

# Talking Heads: Reimagining production - Tesla's unboxed approach

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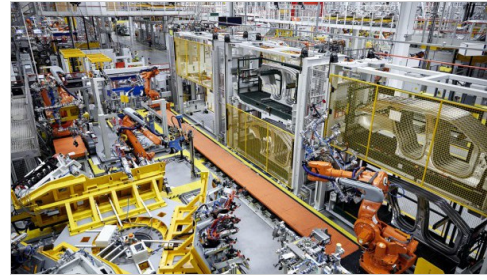
**Matthew Beecham**

**S&P Global**

Supply Chain and Technology, Automotive

## Our latest Talking Heads insight considers Tesla's Unboxed Process.

During Tesla's Investor Day earlier this year, the carmaker explained its intention to increase the production of its next-generation electric vehicles and stationary battery storage in order to speed up the world's transition to electric vehicles (EVs).



*Source: Getty Images/ Morsa Images*

The driving force behind this is its Unboxed Process, a combination of refined manufacturing techniques and strategic process overhauls that will contribute to a substantial production cost reduction and facilitate the profitable build of the sub-\$30k EV that Tesla has long targeted. The idea is that, by deconstructing the assembly approach, individual car components are meticulously fine-tuned before seamlessly converging in a preliminary phase, culminating in a final assembly. The unboxed approach is likely to debut at Tesla's upcoming Santa Catarina plant in Mexico.

What sets Tesla's unboxed production system apart as innovative is not how vehicles are manufactured, but rather how their design is tailored to the manufacturing process. While the conventional approach involves designing sub-assemblies for assembly on the production line, the unboxed system involves designing sub-assemblies to be pre-assembled or pre-cast into larger sub-assemblies.

However, we do not have to look far to find critics. While some raise doubts about whether a system dependent on tried-and-tested methods can lead to substantially reduced production expenses, others question the carmaker's ability to apply this approach to various vehicle models within a single production facility. They also point to its track record of not meeting production deadlines and encountering difficulties when attempting to implement untested technology. This suggests that the timeline for successful implementation might be more protracted than anticipated.

Tesla's main objective is cost reduction. There is every chance that the unboxed approach could reduce labor expenses — to some degree, although may not actually meet expectations — by reducing the assembly tasks required on the production line. It should also trim manufacturing costs by enabling more efficient fabrication of these sub-assemblies in more accessible locations.

Although the new process has the potential to upend the traditional moving assembly line, time will tell if it is truly revolutionary. If anyone can pull it off, then Tesla can.

For a view of how this process could unfold, we talked to subject matter experts within S&P Global Mobility's Supply Chain and Technology practice.

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## CONTACTS

**The Americas**  
+1 877 863 1306

**Europe, Middle East & Africa**  
+44 20 7176 1234

**Asia-Pacific**  
+852 2533 3565

[www.spglobal.com/mobility](http://www.spglobal.com/mobility)

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