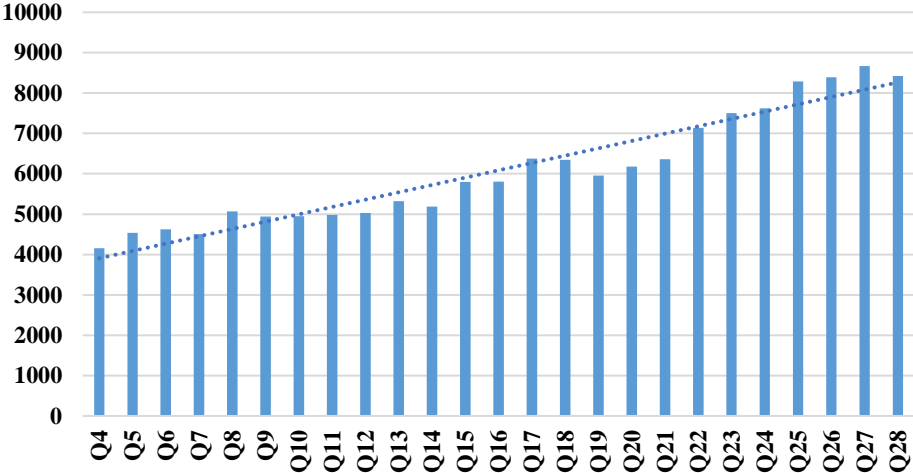
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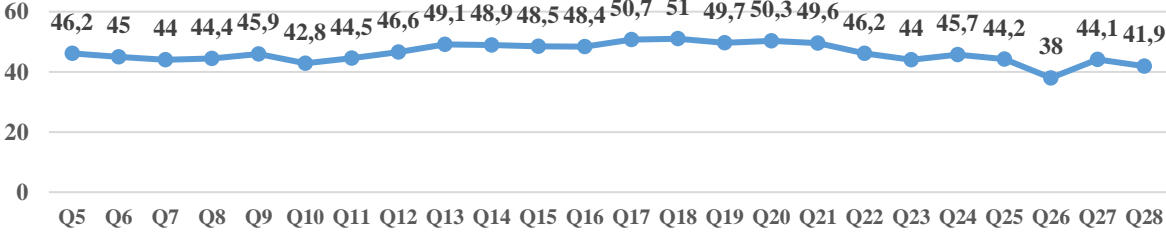
Appendix

Revenues

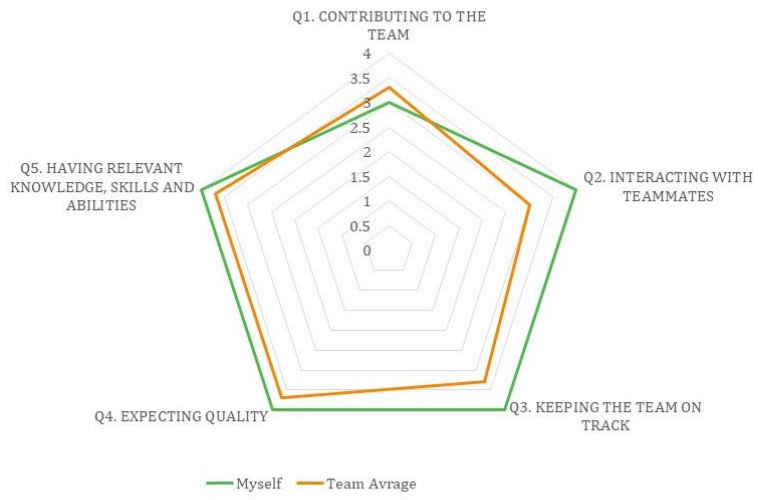


Appendix 1- Evolution of Revenues of LeafTech

Debt level (%)



Appendix 2- Evolution of debt level of LeafTech



Appendix 3- Peer Evaluation