

# TESLA

## 2—STRATEGIES

**Accelerate the world’s transition to sustainable transport.**

**Make electrification cool, and propell safest EV for the masses.**

**Harvest solar energy dirt cheap.**

**Produce batteries massively with zero footprint.**

**Sell only direct (zero dealerships).**

**2-STRATEGIES**—how far—How will you move forward to achieve your vision?

What are the guiding policies that enable you. The approach to meeting your aspirations is by creating enabling constraints.

A set of coherent actions—hence verb-sentences—with a punch. Game-changing insights that reframe a competitive situation and/or slay obstacles. Use STRATEGY CANVAS to explore BLUE OCEANS.

- You decided where you can play to win and just as decisively where you will **not** play.
- You can express how much each strategy contributes to your vision.

### Imagine × Key Results

- All key results must support multiple imaginations.
- All imaginations must be supported by multiple evidences.

## 3—OBJECTIVES

**3-OBJECTIVES**—how now—in verb-sentences.

An objective details the coherent actions you will take to implement the strategies in the form of bets. Achieving objectives contributes to your strategies. Objectives are about **how** you plan to win by building your core capabilities by running a series of bets—experiments based on hypotheses to be tested and the work to be done to implement the strategies.

- Ownership of an objective is taken, not assigned.
- Every objective is driven by a single and skilled leader.
- Each leader owns and drives at most two objectives.

**Produce a sequence of EVs, the current paying for the R&D of the next.**

**Expand the electric vehicle product line to address all major segments.**

**Set up global charging network.**

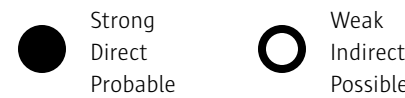
**Develop 10× safer autopilot capability via massive fleet learning.**

**Create stunning solar roofs with seamlessly integrated batteries.**

**Enable your car to make money for you when you aren’t using it.**

**Maximize vertical integration.**

**Leverage internet technology—OTA, CAS, AI, ML.**



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### Working the x-matrix

Link each section with a closed or open dot as you move through imagine → strategies → objective → key results → team.

- Imagine—horizon—Long term thinking without any reservations. Think big and compelling (BHAGS). What breakthroughs do you want to create in 3–5 years? What legacy do you want to leave behind? 1–3 items.
- Strategies—soon—3–5 OKRs aligned (linked) with your aspirations, to be achieved in the next 4–6 quarters.
- Objectives—now—5–8 bets (improvement opportunities, experiments) with tangible, observable outcomes to be achieved in the next 1–2 quarters.
- Key Results—now—Evidence in the form of specific metrics on progress on each bet. TTI, Target To Improve.
- Team—accountability.—Key individuals taking ownership and responsibility for each bet.
- Revisit, refactor, refresh at least every quarter.

### To add a layer of detail—fan out in new x-matrices

When you are done at this level and want to drill down to add detail, turn the contents of this whole HOSHIN KANRI clockwise: strategies become imaginations, objectives become strategies, and key results become objectives. This opens up a new set of key results to be filled in. To transform strategies into imaginations, cluster some strategies based on affinity, and create a pithy headline stated as a fact. E.g. “man on the moon”. To transform objectives into strategies, cluster some objectives based on affinity, and remove any measurable details or replace them by trends. Keep them as verb sentences. Work the process backwards to check if it still makes sense vice versa. Repeat until complete, consistent, and coherent.

### Key Results × Objectives—Impelementing objectives generates evidence.

- All key results have at least one supporting objective.
- Every objective effectively results in key results.
- Every objective sufficiently improves key results.

### Each and everyone:

- fully understands every individual aspect;
- feels and acts responsible and accountable; and
- lives the dream and its strategies.

### Strategies × Imagine

- Everything you imagine should be covered by two or more strategies.
- Each strategy drives at least one of your burning desires.

## 1—IMAGINE

**The whole world has abundant energy, requiring zero fossile fuel.**

**100% safe mobility worldwide is transitioned to electric vehicles.**

**Rest of mobility and energy industry compelled to follow our lead.**

**1-IMAGINE**—what—the gist of the size and ambition of your challenge. Your BURNING DESIRE or BHAGS.

- You all are crystal clear about your winning aspiration.
- Everyone can list the top three results you aim to achieve.
- The BRAND CLICK is shared by all.

If you want to build a ship, don’t drum up people to collect wood and don’t assign them tasks and work, but rather teach them to long for the endless immensity of the sea.  
— Antoine de Saint-Exupery

### Strategies × Objectives

- Each objective supports two or more strategies.
- You really understand each individual objective.
- You cannot think of a more effective objective.
- It is an essential objective and cannot be omitted.

## 4—KEY RESULTS

Now Plan Cost Rev.

**Model 3 ships.**

**US & EU 30% coverage of charging stations.**

**100 km<sup>2</sup> covered with solar roofs.**

**Open two Gigafactories for batteries.**

**Get monthly production for Model 3 up to 30,000.**

**Provide two communities of 20k people with electric power.**

**Deliver world’s largest battery storage for Australian wind farm.**

**Switch on huge solar energy plant on the island of Kauai.**

**4-KEY RESULTS**—how much—meaningful observable outcomes.

Leading indicators which provide quick and frequent feedback on whether the objectives are having the desired short term impact.

- All key results prove that the strategic choices are working.
- All key results are clearly observable.
- All key results are leading indicators.
- All key results can be expressed in Y€S.
- All key results are quantified and trendy.

## METRICS



**ANTIFRAGILE**—That which does not kill you, makes you stronger. Antifragile systems benefit from shocks, and thrive and grow when exposed to volatility, randomness, disorder, and stressors and love adventure, risk, and uncertainty.

**BHAG**—Big Hard Aggressive Goals. Collective yearning, longing. Compass. Gives direction. Similar to TRUE NORTH.

**CATCHBALL**—To toss big ideas around—up, down, and across the organization—so that others cocreate and already know about them and can tune and tweak them to make them ever better. Increases COMMON GROUND and buy-in. Fosters a culture of collaboration, understanding, and learning.

### ENABLING CONSTRAINTS

**FRAGMENT**—cascades down. An objective at the current level is the strategy for the next level down. Reverse: the objectives at the current level are the strategy of the next level up.

**HOSHIN HANRI**—Hoshin = Japanese for compass. Kanri = Japanese for management. Facilitates and catalyses focused communication on all levels. Applies recursively, on all levels of scale.

**FULLY INTERLOCKING**—All areas are coherently, consistently, and completely linked. The system is the product of the interaction (links) between its parts.

**INTENT 2 UP**—this x-matrix is fully aligned with the INTENT 2 LEVELS UP, also known as the COMMANDER’S INTENT.

**LEADING INDICATOR**—Opens up possibilities, by limiting the choices, by restricting the possible options available and leaving just enough so that creative ways to deliver can still emerge.W

**OKR**—Objectives and Key Results. Objectives are the tactics. Key Results are SMART.

**TRUE NORTH**—Orients which informs what should be done. TRUE NORTH a direction and vision, not a destination. All your decisions should take you towards your True North. Just like the BHAGS. Examples: a world without diabetes; a fully electric world; a man on the moon; the network is the computer.

**X-MATRIX**:—What contributes to what? Who is responsible for what? Does it feel good? Does it make sense? Does it work?

**SCALE FREE**—Three (organizational) levels: strategic, tactical, operational.