Objectives and Metrics

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**Opportunity selected**

The project selected based on the unmet opportunity that is diversification of business is Tesla manufacturing its own battery cells for electric vehicles. The reason behind the selection of the opportunity is a heavy reliance on Panasonic for battery cells. This will benefit the organization by offering cheaper vehicles than they are offered today. Moreover, the organization need not give the share of profit to any other company.

**Measurable objectives**

The three measurable objectives increase in sales by 10% every month, an increase in profitability by 5% every month, and increased the production of battery cells by 30%. The timeline for all the objectives will be six months. The responsibilities of the objectives are as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Strategist** | **Production manager** | **Sales manager** | **Designer** | **Project manager** | **Team members** |
| **Increase sales by 10%** | Informed |  | Accountable |  | Consulted | Responsible |
| **Increase profits by 5%** | Informed |  |  |  | Consulted | Responsible |
| **Increase production of battery cells by 30%** | Informed | Accountable |  | Consulted | Consulted | Responsible |

**Appropriateness of objectives**

The objectives are appropriate for the project because they will determine the successful implementation of the Business expansion of battery cell withdrawal reduce the requirement of suppliers for batteries.

**Metrics**

The success of the project depends on the metrics that determine the accomplishment of objectives. The metrics to evaluate the accomplishment of the objectives are the increase in profits and an increase in sales. The increase in profits is one of the ways to determine if the action taken by the business is towards the right direction. For instance, if the profits increase by $100,000 or more in a particular financial year, it means the strategy initiated by the top management has proved to be successful for the organization. The increase in profits can also be determined by the increase in the percentage of profits. For example, the net income increases by 10% quarterly after the manufacturing of battery cells.

Just like profits, the other metric stated is increase in sales. It is estimated that the manufacturing of battery cells will reduce dependence on the suppliers. Consequently, the profit margin earned by the supplier will be retained by the business. For example, the cost of 1 unit of battery charged by the supplier is $100 and the same battery manufactured by the organization costs $70. This means the profit of $30 taken by the supplier will be retained with the business. The same profit can be utilized in some other business activities is or reducing the price of the final product. When the production takes place at a large scale, the cost of production further decreases. This means the cost of $70 per battery can be reduced to $60 which can be utilized for more business operations.

Another metric that determines the successful accomplishment is the increased market share. The increase in sales increases market share. However, the increase in sales is not directly associated with an increase in market share. There are other factors like reduced cost which creates a mind-set among the people for low-cost product availability. Manufacturing of battery cells will definitely reduce the price of the end product. However, the company can also indulge in manufacturing other important components, just like battery cells.

**References**

Kolodny, L. (2019). *Tesla has a secret lab trying to build its own battery cells to reduce dependence on Panasonic*. https://www.cnbc.com/2019/06/26/tesla-secret-lab-building-battery-cells-to-reduce-panasonic-dependency.html