Noah Edward Hall

Bus 690 Thursday

Professor Lambert

1. List Tesla’s capabilities. Using the VRIO analysis method what are the core competencies of Tesla today?

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| --- | --- | --- | --- | --- |
| Capability | V | R | I | O |
| Electric vehicle knowledge | X | X | X | x |
| Forward thinking leadership | X |  | X | x |
| Wealthy investors | X |  | X | X |
| Company owned outlets; Don’t have to sell through dealerships | X | X | X | X |
| Proprietary technology | X | X | X | X |

1. Perform a SWOT on TESLA.

|  |  |
| --- | --- |
| STRENGTHS | WEAKNESS |
| * Electric vehicle knowledge * Awesome leadership with high respect in the industry * Wealthy investors * Proven track record * Commitment to R&D | * Much more R&D is required, especially for BEV cars where the battery is the most expensive part of the car and is subject to deterioration * High costs of manufacturing * The amount of cash they spend, difficult to turn a profit * Huge start-up competition |
| * The big three followed the SUV crave and did not react fast enough when gas prices went north, thus consumers are looking elsewhere * The big three have horrible operations * Rising gas prices are forcing consumers to reconsider electric/hybrid/alternative propulsion vehicles * The government is pushing for alternative propulsion for cars, as indicated by the amount of legislature they are passing | * The big three automakers (GM, Ford, Chrysler) dominant the US automotive industry * The government has set a precedent of bailing out Tesla’s competitors * Ford did not receive any bailouts for the government, and was able to mortgage its assets and is currently experiencing a renaissance * Foreign competition has been increasing since the 70s * BYD Motors (china) is selling plugin electrics in China, and may come to USA or make it difficult for Tesla to secure market share in China * There are many different types of alternative propulsion – BEV, hybrid, hydrogen, lithium, natural gas, biofuels, etc – and it is too early in the R&D process to see which one will take the lead * 65% of consumers don’t want to pay more for an electric vehicle than they would for a traditional vehicle |
| OPPORTUNITIES | THREATS |

1. What strategic choices does Tesla face? What are Tesla’s short term strategic objectives?
   1. Strategic Choices:
      1. Continue to build electric vehicles that surpass customer expectations
      2. Critically define whether to begin R&D in other alternative propulsion vehicles
      3. Continue to expand internationally by opening sales locations in profitable markets
      4. Reduce its manufacturing cost
      5. How to maintain the high quality standard critics and consumers expect
      6. How to get consumers to invest in all electric vehicles
      7. How to get the electric infrastructure (e.g. charging stations & distribution) up to a competitive level
   2. Short Term Objectives:
      1. Find ways to overcome negative stereotypes of electric vehicles
      2. Continue to find strategic partnerships to diversify from Daimler & Panasonic
      3. Get its overall price down to a competitive level
      4. Deal with negative feedback
2. What are the primary elements of Tesla’s internal and external environment that need to be addressed for it to achieve a sustained competitive advantage? (Use the SWOT).
   1. Ensuring operations are in tact and knowledgeable employees are in position to make decisions – unlike CEO Martin Eberhard who said it cost 65k per car, when in reality it was 140K in parts alone
   2. How to bring down the high costs of manufacturing
   3. How to better utilize its cash flow
   4. Since Tesla choice BEV vehicles, Tesla needs to ensure the BEV propulsion outshines the other types of alternative propulsion vehicles