### Organization: Tesla, Inc.

*SWOT analysis*

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| **Strengths** | **Weaknesses** |
| * Recognized as Best in-class among electric cars. * Leading automotive brand in 2019 (Business Strategy Hub, 2020). * Highly Innovative * Top employer company | * Unable to meet consumer demand * High operations cost * Product is too costly for consumers * Limitations on market presence and supply chain |
| **Opportunities** | **Threats** |
| * In-house battery production * Global expansions * Reducing costs by forming alliances with other businesses * Gigafactories | * Competitors * Liability claims * Supply shortages * Production costs |

## Analysis

Tesla, Inc. has proven to be a strong force in the industry with its innovative products and technology. The company not only manufactures electric vehicles but has also begun producing sustainable energy products (Tesla, Inc., 2020). Reviewing and performing an analysis of an organization’s strengths, weaknesses, opportunities, and threats (SWOT) is essential to its success. Using effective tools such as the SWOT analysis, Tesla, Inc. is able to develop actionable strategies to mitigate threats further improving the company’s success.

**Matching Strengths to Opportunities**

Matching an organization’s strengths to its opportunities is vital in the SWOT analysis process. Tesla, Inc. has several strengths which give the company a lead in the industry. The company’s innovative electric cars have been recognized as the leading automotive brand in 2019 as well as Best in-class among competitors. Along with being a highly innovative company, Tesla is also known to be a top employer company (Business Strategy Hub, 2020). With the high recognition the company receives, employees are likely to be happy working there and have a sense of pride being part of the production. Using the high recognition, Tesla is able to take advantage of arising opportunities such as product and global expansion.

The company can reduce costs by forming alliances with suppliers and other businesses who share similar interests. Along with alliances, Tesla has begun work on building gigafactories to help improve production and meet consumer demands (Frue, 2019). Given the company’s reputation as a top employer, obtaining talented personnel for the gigafactories should not be problem. Another opportunity which Tesla has the ability to take advantage of the production of their own battery cells. Making batteries in-house would allow the company to increase manufacturing and considerably cut production costs (Business Strategy Hub, 2020).

**Converting Weaknesses to Strengths**

To convert Tesla, Inc.’s weaknesses into strengths would involve taking advantage of the opportunities available. In the past Tesla has struggled to meet consumer demand due to lack of supplies or resources. The cost of a Tesla vehicle is not reasonable for a great majority of the population and thus does not produce favorable profits. The high operations costs with its limited market presence and supply chain are an obstacle for the company which need to be reversed. With the new gigafactories and global market expansions, Tesla will be able to meet consumer demands and lower production costs. Moving away from its centralized plant in California and expanding production to other countries like China also provides an opportunity for Tesla to expand its market presence (Frue, 2019).

**Threat Recommendations**

The following recommendations to help mitigate the impact of threats such as liability claims resulting from technology failure or aggressive competitors who offer more affordable vehicles. Any issues with the Tesla’s supply chain such as fluctuation in cost or availability of materials can pose a big threat to the company’s success (Business Strategy Hub, 2020). One recommendation to help mitigate the impact of such threats is to invest in research and development to address the issues leading to liability claims. The company also needs to diversify its supply chain to prevent or reduce potential issues arising from fluctuations in the materials industry.

**Actions**

Taking actions which could help to advance the organizational goals and/or expand their competitive advantage, Tesla, Inc. should focus on cutting costs and improving its production process. Continuing to expand and grow sales both nationally and global are vital at this time to help the company remain competitive in the industry. By investing in research and development, Tesla can create a product which is more cost effective and appealing to consumers. This may need to be accomplished by finding a way to use more affordable materials while maintaining the quality of its vehicles.

Another option is to obtain a supplier who can offer consistent pricing helping Tesla to continue the flow of production and sales while gaining profits. Due to some variations in state restrictions prohibiting show room sales, Tesla can look into forming alliances with dealerships to help improve its market presence. Increasing its market presence will allow Tesla to align with the company’s primary goal of leading the world in a transition to sustainable energy.

**Need for Actions**

The organization needs to take these actions in order to improve profits and remain competitive in the market. Forming alliances with other businesses can help Tesla grow sales and offset costs with increased revenue. As a leading manufacturer of electric vehicles, Tesla needs to implement changes using factors identified in the SWOT analysis to boost its market presence and improve performance, development, and growth.

Conclusion

The SWOT analysis performed on Tesla demonstrates a match between the strengths and opportunities along with a solution to convert weaknesses into strengths. Focusing on the company’s focused goal on sustainable energy, Tesla can take action in expanding its market presence which will improve profits and improve or eliminate weaknesses or threats.

## Citations

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