



# Ferrari Practicum

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# Recommendations

- Intensify EV efforts
- Cancel upcoming SUV release
- Expand Formula one presence in United States Markets





# Mission and Vision

Mission: To provide the most environmentally friendly and prestigious luxury vehicles on the market.

Vision: To be the global symbol luxury, sustainability, and class.

1. Maximize Profits
2. Make the world a better place
3. Provide a unique image

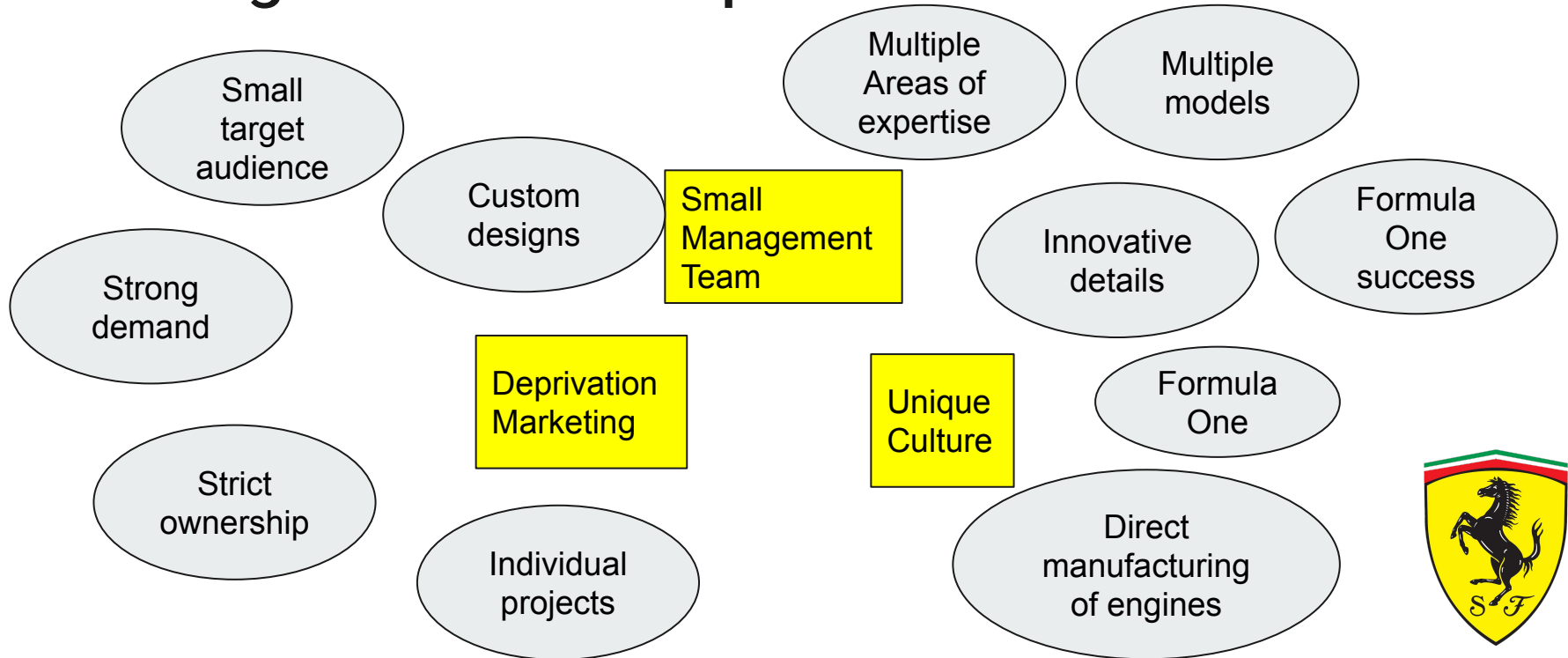


# Strategic objectives

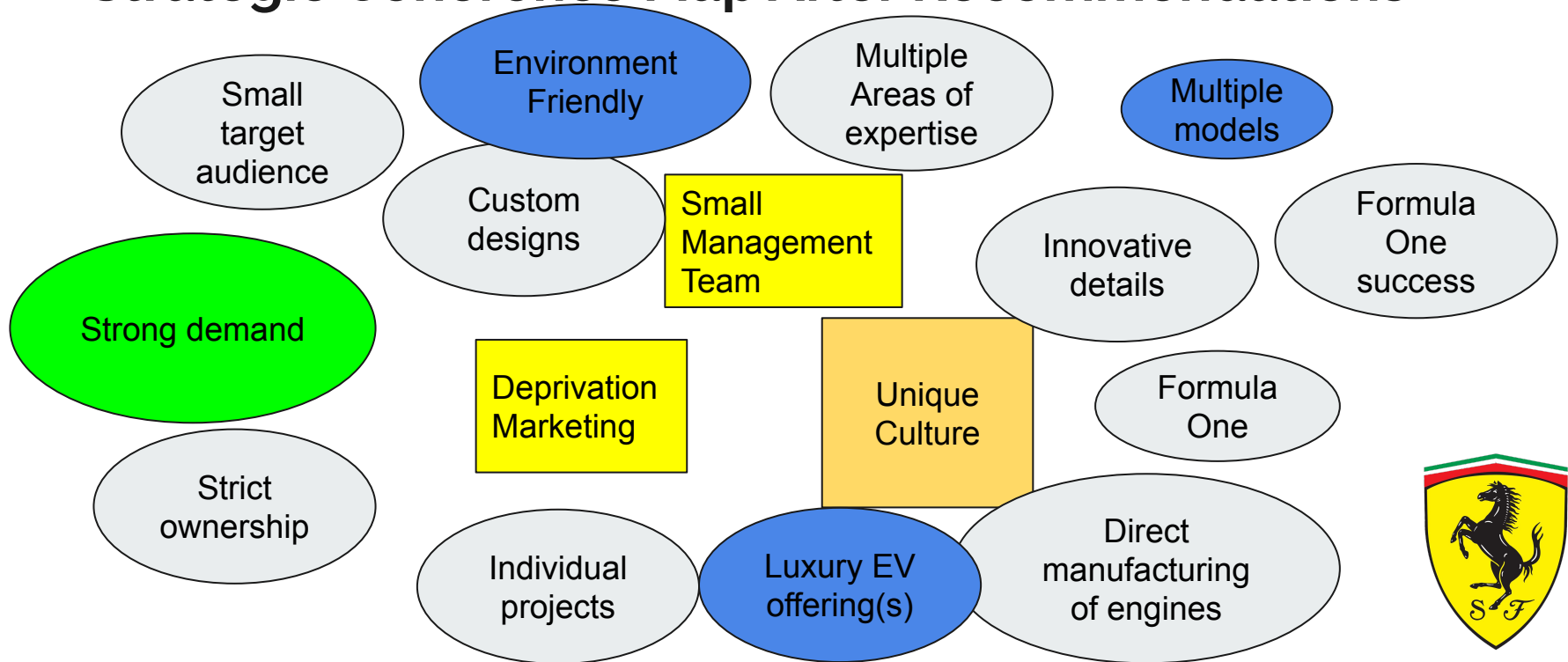
- Capture first mover advantage in performance luxury cars
  - Tesla / Porsche are only performance luxury cars currently
    - By year 2027
- Reallocate all funds directed towards the SUV towards EV production



# Strategic Coherence Map



# Strategic Coherence Map After Recommendations



# Intensifying EV Efforts

Valuable? - Yes

Rare? - Yes, in luxury sports vehicles

Imitatable? - Not yet; first mover advantage critical

Organization? Not there quite yet





## Cancelling SUV launch

Valuable? - No, sports cars are our bread n' butter

Rare? - No, Lamborghini, Porsche, Aston Martin, Mercedes

Imitable? - Yes, that's why everyone has one

Organization? Built around exclusivity and limited offerings

Reallocate  
funds to  
EVs





## Expand Formula One Presence in US

Valuable? - Yes, few luxury sports cars manufacturers in the sport  
\*\*\*We're also very good at it

Rare? - Yes, especially in the US market

Imitatable? - Somewhat for brands already involved in the sport

Organization? Positive presence already - good marketing tool



# Strategic Actions

## Entering new markets

- Entered F1 in 1950
- 1951 ferrari won the first grand prix
- 2015 had the most won grand prix at 224

## How

- Having a stronger presence in the United States

## Changing production capacity

- 2014 would increase their shipments to 9,000 cars per year by 2019
- Produced 7,664 commercial cars and 70% of revenue came from the sale of sports cars
- Produced limited edition supercars

## How

- Making minimal EV cars to see how it does entering that market



# Tactical Actions

## Enhancements

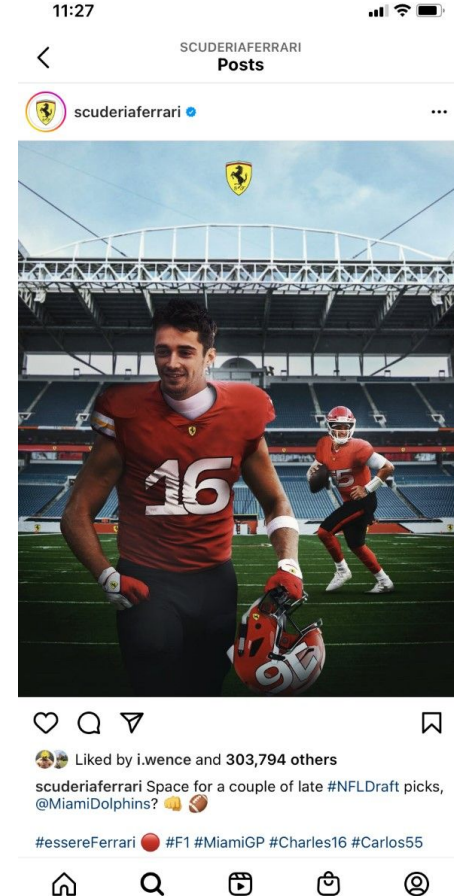
- Added stability
  - Enhancing turning stability and traction on wet and winding roads
    - came from electronic sideslip angle control
  - Switching between driving modes: Wet, sort, race, CT off, and ESC off

## How

- The EV Ferrari will have all the new features

## Marketing

- Deprevational marketing
  - F1 advertisement
  - Magazines
  - Digital letters
  - Marketing events
  - Dealers
- Targeting the United States to increase awareness of FI



# Entry Strategy

Adaptive entry

- F1 strategy
  - <https://www.youtube.com/watch?v=5klrZThDFHY>
  - Starting F1 team for young kids in the United States
- Capitalizes on current market trends
- Offers a product that is somewhat new and somewhat different
  - Entering the EV market
  - It is an already established market, but we would do it the ferrari way



## Organizational design: Structure

- Specialization: Degree to which a task is divided into separate jobs
  - Design process has multiple teams that are highly integrated
- Formalization: Employee behavior controlled by procedures.
  - Dealers ability to manage customer relations
    - Looked at dealers ability to nurture clients for a long time
- Centralization: Degree to which decision making is concentrated at the top of the organization
  - Only would assign 1 engineer who had full view of the car



## Organizational design: Culture

“What makes a Ferrari a Ferrari is the Spirit behind it, which goes beyond the brand name: a legend built on hard-won success, on continually setting sights higher, and on pursuing excellence in results as well as in how those results are achieved”



## Organizational design: Rewards and Incentives

- Customers are incentivized to buy from Ferrari because of the exclusivity and status symbol associated with Ferrari
- Employees are rewarded for hard work and loyalty with prizes and career paths that favor those who have been employed for a long period of time



# External Analysis - EV Market

Major elements of successful EV market entry:

- Capitalize on growth potential
- Production obstacles
- Government Incentives & Quotas
- Maintain brand identity





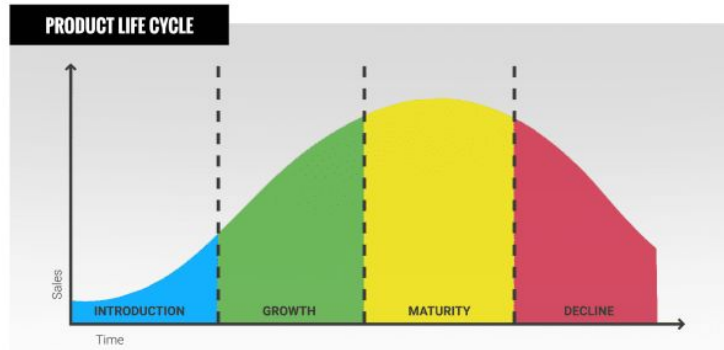


## Industry Definition - Size and Concentration



# Industry Definition - Profitability and Lifecycle

- Very young industry with high growth potential (260 - 380% projected by 2025)
- Major challenge - battery production and associated costs
- Benefit - widespread government subsidies
  - Nearly every state incentivizes purchase or ownership
  - Rebates for EVs and chargers
  - Energy rate reductions for charging
  - Tax breaks & other financial incentives
  - California: all new vehicle sales post 2035 must be zero-emission



## 2 Ps - Price & Product

- Price: Extremely high, compete on quality and status associated with ownership
- Product: Selling exclusivity and experience
- Major challenge: maintain Ferrari reputation and exclusivity or increase accessibility?
  - Drop SUV and reinvest this capital into intensifying EV efforts

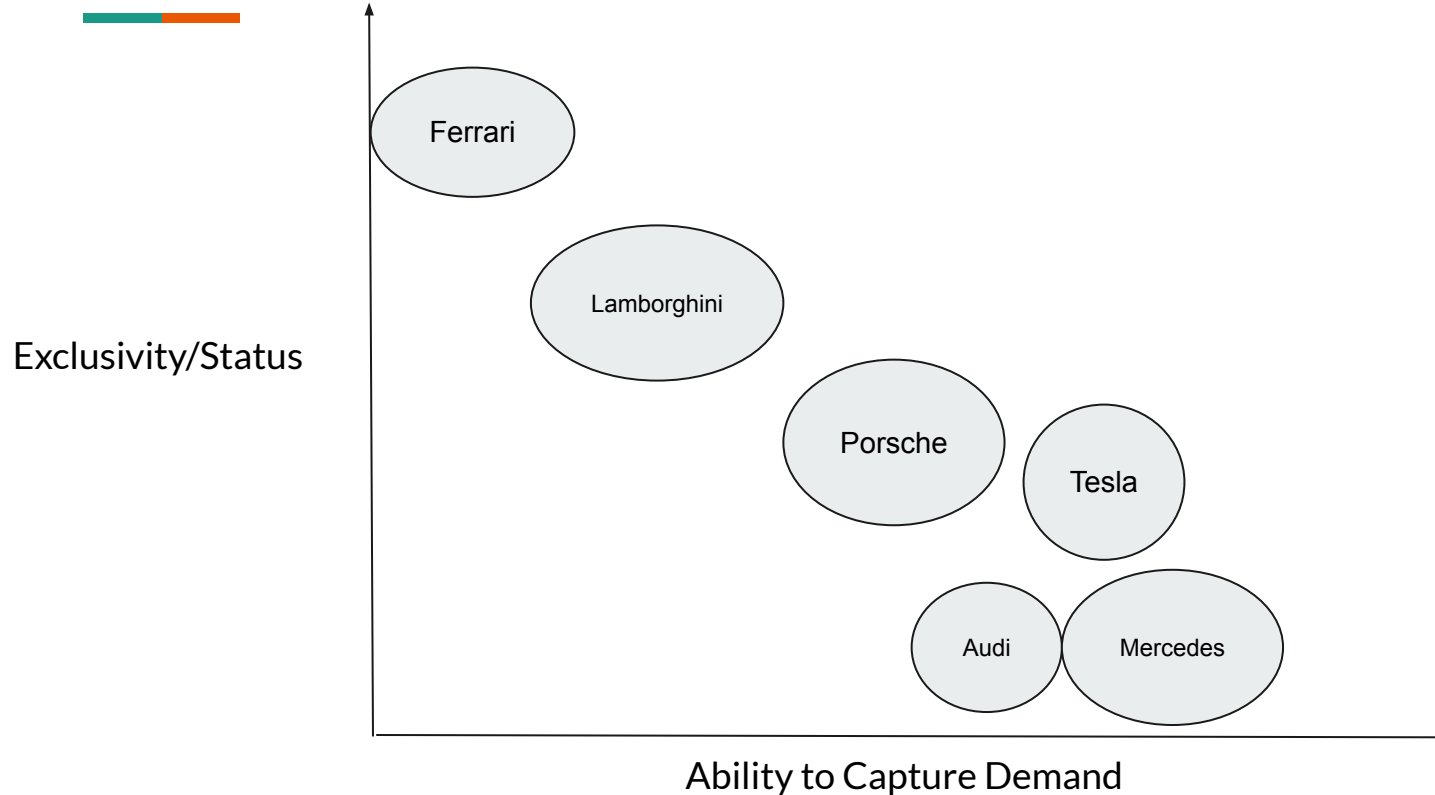


# General Environment

- Technological -
  - Battery production challenges
  - Range and maintaining high level of performance
  - Ferrari in house engine production
- Political/Legal -
  - Quotas and requirements for automakers
  - Incentives for EV production
- Sociocultural -
  - Increased concern with environmental impact in younger generations
- Global -
  - Desire to decrease reliance on foreign oil (i.e. Russian conflict and gas prices)



# Strategic Group Map



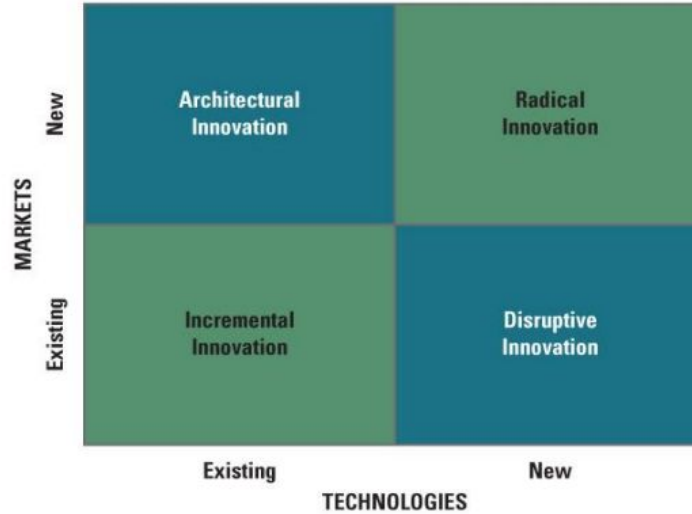
# Porter's Five Forces (BTE and Rivalry)

- BTE - high
  - Production and high R&D costs (softened by incentives)
  - Established brands in the space such as Tesla can leverage their reputation and status associated with owning their product
- Rivalry - high
  - Race to efficient production for first mover advantage
  - Young, high-growth industry; Intensifying efforts in this space offers Ferrari a strong investment opportunity with high potential ROIC
- Power of suppliers - medium (batteries 3rd party)
- Power of customers - low
- Threat of substitute products - medium, increasing



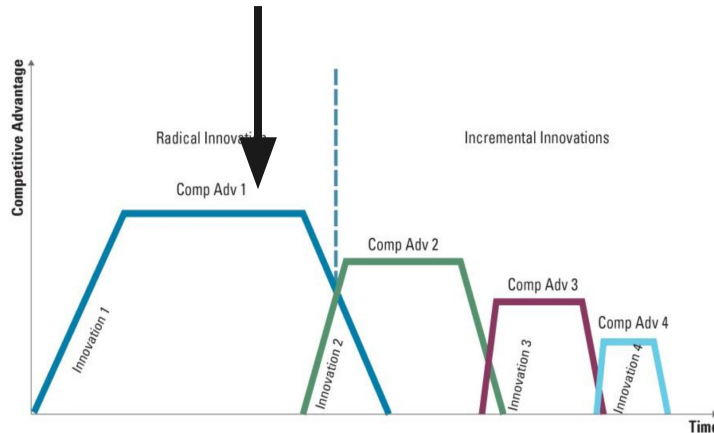
# Types of Innovation

- EV - Architectural/Radical Innovation
- SUV - Architectural - poor approach
- Formula 1 - Architectural



# Hypercompetition at Industry Level

- Middle to end of first stage
- First mover advantage not fully expired
- Leverage production and R&D capabilities
- Take advantage of growth in 3 major markets to maximize growth potential





# Corporate Analysis

- Extremely strong brand image.
- Products that are a fine combination of beauty & aesthetics combined with unforgettable performance.
- The brand has connected to itself an aura of mystique
- Is looked upon as a status symbol
- Takes on new challenges on a constant basis with a head on attitude.
- Innovation & technology are key drivers behind every product.
- A very inspired, well taken care of & satisfied workforce who are proud to be attached with the brand. This was further expressed publicly when Ferrari was voted the “Best Place to Work in Europe 2007”.





# Continue...

## Opportunity for Ferrari

- Market Expansion
- Technological advancements
- Investing in Performance EV to compete with Tesla & porsche
- Fuel efficiency
- Environment awareness





## Recap

- Intensify EV efforts
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- Expand Formula one presence in United States Markets



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# Questions

