

Tesla announces it's laying off more than 10% of its global workforce

Warm-up question:

Have you ever experienced or heard about a significant layoff at a company? What were the reasons given?

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A MARTÍNEZ, HOST:

Tesla says it's **laying off** more than 10% of its global workforce. CEO Elon Musk announced the decision in an email to staff. At least 14,000 people are expected to be **let go**. Joining us now is Jameson Dow, staff writer at Electrek. It's a tech publication that focuses on electric vehicles and green energy. So what reasons did Musk give for the layoffs?

JAMESON DOW: Musk said that mainly the rapid growth of Tesla had led to **role duplication**. But that sort of **rings a little bit hollow** because in recent years, Tesla actually hasn't grown quite as much as it had in the past. He also said that Tesla needs to reorganize and **streamline** the company for the next phase of growth. That's something that Tesla has talked about recently. They've been guiding for a pause in growth before the release of the upcoming Robotaxi and Model 2 products. This seems to be related to that. However, I think there may be more behind these layoffs than the email stated.

MARTÍNEZ: OK. What other factors, then, might be behind this?

DOW: So Tesla just went through a fairly bad quarter. They had one of the only times the company has delivered fewer cars than it did in the previous year. We don't actually know the complete financial results. Those will get announced next Tuesday. But the delivery results that came out two weeks ago were pretty bad. That has a little bit to do with competition, a little bit to do with perhaps **a rocky road** ahead for the economy. That's something that Elon Musk has mentioned multiple times. And then, of course, the high interest rates are sort of causing a lot of consumers to pause before buying one of the most expensive products that they will buy.

MARTÍNEZ: So then those delivery results, those could be something that critics of the EV industry might point to to say, hey, electric cars aren't as popular as people

might think they are because they're expensive and too hard to charge. I mean, are they right?

DOW: Well, the thing about electric cars is that global sales are still up, and they're up by a large percentage. I believe in the last quarter, they were up 20 or so percent over the same quarter in the previous year. What's really happening is that you see a lot of competition coming from Chinese automakers that are very popular both in the domestic and export market. And those new automakers are **ramping up production** rapidly, which is **taking a piece of the pie** that had been **allocated** to other companies like Tesla. Tesla doesn't break out its results by region. However, from what we can tell from third-party sources, it seems like China has sort of led the dip in Tesla sales.

MARTÍNEZ: Now, Jameson, all **this broke** on the same day that two senior executives announced that they were leaving Tesla. So who are they, and what does that mean for the leadership of the company?

DOW: Yeah. So you have two executives, Rohan Patel, who had recently been acting somewhat as an **impromptu** PR arm on Twitter and was very popular for it, and then, more importantly, Drew Baglino, who's been with the company for 18 years and was the head engineering talent. He was very heavily involved in the Tesla 4680 cell project, which hasn't really **got off the ground**. And it's possible that this has something to do with disappointment over that. This actually leaves the company with only three people listed on the corporate governance page. One is a new CFO who was appointed in September, one is the former head of China, who's now the head of automotive, and then one is the CEO who is spending most of his time managing Twitter instead.

MARTÍNEZ: All right. That's Jameson Dow, staff writer at Electrek. Thanks a lot, Jameson.

DOW: Thank you very much.

Vocabulary and Phrases:

- **Lay off:** To dismiss employees from their jobs temporarily or permanently due to economic or business reasons.
- **Let go:** Another term for dismissing employees from their jobs, often used interchangeably with "lay off."
- **Role duplication:** The situation where multiple employees are doing the same job or very similar tasks, which can lead to inefficiencies.
- **Rings hollow:** When something said is not convincing, sincere, or genuine.
- **Streamline:** To improve the efficiency of a process by simplifying or eliminating unnecessary steps.
- **Rocky road:** A difficult or unpredictable situation or period.
- **Ramping up production:** Increasing the amount of goods being produced, especially rapidly.
- **Take a piece of the pie:** To obtain a share of the available money or benefits.
- **Allocated:** Distributed according to a plan or set apart for a special purpose.
- **This (news) broke:** When news becomes publicly known or is released.
- **Impromptu:** Done without being planned, organized, or rehearsed.
- **Get off the ground:** To start or begin to succeed.

Comprehension Questions:

1. What reason did Elon Musk give for laying off more than 10% of Tesla's workforce?
2. How did Jameson Dow suggest the reason provided by Musk might not be completely accurate?
3. What recent business challenges has Tesla faced that might have contributed to the decision to lay off employees?
4. How are competitors, particularly Chinese automakers, impacting Tesla's market share?
5. What significant changes in Tesla's leadership were mentioned, and how might these affect the company?

Discussion Questions:

1. Do you think role duplication is a valid reason for a company to lay off employees? Why or why not?
2. How should companies handle layoffs to minimize negative impacts on remaining employees and public perception?
3. What are your thoughts on the rapid growth and competition in the electric vehicle market? How can companies like Tesla maintain their leadership?
4. Discuss the challenges new projects face in large companies. What factors contribute to some projects not getting off the ground?
5. How important is stable leadership for a company's success? What impact might the departure of key executives have on Tesla?