

CORRUPT TESLA MOTORS BEGINS TO DIE!

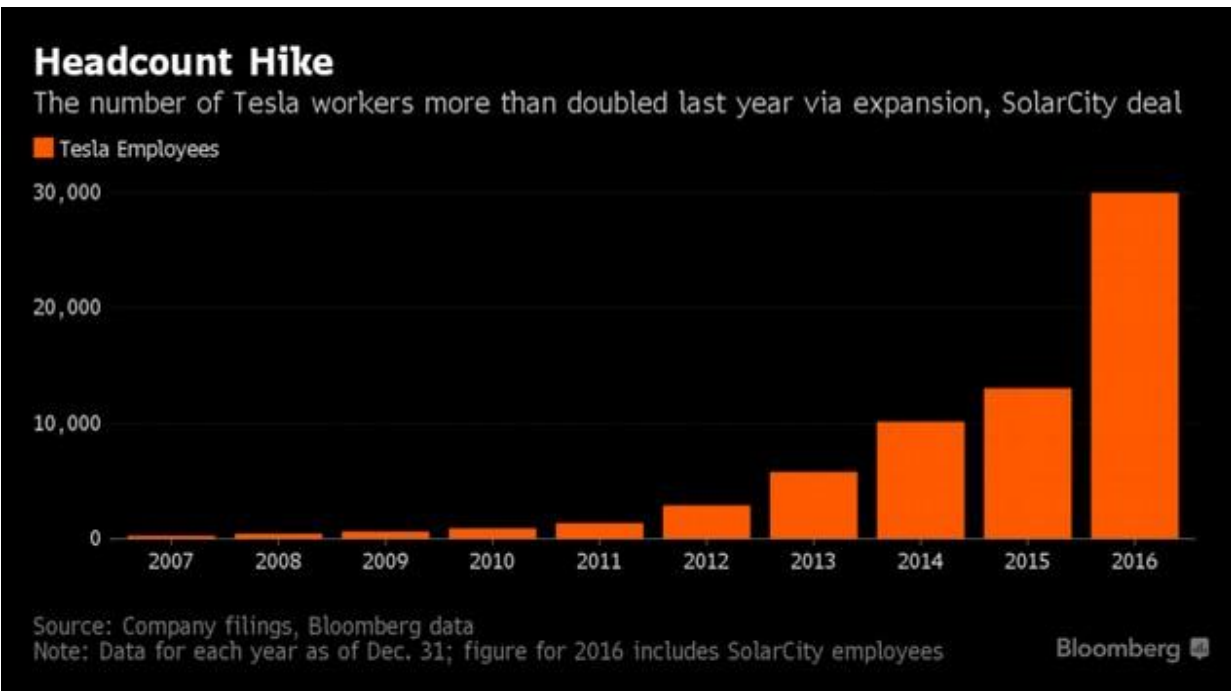
At Tesla, Departures Mount at a Critical Time

by

Dana Hull

- Mission creep, Musk's drive said to exhaust former executives
- CFO's exit is latest ahead of the run-up to Model 3's arrival





Elon Musk Says Tesla CFO Jason Wheeler Is Leaving

[Tesla Inc.](#) is losing key personnel as it races to bring the Model 3 -- its most critical electric sedan yet -- to market later this year.

Chief Financial Officer Jason Wheeler's impending departure, announced just 15 months after he joined Tesla from Google, will be the latest in a raft of largely under-the-radar exits. Former executives, who spoke on the condition they not be identified, cited a range of reasons for their exits over the past year, including long hours in the rush to high-volume production, mission creep, and a tense culture that reflects their visionary but indefatigable chief executive officer, Elon Musk.

"Tesla looks like a company that is getting stretched to the limit," said Dave Sullivan, an analyst at industry researcher AutoPacific Inc. "The pressure of getting out the Model 3 is getting to everybody, from the people on the factory floor to the people at the top."

A Tesla spokesman in an [emailed statement](#) called attracting and retaining talent "one of our biggest assets" and said the company's attrition rate was below average among technology companies.



Long hours and job-hopping are routine at tech companies in California's Silicon Valley, and Palo Alto-based Tesla continues to make high-profile hires. Even so, analysts have flagged the departures as a risk to what will be Tesla's most challenging execution year in its short history. Musk plans to introduce the Model 3, is starting battery production at the Gigafactory and will integrate SolarCity, the recent acquisition that pushed Tesla's global workforce to roughly 30,000 people.

Like many companies, Tesla noted among risk factors in its just-filed annual report that it needs to attract and retain skilled workers. This year, however, it added a new phrase to the boilerplate, saying the efforts are needed "especially to support our expansion plans and ramp to high-volume manufacture of vehicles."

Risk Factors

"Any time you're going through a big change it's important to have consistent management," Colin Langan, a UBS analyst who has a [sell rating](#) on the stock, said in an interview. "Jason Wheeler was a big hire and he's leaving, and there have been many other departures. If you're putting out aggressive targets and the people aren't there to meet them, it's a problem."

Wheeler, whose departure was first announced on last week's quarterly earnings call, said he wants to pursue work in public policy and praised what he called the "A-team" at Tesla. Deepak Ahuja, the CFO who led Tesla from the brink of bankruptcy through its 2010 initial public offering and retired in 2015, will return in April for a second tour of duty.

Bloomberg News compiled a list of more than two dozen management departures over the past year that include vice presidents of finance, communications, regulatory affairs, production, manufacturing, products and programs. Recently, Tesla lost Mark Lipscomb, VP of human resources, and Satish Jeyachandran, its director of hardware engineering.

Leadership Opacity

Tesla is generally opaque about its leadership beyond Musk and Chief Technical Officer J.B. Straubel, with no list of executives or vice presidents on its website, its investor relations page or in the annual report the company filed this week with the Securities and Exchange Commission.

Among Tesla's senior leadership team, three quarters have more than three years of tenure, 60 percent have been with the company at least six years and 20 percent have worked there a decade, according to the spokesman. Almost 60 percent of those who've had a leadership position at Tesla over its 14-year existence are still with the company, Tesla said.

None of the former managers Bloomberg News reached agreed to speak on the record.

Goldman Sachs Group Inc. this week downgraded Tesla to sell from neutral, with analyst David Tamberrino casting doubt on its ability to deliver the Model 3 on time. The Feb. 27 report contributed to the [shares](#) dropping about 11 percent from their 19-month closing high of \$280.98 on Feb. 14. Of 23 analysts tracked by Bloomberg, eight have buy ratings on the shares, nine are neutral and six recommend selling.

Tesla's shares have jumped about 29 percent over the past year and closed at \$251.57 Friday. Revenue surged 73 percent to more than \$7 billion in 2016.

Recent Departures

When Tesla [announced](#) in January it hired Chris Lattner from Apple Inc. as vice president of Autopilot software, it didn't mention that Sterling Anderson, the executive who ran the entire Autopilot program and reported directly to Musk, departed in late December. Tesla then [sued](#) Anderson, alleging he broke his confidentiality agreement with the company. Aurora Innovation LLC, the company Anderson started with the former head of Google's self-driving project, said it would fight the "meritless" lawsuit.

Several former Tesla employees have landed at other auto companies, including Future Mobility Corp., [Nio](#) and Waymo, the self-driving car business spun off by Google parent [Alphabet Inc.](#)

To be sure, Tesla's clean-energy mission and compelling products has attracted high-caliber people, regardless of its hard-driving reputation. The 45-year-old Musk has described himself as a "nano manager," has kept a sleeping bag at the company's car factory and works a second job running a rocket company.

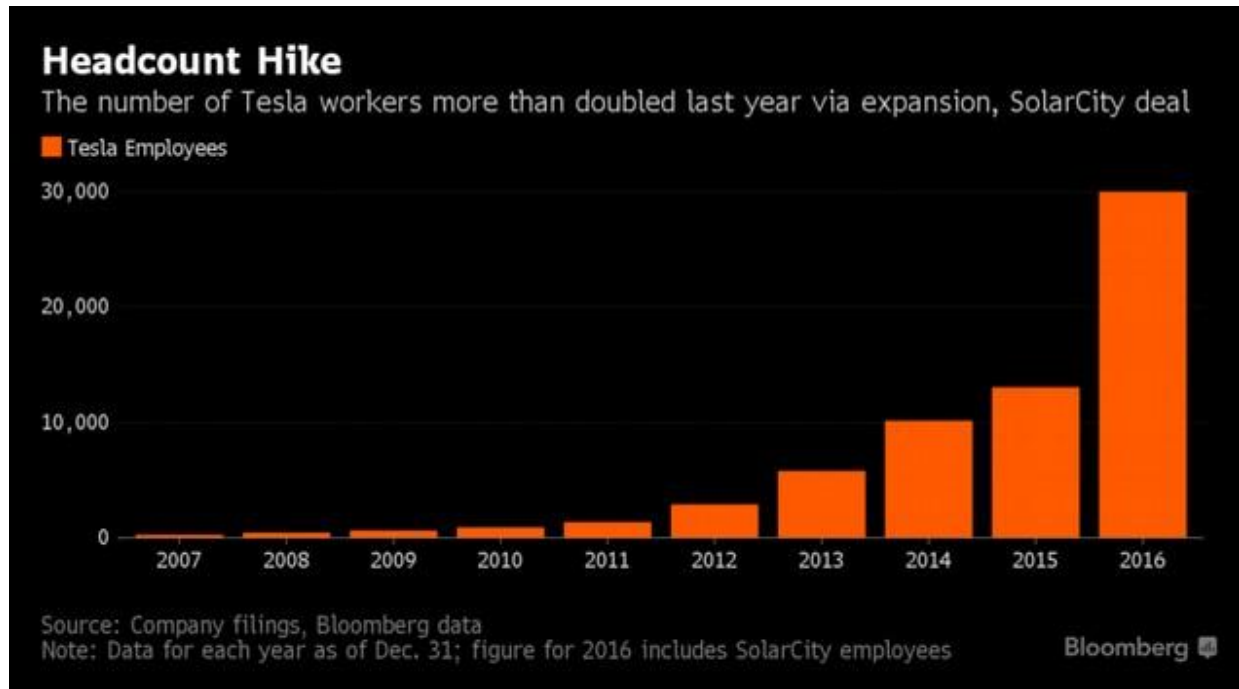
About half of Musk's roughly \$11.6 billion in estimated wealth comes from Tesla, where he takes no salary but is the largest shareholder with a 21 percent stake.

Growing Headcount

As of Dec. 31, Tesla had about 17,800 employees, not counting another 12,200 added with the \$2 billion acquisition of SolarCity last year. Despite the growing headcount, more than 2,000 job postings at Tesla are listed on the recruiting website Taleo.

Tesla produced almost 84,000 vehicles in 2016 and plans to make half a million in 2018, then 1 million in 2020. It expects to pick locations for more gigafactories by the end of this year, and to introduce a semi truck and bus.

Earlier this week it was named the highest-ranked domestic car brand by Consumer Reports magazine.



One worker at Tesla’s Fremont, California, auto plant touched off a unionization effort last month, publishing a Medium post describing 60- to 70-hour work weeks, safety-related issues and mandatory overtime.

The unionization talk has drawn pushback from Musk. He promised employees free frozen yogurt stands, an electric pod-car roller coaster connecting parking lots to the factory and a “really amazing party once Model 3 reaches volume production later this year,” according to an [internal email BuzzFeed obtained](#) last month.

Musk’s moves to lighten the environment show the union threat has registered, AutoPacific’s Sullivan said. “If Tesla has more than 2,000 job openings, does that mean that people are overloaded, or doubling up? You can’t constantly ask for the impossible.”