

The Underlying Logic of Business Empire--Taking Musk as an Example

Lingyun Zeng

*Beijing Xin Fuxue International Academy, Beijing, China
3641377642@qq.com*

Abstract: Elon Musk's entrepreneurship and success are closely related to multiple social backgrounds. From the 1990s to now, Elon Musk has been involved in many fields such as the Internet revolution, clean energy transformation, and space exploration commercialization. In 1990, the commercialization of the Internet was just beginning, the U.S. economy was booming, and the demand for electronic payments was just emerging, but not yet widespread. In 2020, 5G and satellite Internet competition intensifies, and remote working rises. This paper mainly studies Musk's business introduction, capital operation, inspiration for entrepreneurs and the underlying logic of business empire. The main purpose of the study is to explore the underlying logic of business empire with Musk as the case. This paper adopts literature analysis and case analysis. This paper finds that observing market demand is greater than the balance of investment and responsibility with business ambition.

Keywords: Financing, Insight, Musk, Leadership

1. Introduction

"Aim for the moon, and if you fail, you will land among the stars". It's a classic Elon Musk quote. He was briefly a PhD in applied physics at Stanford University, but dropped out after two days to start his own business. Musk started his business in 1996, and in 1999, Musk made \$22 million. In 2008, Musk unveiled the Roadster, the first electric sports car. In 2020, Tesla became the world's most valuable car company. He pushed self-driving technology in partnership with the Gigafactory. This paper mainly studies the inspiration of Musk for entrepreneurs and the underlying logic of the business empire. It specifically discusses Musk's capital operation and the underlying logic of entrepreneurship. This paper is carried out by the method of literature search and case analysis. This paper can help people better understand Musk and his capital operation, and to find the inspiration for entrepreneurs and the underlying logic of business empire through these cases.

2. Elon Musk and His Company

2.1. Introduction to Musk

Elon Reeve Musk, born on June 28, 1971, is a South African American who graduated from the University of Pennsylvania with a dual degree in physics and economics. He attended Stanford University's PhD program in Applied Physics and Materials Science, but dropped out to start his own business. His father is a South African engineer and his mother is a Canadian model and

dietitian. Musk's career spans many fields, including the Internet, clean energy, space exploration and artificial intelligence. He founded several companies with global influence. Musk is known for bold visions, such as accelerating the global transition to sustainable energy. With an innovative spirit, he constantly challenges traditional industries and promotes technological breakthroughs in the industry as a whole, such as electric vehicles and brain-computer interface technology. Musk is known for his intense work pace and high execution, often sharing his work status and future plans on social media. Musk is regarded as one of the most innovative entrepreneurs of the 21st century, and his contribution to the technology industry and the future of humanity cannot be denied.

2.2. Business Goals of Musk

Musk has multiple businesses, each of which has a clear purpose and vision. The first is Tesla, whose core goal is to accelerate the global transition to sustainable energy, such as the popularization of electric vehicles, and reduce dependence on fossil fuels by producing cost-effective and affordable electric vehicles. He wants to implement fully autonomous Autopilot and Full Self-Driving technology to improve traffic safety and change the way people travel. Second, Neuralink's core goal is to develop brain-computer interface technology to enhance human medical development and treat neurological diseases. This can enhance cognitive abilities, achieve direct communication between the brain and the machine, and improve memory, learning and information processing capabilities. Third, The Boring Company's core goal is to solve urban traffic congestion. Develop low-cost, efficient underground tunnel networks for vehicles and high-speed transportation systems such as the Hyperloop. The long-term vision is to reshape urban transport infrastructure for efficient and environmentally friendly mobility. Musk is changing the landscape of multiple industries and laying the foundation for the future of human civilization.

2.3. Musk's Strategies for Dealing with Risk

Elon Musk can combine a long-term vision with a short-term goal. Musk has always been driven by big, long-term goals, such as sending humans to Mars. That vision helped him stay motivated in the face of short-term setbacks. Musk has diversified into vertical integration within the company to reduce dependence on external supply chains. Tesla, for example, produces its own batteries and chips, reducing the risk of supply chain disruptions. SpaceX has significantly reduced launch costs by developing and manufacturing its own rocket components. Musk has team building and leadership, and Musk is good at attracting and motivating top talent and building efficient teams. For example, both SpaceX and Tesla have top-notch engineers and scientists. He has a strong ability to withstand pressure and shows strong psychological resilience in the face of great pressure. He has spoken in numerous interviews about his ability to remain calm and make decisions under extreme pressure. He always maintains an optimistic attitude and believes that even in the face of failure, he can eventually achieve his goals. This mindset has repeatedly helped him persevere in high-stakes environments.

2.4. The Controversy over Musk

Elon Musk has not only achieved great success in the field of technological innovation and business, but also caused a lot of controversy because of his unique behavior. The first is enterprise management and employee treatment. Musk is known for demanding long hours, even requiring employees to work 100 hours a week. This high-intensity work culture has been criticized for being bad for employees' physical and mental health. He ran the company repeatedly through mass layoffs, which were criticized for a lack of care for employees. The second is personal behavior and public

image. Musk has often been criticized for being overconfident and even arrogant. For example, he calls himself "Technoking" on Twitter and repeatedly disparages his competitors.

2.5. Musk's Capital Operation

Elon Musk is known for his innovation and capital operations in several high-tech fields. Musk's first venture was to provide online content publishing software for news organizations. He made his first money in 1999 when he sold the company to Compaq for \$307 million. In 2008, Tesla faced production delays, cost overruns and capital shortages after launching its first electric car, the Roadster, while the global financial crisis worsened financing difficulties. The company's cash reserves are near the bottom and it is on the verge of bankruptcy. Musk has put nearly all of his personal money into Tesla, totaling about \$70 million. Tesla laid off nearly 25 percent of its workforce to cut costs. He managed to save Tesla from bankruptcy through personal capital injection, financing and cost control. This year's efforts laid the foundation for Tesla's subsequent success, and also demonstrated Musk's determination and leadership in the crisis.

3. Inspiration from Musk's Case for Entrepreneurs

3.1. Vision Driven: Dare to Challenge the Impossible

Musk's entrepreneurial projects tend to have grand visions, such as "making humanity a multi-planet species" or "accelerating the world's transition to sustainable energy" [1]. These visions not only inspired the team, but also attracted the support of investors and consumers. And these goals go far beyond mere commercial interests. His vision not only inspired him, but also attracted the attention of top global talent and investors. First of all, entrepreneurs need to find their own "why", which is the mission and vision of entrepreneurship. A clear vision can help keep an entrepreneur motivated to persevere during difficult times and provide direction to the team and investors. Then entrepreneurs should think about whether their projects can solve real, big problems, not just short-term profits.

3.2. Leadership and Team Building

Musk is known for his unique leadership style. Not only does he know the technical details like the back of his hand, he is also able to motivate his team to achieve seemingly impossible goals [2]. His leadership is reflected in the adherence to high standards and the cultivation of trust in the team. He is extremely demanding in the quality and technical detail of his products and is always results-oriented. This style of leadership, while sometimes considered too demanding, is the kind of high standards that have driven technological breakthroughs at Tesla and SpaceX. For example, during the production of the Tesla Model 3, Musk was personally stationed at the factory to drive line optimization and even slept on the factory floor to ensure production targets were met on time. This hands-on attitude and attention to detail enabled Tesla to achieve a significant increase in production capacity in a short period of time. First, entrepreneurs should lead by example, setting high standards and motivating the team to achieve their goals together. A results-oriented leadership style helps you stand out in a competitive market. Entrepreneurs should then have cross-domain knowledge and technical depth to better understand the team's work and make valuable suggestions.

3.3. Risk Management and Resilience to Stress

Elon Musk is one of the most influential entrepreneurs and innovators of our time. Musk's entrepreneurial journey has not been smooth. Tesla and SpaceX both faced the brink of bankruptcy, but Musk led the company through effective risk management and a strong ability to withstand

pressure [3]. He is not only adventurous, but also good at finding opportunities in crises. In founding SpaceX, for example, Musk invested almost all of his personal wealth. At the time, it was considered impractical for private companies to enter the field. However, Musk, with his courage and vision, managed to break the situation. Entrepreneurs should have the courage to take risks, especially in new areas or high-risk markets. Taking risks does not mean blindly going forward, but is based on a deep understanding of market and technology trends.

4. The Underlying Logic of Business Empires

4.1. Resource Integration and Capital Operation

Resource integration is the key to the success of a business empire. Enterprises need to maximize the efficiency of resource utilization by means of capital operation, talent attraction and technological innovation [4]. Businesses need to identify which resources are key to their success. These resources may include core technologies, top talent, etc. The ultimate goal of resource integration is to achieve a synergy effect, that is, to produce the effect of "1+1>2" through the optimal allocation of resources. For example, Tesla has achieved the leap from start-up to industry giant through the integration of resources. In terms of resource integration, Tesla has created unique product competitiveness by integrating electric vehicle technology, battery technology and autonomous driving technology. Entrepreneurs should invest their capital in areas with the greatest growth potential to maximize returns.

4.2. Social Responsibility and Sustainable Development

The success of a business empire is not only reflected in economic efficiency, but also in social responsibility and sustainable development. Enterprises should enhance brand image and achieve long-term development through social responsibility practice [5]. First, companies should pay attention to employees' welfare, career development and working environment. Then, companies should provide safe, high-quality products and services and respect the rights and interests of consumers. Second, companies should actively participate in community building and support education, health care and public welfare. Finally, enterprises should reduce the negative impact on the environment and promote green production and sustainable development. Tesla's electric vehicles, for example, reduce fossil fuel consumption and greenhouse gas emissions, while its solar products and energy storage technology drive the spread of clean energy. At the same time, Tesla has fulfilled its responsibility to its employees by offering high salaries and equity incentives.

4.3. Innovation-driven and Technological Breakthrough

Innovation-driven means that enterprises promote business growth and competitiveness through continuous innovation. Innovation is the driving force for the sustainable development of a business empire. Through technological innovation and business model innovation, enterprises can maintain a leading position in the market [6]. First of all, product innovation is the most direct form of innovation for enterprises, by developing new products to meet the needs of consumers and create new market opportunities. Then, business model innovation means that enterprises achieve differentiated competition by redesigning the way value is created and delivered. Secondly, management innovation involves the optimization of organizational structure, process and culture within the enterprise. Finally, market innovation means that enterprises expand market share and enhance brand influence through new market strategies or channels. For example, in terms of innovation drive, Tesla has redefined the value chain of automobiles through electric vehicles, direct sales model and autonomous driving technology. In terms of technological breakthroughs,

Tesla has achieved performance improvement and cost reduction of electric vehicles through the research and development of battery technology, motor technology and artificial intelligence technology. Entrepreneurs can create new application scenarios by combining technologies from different fields.

5. Conclusion

This paper explores Musk's experience, lessons for entrepreneurs, and the underlying logic of a business empire. It is concluded that entrepreneurs need to have a grand vision, cross-field knowledge and depth, courage to take risks, resource integration and social responsibility. Data analysis and questionnaire survey are not used in this paper. The underlying logic of business empires will be studied in more depth in the future.

References

- [1] Isaacson, Walter. *The Innovators: How a Group of Hackers, Geniuses, and Geeks Created the Digital Revolution*. Simon & Schuster, 2014:320-352
- [2] Duhigg, Charles. *Smarter Faster Better: The Secrets of Being Productive in Life and Business*. Random House, 2016:150-155
- [3] Berger, Eric. *Liftoff: Elon Musk and the Desperate Early Days That Launched SpaceX*. William Morrow, 2021:85-90
- [4] Barney, J. B. *Firm Resources and Sustained Competitive Advantage*. *Journal of Management*, 1991:99-120
- [5] Carroll, Archie B. *The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders*. *Business Horizons*, 1991:39-48
- [6] Christensen, Clayton M. *The Innovator's Dilemma: When New Technologies Cause Great Firms to Fail*. Harvard Business Review Press, 1997:45-60