

Iconoclastic Musk basks as Tesla shares soar

4 February 2020, by Luc Olinga



Tesla CEO Elon Musk has been credited with the electric company's surge over the last five months

Elon Musk is some way away from his goal of sending millions of people to Mars, but Tesla's shares are heading into orbit on Wall Street, leaving conventional automakers in the dust.

Musk, 48, has long worn the mantle of technology visionary, winning accolades from fans as he disrupts sectors and rewrites the playbook for how a CEO can behave.

And in the last five months, Tesla's market value has more than tripled from about \$40 billion to around \$160 billion at the end of Tuesday's session

With the share price up 13.7 percent Tuesday to \$887.06, the company's worth has rocketed past the value of General Motors, Ford, Fiat Chrysler, Renault and PSA Peugeot—combined.

The Tesla's surge reflects its leader's ability to build the brand, experts say, combined with enough success in execution to maintain the mystique.

Musk is a "highly charismatic, highly visible leader" who has positioned Tesla as a brand of the future, says Karl Brauer of Kelley Blue Book.

And while the product is "not fully successfully" it "satisfactorily supports that image for enough people" to validate the pitch.

More than a company

The latest surge has come as the electric-car maker has met key production targets for the Model 3, the first model aimed at the middle market.



Tesla's value has rocketed past those of other major automakers combined

Musk has been deliberate in linking the company's success to larger message about concerns for the environment that resonates especially with younger consumers at a time when governments in China and Europe are focused on reducing emissions.

"Tesla tried to position itself not as a car company, but almost like a movement," said Jessica Caldwell of Edmunds.com.

"Their goal is to save the environment and save the earth," she added. "And that's different than an older car company whose goal is to sell X number of cars per year."

Caldwell said Tesla's prioritization of electric battery technology also contrasts with the strategy of conventional auto companies, where it's the car first and then the power train is second."

Unrehearsed, unpredictable

At the same time Musk has shattered conventions on CEO behavior, with his active social media presence, that includes bantering with followers and sometimes lambasting critics, including regulators.

On Twitter, Musk keeps his followers entertained with a constant stream of commentary, emojis, memes and even his own music, having just released a track, "Don't Doubt Your Vibe."

The Tesla chief also parts ways with other CEOs on earnings conference calls, taking questions from fans—and sometimes ridiculing questions he does not like.

He has been seen on camera dancing and smoking marijuana. A reputation for not taking things too seriously helped last November when a supposedly indestructible window on the new Cybertruck cracked at its big unveiling.



Even the crack in the supposedly indestructible windows of the all-electrick Cybertruck didn't rattle Tesla CEO Elon

Musk

Most CEOs "are just so incredibly opaque with people and afraid to share things good and bad with the public," Caldwell said.

Other auto chiefs "always sound like they're rehearsed," she added. "Whether you like Musk or not, he almost always something that's interesting."

But there is a risk for companies like Tesla that are intertwined so tightly with their leaders, warns Charles Elson a corporate governance expert at the University of Delaware.

There is a "danger of banking everything on an individual rather than a concept," said Elson, warning of a "cult of the individual."

"No individual is always going to be right. Every individual will demonstrate flaws from time to time."

Tesla's recent surge has quieted criticism of the Tesla chief after several controversies, including a running public fight with the Securities and Exchange Commission over Musk's statements on social media.

Tesla's recent run notwithstanding, Musk has fallen short of some goals. In 2015, he promised to deliver fully autonomous technology by the end of 2017—a goal still not reached.

But, Brauer said, "He isn't held as accountable as other CEOs."

"If (GM CEO) Mary Barra or (Ford CEO) Jim Hackett or any of the heads of auto companies had made half as many of the promises and under-delivered, they'd probably be fired and they'd certainly be butchered by the press."

© 2020 AFP

APA citation: Iconoclastic Musk basks as Tesla shares soar (2020, February 4) retrieved 27 September 2021 from <https://techxplore.com/news/2020-02-iconoclastic-musk-basks-tesla-soar.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.