Global Businesses

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[Date]

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A company that operates in different countries and is being facilitated by centers in those countries is known as a global business. While international company operates in different countries but facilitated by the home county (n.n, 2019).

Tesla motors is going to be a global business. Tesla motors has introduced model 3 and it has the option of dual wheels of 20’’ and it has lowered suspensions for all weather conditions. It has a spoiler made of carbon fibers and it increases its stability. Thus model 3 accelerates from 0-100 km/hr in a time span of 3.4 second (Collins, 2019).

The competitive advantage of tesla motors is its electrical vehicle’s technological advancement which ensures the safety of its customers. Its strategy is to bring sustainable transports by introducing electric cars in the market.

It was a startup company and it has never made a car before so its first product was a sports car which proved to be the best competitive for other firms with relatively similar products. In the beginning it introduced very expensive electric car in the market and its strategy was risk seeking but later risk analyses of the company showed it as less risky than the rest of the firms.

The company is using all three models of growth, it has introduced model 3 electric vehicles to the same market currently and it is engaged in new product formation. It is also expanding its market to India and is also working on the production of new product including, pickup trucks and semi-trucks (Collins, 2019).Tesla is now bleeding cash. Its production 1Q2019 released last week and the demand for model 3 electric car in the United States was in much hype. Then a pull a head of sales occurred and the company is likely going to its historical cash burn periods (Collins, 2019).Recently it has shown very high uncertainties in the business so its strategies need to be accessed.

It has finished its trade at $87.74 yesterday and it yielded 8.3%. It has registered 5,315 new vehicle and this poor number of production has doubled the market reactions recently. Tesla is estimating negative cash flow of $1.1 billion in the first quarter and it has also experienced negative cash flow of $200 billion in the second as well as third quarter. In the fourth quarter it has re attained its breakeven point (Collins, 2019).

Its stock market is declining and has removed $4 from the company’s market capitalization. It has also due of $566 in the coming November and its financial health could be saved by the bond market (Collins, 2019).

Tesla is in trouble now and the top managers need to actually analyze the market and should do situational analyses and design new portfolio strategies in order to get rid of the negative cash flow. Its shares are trading below the rates of September 2014 (Collins, 2019).

Analyzing the cash flow is necessary to identify the company’s progress. In July it provided vehicles and in transit deliveries. But this deliveries numbers should be increased in numbers to improve the financial health of the company. Those numbers are used to estimate the automotive revenue generated by the company (Jones, 2018).

Well the company has delivered Model 3 vehicles up to 5000 and it seems like it is focusing Elon Musk’s goal then focusing on the business strategies. It would be the biggest recipient of US-China trade agreements and after the end of trade war Tesla will be going to operate in China as well and investors will be investing fully on this Tesla is very active in the ASEANS, it is actively operating in the Asian market and its influence is increasing in Hong Kong and China. Tesla has opened its Mode 3 in China for the first time in November and only the long range wheel drive were made available for this market (Jones, 2018).

So the company is looking forward to operate in the Chines market for long term. The ongoing trade war between China and USA is effecting many automobile companies but the CO of Tesla motors has announced to cut the prices for China up to 26% to make it more affordable for the emerging market of China. It is barring transportation cost as well as the tariffs. Tesla is going to be the part of a “Cooperative agreement” with China’s Shanghai Municipal government and it will be able to make 500,000 cars as a result of the agreement (n.n, 2018). Tesla has founding active global strategy with its Global new ventures. The automobile industry experiences various external as well as internal factors. Tesla has a resilience to all of that due to its strategic planning. The business is struggling to grow despite of its competitive challenges. Choosing a location for Tesla motors happens after keeping the threat of substitutes, bargaining powers and all the qualitative factors in mind. The company is trying to increase its market presence to have a strong competitive advantage.

Before entering into new market the political and cultural risks need to be understood. There occurs to be certain political and ethical issues of merging with other companies or trading with otter outies with different political and human right approaches. So while going private or signing treaties with other countries those risks should be kept in mind. If the company is going to operate in a different country then the employer needs cross cultural trainings to work easily in a new market.

The company needs to be aware of the cultural dimensions of the country including, short and long term orientations, individualism and the general human right laws of the country. It should also be kept in mind the approaches femininity and masculinity before doing any foreign direst investment.

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