**Topic**:

Suppose General Motors wants to replace one of their traditional lines of vehicles with all electric models.

**Questions**:

1. How could GM use game theory to identify and assess the major risks to this decision?
2. Identify two major risks that would result from GM converting an existing line to an all-electric line.
3. Provide a brief discussion of each risk, and your assessment of the levels of inherent, current, and residual risk, using GM’s five-point scale.

**Instructions**:

* Need minimum 250 words
* Need 3 APA References
* No plagiarism please

Need 1 response (100 words minimum and Use uploaded document for Response)

Initial Post:

The transition from traditional cars produced by GM to an electric line imposes the need to conduct a game theory analysis. To understand the risks that such a transition poses to the company. The shift to the electric vehicle has been mainstreamed all through the industry because of its environmental advantages and as a suitable solution to the depleting oil reserves, but it does not necessarily favor the company’s needs (Lane, et al., 2013). The game theory reveals that the success of such a move can only be determined by the customer’s, stakeholders, and competitors. The main risk being the loss of market share since the electric car business is still an emerging business. The other risk that GM may face is the competition of acquiring the natural resources necessary to produce these cars.

Loss in market share may result due to Tesla’s competitive weight in the market. Tesla has already taken long strides in electric car production. Moreover, there would be a decline in the number of customers buying cars if the customers fail to embrace the new models. Hence, resulting in a severe drop in profits accrued (Wells & Nieuwenhuis, 2012). The residual risk is a loss in client relationship failure to recover the line or backtracking to traditional models; therefore, the company may require a proper analysis of the future markets.

Secondly, there is an incumbent risk of not being able to acquire materials necessary in building the vehicles. Already there is a shortage of getting the materials needed for the task. Such a dependency on the supply of materials can incur the company a great loss in finance. It is significant in calculating the future success of the business (Dummett, 2017).