



Tesla Motors: A Balanced Scorecard Approach to More Effective Performance Management - Case Analysis

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Abstract. Tesla Motors (“Tesla”) is a global designer, manufacturer and marketer of electric vehicles, and lithium-ion battery packs for consumers. It was the first electric vehicle manufacturer to produce such a vehicle in serial production. Tesla functions via a system of highly complex operations that require expertise in advanced battery technology, automobile design, manufacturing design, supply chain management, and human resources management related to each area (Larcker & Teyan, 2011, p. 1). This case study analysis provides an assessment of Tesla’s current strategic performance management system, addresses key challenges related to its operational effectiveness, and offers viable solutions relative to these issues based upon a Balanced Scorecard approach.

Keywords: Tesla Motors, performance management, Balanced Scorecard, PeopleSoft Workforce Scorecard, case study.

JEL Codes: J24, L1, L2, L6

1. Introduction

Tesla Motors (“Tesla”) is a global designer, manufacturer and marketer of electric vehicles, and lithium-ion battery packs for consumers. Tesla’s operations are highly complex since electric vehicle development requires expertise in advanced battery technology, automobile design, manufacturing design, supply chain management, and human resources management related to each area (Larcker & Teyan, 2011, p. 1). As such, the company has faced its share of organizational challenges, including establishing an effective performance management system.

As an early-stage organization, Tesla has strategically focused its relatively limited resources on its engineering and product development functions. It can be inferred from its publicly reported documents, industry analysis, and from limited scholarly literature examination, that it likely currently utilizes an array of performance measurement systems including total quality management and just-in-time—even if it hasn’t explicitly labeled them yet (Market Talk, 2011, 6).

The above notwithstanding, the implementation of certain management measurement concepts into practice does not necessarily mean that they have been fully incorporated into Tesla’s decision making process, nor does it guarantee efficiency of its performance management system. In large measure,

this can be attributed to the company's somewhat myopic technology-engineering focus. Effective management calls for the development of performance management techniques that are designed to capture information on a much broader perspective of an enterprise and its environment (Gimzauskiene & Valanciene, 2010, p. 918).

What is needed in order to improve Tesla's current performance management system is a more holistic performance measurement approach. Intrinsically, preliminary analysis of Tesla suggests that utilization of a performance measure such as the Balanced Scorecard approach could be instrumental in accomplishing this objective. In line with this assumption, this analysis assesses Tesla's current strategic performance management system, addresses key challenges related to more effectively operating this system, and offers viable solutions relative to these challenges based upon a Balanced Scorecard approach.

2. Performance Management Overview

Broadly speaking, performance management can be defined as "a range of activities engaged in by organizations to enhance the performance of individuals and units, with the ultimate purpose of improving organizational effectiveness" (Biron, Farndale, & Paauwe, 2011, p. 1294). It is a continuous and systematic process by which overall organizational performance and effectiveness is improved by identifying, developing and measuring the performance of individuals and teams, and aligning their performance with the strategic objectives of the organization (Biron, et al., 2011, p. 1295; Florin, 2011, p. 75). Examples of performance management processes include: establishing individual, team, departmental and corporate objectives; employee training; use of employee appraisal systems; and career planning/development (Biron, et al., 2011, p. 1294).

Performance management has undergone dynamic evolution over the past several decades. Nearly all system practices and qualities have become more prevalent and stronger; usage has become more consistent; there has been a dramatic increase in the use of performance management-related software; and there have been meaningful increases in managerial and employee training (Rogers, Bernthal, & Smith, 2003, p. 27).

Performance management can essentially be divided into business (or enterprise) performance management systems and human performance management systems. The focus of this case analysis, unless otherwise noted, will be upon the "human" side of performance management as it relates to Tesla.

2.1. Business/Enterprise Performance Management

According to the BPM Standards Group, (comprised of implementers, analyst firms, vendors and end users), business performance management is defined as “solutions that enable an organization to define strategic goals and then plan, measure, and manage performance against those goals” (Colbert, J, 2009, para. 5, citing BPM Standards Group, 2005). These solutions require the alignment of strategic and operational objectives. They also require alignment of a set of integrated, analytic processes, with technology serving as a supporting foundation (Colbert, para. 5).

Business performance management activities have recently been heavily influenced by the rise of the Balanced Scorecard framework (Hagos & Guban, 2010, p. 438). In that regard, it has become common for organizations to use the Balanced Scorecard framework to clarify goals, identify tracking mechanisms, and to structure those mechanisms for appropriate intervention (p. 438). These steps mirror those found in business performance management, and thereby establish the basis for performance management activity within an organization.

Tesla’s current business performance management system utilizes Apriso Corporation’s FlexNet platform, on which it operates the *Manufacturing Execution System* and *Manufacturing Process Intelligence* systems (Tesla Motors selects Apriso, 2010, para. 1). Apriso’s customized platform provides Tesla with a real-time, integrated end-to-end process spanning its production, supply chain, maintenance, distribution, and labor operations (Apriso Corporation, n.d., para. 2). Apriso’s *Manufacturing Process Intelligence* system, for instance, allows all Tesla applications (IT, production, etc.) to share a common platform so that data is automatically accessible and standardized.

The strength of this enterprise performance management system is that it allows for strong integration of its business-oriented processes in line with the company’s global objectives. A major advantage of this type of platform-based approach to manufacturing operations is the ease of adding new or updated capabilities (McCarthy, 2012, para. 5). For example, it could provide Tesla with adaptable, real-time visibility into manufacturing performance that would allow it to quickly identify opportunities for continuous process improvement and efficiently control costs.

2.2. Human Performance Management

In converse to enterprise performance management, human performance management focuses on the range of activities more related to the individuals within an organization in context of their organizational effectiveness and the human resources required to support them (Kerssens-van Drongelen & Fisscher, 2003). Analysis of Tesla’s FlexNet platform, and information available on

Tesla's human resource practices, suggests that its human performance management system is presently only marginally integrated into its sophisticated enterprise performance management platform. Additionally, it fails to provide for similar levels of real-time and continuous integration of its performance management processes across its value chain. As such, these processes lack the same levels of automation, execution, and management effectiveness as those provided by Tesla's enterprise performance management system.

In light of the above, this analysis proposes that Tesla implement a Balanced Scorecard-driven approach which integrates a holistic performance management system—more specifically, Oracle's *PeopleSoft Workforce Scorecard*. In addition to the system's numerous benefits, which are discussed later, integration of this type of system specifically aligns an organization's workforce with its organizational objectives through more operative communications. At the same time, it allows for critical 'human' inputs in the overall design of the system. Phillips Electronics, for example, established a performance management system from the top-down (but with meaningful input and feedback from its employees) that successfully used the Balanced Scorecard approach to "better align company vision, educate employees on business strategy, and focus them on how they fit into that big picture" (Gumbus & Lyones, 2002, p. 46).

3. Literature Review

The topic of performance management is fairly well documented. However, with the exception of a wealth of technical analysis, there is little scholarly focus devoted to the topic of the electric vehicle industry (Mangram, 2012). This is highly relevant since the electric vehicle industry is viewed by many as "being vital to reducing global reliance on dwindling fossil fuels and combatting harmful worldwide climate change" (Wynn & Lafleur, 2009, p. 2). Even less research and analysis has been focused on Tesla—a major component to the industry's prospective success.

In response to the theoretical gaps, this analysis uniquely examines Tesla in context of performance management—particularly the human performance management aspects of the company. Further, it identifies the major challenges confronted by Tesla and provides practical solutions as to how these problems may be overcome through the implementation of a fully utilized Balanced Scorecard approach to performance management. In addition to a comprehensive review of applicable scholarly literature, the methodology for this assessment is based on the examination of relevant industry reports and interviews, pertinent case studies analysis, and interpretation of an original survey summary.

The implications of this analysis extend beyond Tesla and the electric vehicle industry. For instance, a similarly focused Balanced Scorecard approach to

performance management could apply to virtually any manufacturing company seeking increases in operational efficiency and competitive advantage.

4. Findings: Key Performance Management System Challenges

The above human performance management system failures suggest that Tesla is faced with key challenges relative to: (1) leadership and performance management, (2) challenges in management controls, (3) the relationship between performance management and other systems, (4) cultural and ethical considerations, (5) connectivity to other organizational systems issues, (6) system flexibility during turbulent times, and (7) connectivity to strategic initiatives.

4.1. Leadership and Performance Management

Research on high-impact leadership development indicates that organizations that effectively integrate leadership and performance management were, on average, 55 percent more effective at business performance measures than organizations with little or no integration (Garcia, 2010, para. 1-2). The business measure that is most impacted by this leadership/performance management integration is implementation of a performance-based culture. Consequently, Tesla has a genuine opportunity to address one of its major “talent” management issues through more operative integration of leadership and performance management (Garcia, 2010, para. 3).

The second biggest business measure impact is on improving business results. When organizations integrate leadership and performance management, there is a “clear alignment between current performance and the skills necessary to achieve business goals” (Garcia, para. 4). If a businesses’ strategy and its leaders are properly aligned, then leaders can more effectively communicate with employees. Helping Tesla’s employees better understand where they fit within the organization and the value of their contributions could go a long way in repairing a perceived disconnect between its management and subordinates (Tesla Motors Survey, 2012).

4.2. Challenges in Management Controls

The performance management issues discussed in this analysis can be rooted back to the need for properly trained staff to investigate, measure, monitor and then implement performance solutions. Here, these issues can be compounded or aggravated because of Tesla’s lean ‘start-up’ phase performance measures and

staffing. Fortunately, effective performance software is one way to shore up the strength of any performance management staff deficiencies (Enrico, 2008, p. 2).

Having the ability, knowledge and tools necessary to clearly and easily document, quantify, and justify a performance-related change is undoubtedly a significant challenge for Tesla. As such, this analysis discusses the use of performance management software as a way to bolster the efforts of its performance management staff (Enrico, 2008, p. 2). In that regard, this analysis suggests the use of a 'Balanced Scorecard-related software' program.

As a performance management tool, the Balanced Scorecard is used to provide both an integrated external and internal perspective of an organization (Tarantino, 2003, p. 63). An external perspective for Tesla, for instance, might include how customers view the organization and could be measured by customer satisfaction or the number of related outside referrals. An internal perspective might include greater scrutiny of areas in which the company must succeed and improve, which could be measured by vehicle sales and service. These represent challenges in management controls that can effectively be addressed by a Balanced Scorecard approach.

4.3. Relationship Between Performance Management and Other Systems

Empirical research leads to the conclusion that performance measurement systems are more efficient when they are integrated, multi-dimensional and long-term (Gimzauskiene & Valanciene, 2010, p. 922; Aden & Barray, 2008, p. 78). Accordingly, analysis of Tesla's current system suggests that utilization of a performance measure, such as the Balanced Scorecard approach, could be instrumental to a more successful implementation of its long-term goals and objectives. This type of performance measure more effectively takes into account the various areas in which Tesla's current measurement system is lacking, such as the company's extensive and valuable intangible assets and intellectual capital. For high-technology companies, such as Tesla, this is a particularly important performance measure (Thomas, 2007, pp. 653-654).

A more effective, integrated, and continuous human performance management system could help the company to better manage related processes and more effectively align them with corporate objectives (Chamberlain, 2011, p. 18). In that regard, a strong argument can again be made for a more technology-advanced human performance management system—with possible full integration with Tesla's FlexNet enterprise performance management platform. Such a technology-based performance system could provide more meaningful performance measures. Moreover, it could effectually allow for the type of continuous process of performance management and continuous communication of information that is needed to help make Tesla's operations more profitable and competitive (Smither & London, 2009, p. 455)

4.4. Cultural and Ethical Considerations

Organizations such as Tesla understand that the creation of a high-performance culture in the workplace is an important prerequisite to developing an effective performance management system. This type of culture facilitates a work environment that encourages maximum employee performance, provides them with a better sense of accomplishment and satisfaction, and offers superior performers with prospects for greater financial rewards (Booz & Allan, n.d. para 2).

A well-designed performance management system “promotes clarity of expectations, increases trust among supervisors and employees, and increases fairness and transparency in the system” (Booz & Allan, n.d. para. 3). Implementation of such a system at Tesla could further enhance their existing ‘high-performance’ culture and permit employees and managers to better focus on organizational and individual development.

Winstanley and Stuart Smith (1996) argue that, in general, performance management approaches that fail to meet their objectives, are flawed in their implementation, and are often perceived as inappropriate “police” performance controls (p. 66). An effective performance management system should also be based on principles of ethical considerations that lead to transparency and respect for all.

Employees impacted by decisions made based on their performance should have a transparent right to know the ‘how’ and ‘why’ of those decisions. In that regard, procedures should be in place to help to avoid bias and promote mutual respect for the needs of individual employees and management. For Tesla, any efforts to incorporate ethical concerns into performance management should involve a true stakeholder approach wherein those involved in the process have a say over the methods for performance improvement and design of performance measures. Tesla, for example, might consider a 360 Degree Appraisal approach where coworkers, customers, and other individuals provide unique feedback about employee performances.

4.5. Connectivity to Other Organizational Systems

Performance management systems are often closely linked to other human resource systems. For example, performance management data could be used by Tesla to: facilitate career planning (identify and plan career paths); guide promotion decisions; determine compensation (pay levels and increases or other compensation); guide employee training needs; help make promotional decisions; help establish individual performance planning; or identify and develop leaders for succession planning (Bernthal, Rogers, & Smith, 2003, p. 19).

It is unclear to what degree Tesla is currently utilizing these types of linkages. Optimally, performance management data can be closely linked to all of these systems, and by making use of performance management competencies the company should be able to improve the quality of these linkages. For instance, by implanting the discussed Balanced Scorecard approach, each performance measure could become part of a “cause-and-effect” relationship, linking strategy formulation to engineering or financial results (Ye & Seal, 2009, p. 27). This invokes the popular analogy that compares the Balanced Scorecard to a pilot’s cockpit indicators. While there is seemingly no general cause-and-effect relationship between the direction of the aircraft and its fuel consumption, the pilot understands that both indicators are important to the successful flight of the aircraft (Ye & Seal, p. 27).

4.6. System Flexibility During Turbulent Times

In today’s global turbulent economic times, there is a greater need for companies to be even more flexible and agile. Those that are successful are ones that are able to productively apply their resources to functions and initiatives within the enterprise that deliver the greatest value (Colbert, 2009, para. 11). Not surprisingly, performance management is one of the few areas delivering such value and an area of corporate investment that has been receiving heightened focus during the continued economic downturn. The reasons for this are that these systems can help improve bottom line efficiencies, provide for better business analysis and forecasting, and improve strategic decision-making (Colbert, para. 3).

It is important to note that, generally speaking, “performance management improvements are not synonymous with technology investments” (Colbert, 2009, para. 5). These improvements require skilled people and the right content—with technology serving as a supporting foundation.

Performance management systems need to provide strategic insights and identify new opportunities for margin improvement and profitable growth, while mitigating risk (Colbert, 2009, para. 11). In order to gain this type of competitive advantage, Tesla will require a performance management system that is agile and can operate flexible processes that will allow it to capitalize upon opportunities which present themselves during turbulent and changing times.

4.7. Connectivity to Strategic Initiatives

Performance management creates the greatest value for companies when it drives the strategic plan (Brim, 2007, para. 2). When executing business strategy, an organization will find performance management to be a powerful tool for creating

real goals and objectives for all employees (Bernthal, Rogers, & Smith, 2003, p. 1). By connecting individual performance goals to the organization's strategic goals, employees develop meaning and value to their work, and therefore, have greater motivation to succeed (Bernthal, et al., p. 1). In this analysis, there is a demonstrable need for Tesla's performance management system to be integrated with the company's predominant enterprise performance management objectives.

Bourne, et al. (2003) discussed four primary barriers to strategic performance measurement implementation that are at the root of much of the process difficulties typically confronting companies such as Tesla (p. 18):

1. *Non-actionable vision and strategy.* This happens when upper management fails to achieve vision consensus—which ultimately leads to different groups pursuing different agendas. Additionally, the parties' incoherent efforts in these instances are not integrated to strategy.
2. *Failure to link department, team and individual goals to strategy.* This occurs when involved parties continue to follow outdated or outmoded performance criteria thereby frustrating the introduction of the new performance measures.
3. *Resource allocation and strategy are not linked.* This happens when critical processes, such as annual budgeting and long-term strategic planning, become unrelated to organizational strategic priorities.
4. *Feedback is more tactical than strategic.* This occurs, for instance, when too little time is allocated for review of strategic indicators, or when performance feedback concentrates too much on myopic short-term results, e.g., financial measures.

Effective linkage of strategy and performance management can generate top-level results. The best way to effectuate this linkage is to create a connection between strategy and performance management with “software technology, scorecards and focused management practices” (Brim, 2007, para. 7). Hence, the Balanced Scorecard approach again demonstrates its potential appropriateness. Philips electronics is an example of a major corporation that has effectively used a performance management software and a Balanced Scorecard approach as vehicles to developing key performance indicators (KPI's), and to create a highly effective operative quantitative expression of its business strategy (Gumbus & Lyones, 2002, p. 46).

5. Discussion: Performance Management System Solutions

5.1. Balanced Scorecard Approach

As briefly discussed earlier, this analysis suggests that Tesla's utilization of a performance measure that includes a Balanced Scorecard approach could be instrumental to more successful achievement of its goals and objectives. Developed by Dr. Robert Kaplan and Dr. David Norton, the Balanced Scorecard is "a performance management tool that is used to provide an integrated perspective of an organization" (Tarantino, 2003, p. 69). It is widely used by the manufacturing and services industries, with an adoption rate of approximately 50% of Fortune 1,000 companies in North America and 40% in Europe (Gumbus & Lyones, 2002, p. 45).

The original thought process behind the Balanced Scorecard approach was a dynamic focus on information interrelated to strategy implementation. Ultimately, a Balanced Scorecard system relates to the identification of a small number of financial and non-financial measures, attaching those measures to objectives, and the system's ability to effectively monitor them to determine whether current performance is meeting those objectives. The major premise of the tool is that by alerting managers to areas of deviated performance, they can implement corrective measures, and ultimately improve performance of the unit or division of the organization for which they are responsible.

There are essentially four steps in the Balanced Scorecard design process (Tarantino, 2003, p. 69):

1. translation of organizational vision into operational goals;
2. communicating the vision and its linkage to individual performance;
3. strategic business planning; and
4. feedback and learning that leads to periodic strategy adjustments.

The above steps illustrate broad thinking about how the resulting Balanced Scorecard should integrate with wider enterprise management processes. Further, the use of Balanced Scorecard-related software (in conjunction with human stakeholder inputs) provides a powerful tool for the efficient automation of these processes and a way to shore up the strength of any performance management staff (Enrico, 2008, p. 2). For example, in a study of a Balanced Scorecard system utilized by a UK-based multinational bank with over 70,000 employees, the bank was able to use a manageable number of software-driven metrics and quantifiable objectives to effectively measure its global performance at the individual and

business-unit levels, and provide effective integration of these measures with its complex budgeting system (Ye & Seal, 2009, p. 27).

5.2. Integration of PeopleSoft Workforce Scorecard

A more effective, integrated, and continuous human performance management system enables a company to better manage related processes and better align them with corporate objectives (Chamberlain, 2011, p. 18). With this in mind (along with the above list of relevant challenges), this analyst strongly recommends that Tesla adopt and fully implement a Balanced Scorecard-based software platform such as Oracle's *PeopleSoft Workforce Scorecard* (PWS) for its performance management system needs. Current clients of the system include seven of top 10 of Global Fortune 500 companies.

Importantly, PWS was selected because it already fully incorporates the leading-edge performance management methodologies of the Balanced Scorecard necessary to address Tesla's current challenges (Information you can use, 2005, p. 4). By combining a proven strategic management technique, such as the Balanced Scorecard, with an effective, automated mechanism for managing and measuring organizational performance, PWS could provide Tesla with a single point of definition and calculation for all metrics. Additionally, it offers a sophisticated user interface that Tesla's management could use to "intuitively assess current performance against target objectives—and forecast future performance to determine if there is a need to fine-tune organizational strategy" (Information you can use, 2005, p. 4).

PWS' flexibility enables the use of 30 predefined tactical metrics and critical key performance indicators ('KPIs') necessary to deliver the information needed by its management and employees to identify opportunities for improved organizational effectiveness, productivity and competitiveness. In this case, PWS provides viable solutions to each of the specified performance management challenges presently confronting Tesla.

5.3. PeopleSoft Workforce Scorecard Solutions Matrix

The following 'PeopleSoft Workforce Scorecard Solutions Matrix' summarizes some of the key solutions and benefits of PWS, in relation to the identified performance management challenges, should Tesla choose to adopt and implement the system.

PEOPLESOFT WORKFORCE SCORECARD SOLUTIONS MATRIX	
Tesla Performance Management Challenges	PeopleSoft Workforce Scorecard Solutions
<i>Leadership and Performance Management</i>	- Combining performance management and scorecard methodologies, PeopleSoft Workforce Scorecard ("PWS") would provide Tesla's leadership with an automated mechanism for measuring and managing organizational performance via a single point of definition and calculation for all metrics. - PSW enables the creation of strategic scorecards so that Tesla's executives can know, at a glance, whether it is meeting its goals.
<i>Challenges in Management Controls</i>	- PWS provides the strategic management and performance tracking necessary to measure and control the effectiveness of management and human resource initiatives. - PWS would better align Tesla's workforce with its organizational objectives through more operative communications capabilities via performance dashboards and other performance measurement tools.
<i>Relationship Between Performance Management and Other Systems</i>	- FlexNet, Tesla's current enterprise/engineering software platform, already brings numerous analytical capabilities to its solutions options which are geared specifically to managing Oracle/PeopleSoft databases and applications. - Integration of FlexNet's management functions and PWS performance management functions could effectively empower Tesla with the type of continuous process of performance management and continuous communication of information that is needed to drive profitability and bolster competitive advantage.
<i>Cultural and Ethical Considerations</i>	Since creating a performance-based culture is one of the top talent management challenges, PWS supports Tesla's 'performance-based' culture by integrating performance management matrixes and leadership development, and by facilitating communications of these measures to employees.
<i>Connectivity to Other Organizational Systems</i>	- Utilizing PWS would allow Tesla to orchestrate its entire planning and performance management process in a collaborative and well-connected manner. From developing and communicating corporate strategy, to determining appropriate performance metrics, to monitoring and measuring performance, PWS could help to ensure that all Tesla employees can identify and measure their contributions to its success. - PWS provides the strategy and performance tracking necessary to measure various human resource system initiatives, including company performance, staffing, turnover, compensation, and individual competencies.
<i>System Flexibility During Turbulent Times</i>	- PWS's flexibility enables the use of granular, tactical metrics and fully supports Balanced Scorecard performance management methodologies. - PWS is an agile performance management system which can operate flexible processes that would allow Tesla to capitalize upon opportunities that may present themselves during changing or turbulent times.

Connectivity to Strategic Initiatives	• PWS would enable Tesla to better communicate its corporate strategies, determine key performance indicators (KPIs), prioritize initiatives, and continuously monitor performance against the organization's goals, by providing quick and simplified views of its strategic objectives and associated measures. • PWS is designed to enable Tesla to align its corporate strategy with tactical execution by providing it with the ability to define strategies, connect and communicate critical success factors to everyone within the organization (via optimized tactical metrics) and measure tangible results on a continuous basis.
Developed by Myles E. Mangram. Information regarding PeopleSoft and FlexNet provided by: PeopleSoft Workforce Scorecard (Data Sheet, 2005); PeopleSoft Scorecard (White Paper, 2005); and the Company's website: www.oracle.com/us/products/applications/peoplesoft .	

6. Monitoring and Controlling

According to Tarantino (2003), “Long-term success for any organization requires performance assessment that monitors the value of efforts across all functions of the organization—not just financial results” (p. 71). Because of the rather orthodox recommended approach to performance management for Tesla, the use of budgets or regularly scheduled meetings and reviews are ideal methods for determining the success of its recommendations and implementation plans. Another monitoring approach is the extensive use of key performance indicators.

In terms of performance monitoring, Huang, Lei and Lim (2006) make the argument that in order to effectively monitor performance management, in connection with strategic corporate goals and objectives, key performance indicators (KPIs), such as those provided by the recommended Balanced Scorecard approach, must be made readily available to executives and subordinates (p. 1). Here, as with any business enterprise, it is important that the lower-level KPIs be aggregated into the higher-level KPIs (Huang et al., 2006). For example, a higher-level KPI for Tesla might be ‘percentage of on-time vehicle delivery.’ On-time delivery might involve several lower-level KPIs related to various business units that include ‘scheduling,’ ‘production’ and ‘inventory management.’ Here, the success of the higher level KPI is inextricably dependent upon the effectiveness of the lower-level KPIs.

Once the performance management criteria and target measures are determined, the scorecard “weights” of each of these criteria and ultimate performance must be captured. One suggested approach to weighing these criteria is the Thomas Saaty-developed Analytic Hierarchy Processing technique (Tarantino, 2003, p. 69 referencing Saaty, 2008). Research demonstrates that utilizing the Analytic Hierarchy Processing approach to ‘weight’ the criteria within the perspectives of the recommended Balanced Scorecard approach allows

for the “development of an integrated performance index to monitor and assess overall performance” (Tarantino, p. 69).

A positive benefit of the recommended PeopleSoft Workforce Scorecard is that it would allow Tesla to set its strategy, define appropriate KPIs, and continuously monitor performance management for each aspect of its operations—from business line to production (Information you can use, 2005, p. 3). Given this critical information, Tesla would be able to quickly adjust its tactics to pull the organization back into alignment in the event performance deviates away from strategic goals. Moreover, such a technology-based performance system would more effectually allow for the type of continuous process of performance management and continuous communication of information that is generally needed to make companies more profitable and competitive (Smither & London, 2009, p. 455).

7. Conclusion

This analysis has examined the key challenges faced by Tesla Motors in regards to its current performance management system. More importantly, it provides viable solutions to each of these challenge areas. With this in mind, Tesla’s executive management is provided with the following conclusions for consideration:

- Tesla’s relative myopic technology engineering focus has, to date, failed to integrate necessary performance management techniques that are designed to deal with a broader spectrum of its enterprise environment—particularly the human spectrum.
- Since the long-term success of an organization requires performance assessment that monitors the value of efforts across a broad range of organizational functions, Tesla should move forward with the adoption and implementation of a holistic and integrative Balanced Scorecard, software- driven approach to its performance management system.
- While there are no ‘automated’ options that can fully replace the valuable human resources needed to oversee its business and performance management processes, the adoption of a program such as the PeopleSoft Workforce Scorecard could provide Tesla with critical strategic management and performance tracking tools necessary to improve human resource initiatives and enhance overall organizational effectiveness.

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