

## TESLA SACKINGS A "BLOODBATH" : COMPANY'S CO-FOUNDER, MANY MORE GONE



Say what you will about Carroll Shelby (and we've said plenty of uncomplimentary things along with the good; there are at least two sides to every story), but something he told me a long time ago holds true today, even more than it did 50 years ago. "Steve," he said, while we were sitting in some hotel suite in some city, "it's just as tough and expensive to make one car as it is to make a million." His point is an old story: The costs of R&D, manufacturing, tooling, marketing, advertising and emissions testing and crash-testing are enormous, and not anywhere near the total of what real car-making costs. And only people who know what they are doing should get involved in such an undertaking. And an "undertaking" it has, quite unfortunately, but not unexpectedly, turned-out to be for California start-up EV venture Tesla Motors. (Photo - A Tesla "roadster" on LA's streets).

When we saw the sad, sorry "exhibit" which featured Tesla at the recent Los Angeles Auto Show, it was obvious that either the company was "in-between" PR and marketing people, or, worse (and true, as we found) the company itself was going through some terrible divisions. (Photo - Tesla's LA Auto Show exhibit was part of the Yokohama Tire display in the LA Convention Center lobby; how far --- and how quickly --- the mighty had fallen).



And we've seen some shlocky "car companies" come and go; we know plenty of "car-builders" who somehow bolt-together one version of the earth-shaking "car" they're trying to raise money for, and they re-paint it every few weeks so it appears that he or she has more than one car already built.

Talked-up to the world's media by no less an odd couple of American politics than Condoleezza Rice and Arnold Schwarzenegger, Tesla, heavy on cash and brainpower but low on car-industry experience (like, none at all) seems now on the verge of shutting down ... but maybe reappearing, we'd hope, as a company which might actually be able to deliver on its promises.

Elsewhere on this blog, we've detailed the close connections between Tesla, the Bush Administration and Republican heavyweights. Is it possible that, as many say General Motors did with their "EV1", Tesla was organized in order to "prove" once more that a true battery-powered electric vehicle is untenable given today's technology? That oil-fueled internal combustion engines still make the most sense? (Photo - Martin Eberhard, a co-founder of Tesla, was fired by the company).



We're all entitled to an opinion (last time I checked ... the Supreme Court hasn't changed that yet, have they?), but the co-founder of Tesla, Bernhard Eberhard, and other "Tesla Founders", have a thing or two to say about Tesla on their blog. Even though going to that blog today has this message from Eberhard about some specific entries of his: "This blog entry has been taken down at the strong request of Tesla's management. By taking it down, I am in no way admitting that anything I wrote was in violation of any agreement I signed with Tesla Motors, and I stand behind the truth of what I wrote. But it was explained to me that Tesla and its financial backer(s) can spend far more than I can on a lawsuit... Most of the comments on this blog entry have also been taken down; sorry for the inconvenience," we at SteveParker.com have found the original postings by Eberhard and others (Tesla can't fire us); the numbers of those fired by Tesla are between 26 and 40, depending on the source, and offices in Detroit and possibly Washington, DC, have been shuttered. With all that, here's what at least some of the "Tesla Founders" have to say:

"As you may have heard, the ax has been steadily chopping away at Tesla. I don't pretend to understand the choices being made and honestly wouldn't even be surprised to learn if I was next on the list. At this point, I'm not even sure if that would necessarily be a bad thing."

"The company has changed so tremendously since I started. It's very secretive and cold now. It's like they're trying to root out and destroy any of its heart that might still be beating."

"I came to Tesla with a great deal of optimism to work for a company with a noble purpose that had a real chance to make a difference in the world. That sense of mission and hope generated incredible energy and determination to overcome the many challenges of producing a great EV. This energy has been drained by the cold, irrational bloodletting that has been going on there. Everyone understands necessary, rational cost management actions in startups, but this was neither necessary nor rational. No thought has been given to the immediate and long term impact on the future of Tesla. Entire departments are stumbling around stunned, bleeding, and headless." (Photo - California Arnold Schwarzenegger and Tesla's Martin Eberhard give Tesla the "walkaround" treatment at a Santa Monica, CA, media event in 2006).



"It is a damn shame about Tesla. I once again spent the day dreading the words, 'Did you hear?' Today I [REDACTED] are now gone. I just don't know what they're thinking. [REDACTED] referred to it as a "stealth bloodbath." It's next to impossible to concentrate and actually get anything done. And the real insult in my mind is that they have the nerve to host the holiday party this Saturday. It's going to be more like a wake(!)"

"The atmosphere at Tesla Motors has been suffering for the last couple of months as the new management have slowly squeezed the life out of engineering. The way in which the layoff/reduction-in-force/firings have been handled is one almighty cluster cabbage. In a stroke of pure genius, the two HR folks were the first to go, leaving nobody to turn out the lights. Only after they left the building did they realize that now there was nobody to write the termination letters. Like I said, pure undiluted genius."

"Sadly - and I do mean this - I am not sorry to leave. The culture that Martin and Marc created is gone. The car is nice, but every day in the office was like a visit to the dentist, not knowing what was going to happen next. Enough. I have moved on."

"Unfortunately, the company that I used to love has changed drastically. If I were to pin point a critical turning point, it would be the day when you were pushed aside. Until then, it was not so obvious how Tesla Motors was really Martin Eberhard's company. After you were gone, I think the spirit and the character of the company went with you. It was surprising how quickly it happened. Yes, there were technical and operations delays for sure, but these could have been better managed and, to a certain extent, anticipated since what you have started was a major paradigm shift in the industry. It was well understood that a revolutionary movement always comes with major challenges and costs. What Tesla has now become is a mere profit-loss centric company—and with a poor chance of making even that—unless someone absorbs it for its remaining core value that you have left behind. Tesla lost its true evangelist and the leader." (end of blog quotes)



So, what do you think happened at and/or to Tesla Motors? One thing we can probably rule out, and that's the forming of Tesla to rip-off people's money. Even though the company demanded (and got) 100% down-payments of \$100,000, or more, from each potential buyer just to get on a list of those wanting a car, the founders of Tesla already had tens and maybe hundreds of millions of their own dollars; many of them came to Tesla after retiring at young ages from their various Silicon Valley success stories.

That's where the mystery deepens, the part of the story when people shake their heads and force themselves to wonder: Was Tesla simply the modern iteration of what used to be called "planned obsolescence"? Were the Tesla EVs always destined for the dump, their real purpose to "prove" to the world that even the money and minds of Silicon Valley are unable to build and market an EV?

These and other questions will probably never be satisfactorily answered. For our money, we bet Tesla will not be an exhibitor at the 2008 Los Angeles Auto Show.