

# *Musk's Entrepreneurial Analysis with Tesla as an Example*

Shunran Yu<sup>1,a,\*</sup>

<sup>1</sup>College of Computer Science and Technology, Huaqiao University, Xiamen, Fujian, 361021, China  
a. ysr1851565741@163.com

\*corresponding author

**Abstract:** This research aims to study the story of Musk and Tesla Inc., and the entrepreneurial lessons learned from their business success. Through case studies and literature reviews, the author can reveal the common characteristics and wisdom of successful entrepreneurs, and provide valuable inspiration for future entrepreneurs. Entrepreneurs need to constantly pursue innovation and try new ideas and technologies to maintain a competitive edge. What is equally important is the sustainability and the commitment to social responsibility that goes with it. Tesla's market capitalization has surpassed that of many traditional automakers, making it one of the most valuable car companies in the world. This reflects investors' optimism about the future potential of electric vehicles and their trust in Tesla's leadership. In addition, Tesla has successfully raised billions of dollars in capital markets to support the company's expansion and research and development projects, including the Gigafactory and the development of autonomous driving technology. This shows that investors are confident in Tesla's future growth prospects.

**Keywords:** Tesla, Musk, Start a business, Electric vehicle

## 1. Introduction

Elon Musk is one of the most prominent entrepreneurs in the world today, leading Tesla's innovation and growth in the electric vehicle industry with unparalleled vision and determination. Tesla is more than just a car manufacturer; it represents a revolution that is redefining the way people think about transportation, sustainable energy, and autonomous driving. This paper will examine the story of Musk and Tesla, and the entrepreneurial lessons learned from their success. By analyzing this case, the common characteristics and wisdom of successful entrepreneurs can be revealed, and valuable lessons for future entrepreneurs are provided.

Musk's name has become synonymous with entrepreneurship and innovation. Born in South Africa, he moved to the United States in the early 1990s to pursue his dream of exploring space and improving Earth's environment. His early success as an entrepreneur in the payments industry had helped him build a fortune, but his ambitions were not limited to personal wealth. His goal is to change the world by making it more sustainable and environmentally friendly while advancing human exploration of space.

Tesla was founded in 2003 with the idea of being an electric car maker, but that concept quickly evolved into a grand mission to advance electric vehicle technology, reduce global greenhouse gas emissions, and ultimately change the future of transportation. Tesla's first electric car, the Tesla Roadster, became an iconic product in the electric vehicle market and led the way for the future.

## **2. Musk's entrepreneurial background**

Musk is a legendary entrepreneur whose entrepreneurial background and early experiences have shaped him into the innovative giant he is today.

### **2.1. Musk's early life**

Musk was born in Pretoria, South Africa, in 1971, as the eldest son of his family. There was nothing in his early life that suggested he would become an entrepreneur and innovator. However, his early interests and talents revealed his potential. Even before he was an adult, he showed excellent computer programming skills, which somewhat foreshadowed his future direction [1].

### **2.2. Musk's early entrepreneurial experience**

Musk began his entrepreneurial career with Zip2, an online city guide company founded in 1995. He founded the company with his brother, Kim Musk. Despite early competitive and financial pressure, they struggled to build market share and eventually sold the company to Comcast, his first successful entrepreneurial experience.

He then founded X.com, an online payment company that later became PayPal. PayPal's success attracted an acquisition from eBay that earned Musk hundreds of millions of dollars in return. This early entrepreneurial experience taught him many important lessons about business management, market competition, and team building, which became the cornerstones of his future entrepreneurial path.

### **2.3. Entrepreneurial motivation and vision**

Musk's entrepreneurial motivation stems from a vision of the future that is not only about business success, but also about the destiny of humanity. He is convinced that humanity needs to find solutions to global challenges such as climate change and resource depletion on Earth. This vision has driven his efforts in areas such as renewable energy, electric vehicles and space exploration. Tesla was founded to advance electric vehicle technology, reduce the use of fossil fuels, and ultimately eliminate the negative impact of vehicles on the environment.

Among other things, his pursuit of sending humans to Mars through SpaceX to ensure humans have an alternate home is his bold vision for space exploration.

Musk's entrepreneurial motivation is not just to make money, but to change the world, make it more sustainable and environmentally friendly, and promote human exploration of space.

## **3. The founding of Tesla**

### **3.1. History and founding background of Tesla**

Tesla's founding background carries Musk's ambition and vision for the electric vehicle industry. Founded in Silicon Valley in 2003, Tesla's original goal was to change the way people thought about electric vehicles and prove that they could be both high-performance and sustainable. Tesla's name comes from Nikola Tesla, a famous inventor and engineer, which also shows the company's founder's respect for innovation and technology.

The company's early journey was not easy. His first model, the Tesla Roadster, was a high-performance electric sports car, but faced technical challenges and market doubts in manufacturing and marketing. However, the success of the Roadster demonstrates the potential of electric vehicles and lays a solid foundation for Tesla's future.

### **3.2. Company Mission and objectives**

Tesla's mission and goals are to transform global transportation, reduce reliance on fossil fuels, and advance the adoption of sustainable energy. Tesla's vision is not just to make electric cars, but to move the entire automotive industry towards being greener and smarter.

Tesla's goals are mainly as follows:

**Large-scale popularization of electric vehicles:** Tesla is committed to producing high-performance, high-safety, and highly sustainable electric vehicles to enable more people to choose electric vehicles, reduce dependence on fossil fuels, and reduce carbon emissions.

**Promoting autonomous driving technology:** Tesla is actively developing autonomous driving technology to improve traffic safety, reduce accidents and provide a more convenient driving experience.

**Harness renewable energy:** Tesla believes that renewable energy is the key to a sustainable future. They are committed to promoting the adoption of solar and wind energy to reduce dependence on traditional energy sources.

**The revolution in battery technology:** Tesla not only produces electric vehicles, but also develops advanced battery technology, such as lithium-ion batteries, to improve battery performance and energy storage capacity to provide more support for renewable energy.

Tesla's founding background and mission have made it a leader in the electric vehicle industry and a global driver of sustainable transportation and renewable energy.

## **4. The rise and technology of Tesla**

### **4.1. Background of the electric vehicle market**

Behind the rise of Tesla is the evolution of the electric vehicle market and changes in demand. Traditional internal combustion engine vehicles have long dominated the automotive market, but with growing concerns about environmental issues and fuel prices, the demand for sustainable mobility is increasing. Electric vehicles have emerged in this context as a viable alternative.

However, early electric vehicles had problems such as short range, insufficient charging facilities, and low performance. Tesla was created at the right time to address these issues and take electric vehicles to new heights.

### **4.2. Tesla's electric vehicle technology**

Tesla's electric vehicle technology is at the heart of its success. The company's first model, the Tesla Roadster, was released in 2008. The car is equipped with advanced lithium-ion battery technology, which greatly improves the range and makes electric vehicles more practical. It uses an efficient AC motor that provides excellent performance, especially when it comes to acceleration.

Tesla then launched a series of electric vehicles, including the ModelS, ModelX, Model3, and ModelY. These models continue to innovate in terms of range, performance, safety and intelligence, and have become benchmarks in the market. Tesla also uses its own battery technology, such as lithium-ion batteries and lithium iron phosphate batteries, to improve energy storage capacity and charging speed.

### **4.3. Innovation of autonomous driving technology**

Tesla has also made significant progress in self-driving technology. Its Autopilot system is one of the major milestones in autonomous driving technology. The system uses technology such as lidar, cameras and sensors to achieve automatic driving, automatic lane change, automatic parking and

other functions. Although the Autopilot system is not fully autonomous, it is one of the most advanced autonomous driving technologies on the market today.

In addition, Tesla has introduced a Fully Automated driving (FSD) suite, which aims to enable full autonomy. While FSD technology faces legal and regulatory challenges, it represents Tesla's ambition and innovation in the field of autonomous driving.

## **5. Tesla's market strategy**

### **5.1. Global expansion strategy**

**Diversification of production sites:** Tesla has established production plants in different countries and regions to meet the needs of local markets. For example, they set up Gigafactory plants in China, the United States, and Europe to reduce production costs, shorten delivery times, and meet local government policy requirements.

**Global Sales and Service Network:** Tesla has established an extensive sales and service network around the world to make it easy for customers to purchase Tesla vehicles and receive after-sales support. This includes sales showrooms, service centers and superchargers.

**Localization:** Tesla localizes its products to suit the needs and regulations of different markets. For example, they modified the charging plug of the vehicle to adapt to the charging standards of different countries.

**Partnerships:** Tesla forms partnerships with local governments and energy companies to promote the development of electric vehicle infrastructure. These partnerships help solve the problem of charging infrastructure and improve the user experience.[2]

### **5.2. Market competition analysis of electric vehicles**

The electric vehicle market is highly competitive, and Tesla faces not only competition from traditional automakers, but also from emerging electric vehicle manufacturers. However, Tesla has several key advantages in competing in the market:

**Technology leadership:** Tesla's electric vehicle technology is the industry leader. Their battery technology, autonomous driving technology and intelligent features all have a competitive advantage.

**Brand recognition:** Tesla's brand enjoys high recognition and reputation around the world. Their products are seen as a high-quality, high-performance, sustainable choice.

**Charging infrastructure:** Tesla's network of superchargers provides its users with a convenient charging experience that is difficult for other electric vehicle manufacturers to replicate.

**Production scale:** Tesla's economies of scale allow them to produce more cars, which lowers production costs.

### **5.3. Tesla's unique sales model**

**Online sales:** Tesla makes most of its sales through its official website, enabling consumers to order cars directly. This eliminates the middle link of traditional car dealerships and reduces the cost of sales.

**Direct sales model:** Tesla's salespeople are typically not sales reps on a commission basis, but salaried, which reduces potential conflicts of interest.

**Test Drive Experience:** Tesla offers free test drive experiences so potential customers can experience the car's performance and driving feel for themselves.

**Charging infrastructure:** Tesla's network of charging stations provides a convenient charging experience for car buyers and enhances the product appeal.

This unique selling model gives Tesla greater control and direct access to consumers, allowing them to offer more personalized services and solutions [3].

## **6. Tesla's financial performance**

### **6.1. Financial history and growth of the company**

Tesla's financial history is a remarkable success story. The company faced great challenges in its early days, but achieved remarkable growth through continuous innovation and market expansion.

In Tesla's early days, they relied on venture capital and Musk's personal money to support operations and research and development. However, Tesla's initial IPO in 2010, which raised about \$200 million in funding, provided capital for the company's expansion. Since then, Tesla's market capitalization has grown to become one of the most valuable automakers in the world.

Tesla also saw significant revenue growth. Their electric vehicle sales have been successful worldwide, especially in the ModelS, Model3 and ModelY series. In addition, Tesla is diversifying its revenue stream by selling carbon credits and offering its own battery technology (Powerwall, Powerpack, Megapack).

### **6.2. Investor trust and capital market performance**

Tesla's success is not only reflected in its market cap and revenue growth, but also in the trust investors have in the company. Tesla's stock price has experienced many fluctuations, but has generally shown an upward trend. Tesla's stock has undergone multiple stock splits over the past few years to lower the share price and improve liquidity, which has further attracted more investors.

Tesla's market capitalization has surpassed that of many traditional automakers, making it one of the most valuable car companies in the world. This reflects investors' optimism about the future potential of electric vehicles and their trust in Tesla's leadership.

In addition, Tesla has successfully raised billions of dollars in capital markets to support the company's expansion and research and development projects, including the Gigafactory and the development of autonomous driving technology. This shows that investors are confident in Tesla's future growth prospects and are willing to provide financial support.

Overall, Tesla's financial performance has played a key role in the company's growth story. Their market cap growth, revenue growth, and increased investor trust allow the company to continue to advance electric vehicle technology and drive sustainable mobility around the world. Tesla's success reflects investors' continued focus on sustainability and innovation [4].

## **7. Conclusions**

The story of Musk and Tesla is more than a successful entrepreneurial experience; it is an entrepreneurial education lesson in vision, innovation, and hard work. By delving into his experiences, entrepreneurs can gain valuable knowledge.

### **7.1. Musk's leadership style and management philosophy**

**Vision and determination:** Part of Musk's success is due to his vision and unwavering determination. He is not just a business leader, he is a vision leader whose goal is to change the world to make it more sustainable and intelligent, so that a large number of people, especially investors, can agree with him.

**Risk-taking and innovation:** Musk encourages risk-taking and innovation. He is not afraid to try new ideas and technologies, even if they seem risky, which has enabled him to make breakthroughs in areas such as electric vehicles, space exploration and renewable energy.

Long-term vision: He takes a long-term perspective, focusing on the next few decades rather than just short-term profits.

Learning and adaptation: Musk focuses on learning and continuous adaptation, and looking back at the success of Tesla, Musk continues to learn lessons and improve his approach to better meet challenges.

## 7.2. Key success factors in entrepreneurship

Strong vision: Successful entrepreneurs need a clear, unwavering vision that inspires the team, engages investors, and guides the company forward.

Innovation and technology: Innovation and technology are critical elements of successful entrepreneurship. Tesla has achieved market leadership through continuous innovation in electric vehicle technology and autonomous driving technology.

Market adaptation: Entrepreneurs need to understand market needs, flexibly adapt to market changes, and meet customer needs.

Team building: A strong team is the foundation of success. Entrepreneurs need to have great teams and motivate them to work towards a shared vision.

Risk Management: Entrepreneurship is fraught with risk, but successful entrepreneurs are able to effectively manage risk and make informed decisions.

## 7.3. Inspiration for entrepreneurs

Persistence: Entrepreneurship is a journey full of setbacks, but persistence is the key to success. Musk has faced many failures in the course of founding Tesla, but he has persevered in pursuing his goals.

Accept failure: Failure is part of the entrepreneurial process, but it is also an opportunity to learn and grow. Entrepreneurs should accept failure and learn from it.

Innovation is the key core: entrepreneurs need to constantly pursue innovation and try new ideas and technologies to maintain a competitive edge.

Building a brand: Building a strong brand can help entrepreneurs attract customers, investors and partners. Tesla's brand recognition and reputation are part of its success.

Sustainability and Social responsibility: More and more consumers and investors are concerned about sustainability and social responsibility. Entrepreneurs should consider how to incorporate these values into their business [5].

## References

- [1] Xi Jinghua. (2017). *The business of tech genius Elon Musk*. *Energy*(03),96-97.
- [2] Ye Zhifeng & Wan Zehan.(2022). *Elon Musk Entrepreneurs should be "crazy people" in cost control*. *Enterprise Management* (01),39-43.
- [3] Xiong Hongru & Zhang Pu.(2014). *Tesla's "Savage Growth"*. *State Grid* (03),77-79.
- [4] Qian Jiacheng. *A Study on Tesla's Profit Model*.2023. Hebei Normal University,MA thesis.
- [5] Wang Chengjun, Xu Yaqin, Xu Ruixian & Fang Ming.(2022). *Musk's entrepreneurial Narrative and its possible implications for innovation management*. *Review of the Economics of Evolution and Innovation* (01),136-157.