Corporate Responsibility Plan for Tesla Motors

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Company Introduction

Tesla. inc was founded by Martin Eberhard and Marc Tarpenning in 2003. It was formerly known as Tesla Motors, this name was inspired by and an homage to the Siberian American inventor; Nikola Tesla (Mangram, 2012). The company manufactures electric automobiles, solar panels, batteries and other lifestyle products. Their company operates on a Direct-to-Consumer model; this model allows the company to sell directly to the end customer creating a better experience for them. Tesla Motors' initial focus was on manufacturing electric motor cars and the funding for this project was secured from a variety of sources; the most notable investor was Elon Musk who contributed more than 30 million dollars. Elon Musk was the core investor of Tesla Motor so he became the Board of directors for the company in 2004. Later he was appointed as the CEO; now the company's name is synonymous with Musk's name. In 2008, Tesla Motors released its first electric car; the Roadster. This car achieved 394 km on a single charge and was targeted towards the elite class of the society as a luxury car (Bohnsack, Pinkse and Kolk, 2014).

Now the company is looking into more sustainable and cost-efficient sources to make their products more accessible for everyone. Therefore; most of the investments are now put towards the research for this purpose. If the company succeeds in this venture then there will be no need for the current fuel-consuming cars as these are not good for the environment (Liu and Meng, 2017). This effort to make a more affordable product is strategic as it will help in reaching more customers and possibly expand the business at an international level. Some emerging alternatives are cheaper than Tesla.inc, however, it has secured the highest position in electric vehicles as the best and most reliable manufacturer in the market. With time and resources being invested in research; every new model produced is better, technologically advanced and more reliable than the previous models. This is the core reason behind the huge success of the company.

Tesla Motors

After the launch of the Roadster; Tesla put its efforts towards designing the first all-electric Sedan named "Model S", it consisted of premium design and technology and further updates to its software made it safer and performance efficient (Boudreau, 2012). Tesla expanded the line by introducing Model X in 2015, making it the first car in history to receive a high rating in safety across all classifications from the National Highway Traffic Safety Administration (Kumar, 2015). 2016 brought the launch of Model 3; it was supposed to be cheaper than its predecessors. Its official production began in 2017, after intensive testing and research. Tesla Semi was unveiled soon after as a cost-efficient and comfortable truck. Its main purpose was to save the owners at least 200,000 dollars' worth of fuel over mileage. Tesla presented Model Y and Cybertruck while Model Y was a success; Cybertruck was not well-received due to its unique trapezoid design (Lambert, 2019). However; it still successfully received over 500,000 orders in September of 2020. The reason for such a unique design was that the material used for its body was so hard that it could not be molded and stamped into curves as it would break.

Other Projects and Ventures

Tesla strives to make a sustainable energy ecosystem across the world that would bring down the cost of living and reduce Global Poverty. In this effort, Tesla is working towards a number of energy solutions and projects like Powerwall, Powerpack and Solar Roof. These projects will give sources of renewable energy reducing the Global Carbon Footprint. Gigafactory 1 is a facility owned by Tesla; its specific task is to develop a cost-efficient battery. If these ventures are successful then many global problems will be solved and the world will be one step closer to greener earth (Johnston, 2016).

Corporate Social Responsibility Program

According to Archie Carroll's Corporate Responsibility (CSR) model, "The CSR encompasses the economic, legal, ethical and philanthropic expectations that society has of organization at a given point in time" (Carroll, 1991). The stakeholders are directly affected by the organization's activities while society is affected indirectly. To address the concerns of the stakeholders and the society, a company must come up with a CSR program. Most of the concerns about Tesla's automotive business are ecological so the company must maintain a proper CSR program to minimize the negative impact and provide optimal benefits to the stakeholders. As Tesla, Inc. is a globally recognized brand, it is of significant importance that they show the world their efforts to satisfy the interests of the stakeholders. The company's CSR not only helps in improving its image in the eyes of the world but also strengthens its position against its competitors like Volkswagen, Toyota, Ferrari etc.

Tesla's Stakeholder Groups and CSR Initiatives

Tesla, Inc.'s electric automobiles are perceived as a solution to the adverse impact created by the vehicles that utilize motors and fuels. Therefore the company focuses on bringing in more value through this association and for this reason, corporate citizenship is essential in the business. Tesla's stakeholders; according to CSR prioritization are as follows:

- Communities
- Customers

- Employees
- Investors/Shareholders
- Government

Communities

Communities verify the image of a company through their major activities and response to company's products. These stakeholders are most concerned with the company's impact on the natural environment and strive for its conservation. In Tesla's case, the company directly alleviates these concerns through it electric automobiles, solar panel and batteries. The communities are appreciative of the company's friendliness to the environment. To ensure further satisfaction of the communities, in 2014, Elon Musk stated that Tesla will allow other organization; public or privately owned to use their patents. This will allow for increased manufacturing of the products which in turn will help realize Tesla's mission of a Solar Ecosystem much sooner (Rowl, 2016b). This CSR strategy will further benefit the communities and the initiative of sustainable energy solutions will be realized. This way the company's image is improved and it gains the communities' trust in the process (Kissinger, 2016).

Customers

The customers have a significant impact on the company as their interest in the product directly affects Tesla's revenues. Therefore the customers are given high priority by Tesla, Inc. and to make the customers' experience better, the company seeks to make the cost of their products effective. In this effort, Tesla shifted its collaboration with Panasonic and took the manufacturing of the batteries in-house. This shift reduced the costs and made automobiles more accessible for purchase. Numbers of charging stations are being increased to improve accessibility. Furthermore; Tesla is now taking initiative to make homes fully powered by solar energy in such a way that would not only supply electricity to the house but also help in charging Tesla's vehicles at home. These CSR efforts improve customer satisfaction and experience.

Employees

Employees greatly affect the success, performance and productivity of the company. They are a critical part of Tesla, Inc. and the company believes in the success of its employees as its success. For this, the company's CSR approach is to provide competitive compensation and HR programs that will help in developing skills and leadership capabilities. The company's CSR also provides learning experiences through collaborative programs. Furthermore, Tesla's these initiatives helps in elevating employees' self-esteem, minimizes issues and increases employees' satisfaction (Meyer, 2016).

Investors/Shareholders

The success of Tesla Motors heavily depended on the funds secured through the investors in the early years. These stakeholders are interested in the profits generated and the growth of the company as their investments depend upon it. The CSR program ensures the investors' satisfaction; through transformative strategies that will show results over time and expand the automotive and energy market. Making the company's patents available to new companies will increase the demand for the products. The increased demand will generate more sales; creating opportunities for growth. The company's sustainability and environmental friendliness are also following the socio-cultural trends; making it a trusted company in customers' eyes. This trust also ensures more business from the returning customers and an increase in the future customer through word-of-mouth. CSR aims to maximize the business through various strategies and this protects the investors' interest (Rowl, 2016a).

Governments

These stakeholders are concerned with legal matters of the company and present the requirements, limits and opportunities for the company. The company should show legal compliance by staying on the right side of the law and adhering to the rules. Tesla's CSR satisfies the interests of these stakeholders. Tesla Inc.'s operations management approach is enforced to alleviate these considerations. As an example, the company's inbound logistics for its automobile manufacturing is in accordance to government rules on material sourcing (Andrew Thompson, 2016).

Value Creation

Tesla, Inc. is trying to achieve great things and through these, the company strives to create value for its stakeholders. The goals of this company may seem idealistic but it is through these ideas the company has grown in the first place. The company's CSR program involves some activities that create value and competitive advantage for it in the market. It strives to make a sustainable ecosystem that will prevent the planet Earth from further harm and make it livable for future generations. In this effort, the company is trying to minimize its carbon footprint by manufacturing most of the automobiles parts in-house. This not only takes out the cost of out-sourcing but also reduces the cost of future products. The activities employed by the CSR program are explained below.

Tesla Inbound Logistics

Tesla receives raw materials from all around the globe including its factory the Gigafactory. These logistics involve receipt and the storage of the raw material. Tesla leases three warehouses and constructed an additional facility in 2019. However, the value in inbound logistics is not created through the storage facilities. The real value comes from Tesla's build-to-order model. This ensures that Tesla always has materials on hand without over-ordering of raw materials. This strategy also helps in developing good relations with the suppliers (Field, 2019).

Tesla Operations

Most of Tesla's manufacturing and assembly is done at its facility, with more operations being brought in-house over time. These operations are divided into two segments:

- Automotive: This process focuses on development of design, production and distribution of the automotive.
- Energy generation and storage: This segment is concerned with the research, development and manufacturing of sustainable energy products like solar panels and batteries.

The products created through these operations create high value for Tesla as the sustainability of products is highly valued by its consumers.

Tesla Outbound Logistics

This sector is concerned with storage and supply of the products. Tesla ships its products directly to its stores in the United States and thirty-five other countries. Tesla does not deal with dealers and resellers which significantly improves their customer service. This creates significant value resulting in two benefits. Firstly selling directly to the customer decreases delivery period and secondly, it decreases the cost as the middle man is removed. This creates customer satisfaction and loyalty.

Tesla Marketing and Sales

The CSR program relating to sales and marketing is unconventional and like the rest of the business model relies on word-of-mouth. This means that Tesla shells out virtually nothing on advertising and endorsements. Product unveiling or launch is the only time when any sort of marketing is done. This strategy is referred to as "Zero Dollar Marketing", as it is the ability to attract an extensive customer base. This also creates value because there are no banners or billboards utilized for the marketing, drastically decreasing the carbon footprint. This creates high value for the stakeholders as eco-friendly products and programs are highly appreciated (David, 2018).

Tesla also deals in used cars and encourages trade-ins for new products. This means that the products do not end up in landfills and are used in the manufacturing of the new product. This reduces pollution and helps in reducing global warming. Tesla allows the customers to buy their products online and also in their dealerships. This improves the relation of the customers with the company as it creates ease and accessibility for them.

Tesla Service

Tesla, Inc. works tirelessly to improve its service so much so that it allows the consumers to elevate the complaints straight to a company's management (Ryan, 2017). Tesla also does not deal with dealerships as to not subjugate the customer to a third party. Tesla is increasing the number of service centers so that there is no delay in addressing the customers' concerns about the products. Tesla is also introducing 300 on-demand service vans that will come directly to the customers' location further providing ease to them.

These CSR programs' initiatives improve the relationship of the stakeholders with the company. It also allows the company to take further steps for the benefit of the company and its stakeholders.

Final Evaluation

Tesla's Corporate Social Responsibility program is impressive as it addresses many concerns of its stakeholders. It prioritizes its interests and concerns by making efforts through its CSR initiatives. However; there is always room for improvement. The company can enhance its CSR program by further improving the stakeholders' experience and satisfaction. Tesla should invest in more community development programs and must increase its efforts in expanding the business globally. This addresses the interest of the communities and investors. Apart from making the patents available for other companies, Tesla should also encourage other companies to adopt a sustainable and eco-friendly approach. This will make Tesla a reputable and trusted company in the eyes of its consumers. Expanding the business fulfills the CSR requirements and would bring sustainable energy to the world. It will minimize the negative impact of Global Warming. Tesla's CSR program is, without a doubt a very conscious effort towards making a positive impact on the world. The company is achieving it through sustainable operations and products. Based on the analysis, it's clear that Tesla is among the modern automobile and energy industries that have successfully addressed the concerns of its stakeholders. Tesla's corporate social responsibility program ensures satisfaction in order to secure customer loyalty. Through the production sustainable automotive, the organization reduces carbon emissions, and in doing so it protects the environment.

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