

# Elon Musk

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Through his two companies Tesla and SpaceX, Elon creates the conditions that he thinks are best for mankind, being electric cars and a Mars City. He gives humanity the choice between his vision of the future and what we have now, by creating those things. He does not force everyone to own an electric car or to live on Mars.

Elon has done more to help mankind stop using petroleum to power cars, and use renewable energy, than perhaps anyone else. 22k officials attended the Paris climate change conference. I could put everything they have achieved to stop green house gasses on one side of a scale, and put what Elon Musk has achieved on the other side, and Elon would be ahead. The difference between Elon Musk and those 22k officials is that Elon is doing things. He is building companies that create outcomes. He is not a lobbyist, like the late T. Boom Pickens, who tried to force people to change their minds on the USA energy policy. Elon is not trying to talk people into using their cars less and ride on the bus more. He knows that people are selfish, and will only change their thinking when they get a selfish benefit from making a change. Elon changed the way that our generation thinks about electric cars. He sold his quality electric cars to wealthy people, to encourage everyone to want an electric car. His plan worked brilliantly, but then he changed it.

Elon Musk didn't spend millions trying to educate people into wanting electric cars. He built them to be as appealing as possible, so people want them. Elon did not spend millions lobbying the US government to force NASA to build a city on Mars. He created a space exploration company to finance his own Mars City. That has encouraged NASA and Boeing to declare their intention to send people to Mars. And NASA and Russia now plan to have a Moon base. That is due to the selfish egos of the people running these entities as they don't want to be shown up by Elon Musk, who is a

Dotcom billionaire, with no aerospace experience. Likewise major car companies are now rushing to build their own electric cars, as Elon has made them look like fools. The good that Elon is doing for the world is driven by his actions, plus the selfish egos of those that he has embarrassed. Elon does not care that others are trying to copy his business success, as he just wants to save the world.

Elon Musk has built his businesses on positive reflexive cycles. In his electric car business, the more electric cars he sells, the more mainstream electric cars become, which means more people want to buy his electric cars, which means the more electric cars he sells. The more successful rocket launches that Elon has with his SpaceX business, the more companies that will trust him to launch their satellites, thus the more rockets he will launch. The more rockets that Elon launches, the better he will get at launching rockets, and the more successful rocket launches he has. SpaceX is built on this simple positive reflexive cycle. This is supported by Elon recycling parts of his rockets, thus reducing their costs. The more successful recycled rocket launches that SpaceX has, the better SpaceX gets at recycling their rockets. This reduces their costs, which brings them more customers. More SpaceX customers leads to more successful recycled launches and the SpaceX reflexive cycle continues.

## **Tesla Mistake**

Very few people understand positive reflexive business cycles. I regularly see the management of corporations that are successful due to these cycles change their business approach and end these cycles. I then watch as their previous growth stalls, and they either settle into a stable survival situation, or the company dwindles. As these changes take time to be realized, I watch the excuses and the assumptions appear, to explain the unexpected decline in growth of the company. Senior management is often changed to solve the problem, but it doesn't work. The positive reflexive business cycle has been broken, and without that cycle, nothing good happens.

Elon doesn't want money. He wants to save the world. If Elon died with 10¢ in his bank, and all of mankind drove electric cars, and there was a permanent Mars City (or Moon base) he would be happy. Therefore when Elon saw that Tesla was getting close to making profits, he invested in the Model 3, which is an affordable electric car. That is not how Tesla's positive reflexive cycle works. An affordable electric car does not generate profits, rather it could bankrupt the company. To complete the battery factory needed to create their affordable electric car, Tesla issued \$1.8 billion in junk bonds. Profits from premium Tesla models are not enough to fund Tesla's \$10B debt, as the negative reflexive cycle of the Model 3 is offsetting the positive reflexive cycles of the Model S and Model X.

Tesla's positive reflexive cycle is like Apple's reflexive cycle, as it makes quality innovative products that it sells for a premium, creating a substantial profit. Tesla making the Model 3 affordable electric car is like Apple selling iPhones for \$100, by investing \$100 billion in a factory to make these cheap iPhones, then discovering that they can only be made for \$150. Then Apple loses \$50 on each sale and goes bankrupt. Tim Cook understands this, and he sells his best iPhones for over \$1,000. This generates a profit, while also maintaining the perception that Apple is a premium brand.

Steve Jobs established Apple's brand prestige, and to maintain that prestige Tim Cook understands that Apple must always sell the most expensive smart phone. Samsung sells their Galaxy S10+ phone for \$950, so Apple must sell their similar iPhone 11 Pro Max for more. Unfortunately Tim Cook hurt Apple's positive reflexive cycle by pushing the gap too far as that iPhone costs \$1,099. Apple should sell their iPhone 11 Pro Max for \$999, as it is no better than the Galaxy S10+. By increasing iPhone prices, Tim Cook probably hoped to increase Apple's profits, through wider margins (instead of through innovation and value). Tim's lazy decisions have hurt Apple's positive reflexive cycle. An iPhone 11 Pro Max's value (its features + prestige + customer service + ecosystem integration) is now only equal to that of the \$150 cheaper Samsung Galaxy S10+.

Elon Musk built a huge Gigafactory to save Tesla. Rather it has crippled Tesla with junk bond debt. The Gigafactory was not built to widen profit margins on his premium products. It was built for the Model 3, to make it cheaper to produce. But the Model 3 hurts Tesla, as it reduces Tesla's overall profit margin because it is a low margin product. This is what happens when a positive reflexive cycle is broken. It makes sense to build this Gigafactory, to reduce costs thus increasing margins on the premium Model S and Model X. Instead the extra debt forced Tesla to sell as many lower margin Model 3 cars as they can, maybe at a loss, just to survive for now.

Amazon lost money for many years, yet now it is profitable. I have seen major businesses built on replicating this Amazon idea, but their CEO's don't understand the underlying positive reflexive cycle that Amazon is based on. Uber loses money each year in the false belief that they are like Amazon. They are not. Amazon has a positive reflexive cycle at its core. It offers a "trust barrier" between buyers and suppliers to allow people to buy online. The more that people use Amazon the more they trust Amazon, so the more that they use Amazon. Amazon always made money on its underlying business, so investing in warehouses for its global expansion only caused short term losses, until that expansion was complete.

Jeff Bezos was not borrowing money to keep his underlying business afloat, while he created a loyal customer base, through a "loss leader" approach. He did not invest in building the nebulous "critical market share" that Uber is trying to do, that is then going to magically create its profits. Jeff was building his infrastructure to expand his product range and reduce his costs. The underlying business was profitable without this infrastructure, but he wanted to make it more profitable across a wider market, with more items for sale. Amazon is based on the IKEA model, doing a quality job at a low cost, making a lot of transactions, then investing in doing this job over a wider product range. Amazon's investment in new warehouses was marginal investments in multiple buildings, not a huge investment in one critical "Gigafactory" as Tesla has done.

## Give and Take

Elon Musk is a giver. He is not a taker. That is his key problem with Tesla. Elon is similar to Steve Wozniak, in the original Apple computer partnership. He is the innovator who wants everyone to have the benefit of his innovations, even when they cannot afford them. Steve Wozniak did not have the self belief to accept that his genius was worth something to others. He wanted to give away his ideas for free. Tim Cook is the taker. He charges a premium for giving Apple customers a quality product. Tim does not focus on innovating for his customers, in the way that Steve Wozniak did. He is half of Steve Jobs, who was equally a giver and a taker.

Elon Musk is not like Tim Cook. He is not a taker. He is maybe the greatest innovator that the USA has at this moment. What he is doing wrong is that he is like Steve Wozniak. Elon does not have the understanding that his genius is worth a premium. Steve Jobs balanced the give and take side of the Apple business. He was the champion of the innovator, who loved the customer. This is people like Steve Wozniak and Elon Musk. He was equally the champion of charging customers a premium for the genius products that he gave them. This is what Tim Cook does. Elon needs a Steve Jobs or a Tim Cook, to help him balance his giving and taking.

Elon doesn't have the taking side of the give and take equation right. Elon gives value and takes a premium during the beginning of his businesses. Then Elon's desire to save the world means that he turns his businesses into charities over time, until they become unsustainable. He wants to give everyone an electric car. He wants to let everyone live on Mars. He wants to turn his rocket business into cheap travel around the world for everyone. If Steve Jobs had let Elon Musk manage Apple, it would be bankrupt. Elon would sell iPhones for \$100 and Apple laptops for \$300 so that everyone can own one. Tim sells iPhones for \$1,000 and laptops for \$3,000. This is why Steve made Tim the new CEO. He knew that a selfless person like Elon would more quickly bankrupt Apple than Tim.

## Inspiration

Elon Musk said that people do not want to come to work and solve problems. They need something greater, to inspire them to come to work. Like his Mars City dream, or his electric car dream. Inspiration is a positive reflexive cycle, and is part of the amazing success that Steve Jobs achieved at Apple. I have spoken before of the external positive reflexive cycle that helped Air Asia to become a success. That is an external reflexive relationship as it is between the company and its customers. Inspiration is an internal reflexive relationship, as it is between the company and its employees.

Inspiration is an internal positive reflexive business cycle. The more inspiration that people in a company have, the more they are inspired to do great work, and the more great work they do. Their work creates great products or services. These products or services inspire people within the company to do great work, and the cycle repeats. Inspiration also encourages new quality people to join the company, which adds their energy, motivation and knowledge to the existing positive internal reflexive business cycle.

An internal inspiration based positive reflexive business cycle powers a company's external positive reflexive business cycle. In Apple's case, its external cycle requires Apple to make innovative products. Apple's internal inspirational business cycle encourages people working at Apple to create these innovative products. My estimate is that only 0.1% of the people at Apple are geniuses like Steve Wozniak. Without any personal inspiration from working at Apple, people like Steve Wozniak would never join Apple. This inspiration also helps the other 99.9% of the people at Apple do their job. When people are proud of what their company creates, this gives them social status. Saying "I work at Apple" holds more social value than saying "I work at Microsoft." That encourages people to work a little harder than normal. An internal inspiration based positive reflexive business cycle only works in those special few companies where people can be inspired and innovative.

## Self Inspiration

What Elon Musk, Steve Jobs and you have in common is that you are "self inspirers." This is a term that I use to describe those people who do not need someone else's positive reflexive cycle of inspiration to attach to. They inspire themselves into action. You created the OSI from your own internal thinking. You advanced the theory of reflexivity on your own, not working for a university or for a think tank organization. You applied your understanding of that theory to trading the financial markets because you wanted to be a better trader, not because someone told you to apply that theory to the financial markets. All of your success has come from your own energy, that you applied to your own chosen projects. It has then given you the money to pay others to spend their energy on your open society goals.

Steve Jobs built Apple on his own. While he initially partnered with Steve Wozniak, there is no way that Wozniak would have, or could have built Apple into what it became. And most of Apple's success happened after Wozniak left Apple and Steve returned as the CEO after being fired. While Wozniak was a self inspirer in his creation of the first computer that Steve Jobs sold, he didn't have the grand vision of Steve Jobs to create a global corporation.

Self inspirers inspire themselves. They always create their own motivation to innovate. They do not need any externally provided inspiration to do great. Everyone else needs to be inspired by an external source. I have this self inspirer energy. No one told me to research the causes of billion dollar grossing movies, or to study human behavior across the world, or to link the outcome of those two studies to your theory of reflexivity, or to advance reflexivity. I'm just born this way. I always create my own inspiration for my life, not feeding off the inspiration of others. Because you have this quality, you do not understand that others need inspiration. That might be why an inspiration based positive reflexive cycle is not currently powering forward the actions of the OSI.

## Elon Inspiration

Elon Musk understands the importance of creating a difficult and exciting goal for his companies to achieve, to give himself and his staff inspiration. But Elon has a limit, and then he kills his own inspiration. I have seen this happen in Tesla. It has not happened in SpaceX yet, but certain things that Elon has said indicate to me that it will happen there in the future. The problem for Elon is that he wants to give everyone the best outcome, when this is just not possible. Elon wants everyone to own an electric car, yet when this happens Tesla cars will no longer be special. That will kill off the inspiration that people currently get from working for Tesla.

Elon is killing the inspiration in Tesla in three ways. Firstly he introduced the Model 3, which is the budget Tesla car. He tells the press that this is a budget electric car. No one owning the Model 3, or designing and building the Model 3, can be proud of it. Having this car says: "I was too poor to own the Model S or Model X, or to even think about owning their amazing, expensive new Roadster." The people creating the Model 3 know that it is a dumbed down version of their Model S. The innovations happen in the Model S, and end up in their Model 3. Like a child who gets hand me down clothes from their older sibling. It's nothing to be inspired by.

Secondly Elon has publicly focused on producing 6,000 of the Model 3 cars every week. This says that the car isn't special. It is a mass produced car, like a Volkswagen. The Model S was special as it was the first fully electric car with style. People paid a premium to own one. Every time that I see one on the road it stands out as a special car. Like when I see an Aston Martin or a Ferrari. But Elon repeatedly announced that 6,000 new Model 3 cars are being made each week, creating the public impression that the Model 3 is not a special product. That kills his internal inspirational based positive reflexive cycle. I know that producing 6,000 Model 3's a week was important for Tesla, from a cash flow perspective, but that is not a headline that Elon needed to repeatedly share with the world.



Thirdly, Elon Musk regularly says something that kills off the inspirational spirit in Tesla. He talks about the future where Tesla might become bankrupt. This is about other major car companies competing directly with Tesla. Elon has said, "The whole point of Tesla is to accelerate the advent of electric vehicles. If somebody comes and makes a better electric car than Tesla and it's so much better than ours that we can't sell our cars and we go bankrupt, I still think that's a good thing for the world."

Elon suggesting that Tesla may become bankrupt demotivates his employees. Selfish people want their company to be the only one that changes the world. They don't want the world to change. For the staff of Tesla to be inspired, they need to be the leaders in the global move to electric cars. They don't want Mercedes to be the leader of this global movement, rather than Tesla. If Tesla goes bankrupt, Elon will still be a multi billionaire, but his staff will be out of a job. And recently Elon announced that thousands of them will be made redundant when Tesla becomes more cost efficient. It is disrespectful for Elon to harm the inspirational reflexive cycle in Tesla with these comments. Instead Elon should be talking about "Tesla and SpaceX, in combination, being the most innovative and courageous transport companies in the Galaxy, maybe even in the Universe." That type of statement would inspire his staff.

Public opinion is a very powerful force. It is at the heart of the internal and external positive reflexive business cycles that I have described. To underestimate the power of the masses is a mistake that intelligent people make in business, in politics and in trading financial markets. When staff in a company lose their inspiration, and lose their faith in the leader of their company, they will often do low quality work. Football teams can suffer from this situation, when the players no longer trust their coach. They call this "losing the locker room." Elon is in danger of "losing the locker room" in Tesla as he is losing the faith of his staff. Due to this, the quality of his cars might decline, and its sales might slow and Tesla could go bankrupt. This is a real danger for the future of Tesla.

## Inspiration or Fear

Inspiration is not required to create positive reflexive business cycles. Amazon created a powerful cycle from fear, as opposed to inspiration. They employ people who have few work choices, and control them through restrictive employment policies and the fear of losing their jobs. Amazon can do this as they are not regularly creating innovative products. They are a distribution company. At times Amazon has tried to be more than that, and failed. They did develop a tablet and a phone, and they have a home assistant. But compared to the activities of Apple and Google in this space, they have done nothing amazing. But when it comes to making people put items in boxes, then ship them to the right address, for a very low level of pay, they do the very best job of anyone in the world.

Foxconn (Apple's primary production company in China) uses the same Amazon fear cycle, employing people on low wages and making them work long hours while demanding quality output or they will lose their job. Apple only uses the inspiration cycle in the USA. That is logical, since there is nothing inspirational in putting together Apple products. There are stories of people who worked for Google, believing that they would work on inspirational and exciting new projects, that did basic work that an IT graduate can do. These people left Google and started their own companies.

The work roles available in most industries do not involve any inspirational work. Even within most inspirational jobs only a part of the role actually involves inspirational activities. But the people who dream of having an inspirational job create a fantasy in their mind of what such a job would be like. At Tesla, there is a team of designers who created the Tesla Model S, Model X and Model 3. They work in Palo Alto in California. Yet Tesla has a workforce of 45 thousand people. The batteries are made near Reno, Nevada, and the cars are built in Fremont in California. These workers are not in the same location as the designers. Yet Elon Musk doesn't realize that he cannot inspire the people who work on his factory

floor in the way that he inspires his designers. He expects them to work long hours, by telling them that Tesla is changing the world. That works for a while, until his staff realize that they are factory workers and the inspirational decisions happen elsewhere.

Most people want an inspirational job, but without any risk of getting it wrong. Yet risk exists in almost all inspirational jobs, as they involve new processes, and uncertain outcomes. Most people have uninspiring jobs, yet their subconscious mind tells them that they deserve an inspirational job (wanting something for nothing). They never leave their uninspiring job, as they don't have the high energy and appetite for risk needed for an inspirational job. They complain about not having an inspirational job, but never change.

It is important for normal people to have a company hierarchy. Most people need to work at the level where they are comfortable. While most people dream of being the boss, there is a level where their subconscious mind feels comfortable, so it gravitates them to that level. Even though people say that they want to go to the next level in their company hierarchy, this is a lie. They want to appear motivated, but stay at the same level. If a company does not have hierarchical levels, then normal people get upset, as they require a recognized level of status in their company. Brilliant people don't need defined company status, as they are not focused on success through status. They are focused on success through achievement. Therefore in top teams there is no need for a hierarchy. Steve Jobs called these his "A-Teams" where he let everyone contribute to the level of their ability, not their hierarchical level.

Elon Musk needs to do what Steve Jobs did, and divide up his companies into those staff with inspirational jobs, and those staff without inspirational jobs. He can expect his inspirational job staff to work hard, but not expect his other staff to work hard. It is fair on everybody in his companies as this approach does not demand long hours from regular staff, while getting longer hours from the staff that naturally want to put long hours into their inspiring jobs.

## Saving Elon

Elon Musk is in a bad place right now. Tesla is losing hundreds of millions of dollars every year. He is having trouble sleeping. He is being criticized in the press for being erratic, he is being sued by short sellers for privatization remarks that he made on twitter, and he was fined \$20m by the SEC for making these comments. There are shareholders trying to have him removed from his Tesla CEO role, and there are questions regarding Tesla's Solar City purchase. This trouble in Elon's personal and business life is because of one mistake, being that Elon has turned off Tesla's positive reflexive business cycle. If Tesla was making over \$1B a year in profits then nothing personal that Elon does would be an issue. Elon would be called an "eccentric genius" and nothing more would come out of these public expressions of his personal feelings.

Elon is taking Ambien to sleep, because he does not have the power of a positive reflexive cycle behind him. He has to put his own energy into Tesla, as it's not functioning without him. That is why an announcement that he might be sick wipes billions off the Tesla share price. Elon has built Tesla around himself and his own innovative thinking. That is bad. In all positive reflexive business cycles, the company's future success comes from its past success. The past success creates the energy that powers the future success. Elon has to put his own energy into Tesla to fuel this cycle.

You know that reflexive cycles look complicated and confusing to others, whereas you can see these cycles clearly. I clearly see the turning off of Tesla's positive reflexive business cycle. This means that the solution to this situation is also clear to me. But Elon does not have much time. When a CEO stops their company's positive reflective business cycle, their company can fail quickly. Elon has delayed Tesla's failure by first delivering only the most expensive Model 3 cars. Elon must now focus on creating new prestige Tesla models, that generate a large profit per car. His new Cybertruck is such a vehicle, but Elon doesn't understand this situation.

Elon Musk said this comment in 2018: "Given that Tesla has never made an annual profit in the almost 15 years since we have existed, profit is obviously not what motivates us. What drives us is our mission to accelerate the world's transition to sustainable, clean energy, but we will never achieve that mission unless we eventually demonstrate that we can be sustainably profitable. That is a valid and fair criticism of Tesla's history to date."

The only way Tesla will survive financially is from rebuilding their broken positive reflexive business cycle. That will be hard as their Model 3 car destroyed their quality brand impression. All positive reflective business cycles have a brand impression factor, because reflective cycles are based on human opinions reflecting off reality. The Louis Vuitton cycle has the impression that Louis Vuitton bags give prestige. Tesla's positive reflective business cycle was based on the impression that owning a Tesla Model S makes you appear both rich and cool. Apple sells its cheaper iPhones but it also focuses on its most expensive iPhones. Tesla is focused only on the Model 3 as their primary product. Elon even stated that the Model S isn't going to be upgraded. When millions of people own the "budget priced" Model 3 then Tesla's brand impression will be diminished, and the premium that Tesla can charge will be lost.

Tesla needs to charge a premium to make the profits needed to invest in creating innovative new technology. Tesla are not making cheap clothes like H&M or cheap furniture like IKEA. They need significant profits to invest in new ideas. Due to Elon's desire to save the world he wants to make cheap electric cars. But that goal could bankrupt Tesla, and then Elon won't be able to make electric cars to save the world. Elon's reflexive paradox is that to save the world, he must not try to save the world. To make electric cars so popular that they are eventually owned by everyone, he needs to build electric cars that are too expensive for most people to own. Apple did this when iPhones forced Google to create the Android operating system to not lose search engine customers. Android is now the heart of all cheap yet highly functional smart phones.

## Cybertruck

Elon has just announced the Tesla Cybertruck. It's an exciting step into a lucrative market for Tesla. He has made the exact same mistake the he made with the Model 3 versus the Model S. He has said that the Cybertruck will compete with the Ford F-150. That is crazy. The Cybertruck is the most exciting new vehicle around and it doesn't compare with anything. It seats 6 people in luxury, has a large storage area, 4WD and performance equal to a Porsche. It is likely to be somewhat bulletproof which is a feature that normally costs tens of thousands in a regular car. And it can pull a boat.

Elon offered three models of the Cybertruck, being a basic one motor model, a regular two motor model, and lastly the premium three motor model. Tesla took \$150 deposits for these models, and Elon stated that he got 250k deposits in the first few weeks. Elon also said that they would make the budget Cybertruck model first, then their regular model, then their premium model. After a week, Tesla made an announcement that due to the deposits distribution they would make their three motor model first because it has the highest demand. The premium Cybertruck costs \$70k whereas the base model costs only \$40k, and the regular model costs \$50k.

Of course the premium Cybertruck is most in demand. Elon is wrong to see Tesla as a regular car company selling average priced electric cars to everyone. Tesla's lack of profits will not allow Elon to think this way. Tesla is losing money as Elon is not charging an "innovation premium". This is the premium paid to any company that provides a promise that it will innovate within its ecosystem. This is an important concept in the computing industry as it takes time to get used to using any new product. The more complex that a product is, the harder it is to change over to that product.

As Apple has failed to innovate I often considered going back to using Windows and Office, but each time I tried to do that I was hit with the realization that I would have to spend time relearning the Microsoft way of doing things. But the reason I want to use

Microsoft's systems is that they are innovating in their hardware. The Surface laptops (and almost every other new laptop that run Microsoft's Windows operating system) have touch screens, like Apple iPads. Many Microsoft based laptops flip over into tablets. Some Microsoft based tablets are full power computers. The dual screen Surface Neo and Surface Duo, that are coming soon from Microsoft are huge innovations. Apple offer a standard laptop or a standard tablet (iPad) experience for the price of a laptop. What I got for staying faithful to the Apple ecosystem is that I am stuck in 2013 when I bought my last Apple laptop. The latest laptops from Apple are identical, except they have USB-C ports, not USB 3.0. To be trapped in an ecosystem that does not innovate is horrible.

Fortunately I use an Android phone and a Chromebook for the basic tasks of talking, texting, emailing and using the internet. The inability for these devices to provide me with a word processor as good as Apple's Pages program means that I am still having to use an Apple computer. When Google provide me with a quality word processor, then my transition away from Apple will be complete. The Google ecosystem has both phone and laptop hardware that is constantly innovating and because of this Google have captured my loyalty. Elon doesn't understand that an innovative ecosystem creates loyal customers, who will pay extra to use that ecosystem.

An innovation premium is paid because the individual knows that when they buy a company's product they will continue to be at the head of innovation and benefit from being in the ecosystem. When people buy a Tesla vehicle they know they will get software updates to their car's computer, adding in features. This is not just limited to the self driving aspect of a Tesla. The Tesla customer is able to complain on Twitter to Elon Musk about how, for example, the car's proximity sensors make unnecessary noise when they are winding through a McDonald's drive-through. They know that it is highly probable that Tesla will respond with a software patch to provide a solution. People who know the Tesla ecosystem can buy another Tesla with certainty that they will know how to use it.

Tesla is creating the same Apple loyalty that Steve Jobs created through this focus on innovation. When a company innovates the loyal customers gain something for nothing. They benefit being a part of the Tesla ecosystem with free software updates; they get to brag about their car's latest update to their friends; and they get to order new Tesla models, without having to drive them to know if they will like them (as evidenced by Tesla's online sales). They see Tesla as always offering them innovations, so they are happy to be invested in understanding the Tesla ecosystem. This is why people pay an innovation premium to an innovative brand company.

Elon is forgetting to apply the innovation premium to his Tesla products. Elon is valuing them lower than what they are worth to his customers, and by doing this he is breaking the Tesla positive reflexive business cycle. It costs money to innovate, and that cost should be paid for in the price of each Tesla vehicle. This premium on the price of manufacture of each Tesla creates a profit for Tesla that is spent on innovation, that creates the justification for Tesla charging the innovation premium on every vehicle. That premium creates a profit for Tesla that is spent on innovation. Without Tesla charging this innovation premium they don't make a profit, which gives them no money to innovate, then Tesla becomes just another car company, struggling to survive. Right now Tesla issues shares to raise capital to cover its yearly losses. That approach will not be able to sustain Tesla forever, and Elon has to accept this reality.

Completed Reflexivity predicts that 99.9% of all people want something for nothing. If Tesla can constantly create vehicles that are environmentally friendly, cheaper to run than other vehicles, give their owners prestige (making them appear rich but cool) and deliver on the innovation premium promise (not like Apple that is promising it but not delivering on it) then they can become the top vehicle manufacturer in the world. Just as Apple went from being a garage based computer startup into the biggest company in the world, within one person's lifetime (being Steve Jobs). If Elon does not nurture the Tesla reflexive cycle then Tesla will fail.



## Mars City

Elon Musk wants to build a self sustaining city on Mars. This is a species survival focused goal, and on the surface that is a great goal as people support ideas that keep the human species alive. If Elon had said he wants to go to Mars for intergalactic exploration he would have receive less support. The idea of a city on Mars is a difficult one to sell, as it is a long term selfless goal. Humans only sailed off in ships to discover new lands to bring back wealth from those lands. No one expects us to find gold or diamonds on Mars. Also the relative cost of a fleet of ships to sail over the horizon two hundred years ago is far less than the cost of a city on Mars today.

Previous voyages in ships over the horizon were journeys into the unknown. We already know what is on Mars, so there are no expectations of miracle discoveries to spur on greedy adventurers. Rather our understanding of Mars tells us that it will be a horrible place to live, with no great value to those living there. It will only be of value to the human race if Earth is destroyed. That is a huge obstacle to Elon establishing his permanent city on Mars. There is no money in going to Mars, so it is not sustainable unless paid for by people on Earth. The Moon didn't give us value when we went there, so living there was forgotten. We don't even have a hotel at the North Pole, as that gives us no great economic value.

I want to be a Mars Explorer, based on the romantic dream of a Mars Explorer, which I got from science fiction movies. But I also know that every dream and every reality are different. The dream of being an arctic explorer was discovering the North pole before anybody else did. The reality of an arctic explorer was a long cold walk across ice for days, then freezing to death. There is a limit to the people that genuinely want to be Mars explorers, and there is a limit to those that have the money to be Mars explorers. People will want to live on Mars but they will have to be funded by other people. This funding might come from SpaceX, Richard Branson's Virgin Galactic, Jeff Bezos's Blue Origin, NASA or Boeing.

Elon Musk intends to pay for his Mars City through the profits from his SpaceX business. That is clever, because his profits come from being good at space travel, which is what he needs to get to Mars. His SpaceX success supports his Mars dream. The problem will come when Elon dies. Someone will take over SpaceX who does not share Elon's Mars dream. The profits of SpaceX will then be put into other projects and his Mars City will be forgotten. It will certainly happen if nothing is done by Elon to protect from this outcome happening. This is because usually positive reflexive business cycles are hijacked by dishonest selfish lazy people, who then selfishly gain the financial benefits of those reflexive cycles.

There are many technical issues stopping mankind from living on Mars. I don't think that Elon is stupid enough to ignore these issues, or to think they will magically be solved by the time that he goes there. Perhaps Elon is using Mars as inspiration (as a goal too far) so he ends up on the Moon. I think that Elon understands that his team need an inspirational higher goal, to achieve a lesser goal, which is his real goal. As people are low energy focused they will always deliver less than what you demand from them. If Elon wants his team to build a base on the Moon, he tells them that he wants to build a city on Mars. They will under deliver on the Mars City, and give him the Moon base. That involves Elon lying to his team, but it works because it accepts the reality of who people are, which is lazy, dishonest, selfish and short term focused.

By building electric cars Elon forced companies like Mercedes and Aston Martin to focus on electric cars. Elon is the pioneer, and others follow him. Likewise by planning to build a city on Mars, Elon inspired others to match his goal. NASA and Boeing recently made commitments to going to Mars. These established aerospace companies were embarrassed into this by Elon Musk beating them at their game. Jeff Bezos with Blue Origin has the same Mars goal. Mars will not happen soon, but there could be a Moon base, as it is an easier way to ensure our species survival. Recently both NASA and Russia have said that they plan to send people to the Moon.