

# Tesla, Inc. CUEGIS Analysis

## Background information

Tesla, Inc. (formerly named Tesla Motors) is an American automaker and energy-storage company, co-founded by Elon Musk, Martin Eberhard, Marc Tarpenning, JB Straubel and Ian Wright, and is based in Palo Alto, California. The company specializes in electric cars, their powertrain components, and also produces battery charging equipment. It is founded in July 2003.

## Change

1. The global increase in demand for use of renewable energy long term solutions in an attempt to fight climate change → Tesla has been able to address that by coming up with electric cars that do not require fuel consumption

## Culture

Tesla Motors, Inc. employs its organizational culture in developing advanced electric vehicles that stand out from the majority of automobiles, which use internal combustion engines. The company's ability to keep introducing new and profitable electric vehicles over time reflects the benefits of its corporate culture. Tesla identifies six main features of its organizational culture:

1. Move Fast  
Speed affects Tesla's competitive advantage. This characteristic of the organizational culture highlights the importance of employees' capability to rapidly respond to trends and changes in the market
2. Do the Impossible  
In developing cutting-edge products, Tesla must ensure that its corporate culture encourages employees to think outside the box
3. Constantly Innovate  
an organizational culture that rewards constant innovation
4. Reason from "First Principles"  
CEO Elon Musk promotes reasoning from first principles, which involves identifying root factors to understand and solve problems
5. Think Like Owners  
This ownership mind set supports Tesla's mission and vision by encouraging employees to take responsibility and accountability in their jobs and in the overall performance of the business
6. We are ALL IN  
Unifies employees into a team that works to improve the business. This cultural characteristic helps minimize conflicts through teamwork

Tesla's organizational culture supports innovation. An advantage is that it enables the company to develop high-technology products that attract its customers. A disadvantage of Tesla's organizational culture is its pressure on employees to constantly innovate. Innovation benefits the company, but puts a strain on human resources.

## Ethics

## Globalisation

Tesla has a functional organizational structure. This structure involves organizational function as the main defining factor. Other characteristics observable in other types of organizational structure are also present in the firm's structure, although at a less significant extent. The following characteristics are significant in Tesla's organizational structure:

1. Global hierarchy (most important)
2. Global centralization
3. Minimal regional divisions

### Strategy

Tesla has been quite active in the financial markets; last year, it sold \$500 million in stock to the public. But one of the unique things about its business model, from the beginning, was that Tesla takes customer deposits up front—a year, two years, three years in advance of production and delivery. Other car companies don't do that. And all those deposits add up. Deposits are a liability, of course: Once you accept a deposit, you are obliged to make the car. But they are essentially no-interest loans, or free money. At the end of last year, Tesla was sitting on \$283 million of customer deposits. And with 325,000 people signing up and paying \$1,000 each for Model 3 reservations, the company just Hoovered up another \$325 million—without paying a dime in Wall Street underwriting fees.

In 2016, Tesla stepped into the energy sector and acquired SolarCity as part of a commitment to developing renewable battery technology. In all its projects and partnerships, the firm has consistently encouraged technological development that doesn't negatively impact the environment, contributing to a positive company image.