TESLA'S VERTICAL INTEGRATION STRATEGY

How Tesla Controls Everything to Win Big

PRESENTATION OPENING:

Good morning/afternoon everyone!

Today we're going to explore one of the most interesting business strategies in

modern times - vertical integration. We'll be looking at how Tesla used this

strategy to become one of the world's most valuable companies.

This presentation will show you what vertical integration means, how Tesla does

it differently from other companies, and what we can all learn from their approach.

Let's get started!

SLIDE 1: INTRODUCTION

Tesla doesn't just make cars - they control almost everything that goes into

making them!

Let's explore how Tesla's "do-it-yourself" approach helped them become the

world's most valuable car company.

Key Points:

• Easy to understand concepts

• Real-world examples

• Visual learning approach

EXPLANATION OF SLIDE 1:

This slide introduces the main idea: Tesla is different because they don't just

make cars - they control the whole process. Most people think Tesla is just

another car company, but they're actually much more. This presentation will

show you exactly what makes them special.

SLIDE 2: WHAT DOES 'VERTICAL INTEGRATION' MEAN?

Think of it Like Building Your Own House

Imagine you want to build a house. You have two choices:

THE NORMAL WAY (Most Companies):

Hire different companies for everything:

• Company A makes the bricks

• Company B does the plumbing

• Company C handles electricity

• You just put it together

Problem: You depend on others and pay their prices

TESLA'S WAY (Vertical Integration):

Do everything yourself:

• You make the bricks

• You do the plumbing

• You handle electricity

• You control everything!

Benefit: You control quality, cost, and timing

KEY INSIGHT: Tesla chose to "build their own house" - and it changed everything!

EXPLANATION OF SLIDE 2:

This slide explains vertical integration using a simple house example. Most

companies buy parts from many different suppliers (like hiring different

contractors). Tesla decided to make most things themselves (like doing all

the house work yourself). This gives them more control but requires more work.

SLIDE 3: HOW TESLA DOES EVERYTHING THEMSELVES

6 Big Areas Where Tesla Says 'We'll Do It Ourselves'

Here's what Tesla controls that most car companies don't:

1. BATTERIES

• Tesla builds huge Gigafactories to make their own batteries

• Instead of buying from other companies

• Like growing your own vegetables instead of buying from the store

2. SOFTWARE

• Tesla writes all the computer code that runs their cars

• Including self-driving features

• Like creating your own smartphone apps instead of downloading them

3. MANUFACTURING

• Tesla designs and builds their own robots and machines

• To make cars faster and better

• Like having your own custom kitchen tools for cooking

4. CHARGING STATIONS

• Tesla builds their own charging stations worldwide (50,000+ locations)

• So customers can charge anywhere

• Like building your own gas stations for your cars

5. SELLING CARS

• Tesla sells directly to customers through their own stores

• No car dealerships involved

• Like selling your homemade cookies directly instead of through a store

6. RAW MATERIALS

• Tesla gets involved in mining materials like lithium for batteries

• Like growing your own cotton to make your own clothes

KEY INSIGHT: Most car companies only do final assembly - Tesla does it ALL!

EXPLANATION OF SLIDE 3:

This slide shows six specific areas where Tesla does things themselves instead

of buying from others. While other car companies just put parts together, Tesla

makes the batteries, writes the software, builds the factories, creates charging

stations, sells directly to customers, and even gets their own materials. This

is very unusual in the car industry.

SLIDE 4: WHY THIS STRATEGY WORKS SO WELL

The Big Benefits Tesla Gets

Here's why Tesla's "do-it-yourself" approach is so powerful:

THEY SAVE MONEY & MAKE MORE PROFIT

How they save money:

• No middleman taking a cut

• Buy materials directly

• Control their own costs

Result: 19.3% profit margin - higher than most car companies!

Real-life example: It's like building your own furniture instead of buying

it from a store - you save money and get exactly what you want!

FASTER INNOVATION

What this means:

• New features get added quickly

• Cars get better through software updates

• No waiting for other companies

Like how your phone gets new features through updates!

BETTER QUALITY CONTROL

What this means:

• They can fix problems immediately

• All parts work perfectly together

• Consistent quality in every car

Like a chef controlling every ingredient in their restaurant!

EXPLANATION OF SLIDE 4:

This slide explains why Tesla's approach works so well. They make more money

because they don't pay other companies for parts and services. They can add

new features faster because they don't have to wait for suppliers. And they

have better quality because they control everything themselves. It's like

having complete control over your own business.

SLIDE 5: THE BIG CHALLENGES TESLA FACED

Why This Strategy Is Really Hard

s

Doing everything yourself sounds great, but it's really tough! Here's what

Tesla struggled with:

IT COSTS A LOT OF MONEY UPFRONT

• Building one battery factory: $5+ billion

• That's like buying 50,000 luxury cars!

• The problem: You have to spend billions before you make any money from

selling cars

Like building a house: You have to pay for everything upfront before you

can live in it!

"PRODUCTION HELL"

What happened:

• Tesla promised to make 5,000 cars per week

• They could only make 2,000 cars per week

• Customers waited months for their cars

• Elon Musk slept in the factory!

Like promising to make 100 pizzas but your oven can only make 40!

TOO MANY THINGS TO LEARN

Tesla had to become experts in:

• Making batteries (chemistry)

• Writing software (programming)

• Building robots (engineering)

• Mining materials (geology)

Like trying to get 5 different college degrees at the same time!

EXPLANATION OF SLIDE 5:

This slide shows that Tesla's strategy wasn't easy. They had to spend billions

of dollars before making any profit. They struggled to make cars fast enough,

causing big delays. And they had to learn many different skills at once. This

approach is very risky and almost caused Tesla to fail several times.

SLIDE 6: WHAT WE CAN LEARN FROM TESLA

The Big Lessons for Everyone

Tesla's story teaches us some powerful lessons about business and innovation:

THE KEY SUCCESS SECRETS

1. THINK LONG-TERM

Tesla was willing to lose money for years to build something amazing

for the future.

2. CONTROL WHAT MATTERS MOST

Tesla focused on controlling the most important parts of their business.

3. KEEP CUSTOMERS HAPPY

By controlling everything, Tesla can give customers exactly what they want.

4. NEVER STOP IMPROVING

Tesla constantly makes their cars, factories, and processes better.

THE BOTTOM LINE

Tesla proved that sometimes the best way to build something amazing is to do

it yourself - even if it's really hard and expensive. By controlling everything

from batteries to software to sales, they created cars that are different from

everyone else's and built a business that's hard to copy.

Key Takeaways:

• Innovation through control

• Long-term thinking pays off

• Quality comes from ownership

• Success requires sacrifice

EXPLANATION OF SLIDE 6:

This final slide gives us the main lessons from Tesla's story. The most important

lesson is that sometimes doing everything yourself, even though it's harder and

more expensive, can create something truly special that competitors can't easily

copy. Tesla's success shows that vertical integration can work if you're willing

to think long-term and work very hard.

END OF PRESENTATION

CLOSING REMARKS:

Thank you for your attention! Tesla's vertical integration strategy shows us that

sometimes the hardest path can lead to the greatest success. Their approach of

controlling everything from raw materials to final sales created a unique business

that's very difficult for competitors to replicate.

Are there any questions about Tesla's vertical integration strategy?

SUMMARY POINTS FOR REVIEW:

• Vertical integration = doing everything yourself instead of outsourcing

• Tesla controls: batteries, software, manufacturing, charging, sales, materials

• Benefits: higher profits, faster innovation, better quality control

• Challenges: huge upfront costs, production difficulties, learning curve

• Lessons: think long-term, control what matters, focus on customers, improve constantly