

CRISIS LEADERSHIP ANALYSIS: ELON MUSK ON AUTOPILOT

Adam Bernstein

COM 629 – Leadership, Empowerment, and the Management of Meaning

(Section 01 – Fall II, 2016)

December 11, 2016

### Abstract

The death of a driver in a Tesla Motors vehicle was due in part to a malfunction of the company's advanced Autopilot technology, which precipitated a reputational crisis. In response, Elon Musk, the chief executive officer, used a transcendence strategy to reduce offensiveness as described in Benoit's Theory of Image Restoration Discourse (Benoit, 1997, p. 181), by putting the incident in more favorable contexts of the large number of deaths from motor vehicle accidents in the United States annually, and the increasing importance of technology in making driving safer. Musk was criticized for seeming defensive, lacking compassion for the driver, and failing to take responsibility for what happened. Tesla and Musk maintained the discourse of renewal that emphasized themes of optimism about its mission and the future, but his and the company's failure to adhere to established crisis communications principles threatened its ability to recover from the crisis and repair its brand reputation.

*Key words: Autopilot, driver safety, automobile accident, vehicular deaths, technology, crisis communications, hands-free*

Tesla Motors is an American automotive and energy company that manufactures what many consider the most technologically advanced electric vehicles on the market. Elon Musk co-founded Tesla in 2003 after making his fortune creating the digital payment company PayPal, and today serves as its chief executive officer (CEO). Musk is a prominent and outspoken technology business leader, innovator, and investor with diverse interests including SpaceX, a commercial space exploration and transport company, and SolarCity, which provides solar energy products and services.

On May 7, 2016, Joshua Brown, a small business owner from Ohio, was killed when his Tesla sedan crashed into the side of a large truck that had turned across his lane on a Florida highway. At the time, Brown had the car in “Autopilot” mode which controlled braking and speed automatically using an advanced onboard system of radar, cameras and other technology. According to news reports, the system’s cameras apparently failed to differentiate between the overcast sky and the white color of the truck’s trailer, thus not registering an obstacle in the car's path.

More than three weeks after the accident, Tesla’s corporate web log (or blog) reported the accident by noting that the National Highway Traffic Safety Administration had opened an investigation. This was the first public acknowledgement of the crash by the company, and in a telling sign, the blog post did not mention Brown by name. Largely ignored before then, the story soon began to draw widespread and intensive news media coverage.

Crisis management experts, news media and the general public subsequently criticized Musk for his and the company’s response to the tragedy, which was characterized as callous, manipulative, and defensive. Tesla minimally spoke to the human tragedy of Brown’s death, and primarily sought to downplay the significance of the incident and defend its technology by

putting the crash in the broader context of automotive safety and the many other passenger deaths that occur each day in the United States. In one text, Musk referred to the crash as a “statistical inevitability” and conjectured that hundreds of thousands of lives might be saved if all cars had Autopilot capabilities (Woolf, 2016). The episode was an example of both a public perception and product or service crisis; the former refers to “negative stories about an organization’s products, personnel, or services” while the latter addresses “concerns about products and services generated by the media” (Hackman, 1996, p. 411).

To analyze Musk’s critical leadership in the situation, seven texts from the period of June 30 – October 19, 2016 were selected:

- two tweets by Musk on his personal Twitter feed @elonmusk, and one tweet that he retweeted from a *Vanity Fair* reporter;
- two posts on the Tesla corporate blog (including the aforementioned);
- two sets of quotes from Musk drawn from interactions with national news media outlets.

By examining this assortment of texts drawn from diverse channels and contexts, the observer may discern Musk’s reasoning for his company’s crisis response. As the tweets and quotes in news stories came from him, they directly reflected his sentiments. Although the blog posts are attributed generically to “The Tesla Team”, the company’s CEO almost certainly influenced and approved the messages. There are texts from both traditional and digital channels, meant for a variety of important stakeholders including customers, shareholders, investors, employees, regulatory officials, and the general public. Even the timing of when the information was released offers insights about Musk’s mindset and intentions.

Musk primarily deployed a “transcendence” strategy to reduce offensiveness as described

in Benoit's Theory of Image Restoration Discourse (Benoit, 1997, p. 181), although there were hints of other strategies such as corrective action, defeasibility and attacking the accusers. The transcendence approach is designed to "place the act in a more favorable context" (p. 181). Tesla attempted to accomplish this goal by applying two broad subjects: the large number of deaths by motor vehicle accidents in the United States annually, and the increasing role of technology in making driving safer.

The corporate blog on June 30 titled "A Tragic Loss" set the precedent for Musk's defense of Tesla's Autopilot technology. The opening qualified how rare the accident was, noting it was "the first known fatality in just over 130 million miles where Autopilot was activated". The post then reported that a fatality occurs every 94 million miles traveled in the United States and every 60 million miles worldwide (A Tragic Loss, 2016). The implication from this sequence was that compared to conventional vehicles, Teslas are involved in accidents at a much lower rate due to their advanced technology.

The post included a preliminary theory for the cause of Brown's accident as well as detailed information about how the Autopilot functions. Defending its technology, the company bluntly proclaimed that "used in conjunction with driver oversight, the data is unequivocal that Autopilot reduces driver workload and results in a statistically significant improvement in safety when compared to purely manual driving" (A Tragic Loss, 2016). The blog posting also contained multiple references to the role of the driver in the proper use of the feature, such as "every time (it) is engaged, the car reminds the driver to 'Always keep your hands on the wheel. Be prepared to take over at any time'" (A Tragic Loss, 2016). These statements reflect another image restoration strategy, Benoit's defeasibility typology, where the company attempted to evade responsibility by citing a lack of control over what happened (Benoit, 1997, p. 180). In

other words, Tesla strongly suggested that Brown, not its technology, was at fault.

The same day of the first blog posting, Musk tweeted a link to it under the headline “Our condolences for the tragic loss” (Musk, 30 June, 2016). The tweet was the first public comment about the accident attributed directly to Tesla’s CEO, and on the surface, it seemed to strike the appropriate tone of compassion foremost for the victim – a tenet of effective crisis communications. But this was mostly a façade, as those who clicked on the link would have been subjected immediately to the afore-described rhetorical discourse designed to reduce offensiveness and evade responsibility. Again, nowhere in the discourse was Brown mentioned by name, and a true condolence statement did not appear until the very end of the 537-word posting.

The next day, Musk retweeted a tweet from Nick Bilton, a reporter for *Vanity Fair* magazine, that said “1.3 million people die a year in car accidents. Yet, 1 person dies in a Tesla on autopilot and people decry driverless cars as unsafe” (Bilton, 1 July, 2016). This was another example of his attempts to defend the company’s reputation and reduce offensiveness by citing the incident in the contexts of automotive death statistics and technology.

Less than a week later, Musk had Twitter exchange with Alan Murray, editor of *Forbes* magazine, whose coverage had suggested that Tesla delayed notifying the public about Brown’s accident to avoid a negative effect on a \$2 billion sale of the company’s stock (Woolf, 2016). His somewhat testy message, “If you care about auto deaths as material to stock prices, why no articles about 1M+/year deaths from other auto companies?”, was again indicative of the transcendence strategy (Musk, 5 July, 2016). Musk was clearly trying to fend off criticism of his company by an influential business media outlet by drawing moral equivalence with other auto manufacturers.

Another post on the corporate blog on July 6, 2016 took aim at a *Forbes*' story about the possibility that the accident could lead to a product liability suit, which could have serious financial implications for the company. Opening with the statement "Forbes' article is fundamentally incorrect", the post presented a long and detailed refutation using dual themes of automotive traffic deaths and a spirited defense of the Autopilot technology (Misfortune, 2016). The following statements epitomized this approach:

Here's what we did know at the time of the accident and subsequent filing:

- That Tesla Autopilot had been safely used in over 100 million miles of driving by tens of thousands of customers worldwide, with zero confirmed fatalities and a wealth of internal data demonstrating safer, more predictable vehicle control performance when the system is properly used.
- That contrasted against worldwide accident data, customers using Autopilot are statistically safer than those not using it at all.
- That given its nature as a driver assistance system, a collision on Autopilot was a statistical inevitability, though by this point, not one that would alter the conclusion already borne out over millions of miles that the system provided a net safety benefit to society.

The accident was first reported only a week before and continued to draw intense coverage, and the posting was only the second time the company had used its blog to comment publicly. Yet again, there was no mention of Brown or any compassion for his demise or family. In the absence of this acknowledgement, the company's characterizations of his death as a "statistical inevitability" and Autopilot's "net safety benefit" to society sounded coldhearted. Moreover,

Musk and the company introduced another approach for reducing offensiveness in addition to transcendence: attacking an accuser, in this case, *Forbes* (Benoit, 1997, p. 181).

Musk's statements to major news media outlets in subsequent months continued to represent themes of transcendence and blaming his accusers. In October, he told the *Wall Street Journal* that though an Autopilot system upgrade "will be a dramatic improvement in the safety of vehicles," even technology has limitations; "Perfect safety is really an impossible goal. There won't ever be zero fatalities. There won't ever be zero injuries" (Higgins, 2016, October 19). Musk went on to express frustration with the extensive news coverage of accidents involving Autopilot compared to automobile crashes in general, commenting that "it does not reflect well upon the media" and that "a negative story dissuading people from using autonomous vehicles was effectively 'killing people' since the technology made driving safer" (Higgins, 2016, October 19).

Musk's transcendence strategy was clearly an attempt to defend the technological pre-eminence on which Tesla's brand is based, especially pertaining to its Autopilot offering. With any automobile, safety is among the most important and sought-after attributes. For Tesla, safety and technology are inextricably tied as this bold statement on the company's website attests: "All Tesla vehicles... have the hardware needed for full self-driving capability at a safety level substantially greater than that of a human driver" (Tesla, n.d.). Musk may have felt that he could not afford to give any ground regarding the reliability of his company's proprietary technology, lest doubt about safety and other benefits could compromise his and his company's reputations as technological innovators, and cause consumers to seek out competing products.

The downside of his rhetorical approach was that it seemed to place a higher priority on the sedan than its driver. Musk appeared defensive, uncaring and robotic in his responses, and his

failure to acknowledge Brown's death in a more prominent and compassionate manner inhibited his ability to protect Tesla's reputation. Said one crisis expert:

What a CEO should do when there's a death associated with one of his company's products is respond, first and foremost, with compassion, and then with words that express competence and confidence. Quoting statistics that explain why the death isn't so bad in the big picture has been proven time and time again to be quite ineffective in influencing public opinion (Woolf, 2016, July 07).

Musk would have been better served to use aspects of "mortification" as the company's primary image repair discourse, especially an apology for what happened, acceptance of responsibility where appropriate, and more frequent and overt signs of concern toward Brown's family and other accident victims. Such efforts would have helped protect Tesla's reputation among consumers by demonstrating "compassion, competence, and confidence" (Woolf, 2016, July 07).

Before and after the crisis, Tesla demonstrated characteristics of Ulmer, Sellnow, & Seeger's discourse of renewal (Ulmer, et al., 2008, p. 308). Musk remained optimistic about the company's ability to refine the Autopilot functions in order to avoid failures like Brown experienced. The company issued a new software update to the Tesla on-board system within three months of the incident (Higgins, 2016, October 19). Striking a future-oriented theme, the company's blog proclaimed "Self-driving vehicles will play a crucial role in improving transportation safety and accelerating the world's transition to a sustainable future... As always, our over-the-air software updates will keep customers at the forefront of technology" (All Tesla cars being..., 2016, October 19).

Certainly Musk envisioned Tesla, and for that matter, his other companies such as SpaceX and SolarCity, as important factors in shaping the future with their innovative products. Tesla's organizational rhetoric, as reflected in its corporate blog and in Musk's texts, remained consistently optimistic, forward-thinking, and seemingly forthright in its reporting on corporate endeavors. If consumer interest and loyalty are indications, stakeholder support remained strong. Despite the negative publicity about the incident, pre-orders for the company's new Model 3 sedan continued to soar, while the new Model X crossover won the prestigious 2016 Golden Steering Wheel award in Europe, with more than 90 percent of owners indicating that they would buy the vehicle again (Model X wins Golden Steering Wheel, 08 November, 2016).

Yet Tesla's capacity to learn and evolve from a communications perspective as a result of the crisis was not clear. Musk maintained a defensive posture with the media five months after Brown's death, criticizing reporters for overemphasizing the episode in the broader context of vehicular deaths (Higgins, 2016, October 19). He showed few if any signs of contrition, compassion or accountability – communications elements universally considered vital to effective crisis management. Musk seems ideally suited to fulfill the role of the leader in the discourse of renewal, i.e. one who inspires others to “imitate and embrace their view of crisis as an opportunity” by modeling optimism and commitment (Ulmer, et al., 2008, p. 308). But his failure to grasp certain nuance and effective practice of crisis communications threatens to undermine that position and ultimately Tesla's ability to fully repair its reputation.

## References:

- A Tragic Loss. (2016, June 30). [Web log post]. Retrieved December 08, 2016, from <https://www.tesla.com/blog/tragic-loss>.
- All Tesla cars being produced now have full self-driving hardware. (2016, October 19). [Web log post]. Retrieved December 08, 2016, from <https://www.tesla.com/blog/all-tesla-cars-being-produced-now-have-full-self-driving-hardware>.
- Bilton, Nick (@nickbilton). "1.3 million people die a year in car accidents. Yet, 1 person dies in a Tesla on autopilot and people decry driverless cars as unsafe". 1 July, 2016, 10:19 PM EST. Tweet.
- Benoit, W.L. (1997). *Image repair discourse and crisis communication*. *Public Relations Review*, 23, 177-186.
- Boudette, N. E. (2016, September 12). Elon Musk Says Pending Tesla Updates Could Have Prevented Fatal Crash. Retrieved December 08, 2016, from <http://www.nytimes.com/2016/09/12/business/elon-musk-says-pending-tesla-updates-could-have-prevented-fatal-crash.html>
- Hackman, M. Z., & Johnson, C. E. (1996). *Leadership: A communication perspective* [Electronic]. Prospect Heights, IL: Waveland Press.
- Higgins, T. (2016, October 19). Tesla Expects to Demonstrate Self-Driven Cross-Country Trip Next Year. Retrieved December 08, 2016, from <http://www.wsj.com/articles/tesla-expects-to-demonstrate-self-driven-cross-country-trip-next-year-1476925700>
- Levin, S., Wong, J. C., & Woolf, N. (2016, July 7). Elon Musk's self-driving evangelism masks risk of Tesla Autopilot, experts say. Retrieved December 08, 2016, from

<https://www.theguardian.com/technology/2016/jul/02/elon-musk-self-driving-tesla-Autopilot-joshua-brown-risks>.

Misfortune. (2016, July 6). [Web log post]. Retrieved December 8, 2016, from

<https://www.tesla.com/blog/misfortune>.

Model X wins Golden Steering Wheel. (2016, November 8). [Web log post]. Retrieved

December 08, 2016, from <https://www.tesla.com/blog/model-x-wins-golden-steering-wheel>.

Musk, Elon (@ElonMusk). "Our condolences for the tragic loss". 30 June, 2016, 4:53 PM EST. Tweet.

Musk, Elon (@ElonMusk). "@alansmurray If you care about auto deaths as material to stock prices, why no articles about 1M+/year deaths from other auto companies?" 5 July, 2016, 11:30 AM EST. Tweet.

Tesla. Retrieved December 10, 2016, from <https://www.tesla.com>.

Ulmer, R. R., Sellnow, T.L., & Seeger, M. (2008). *Post-crisis communication and renewal: Understanding the potential for positive outcomes in crisis communication*. In R. L. Heath & H. D. O'Hair (Eds.), *Handbook of risk and crisis communication* (pp. 302-322).

Woolf, N. (2016, July 07). Elon Musk Twitter rant a 'case study' in how not to handle a crisis, experts say. Retrieved November 17, 2016, from

<https://www.theguardian.com/technology/2016/jul/07/tesla-elon-musk-Autopilot-death-crisis-management>.