

Innovation and E-mail Rules

This chapter provides insights into how manufacturing and service organizations can implement processes and controls to increase efficiency, manage expenditures, and increase profits for the organization. For companies such as General Motors that need to manage suppliers and make sure that all components are procured on time and at the best costs to ensure the final assembly runs efficiently, and for service organizations such as Marriott, which wants to have clean rooms and an efficient check-in process when guests arrive, the main lessons of this chapter are readily apparent.

All companies, however, need to innovate continuously to improve their products and services. Automobile companies such as General Motors have to constantly measure customer tastes and needs and provide products that meet and exceed their expectations. Likewise, Marriott needs to cater to the needs of business and leisure travelers in a variety of locations.

Perhaps no company in recent years has captured the attention of the public more than Tesla and SpaceX, both headed by CEO Elon Musk. Tesla is named after the inventor Nicola Tesla, a contemporary of Thomas Edison, who designed the first electric engine. SpaceX is a company that is known for innovation such as reusing rocket launchers to reduce costs. While Tesla and SpaceX still manage their operations with all the processes covered in this chapter, their constant innovation requires new processes.

Perhaps no aspect of modern business has had a bigger impact than the proliferation of e-mail. No longer confined to the desktop, e-mail messages are delivered via mobile devices, and managers must find ways to manage the proliferation of communication to keep on top of things.

Elon Musk communicated the processes and rules for communicating at Tesla in this e-mail to all employees. Subject: Communication Within Tesla

There are two schools of thought about how information should flow within companies. By far the most common way is the chain of command, which means that you always flow communication through your manager. The problem with this approach is that, while it serves to enhance the power of the manager, it fails to serve the company.

Instead of a problem getting solved quickly, where a person in one dept talks to a person in another dept and makes the right thing happen, people are forced to talk to their manager who talks to the manager in the other dept who talks to someone on his team. Then the info has to flow back the other way again. This is incredibly dumb. Any manager who allows this to happen, let alone encourages it, will soon find themselves working at another company. No kidding.

Anyone at Tesla can and should email/talk to anyone else according to what they think is the fastest way to solve a problem for the benefit of the whole company. You can talk to your manager's manager without his permission, you can talk directly to a VP in another dept, you can talk to me, you can talk to anyone without anyone else's permission.

Moreover, you should consider yourself obligated to do so until the right thing happens. The point here is not random chitchat, but rather ensuring that we execute ultra-fast and well. We obviously cannot compete with the big car companies in size, so we must do so with intelligence and agility.

One final point is that managers should work hard to ensure that they are not creating silos within the company that creates us vs. them mentality or impede communication in any way. This is, unfortunately, a natural tendency and needs to be actively fought. How can it possibly help Tesla for depts to erect barriers between themselves or see their success as relative within the company

instead of collective? We are all in the same boat. Always view yourself as working for the good of the company and never your dept.

Thanks, Elon

Critical Thinking Questions

1. Why would an e-mail rule memo like this work better as an innovation-driven company such as Tesla rather than at a manufacturing-driven company such as General Motors?
2. What are the potential problems that could arise out of this approach to e-mail?