

Tesla motors essay



**ASSIGN
BUSTER**

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

In 2015 the company plans to launch its third vehicle MODEL X, which is a crossover utility vehicle that blends the best of an SUV with the benefits of a minivan. Tesla also markets electric powertrain components, including lithium-ion battery packs to automakers including Daimler and Toyota. The first of Tesla's strengths is in its R department and technical mastery of electronic motors and associated components.

It could be argued that the biggest strength of Tesla is its ability to output new technology. Tesla's most important technological breakthrough is its electric power train.

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

This design constraint led to the development and innovation of several unique technological features in addition to making their powertrain modular to adapt to a variety of applications, Tesla 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, Tesla has established itself as a strong base in research, development and engineering.

Another primary strength of Tesla is its technically savvy employees. CEO Elon Musk has established himself already with his leadership in PayPal and SpaceX. Tesla

Motors, like SpaceX, has set itself up as an engineering based firm focused on delivering a superior product. While Tesla has many strengths, it also has its weaknesses. Tesla 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. Tesla 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, Tesla 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 Tesla 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 Tesla 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 Tesla stands on shaky ground.

As it is a startup company, Tesla 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 Tesla has also had to deal with a few recalls involving battery, seat, and steering defects (Tesla Motors, Inc. , 2014). Despite the recalls, Tesla has had a great performance with introducing their brand name to market. Another weakness of Tesla is its small product portfolio combined with a limited ability to produce at volume. Tesla currently only offers the Model S.

While Tesla's first product was the Roadster, they suspended production on that vehicle to focus on the Model S. Tesla 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, Tesla also has a limited capacity to meet the demand. At the start of the 2013 year Tesla had over 15,000 customer reservations.

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

There are many opportunities for a company like Tesla 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 technology to other companies. Right now Tesla'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 2015, 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 Tesla stock in 2009, when the company first went public. Tesla 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 RAV4 (Ways & Manson, 2010).

Tesla 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 Tesla that sort of supplier power remains to be seen, but it may be worth it for Tesla to try. However, Tesla has yet to license any of its supercharger technology. If other automakers wish to fall in line with Tesla’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, Tesla could become the main supplier for batteries, motors, and chargers for the majority of the PEEVE market if they play their cards right.

While Tesla 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 Tesla 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 Tesla fails to address cost and distribution issues, Tesla's distinctive body style and environmentally friendly corporate attitude may not be enough to last. Tesla is also experiencing issues with its supply chain. As Tesla sales increase, their primary supplier is having trouble keeping up with the demand of the relatively new technology. Like Tesla, 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 Tesla's lithium-ion battery and they experienced difficulty in meeting the demand for just around 5000 cars (Motivational, J.

013). Tesla hopes to eventually sell as many cars as GM, Ford and Chrysler and that means that Tesla 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 Tesla's sales and reputation may be negatively affected. Key factors that Tesla needs to address in order to grow and remain competitive are addressing limited charging infrastructure which Tesla said they will do by 2015 but they will have challenge with the cost of installing a charge, which is expensive and they will have to decide how fast-charging affects battery life.

Furthermore, utility companies must manage the grid burden on fast-charging - Excess demand may overburden the grid in peak hours. Secondly Tesla 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 Tesla 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.