

31. Saving Tesla

In December 2008, amidst the joy of a NASA contract win, Elon Musk faced a dire challenge with Tesla, which teetered on the brink of bankruptcy. The startup was running out of funds, unable to cover payroll by Christmas Eve. Musk's solution was to propose a new equity round of \$20 million from existing investors, a temporarily lifeline to sustain the company. However, this plan almost capsized when one investor, VantagePoint Capital's Alan Salzman, resisted. Salzman, advocating for Tesla to become a battery supplier to traditional car companies and critical of Musk's management style, clashed with Musk's vision for Tesla's autonomous growth.

Tensions escalated within Tesla's management circle as discussions unfolded over the company's strategy and Musk's leadership. A particularly tense unofficial board call saw Kimbal Musk and investor Antonio Gracias vehemently defending Elon, preventing a potential vote to oust him as CEO. Musk's frustration peaked when a critical financing meeting was delayed by Salzman, exacerbating the crisis. Despite personal grievances and heated discussions, Musk managed to navigate around Salzman's block by restructuring the financing into a debt model.

On Christmas Eve, a pivotal conference call unfolded at Kimbal's residence in Boulder. A breakthrough came when VantagePoint, despite previous resistance, endorsed the new financing plan. This event, described as a Christmas miracle, saved Tesla from insolvency, safeguarding the future of electric vehicles at a time when major automotive players had abandoned the market.

In 2009, amidst criticism, Tesla secured a \$465 million loan from the Department of Energy, distinct from the TARP funds that bailed out major car manufacturers. This loan, aimed at fostering electric vehicle production, required Tesla to incur expenses before receiving any funds. By repaying the loan in full with interest in 2013, Tesla dismissed narratives of being unfairly bailed out, underscoring its resilience and Musk's unwavering commitment to his electric vehicle vision.