

Driven to Change: Tesla's Leadership & Communication Reset

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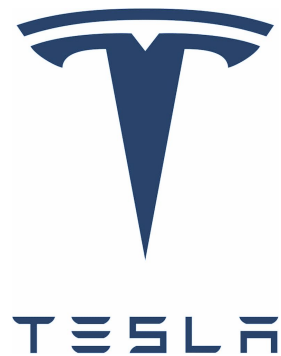
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Introduction to Mr. Musk's Company

- Tesla is a **global** leader in electric vehicles and clean energy, known for its bold innovation under Elon Musk.
- Despite its success, Tesla faces internal challenges, including **poor** top-down communication and a **lack** of psychological safety.
- **Cultivated** a workplace culture marked by fear, confusion, and disengagement.



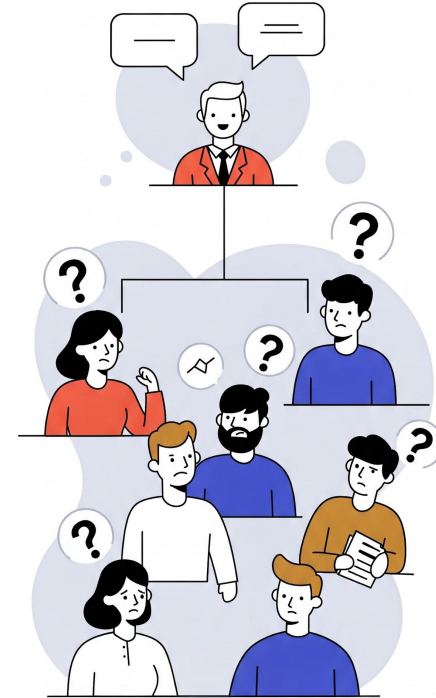
Problems





Lack of Downward Communication

- Downward communication is the transfer of instructions, updates, and policies from upper management to employees
 - (Clampitt, 2021)
- 2022 Return-to-office mandate via a late-night email and public tweets
 - Resulted in overcrowded offices, limited parking, poor Wi-Fi, and operational chaos
- 2020–2022 semiconductor shortage
 - The lack of structured communication delayed Tesla's ability to adapt production strategies
- Elon Musk exhibits idiosyncrasy credit
 - "As people accumulate status, we grant them more permission to deviate from social norms" (Grant, 2025)





Lack of Psychological Safety

- Psychological safety is the ability to show and employ oneself without fear of negative consequences to self-image, status, or career
 - (Frazier et al., 2016)

At Tesla's Fremont factory:

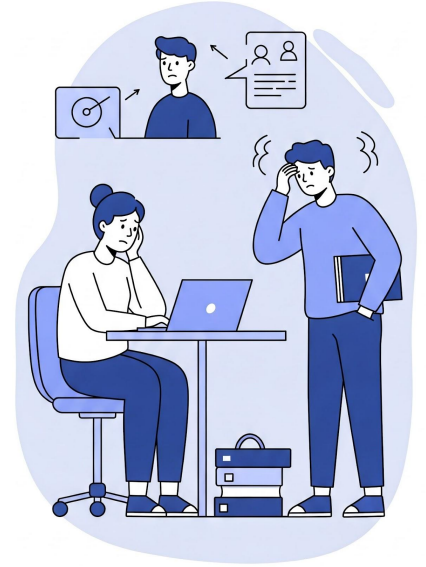
- Black employees report racial slurs, segregation, and retaliation for complaints
 - (California CRD, 2022)
- Women face frequent harassment; HR often ignores or blocks reports
 - (Stempel, 2021)
- Employees like Tyonna Turner were allegedly fired after reporting abuse
 - (Sioson, 2024)





Lack of Psychological Safety pt.2

- Unsafe culture amplified by Elon Musk's controversial tweets:
 - Mocking remote workers, political rants → embarrassment among staff and investors
- Manager Jared Ottmann fired after raising internal concerns about Musk's tweets
 - (Ewing, Mac, & Conger, 2025)
- Result: Employees learn that silence is safer than speaking up, eroding innovation, morale, and trust



Potential Solutions



Revamp Downward Communication

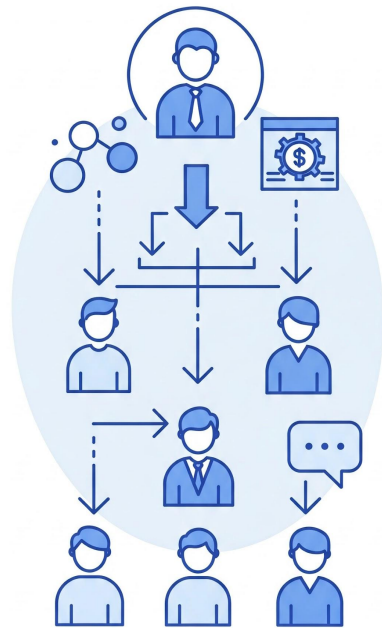
Problem: Sudden decisions cause confusion and misalignment

Solution:

- Hold regular town halls and share updates via newsletters
- Use clear rollout plans with manager briefings
- Build feedback loops for two-way communication

Case Support:

- Elon Musk's 2022 RTO mandate caused chaos due to lack of planning (Kolodny, 2022)
- Slack's 2022 outage showed strong internal communication can preserve trust (Hure, 2024)



Strengthening Psychological Safety

Problem: Employees don't feel safe reporting concerns

Solution:

- Implement third-party anonymous reporting hotlines to boost trust and safety — estimated cost: \$20K/year
- Train HR on anti-harassment, inclusion, and complaint response — estimated cost: \$40k
- Enforce accountability and follow-up protocols

Case Support:

- Ford rebuilt trust after harassment claims by overhauling HR (Greenhouse, 2017)
- Studies show structured HR reduces workplace issues (Covert, 2023)





Leadership Training & Employee Engagement

Problem: Managers lack emotional intelligence and inclusive leadership skills

Solution:

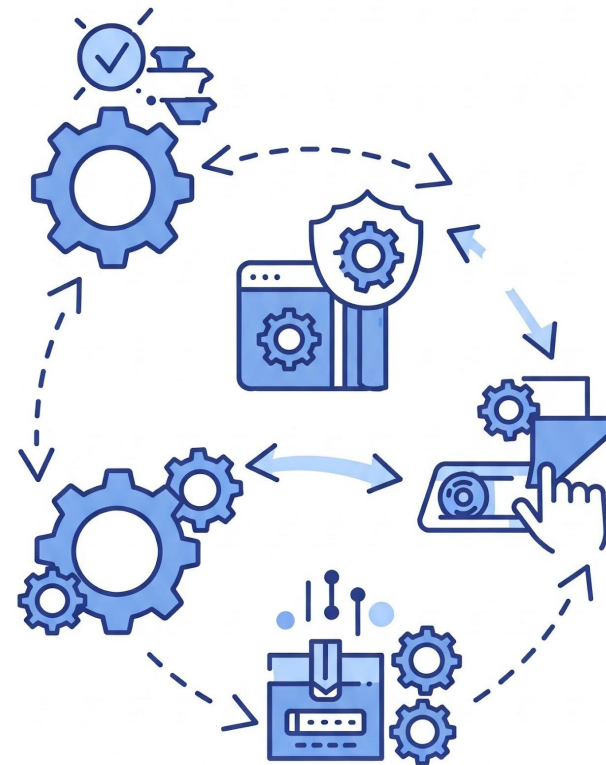
- Provide leadership coaching on empathy, listening, and feedback
- Introduce peer reviews and team engagement metrics
- Reward leaders who build trust and psychological safety

Case Support:

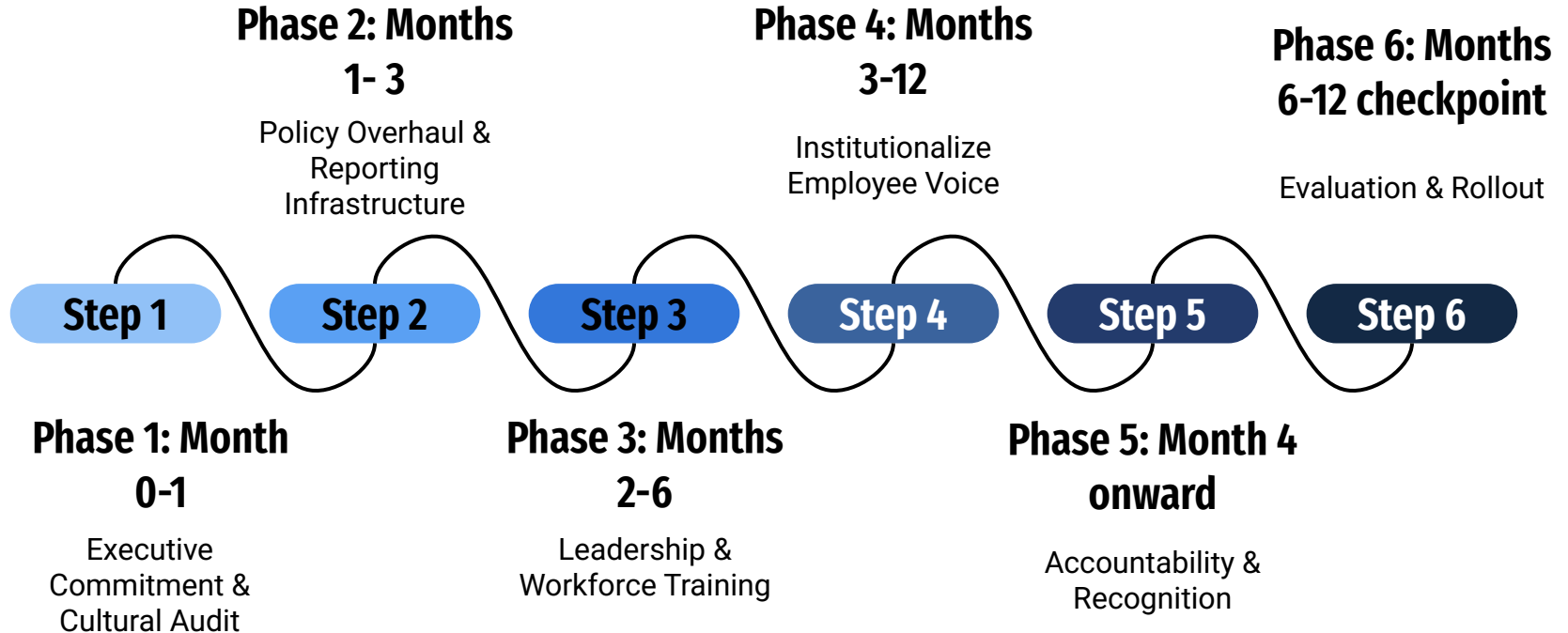
- Google's Project Aristotle proved psychological safety drives team success (Rozovsky, 2015)



Action Plan



Tentative Roadmap



Phase 1: Executive Commitment & Cultural Audit

What?

- **Public** acknowledgement of internal issues by **CEO & exec.**
- Hire Korn Ferry for a cultural audit of the Fremont plant

Who?

- CEO, CHRO, Fremont Plant Director, HR, Legal, Korn Ferry Consultants

Why?

- **Top-level modeling** is key to organizational reform(Clampitt, 2021)
- External audits ensure neutrality of cultural insights

Cost:

- \$35,000 for 60-day cultural assessment

(Lublin, 2022)



Phase 2: Policy Overhaul & Reporting Infrastructure

What?

- **Revise** Code of Conduct to define harassment, retaliation, & reporting steps
- Launch 24/7 **anonymous hotline**, Navex Global
- Hire 3 Employee Relations Specialists to manage investigations

Cost:

- Hotline annual fee: ~\$20,000
- Staff salaries: \$75,000 x 3 = \$225,000

(Glassdoor, 2024)

Who?

- HR Compliance, Legal, Ethics Office, CHRO

Why?

- Independent **hotlines** build trust and uncover **repressed** issues (Newman et al., 2017). **Clear** policies reduce litigation risk (Covert, 2023).



Phase 3: Leadership & Workforce Training

What?

- Emotional intelligence, DEI, & trauma-informed leadership training
- Host company-wide **workshops** on harassment **prevention** & civility

Who?

- Director of Learning & Development, HR Training Team, Internal Comms.

Why?

- Psychological Safety enhances **innovation** & **retention** (Rozovsky, 2015). Leadership training enables **sustainable** culture change.

Cost:

- \$40,000 for workshops with external trainers from SHRM

(SHRM, 2023)



Phase 4: Institutionalize Employee Voice

What?

- Launch Safety and **D&I** Councils with **rotating** staff members
- Create “Voice & Feedback” portal for **anonymous** suggestions
- Implement **SLA**: Max 10-day response to all submissions

Who?

- Fremont Plant Director, IT, People Ops, Diversity Office, HR

Why?

- Toyota’s Gemba Walk model shows feedback loops reduce inefficiencies (Liker, 2004). Transparent issue tracking empowers teams.

Cost:

- Council Operations:
Nominal internal cost



Phase 5: Accountability & Recognition

What?

- Embed **cultural metrics** in manager **evaluations** (feedback, HR case closures, etc.)
- Launch biannual “People-First Leader” **recognition** program

Who?

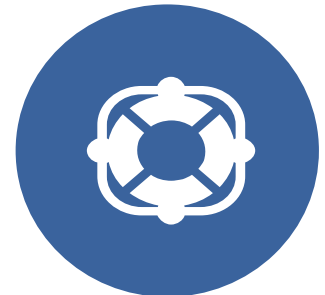
- People Analytics Team, CHRO, HR(recognition committee)

Why?

- **Recognition** tied to **inclusive** behavior reinforces cultural norms(Grant, 2025). Performance reviews aligned with values **boost morale**.

Cost:

- Bonus incentives + internal software tracking ~ \$10,000 PA



Phase 6: Evaluation & Rollout

What?

- Re-engage Korn Ferry for cultural **progress** audit
- Publish a “Culture Health Index” and best-practice **toolkit** for **scaling** reforms
- Extend these reforms to Gigafactories in Nevada & Texas

Who?

- CHRO, Korn Ferry, HR, Corp Ops

Why?

- **Follow-up** ensures measurable improvement & supports scalability(Clampitt, 2021).

Cost:

- Follow-up Audit: ~\$25k
- Toolkit rollout: internal resources

(HR, CHRO)





Mitigation Strategies

Fall-Out: Cultural Resistance

Challenge: Supervisors and Line Managers Resistance

1. Supervisors may **resist** transparency reforms (Clampitt, 2021)
2. Fear that these measures could **slow** down operations and compromise performance goals

Solution:

1. Incorporate leadership behavior metrics in **performance** evaluations
2. Establish **anonymous** reporting channels to give employees the confidence to speak up (Newman et al., 2017)



Fall-Out: Increase in Reported Incidents

Challenge: Surge in Employee Reports

1. Employees may **flood** the system with complaints; can be seen as negative for company image (DFEH Sues Tesla, n.d.), 2022)

Solution:

1. Ensure HR and Ethics teams are **well-staffed** and trained to manage the **increased** volume of complaints and investigations (Stempel, 2021)
2. Be transparent to **demonstrate** Tesla's commitment to ethical leadership



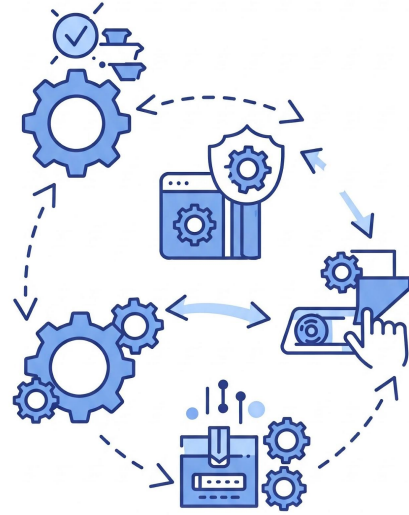
Fall-Out: Operational Slowdowns

Challenge: Temporary Delays in Operations

1. Employees may need to take leave for **safety training**/halt work temporarily. **Production** timelines affected. (Landymore, 2025)

Solution:

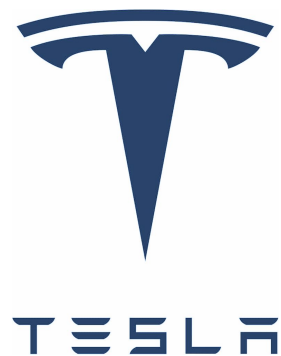
1. Reframe these operational pauses as **investments** in long-term safety and risk mitigation
2. Communicate this to external stakeholders, **emphasizing** that these delays are part of Tesla's growth into a responsible, mature industry leader (Hure, 2024)





Conclusion

- Tesla's innovation has **set** and driven industry standards, but its internal culture has fallen short.
- By investing in transparent leadership, inclusive HR practices, and employee engagement, Tesla can **rebuild** trust.
- A stronger **internal** culture will not only protect Tesla's reputation, but it will **empower** its people and fuel sustainable innovation.



Thank You

Any Questions or Comments?



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