

Elon Musk's Organizations

A New Paradigm of Organizations

Executive Summary

Two organizations led by CEO Elon Musk, have both changed the landscape of the markets they have operated in through their innovations and low cost solutions. Through horizontal linkages and flat organizational structures, Tesla and SpaceX have inspired creativity and sense of ownership among their employees. Both Tesla and SpaceX have chosen unconventional paths to production that have contributed to their success. Tesla, through their manufacturing partnerships and direct consumer sales model, and SpaceX through their reliance on reusability and rapid production processes. Both organizations have faced challenges associated with their disruptive nature. Tesla has had negative publicity on vehicle fires and has encountered opposition in the political setting regarding their sales model. SpaceX has had difficulty earning investment from NASA, its primary funding provider, due to its lack of tenure and experience in the industry. Meanwhile, future funding in the aerospace industry by the American government may be reduced in the future. While both organizations face different challenges, they have been able to mitigate risks through partnerships and low cost manufacturing.

Tesla and SpaceX are part of a new paradigm of organizations. Leveraging their external and internal horizontal linkages, they enable the flexibility and innovation that have made them successful. Their organizations have developed a culture that offers employees a sense of identity and ownership over the organization's success. These ambitious organizations will need to progress through their lifecycles into formalization as they grow, and continue to focus on establishing their legitimacy in their industries. Recommendations for the future of these 3

organizations emphasize the importance of maintaining their agility as well as mitigating environment contingencies by obtaining governmental support.