Tesla to cut 14,000 jobs as Elon Musk aims to make carmaker ‘lean and hungry’

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Tesla is laying off more than 10% of its global workforce, equivalent to at least 14,000 roles, as the electric carmaker reacts to slowing demand and pressure on prices. The chief executive, Elon Musk, announced “the difficult decision” in a memo first reported by the online publication Elektrek. Tesla employs 140,473 people, according to its annual report. Musk wrote that Tesla had grown rapidly in recent years and as a result there had been duplication of roles and job functions in certain areas. Referring to the job cuts, he wrote: “There is nothing I hate more, but it must be done. This will enable us to be lean, innovative and hungry for the next growth phase cycle.” The move follows a difficult start to the year for the electric carmaker. Tesla said it had made approximately 387,000 deliveries to customers in the first quarter of 2024, missing market expectations by about 13%. It was its first fall in deliveries in nearly four years. The company cited production problems caused by unforeseen factors such as attacks on shipping in the Red Sea and an arson attack on its factory in Berlin, but the figures also pointed to a softening in global demand. After the release of the sales figures this month, Musk dismissed comments that his divisive persona had caused a downturn in sales and pointed to similarly poor figures from the Chinese rival BYD, saying it was a “tough quarter for everyone”. Ross Gerber, the chief executive of the investment management firm Gerber Kawasaki and an outspoken critic of Musk’s leadership, said the jobs cuts were “proof of the true cost of the damage to the brand as Tesla sales fall in a strong economy”. Gerber, whose firm owns a small shareholding in Tesla, added: “No doubt the combination of a lack of advertising, real competition and a toxic CEO is a bad mix.” The company is also aiming to shore up its margins – a measure of profit – which have been hit by repeated price cuts, especially in China, where it faces stiff competition from local competitors including BYD, which briefly overtook Tesla as the world’s largest electric vehicle maker in the fourth quarter of 2023, and the new entrant Xiaomi. Tesla recorded a gross profit margin of 17.6% in the fourth quarter, its lowest in more than four years. Matthias Schmidt, an automotive industry analyst, said the job cuts reflected “the slowing pace of growth of an electric car market, which it appears Tesla isn’t immune from”. Shares in Tesla dropped by 5.6% on Monday to $161.48, down from $171.05 on Friday night. That knocked about $38bn (£30.5bn) off its market capitalisation, which fell to $506bn, down from $544bn at the end of last week. So far this year, Tesla has lost a third of its value. The carmaker has manufacturing sites in California, Nevada, New York and Texas in the US as well as plants in Germany and China. “About every five years, we need to reorganize and streamline the company for the next phase of growth,” Musk commented in a post on X, the social media platform he owns. Two senior Tesla leaders, battery development chief Drew Baglino and vice president for public policy Rohan Patel, also announced their departures, drawing posts of thanks from Musk. Separately, Reuters reported on Monday that BP had cut more than a tenth of the workforce in its electric vehicle charging business – representing more than 100 jobs – and has pulled it out of several markets after a bet on rapid growth in commercial electric vehicle fleets did not pay off. BP said the changes at its Pulse unit were “a step towards ensuring that we can execute our goals with even greater precision and effectiveness”. Tesla was contacted for comment.