Strategic Value Creation Competitive Advantage and Financial Performance at Tesla

Posted on September 30, 2025

Q. Identify the company's critical value-creating activities.

Tesla manufactures automobiles along with the software that runs on unique hardware. So that Tesla can update the software in its automobiles every few weeks and make it better. This goes against the grain of the conventional wisdom in the auto industry, whereby the product remains unchanged for the duration of the vehicle's lifespan. Compared to traditional vehicles, the overall cost of owning a Tesla is much cheaper due to the reduced number of components. Oil changes, tune-ups, muffler replacements, and similar costly maintenance are not required (Lang et al., 2021). The capacity of Tesla to consistently innovate is critical to the company's success. It has become an expert in manufacturing and is one of the most vertically integrated businesses.

Tesla has opted out of airing commercials or placing advertising in newspapers. However, Tesla relies on the time-tested "inbound" software sales approach since the company has faith in its customers' intelligence and ability to identify it (Halonen, 2022). The customers' journey is something they have a good grasp of. The process of purchasing a Tesla is straightforward: choose a model, personalize it with options, pay the deposit, and arrange for collection.

Electric cars like Tesla's are much less complicated than their internal combustion engine counterparts. Some estimates put the number of components needed for one vehicle at around twenty, a far less from the two thousand used by internal combustion engines. Since it is so easy to use, customers see a significant decrease in their total cost of ownership. Tesla has been aggressively buying up battery manufacturing companies and is planning to incorporate new battery-related technologies into its vehicles, which may further reduce the overall cost of ownership (Halonen, 2022). The electric battery industry is rapidly expanding, and other car companies are racing to get a leg start.

Q. Scan their career opportunities page and

summarize the types of jobs they offer. What fields are the jobs in? Would you consider working with this company?

Including its subsidiaries, Tesla employs over 128,000 people. The corporation manufactured more than 1.3 million vehicles in 2022. The carmaker has a dedicated environmental, health, and safety team at each of its manufacturing facilities to assist with the massive volume of production and the prevention of accidents. Design, energy (solar and storage), engineering and IT, software for vehicles, EHS, safety, security, building and facilities, government relations, supply chain management, operations and business support, and vehicle service are among the possible jobs available at Tesla. Internships, apprenticeships, and full-time, part-time, and seasonal jobs are all on the table (Doude, 2020).

To entice and keep the best workers, the firm offers a variety of benefits that cater to their emotional, financial, social, and physical health. Discounts of up to 35% are available to Tesla employees on a variety of goods and services, including childcare, entertainment, and travel. Occasionally, employees are given the opportunity to utilize a corporate automobile for personal use or to share with others. Referral schemes with purchase incentives, such as free supercharging forever, are also available for a short time. Tesla provides its workers with first-rate disability insurance. For those who have long-term disability insurance, the business will cover 60% of their wage in the event that they are unable to work due to a medical condition. Employees can get up to $5,000 in benefits. For a maximum of seventeen weeks, Tesla will cover 66.7% of an employee's income in the event of a short-term incapacity. A weekly cap of $1,000 is also in place (Stoll, 2019). Tesla offers extensive health insurance as a reward to its employees. Coverage for routine medical care, prescription drugs, and related services and supplies is available via the employer. Furthermore, there is Accidental Death & Dismemberment Insurance, which allows beneficiaries to receive a two-year income as a lump payment.

With their first paycheck, Tesla workers are eligible to enroll in the company's 401(k) program. They also get extra benefits and life insurance, up to a maximum of $1,000,000. Tesla offers its workers a 15% discount on equities via its Employee Stock Purchase Plan (ESPP) during two annual purchase periods. Employees rank Tesla's parental leave program among its top perks (Stoll, 2019). The corporation provides new parents with 12 weeks of paid maternity leave and 7 weeks of paid paternity leave. An on-site gym and exercise courses are additional fitness benefits. Tesla provides their paid staff with unlimited vacation days as part of their PTO (Paid-Time-Off) benefits.

Tesla's work environment and all the above-mentioned benefits made the Electrical Vehicle Company, one of the most desired and sought after company for people. Hence, it is obvious, that I would definitely consider working with Tesla.

Q. Locate and download the most recent corporate reports (e.g., annual reports). What story do they tell? Firms carefully craft these reports to portray their performance in a specific way. Is there anything missing or major issues they barely cover?

Among the S&P 500's worst-performing equities, Tesla has seen its share price fall by more than 25% this year. That index has increased by about 10% throughout the same time frame. The decline in vehicle sales, significant failures in autonomous driving, and heightened competition have caused the company's market value to plummet by almost $200 billion in only four months (Fang, 2024). The company's detractors point to the slowdown in the broader electric vehicle industry and the company's inability to introduce a new, more inexpensive model as reasons for the decline in demand for its vehicles. Tesla has a tough road ahead if it wants to reclaim its past rapid expansion as competitors release alternatives. To increase sales, Tesla has slashed prices on many models within the last year. To appeal to budget-conscious consumers, Tesla would have to introduce a new, more affordable model.

The energy division at Tesla, which was established with the 2016 purchase of Solar City, has performed admirably this year, increasing its revenue share from 4.8% in 2022 to 6.2% in the twelve months ending September 2023. Concurrently, the company's profitability has skyrocketed over the last year. While a portion of this growth will eventually level off, a portion of it is due to a change in focus from energy generation to storage solutions, such as battery packs (Zheng, 2024). In a nutshell, the financial reports of Tesla show how expectations influence the market's reaction to news reported in them. Tesla has a promising potential this decade because of the company's meteoric rise in sales and profits after COVID, but the results, particularly from the last two quarters, have put those hopes in check.

Q. Search for and read about your target company, from other online business news sources: has the company been in the news recently? Summarize the general issues about this company from the

news.

Previously meteoric sales growth has slowed for Tesla. Electric vehicles are surging the market from both new and well-established manufacturers, such as BMW and Volkswagen. In response, Tesla has been sluggish to release new models. Despite record highs for major stock indices, Tesla's share price has fallen, causing growing anxiety on Wall Street about the firm. In China, the biggest auto market in the world, where electric vehicles account for almost a third of all new vehicle sales, Tesla encounters very fierce competition (Chu, 2024). With a wide range of sedans, SUVs, and affordable subcompacts, BYD outsold Tesla in the last quarter of 2023 in terms of worldwide sales of electric cars. Prices in China for its Seagull model are below $12,000.

Last month, at the scene of a fire and subsequent power outage that is being investigated as a possible arson, Tesla's "Gigafactory" close to Berlin was ordered to be evacuated. The fire caused significant damage to the high-voltage cable, cutting electricity to the local communities and Tesla's Giga Berlin facility. As a result, the plant had to be evacuated and production came to a standstill at the sole European manufacturing of the American manufacturer.

Autopilot, which Tesla calls "traffic-aware cruise control," is available on certain Models S, X, 3, and Y models from 2012 to 2023, as well as on certain Models 3 and Y models from 2017 to 2023. A recent investigation determined that Tesla's autopilot safety technology was "not sufficient to prevent driver misuse," prompting the recall of over 2 million vehicles—almost all of the company's U.S.-market vehicles—a few months ago (Lyyra et al., 2023).

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