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Introduction

Because of globalisation's intense change and competition pressure, businesses are driving from the company's dimension of individual management to collaborative cooperation approaches aided by the anticipated business strategy. A business strategy is a decision or action of a business or organisation to attract customers and achieve the organisation's objective. These strategies are the master plan for securing a competitive position of the firm market area of the competitors. Through business strategies, organisations will carry their business operations and fulfill the customers' desires and demands. Multination organisations and firms establishing subsidiaries and business entities in international markets or foreign countries must adopt different strategies during the integration process. The macro-economic and intercultural factors are the epicenter for change and must be considered in complex ventures. In the modern competitive market, multinational firms must collaborate and communicate with the partners, suppliers and customers through a complicated and temporary product supply chain. Business strategies involve complex processes requiring information on the diverse sources that need simultaneous changes by the managers of entrepreneurs. In this report, I choose Tesla Inc or Tesla Motors to explore the key strategies they have anticipated to inherit the global motor vehicle sector within the past few decades. The organisation was founded in 2003 by a group of various engineers. Tesla Motors deal in the automotive industry and has transformed its services to the global society.

Background Information

Tesla was established in 2003 by businessmen Mar Tarpenning and Martin Eberhard; the organisation was named after the famous entrepreneur and inventor Nikola Tesla. Elon Musk joined Tesla Inc. as the board chairman in 2004, making a 30-million-dollar investment into the business. The establishing motive was to manufacture the first electric cars; however, the mission of the company has advanced, and according to their website, it states that "Tesla committed to accelerate global transition of bearable energy." In the year 2008, after consistent examination and development, they divulged their first car known as Roadster which was an inimitable electric car travelling up to 245 miles on a single charge and do 0 to 60 in less than 4 seconds.

Moreover, in 2008, Eberhard and Tarpenning left the firm and Musk taking over as the Chief Executive Officer was an effective strategy to its success in the automotive industry.

Tesla became famous in 2010 as the American car manufacturing firm to produce an electric vehicle since Ford became public in 1956. The previous public donation contributed more than 226 million dollars for the organisation, which occurred within seven years. Tesla ended the Roadster production to allow the company to work on the new projects, which consisted of the Model S, a four-door sedan. Moreover, in 2012, Tesla started creating multiple a significant network of charging sections or stations in the United States to enhance the efficiency of the electric cars more. During the first quarter (Q1) of 2013, the company reported that the sales of Model S started to grow considerably. However, the triumph was short-changed as the company continued to explore the market of consumers' market, which facilitated research and growth for the newer brands and the self-driving software. In 2016, the company started the sales of Model X. Moreover, the company recorded a third quarter since the company was established.

Model 3 was expected to hit the market in 2017 with a cheaper alternative to the Model S and Model X prices which ranges from \$80,000 to over \$100000. According to the Tesla audit, the Model 3 was expected to be the car produced with a considerable profit margin and driver. According to the reports on the Tesla history, the consumers ordered Model 3 with over 200000 reservations made. Due to the unstable global market in 2018, Tesla announced the closing down of the stores in the United States and created online sales to reduce the operational cost. However, the stores remained opened and raised the price tag for all cars except for Model 3, costing \$35000. In their research, Boudette and Zhong explain that Tesla unveiled the next car to manufacture, known as Model Y, in the first quarter of 2019. Currently, Tesla has planned for a Semi Pickup to replace the Roadster version and to boost the autopilot software with the aim that cars will drive themselves. Tesla focuses on expanding its sales both in Europe and China markets to attain market advantage. They are working on establish manufacturing plant in China to assist them in cutting the cost and lowering cars pricing. It is critical that Tesla produces rooftop solar panels for power walls and homes, which is a battery to store electricity

produced from the installed solar panels. The products are conditioned to help Tesla achieve its mission; in this case, a strategic audit is essential to help the company identify what business strategies impact the business success significantly.

Analysing the Impact and Influence of the Macro Environment on an Organization and its Business Strategies.

P1: Applying appropriate frameworks, analysing impact and influence of the macro-environment on a given organisation and its strategies.

Multiple dimensions of strategic business management are critical for the manufacturing plans. These conditions can help make different strategic priorities and objectives that implement change and development of organisations like Tesla Inc. (Tesla Motors) (Johnson et al., 2014). Tesla has to consider the impacts of differentiation mechanism to lead the competitive market. In the globe of contemporary business, the implications of firm mechanism cannot be assumed or ignored. Since the company's roles are critical to understanding, the report focuses on Tesla Inc, a leading manufacturer of electric motor vehicles in the world. On the other hand, meeting the requirements is higher and may influence the interest. There exist various theories analysing the internal and external analysis which the company applied. Relatively, the strategic evaluation of their products also forms part of this report. In the case of Tesla Inc., there exist growing influences getting confirmed through the macro-environment. Within the macro environment, firms can understand their demands and then ensure essential requirements.

Stakeholder's Mapping

According to Berger, Schögggl and Baumgartner (2021), stakeholders may consist of many people, individuals or parties who may have a close relationship with the organisational activities. In this case, any party or individual influenced by the actions of Tesla Inc is regarded as a stakeholder. The diagram below outlines the analysis and how best stakeholders are understood and known.

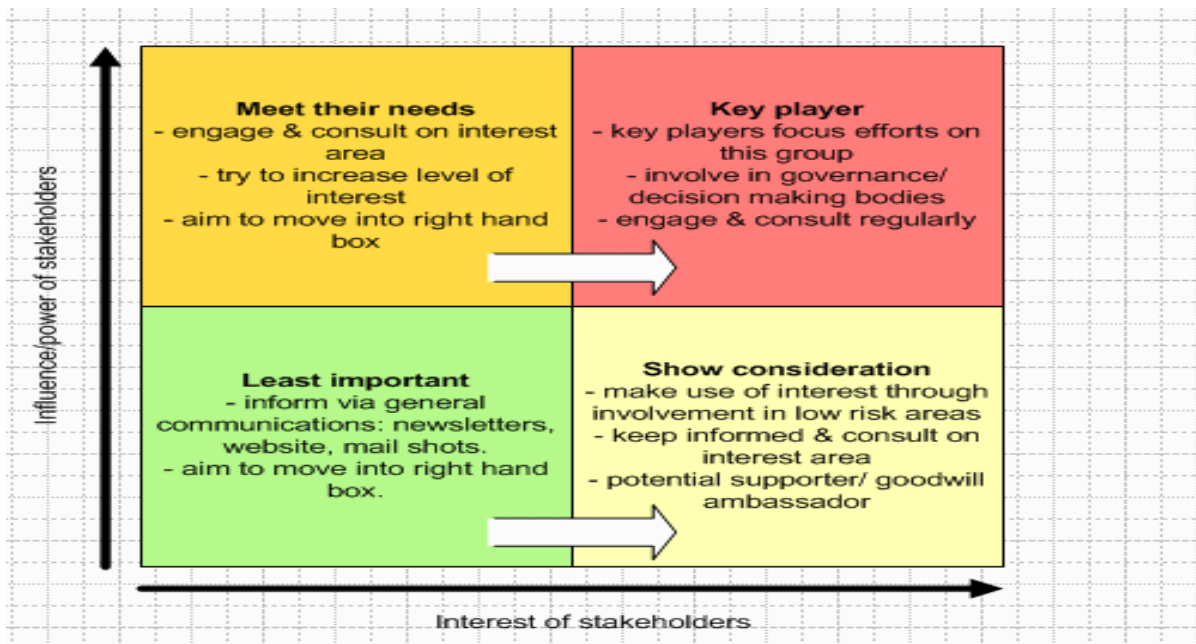


Figure 1: Stakeholders' Matrix (Kremmer, 2019)

In the analysis, there exist multiple dimensions that must be arranged and managed according to the business's success. Concerning this case, Tesla Inc. has people of different sizes and, through the analysis, plays a critical role in reforming the tesla motor group. Elon Musk organisation is one of the multinational market leaders in the automotive industry and can potentially intrigue the market of consumers significantly. The adopted business strategy influences the products as the government works to reduce high interest, thus increasing customers' purchasing power or momentum. Kremmer (2019) explains that in a scenario where both interest and impact are ignored, a least critical dimension where product understanding is not demonstrated accordingly. On the other end, satisfying the demands will increase as a result of the raining the interests. Relatively, the matrix presents customers and consumers who can change or join other parties quickly.

Situational Analysis

Porters Five Forces

These are models or frameworks that help the company analyse the competitive environment outlined below.

The threat of New Entrants:

Tesla starting the electric automotive sector was challenging; particularly for the start-up in the case study of

Tesla Inc., the company has taken more than 15 years and a budget of billion dollars of debt to achieve its current position. Based on this factor, the likelihood of a new organisation thriving in the United States is minimal. However, outside the US, it is possible to find organisations manufacturing electric cars, for instance, Europe and China. Still, it will take many years to overturn Tesla Inc., a global multinational electric car manufacturer. Tesla's threat of new entrants comes from the existing firms such as Ford, Audi, GM and Fiat-Chrysler and other manufacturing firms which have decided to enter the market to produce electric cars. In the context of Germany, it is realised that car production will demand over 45 billion dollars in electric car technologies in the next three years. Based on the condition's, the threat of new entrants remains medium and can change when no new start-up enters the market or Tesla continues to lead the electric automotive sector.

Bargaining Power of Buyers

The power of customers buying electric cars is high, and this is due to various factors. Tesla is becoming a more available electric car option to the consumer market for the new clients, helping them compete favorably. The customers buy and use a single car at a time due to the high prices the company is selling their vehicles. Those who have bought the vehicle fail to invade the market for a new order of a new car. Relatively car buyers always decide on the vehicle they want to purchase or buy. As a new company manufacturing electric cars, they have revised their pricing strategy and have lowered the cost in the past few years than Tesla. This has placed pressure on Elon Musk and the Tesla organisation to manufacture cars costing low budgets to help them attain the market and competitive advantage.

Threats of Substitution

In the modern world, several modes of transportation exist that places high competition on the company. The closest option or substitution for the electrically manufactured cars are gas-powered and hybrid vehicles. Beyond sustainable energy, the vehicles rely on presents little or no differences from the electric and gas-powered ones. The cars also face competition from other modes of transport services offered by buses, biking's, trains and subways. Due to the availability of various modes of transportation across the globe, the threat of

substitution is high.

Bargaining Power of Suppliers

Tesla group corporates with multiple suppliers to manufacture its vehicles and ensure they reach the global market. The idea of pressuring the suppliers to lower their pricing strategy formed part of G.M. and Chrysler's approach when they tried to avoid going bankrupt during the previous financial crisis; this made most suppliers go bankrupt. Electric manufacturers like Tesla have devised mechanisms to control both quality and quantity of the spare parts obtained from the suppliers. Tesla pressured their suppliers in 2018, asking for a refund for the past payments on the parts and negotiating for lower prices for future business engagement or contracts. In most cases, suppliers are well established within the product's supply chain and parts of custom manufactured by the same company, making it challenging to sell anywhere. It has been reported that car manufacturers have the capabilities over suppliers than suppliers do over the producers, therefore, reducing the bargaining power.

Industry Rivalry

The rivalry has become a common business challenge in various environments. In general, the electric car sector rivalry resumes a medium space due to the lack of much market competition. Additionally, major car manufacturing organisation such as G.M. sell fewer electric cars compared to gas-powered ones. Furthermore, G.M. has broken into the electric vehicle sector and does not meet what Tesla invested within their firm.

Tesla's Inc. PESTEL Analysis

PESTLE is a framework providing a suitable position on the function of the external surrounding in the context of Tesla Inc. There exist multiple aspects which provide the varying aspects of the company. Based on the reason, the implementation of PESTLE analysis will be vital during the analysis.

Political

Tesla Inc. is presented to be surviving a plethora of political impacts and sequential alterations. As a result, governments are involved in Tesla Inc.'s operations to help them achieve the competitive edge. The government has adequately patronised Tesla Inc's actions. They also have a strong partnership with political

organisations. Since there are changes brought about by the unfavorable political climate, the company must focus on the misdemeanors to achieve greatness-this explains Tesla Inc's political efforts.

Economic

Tesla Inc. is connected to several activities that are connected to economic dimensions. The impacts of the economic deviations are enormous and influence the firm. Previously, Tesla Inc has made turnover which is the highest in the market. Consequently, Tesla Inc must deal with issues because they have considered the employee occupation. However, they have focused many considerable amounts to the GDP of the U.S.

Social

Tesla Inc. must focus on several social problems to establish a thriving business. They must deal with individuals of the society to erase conflict of interest. Based on this condition, this explains how social parties can be demonstrated accordingly. However, the rate of customer turnover in Tesla Inc is meager, with about 80 percent customer satisfaction level. By taking part in various corporate social dimensions, Tesla Inc has made the standard on a perfect line.

Technology

Tesla, as far as history is concerned, has advanced technologically and one of its market leaderships is the positioning as a leader in the automotive technology. Self-driving vehicles will be the unruly force in the automobile industry in the future. The firm in the vanguard of auto piloting car technology, a car software which goes through transition channels. Tesla's ultimate goal, though, is to create a self-driving car that is harmless for passengers to ride in. Other businesses, including Uber, Google, and even Dyson, have made investments in self-driving cars, but they cannot create them on a large scale like Tesla.

Legal

Tesla Inc. (Motor Group) will have to deal with the legal aspects, too, in this case. There have been several legislation and practices associated with the legal aspects. Tesla Inc will have to deal with the system cautiously, based on our understanding of all of these legal concerns. Furthermore, Tesla Inc has a legal wing

within the firm that focuses on the legal issues. As a result, Tesla Inc. has responded to the situation as expected.

Ecological

Tesla Inc's activities do not impair any dimension of the ecological conditions. Tesla Inc was among the companies known for their dedication towards environmental protection. They are also focusing on the crucial matters pertaining energy sustainability. Tesla Inc monitors all of these developments within the company and achieving outside development. In this way, PESTEL analysis can be conducted.

M1: Critically analyse the macro environment to determine and inform strategic management decisions.

Due to the PESTEL analysis, the strategic management decisions will be accelerated to the maximum. Multiple strengths and weaknesses associated with PESTEL analysis are critical for making better strategic management decisions. PESTEL analysis is a framework that plays an influential role in the external environment within Tesla Inc. Moreover, there exist various conditions which can provide varying aspects or dimensions of the market and economy. PESTEL analysis provided important information on multiple factors of the external environment, which assists Tesla to understand the business strategy and situations.

On the contrary, Tesla Inc. has failed to focus on the international market where PESTEL analysis factors can change considerably. Determining the changes connected to PESTEL factors are problematic to decide on, therefore, leading to massive disadvantage. The five forces model is critical in understanding different aspects of competitors' ideologies. Through PETEL analysis, technological inconsideration globalisation trends form part of the blind spots in the five forces model. They are the primary challenges or demerits of the five forces frameworks in Tesla Inc... It is through this option that the strategic decision-making process of a business can be determined and demonstrated.

Assessing an organisation's internal environment and capabilities

P2: Analysis of the internal environment and capabilities of a given organisation using appropriate frameworks

Internal strategic factors will comprehend internal capabilities. An internal study demonstrates organisational competence, cost position, and competitive viability in the marketplace. Internal analyses frequently include measures that offer relevant information about the firm's strengths, weaknesses, opportunities, and threats. With all this in mind, it can be concluded that the internal environment plays a critical role in enhancing Tesla Inc.

Tesla SWOT Analysis

Tesla Inc., an American start-up, reached the heights of success and is a car-manufacturing organisation and energy solution provider. It has emerged to be one of the most debated and analysed enterprises for entrepreneurs and business enthusiasts. The SWOT analysis of the company production will identify the critical capabilities and insights concerning each factor of Tesla business strategy or approach (Kissinger, 2018). Nevertheless, the general outcomes of the analysis include the strategic changes in the light of SWOT aspects such as strength, weakness, opportunities and threats.

Tesla's Strengths

Top Employer in the United States

The strengths of Tesla Inc consist of positive contributors of the company that made it become a dominant multinational system in the world. There are multiple factors considered to have influenced Tesla's expansion, profitability and popularity in the long term. It is a top employer company when compared to most global organisations. As presented in the Wall Street Journal, Tesla is an ideal organisation for the employees because of the innovation-encouraging norm and diversity. According to current reports, it is one of the best places to work globally and attracts young job hunters with fresh brains and talents and energy (Kissinger, 2018). As illustrated in the graph below, Tesla Company is a market leader in the electric car business and was among the

firms to deliver a consumer-friendly electric vehicle. One of Tesla's advantages is the manufacturing and selling their cars directly to people rather than through dealerships, as is the customary procedure. Because retailers do not markup Tesla's automobiles, they can sell them at a reduced price. Tesla is also a leader in self-driving car technology, giving it a merit over other electric vehicles. Tesla has also established an extensive network of charging stations for clients to use. Regarding the company's website, the business currently has 1,441 Supercharger Stations throughout North America, Europe, and Asia, with more on the way.

BEV+PHEV SALES AND % GROWTH

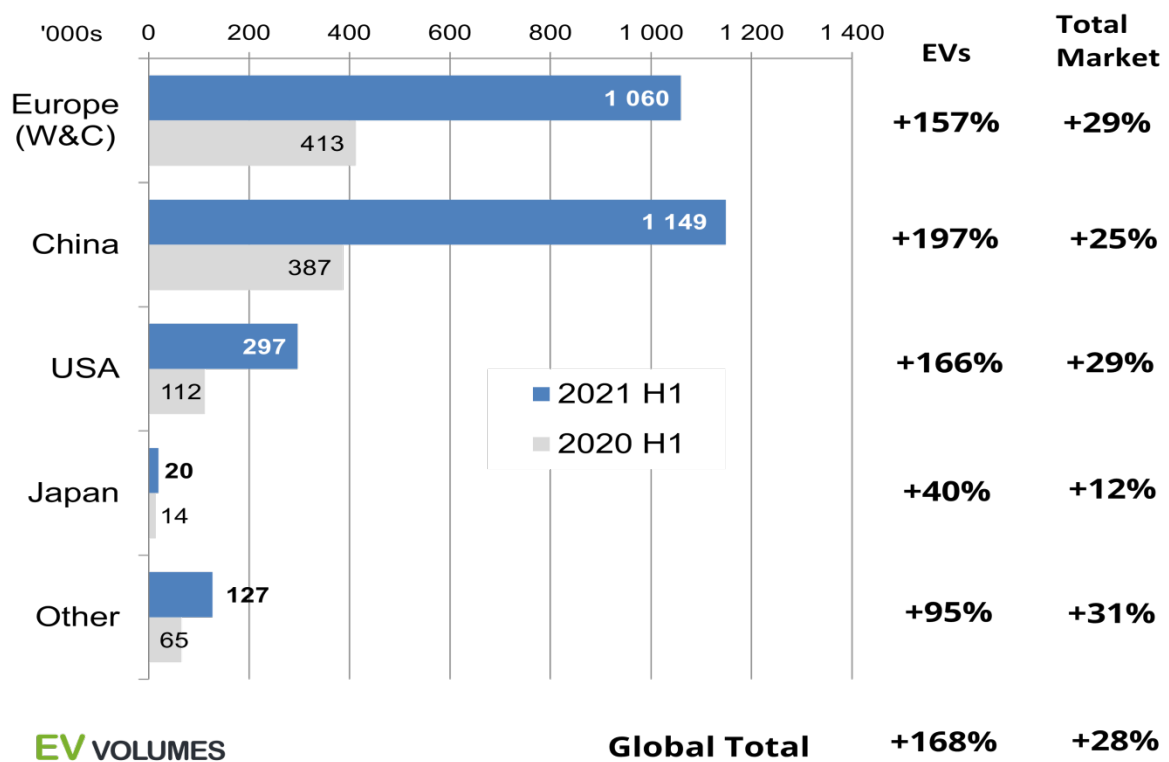


Figure 2: The number of EVs Sold: Source (ev-volumes.com)

Most Valuable Automotive Manufacturer

Although Tesla has issues, they have increased sales in the second quarter of 2020, with approximately 90,650 cars delivered to the clients. The heightening number of deliveries raised the firm's market capitalisation to about 208 billion dollars. This surpassed Toyota's 202 billion dollars market cap, making it the global valuable

car manufacturing system by market value.

Best Automakers of Electric Cars

Tesla Inc. has outsmarted different companies in the contest of manufacturing the finest electric cars. When a comparison is taken by their capability and range, Tesla cars have been confirmed to be more efficient, effective, unique, and cover maximum distances. A comparison is made recently shows that Tesla occupies the first top-three places due to range. In this case, the Model S travels the furthest up to 600 kilometers for a one-time battery charge when complete. Alternatively, the nearest brand is the Opel Ampera which goes to 520 kilometers per single charge.

Dominating the U.S Electric Car Sales

Based on the Statistics report conducted among the global companies, Tesla has delivered about 80, 050 Model 3 and Y respectively, with some units in the second quarter of 2020. As a result of the performance in Q1 and Q2 in 2020, Tesla Inc. is known as among the new big three alongside G.M. and Ford. In 2019, model S became the most substantial or most solid electric car in the United States, selling up to 1887, 971 vehicles.

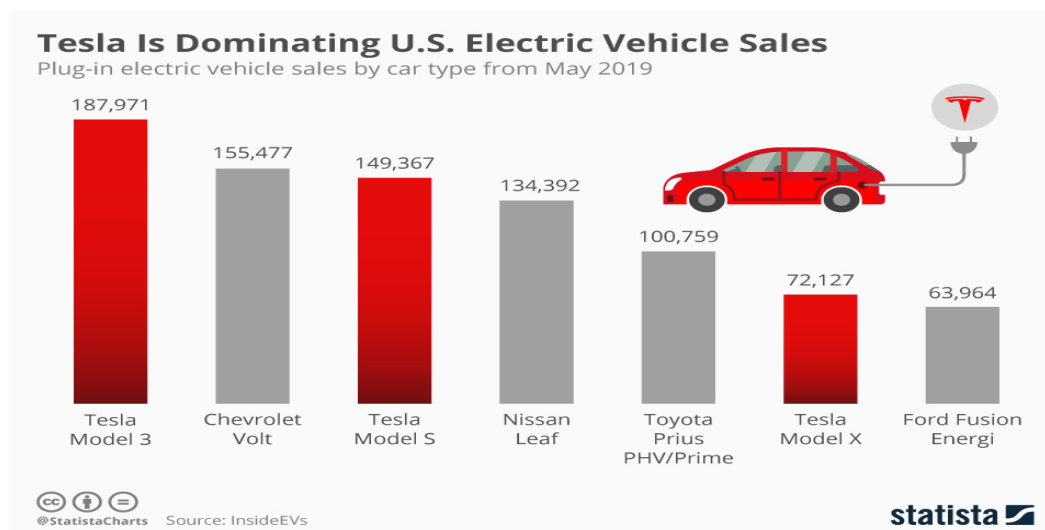


Figure 3: The dominating U.S electric vehicle sales: Sources (Statista.com)

Tesla's Weaknesses

The internal conditions that challenge company's performance are recorded in the aspect of the SWOT

Analysis. The weaknesses that lower the company's competitiveness and business development. In this business analysis, the liabilities Tesla experiences can be combated through reforms, strategies and initiatives. Although the organisation has a strong brand as an electric car manufacturer, the performance and potential growth suffer a considerable blow. Tesla Inc. has numerous flaws that must be addressed. For starters, the corporation is heavily in debt due to massive capital spending and periods of deficits. As the corporation seeks to pay off its obligations, this could influence investment plans. Based on Kissinger (2018) reports that another flaw with Tesla is that it produces all of its automobiles in a single plant in California. This adds to the cost of selling cars in Europe in China because customers must pay for shipment and importation taxes.

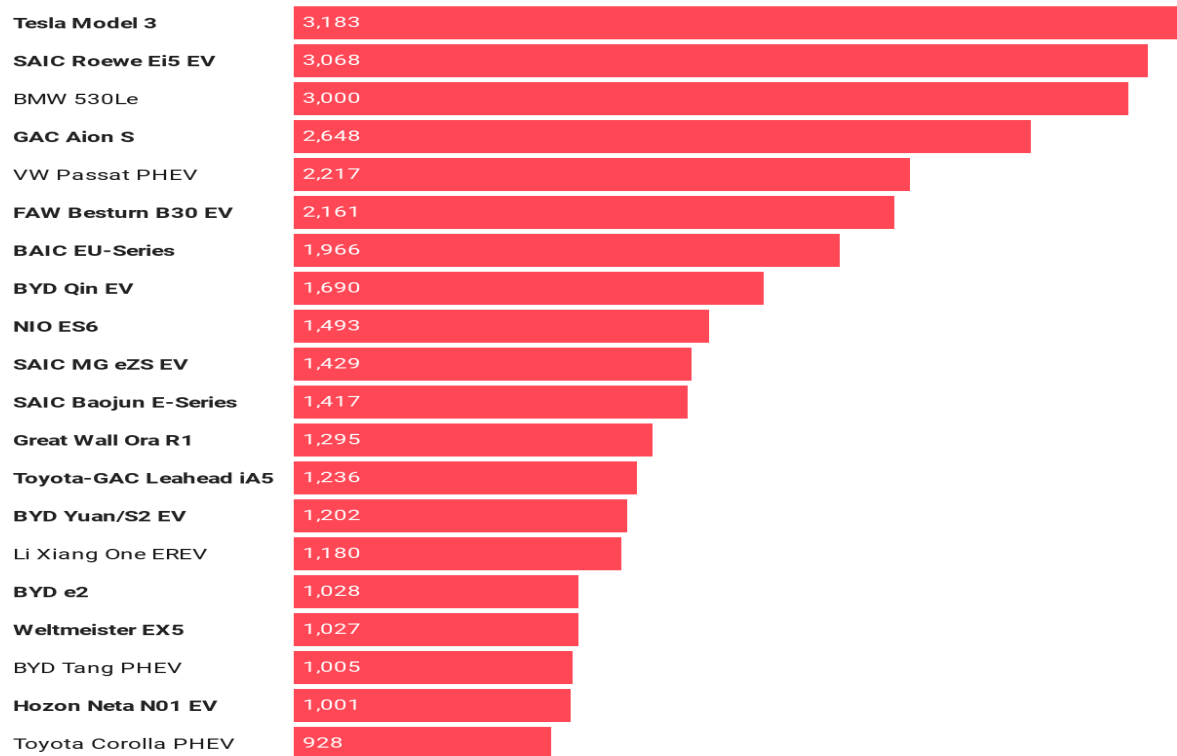
Furthermore, since Tesla sells vehicles directly to the consumers, they also send them directly to consumers, a process Musk has referred to as "delivery logistics hell." SWOT analysis also determines that Tesla's Inc. limited supply chain is connected to witnesses that challenge the rapid expansion of the business. The products are relatively expensive than their competitors, particularly those fitted with internal combustion engines. The high prices led to the decline of the growing customer base and market share. The weakness discussed in this SWOT Analysis explains that Tesla Inc. should reform the strategies associated with global expansion, research and development.

Tesla's Opportunities

In this section, the SWOT Analysis explains the external conditions that lead to potential growth for the business. The external aspects are Tesla's opportunities to improve or accelerate development, effective management, and achieve strategic growth. For instance, the company can expand the world car market to enhance business growth. Tesla Inc. group has critical opportunities that improve the financial capability and competitiveness in the world automotive and energy sectors. As customers become environmentally concerned and technology advances to make electric vehicles cheaper, the electric car market grows, leading to global sales expansion. Tesla is well-stationed in the United States, and its footprint in Europe and China is gaining momentum significantly; global supply chain expansion will benefit the company shortly. The graph below

shows that China and Europe 10 led the list for most electric vehicle sales in the first quarter of 2018 and 2020. Tesla is planning to establish a factory in China and is looking for a region in Europe to build one. The move would anticipate business diversification in the global system.

China Electric Vehicle Sales — January 2020



Bold = fully electric.

Chart: CleanTechnica • Source: EV Volumes • Created with Datawrapper

Figure 4: China EV Sales Report by Pontes (2020)

When compared to the weaknesses, Tesla must focus on global sales expansion; the opportunity rests on the significant economic development or growth of nations where Tesla Inc. experience insignificant market availability. For instance, the business can heighten its revenues by expanding to Asia, automotive makers and markets for renewable energy (Pontes, 2020). Through this SWOT Analysis, Tesla Inc.'s development of the supply chain would support global expansion of both production and sales coordination. Opportunities emphasise the smaller level of the business operation compared to larger organisations such as General Motors (G.M.). Moreover, diversifying the business would improve its performance. This external condition explains

that acquiring new companies reduces business exposure to the threats and risks in the car manufacturing market. Through the aspect of opportunities, Tesla Inc. understands the importance of participating in expanding the business globally.

Threats Influencing Tesla Inc.

Threats are external conditions that reduce organisational performance. These external factors threaten the company from utilising the benefits of the strengths and opportunities. For instance, the competitive force minimises a company's ability or potential income from the global market for batteries, electric vehicles and solar panels. As much as the business has registered profitability, Tesla Inc. must address different threats to maintain its resilience despite the constantly changing factors within the automotive sector. Aggressive competition between different firms is a significant threat to Tesla Inc. as other firms focus on producing or manufacturing electric cars. The fluctuating price of the materials is another critical problem presented by the SWOT Analysis. This external aspect underlines the increasing cost of a material (Lithium) used to store energy products. The threats from dealership regulations are another issue affecting or threatening Tesla. Currently, the firm sells its cars directly to the buyers without involving dealers who increase the selling activity. Contrarily, states like Texas and Virginia do not encourage direct sales of the organisation products and demand that the sales pass-through dealerships. Regarding this factor of SWOT Analysis, the company must maintain a competitive advantage to remain profitable and active regardless of the aggressive competition from the automotive businesses. Tesla's electric vehicles are expensive to produce, and this makes them costly in the market. The organisation may struggle to achieve the required expansion when the established vehicle companies begin to market car at reduced costs. Consequently, Tesla is the only American automaker that experiences a consistent change as many companies expand into new markets.

SWOT Analysis of Tesla Inc. Recommendations

The company has various strengths to keep it thriving in the business in the coming years. Nevertheless, as recorded during SWOT analysis, there are multiple factors the company must focus on to improve profitability.

Tesla must enhance its international obligation, for instance, new facilities and the sales operation in the developing nations with high potential of business growth, meeting its mission and vision statements. Moreover, the business must continue investing in research and development to manufacture competitive products which are technologically advanced in nature. Based on the SWOT analysis, Tesla can grow in the world automotive market as much as there is aggressive competition. Regarding the results of the SWOT analysis, to install competitiveness, growth and development, it is recommended that the company: should extend its operation in the foreign nation markets to understand the world growth of the renewable energy sector or industry. Also, it is recommended that the firm should investment extensively for product innovation and lastly, the company should diversify the supply chain to lower the associated side-effects or risks.

VRIO/VRIN Framework

By understanding the internal sources, VRI and VRIN models are an effective analysis tool for small-sized enterprises and global companies. According to Zagoruiko (2020), VRIO is the inner step of analysis used to evaluate both resources and capabilities of the business irrespective of the phase of the strategic approach under classification. In this case, the question of value may sound like, "are the resources or capabilities valuable to the business?". In contrast, the question of rarity can sound like, "are the company resources rare?" consequently, the issue of imitability concerns what firms without resources can handle in the cost disadvantage. The questions connected to attaining competitive advantage is an essential aspect of VRIO/VRIN. Through the help of the analyst, it can be realised that Tesla Inc's resources are crucial and rare, thus creating a challenge of competitive advantage. Tesla is expected to experience the problem whenever they decide not to possess a specific resource. Some reports indicate that Tesla can hold the competitive advantage in the global market for a long.

M2: Critically evaluate the internal environment to assess strengths and weaknesses of an organisation's internal capabilities, structure and skill set.

McKinsey 7S Framework

This is critical framework organisations use within their systems to identify the level, forces and sources of

internal powers. The framework is a strategic vision for various individuals or groups involving businesses and workplaces. The 7S framework consists of structure, systems, skills, style, staff and shared values. However, Baishya (2015) explores that they are essential in understanding internal analysis.

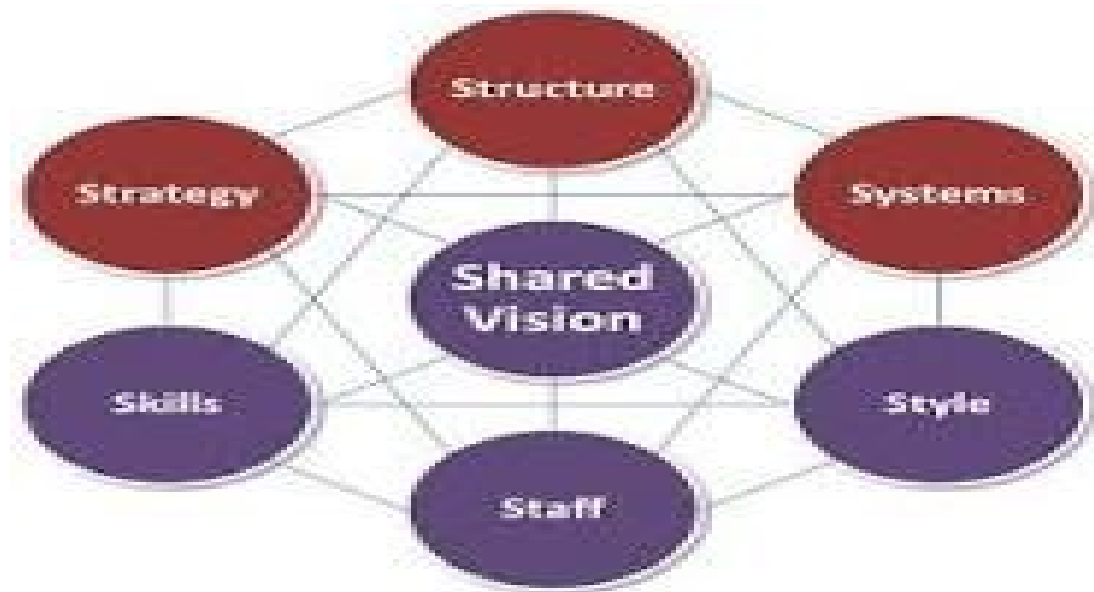


Figure 5: McKinsey 7S Framework (Caldwell and Smallman, 2016)

Tesla Inc. has a structure that is easy to follow and monitor due to the availability of three working layer systems. However, there are strategies they must work on with complete and ultimate efficiency. Tesla Inc. has visions that have transformed other organisations. Their approach is working perfectly, thus leading to work flexibility among the employees. The skilled workforce with high professionalism on multiple technical applications anticipated the success of manufacturing electric cars, car batteries and solar panels to achieve sustainability matters. Through the framework, Tesla Inc. have managed to identify issues and formulate approaches to combat their influence on the organisation.

Evaluating and applying the outcomes of an analysis using Porter's Five Forces model to a given market sector

P3: Applying Porter's Five Forces model to evaluate the competitive forces of a given market sector for Tesla Inc.

Balanced Scorecard

During this analysis, the management performance approaches or tools are interpreted accordingly. In this case, four various dimensions will be included when understanding vision and Tesla Inc's strategy analysis. Based on the strategy and vision, Tesla Inc. internal process, financial, customers and organisational policy are entirely aligned. Through the alignment, several activities will be conducted to help meet the goal. The figure below explains the four perspectives of the balanced scoreboard and how they are critical during the analysis in the Tesla Inc.

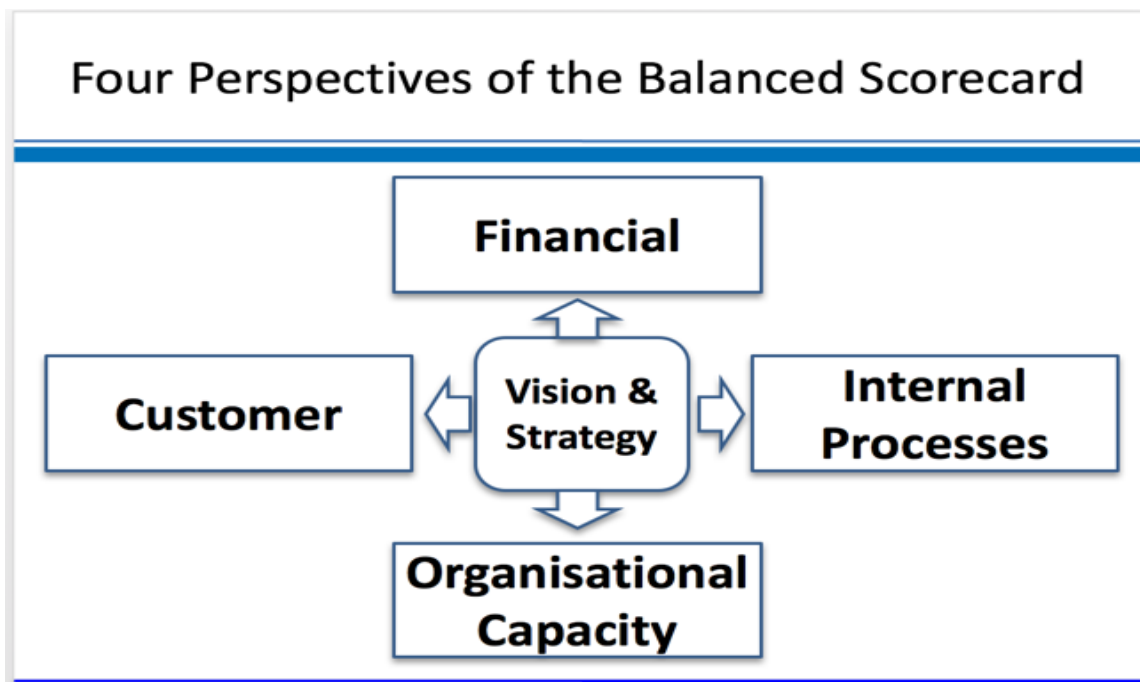


Figure 6: A balanced scorecard (Caldwell and Smallman, 2016)

Five Forces Analysis

When using the five forces analysis, Tesla Inc will be required to understand the field. Porter's five forces model or framework is a tool used to analyse the competition of a given firm. It focuses on industrial business

economics to derive the five forces which determine the competitive intensity. This attracts the industry through profitability. Tesla Inc can also focus on the following,

Buyers Power

In this case, the buyers' power for Tesla Inc was high. Buyers' influences have become influential globally as the sector focuses on their vision which must work to satisfy the clients.

Supplier's power

Tesla Inc must arrange raw materials, and this will help them work with suppliers effectively. Therefore, the power of suppliers has been less effective and efficient over time.

The Threats of New Entry

Tesla Inc. experiences a low threat of entry due to the multiple entry issues into the business by other interested companies. The industry has invested heavily, and according to Musonera and Cagle (2019), this might be a challenge to many global companies.

Threats of Substitution

For Tesla Inc., there have been multiple threats of substitution. The electric car from the automotive sector can be replaced by gas-powered vehicles from Ford and General Motors companies.

Competition

Competition is a critical aspect of the five forces analysis. In the case of Tesla Inc., the level of competition is increasing significantly. The company faces competition from other companies such as Audi, Mercedes, Ford and Toyota, which currently manufacture hybrid cars.

Key Determinants

In the context of Tesla Inc. motor group, two main vital factors assume the critical issue of profitability. For example, technological changes or advances and raw materials remain the significant conditions. Tesla Inc. has attained successful profitability that depends on the technology implemented and the reduced cost of raw materials.

M3 Devise appropriate strategies to improve competitive edge and market position based on the outcomes.

With the mission to accelerate sustainable energy globally, Tesla has a thriving competitive advantage over the rival auto manufacturers in the United States. The appropriate mechanisms to improve the competitive advantage include the battery supply chain. Tesla produces four types of all-electric cars available in Models S, X, three and Y, requiring a standard battery capacity. The battery cost is declining considerably through waste reduction, economies of scale, and simple optimisation within the manufacturing process. The companies' battery supply chain forms part of the more significant business advantage because they are better than their competitors. Relatively, the batteries go beyond the all-electric cars and can be used at homes and for large grid applications. With the growing networks of other all-electric car automakers such as Audi and Ford, Tesla Inc. has a supercharger network that charges stations to enhance efficient opportunities for electric car drivers (Johnson 2011). The importance of the supercharger network has been unmatched and defines how the network is integrated for road trips. Another factor that makes them attain a competitive edge is Tesla's Software Updates. They work like computers, smartphones and tablets to enhance continuous improvement. As updates became fairly frequent, Tesla provided multiple new software updates to compete favorably. Tesla branding is another important strategy that earned the company a reputation for manufacturing superb products. For instance, the Roadster changed the image of all-electric vehicles from small, slow to fast models of desire. Finally, the most significant strategy to achieve a competitive edge is the adoption of Tesla AI technology. The autonomous driving capacity offered at the highest level is becoming better day after day, with independent features added. The self-driving feature, auto-piloting, has changed the market division, making Tesla attains the market advantage over other electric-cars automakers.

Ansoff's Growth Vector Matrix

Ansoff's growth vector matrix is a critical planning model that provides a framework to assist senior managers, marketers and business executives devise mechanisms for future development. For market positioning, expansion and betterment, Tesla Inc. have considered multiple growth dimensions or techniques. The

techniques are for market change and organisational development. The figure below shows Ansoff's growth vector matrix:

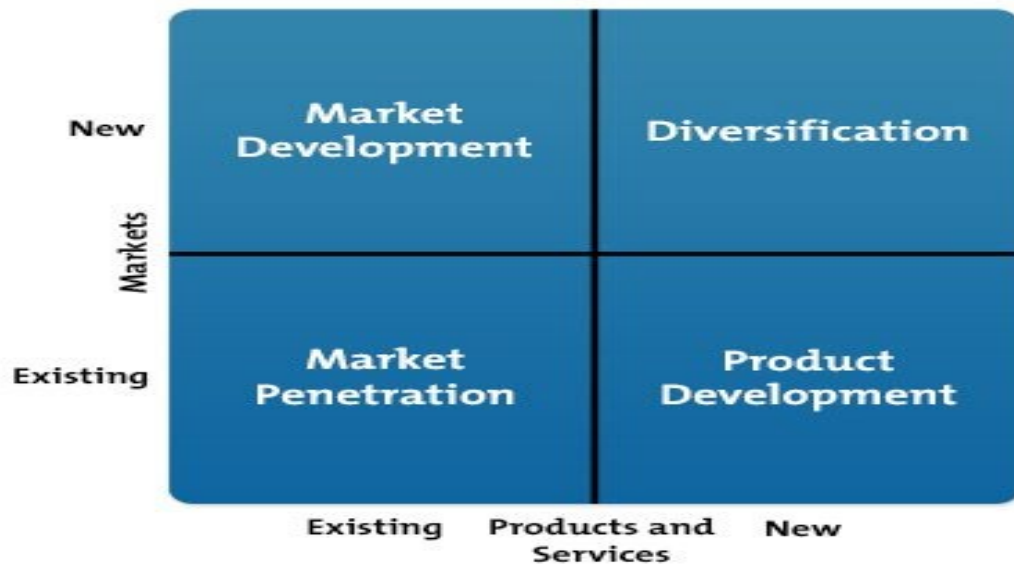


Figure 7: Ansoff's growth vector matrix (Gomes et al., 2017)

In the first stage, market development is a significant dimension adopted by big companies to invade the consumer market. This is the idea of creating a new market for the existing company or customer needs. The process is challenging to accomplish by most companies since it involves various steps and adequate finance. However, in the case of Tesla Inc, diversification plays a critical role by enhancing development. Tesla Inc.'s competitors have a strong connection with diversification, making Tesla participate in the manufacturer of other products such as batteries for electric cars and solar panels. Tesla Inc. operates in a system with an already existing market that demands product development.

Apply models, theories, and concepts to assist in understanding and interpreting strategic directions available to an organisation.

P4: Applying the range of theories, concepts and models, interpret and devise strategic planning for Tesla Inc. Motor Group.

Various theories and frameworks can help Tesla Inc. make strategic decisions to enhance financial performance and general organisational development. These theories are discussed as presented below.

Porter's Generic Strategy

There exist various issues connected to the market entry strategies. In this case, Tesla Inc. can apply the mechanisms which will impact the firm positively by ensuring an effective and efficient arrangement of all critical dimensions. Based on porter's generic strategy,

- The differentiation strategy is critical to the firm since it involves launching the product in the market space facilitated by variations. It is the variation factor that helps the company to have a differentiation approach implemented.
- Focus strategy is another crucial factor that helps the company to focus on a particular market space. Through the competitive market dimension, it will not be 100 per cent effective and efficient, making it not suitable for Tesla Inc.
- Finally, a cost and price leadership plan is associated with giving ideas concerning pricing methods. In the modern world, a price must be set for competition only after assuring a considerable margin of profit structure. In this case, the competition and profit can be balanced accordingly by the system.

Extended Model of Bowman's Strategy Clock

For organisations such as Tesla Inc., the diversification approach will be among the critical strategies. Through the differentiation theories, massive product ranges are established, and if Tesla fails to become successful, it will incur losses within the market space. On the other hand, Tesla and other companies can make a strategic alliance to achieve market division and share. In the past few decades, raw materials pricing has been

increasing and solving it demands strategic partnership with different businesses (Echchakoui, 2018). Globalisation is another essential option Tesla Inc uses to solve several conditions that affect the company. These factors include communication, technology, language and culture, which may become the deterministic deviations to achieving maximum change. Considerably, benchmarking also impact the firm. In this case, business processes and performance metrics consists of best practices from other competitors. Tesla Inc can apply this approach to enhance the raw material management system.

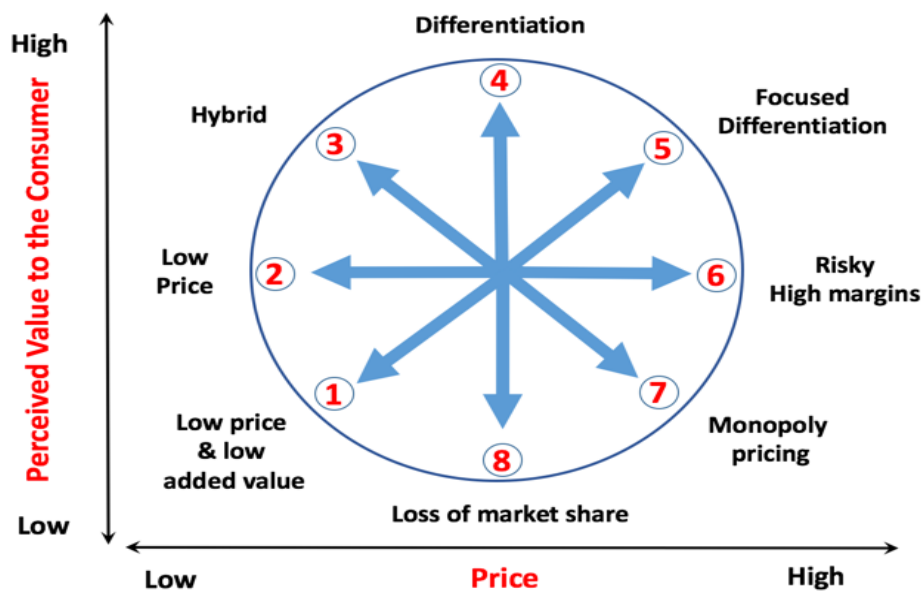


Figure 8: The strategy clock according to Echchakoui (2018).

M4 Producing a strategic management plan that has tangible and tactical strategic priorities and objectives

Priorities and Objectives

The priorities and objectives associated with the strategic management plan includes the following: increasing consumers satisfaction by about 10 per cent, the increasing number of sales by about 20 per cent and lastly, achieving extra 5 per cent customer share. Multiple factors associated with strategic management are directed to production plans. These conditions can create different strategic priorities and objectives that promise Tesla Inc.'s betterment. Considering this case, Tesla Inc must consider the differentiation approach to rule the

competitive market. Moreover, the differentiation strategy can assist the company launch multiple variations in the market. While through interpretation, the differentiation approach can be implemented to help different market sectors simultaneously. On the other end, Tesla Inc will need to stay acute to focus on strategy (Kim, and Mauborgne, 2015). Since Tesla has a specific market to work on, they must keep their products aligned to the customers' needs and requirements. Tesla all-electric car models are sold at extremely high prices and this impact the market severely. To erase the price increment factor, they should adopt the focus strategy that draws its concern on the specific entity or type of market. Finally, the competitive market mechanism may not be efficient, making it the most crucial focus factor for Tesla Inc. automakers.

D1: Critique and interpret information and data applying environmental and competitive analysis to produce a set of valid strategic directions, objectives and tactical actions.

The idea of interpreting information and data demands critical analysis of the strategic options and tactical actions employed by the business. Different types of data can be helpful when conducting environmental and competitive research. However, in the case of Tesla Inc., environmental analysis is conducted through PESTEL analyses which address the forces impacting a business environment. In comparison, Porter five forces analysis is effective in Tesla and can analyse the competition mode within the market division (Tanwar, 2013). On the contrary, massive changes have been experienced in the political domain and have impacted Tesla accordingly. Tesla has managed to maintain their relationship with different social partners globally to build a diverse workforce. As much as they can handle technological advancement, they can attain organisational efficiency, which is crucial in gaining more global customers. Beyond the marketing sanctions and demands, government laws, policies and techniques have influenced the firm's success in the worldwide domain (Echchakoui, 2018). Regarding the Porter five forces analysis, it has been recognised that the threats of substitution and competitors' threats of buyers are excessively high and continue to increase. Finally, the dangers of new entrants, suppliers are low when compared with other multinational organisations.

Strategy Justification

Based on the strategic management approaches, the company may survive in the rapidly competing business world. Justifying the achievements of the economies of scale is vital, and this was seen in Tesla Inc. and other electric car producers. Statistics report conducted in 2018 expound that Tesla attained a gross margin ratio of about 18.8 per cent higher when compared to Ford and General Motors, which achieved 15.1 and 9.6 per cent respectively. Provided this is the case, G.M. and Ford are also profitable due to the gross profits, which are 3.5 and 6 times greater than Tesla's profitability (Echchakoui, 2018). Comparably, when Tesla decides to sell more cars at the current gross profit margin, it will obtain bigger profits to cater for administered expenses, research and development expense. The justification for focusing on the research and development cost originates from the idea that Tesla used 1.4 billion dollars on research and development in 2018. This is considered more or

expensive than any other major automotive manufacturers spend to enhance a significant change-this was estimated to be 35 per cent of Tesla's gross profit margin (Rothaermel, 2014). With their estimation of marketing capability, Tesla stopped manufacturing Tesla Roadster, which was a good decision since the car was luxurious and expensive to manufacture and, at the same time, did not attract massive customers. Finally, removing Musk as the company CEO can help develop business sustainability and give space for other recommendations. Being the founder of multiple projects at Tesla, Elon Musk is a proud CEO and would want to keep projects such as Tesla Semi and Roadster.

Tesla Inc.'s Implementations

The implementation of new strategies at Tesla is an important step and must involve all the company directors. The directors are mandated to elect or choose a new CEO and focus on the goals for manufacturers in Europe and China. Considering the case in China, the factory is under construction would be used to produce by the end of 2019 or starting 2020 and this will help the company meet the production capacity when this year is ending. While in Europe, the company's new geographical site for construction should be founded and factory-built to help support automotive production. The managers in charge of the corporate profit should access research and development projects in the coming years. Finally, Tesla Inc. should complete their evaluation and ensure the projects are completed within the required timeline and enter the cars assembly line.

Conclusion

Multinational firms are experiencing consistent changes, development and diversity to survive in the business society. Through the roles of the macro-environment, any business, whether small-medium sized enterprises or large companies, can understand their demands and what impacts are associated with development. A critical understanding of the macro-environment present will help organisations such as Tesla Inc. and other competitors establish a robust system that can accommodate continuous development and improve organisational efficiency. The PESTEL analysis conducted in reviewing the consistent dimensions of the business strategy is an effective option to determine the external environment forces within the context of Tesla

Motor Group. In Tesla Inc., different variables affect profitability. For instance, technological innovation, raw materials availability, capitalisation, and professional service delivery significantly influence the company's profitability. Tesla Inc. is a successful company in terms of profitability, and the variables mentioned above facilitate this. Moreover, there are several factors associated with multiple aspects of the market and company. PESTEL analysis provides critical information on the external environment and how they influence global business strategies. In a bid to achieve a sustainable business strategy, the company must focus on the contingency plan. Tesla Inc. is a multinational firm, functions in various patterns that demand a consistent strategic plan and management approaches. Since Tesla spends considerable sums in research and development, it is significant to cut back operational costs. As the global society undergoes massive transition due to technological variables, there is the need to spread the artistry to other continents to attain a competitive edge. Through its complex administrative system, the company should reduce the expense to enhance the profitability scale. Finally, opening more production centers in the US would increase the company's value through extensive sales.

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