

CHAPTER 1

Elon Musk

Elon Musk lives in California
Current net worth US\$13 billion

The solar system is the limit for Elon Musk

Billionaire Elon Musk works on the stuff of dreams: rockets that will land themselves after servicing a space station, the Hyperloop tube that will transport people across the planet at extremely high speeds, an innovative battery that will allow homeowners to store solar power and get off the power grid permanently – after a while it's easy to see why some call him the REAL Tony Stark!

Some of these projects have been criticised, but Musk says, “When Henry Ford made cheap, reliable cars people said, ‘Nah, what’s wrong with a horse?’ That was a huge bet he made, and it worked.” Currently, his company Tesla Motors builds electric sports cars.

Musk made a fortune as a founder of PayPal, and he now runs SpaceX, which designs vehicles that take off and travel into outer space – his company has a contract with NASA to send supplies to the International Space Station.

Musk has a clear ability to make money by starting up unique businesses or by getting involved at the ground floor and then cashing in when the businesses have succeeded. For example, Musk started a company called Zip2, an application to help newspapers, with his brother. A salesman by nature, Musk persuaded the directors of the *New York Times* and the *Chicago Tribune* to take on his software. They did, and not long after Compaq bought the business for more than \$307 million – as a result, Musk pocketed a cool \$22 million.

Musk's interest in technology started young. Barely out of primary school, he taught himself programming. At age 12, he wrote an application and sold it, beginning his entrepreneurial career. "I usually describe myself as an engineer; that's basically what I've been doing since I was a kid," he says. He attended high school in South Africa, and later studied computers and economics at universities in both Canada and the United States. He enrolled at Stanford University in California to pursue his studies as a PhD student but lasted only two days before moving into business.

We can learn a great deal about entrepreneurship from Elon Musk. Let's now turn to some of the principles that have made him a success.

FILLING A HOLE

One of Musk's golden rules is that he only starts a company when it is in a new or emerging field. Even if somebody comes to him with a brilliant idea, if that idea involves starting up a company in an industry that's been around for many years, Musk is not interested. If you are yet to launch your entrepreneurial career, then how confident are you in starting in an emerging field? You must be able to balance the prospects of getting in on a new movement at the ground floor with finding backing or investment in an unproven project. This doesn't mean you have to be an expert on that emerging field. As Musk says, "The odds of me coming into the rocket business, not knowing anything about rockets, not having ever built anything, I mean, I would have to be insane if I thought the odds were in my favour." Nonetheless, he was able to make it work.

PUT THE CUSTOMER FIRST

It doesn't matter how great an idea is and how enthusiastic you might be. If you lose concentration and leave out the important factors of product quality and customer needs, according to Musk, you're in trouble. "I'd stay focused on the quality of the product," he says. "People get really wrapped up in all sorts of esoteric notions of how to manage etc., [but] I think people should get much more focused on the product itself – how do you make the product incredibly compelling to a customer – just become maniacally focused on building it better. I think people get distracted from that."

MOVE BUT DON'T MOVE

Musk talks about the ability of the entrepreneur to change direction without changing direction. By that, Musk means that to pivot in business enables you to switch direction but at the same time keep one foot firmly planted on the ground. Some entrepreneurs think that if their current direction is a failure, it is better to cut their losses and start again. According to Musk, this is not the only option. By all means change direction, but there's no need to throw the 'baby out with the bathwater' as they say. A classic example is X.com. X.com was an online bank that Musk turned into PayPal, now a popular system for making payments online around the world. As he puts it, "Some people don't like change, but you need to embrace change if the alternative is disaster."

ALWAYS HAVE A PLAN B

One of Musk's interesting characteristics is that he is involved in a wide variety of businesses. Some entrepreneurs concentrate on just one industry or one business, while others have their fingers in dozens of pies. Musk is in the latter category. He has not been afraid to walk away from a business in order to increase his involvement in another. And by walk away, I mean sell. Musk has always sold extremely well. He was only 28 years old when he sold Zip2. Being able to walk away from PayPal allowed him to turn his attention to electric cars, solar panels and outer space travel.

WHAT DO YOU DO WITH YOUR PROFITS?

Musk strongly believes that money made should immediately be invested into something brand new. For example, out of the \$22 million he made from the sale of Zip2, he invested \$10 million – almost half – into X.com. Likewise, when he sold PayPal for \$165 million, he invested \$100 million to create SpaceX. Reinvesting in the next venture when one works well is Musk's advice.

MEASURE TWICE, CUT ONCE

It's a bit of advice for anyone doing some home carpentry, but the principle applies when hiring and firing people as well. Musk believes you should not be in a hurry to expand. That's not to say that you shouldn't look to expand, but warns against doing so too quickly. And when it comes to staff members, Musk advises that one should be slow to hire and quick to fire. "One lesson I learned [at PayPal] is to fire people faster," he said.

“That sounds awful, but I think if somebody is not working out, it’s best to part ways sooner rather than later. It’s a mistake to try too hard to make something work that really couldn’t work.”

BE YOUR BEST CUSTOMER

Are you an enthusiastic advocate of the products you make or the services you provide? Would you really enjoy being a customer of your own company? If your answer is yes, then you are a walking advertisement for your business. As the owner of Tesla, Musk planned to drive his five sons from Los Angeles to New York with only nine hours spent on recharging the electric car’s battery. It’s a great adventure and great publicity for his company.

It’s also about being congruent with what you say – if you’re in health and fitness you better be healthy; if you sell a certain type of car, drive it.

ARE YOU BEING TOO SAFE?

Musk has an interesting opinion on business and business decisions. He thinks that the good business decisions are usually safe, but the great business decisions always contain some element of risk. “If something’s important enough, you should try. Even if the probable outcome is failure,” he says.

Musk has always invested time and money into emerging, risky industries. Interestingly, Musk went into each of these business propositions knowing that failure was probable. Is it possible that you are playing it too safe?

When he first became involved in sending rockets into space, he factored in the option of failure by allowing for at least three launches. Is failure an important part of being creative? If somebody on your team comes to you with an idea, are you willing to work on that idea and encourage people despite the fact that there is an element of risk? If you are not in that frame of mind, then you will not get people coming to you with ideas.

HOW STRONG A LEADER ARE YOU?

The space project failed twice. When the third rocket blasted off into space, it too failed. There were hundreds of employees working for SpaceX. Surely that was three strikes and you're out. But Musk was determined. He spoke to his fellow workers and said, "For my part, I will never give up and I mean never."

The leader carries not just the financial muscle but is also, in a sense, a spiritual leader. After that speech Musk's employees agreed that they would do anything for their CEO. Do you have that ability to inspire your people and breed extreme loyalty to you and your business?

Leadership is essential for entrepreneurs, of themselves, their team and their customers – we need to be influencers and persuaders with a vision people can hold on to.

DO YOU HAVE WHAT IT TAKES?

Musk is quite clear about any would-be entrepreneur and their interest or desire to start a new company. Musk reckons that hard work and high risk are the two key ingredients of success. If you aren't willing to give either or both of those things, then go and work for somebody else. If you do become an entrepreneur but are not willing to work really hard and take risks, then you may end up miserable. Musk has some pretty down-to-earth advice.

“Just work like hell,” Musk says, “If other people are putting in 40 hour work weeks and you're putting in 100 hour work weeks, even if you're doing the same thing, you know that you will achieve in four months what it takes them a year to achieve.”

TAKE A SPIRITUAL PERSPECTIVE

Musk is probably unique in that while he is practical when it comes to starting and running a business, he also looks upon life as being a challenge. It couldn't be better illustrated than in his space travel activities. Do you have a spiritual perspective on your attitude to work and life? “I think life on Earth must be about more than just solving problems... It's got to be something inspiring, even if it is vicarious,” says Musk.

FINAL THOUGHT

Musk seems to have the Midas touch and has turned almost everything into gold, but he is also very much a human being. He understands the need for hard work. He believes that making tough decisions and being ruthless is an important part of being successful. He knows that in the long run it is better to be tough than to be weak. He is open to new ideas and the fact that he has invested in such a wide variety of industries is proof of his enthusiasm for learning and to taking risks.

If the sports racing expression that one should ‘make every post a winner’ applies to anyone, then it must surely apply to Musk. He took advantage of the opportunity to study. As a teenager, he worked extremely hard at acquiring new skills. He studied for a number of degrees and made himself aware of business practices and trends. His interesting with emerging industries makes him all the more fascinating, leading human civilization into the wonderful unknown.

But what is most prominent of all his attributes is his constant, unwavering focus on the future we will live in; and creating what we will need for it.