

URL: <https://stvp.stanford.edu/clips/overcoming-setbacks-and-saving-tesla>

Elon Musk explains how he initially estimated a slim chance of success for his companies Tesla Motors and SpaceX, and how major failures led to dismal times for each. Interviewer Steve Jurvetson, general partner at DFJ, calls Musk's 2008 Christmas Eve investment in Tesla to keep it afloat the single-biggest act of entrepreneurial zeal he has ever seen.



## Transcript

May I jump in here for a sec? Because the anecdote you brought up of wanting to change government policy and inspire the world to have a Mars program, if you will, whether it's a popular uprising or space programs at the government level, I think it's a fascinating anecdote.. Because in a sense, what you were saying is, I, as an individual, want to start an entity-- business or otherwise-- that will catalyze change even beyond the company level or the industry level.. And I see a parallel in other initiatives you've taken on, in that if you look at the goal of Tesla under your leadership-- it is to usher the transition to all vehicles being electric, not just the cars that currently are produced by Tesla.. And with Powerwall and SolarCity, arguably the description is one of ushering in a wholesale shift to renewable energy.. Many of the solutions required wouldn't be provided by the companies you're starting.. So I think, as I deal in entrepreneurship as a venture capitalist every day, we see this incredible scope of ambition here that is breathtaking.. Like change the world, which Steve Jobs and others talk about, in a company maybe shifting an industry.. But we're talking about shifting the entire zeitgeist of the world, in a sense, and maybe eventually other worlds.. So my question is, do you start always in your mind with that as a-- what is the starting point? I see this arc of a story, like the Mars example or renewable energy.. And then do you pull back to where is the best product to get it unstuck? Why isn't this happening? And if I solve that problem, then it unlocks value..

How does that happen in your mind? Sure.. I should say when we started SpaceX and Tesla, I mean, I really thought the probability of success was very low.. I mean it wasn't like I think, oh, it will definitely be successful.. I thought it would be maybe 10% likely.. Yeah.. And we came very close to both companies not succeeding in 2008.. We'd had three failures of the SpaceX rocket.. So we were zero for three.. We had the crazy financial recession, like the Great Recession.. The Tesla financing round had fallen apart, because it's pretty hard to raise money for a start-up car company if GM and Chrysler are going bankrupt..

It's partly for the upside.. Yeah, that was a tricky one.. And fortunately, at the end of 2008, the fourth launch-- which was the last launch we had money for worked for SpaceX.. And then we closed the Tesla financing round, as you know, Christmas Eve, 2008-- last hour of the last day that was possible.. Yeah and thanks to you.. For those who don't know, it's the most extraordinary act of entrepreneurial zeal and commitment I've ever seen, where Elon personally saved Tesla in those hours.. When no one else would write a check, he spoke for it all.. And that slipped the mentality from fear to greed.. And everyone joined the bandwagon.. And everything changed from divoting into the ground to success..

But you were willing to go net negative personally of his entire net worth.. And it's a remarkable story.. Thanks for supporting, by the way.. That was much, much appreciated.. We were happy to fall right behind in line, but it was all him...