

The corporate rundown tesla motors

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Tests gains competitive advantage over auto industry competitors because of their direct-to- nonuser sales, stores and service centers, innovative consumer financing options, and technological innovations. Tests faces multiple risks in its ongoing operations and strategic plans for future growth. Teasel's 201 2 annual report cites 63 risks related to Teasel's business and industry and an additional 6 risks related to the ownership of their common stock. In an attempt to identify gaps and propose recommendations for future implementation an analysis of the principal forces of supply and demand on the industry / company is required.

Tests Motors-? objective and Strategy Chant Nell Tests Motors eschews the traditional auto industry " dealership" model and bypasses dealers and reaches customers directly through company-owned showrooms and online retail channels Value-added services are included, such as supercharger stations being installed in major markets throughout the US. Strategy Tests aims to become a mass producer of electric vehicles. In 2008, it launched the Tests Roadster model-? a paradigm shift/keystone in the EVE market. Tests has positioned itself as a key competitor in the EVE market.

Market Positioning Tests covers key EVE market segments and dominates the EVE segment Of the argue automotive industry. The 201 2 Model S targeted at the middle- and upper-middle-class customer. The 2014 Model X to take advantage of the booming SUB crossover segment. The 201 6 Gene III is positioned to compete with mass market Eves. Alliances To facilitate growth, Tests has cultivated X types of partnerships, including supplier alliances, R&D alliances, and MEMO alliances with other automobile

manufacturers. Additional revenue is generated from the sale of electric power train components and development services.

Tests Motors-? Financial Performance and Future Guidance Tests Motors held its initial public offering (PIP) on January 29th of 2010. According to a break even analysis the firm became cash flow positive for the first time in its history in Q of PAYOFF. Tests has unique business structure. Its competitors in its industry are highly mature as opposed to Teasel's newly developed business model, thus finding comparable companies can be difficult. Given Teasel's uniqueness, two comparable analyses were required. One comparable analysis captures Teasel's industry competitors and one comparable analysis will capture Teasel's high growth rate.

For the industry memorable analysis, seven companies are utilized to derive the industry average EVE/Revenue and EVE/Gross Profit levels. Using a weighted EVE/Revenue and EVE/Gross Profit for both set at 50%, the top line and the gross profit of the industry will sustain Teasel's future target levels. When screening for comparable for the growth rates in order to calculate the companies that have relative high revenue growth rate for 2013 and 2014 a weighted EVE/ Revenue of 70% and EVE/Gross Profit of 30% is the best achievable outcome and is the most important measurement to consider for the high growth company.

Existing Tests Market Dynamics- Lifestyle / Supply Chain Management: Tests created its life cycle and supply train strategy with the full understanding it wouldn't be the only producer of all-electric vehicles for long. Teasel's value proposition or " uniqueness" had to come from a commitment to being " at

least two generations ahead" of its rivals. But how could it achieve that goal, when its battery packs came from a company in Taiwan that had previously manufactured only barbeques?

Teasel's own engineers would have to spend months in Asia working out the design and engineering kinks. And the extra costs wound up wiping out the savings from cheap labor. To combat this Tests employed the following policies. It brought the power train manufacturing back in-house. Final assembly was relocated to California from the United Kingdom. Contract manufacturing was limited to the non-power elements of the vehicle. Its supplier base, more than 85 percent of which consisted of vendors producing a single part, was slashed.

The company is now producing the Model S, a sedan with a base price of \$57, 000 greatly widening market of potential buyers. Through several iterations of its Roadster; each representing an improvement in quality and a reduction in production costs, as well as the initial production year for the Model S, Tests has pushed forward with its strategy although some issues do present themselves such as the recently announcement on Fox Business that " Tests provided some disappointing news in its recent third-quarter earnings report.

The maker of electric cars lowered expectations for 2014 deliveries and delayed the launch of its Model X, a high-end electric crossover, until next fall. " This could point to some supply and demand issue and warrants further investigation. Controls: Teasel's strategy centers around maintaining high quality controls as they transition to a higher level of in-house

manufacturing process; and that the information technologies systems that we are currently expanding and improving upon will be effective to manage a higher volume production.

Operations: Tesla sells its cars to customers through its stores which it fully owns and operates. Tesla stores and galleries "are highly visible, premium outlets in major metropolitan markets some of which combine retail sales and service". Tesla's stores change the entire car buying experience and take away the incentive of both the buyer and seller to compete on price. Furthermore, Tesla's stores allow the firm to achieve operating efficiencies as well as capture sales and services revenues that typical automobile manufacturers do not.

Technology: Earlier this year Tesla's CEO, Elon Musk, announced to the world to permit competitors to, "in good faith," make use of the automaker's patent portfolio for free. The goal, he wrote on Tesla's website, was to lure automakers into entering the electric vehicle ("EVE") market. This patent policy shift was put forth in an effort to quicken the argental growth of Tesla in the automotive market currently dominated by internal combustion engine vehicles. Additionally, Tesla announced has an agreement with Panasonic to build a new, United States based battery plant.

According to Deanne De Freesias of IV News, "Dubbed the Cofactors, the facility will be able to produce batteries for as many as 500,000 Teslas per year by the year 2020. The scale of the production is projected to be so large, in fact, that by 2020 the Cofactors alone would produce as much battery capacity as the entire world produced in 2013." Freesias goes on the

say, " To be ere, the impact of the Cofactors will positively affect electric auto sales. The Cofactors scale and capacity may be felt across the technology and energy sectors as well. Financial: Tests announced a new financing option for customers that aim to bring down the monthly cost of owning a Model S. Thefinanceoption allows customers to enter into a 5. 5 year loan for around \$500-\$600 per month. Essentially, the customer does not have to put down anymoneyup front because all Tests customers receive a federal tax credit. The federal tax credit is an incentive from the government for consumers to arches electric vehicles. The finance option combines the best features of a lease and a loan and makes the car affordable to more consumers. Lattice: Teasel's direct-to-consumer car sales are a strong strategic position and advantage they hold over typical automobile manufacturers in North America. Most automobile manufacturers are required by state law to sell their vehicles their franchised car dealerships. Tests is able to sell their cars directly to consumers because it has no franchised dealers Automotive Industry Business Cycle According to Douche, " Many factors affect the performance of an industry and s each industry makes up a portion of real GAP, they in turn can impact the cycle of the economy.

The automotive industry is clearly impacted by macroeconomic policy and auto production and sales rates in relation to interest rates, real GAP, inflation and unemployment make this evident.. " Tests has the deliberate yet novel approach of phasing in their product offerings gradually starting with the very high end / high performance model and then through its entrants in the performance sedan and crossover SUB markets, concluding

with an what is typically an auto companies first offering, its mass market vehicle.

Tests reversed the roll so they could generate a lot of hype in the media on a very limited production run. The most interesting thing about Tests is the role of marketing in selling electric cars that cost \$100, 000 or more. Many business leaders have attempted to change the automotive industry over the last couple generations and none have succeeded. The process Of buying a car is essentially the same as it was generations ago. And the process has remained unpopular for decades.

Tests is creatively using marketing to upend the auto industry business model: There are no Tests dealers There are no commissioned sales people Tests cars are marketed and not aggressively sold Tests transactions are conducted online The price is the price: no negotiation There is no inventory: the Tests Model S is built to order You can't test drive a Tests unless you put down a \$5, 000 deposit In many parts of the country, you can't see or drive the car before you buy even if you place a deposit.

You have to wait in line for months or years to get a car And the marketing challenges are incredibly difficult: They are building a new luxury brand from scratch They are evangelize a new type of vehicle: an electric car They are selling a 60, 000 - \$100, 000+ car that can't go on a road trip They must sell an entirely new model of buying and owning a car While Tests is starting with expensive vehicles, they clearly have mainstream ambitions. They are investing to build a big car company. How hard is it to build and sell cars in the USA?

Look at it this way: Tesla is the second oldest publicly traded auto company in the United States behind Ford. GM went bankrupt and went public four months after Tesla. Chrysler remains private following its own reorganization. While Tesla has a long way to go to be profitable, producing cars in volume, and vying towards the mainstream, their first home-built product – the Model S – is a SUCCESS. They have 10,000 - 20,000 orders and have swept the auto industry awards, winning the most recent round of Motor Trend, Automobile, and Yahoo Autos awards for car of the year.

Tesla is the first startup car company, and the Model S is the first electric car, to win these awards. Risk Management Recommendations and Strategies- Based on the research conducted a few of the lessons learned would be prudent for Tesla to internalize and incorporate going forward. Make sure that supply-chain, corporate and product strategies are tightly aligned. Tesla's supply-chain managers should work closely with the engineers to jointly evaluate costs, working with only a targeted few trusted suppliers.

Complete and in-depth evaluation of the multiple external drivers, including global economic trends, customer preferences, proximity to markets, labor costs, supplier quality, regulatory requirements, environmental sustainability, community responsibility and geopolitical shifts. Don't offshore manufacturing until your product has matured and stabilized. With the opening of the Fremont factory this issue is well on its way to being solved but it bears remembering.

While there is no history of or mention of derivatives for Tesla in either its annual report or the media it is considered as a perfect hedge according to Seeking Alpha or Tesla can capitalize on this to counter the first three risks related to the ownership of our common stock identified in the 2012 annual report. 1. Concentration of ownership among our existing executive officers, directors and their affiliates may prevent new investors from influencing significant corporate decisions. 2.

The trading price of our common stock is likely to continue to be volatile. 3. A majority of our total outstanding shares are held by insiders and may be sold in the near future. The large number of shares eligible for public sale or subject to rights requiring us to register them for public sale could depress the market price of our common stock. Hedging will enable a more diversified ownership, reduce the volatility in stock pricing and if staggered effectively reduce the impact of insiders selling large allotments of shares.

Conclusion Tesla developed a specific strategy for life cycle and supply chain management with the goal of being "at least two generations ahead" of its rivals. As a strategy to improve on supply and demand management Tesla will transition to increased levels of "in-house" manufacturing processes. In an integrated approach linking operations and political strategies Tesla sells its cars to customers through its stores which it fully owns and operates bypassing state regulated dealerships entirely.

Its technology strategy is a patent policy shift, put forth in an effort to quicken the percentage growth of electric vehicles in the automotive market currently dominated by internal combustion engine vehicles. For a

financial strategy Tests created a new enhancing option for customers that aim to bring down the monthly cost of owning a Model S. Tests has identified 69 different risks in its 2012 annual report and has formulated risk mitigation strategies for each.