

TESLA'S LONG SERIES OF INCIDENTS. WILL ACCIDENTS, TECHNICAL PROBLEMS AND FINANCIAL LOSSES SINK ELON MUSK?

Tomorrow is the judgment day for Elon Musk. In the general assembly of Tesla's shareholders the decision regarding his position in the company shall be taken. The future of Elon Musk is uncertain due to the fact that some investors have accused him (and three of directors linked to Musk, including his brother Kimbala) of worsening situation of the company. Importantly, Tesla faced culmination of long series of accidents in May this year.

For Elon Musk, inventor and billionaire known for the most extravagant ideas, this night may be sleepless. All because of the meeting of stockholders planned for tomorrow which will decide on Musk's role in Tesla.

His position is not certain. He may be removed from the chairman of the board post despite being the largest shareholder. Although it is difficult to imagine this course of action, Tesla stockholders accused Musk of not devoting his full time and attention to the company. The three directors linked to the billionaire: James Murdoch (CEO of 21st Century Fox), Antonio Gracias and Musk's brother, Kimbala, also faced harsh criticism from the board.

According to South China Morning Post, some of Tesla's investors demand removing Musk from the office. Jing Zhao is the man who explicitly made such a proposal. The main point is Musk and his directors do not commit sufficient time to perform their functions in the company. Taking into account billionaire's involvement in other businesses like SpaceX, the accusation seems to be reasonable. What is more, some of the media criticised Musk for spending too much time on Twitter, arguing with journalists and undermining their credibility. Inspired by the arguments, he hit on the idea of creating a website assessing media's reliability under 'PravDuh' name (reference to a popular Soviet propaganda newspaper).

However, in spite of characteristic Musk's distance, he has no choice but to admit Tesla's problems are really serious, including the long series of accidents, technical issues and financial difficulties.

The series of accidents started on 22 January. A Tesla Model S in Autopilot mode plowed into a stopped fire truck taking part in a rescue operation. Although the car reached a speed of 100 km/h, the driver was not harmed. Nevertheless, media paid attention to the problems with half-automatic control system.

23 March in California one of the most tragic accident involving Tesla car occurred. Model X crashed into a barrier on highway 101 in Mountain View. The driver was killed. Media reported that the car was operating on Autopilot which introduced vehicle to the conflict rule.

9 May two passengers died in Model S. The vehicle's speed is believed to be a factor in the accident.

25 May another Tesla car, driven by Californian You You Xue, crushed in Greece. The driver accused Autopilot of hitting the barrier on highway. Although he was not hurt, the half-automatic control system again faced severe criticism.

Less than a week later, on 30 May, Tesla crashed into police car in California. Driving woman, who was not seriously injured, admitted the car had been operating in Autopilot mode.

Finally, 31 May Tesla vehicle was involved in an accident in Brussels. Although initial information on Autopilot's engagement in the crash proved to be false, it deepened the company's image crisis.

Such a long series requires efficient PR campaign and taking adequate remedial actions. Tesla focused on repeating that Autopilot is able to maintain the given speed, change the lanes and park automatically but 'drivers are continuously reminded of their responsibility to keep their hands on the wheel and maintain control of the vehicle at all times'. The question still remains whether we should call the system 'Autopilot'. Nonetheless, it is not the only one technological (and image) difficulty faced by Tesla cars.

Recently the company has been also criticised for problematic brakes in Model 3. Stopping distance occurred to be far worse than for any contemporary car.

Consumer Reports (American consumers organisation) reported on braking problem with Model 3 after testing two of the vehicles. Initially Tesla were undermining results of the test, pointing that stopping distance can vary based on multiple factors. However, at the end of May, Musk announced publication of updated firmware which is believed to shorten stopping distance by about 6 metres.

But Tesla may have legal problems, too. According to Polish business website 'Puls Biznesu', Nikola accused Musk's company of copying some of the elements of Nikola One truck and using them in Tesla Semi vehicle.

However, the most serious difficulties are these of financial nature. The company may need \$10 billion in next 18 months to meet production targets, Goldman Sachs reported. This probably means issuing bonds since the company's needs cannot be fulfilled by its profits - Tesla has repeatedly generated a loss, consuming money acquired from investors.

The company run by Elon Musk expanded the range of investments which consumed huge volumes of cash. After the sharp increase of Tesla's costs up to \$1 billion for the 1st quarter, the company's board announced cost cutting. The big question is whether Tesla will be able to produce Model 3 vehicles sufficiently fast without new financial resources, pumped, for instance, into production capacity. The waiting time for the car is already a few months. The company is unable to meet its target which is 5000 of cars per week. The whole procedure has severely tested clients' patience.

All of these have burden on Musk's reputation. Shareholders who have observed consuming their money by Tesla, have right to be nervous. Such a big company should not be dependent on the services of one man, Jinh Zhao said. What will happen to the billionaire who as the first in the world put his car to space? We will see in a few hours.