

# [Tesla motors essay](https://assignbuster.com/tesla-motors-essay/)

The company’s second vehicle is the Model S, a fully electric luxury sedan that can drive 265 miles per charge.

In 201 5 the company plans to launch its third vehicle MODEL X, which is a crossover utility vehicle that blends the best of an SUB with the benefits of a minivan. Tests also markets electric perpetration components, including lithium-ion battery packs to automakers including Daimler and Toyota. The first of Tests Motors strengths is in its R department and technical mastery of electronic motors and associated components.

It could e argued that the biggest strength of Tests is its ability to output new technology. Teasel’s most important technological breakthrough is its electric power train.

As one of its core competencies, Tests develops and sells power train components to third parties such as Toyota and Daimler. In addition to developing a robust perpetration Tests also specializes in electric car engineering (Tests Motors, Inc. , 2014). Tests wanted their electric vehicle to be as efficient as possible and had to develop new systems to be compatible with their electric perpetration.

This design constraint led to the development ND innovation of several unique technological features in addition to making their perpetration modular to adapt to a variety of applications, Tests has engineered a complete battery pack system, unique motor and gearbox designs, and has redesigned systems such as heating and air-conditioning. In developing all this innovative technology, Tests has established itself as a strong base in research, development and engineering.

Another primary strength of Tests is its technically savvy employees. CEO Leon Musk has established himself already with his leadership in Papal and Spaces Tests

Motors, like Spaces, has set itself up as engineering based firm focused on delivering a superior product. While Tests has many strengths, it also has its weaknesses. Tests is a decade old and it is still suffering weaknesses associated with startup companies.

A new company must always guard against significant weaknesses in order to last. Tests in particular has many hurdles to overcome in order to withstand the weaknesses faced by producing an expensive and technologically intensive luxury car. Current weaknesses include poor financial performance stemming from significant costs, weak brand power, and a small portfolio.

As with all startups, Tests started in the red. Engineering a brand new electric luxury car requires significant capital to fund the research and development as well as production of the vehicle.

Though it was founded in 2003 Tests did not see a quarterly profit until 2013. Even then the profit is criticized by some that say the profit is derived only by government subsidies and initiatives. Despite the constant losses incurred by Tester the stock price has done very well as investors keep hoping that the company is a long term success. As it currently stands the brand name of Tests stands on shaky ground.

As it is a startup company, Tests cannot rely on its name for significant customer attraction.

The company hasn’t been around long enough to have built a strong reputation. In addition Tests has also had to deal with a few recalls involving battery, seat, and steering defects (Tests Motors, Inc. , 2014). Despite the recalls, Tests has had a great performance with introducing their brand name to market. Another weakness of Tests is its small product portfolio combined with a limited ability to produce at volume. Tests currently only offers the Model S.

While Teasel’s first product was the Roadster, they suspended production on that vehicle to focus on the Model S. Tests does plan on expanding their product line with the Model X, and possibly a newer version of the Roadster. But for now the product line is limited to the Model S. In addition to only having one vehicle for customers to choose from, Tests also has a limited capacity to meet the demand. At the start of the 201 3 year Tests had over 15, 000 customer reservations.

This inability to meet demand as well as the limited product line is a significant weakness that Tests must overcome (Tests Motors, Inc. , 2014).

There are many opportunities for a many like Tests to capitalize in which include, but are not limited to, reductions in their current cost model, increased distribution and super- charging area, capitalizing on cross sales to the existing luxury car market and us applying their tech oenology to other companies. Right now the Teasel’s sales are mostly concentrated in Southern California, whereas other big players in the PEP market distribute their cars to registered dealers where they are sold throughout the United States. Incidentally most of the 30-minute supercharging stations are also located in Southern California.

Tests plans to increase this number significantly by the winter of 2015. The range of a fully charged Tests Model S is approximately 265 miles. By the winter of 201 5, Tests plans to have enough charging stations so that a Tests Model S can travel to 98% of the US, never out of range of a 30-minute charging station. Additionally, these stations are slated to be near major commerce areas, so that patrons are able to charge their cars while shopping or eating.

This opens Tests up to a new market who may want an electric car that looks like a normal car, but doesn’t want to deal with exorbitant charging times.

The free ND easy charging, coupled with the fact that the Tests Model S has room for 5 adults (the Model X SUB will have room for 8 passengers) allows for Tests to be the first environmentally family car, suitable for road trips, or weekend excursions. Not only is Tests a threat to other PEEVE makers, but they also pose a threat to drivers who may be looking for a different type of a status symbol. On top of winning sass’s Motor Trend car Of the Year Award, Tests has been outselling similarly priced luxury cars.

Once Tests has a wider distribution, they will seemingly have the opportunity to be the key player in he PEEVE market.

Tests is also playing the part of the us applier by selling their technology to other PEEVE manufacturers. Daimler and Toyota bought 50 million dollars’ worth of Tests stock in 2009, when the company first went public. Tests has been supplying Mercedes-Benz with the batteries and motors for the A-class model and they have been supplying Toyota with the same batteries and motors for their PEEVE version of the RAVE (Ways & Manson, 2010).

Tests could potentially sign similar deals with other car manufacturers and become the main supplier of “ laptop batteries” for the majority of the PEEVE market place.

Whether other auto manufacturers would be willing to give Tests that sort of supplier power remains to be seen, but it may be worth it for Tests to try. However, Tests has yet to license any Of its supercharger technology. If other automakers wish to fall in line with Teasel’s vision of accessible PEEVE charging, free of charge, then the company has said that only then will it license the technology to other companies (Gordon- Bloomfield, 2013).

Potentially, Tests could become the main supplier for batteries, motors, and chargers for the majority of the PEEVE market if they play their cards right.

While Tests is a company that has many opportunities, it also is dealing with its fair share of external threats. Included among these threats are substitute vehicles, supplier constraints, and the ban of direct from manufacturer auto sales. Electric cars are already more expensive than traditional gas powered vehicles and Tests is at the top of the price point. Gas powered vehicles are cheaper have a proven track record and benefit largely from economies of scale. Other PEES are cheaper and have a wider distribution area.

If Tests fails to address cost and distribution issues, TTS distinctive body style and environmentally friendly corporate attitude may not be enough to last. Tests is also experiencing issues with its supply chain. As Tests sales increase, their primary supplier is having trouble keeping up with the demand of the relatively new technology. Like Tests, their suppliers have been used to dealing with small batch orders and have yet to benefit from economies of scale. As of now Panasonic is the only supplier Of cells for Teasel’s lithium-ion battery and they experienced difficulty in meeting the demand for just around 5000 cars (Motivational, J.

013). Tests hopes to eventually sell as many cars as GM. Ford and Chrysler and that means that Tests will need a lot of batteries. That requires a large commitment from their one and only supplier. If Panasonic is unable to meet this demand then Teasel’s sales and reputation may be negatively affected. Key factors that Tests needs to address in order to grow and remain competitive are addressing limited charging infrastructure which Tests said they will do by 2015 by they will have challenge with the cost of installing a charge, which is expensive and they will have to decide how fast-charging effects battery life.

Furthermore, utility companies must manage the grid burden on fast-charging – Excess demand may overburden the grid in peak hours. Secondly Tests needs to address the pressure for lower its prices. However, Batteries still costs $10, 000-$15, 000 which contributes to most of price difference between Tests Vehicles and traditional vehicles. Consumers are very sensitive to price difference.

Tests owns very few differentiations of horsepower, automobile handling and exterior & interior design against traditional ones. This further explains why buyers are more likely to switch to rotational vehicles on the basis of price.