Tesla

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Facts

- Founded in 2003 by engineers in Silicon Valley
- Tesla’s CEO – Elon Musk
- Electric car with instant torque, incredible power, and zero emissions
- Tesla's first assembly plant occupies the former NUMMI plant in Fremont, California. It is known as the Tesla Factory.
- The company is expanding its manufacturing footprint into other areas, including in Tilburg, the Netherlands, where it has an assembly facility, and Lathrop, California, where it has a specialized production plant.

Mission & Vision

Mission

- Is to accelerate the world's transition to sustainable energy.

Vision

- The TESLA group of companies aim to be the premier global provider of energy industry forecasting solutions.

Core Values

- Always do your best
- No forecast is perfect, but try anyway
- Respect and encourage people
- Always be learning
- Respect the environment

Pricing Strategy

- Demand:

Testa aims to satisfy current demand and attract all residual consumers in each segment.

- Segmentation:

Model S – E-Segment (Executive)

Model X – J-Segment (Sport Utility)

Model 3 – D-Segment (Large Cars)

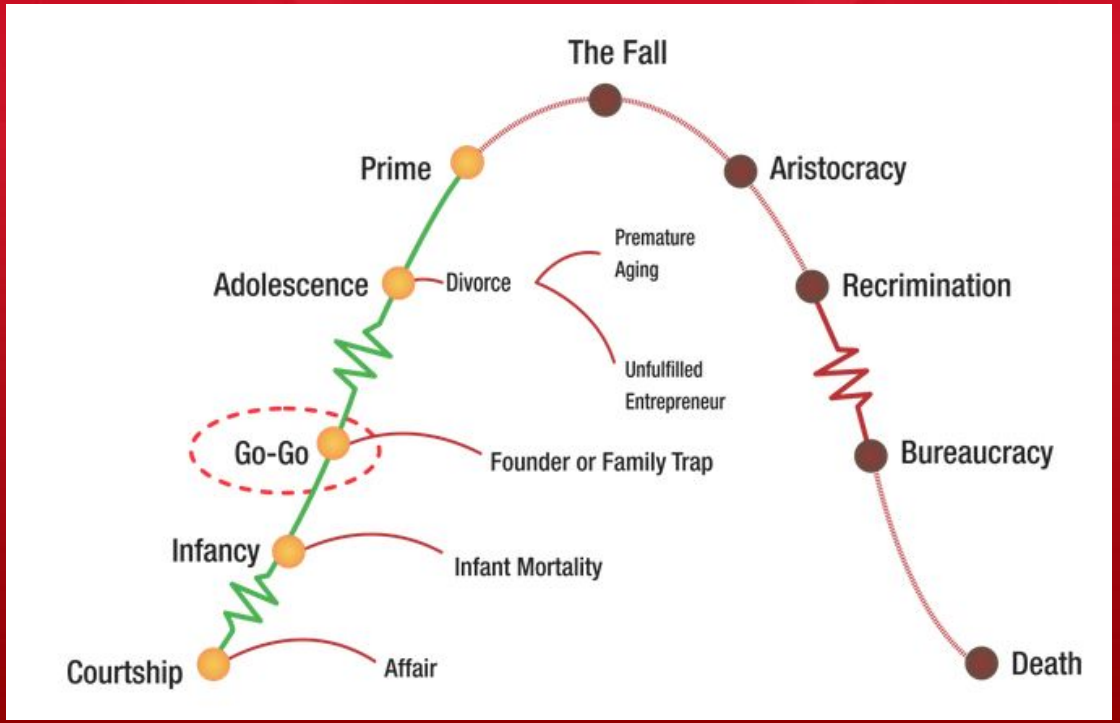
- Innovation:

R&D of each previous model lowers innovation costs for later models, raising profit margins

Competitors

- BMW
- Volvo
- Audi
- Ford
- Mercedes-Benz
- Toyota

Life Cycle



https://adizes.com/lifecycle/

Quality Management

- When Tesla launching the new product doesn’t care so much about its quality as it needs to meet deadlines.
- For the company the most important product quality is the safety of the car, being possible to change the following aspects over time.

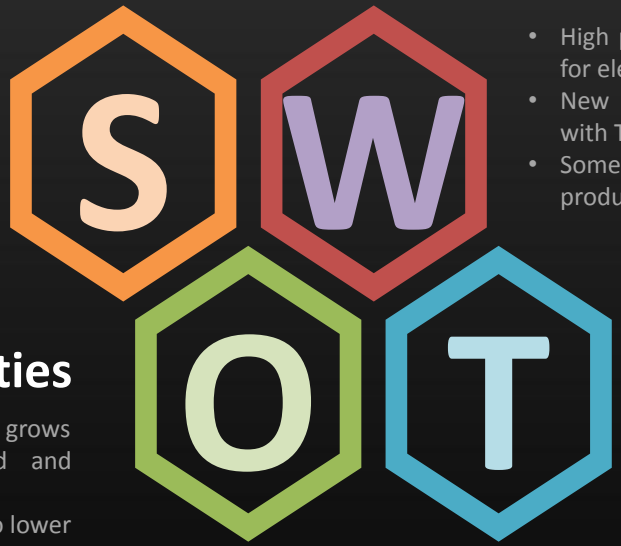
SWOT Analysis

Strengths

- Futuristic, Elegant and Luxurious
- Manufacturing and own distribution network
- Free charge
- Premium vehicle sales in the US

Weaknesses

- High price for low demand for electric vehicles
- New company compared with Toyota, GM…
- Some delays in launching products.



Opportunities

- Electric car market grows higher than hybrid and combustion vehicles
- Governments tend to lower electric car prices in the future
- Growing concern for the environment

Threats

- Gasoline prices keep falling
- Elon Musk's Erratic Behavior Affecting Tesla's Reputation
- Extensive Competition

PEST Analysis

Political Factors

- Governmental entities are among the main societal forces that affect businesses and industries.
- For example, policies on trade can limit industry performance and the company's revenue.

Economic Factors

- The effects of economic conditions on the remote or macro-environment include market growth, trade levels, currencies, and other variables that influence the automotive business.
- For example, the solar energy market’s growth rate determines the growth opportunities of the company’s solar panel business.

PEST Analysis

Social/Sociocultural Factors

- Social conditions considers how the business aligns with the social trends in its target markets.
- For example, Tesla has growth opportunities based on the rising popularity of low-carbon lifestyles and increasing preference for renewable energy.

Technological Factors

- The advancement of Tesla's automotive and energy solutions business depends on available technologies.
- For example, materials engineering technology determines the efficiency and cost-effectiveness of the company's batteries.

6 Leadership Principles at TESLA

- 1. Move fast

The ability to rapidly respond to trends and changes in the market drives competitive advantage.

- 2. Do the Impossible

Go beyond conventional limits of productivity and creativity in automotive design.

- 3. Constantly Innovate

Tesla must innovate continuously to maintain its competitive advantage.

- 4. Reason from “First Principles”

Use first principles to fulfill your job.

- 5. Think Like Owners

Act like owners. Take responsibility.

- 6. We are ALL IN

Teamwork develops synergy and makes the corporate culture effective in maximizing benefits

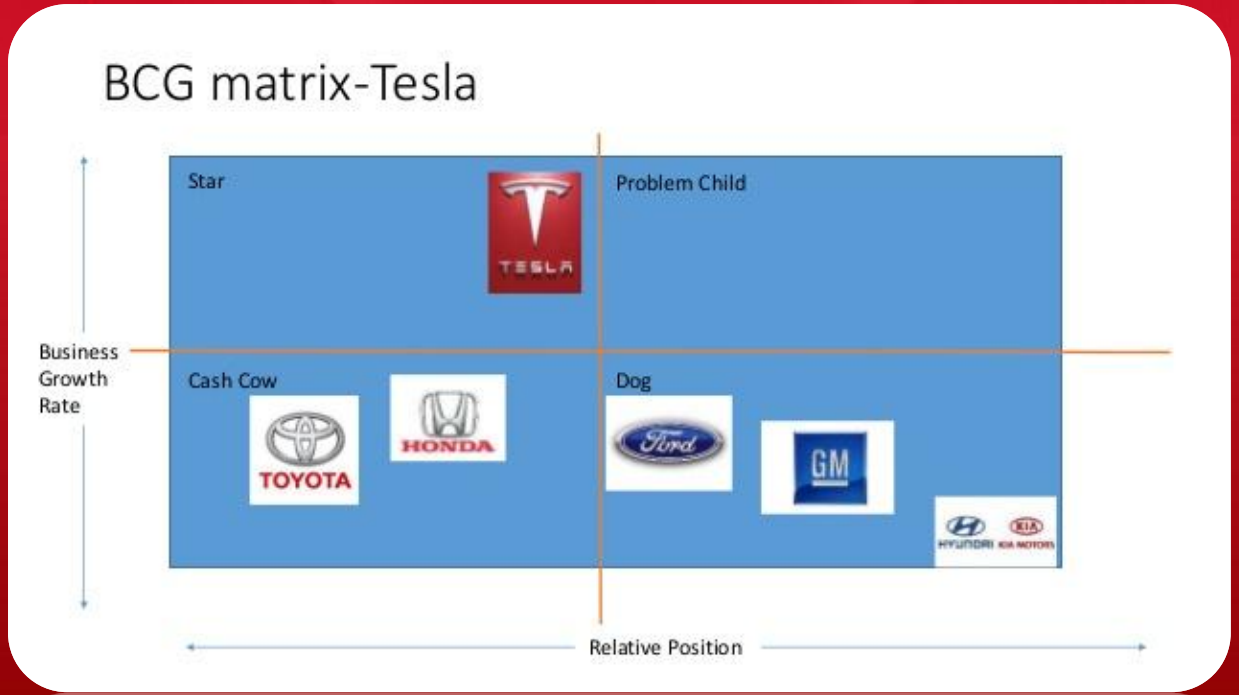
Competitive Advantages

- Customer loyalty
- The cohesive vision Tesla works
- Remarkable design

Innovation

- Constant innovation and product differentiation to retain monopoly power in the face of increased competition.

BCG Matrix


BCG matrix-Tesla
Star
Problem Child
Cash Cow
Dog
Business Growth Rate
Relative Position
TESLA
TOYOTA
HONDA
Ford
GM
HYUNDAI
KIA MOTORS

Tesla Ansoff Matrix

Tesla is evaluating a number of new markets to enter, India being in the shortlist.

Markets \ Products	Exisiting	New
Existing	Market Penetration	Product Development
New	Market Development	Diversification

Tesla engages in new product development infrequently.

Tesla has used diversification strategy during past years.

Stakeholders' Analysis

Communities

- Communities are stakeholders that determine brand image through their significant lobbying activities and responses to the business. One of the interests of this stakeholder group is to ensure that the natural environment is conserved or protected.
- In this business analysis case, the company's electric automobiles, batteries and solar panels (through the subsidiary SolarCity) address such interest.

Customers

- Customers affect Tesla's revenues and are interested in product quality and reasonable pricing. The company gives high priority to these stakeholders in its corporate social responsibility programs, seek new ways of minimizing costs.
- For example, instead of continuing to buy battery cells from Panasonic, Tesla shifts to manufacture, in collaboration with Panasonic, its own batteries to make its electric automobiles more affordable.

Stakeholders' Analysis

Employees

- Tesla believes that employees are a critical success factor in its automotive and energy solutions business. Their interests include high compensation and significant career opportunities.
- Tesla's corporate responsibility approach satisfies these interests through a competitive compensation strategy, as well as HR programs for skills development and leadership development.

Investors/Shareholders

- Tesla's early years depended on a series of funding from investors. These stakeholders are important in influencing the company's capitalization. Investors and shareholders have interests in the profitability and growth of the business.
- For example, the company's decision to allow other firms and individuals to use its technology patents is expected to increase market demand for electric vehicles and related products.

Stakeholders' Analysis

Governments

- Tesla experiences the effects of governmental action. Governments are stakeholders that present requirements, limits and opportunities to businesses. This stakeholder group's interests include legal compliance, as well as business contribution to economic growth.
- With plans for strategic global expansion and an excellent sustainability record, Tesla's corporate social responsibility strategy satisfies these interests.

Tesla's Change

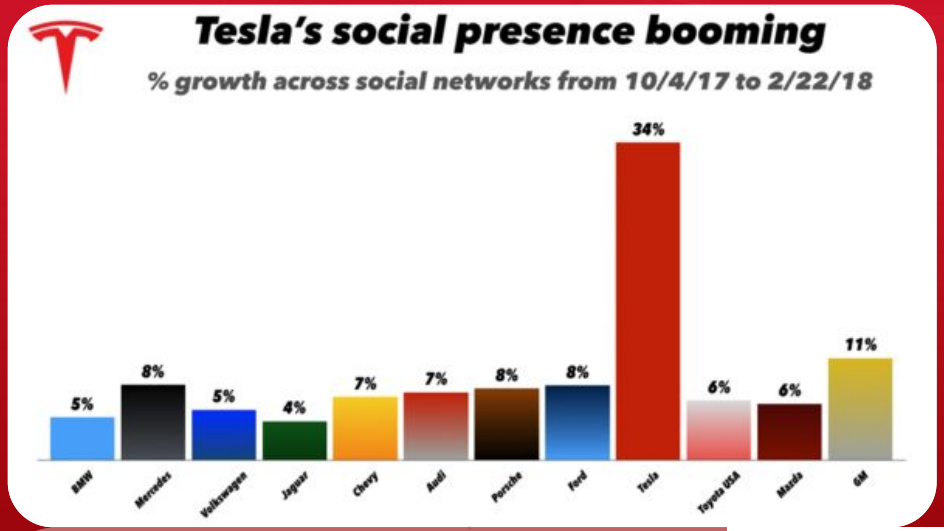
- Tesla has changed the design over the years giving a more futuristic look to its vehicles.
- Tesla has decided to create insurance for its vehicles so that people who buy their cars do not spend more money on other companies. Being this insurance cheaper and especially covering these cars since insurance for these is very expensive.

Competitors Analysis

Main Competitors (USA)

- Chevrolet (Volt EV)
  - #1 in USA
- Hyundai (Ioniq EV)
  - #3 in USA
- Volkswagen (e-Golf)
  - #5 in USA

Social Media



Tesla "ranks third out of 29 of the world's car brands in its social media visibility, outperforming legacy brands such as VW, Ford, and Toyota".
— *Management Today*

Profitability (based on latest data)

- Tesla: $24.4B Revenue ($1.2B Total Funding)
  - Elon Musk: “Given that Tesla has never made an annual profit in the almost 15 years since it existed, profit is obviously not what motivates us.“
- Volkswagen: $271.3B Revenue
- Hyundai: $87.1B Revenue
- GM (Chevrolet): $10.8B Revenue
  - But it still means big **profit**-sharing checks for about 46,500 union workers in the U.S. They'll get $10,750 each.

Global EV Sales

- The Tesla Model 3 had its best off-peak month in August with an estimated 21,000 sales. For the year, Model 3 is more than 100,000 above the 2nd best model.
- SAIC Baojun E-Series was the second-best model in August with 8,698 (31,900), followed by BAIC EU-Series - 7,580 (65,593 YTD)
- In general, other models are not able to reach five-digit results, and only four (besides the Model 3) were above 5,000.

Pl	Global Models	August	2019	%	P.'18
1	**Tesla Model 3**	21336	168770	12	1
2	**BAIC EU-Series**	7580	65593	5	15
3	BYD Yuan / S2 EV	5468	57413	4	17
4	**Nissan** Leaf	5475	46864	3	4
5	Mitsubishi Outlander PHEV	3634	34283	2	10
6	SAIC Baojun E-Series	8698	31900	2	NE
7	**Renault Zoe**	2914	31529	2	11
8	BMW 530e/Le	4095	30692	2	12
9	**Hyundai Kona EV**	3426	28210	2	NE
10	**BYD e5**	1963	28202	2	8
11	**BYD Tang PHEV**	1658	27932	2	16
12	Chery eQ EV	2345	27032	2	13
13	**Geely Emgrand EV**	2330	26870	2	NE
14	**BMW i3**	3254	26531	2	18
15	Toyota Prius PHEV	4106	25070	2	9
16	**Tesla Model X**	3327	23697	2	5
17	SAIC Roewe Ei5 EV	197	23320	2	NE
18	Volkswagen e-Golf	2959	22184	2	NE
19	Great Wall Ora R1 EV	1108	20866	1	NE
20	**Changan Eado EV**	1075	18350	1	NE
	Others	70748	659603	58	
	TOTAL	157696	1424911	100	

Price

- Tesla Model 3 (Standard)
  - **$38,990**
- Chevrolet Bolt EV
  - **$36,620**
- Hyundai Ioniq EV
  - **$30,315**
- Volkswagen e-Golf
  - **$31,895**

Range

- Tesla Model 3 (Standard)
  - **354km**
- Chevrolet Bolt EV
  - **383km**
- Hyundai Ioniq EV
  - **200km**
- Volkswagen e-Golf
  - **201km**

Performance (km/h & 0-100)

- Tesla Model 3 (Standard)
  - **210 km/h & 5.6 sec**
- Chevrolet Bolt EV
  - **145 km/h & 6.5 sec**
- Hyundai Ioniq EV
  - **165 km/h & 9.9 sec**
- Volkswagen e-Golf
  - **150 km/h & 9.6 sec**

Conclusion of Tesla competitors

- Tesla is far better than most of the competition when it comes to how far its cars can go on a single charge.
- Not only do Teslas go farther than the competition, they go faster and have more powerful engines than their counterparts, which explains that huge jump in cost.

Models

ADKAR Model

- Awareness:

Cars that are possible for everyone to buy.

- Desire:

Manufacture cheaper cars for people who can't afford premium class cars.

- Knowledge:

Look for techniques that allow the manufacture of these cars reducing costs.

- Ability:

Implement the knowledge gained by putting them into practice by making cheaper parts.

- Reinforcement:

Review if everything that has changed works correctly, being possible the product purchased by any consumer.

Adoption Curve

Tesla

INNOVATORS
2.5%

Innovators are enthusiasts, and they desire to be the first to use the latest technology. They represent a tiny percentage of the market.

EARLY ADOPTERS
13.5%

Early Adopters are those who enjoy new innovations and are comfortable taking social risk but are largely motivated by its potential to drive their success. They are very influential in the marketplace, acting as trendsetters.

EARLY MAJORITY
34%

The Early Majority is made up of pragmatists who adopt new innovations only after it is proven and they feel comfortable that it won't put them at risk. They are the largest segment of the market.

LATE MAJORITY
34%

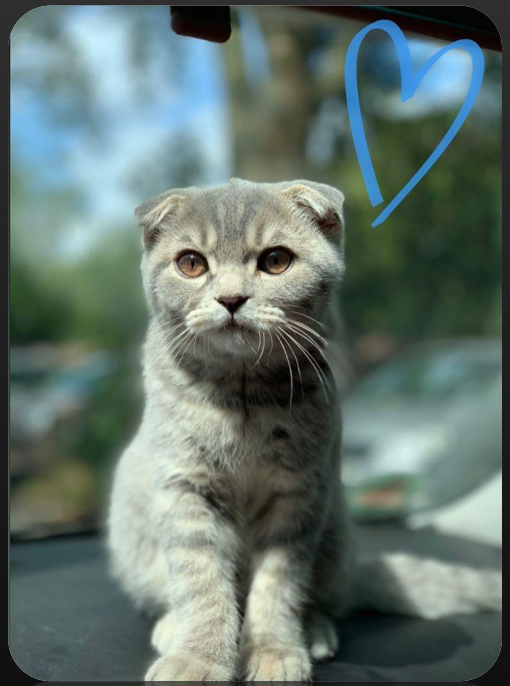
The Late Majority are conservative thinkers who are risk averse and extremely cautious when using anything new. They not only want to see demonstrable results, they need to be reassured that there is next to no risk. They also represent a large portion of the market.

LAGGARDS
16%

Laggards only use new technology if forced, and then do so kicking and screaming. They are a small audience.

5I's Model

- Information: It's transmitted by all possible means of communication, internet, social networks, advertisements ...
- Identity: With the changes that are constantly made in the company
- Incentivize: Through bonuses of good work done for workers, and for consumers with small gifts for being brand loyal
- Infrastructure: Change what prevents the company from succeeding
- Institutions: Who makes the rules in the company is the CEO, and for the company it is the consumers since they are the ones who decide whether they want the product or not.



Thanks for your Attention!!!