# Tesla Business Analysis

Tesla is an American Company that manufacturers high-end electric vehicles, solar panels and also provide energy storage solutions. The company’s history can be traced back to 2003 when a group of engineers came together to design electric cars (Tesla, 2017). The engineers believed that the electric cars would not only be quicker but also better and fun to drive compared to cars that use carbon-based fuels. Over the years, the company has increased its presence in North America as well as other parts of the world such as Europe and the Middle East (Johnstone, 2013, n.p). Apart from electric vehicles, the company also builds a wide range of energy storage products as well as clean energy generation devices. The products Tesla produces target the high-end segment of the market and include Tesla Model X and Tesla Roadster (Statista, 2017, n.p).

The Freemont Factory in California is where Tesla makes most of its vehicles as well as components. The company has in the recent years embarked on expanding its products, with the main target of achieving a production rate of 500,000 cars per annum by 2018 (Tesla, 2017, n.p). To establish an ecosystem of sustainable energy, the company also develops a range of unique energy solutions. They include the Powerpack, Powerwall and Solar Roof. These unique energy solutions make it possible for different categories of consumers to manage the generation of clean energy efficiently and at the same time store and use the said energy effectively (Tesla, 2017, n.p). The company's Gigafactory further supports Tesla's energy products and automotive products. At this facility, the company undertakes a lot of research and development with the aim of reducing the cost battery cells and increasing their efficiency (Tesla, 2017, n.p). Through this facility, Tesla is able to manufacture its batteries in-house and at levels that are able to meet the company’s production objectives.

Electric vehicles like those produced by Tesla come with a number of advantages over gasoline-powered cars. One of the advantages is that users do not have to make any frequent trips to filling stations (Jones, 2014, n.p). The batteries that power the vehicles can easily be re-charged and at a significantly lower cost. Additionally, the electric vehicles utilize electric motors which only need a single gear at all the speeds (Bullis, 2013, n.p). This gear is quite powerful and powerful compared to the manual gear. However, mass production of electric vehicles has in the past been hindered by less than optimal batteries as well as the high production costs. Tesla has been able to overcome these obstacles by making considerable investments in energy storage and battery charging technologies (Halla, 2015, n.p). This way, the company’s batteries have not only become cheaper over-time, but the recharging times have also significantly improved (Johnston, 2013, n.p). Tesla’s main focus has been on reducing the size of the batteries while increasing their energy holding capacity. While established makers of electric cars have been going for larger batteries, Tesla has been working towards smaller cylindrical cells (Debord, 2016, n.p). Smaller sized batteries have not only allowed the company to save on manufacturing costs, but it has also allowed the company more flexibility as far as packaging the cells is concerned (Bullis, 2013, n.p).

The company’s main focus has been on the North American and European markets. However, Tesla has started taking initiatives aimed at expanding its global presence (Pressman, 2017, n.p). Similarly, the car has largely been targeting the high-end market. However, the latest model of Tesla cars seeks to tap into the mid-range market (Bullis, 2013, n.p). This will make Tesla cars more affordable to a bigger base of customers, resulting in increased sales. Tesla’s SWOT analysis reveals that its key strengths include a strong brand name, unique business strategy, and processes that are highly innovative (Luby, 2016, n.p). Regarding the brand name, the company has established itself as the leading manufacturer of high-end electric vehicles as well as a provider of renewable energy generation and storage products (Trefis Team, 2015, n.p). In addition, the company has built a strong reputation as a highly innovative entity. The company has over the years continued to invest in research and development with the aim of making electric vehicles more affordable and efficient.

In terms of unique business strategy, the company does not only focus on making of electric cars but also develops and sales new technologies. For weaknesses, key factors that undermine Tesla’s performance include a limited presence in the global market, high prices of the company’s cars as well as a limited supply chain (Dalvagas, 2016, n.p). Tesla’s presence is largely limited to the United States, meaning that most of its revenues are generated in the home country (Kissinger, 2017, n.p). This is despite the great potential that other regions of the world have as ideal markets for its products. The high prices of Tesla cars mean that only a limited number of consumers can afford them. This is a weakness as it hinders the company from rapidly expanding its revenues in the market. Key opportunities for Tesla include the largely unexploited domestic and international markets as well as diversification of the business. The major threats include dealership regulations and aggressive competition (Kissinger, 2017, n.p).

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