

# Elon Musk "Master Plan" Attempt To Distract From Tesla Investigations Falls Flat On Musk's Face!

**Tesla's stock falls after Elon Musk reveals his 'master plan'- Analysts laugh- Investors question his sanity**



Tesla Motors CEO Elon Musk, shown in 2015, has a "master plan" for his company and for the future of electric vehicles and autonomous driving. (Francois Mori / Associated Press)

Russ Mitchell and Charles Fleming

After more than a week of teasing about its existence, Elon Musk revealed Part 2 of his “master product plan” for Tesla on Wednesday evening. Or, as he calls it, “part deux.”

In a blog post published on the automaker’s website, Musk introduced a multiyear, four-pronged strategy that includes new kinds of Tesla vehicles, expanded solar initiatives, updates on Tesla’s “autopilot” technology and a ride-sharing program.

Tesla’s stock Thursday morning was trading at \$222, down about 3%. While the plan is bold and futuristic, financial analysts see it as vague with no hard timelines, a distraction from here-and-now concerns such as getting the upcoming Tesla 3 through the assembly line and onto the market.

Some surmised that the timing of the announcement was a way for Musk to distract from recent headlines that have raised concerns about Tesla's autopilot function and its troubles hitting vehicle-delivery targets.

Commercial trucks, buses, a "future compact SUV" and a "new kind of pickup truck" will be added to Tesla's fleet of electric cars. A heavy-duty truck called the Tesla Semi and a shrunken bus that Musk called a "high passenger density urban transport" vehicle are in early development stages "and should be ready for unveiling next year," he said.

The smaller bus would be designed without a center aisle, with seats close to the entrances, and would be able to automatically pace themselves with traffic, the post said. The bus driver would become a "fleet manager."

Musk also used the master plan to defend his bid for rooftop solar power provider SolarCity and said he aims to make Tesla's Autopilot robotic driver-assist system 10 times safer than cars that humans drive manually.

Musk also plans to move Tesla into the popular ride-sharing business, not only with an Uber-like fleet but also with an app that lets Tesla owners rent out their vehicles when they're not using them, perhaps defraying a portion of their auto loans. This will happen, he said, "when true self-driving is approved by regulators," a turn of events that's at least several years away.

The wide-ranging plan was not greeted warmly by industry analysts. "It's ambitious, taking on buses and public transport," said Jessica Caldwell, an analyst at automotive research firm Edmunds. "He's covering a lot of industries, and might be spreading himself too thin in terms of what Tesla is able to manage."

Tesla is struggling to meet production goals for its next product, the relatively affordable Tesla 3, she noted. "If you're not doing what you're supposed to be doing on the small scale, how do you scale up to something so ambitious?"

Karl Brauer, an analyst at Kelley Blue Book, was even more downbeat. "It's sadly not a very unique or original plan. What he's saying is, 'I'm going to have autonomous vehicles that are purely electric driving around serving people's transportation needs.' Well, every automaker has already envisioned that, and many are already working toward it."

Michelle Krebs, senior analyst at Autotrader, summed up her views this way: "As is typical, Elon Musk has laid out a grandiose plan for the future with no time frames and few specifics, and no mention of how and when Tesla will be profitable."

Despite criticism from analysts, whose foremost concern is financial performance, Musk has emerged as the 21st century's most audacious, best-known living entrepreneur, replacing the late Steve Jobs as the business world's leading icon.

Not only did he upend the automobile industry with Tesla, forcing traditional automakers to take electric cars seriously and boost competition for technical innovation, he also created the rocket ship company SpaceX from scratch, embarrassing big defense and aerospace contractors by winning contracts for NASA space missions at a small fraction of the price charged by the traditional heavyweights.

Along the way, he has alienated countless employees with his relentless, hard-charging nature while burning through some personal relationships. He divorced his first wife, who once complained he was treating her like an employee; she told a Musk biographer he responded that if she were an employee, he'd have fired her. They had five children together.

It's unclear what Musk's primary drivers are, but if you take him at his word, it's creating a human civilization on Mars while solving energy problems on Earth. In his new master plan, Musk said, "We must at some point achieve a sustainable energy economy or we will run out of fossil fuels to burn and civilization will collapse. ... The faster we achieve sustainability, the better."

Musk's post led off not with new vehicles but with a plan to "create a smoothly integrated and beautiful solar roof with battery power" for a newly combined Tesla and SolarCity, should the Tesla purchase go through.

Last month, Musk announced the \$2.5 billion bid. He owns a big chunk of SolarCity, which is run by his cousins.

SolarCity makes solar roof panels for homes and businesses. Tesla makes battery packs and recharging stations. A combined product would allow a solar panel household to recharge a Tesla with solar power using all Tesla products. "We can't do this well if Tesla and SolarCity are different companies," he said. Analysts have said there's no reason that couldn't be accomplished through a joint marketing agreement.

Part 1 of Musk's master plan, published in 2006, was an ambitious document declaring four main goals: He would build an electric sports car, use the revenue from that car to build an affordable car, spend the profits from that vehicle to "build an even more affordable car" and "also provide zero-emission electric power generation options."

By this year, a decade after penning the manifesto, Musk had done much of what he'd planned. Tesla built and sold a high-priced sports car, the Roadster, and used the funds from that to build and market the Models S and X — though at average transaction prices of more than \$100,000, those are not exactly "affordable."

The revenue from those car sales has now funded development of that more affordable car, the promised \$35,000 Model 3.

With Tesla's supercharger network of roadside charging facilities, its gigafactory battery plant in Nevada and its Powerwall home-charging units, Musk has addressed the question of "power generation options."

But he has faced his share of critics and controversy along the way.

Most recently, Tesla is facing investigation after a driver died in a Model S while using the Autopilot function.

Also this month, Tesla announced that [shipments of the high-end luxury electric vehicles had not reached projected levels](#) in its second quarter, after having announced in April that it had failed to reach projected goals in its first quarter.

And Musk has been under fire for Tesla's bid for the company's sister firm, SolarCity. Critics of the proposed deal said that Musk, who is chairman of that company and owns 22% of its stock, had offered many multiples more than the solar panel company was worth and ultimately would leave Tesla shareholders paying for the inflated deal.