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Table of Contents

Executive summary	3
1.0 Introduction	3
2.0 Tesla Organization overview	4
3.0 Strategic Management process	5
3.1 Environment Analysis on Tesla	6
3.1.1 PESTEL Analysis of Tesla	8
3.1.2 Porter's five forces Model on Tesla	10
3.2 Strategy Formulation	13
3.2.1 Tesla's Strategies	15
3.3 Strategy Implementation	19
4.0 Tesla's Corporate Strategic direction	21
5.0 Stakeholder Analysis	21
6.0 Recommendation	24
7.0 Conclusion	24
8.0 References	26

Executive summary

This is a report whose purpose is to analyze Tesla Corporation's macro and microeconomic environment. An emphasis is placed on what strategies the company has put in place such that its competitive advantage in the automotive energy storage energy production industry is sustained in the United States of America and the world at large. They manufacture a wide range of electric cars which use clean and environmentally friendly energy. Tesla Corporation took a unique way of doing business to succeed. One of the strategies they used to increase sales and profits is direct sales. This helped them to be in contact with their customers in every country they operate in. The findings of this report are that Tesla applied Market penetration, product differentiation, product development, and diversification as its main strategies to sustain its performance in the market. Customer satisfaction has been at the center of their strategies. They have built sales outlets and supercharge facilities across the country, in addition to providing after sales service to the customers. They also manufacture environmentally friendly energy products like batteries and solar panels. Their goal is to move the world away from gasoline dependence to being solar dependence.

1.0 Introduction

This report presents its findings on the strategic analysis of how Tesla was able to scale up its operations as an electric car manufacturer in the United States. To achieve this, the report will evaluate the theories and models employed in the strategies during Tesla's scaling start-up. To validate the findings, various theoretical frameworks and techniques will be used in the report. By evaluating the four stages of strategic management namely; analysis of situation, formulating the strategies, implementing the strategies and evaluation of strategies, this report will provide a clear demonstration of how Tesla managed to achieve its competitive

advantage by adopting the most suitable strategy. Based on these analyses, the report will conclude and offer a future recommendation.

2.0 Tesla Organization overview

For many decades, the world had relied on gasoline as a source of energy in the automobile industry. However, with the rate of industrialization and emission of carbon continuing to rise all over the world, there was a need for someone to think of different sources of energy for the vehicles. Therefore, in the year 2003; a group of engineers; Duo Martin Eberhad, Marc Tarpenning, Elon Musk, and JB Sraubel came together and form Tesla Corporation, with its headquarters in Palo Alto, California. According to them, it was no longer necessary for people to continue compromising their need to drive electric. It was fun to drive electric vehicles, in addition to being quick and better than gasoline vehicles. The world will be able to achieve the zero-emission target if they start moving away from gasoline fuels to a cleaner energy source.

The expectations of customers are also shifting due to tastes and preferences, technological advancement, and sensitivity to health and safety requirements. People want to use and be associated with the use of clean energy. Having that knowledge of a fast-changing environment, Tesla founder and CEO, Elon Musk, launched the company with a mission "*to accelerate the advent of sustainable transport by bringing compelling mass-market electric cars to market as soon as possible*". This became the basis upon which Tesla's built on to ensure its business model succeeded.

They began to implement their strategy by producing their first electric sports car, Tesla Roadster, which was launched in the year 2008. Many automobile car manufacturers had been producing their vehicles in mass, but Tesla did it differently. It produced a fascinating car, a car that was able to create demand for electric vehicles. The Tesla Roadster was then

able to compete in the market with other sports cars that used gasoline. By the end of 2012, they had sold 2,500¹ of this luxury sports car.

Tesla had now established their brand by delivering to the market their concept car. This reinforced their business model which is based on selling, servicing, and charging its electric cars.

Today, Tesla builds all kinds of electric vehicles in addition to generating clean energy and storage products. In 2008, Tesla launched the Tesla Roadster, an electric sports car with high performance. This was followed by Model S, which exceeded the 21st-century world's expectations in safety, performance, and efficiency. Model X followed in the year 2015, which was rated 5-star in its capability, safety, and that it was the fastest. In 2017, it introduced another model, Model 3, whose production started in 2017 which became high volume and of low price. Other models that Tesla produces are Tesla Semi, Model Y, and cyber trucks.

As opposed to other car manufacturers, Tesla did not engage car dealers in selling their products. They sell their electric cars directly to their customers. They have established their showrooms in different countries in addition to service centers and internet sales. All these have continued to enhance Tesla's customer experience. Tesla's home services are performed by their rangers who visit homes. For some models, servicing can be done remotely, without ever touching the car. With its wide network of superchargers, Tesla's customers can charge their electric vehicles in less than 30minutes for free. Such an approach to selling has made it possible for customers to accept electric vehicles since it's now cheaper to own and maintain.

3.0 Strategic Management process

Strategy is about making choices about what an organization will do and what it will not do, to achieve specific objectives, missions, and vision. The strategic choices made by an

¹ <https://ir.tesla.com/static-files/7ecc5a70-fed2-4a9c-b5f8-d2eced757f18>

organization will enable it to achieve its competitive advantage. Strategic management tries to examine how successful or unsuccessful a business is, looking at the actions and strategic decisions of the top management such as Elon Musk, the CEO of Tesla.

In today's world, there is a growing need for fully electric vehicles. This is because of the many developments in the areas of environmental safety and protection, where carbon emission is highly discouraged. To be able to meet the expectations of today's environment, a business should be flexible enough to move with the changing environment by designing strategies to acquire and use environmentally friendly energy sources. A methodical way of designing business strategies is; (i) understanding the environment within which the business operates to identify the strengths, weaknesses, opportunities, and threats. (ii) Formulate the various strategies. (iii) Implement the strategies. (iv) strategic control, which is looking at the various strategies to find out if they are working and taking any corrective action.

The following diagram summarizes the strategic management process;

Figure 3: Strategic Management Process



3.1 Environment Analysis on Tesla

A business environment refers to any force or condition that affects how a business operates. It's the summation of institutions, all individuals, and other forces outside the control of an organization but has the potential of affecting its performance. Some of the elements of the environment impact the operations of the business directly, for example, customers, suppliers,

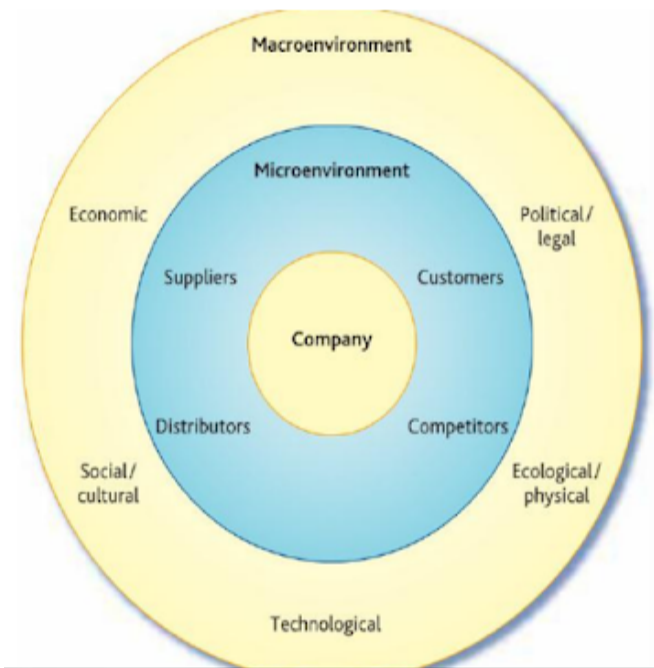
competitors, and suppliers. Other factors like legal and political environment, social and economic factors affect the business indirectly. Today's business environment is both uncertain and dynamic. The rate of technological advancement is very high, customers changing their preference at an equally high rate. Strategic analysis of the business environment and how it's changing will help the management to;

- (i) identify various opportunities and take advantage of them ahead of the competitors.
- (ii) enables the management to identify threats earlier enough and take precautions to minimize their effects or avoid them completely.
- (iii) the management can be able to acquire useful resources in the environment.
- (iv) design the necessary competitive strategies to cope with the rate at which the environment is changing. .

This can be done using various available strategic tools such as PESTEL analysis, SWOT analysis, Porter's Five Forces Analysis. Using these tools will help Tesla to have the right success strategies in the current period and future. Today's business environment is constantly changing, and therefore there is a need for Tesla to carry out environmental analysis using the above tools.

The following diagram shows the various components of the business environment;

Figure 1: Business Environment



3.1.1 PESTEL Analysis of Tesla

This tool is useful in analyzing the situation to identify and examine the external environment under which Tesla operates. This helps in exploiting the opportunities and taking steps to avoid the threats in a better way compared to the competitors. This is because a significant change in these factors will occasion some of the major long-term transformations in the market (Witcher and Chau, 2010). In this report, an analysis is done on the Political, Economic, Social, Technological, Environmental, and legal (PESTLE) factors that can affect Tesla Corporation.

Political factors

These are the factors that look at the impact of government laws and regulations on a business. Tesla sells its vehicles in seventeen countries in Asia, Western Europe, and North America (Tesla, 2014). This means that its business operations are affected by the political patterns in these countries. In the US, energy loan programs are available to organizations which want to invest in research and development in new technologies in the automobile industry. This became a major incentive for Tesla. Many countries around the world also have

a zero-emission target as part of environmental protection objectives. Such incentives would make many auto manufacturing want to enter the electric vehicles market.

Economic factors

These are the factors that affect how Tesla does its business and its profitability. An example is consumer disposable income. With the rising costs of fuel, it is becoming expensive to own a car. This has caused many companies including Tesla to invest in alternative sources of energy. Interest rates and inflation can also affect the business because they will also have an impact on the country's GDP. With the fall in prices of batteries, Tesla has been able to reduce its production costs. This makes Tesla's automobile products more affordable. There is also an increase in demand for electric vehicles in the US, coupled with economic recovery from the 2008 crisis. There is also a decrease in the costs of renewable energy.

Social/Socio-cultural factors

These are the factors that Tesla should consider to align itself to the social trends in the market. These factors include common beliefs and attitudes with the society, usually manifested by customers, investors and employees. Many developed countries are now leaning towards ensuring there is low carbon emission, dependence on renewable energy, and distribution of wealth in markets that are developing. The lifestyle based on low carbon emission and the call for dependence on renewable energy is a perfect opportunity for Tesla to grow its sales and profits. This is because such moves create a demand for electric vehicles produced by Tesla, together with the related energy products.

Technological factors

Today's world is characterized by a fast-changing technological landscape. This has significantly affected how production is done, how companies market their products and services, and most importantly, the means of communication across the world. Online mobile systems are an opportunity for Tesla to incorporate them into its automobiles. Such factors

have presented growth opportunities for Tesla, to enhance its product technologies. Increasing business automation is also another opportunity for Tesla, though it may also be a threat where there is potential for the technology to become obsolete.

Environmental/Ecological factors

The environment is the surroundings within which a company operates. This covers areas such as a change in climate, programs on the environment that continue to increase, and disposal of waste standards that are ever rising. Such environmental requirements also present an opportunity for Tesla to capitalize on and market its electric vehicles, batteries, and solar panels. This is because these products can contribute to a cleaner and safer environment. Therefore Tesla has a great opportunity for growth in this area.

Legal factors

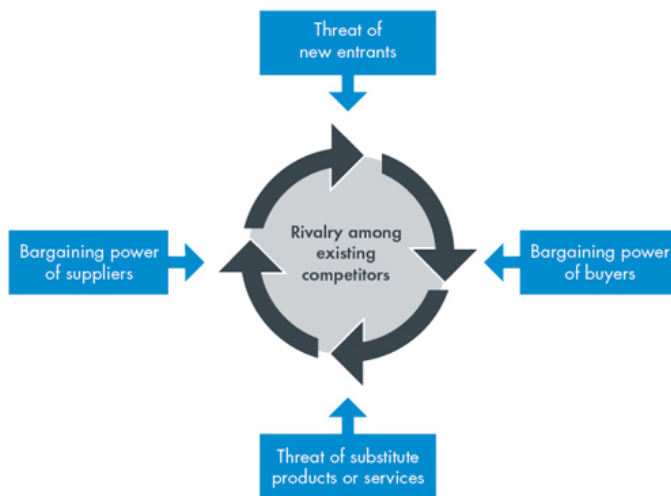
This section of PESTEL looks at how laws and regulations in different countries affect the business. In formulating its marketing strategies, Tesla should consider things like health and safety, consumer rights, and laws health and safety among others. This is because each country has its own set of laws and regulations. By expanding its international patent protection, Tesla will be able to expand its business to overseas countries safely. Regulations on energy consumption are also an opportunity for Tesla to market its electric vehicles in addition to their energy solution products. Direct sales are also allowed in many states in the United States. This presents an opportunity for Tesla to grow its sales.

3.1.2 Porter's five forces Model on Tesla

This strategy is very useful to organizations because, by using it, organizations can identify and analyze their effectiveness and position to compete in a business environment. If an organization can use this model to identify where its power is, it can also be able to know its strengths, therefore it can improve on its weaknesses and avoid mistakes. These forces are as follows;

Figure 2: Porter's Five Forces

Porter's five forces of competitive position analysis:

**Rivalry among competitors (strong force)**

This factor looks at the number of competitors that a business has and their ability to compete, among others like switching costs and the loyalty of the customers. The competitive environment for Tesla is very strong due to the small number of firms in the automotive market, the cost of switching is very low and the firms in the automobile industry are very aggressive in product innovations and promotion. They have huge marketing campaigns which small companies like Tesla may not match up to. In addition, there is nothing that can prevent or limit customers from buying cars or products for a different company. Therefore rivalry from competitors should be a priority to be considered by the management of Tesla.

Bargaining power of suppliers (moderate force)

This aspect looks at the ability of the suppliers to increase the prices of inputs. Such factors include the number of suppliers, the uniqueness of their products, switching costs, and the level of control they have on a company. The success of Tesla's operations depends on the reliability of suppliers. Their moderate impact on Tesla corporation is due to (i) supplier size is moderate, hence limited influence in the automotive industry. (ii) the supply level is moderate, thereby affecting Tesla, but to a lesser extent. (iii) possibility of integration is low.

They don't have much control over the marketing and sales of their products. **Bargaining power of buyers (customers)**

This aspect looks at the ability of the customers to bring down prices. This depends on the number and the strategic importance of the customer to the business together with the ease with which the customer can switch to other products. Customers are the ones that determine the sales revenue directly. The moderate force of the customers' bargaining power is since (i) switching costs are low, meaning there are fewer barriers for customers to buy from other manufacturers; (ii) the volume of purchases also is low, meaning that a customer can only buy and keep one car. Therefore there is less customer influence on Tesla. (iii) Availability of substitutes, which moderate hence, limiting the bargaining power of customers against Tesla.

Threats of new entrants (weak force)

This factor refers to the ease or difficulty with which new firms can enter the market and compete with your business. This depends on the costs of entry, economies of scale, and protection of key technologies. For Tesla, this is a weak force because; (i) brand development is costly. Tesla has developed a very strong brand, making it difficult for new entrants to compete with. Elon Musk is also very popular. (ii) there is a high cost of doing business in the automobile industry, therefore it's a barrier to new entrants, and (iii) there are high economies of scale available to Tesla because they are established.

The threat of substitutes (moderate force)

This is one aspect of Porter's model that looks at the ability of a customer to find an alternative product. The cost of change and the performance of the alternative product are the main aspects to look at. Tesla is faced with a lot of substitutes in the automotive and energy solutions environment. These forces are moderate because (i) the switching costs are low, making substitutes easily available against Tesla, for example, public transport. (ii) the availability of substitutes is low (iii) the performance of substitutes is low, for example,

customers' satisfaction in public transport cannot be compared with a private car. This limits the force of substitutes against Tesla.

3.2 Strategy Formulation

This is the determination of the best course of action an organization will take to attain its objectives and vision. It starts when an organization analyses its internal and external environment and ends with the design of functional strategies. Organizational strategies can be formulated at three levels; (i) Corporate level, put in place by the top management to show how they are going to administer and direct the entire organization. (ii) Business level strategies, which enable an organization to achieve cost leadership and differentiation strategies. (iii) Functional level, which is the day-to-day strategies meant to help in the execution of corporate and business level strategies. Some of the main elements to decide upon here include setting the company's mission, vision, and objectives.

Mission/purpose

Tesla's mission statement describes its reason for existence. A mission statement should be designed from the perspective of what to satisfy and how the satisfies the needs. It considers the needs of the customer, groups of customers, and technologies and functions performed. The mission statement that was adopted by Tesla has been "*to accelerate the world's transition to sustainable transport.*" In the year 2016, Tesla slightly changed its mission statement to "*accelerate the world's transition to sustainable energy.*" Looking at this mission statement, renewable energy is at its Centre. It contains three elements; (i) to accelerate, which establishes its push for advanced technologies on renewable energy, and a business that is sustainable in the industry. (ii) the World's transition, bringing out its expectation to succeed and dominate the global market in electric automobile products. (iii) sustainable energy, changed from sustainable transport, means that Tesla has realigned itself

to focus on its strategic objective of producing electric automobiles together with other energy solutions like batteries.

Vision

A vision statement is a description of what an organization wants to look like in the future. Tesla's vision is "*to create the most compelling car company of the 21st century by driving the world's transition to electric vehicles.*" Looking at this vision, it places emphasis on electric vehicles, which will be able to take the world towards dependence on renewable energy. Notable points in the vision statement include; (i) most compelling, which brings out Tesla's excellence and leadership. It aims to achieve this by employing advanced technology to manufacture electric automobiles and related products. (ii) car company, bringing out that their focus is on car design and manufacturing. (iii) 21st century, a century with much focus on environmental protection and safety. Carbon emission is highly discouraged in this century. (iv) World's focus is shifting towards acceptance of electric vehicles. Such a vision is global, for example, its plans to build more factories in Asia.

Goals and Objectives

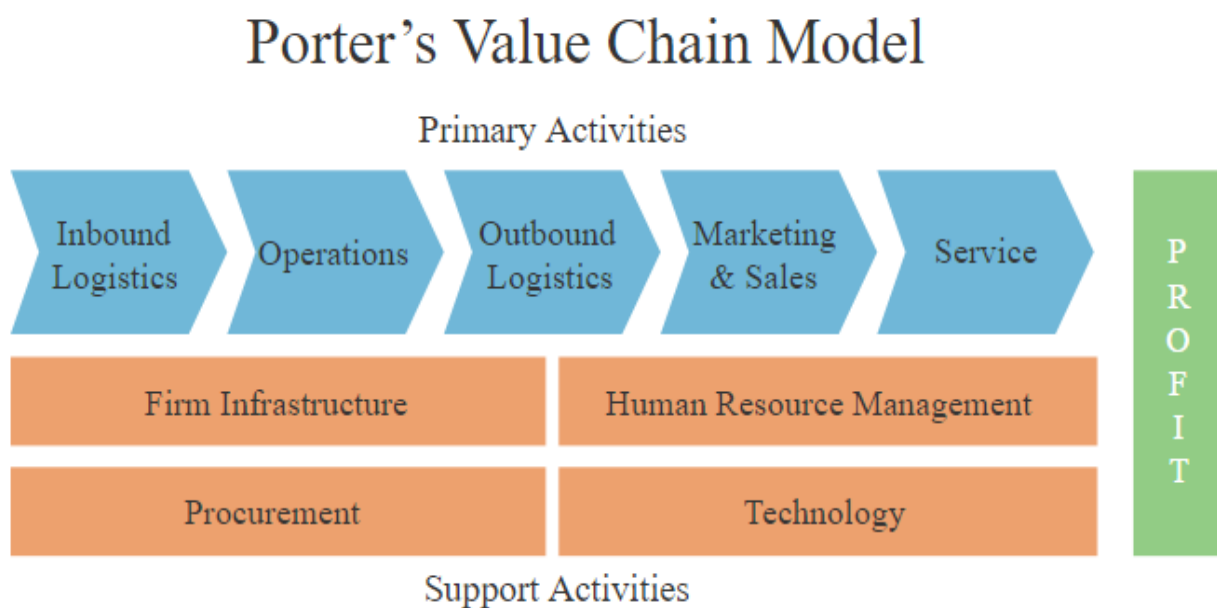
Objectives are the specific actions that a company must take to achieve the desired results. These desired results are the goals. Objectives are specific because they mention what is to be done to achieve the specific goals. Therefore objectives are usually said to be SMART. They should be (i) specific meaning it should be clear what the firm intends to achieve. (ii) Measureable, there should be the quantifiable element. (iii) Agreed, objectives should not be imposed on people, everybody involved should agree to it. (iv) Realistic, objectives should be achievable so that the employees are motivated knowing that they will be able to achieve and Time-specific, there should be a specific timeline within which the objectives should be met. For example, In January 2020, The Tesla CEO told the employees that, Tesla aimed to

produce and exceed 500,000² cars and the company did not change it, even amid the global covid-19 pandemic.

3.2.1 Tesla's Strategies

The best tool to look at and analyze how Tesla has come up with its strategies is Michael Porter's value chain analysis. It is a strategic analysis tool used to identify an organization's activities (both primary and support activities) that has the potential of adding value to its electric cars and its other products. The analysis of these costs will enable Tesla to reduce costs. The internal activities within Tesla constitute the value chain. They transform inputs (raw materials and labor) into outputs, the manufactured electric cars and other products.

Figure 4: Michael Porter's Value chain activities



Primary activities

These activities directly relate to the manufacturing of goods and services.

- (i) Incoming (inbound) logistics – covers any activity that involves bringing raw materials into Tesla's premises, storage of the same, and distribution to manufacturing facilities as they are needed. These activities are transport, storage, and delivery. Tesla has many warehouses and storage facilities across the United

² <https://www.ft.com/content/3b7b25ad-caa7-429a-926e-559199ab6f43>

States, for example in Lathrop, Sparks Nevada, Elkridge Maryland among others. . It has its own 5.5million square feet manufacturing and warehousing facilities at Fremont, California. The warehouse in Taipei city in Taiwan is also used for administrative purposes. Other areas where Tesla has warehousing and storage facilities are North America, Europe, and Asia.

- (ii) Operations – covers the transformation of inputs into finished goods and services. Tesla's main operations are mainly based in Palo Alto, California. However, over the years, it has expanded its operations to many countries across the world including manufacturing, sales, and supply chain. Its European headquarters is based in Amsterdam, Netherlands. The final assembly and quality control testing of Model S and X is done at a manufacturing plant in Tilburg. Battery packs and energy storage products that are used by Tesla in its vehicles are manufactured at Gigafactory 1 located in Reno, Nevada. Other administrative offices are located in North America, Asia, and Europe.
- (iii) Outbound logistics – these are activities that involve the storage and distribution of finished goods. Tesla carries out its final assembly and testing of its vehicles at Fremont, California facilities. Distribution of parts to its European service centers is carried out by the Tilburg distribution house. Storage and shipping of manufactured vehicles are done in the United States facilities. Completed model 3 are distributed to china customers by the Gigafactory 3 facility in Shanghai, China
- (iv) Marketing and sales – this includes any activity that is meant to identify the needs of the customers and generate sales. Competition is very high in the automobile industry. Most manufacturing companies in the industry used both digital and traditional ways of marketing. However, Tesla has invested less in the traditional way of marketing and focused on digital ad social media to engage its customers.

It has also invested in its stores and galleries which have helped them to build its brand, sell its products, obtain instant customer feedback and market its products. The stores and galleries also offer after-sale services to Tesla's customers. As the demand for Tesla vehicles and products increases across the world, it has invested in customer service centers including superchargers and destination charges. Therefore Tesla's success can be attributed to being innovative and being customer-focused, providing high-quality products and services aimed at maximizing customer satisfaction.

- (v) Service and products – this covers any activity that supports the customers after the product has been sold to them. Tesla Roadster was the first electric sports car produced by Tesla in 2008. This was followed by other vehicle models in subsequent years with model X in 2015 and Model 3 in 2016. Other electronic vehicle models produced by Tesla include Model Y and Cyber truck. Energy and products including storage products and solar tiles are also produced by Tesla, in addition to providing after-sales services in its retails and service stations across the United States and other countries across the world.

Support activities

These are the services offered by a company that improves the efficiency and effectiveness of the primary activities.

- (i) Firm's infrastructure – this refers to how the organization is structured, the systems of control in place, and the culture within the company among others. Automobile and energy products are the two segments in Tesla. The leading decision making is its Founder and CEO, Elon Musk. Accounting and finance are led by the chief financial officer (CFO) and the other divisions like production, sales, and engineering are headed by a vice president.

- (ii) Human resource management – This covers the areas of recruitment of employees, how hiring is done, how they are being trained and developed as well as how they are compensated. Tesla has continued to focus on the management of its workforce to ensure faster growth. This is because attracting and retaining talented employees in the technology industry is key to remain competitive.
- (iii) Technology – Technology is the main differentiator in the modern automobile industry, autonomous driving, and electric mobility being the hottest now. Technology is meant to support and create value for the customer. Tesla's competitors including BMW have introduced electric vehicles into the market and are planning to expand to hybrid vehicles. Tesla is one of the prominent firms to spend on carrying out research and development in the area of electric vehicles. It invested \$1.46 billion³ in 2018 in research and development, an increase of 6% from the previous year. This has helped Tesla to improve its products and make them attractive and compelling across the world.
- (iv) Procurement – This covers activities to do with purchasing raw materials and equipment. To manufacture its electric vehicles, Tesla relies on its suppliers to supply thousands of parts it needs. It has built a strong relationship with its suppliers across the world, the main supplier being Panasonic, which supplies battery cells to Tesla.

Firm's profit margin – this depends on the efficiency with which the company has performed the above activities. The customer will therefore be willing to pay more than the costs incurred in the value chain. These activities can afford a firm that chance to demonstrate its ability to generate superior value. Lowering the costs and differentiating a firm's products ensures a firm's competitive advantage, through; (i) Cost advantage – by

³ Tesla Annual Report 2018 (ir.tesla.com)

understanding the costs structure deeply and minimizing them as much as possible. (ii)

Differentiation – the idea being to focus on what can perform better than the competitors.

3.3 Strategy Implementation

Strategy implementation means putting the plans and strategies into action to enable the organization to reach its objectives. It is at this stage that individuals are assigned tasks and timelines set for the achievement of objectives. The management considers the following in implementing an organization's strategies. (i) build the capacity of the organization to implement the strategies. (ii) provide enough strategy-related resources. (iii) come up with policies that encourage strategy. (iv) ensure that there is continuous policy and program improvement and (v) ensure strategic leadership is in place to ensure results are obtained.

To understand how Tesla has implemented its strategies, we use Ansoff's matrix. This strategy offers four strategic choices; Market penetration, Market Development, Product development, and Diversification.

Figure 5: Ansoff's Matrix



Market Penetration

The focus here is converting non-regular customers to regular customers and regular customers into heavy customers. Strategies that can be used include customer relationship

management, bonus cards, and volume discounts. Tesla has successfully applied this strategy as seen by the increasing sales in the United States and globally, including in China and Europe. Therefore has been able to maximize sales in countries where it operates. This was reflected in the growth of its market value from \$100 billion and rising to \$650 billion (Fritz, 2018).

Market Development

These are strategies that aim at introducing existing products in new markets, new brands in an existing market, or even lure customers away from competitors. As the demand for Tesla's product rises across the world, including electric vehicles, solar panels, and other energy production and storage products, Tesla can obtain new customers. Tesla continues this by establishing sales outlets and customer service stations across the world.

Product Development

The strategies here include trying to sell new products, for example, accessories to existing customers. It takes advantage of the existing communication channels. This is one of the best strategies that Tesla is currently using to increase its sales. The current world is focused on environmentally friendly products, the carbon footprint in the automobile industry. Therefore as Tesla continues to manufacture electric vehicles, solar panels, energy production and storage facilities, and more supercharger networks, the company continues to get more customers. This has greatly been achieved by Tesla through investment in Research and Development.

Diversification

This involves entering a new market with a new product. This can be implemented through diversification (horizontal, vertical, concentric, and conglomerate). Tesla manufactured battery products, Tesla power wall, which can be used by a non-automotive application. It has also entered into the semi-truck industry by manufacturing Tesla semi and Tesla roadster2.0.

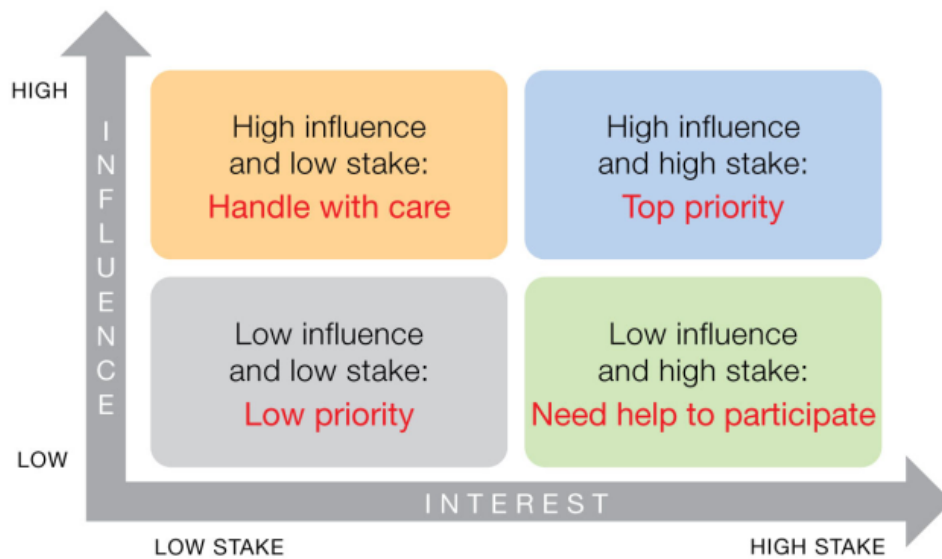
4.0 Tesla's Corporate Strategic direction

Tesla made a major stride in its quest to provide the world with an electric car when it introduced its first electric sports car, Tesla Roadster. Since then, it has been moving in its strategic direction of producing electric vehicles that use clean energy, which is environmentally friendly, in addition to producing batteries and energy savings products including solar panels. It has therefore been their goal to accelerate in moving towards solar dependence economies which rely on clean energy, rather than the mine and burn hydrocarbon. In doing so, the level of carbon emissions will be reduced greatly. In addition to that, Tesla plans to be co-marketing other sustainable energy products produced by other companies together with its cars, for example, the solar panel from the solar city. According to Tesla's CEO, the system will be able to produce 50miles of electricity per day. This means that more energy will be saved compared to what is being spent. It is therefore the strategic goal of Tesla to produce more affordable electric cars and even more affordable ones in the future. The goal is to generate electric power with zero carbon emissions.

5.0 Stakeholder Analysis

Stakeholders refer to a person or body of persons who may be having any form of interest in an organization. As an organization, it is a big challenge to balance the needs and expectations of different stakeholders. Stakeholder analysis is a way of grouping stakeholders according to their power and interest. Key players in an industry are high power, high-interest stakeholders. They have a high stake and high influence in the business and should therefore be afforded top priority. Low power low-interest stakeholders are less important because they have low influence and low stake. They, therefore, have low priority. Other stakeholders have a high stake but low influence and should be handled with care.

Figure 6: Stakeholder mapping



Communities

In the modern world, you can easily get the corporate image of a business by talking to the members of the community. This is because their interest lies in how the company takes care of the environment in which it is operating. Therefore, for any company, environmental protection is important. This community expectation perfectly aligns with Tesla's electric vehicles in addition to other energy production and storage facilities they manufacture. Communities living around Tesla's facilities are expected to be satisfied by Tesla's environmentally friendly products.

Customers

The interest of Tesla's customers is to see that the price they pay for what they buy from Tesla commensurate with the quality they possess. This in turn affects the income directly. It is therefore of strategic importance that Tesla tries as much as possible to cut on cost of batteries used in their cars, which will result in an overall decrease in the cost of the final product. They can implement this by producing their batteries instead of buying from outside suppliers. Widening the coverage of the service stations and superchargers will ensure that customers are satisfied.

Employees

Attracting and retaining employees in a technology company is key to the success of an organization. This is because employees directly affect the productivity and performance of the company. Therefore Tesla should ensure that its employees are trained and developed, in addition to offering them competitive remuneration. Tesla has addressed this disquiet by offering reasonable reward and human resource programs to improve their professional skills. In partnership with its partners across the world, the company's corporate social responsibility (CSR) strategy provides for special training programs. The company's employees are therefore able to take advantage of new opportunities and expand their world outlook. The company therefore is able to gather for their interests, being part of the stakeholder in the group.

Investors/shareholders

These are the owners of the company. They are the ones who provide capital to the firm. Their main interest in Tesla is to see it growing and becoming more profitable. It is therefore within the corporate social responsibility framework for Tesla to ensure that its long-term strategies are directed towards transforming the automotive industry. Allowing other firms to use Tesla's patents will allow more brands to be produced. The products will use Tesla energy and energy-saving products. This will drive the demand upwards which, in the long run, gathers the interest of the shareholders. The fact that Tesla produces environmentally friendly products will also be beneficial to investors. This is because it will portray the company's positive image among the members of society. The sales volume will, in turn, grow, hence the overall profitability of the company.

Government

The governments in the various countries that Tesla operates to ensure that the legal and regulatory environment is conducive for business. The main interests of the governments are

for Tesla to pay taxes, contribute to society by constructing schools and hospitals among others, as a way of paying back the society. In doing all this, Tesla will be contributing to the economic growth of those countries. Tesla's plans to expand globally are therefore within the interest of the government's in every nation they operate in.

6.0 Recommendation

One of the main areas of focus for Tesla is the improvement of manufacturing efficiency. It should be able to add semis and public transport into its production lines (Tesla, 2017). This will not be easy especially if the current production systems are not able to sustain production efficiency. Tesla should also work on establishing more networks of suppliers. The current system of relying on a few suppliers is a remedy for future delays as there will be stronger supplier power. Tesla is spending its cash at a high rate. Therefore it is recommended that they either find ways of cutting costs or spend it in investing and financing activities (Tesla, 2017)

7.0 Conclusion

Tesla has succeeded in producing electric vehicles. Producing their first electric sports car, Tesla Roadster gave them more energy and believes that they can achieve what they had in their strategic plan, to move towards dependence on gasoline to cleaner energy. In subsequent years, they produced Model S, which was the best in its category. This was followed by other Models, Model X, Model 3, Model Y, cyber truck, and others. Its growth was then boosted by its unique marketing styles, where car dealers are not used but rather direct sales. This enabled them to be in direct contact with their customers. They provided aftersales services, built a large network of superchargers, and established sales outlets and customer service stations across the nations where they operate. This gave the assurance that their customers are satisfied.

As part of their efforts to improve efficiency and safety, Tesla trains their employees before they step their foot at the factory. They then continue to carry out on-the-job training. This is a proactive action, meant to prevent accidents and take care of their workforce.

As part of Tesla's endeavor to provide sustainable energy solutions, the expanded its operations across the world, which enabled it to produce a remarkable set of energy solutions. It is now possible for home owners and businessmen to generate, store and consume renewable energy with the introduction of powerwall, power pack, and solar roof products. Tesla's ultimate objective is to build the most affordable electric cars, accelerating the advent of clean transport and energy production.

8.0 References

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