**Tesla Motors Competences (Porters 5 Forces Analysis)**

Porters five forces as seen in figure 3 below is useful in assessing a business sector to find how attractive the sector is and who has influence in the sector.

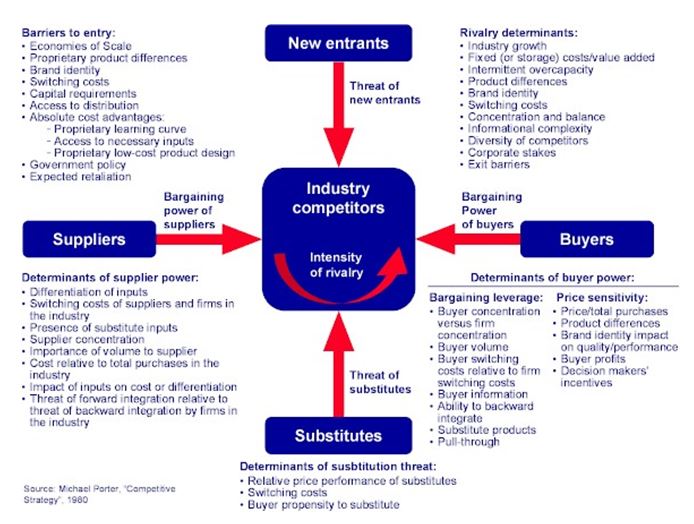
Tesla Motors Porters

Figure 3: Porters 5 forces Analysis Model

(Sourced from: Porter, 1981)

**The Threat from New Entrants**

The sector which Tesla Motors company is in has challenges for those who want to enter that market segment. The capital expenditure needed for this electric vehicle sector is very high and keeps new business away from this sector. The only business which may find it easy to enter this market are those existing car manufacturer that have large resources readily available as well as have the capacity to venture fully into this sector.

**The Bargaining Power of Buyers**

Tesla is a vital company in the electric vehicle sector and today they have a very solid relationship with their customers. Since the company has invested a lot of money and skill in research development, they have been able to manufacture quality products, which are useful for companies such as Daimler, and Toyota hence Tesla Motors power is very high. Tesla has a manufacturer, produces cars which are unique and scarce hence, with increased demand likely to set in the market, they will have considerable power thought, this is only vital if they are able to generate awareness of their brand.

**Threat of Substitution**

The threats of substitution are the Tesla Motors market segment can be seen from hybrid cars, diesel cars as well as other electric cars and solar power cars. There are also substitutes arising from people choosing to ride buses, trains as well as use bicycles instead of purchasing an electric vehicle.

**The Bargaining Power of Suppliers**

Since Tesla Motors is highly dependent on its suppliers and this is due to adopting lean management system where parts sought when an order is availed. This means that the suppliers have a higher bargaining power. If the suppliers do not bring the raw materials in time, Tesla is likely to suffer as a result.

**The Intensity of Rivalry in the Industry**

The global car sector is fiercely competitive with car manufactures competing on a global platform with different categories of their products to cater for different clientele. In the electric vehicle, sectors server car manufactures have created cars, which have not been able to meet the standard of Tesla though; companies such as Nissan have created compact affordable electric cars, which are selling in different countries.

Porter’s five forces show a growing threats to the Tesla car company if they do not work quickly and cater for other segment. This threat can only be from already established car manufacturer. The sector is still inaccessible due to the high capital-intensive investment an organisation will have to undertake and the skill needed to ensure an organisation is competitive.