

CBMR Master Case

TESLA

The Elon Effect: Tesla's Future without its Rocketman

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Friday 24th of February

07:00 Start today's Model S production

09:00 Meeting with the board, "I have a new plan"

10:00 Continue Model S production

/Elon

Agenda

Case Introduction

Discussion

Management Decision

Case Introduction

Elon Musk



Date of birth:
28.06.1971

Born in Pretoria, South
Africa

Ca. 1991-1995:
Degree in physics &
economics

University of Pennsylvania

1995:
Founding of Zip2

Zip2: Company that
provided business
directories and maps to
newspapers

1999:
Sales of Zip2

Company sold for almost
\$300 million

Elon Musk



1999:
Co-founding of X.com

Online payment company
that later became PayPal

2002:
eBay acquired PayPal

Acquired for \$1.5 billion
--> He received \$165
million from the sale

2002:
Founding of SpaceX

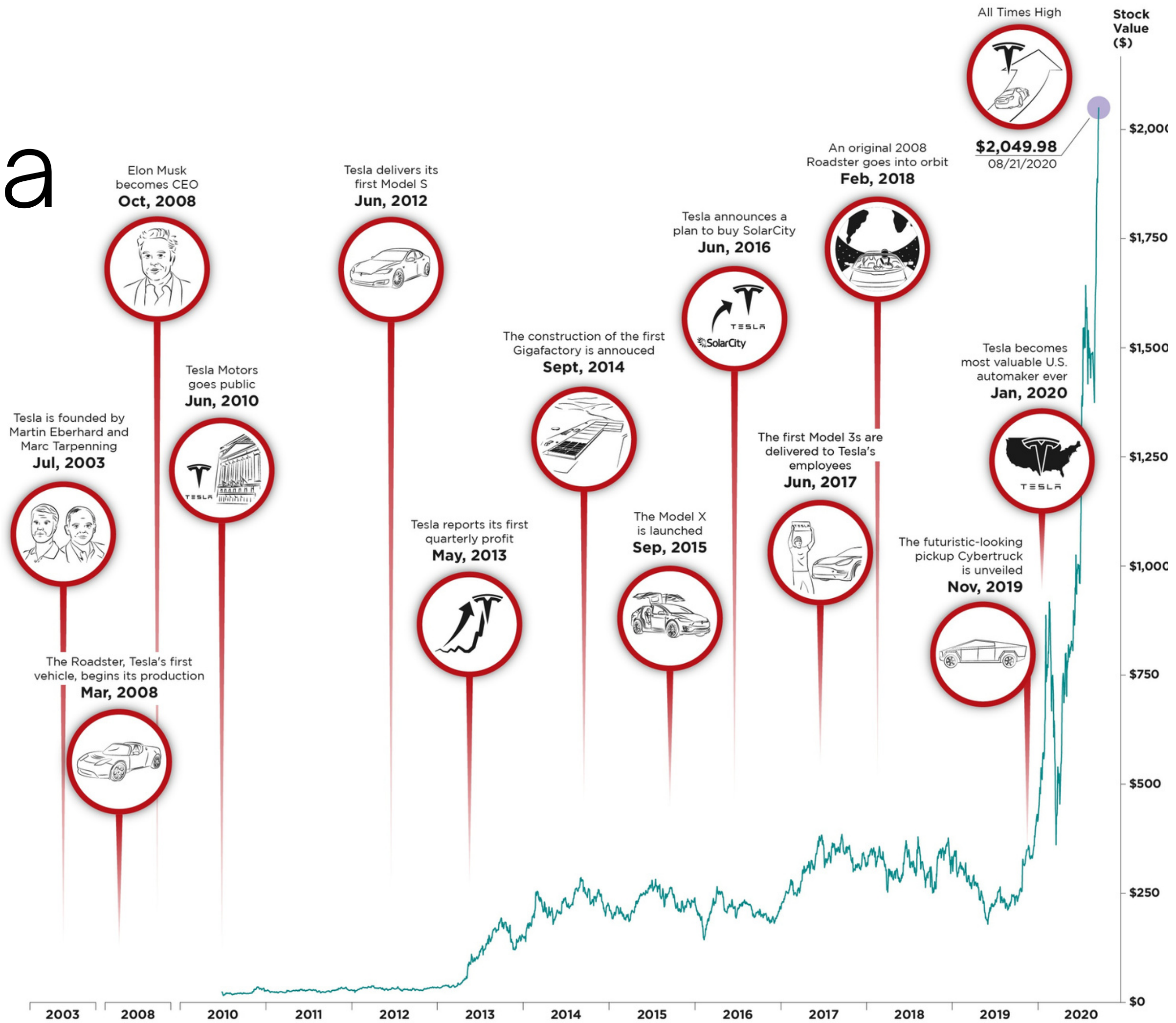
Goal: reducing the cost of
space exploration and
eventually colonizing Mars

Today:
**Net worth of over
\$200 billion**

One of the wealthiest
people in the world

Tesla

T E S L A



*data as of 08/21/2020

Tesla's share price over the last 6 months

Tesla, Inc.

194,36 € ↓ 33,08 % -96,07 6 M.

20. Feb., 16:20:03 UTC+1 · EUR · ETR · Haftungsausschluss

1T. 5T. 1M. 6M. YTD 1J. 5J. MAX



Tesla's share price over the last 5 years

Tesla, Inc.

194,46 € ↑ 919,18 % +175,38 5 J.

20. Feb., 16:21:18 UTC+1 · EUR · ETR · Haftungsausschluss

1T. 5T. 1M. 6M. YTD 1J. 5J. MAX



Elon Musk's leadership style

- Corporate visions out of this world (literally)
- Living the brand
- Gets things done

Elon Musk's leadership style

Here's one example of how he has communicated the expectations of his employees:

- Avoid large meetings.
- Leave a meeting if you're not contributing.
- Forget the chain of command.
- Be clear, not clever.
- Ditch frequent meetings.
- Use common sense.



“We wouldn’t be against him having a different role. I don’t think he needs to be CEO,”

TESLA INVESTOR, JAMES
ANDERSON

Discussion

As a member of Tesla's board of directors sitting in the boardroom after Elon announcing his departure and discussing his succession, the question arises:

“DO WE AT TESLA NEED A NEW SUPERSTAR CEO IN THE FUTURE? WHAT KIND OF CEO DOES TESLA NEED TO REMAIN SUCCESSFUL?”

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?		

Management Decision

Management Decision

Elon Musk will probably continue being the CEO for a few more years, but the scenario of having to replace him is not as unlikely as some might think. So how should you prepare for it?

Apple

- Steve Jobs had made significant staffing decisions before his death, including choosing Tim Cook as his successor.
- Tim Cook was known for his expertise in logistics and production but was not considered a charismatic leader.
- Under Cook's leadership, Apple continued to grow and sell more devices and services than ever before.
- Cook and Jony Ive continue to pay tribute to Steve Jobs regularly, including on the 10th anniversary of his death.

Coca-Cola Company

- Goizueta was known for introducing Diet Coke, Cherry Coke, and turned Coca-Cola into the world's most well-known trademark
- During his tenure, sales increased from \$5 billion to \$18.5 billion and the stock value increased from \$4.3 billion to \$150 billion
- Goizueta was well-liked and seen as a great leader
- After Goizueta's death, CFO Douglas Ivester took over as CEO
- Analysts predicted a seamless transition, but Ivester did not live up to expectations
- Ivester was good with numbers but lacked people skills and struggled to give people a sense of purpose or direction
- Ivester did not inspire confidence in his employees and rarely let others influence big decisions
- Ivester left the company after three years

Management Decision

Elon Musk will probably continue being the CEO for a few more years, but the scenario of having to replace him is not as unlikely as some might think. So how should you prepare for it?

- The company needs to identify and develop potential successors early on, and ensure that they are equipped with the necessary skills and qualities to lead the company into the future.
- As for Tesla, the company's board of directors and leadership team must be proactive in preparing for the eventual departure of Elon Musk and ensuring that the company continues to thrive without him.

**Thank you for
participating!**

Comment on the Teaching Note

Teaching Notes



Underlying models & theories

- CBIM (Urde, 2022), (Greyser and Urde, 2019)
- Celebrity brand (Roper & Fill, 2012)
- Storytelling (Urde, 2022)



Key learning objectives

- Bloom's Taxonomy



Teaching suggestions

- Best-practice recommendations
- Time plan
- Board plan