

# **The Elon Effect: Tesla's Future without its Rocketman**

## **TEACHING NOTE**

The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

# Teaching Plan

These teaching notes were created to support teachers or presenters of the Tesla case by providing guidance and recommendations on how to prepare for and present the case in an engaging and thought-provoking way. The notes include learning objectives that aim to help students understand the main perspectives of the case. They commence with a brief synopsis of the case and an overview of the learning objectives. The teaching suggestions provide ideas on how to convey the case, and a detailed teaching plan outlines the time allocated for each story point, the methods, and media to be used. A board plan is also provided as an example of how to take on the case, with key takeaways for the teacher to keep in mind when preparing for the case. By following the teaching plan, the presenter can set the scene, structure the key information, lead organised discussions, propose solutions, and reflect with the participants on the case. The teaching notes conclude with the authors' reflections on the process of designing the case.

## Case synopsis

Elon Musk has been a part of Tesla for almost 20 years, being one of the first investors and the one who believed in the vision of creating a fully electric car to change the car industry. In 2008 he took the role as the CEO of the company and since then Tesla Inc has gone from being able to produce a limited quantity of an expensive, and not so efficient sports car, to a multi billion-dollar business. A global car manufacturer producing multiple models and also branching out into the renewable energy industry of solar panels and battery production. But then the question that every executive board sooner or later has to think about arises: What will happen when the CEO leaves our company?

Elon Musk is the kind of CEO who lives the brand and acts as a superstar. He's the vision of the whole company and that is something he has transferred to his employees. So how would you replace him? Does the new CEO also have to be a superstar, or will the company be able to reach as far with a more classic CEO? These are the questions we believe the class will discuss after being presented information about Elon Musk, Tesla, and Elon Musk's way of being a CEO through this case.

*Do we need a new superstar CEO? What kind of CEO Tesla needs?*

## Learning objectives

The case has significant implications for corporate brand identity, authenticity, and communication. To ensure that the audience gains a thorough understanding of these areas, it is essential that they achieve several learning objectives. The teacher's primary goal should be to present and facilitate a discussion and evaluation of the case in a way that enables the audience to comprehend the connections to underlying

theories and models. The audience should also be able to apply these concepts to similar situations, such as a start-up company that has strong visionary CEOs and what are the consequences when the leader exits the company. The subsequent section provides an overview of the academic concepts related to the case and outlines the learning objectives that build on these theories.

## Corporate Brand Identity

Corporate brand identity is a crucial aspect for corporate companies to consider when finding a successor. It is important for a company to establish a corporate identity mix and understand its identity core to effectively communicate and position the corporate brand, build its reputation, and grow the entire business (Urde, 2022). According to Greyser and Urde (2019) Corporate Brand Identity Mix, all corporate brands have a unique identity core that serves as a point of departure and home base in understanding and managing the corporate brand.

In the case of Tesla, even though Elon Musk is not the founder, he is still the face of the company and plays a vital role in its success. Similar to Steve Jobs' influence on Apple, Elon Musk's visionary and innovative approach has been critical to Tesla's growth. As in this case, when the company searches for a successor, it is crucial to consider the identity core of Tesla and ensure that the new CEO embodies the same values and principles.

Given that Elon Musk's legacy is closely intertwined with Tesla's Corporate Brand Identity Mix (CBIM), it is important to embed his vision and values into the company's identity. Specifically, the areas of the identity that should reflect his legacy are the company's position in the market, mission and vision statements, and brand promise. These elements are critical to shaping how Tesla is perceived by its stakeholders, and Elon Musk's leadership and values are key to driving the company's success.

To illustrate this point, Figure 1 presents the CBIM applied to Tesla, with specific emphasis on these areas of identity. By embedding Elon Musk's legacy into these critical components of the company's identity, Tesla can ensure that its brand remains aligned with its mission to accelerate the world's transition to sustainable energy.

Despite the change in leadership, it is important to maintain the corporate brand identity and ensure that it is consistently followed. The new successor must understand and embody the identity core of Tesla to continue the visionary and innovative approach that has been critical to its success. Ultimately, finding a successor who understands and embraces the corporate brand identity can ensure the continued success and growth of the company.

**Figure 1** Corporate Brand Identity Matrix (Urde, 2022) applied to the Tesla case.

External	<b>Value Proposition</b> Electric vehicles, energy storage systems, solar products, and related services	<b>Relationships</b> Value in transparency, trust, and mutual benefit in its relationships with its stakeholders	<b>Position</b> Leader in sustainable transportation and energy
	<b>Expression</b> Communication in direct, open, and honest way	<b>Brand Core</b> Promises high-performance, innovative, sustainable, and environmentally friendly products	<b>Personality</b> Entrepreneurial, innovative, and socially responsible
Internal	<b>Mission &amp; Vision</b> Mission is to accelerate the world's transition to sustainable energy	<b>Culture</b> Risk-taking, innovation and sustainable and ethical business practices	<b>Competences</b> Stylish and practical electric vehicles, efficient energy storage systems and solar products, and has a strong brand and loyal customer base.

## Storytelling

Tesla has a unique opportunity to leverage the legacy of its founder, Elon Musk, as part of its signature story in corporate storytelling. Musk's vision and legacy should be integrated into the Corporate Brand Identity Matrix (CBIM) since they represent critical aspects of the corporate brand's identity. The CBIM provides guidelines on how future managers should lead the company, and it also builds up to the next layer of communication and positioning (Urde, 2022).

A signature story is an intriguing, authentic, involving narrative that resonates with the essence of a corporate brand's identity (Urde, 2022). It stands for the corporate brand in some respect or capacity, functioning much like a logotype or other trademarked sign. The story of Elon Musk's vision of the future of electric vehicles and how he turned around Tesla to be a successful company can be seen as an authentic story that resonates with the essence of the corporate brand.

By searching for and selecting resonating stories about your brand's value proposition, you are activating critical aspects of the corporate brand's identity. Corporate storytelling helps demonstrate the importance of the brand both internally and externally and hints at what may be lost if the brand were to disappear (Roper & Fill, 2012).

Building corporate stories brings an emotional dimension to an organisation and can help people to learn, understand and share information and ideas. Stories can help people to understand an organisation, they enable people to make a personal connection and they can demonstrate, across the organisation, how others are contributing to it. Making sure that stakeholders are aware of Tesla's magnetic CEO Elon is an essential part of corporate storytelling (Roper & Fill, 2012).

## Celebrity brand

Elon Musk is often considered a celebrity entrepreneur, and even though Tesla might not be a celebrity brand. Celebrity branding framework might help us to understand Tesla's corporate reputation, where the CEO has potential to outshine the brand.

Elon Musk's status as a celebrity entrepreneur is due to his unique personal brand, which includes his high-profile public persona, his impressive track record of successful ventures, and his reputation as a visionary innovator. This personal brand has been a key factor in the success of Tesla, which has become one of the most recognizable and influential brands in the automotive industry.

One of the ways in which Tesla leverages Elon Musk's celebrity status is through his active role as the public face of the company. Musk is known for his frequent and often controversial social media posts, which have helped to generate a great deal of buzz and attention for the company. Roper & Fill (2012) discuss the '*meaning transfer model*', where celebrity endorsers are successful in infusing products with the personality and lifestyle connotations that they have developed throughout their careers. Musk's personal reputation as an innovator and forward-thinker has helped to position Tesla as a brand that is leading the charge in the development of electric and autonomous vehicles.

Celebrities are human and are liable to lapses in judgement. Allegations of impropriety, whether proven or not, can be embarrassing for the brands associated with them (Roper & Fill, 2012). In the case of Elon Musk and Tesla, Musk has faced a number of controversies over the years, including accusations of insider trading, conflicts of interest, and controversial statements on social media. These controversies can reflect poorly on the brand and may cause consumers to question the credibility and trustworthiness of the company.

Overall, while celebrity branding can be a powerful marketing tool, it is not without its challenges. As Roper and Fill (2019) point out, the celebrity may overshadow the product, consumers may be cynical about the celebrity's motives, and celebrities are not immune to controversy or lapses in judgement. Consequently, having a successor with less of a celebrity status may have a stabilising effect on Tesla's reputation.

## Key learning objectives

This case study highlights the critical learnings related to corporate brand identity, storytelling, and celebrity branding, as demonstrated by the example of Tesla and its CEO Elon Musk. The following Bloom's Taxonomy (Bloom, 1956) table

illustrates an overview of the learning objectives that this case aims to confer to the participants.

**Table 1. Key Learning Objectives**

<b>Key Learning Objectives</b>		
<i>Remembering</i>	...that CEO can have an important part of the corporate reputation and identity	Here: Elon Musk’s personal identity is very tied with Tesla’s identity
<i>Understanding</i>	...what is the effect of having a superstar CEO	Here: Risk of Elon Musk outshining Tesla’s corporate identity and reputation
<i>Applying</i>	... key corporate management models and theories to build suggestions on how prepare for the arrival on the new CEO that will need to follow the footsteps of a visionary	Here: Laying the foundation of strong CBIM, also taking into consideration the risk of CEO’s departure might have on corporate identity
<i>Evaluating</i>	...the risk of having a superstar CEO and its effect on corporate identity and reputation	Here: Celebrity brand framework used to analyse the effect of ‘celebrity CEO’ and additionally, understanding concept of ‘ <i>meaning transfer model</i> ’
<i>Creating</i>	... a strategy of how a company should prepare internally to protect corporate brand identity and reputation when visionary CEO departures	Here: Using Elon Musk’s legacy as part of the signature story and CBIM to build strong core for the new CEO to lead the company with

## Discussion questions

To structure an interesting discussion and derive key learnings from the case, instructors may find the following questions helpful. To begin the discussion and

ensure its focus on the case, the proposed main question should serve as a starting point. The class should reflect on this question during the discussion, providing well-founded answers and suggestions for case solutions. In addition, instructors can use the following assisting questions to guide the discussion in the intended direction and encourage active engagement from class members.

## **Main question**

*Do we need a new superstar CEO? What kind of CEO does Tesla need?*

## **Assisting questions**

- What kind of CEO does Tesla need to remain successful?
- What are the recruiting criteria for the next CEO of Tesla?
- How is the new CEO supposed to be like?
- How influential is Elon Musk for Tesla as a brand?
- What are the correlations between his personality and the companies he leads?
- Would you be worried about the future of Tesla as a company if Elon Musk were no longer an active part of it?
- How can the company continue without him?
- What preparations can be made in this regard?
- How should communication to investors, consumers, the press, etc. look in this regard?

## **Teaching suggestions**

The following section suggests an approach on how the case can be prepared and conducted. Furthermore, a board plan is provided in order to guide the discussion of the management question. To ensure that the entire case is accomplished within a certain time frame, a timetable offers some additional guidance. The timeline provides an estimation of the time required for each of the stages.

In order to prepare the case as best as possible, the instructor should begin by familiarising himself/herself carefully with all the details regarding the case and its materials. Since the case does not present a classic real-life incident that occurred some time in the past and therefore offers a well-defined historical timeline, an appropriate storytelling plays an essential role. The topic provides multiple opportunities to raise the interest of the audience and to encourage their engagement. This type of case is also expected to be a new educational experience since the participants are not only invited to evaluate a potentially realistic business situation, but also to creatively consider potential future scenarios. Thus, the created situation offers plenty of scope in terms of creativity for both the instructor and the participants but therefore requires

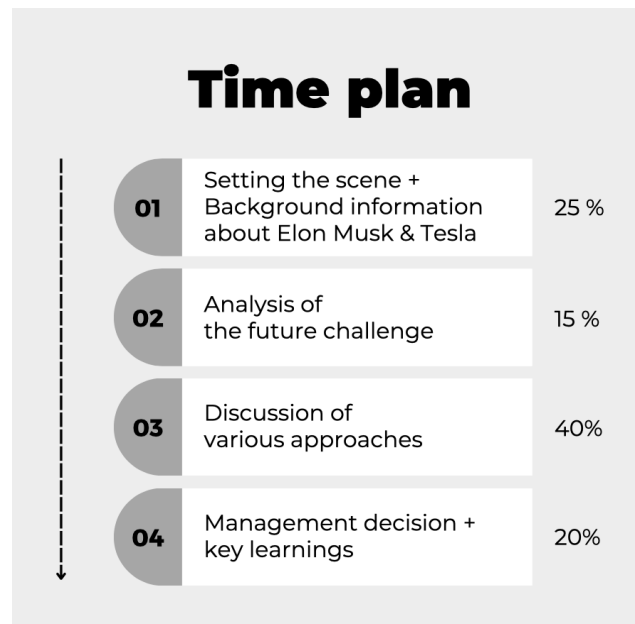
a very structured guidance. In addition to the written case, the management decision and the teaching notes, a PowerPoint presentation is included within the case, providing a structured and summarised overview of the overall topic. To ensure a successful presentation of the slides and to avoid any disruptions, the technical conditions should be verified and tested in advance. In order to achieve a greater personal atmosphere that encourages everyone to participate during the case, it can be requested to place name tags by the participants.

The instructor is recommended to present the case in the following order by using the slides: To kick off the case, the audience is introduced to a fictitious situation that, while unlikely to occur in this type of setting and rather amusing, still addresses an underlying issue that represents a legitimate challenge. This concerns the future succession of so-called "superstar CEOs" and their influence upon the companies they manage or used to lead. In the case presented, the successful and well-known CEO Elon Musk is about to depart from Tesla for certain reasons. Thereafter, Musk is introduced in his various roles highlighting his impact on his businesses, in particular on his flagship company, Tesla. Subsequently, the history and current situation of Tesla is portrayed. After introducing the two main actors Elon Musk and Tesla, the participants should have developed an understanding concerning the character and the company and their interrelationships. This can be followed by the discussion question, whereby the role of the attendees is set simultaneously. The transition also offers time for clarifying questions.

In the following, the organiser takes on the role of a moderator and leads the discussion. Thereby, the board plan provides a useful guide through the discussion where questions about potential attributes that the new CEO could have been discussed and answered with a "yes" or "no". In cases where it's not agreed upon either a "yes" or "no", a mix-answer (both saying yes or no to a question) can be implemented or answered with a comment. Spontaneous changes of direction can be considered at any time of the discussion. Further prepared questions, as elaborated earlier in the document, and further own suggestions may help to keep the discussion running and to provide inspiration for the audience. At the end of the discussion, it is useful to summarise the various recommendations or to have them summarised by the participants and to agree on a common strategy. A simple voting system can be used to decide on a preferred direction by raising hands. Finally, key learnings can be identified and documented, in order to help the participants in their future development.



## Time plan



## Board plan

Table 2. – Potential attributes of new CEO

Does the new CEO have to be someone...	Yes	No
... who is considered a superstar/celebrity?		
... who makes bold decisions?		
... who has a good track record?		
... who has a similar personality as Elon Musk?		
... who has similar work ethics as Elon Musk?		
... who doesn't like big meetings?		
... who doesn't want to follow the chain of command?		
... who needs to be the brand?		
... who needs to live the brand?		
... who needs to be very innovative?		
... who needs to be very charismatic?		

## Reflection

The management decision case described has been designed within the course BUSN 35 "Corporate Brand Management and Reputation" in the master's programme "International Marketing and Brand Management" at Lund University. As part of the course, the students were divided into groups of three. The given task for each group included writing an academic case based on a real-life management challenge that could be assessed and analysed by participants following a question that would conclude in a solution model. The choice fell on a fictitious situation on the topic of succession and reputation, that was created on the basis of the current situation relating to "superstar CEO" Elon Musk and the company Tesla.

During some group meetings where we elaborated various exciting stories and situations, we came across Elon Musk and his flagship company Tesla. Elon Musk is loved, admired, and hated and is considered a genius and a maniac at the same time. Since Elon Musk's personality and his corresponding behaviour alone are quite controversial and can spark great discussions, we aimed to build our case around him. During these considerations, we also came across his influence on the companies he runs and the associated markets. However, it was difficult to design a suitable case that would solve a real-life managerial problem that had already taken place. Nevertheless, with the support of our professor Mats Urde, we were able to design a case by referring to a fictitious situation. In fact, it addresses a real-life problem that has occurred in other companies in the past and may occur again in the future.

A unique, but also challenging project for us was designing the teaching notes, which required a creative as well as an academic approach in terms of content. While working on this task, we became aware of the correlation between theory and practice and the responsibility in this regard. In summary, we really appreciated the assignment as it differs from other assignments, contains a lot of practical relevance, discusses interesting topics and is fun. The entire course and the various real-life cases discussed will remain in our memories and provide us with exciting impulses for our further professional development.

## References

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# Appendix

## Exhibit 1 Signature story (Urde, 2022)

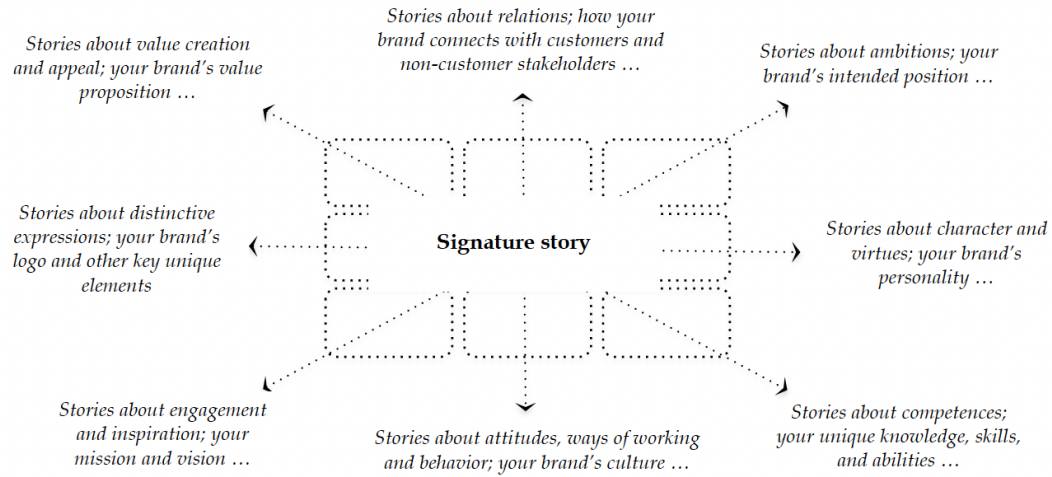


Figure 2.2 A signature story as communication and positioning theme