

**Case Title:** Tesla, Inc.

**Unique ID:** MHE-FTR-049-1259927628

REV: October 6, 2017

### **Abstract**

The case is set in October 2017 and the case protagonist is Elon Musk, co-founder and CEO of Tesla, Inc., one of the first fully integrated sustainable energy and transportation companies. The case focuses on the electric vehicle segment of the business (formerly known as Tesla Motors Inc. prior to the 2016 acquisition of SolarCity, a solar energy company). The case begins by Elon Musk reviewing the latest production data for the newly introduced Model 3. Musk had promised that Tesla would build 1,500 vehicles of its newest car model in the third quarter of 2017, and then ramping up production to 5,000 Model 3 vehicles per week in the fourth quarter (for a total of 65,000 cars). The reality: the maker of all-electric vehicles barely managed to build 260 vehicles of the new Model 3 in the entire third quarter. The poor result is a huge disappointment. The case then goes on to look at Musk's new strategy introduced for the company in 2016 ("Master Plan, Part Deux") to continue the pursuit of its vision "to accelerate the advent of sustainable energy."

In 2017, Tesla, Inc. boasted a market capitalization of some \$60 billion, an appreciation of more than 1,300 percent over its initial public offering price in 2010 (Exhibit 1 in the case). Indeed, Tesla had become the most valuable American car maker, ahead of both, GM and Ford.

**Concepts:** Vision, Mission, and Values; Strategic Leadership; External and Internal Analyses; Functional Strategy, esp. Operations Management; Business Models; Competitive Strategy; Innovation and Technology Strategy; Platform Strategy and Network Effects; Learning Curve; Organizational Culture and Structure

### **Context:**

- Ticker Symbol: TSLA
- Protagonists: Elon Musk, co-founder and CEO
- Country: USA
- Company Employee Count: 18,000
- Company Revenue: \$10bn
- Market Cap: \$60bn
- Event Year: 2017

**Teaching Note:** Available

