

## Tesla, Inc (2020, McGraw Hill)

- *Full Name of the Case:* Tesla, Inc.
- *Teaching Note(s) Available?* Yes
- Case is available through Harvard Business Publishing (product #: MH0067-PDF-ENG)

Tesla is an American company founded in 2003, which produces electric cars as well as electric batteries and solar panels. It is known for its innovations and direct-to-customers sales approach, as well as its strategy of having first produced high-end cars, then moving to mass market models. Tesla combines product and business model innovation in highly complementary ways, and the case thus provides a useful illustration of the power of business model innovation. It also allows for a discussion of what business model innovation is and what it is not, as explained in **Chapter 4**, for which we recommend to use the case. (A secondary use case would be **Chapter 5**, because one of the key questions in the case revolves around Tesla's competitive advantage, and competitors' ability to imitate and/or outperform Tesla.)

This case is set in early 2020 and takes the perspective of Tesla founder Elon Musk, a fascinating entrepreneur who simultaneously runs three companies (Tesla, SolarCity and SpaceX). It provides context on Tesla's new "Gigafactory 3" built in China, and goes over Musk's two "master plans" for Tesla (released in 2006 and 2016, respectively). The case also details key aspects of Tesla's business model (such as its direct sales approach [*Who? How?*], its in-car platform for after-sales software updates [*What?*], and its open-source innovation strategy [*Why?*]), and it provides insight into its competitors. The "problem" of the case engages with numerous challenges Musk is facing in early 2020, including how Tesla will be able to continue scaling up its production, particularly given issues it ran into with production of its Model 3.

Students will likely find the case interesting because Tesla is an iconic brand that they will recognize easily, and the company is led by a well-known entrepreneur who has even entered into pop culture; Tesla is known as much for its products as for its ability to innovate and take bold risks, including, importantly, in its business model strategy. Elon Musk does not shy away from defying conventional wisdom, for example, by adopting a design approach that is anchored in his vision and seemingly ignoring market research.