

Project Check Point #3 - Thesis and Themes

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Thesis

Rivian should expand into the farming equipment industry by leveraging its core capabilities in adventurous electric vehicle innovation to offer sustainable, high-performance machinery, aligning with growing demand for low-emission agricultural solutions.

Key Themes & Course Concepts

Scope

When applying Horizontal integration, a firm expands into a related industry at the same level of the supply chain, often through new markets or products. Applying this strategy, Rivian could still stay within the electric vehicle industry while also entering a different market, in this case, agriculture. Leveraging its expertise, Rivian would be able to diversify its offerings and explore a new space before Tesla and other competitors get the chance to. Using the concept of horizontal integration helps define the nature and scope of our strategic expansion.

Porter's Five Forces

Porter's Five Forces is a framework used to analyze the competitive forces within a respective industry, including threat of new entrants, threat of substitutes, bargaining power of buyers, bargaining power of suppliers, and industry rivalry. This helps us assess the competitive intensity, understand key threats to profitability, and identify opportunities for Rivian to establish a differentiated position, ultimately gauging whether the industry is attractive.

- Industry Rivalry: Low; no major competitors are offering EV tractors
 - However, supplier concentration will likely increase rivalry as competitors like Tesla enter
- Threat of New Entrants: Low, due to technological barriers and high entry costs

- Bargaining Power of Buyers: Low, buyers do not currently have EV tractor alternatives & aren't as price sensitive
- Bargaining Power of Suppliers: High, but Rivian can get ahead of competitors as an early entrant to secure relationships with suppliers
- Threat of Substitutes: Low, with traditional diesel tractors being unsustainable & outdated

With these market dynamics and weaker forces, early entrants like Rivian can leverage supplier power and competitive advantage before competitors like Tesla, with greater economies of scale, have a chance to dominate the space. To assess whether Rivian can succeed, the Five Forces help us determine whether the industry or these advantages are sustainable for long-term growth in this untapped market.

Resources & Capabilities

By aligning a company's core internal capabilities with the external industry, Resource-Based View (RBV) helps firms leverage their value strategically to fit the needs of the market. As affirmed by organizational capability, Rivian's resources and capabilities can work together strategically to create competitive advantage.

- Technological Expertise: established experience with EV engineering & design
- Financial Backing: strategic partnerships with Ford & Amazon provide capital & economies of scale
- Brand Reputation: alignment with sustainability values, appealing to environmentally conscious consumers
- Advanced Software: autonomous features & connectivity
- Sustainable Innovation: product development rooted in environmental values → an edge in this carbon-intensive industry

- Core Capability: rugged EV Design → specializing in high-performance, durable EVs that can pivot to farming

According to RBV, there are five characteristics of valuable resources.

- 1) Hard to Copy: Yes, because the resources are expensive and are not easily attainable
- 2) Depreciates Slowly: Yes, Rivian's software is consistently updated for long-term value & performance over time
- 3) Controlled by Your Company: Yes, Rivian controls its IP, production processes, and partnerships with firms like Amazon & Ford
- 4) Not Easily Substituted: Electric tractors are more sustainable than diesel models & align better with a cultural shift toward clean energy
- 5) Better than Competitors' Similar Resources: No, because competitors like Tesla & John Deere may have greater scale and similar technological resources. To counter this, Rivian must act first through strategic differentiation & capture early market value.

By analyzing Rivian's resources & capabilities, as well as applying RBV, we can evaluate how Rivian's competitive advantage can be applied to the market.

Blue Ocean Strategy

According to Blue Ocean Strategy, firms can create a new market space, or "blue ocean", instead of competing in saturated markets. Since electric tractors are not yet widely manufactured, Rivian has the opportunity to explore this blue ocean and define this category themselves by introducing a high-performance, sustainable farming vehicle, creating demand in a space with little competition. Like Apple with the iPad, Rivian could build early brand loyalty and become the first EV tractor brand. Just like electric vehicles that began as blue oceans, Rivian could become a sustainable leader, aligning with the company's core values and a more

sustainable future for farming. Using Value Innovation, supported by the Four Actions Framework and Value Canvas, we can create goals for Rivian to reduce goals while also optimizing buyer value.

Progress Report

We would rate our team's progress as a 10. Abiding by the team contract, we schedule meetings and deadlines well in advance to ensure that everyone stays on track and can contribute equally. Through consistent communication, typical group project challenges such as scheduling conflicts and uneven effort have been mitigated. For example, when a team member was not able to meet on one of the days, it was communicated prior, and we were able to coordinate another day for all of us to meet. So far, we have finalized our project proposal and have begun applying course concepts to better understand the feasibility of the idea and work toward deeper strategic analysis in the final presentation and paper. Although group effort has been evenly distributed so far, we anticipate that the final paper may be difficult. However, we aim to discuss ideas in person and outline tasks before working independently.