

Structure and Culture of **TESLA**



INTRODUCING THE MODERN WORKPLACE
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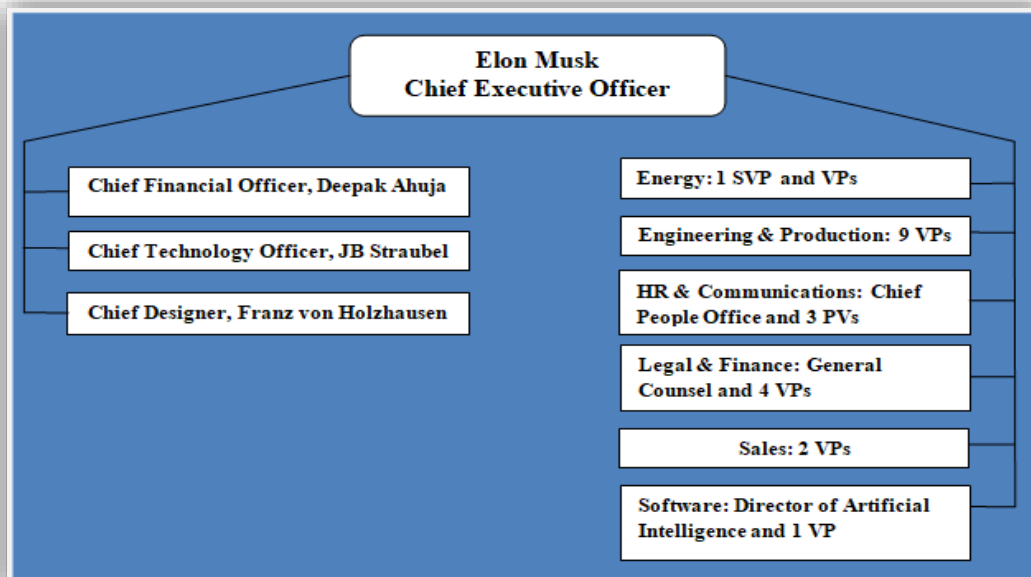
(Essay)

“I’m trying to allocate my efforts to that which I think would most affect the future of the humanity in a positive way.” – Elon Musk

Founded in 2003 by intelligent menace Elon Musk, Tesla Motors Inc. introduced to the market its first electric *sports* car 5 years later. The company was deemed as the most valued automaker in the USA and later in 2017 approached an enormous valuation of \$56 billion. Elon Musk has faced many financial disorders while setting up the organization, however, this shaped his confidence and strengthened his beliefs that the company will succeed one day (McKenzie, 2018). Tesla’s CEO has characterized his companies as moral missions as much as businesses. He did not start the company for electric vehicles to make money, but because he believed the world needed them. One of the questions appearing now is, how this company managed to achieve such a great figure and set itself apart as a force innovator? This report will reveal the importance of Tesla’s declaration to open source innovation and to its avantgarde method to its core communication. Yes, and behind this strong brand stands an association of people that are well motivated for implementing their goals. Therefore, this paper will be based on the importance of the relationship between culture, structure, people and organizational performance of Tesla Motors Inc.

Initially, our focus will be based on the relationship between the organizational structure of Tesla Motors Inc. and its ability to produce excellent results for proficient growth. In this case, the company must first determine its tactics and then develop a strategical plan including all work projects, deadlines and resources. The accurate organizational structure must be in place to administer the selected strategy; however, the results cannot be guaranteed.

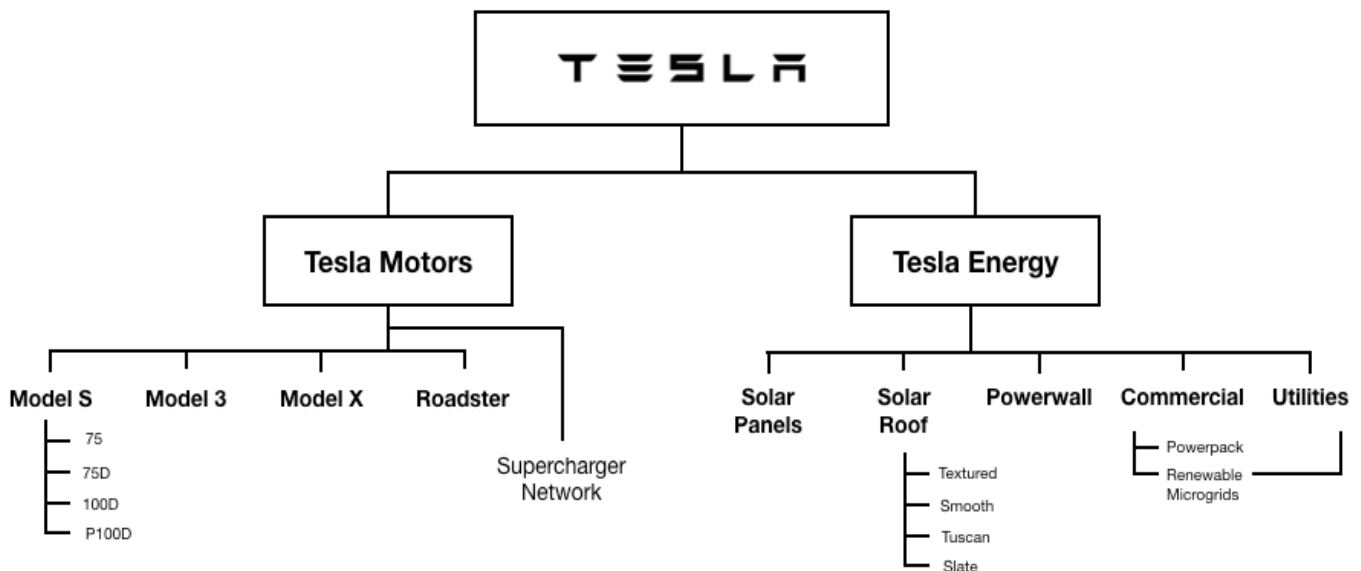
As per “Insane mode”, we understand that Tesla’s corporate structure is used to enable the general control of the corporation. However, the company’s executive focus and control depends on the capability to circulate and support the operation of innovative strategies for developing the business and its expansion. Tesla is unique company, and its organization structure has been recently flattened as per Elon Musk’s interview for *The Wall Street Journal* in 2018. (Higgins, 2018). The reason for devastating the structure is the difficulties in communication hierarchy and how it will not benefit the efficiency of the business. Therefore, Musk divides the structure into the main important departments for the company, such as engineering and production, energy, HR and communication, finance, sales and software (Hull and Pogkas, 2018).



(Fig.1)

The current pattern of Tesla's organizational structure illustrated above is controlled by vice presidents, expert software department, which is directed by the Director of Artificial Intelligence. The advantage of this type organizational structure is to reduce the bureaucracy associated to other companies. Thus, helps the company increasing the rapidity of communication between management with optimistic implication on flexibility of the business and decision making. (Korosec, 2018) *"We obviously cannot compete with the big car companies in size, so we must do so with intelligence and agility."* Elon Musk says for *The INC* in 2017. In order to achieve effective communication and successful business strategy the electric car giant decided to prevent the hierarchy's resistance and develop its corporate structure.

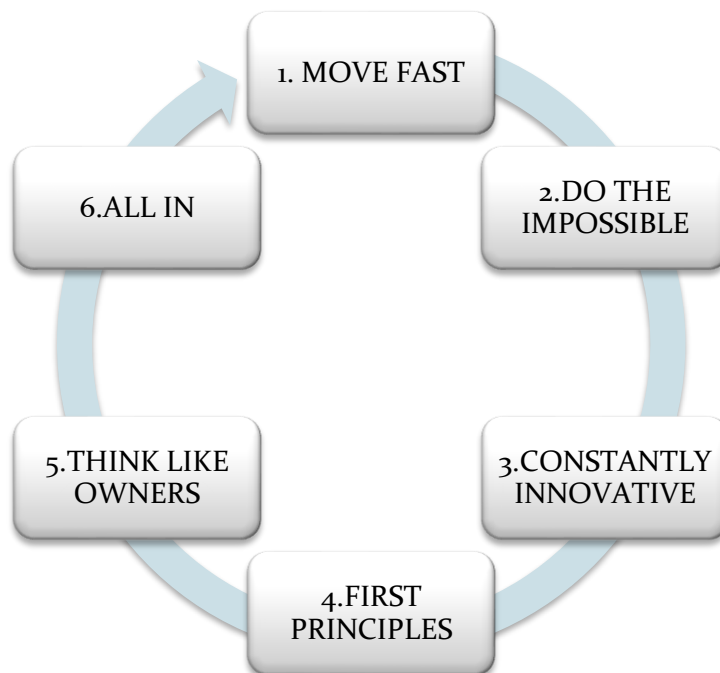
According to Fatehi (1996) framework, one of the leading structures for Tesla is its product divisional structure. On the figure bellow is illustrated how many products the company can offer its customers:



The company relies on this strategy because of the quality of their products should reach more consumers. Thus, the organization will achieve better company's standard and invest in developing the products and creating them more beneficial to their clients.

Tesla's organizational culture highlights the modernization that allows the brand to develop high-technology products and charm its customers. The advantages of Tesla's culture for achieving corporate success are many, such as: long term planning and rapidly problem solving. (McKenzie, 2018)

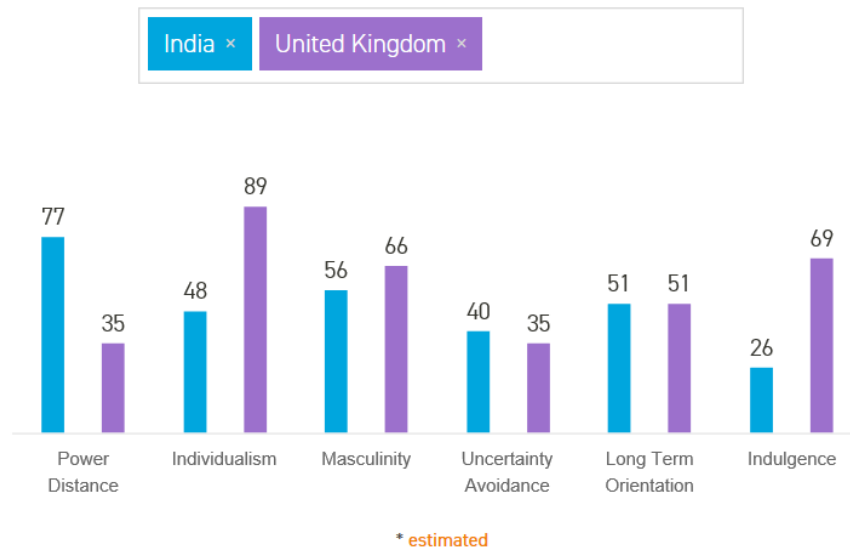
As a multi-billion company, Tesla can combine advanced tactic, distinguish high quality values and maintain inner-corporate ethical code. Therefore, Tesla's corporate culture can be identified by the following 6 steps:



(Fig.2)

1. *Move Fast.* The speed for Tesla plays significant role in terms of the competitive advantage. This mainly highlights its organizational structure as emphasizing the position of worker's competence to reply very quick to all trends in the industry. (Payline, 2019)
2. *Do the Impossible.* Tesla always makes sure that their employees are open-minded and think outside the box when improving a product. This cultural characteristic identifies the importance of new ideas and solutions. For instance, workforces are qualified to develop the product using their creativeness. (Payline, 2019)
3. *Constantly Innovate.* Innovation is at the engine of Tesla. The organization's focus is on the constant nature of origination. Innovation helps improving the products. Nevertheless, Tesla must maintain its competitive advantage non-stop. (Meyer, 2019)
4. *First Principle.* Musk encourages employees training and development plans. This is to support everyone and help them understand and resolve problems. (Payline, 2019)
5. *Think Like Owners.* Tesla's organizational culture preserve supportive attitude of business development. The brand encourages its employees to "think like they own the organization". Tesla's mission and vision is to inspire people to take accountability in the business performance. (Payline, 2019)
6. *ALL IN.* For improving the business, one of Tesla's cultural factors is to unite its workers into a team. Therefore, this will reduce any struggles through the teamwork. (Payline, 2019)

According to Hofstede's cultural model, I applied Tesla Motors Inc. to two different countries and analyzed the benefits of each dimension to each country. On the following figure is illustrated a chart of all dimensions applied to a European country (UK in purple) and an Asian country (India in blue):



Hofstede's dimensions are an overview of each country's cultural relation with other countries.

Power Distance – on this dimension **India** scores high, 77, representing an obligation for the hierarchy. This country's attitude is dependent on the authority holder. It is well acknowledged that there are un-equal rights between the power-privileged and the lower layers of the organization. (Butler, 2018) If a company such as Tesla operates in countries like India will lead to different structural model. The hierarchy is essential and there will be more privileges to the higher power, e.g Car parking spaces.

Great Britain sits on 35 in the lower ranking of Power Distance Insight. This means that the humanity believes that discriminations between individuals must be minimalized. A sense of fair play motivates people that everyone must be treated equally (Williams, 2017). For Tesla and Elon Musk this will be a dream for operating the business from a country like UK. As of one of the

statements above, Elon Musk prefer easy communication between employees and management, therefore the manager's office doors are always open for everyone.

Individualism – **India** is with middle score of 48 which means that the society is either collectivistic or individualistic. The collectivists belong to a bigger social background where individualists are expected to operate in agreement to the better image of an organization. The individualist's characteristic of this society is mainly perceived because of its hegemonic religion – Hinduism. (Butler, 2018) Therefore, the individualism relates with the collectivists propensities and that is why India has an intermediate score on this dimension.

At 89 score, **UK** has one of the highest Individualist scores alongside with USA (91) and Australia (90). The British are extremely individualist and subjective people. The most discussed phenomenon nowadays is the rise and consumerism of "ME" culture (Williams, 2017).

Tesla Motors can benefit from both countries' individualism because the loyalty of both nations is high.

Masculinity – At 56 score on this factor, **India** is considered as Masculine society, especially in demonstrating power and success. In India the dominant attention is to validate the material growths. (Butler, 2018) Thus, the success at the workplace is very important as showing visible symbol of personal's growth.

At a score of 66, **Britain** is also a Masculine society. People are focused on success and accomplishment. British people are directed to work with pure motivation (Williams, 2017).

Both countries can have the potential to provide Tesla with experienced people that have an ambition to succeed either professionally or personally.

Uncertainty avoidance – India scores 40 as it has medium-low partiality for avoiding uncertainty. In India, the imperfection is essential. People don't tend to follow plans or rule. Generally, the Indian nation do not feel compelled or motivated to take initiations. Their rules are of often being avoided which leads the country to disrepute. (Butler, 2018)

With score of 35, **UK** has a low score on Uncertainty Avoidance. This can be interpreted that British are feeling suitable and comfortable in uncertain circumstances. (Williams, 2017). Generally, there are not many rules in the society, however all existing rules are always followed. (e.g. British Queuing system).

In this case, Tesla will be more advantageous to operate from UK as the nation tends to follow rules and get to the point strictly, however in India the company may face some issues regarding people's initiative.

Long term orientation – At score of 51, Indian's culture cannot be determined.

The same intermediate score of 51 has UK and the **British culture** cannot be determined, too.

Indulgence – India has a low score, 26, that means its culture is restraint. It is known that countries with such a low score are interpreted as pessimistic countries. A nation with such a perception is restrained by its communal standards and believe that spoiling themselves is rather incorrect. (Butler, 2018)

However, the British culture has a high score of 69, which means that this country is classified as indulgent. British people are generally optimistic with positive attitude. (Williams, 2017).

Tesla Motors can benefit from the British Indulgent because the self-care and positive attitude can influence the organization's performance.

Tesla has a specific centralised managerial process where the leadership following the ideas of the CEO. In this case we are looking at micromanagement, however Musk constantly pushes people for achieving better result as part of the business and put himself in position to inspire people and drive the progress forward. (McKenzie, 2018). As a corporate business that involves a lot of people Tesla's human resources emphasizes on its values, leadership, decision making process, firing and hiring procedures, and rewarding its workforce performance and productivity. (Fottler et al., 2010).

In its management strategy, Tesla Motors, Inc. highlights on the employee engagement as the major perception is the customer's satisfaction. For encouraging an active employee engagement, the automotive maker starts gathering commitment from its top leaders. In fact, the communication across the organization must be transparent and keep focusing on periodical employee's surveys regarding their concerns and aspirations (Alexander, 2015).

Being a high-quality manufacturing firm, Tesla Inc. main comparative advantage is the continuous improvement of the quality management. The company is capable to select several quality organisation tools and apply them across the business.

Tesla's industrial process firmly applies the LEAN approach. LEAN aims to decrease the excess throughout the manufacturing procedure without compromising efficiency (Kumar, S. 2009). In addition, Tesla applies "just-in-time" business philosophy to improve the efficiency of the company. (Tesla, 2017).

Based on the conducted research of Tesla Motors Inc., we understand that the chance of successfully operation from different countries could be high. Although USA, where Tesla operates from and other countries like UK or India have differences in their cultural dimensions. The most influential dimensions are the ones that affect the business success of selling cars (Masculinity). In addition, Tesla is branding themselves not only a car manufacturer but as a hi-tech company. The organization provides its employees with great benefits and availability for training and development. The communication within the corporation is very efficient and transparent due to its structure. As one of the new innovative companies nowadays, Tesla is an example for the rapidly increasing profitability and the ability of operating in countries with different cultural standards.

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