

Few companies have attracted as much scorn and adoration as Tesla. When Tesla launches a product like the Cybertruck, the reception tends to be divisive: critics see it as further evidence that founder Elon Musk is out of touch and doomed to fail, while supporters buy in — within a month Tesla received 200,000 preorders for the new vehicle. Compare that to the Ford-150, the world's best-selling car in 2018, which sold just over 1 million vehicles that year.

Disagreements aside, there is no question that the company has shifted the auto industry toward electric vehicles and achieved consistently growing revenues (passing \$20 billion in 2019). At the start of 2020, Tesla was the highest performing automaker in terms of total return, sales growth and long-term shareholder value. Surely, there is a method to what seems like madness to so many.

As technology and innovation scholars, we've studied how innovators commercialize new technologies and we've interviewed Elon Musk, his co-founder J.B. Straubel, and other important members of the team. What we've found is that beneath the turbulent surface, Tesla's innovation strategy — which focuses on transforming the auto industry as a whole — offers enduring lessons for any innovator, especially in terms of how to win support for an idea and how to bring new technologies to market.

To understand Tesla's strategy, one must first separate its two primary pillars: headline-grabbing moves like launching the Cybertruck or the Roadster 2.0 (which the company claims will accelerate faster than any production car ever made) and the big bets it is making on its core vehicles, the models S, X, 3, and Y. These efforts aim to achieve different things — winning the resources to commercialize vs. actually