



# Chinese Philosophy and Contemporary Company Tesla

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# 01 Introduction

# Introduction

## **Chinese philosophies**

= a rich history

date back thousands of years

## **However**

continues to influence modern thought

including in the **digital era**

## **Contemporary Company / Western Company**

→ can still find the track of Chinese philosophies





# Digital Era and S-Curve



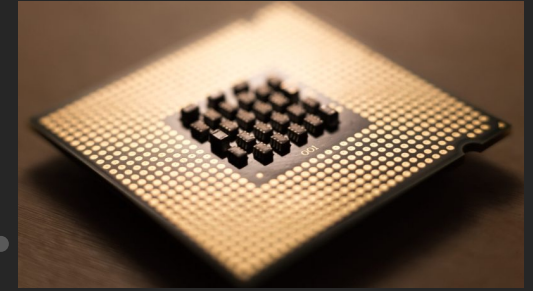
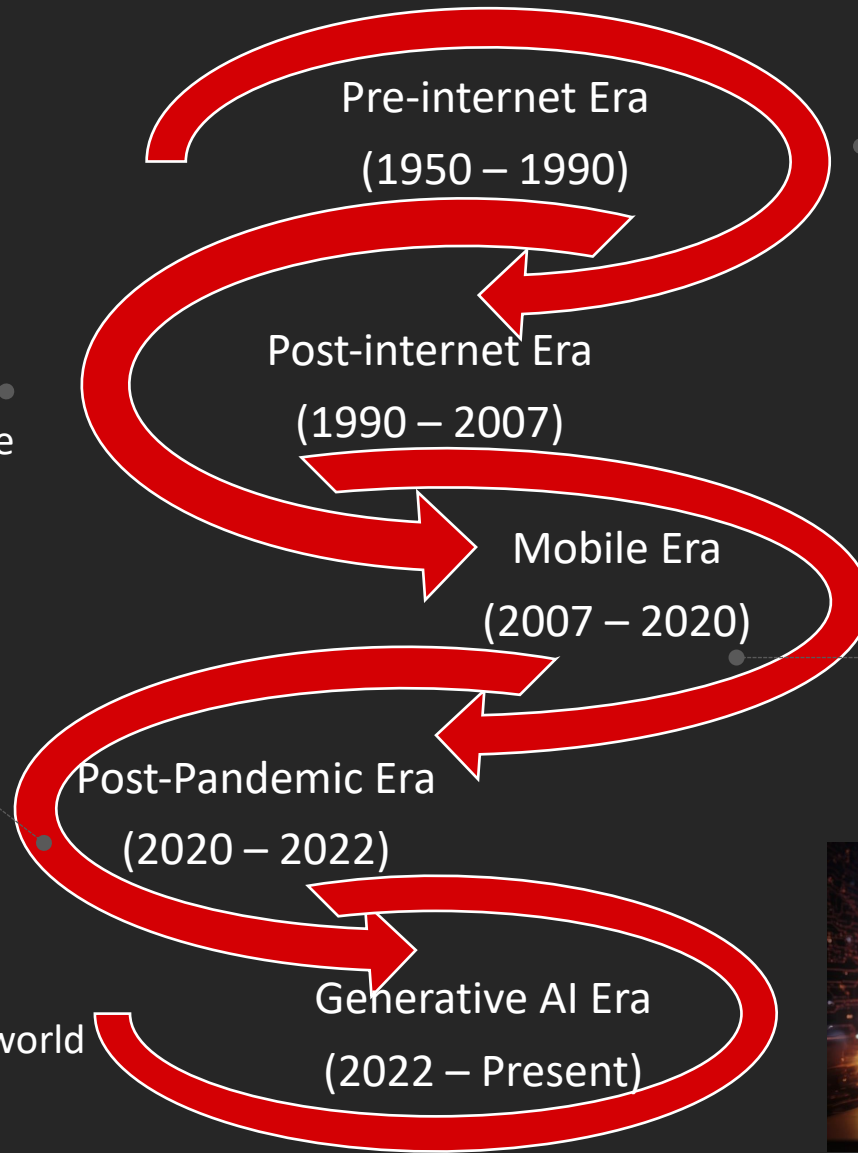
## **Internet**

→ shift from a siloed world into a global one



## **Pandemic**

→ companies rethink how to serve their customers in a non-contact and remote world



## **invention of microchips & semiconductors**

→ enabled manual processes to be converted into digital technologies



## **introduction of iPhone**

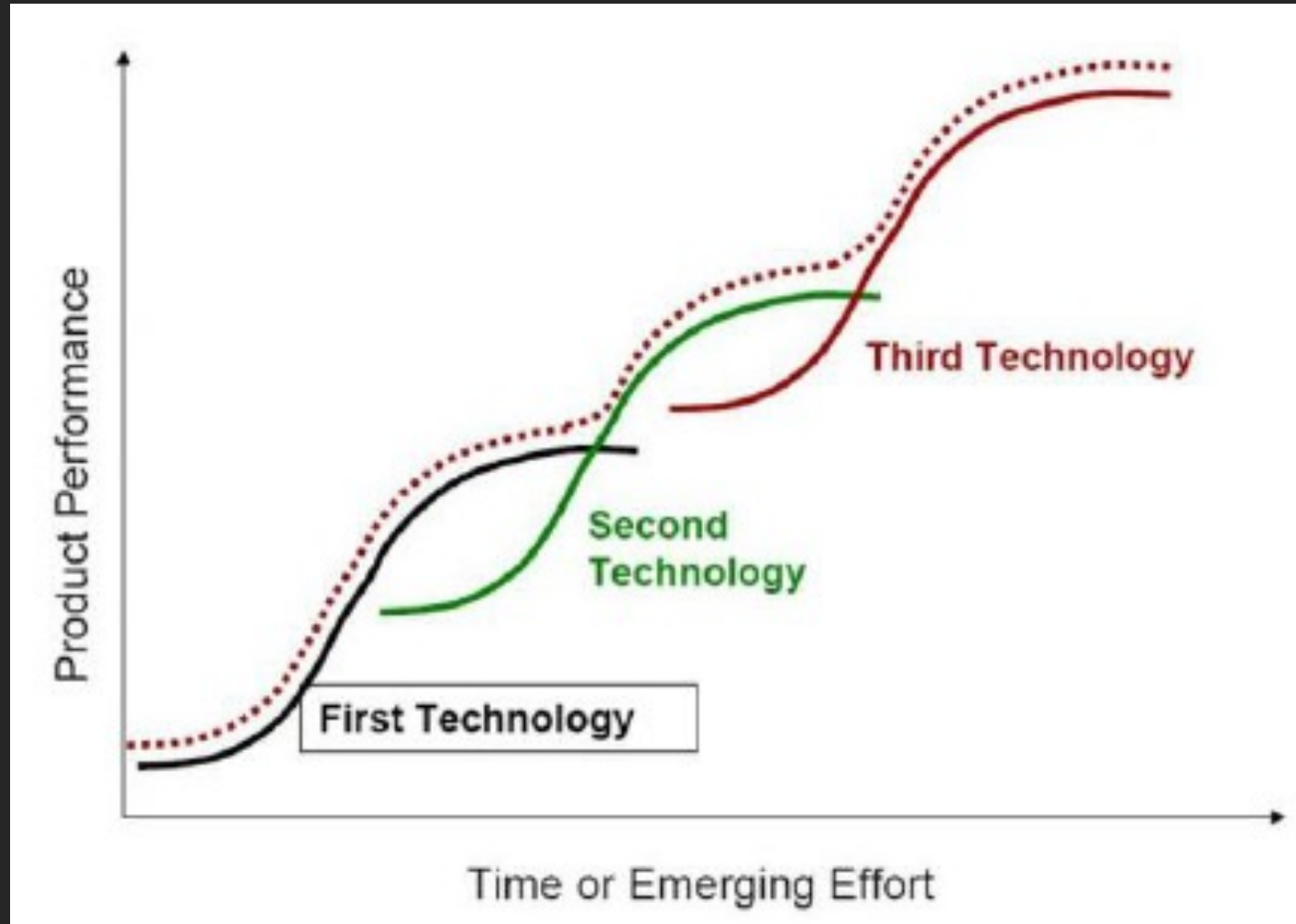
→ shift to mobile



## **machine learning**

→ plays critical role in digital transformation

# S-curve Model



# “Main Focuses of the current Digital Era

- **Data-driven Decision Making:** utilize data to make decisions  
e.g., Big data analytics, machine learning, and data visualization tools
- **Digital Transformation:** adapt to the changing business landscape  
e.g., enhance business processes, customer experiences, and operational efficiencies
- **Cybersecurity and Privacy**
- **Innovation and Entrepreneurship:** encouraging individuals and organizations to explore new ideas

# Data-driven Decision Making

Data analysis is crucial for informed decisions in the digital era. Big data and machine learning provide valuable insights and support strategic decision-making.

## Bing Jia (Emphasis on strategic planning and execution)

知彼知己，百戰不殆；不知彼而知己，一勝一負  
《孫子兵法·謀攻篇》

If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. (The Art of War . Attack by Stratagem)

### Data analysis allows organizations

- ✓ **Enhanced Strategic Planning**
  - provides a solid foundation for strategic planning
  - analysing historical data and forecasting future trends
  - develop long-term strategies
- ✓ **identify trends & patterns**
  - make strategic decisions that capitalize on opportunities or mitigate risks
- ✓ **Competitive Advantage**
  - organizations can innovate, optimize performance, and stay ahead of competitors



# Digital Transformation

Organizations embrace digital transformation to adapt to the evolving business landscape, reevaluating practices and enhancing efficiencies with digital technologies

## Dao Jia (Encourages adaptability and flow)

天下莫柔弱於水，而攻堅強者莫之能勝，其無以易之。  
《道德經》

There is nothing in the world more soft and weak than water, and yet for attacking things that are firm and strong there is nothing that can take precedence of it; - for there is nothing (so effectual) for which it can be changed. (Dao De Jing)

Digital Transformation = adopting new technologies  
→ requires a **cultural shift** within an organization

In recent decades, the trend:

- ✓ Enhanced Customer Experience:
  - better understand and engage with their customers
  - providing personalized experiences → improving customer satisfaction
- ✓ Increased Efficiency and Productivity
  - automating processes and adopting digital tools
  - streamline operations
  - reduce manual errors
  - increase productivity

# Cybersecurity and Privacy

Digital technologies drive the need for cybersecurity and data privacy. Protecting sensitive information and ensuring user privacy are crucial in today's digital world.

## Ru Jia (Stresses respect for individuals)

人而無信，不知其可也。《論語·為政》

A man without truthfulness is to get on.(The Analects . Wei Zheng)

君子喻於義，小人喻於利。《論語·里仁》

The mind of the superior man is conversant with righteousness; the mind of the mean man is conversant with gain."(The Analects . Li Ren)

Organizations should keep an eye on Cybersecurity and privacy because:

- ✓ Maintaining Trust
  - ensure personal data is handled securely
  - used **only for** intended purposes
  - not misused by unauthorized parties
  - build trust between individuals and organizations
  - fostering a safe and reliable online environment

# Innovation and Entrepreneurship

The digital era fosters innovation, encouraging organizations to explore new ideas and drive economic growth.

**Fa Jia** (Focuses on governance and the use of strict methods to maintain social order)

奉法者強則國強，奉法者弱則國弱。 《韓非子·有度》

When those who uphold the law are strong, the state is strong; when they are weak, the state is weak. (Hanfeizi . You Du)

- ✓ Organizations should navigate legal considerations while conducting innovative initiatives.
- ✓ Legal Compliance Assessment
  - Conduct a comprehensive assessment of relevant laws and regulations
- ✓ Intellectual Property Protection
  - e.g. , trademarks & copyrights
  - Implement confidentiality agreements
- ✓ build credibility
- ✓ positively impact the community



# Tesla Case Study



03

# History - Tesla's Development





# Our Mission



## **Is to accelerate the world's transition to sustainable energy**

To accomplish our mission, we need to design products that are far superior to their fossil fuel alternatives in every way, source and manufacture them as sustainably as possible and sell as many of them as we can.

We believe the best way to do this is by offering an ecosystem of products that comprehensively addresses our world's clean energy and transportation needs.



# Learning from Café De Coral Case Study



## Qian Hexagram (乾) perfectly matched with Tesla's development:

- Qian (represents) what is great and originating, penetrating, advantageous, correct and firm



**First NINE (初九: 潛龍, 勿用)** (2003-2008) Tesla's Founding and Early Years

- Elon Musk joined Tesla as an investor and chairman and contributed \$7.5M
- First Tesla Roadster in 2008, demonstrated the potential of electric vehicles (EVs) in the market

**Second NINE (九二: 見龍在田)**, Growth and Expansion (2009-2012)

- Tesla launched the Model S, luxury sedan that received critical acclaim for its design, performance, and range. It established Tesla as a serious player in the automotive industry



**Third NINE (九三: 君子終日乾乾)**, Solving batteries and sales problem (2013-2014)

- 2013: Battery swap station announced although agreed to renew a supply deal with Panasonic for cells
- 2014: New Jersey bans sales of Tesla cars

**Fourth NINE (九四: 或躍在淵)**, Innovation and New Models (2015-2016)

- 2015: Model X released
- 2015: Autopilot for Model S, sales reach 100,000 units
- Production problem of Tesla with Model X and Model 3, 450,000 customers are still awaiting



**Fifth NINE (九五: 飛龍在天)**, the Success: Global Expansion (2017-2022)

- 2017: Tesla Motors renamed to Tesla Inc.
- 2017: Tesla ranked as the #1 American car brand
- The opening of multiple Gigafactories in Shanghai, Berlin, and Texas

**Sixth NINE (上九: 亢龍有悔)**, importance of reflection (2023-present)

- Tesla unveiled the much-anticipated Cybertruck, generating significant media attention
- Tesla continues to face increasing competition from China EVs, maintaining humility and a focus on innovation remains vital



# 04 Tesla Gigafactory in Shanghai





# Shanghai Lingang (2019 January)



# Shanghai Lingang (2019 January)





# China US Trade War (Since 2018)



# How would you decide to go Shanghai or not?



# Cross Cultural Theory – Deductive vs Inductive



## DEDUCTIVE

Theory  
↓  
Productions  
↓  
Experiment

## INDUCTIVE

Obesrvation  
↓  
Generalization  
↓  
Theory



Example for “Theory: first:

1. Because we need to reduce carbon dioxide emission, we need to produce electric vehicle for carbon reduction.
2. Because we need to sell more electric vehicles, we need to lower the production cost.

Example for “Observation” first:

1. Are you friendly to China?
2. Are you coming to China for business only?



# Any common grounds between Tesla and Shanghai?



**Expand Global Market Share**



**Enter China EV Market**



**Lower production cost**



**Be defendable in  
China US Trade War**



**Made in China 2025**



**Boost Shanghai Economy**



# Any Insight from YiJing on such situation?





# YiJing Hexagram 54 – The Marrying Maiden (歸妹)



歸妹，征凶，无攸利。

The Marrying Maiden.

Undertakings bring misfortune.

Nothing that would further.

上六，女承筐无實，士刲羊无血，无攸利。

六五，帝乙歸妹，其君之袂，不如其娣之袂良。月幾望，吉。

九四，歸妹愆期，遲歸有時。

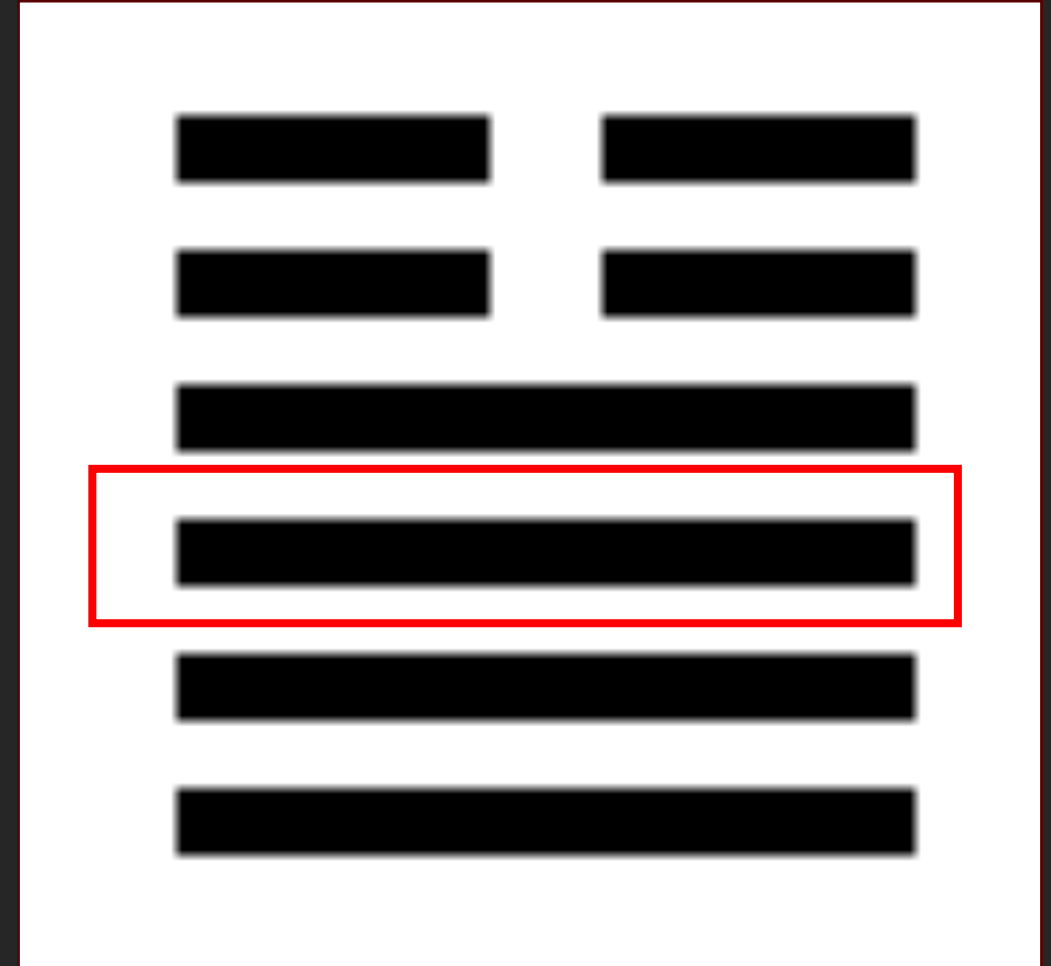
六三，歸妹以須，反歸以娣。

九二，眇能視，利幽人之貞。

初九，歸妹以娣，跛能履，征吉。

歸妹所言乃國與國之間的和親之事，因此卦辭說「征凶」，**不宜征戰**。而從婚姻的觀點來看，這場婚姻又是基於政治之利益，而不是以感情為基礎。因此，得歸妹卦，婚姻、**合作等一類事情雖然可成**，可以解決眼前之事，但長久而言卻不見得是件好事。因為**維持雙方關係的基礎或者相當脆弱**，或者帶有危險因子，要慎防關係無法維繫很久。就長期來看，和親也只是短暫的和平之道，不但難以維持長久，甚至可能種下禍根。若是問征戰、出行、行動，則大凶。財運、**生意則無利可圖**，這是因為外震內兌，為外震動而內耗損，**瞎忙而賠錢之象**。

# What if the Hexagram change (變卦)?



# YiJing Hexagram 34 – The Power of the Great (大壯)

大壯，利貞。

The Power of the Great. Perseverance furthers.



上六，羝羊觸藩，不能退、不能遂，无攸利，艱則吉。六五，喪羊于易，无悔。

九四，貞吉，悔亡。藩決不羸，壯于大輿之輹。

九三，小人用壯，君子用罔，貞厲。羝羊觸藩，羸其角。

九二，貞吉。

初九，壯于趾，征凶，有孚。

大壯卦卦義有三種不同面向的意義：一是陽壯，陽氣壯盛，二是大撞，嚴重衝突，三是大戕，嚴重的傷害。因此大壯也可理解為「陽壯」，陽氣壯盛。陽氣過於強壯並非好事，容易因此產生衝撞，進一步造成無謂的傷害，所以《象傳》說「君子以非禮弗履」，此告戒君子當以禮節來約束，避免衝突犯錯。而《雜卦傳》說「大壯則止」，勸人要懂得停看聽。因此得大壯卦應當避免過於衝動而造成傷害，若能多一點冷靜、三思而後行，則可得到很好的平衡。

# What if the Hexagram change (變卦)?

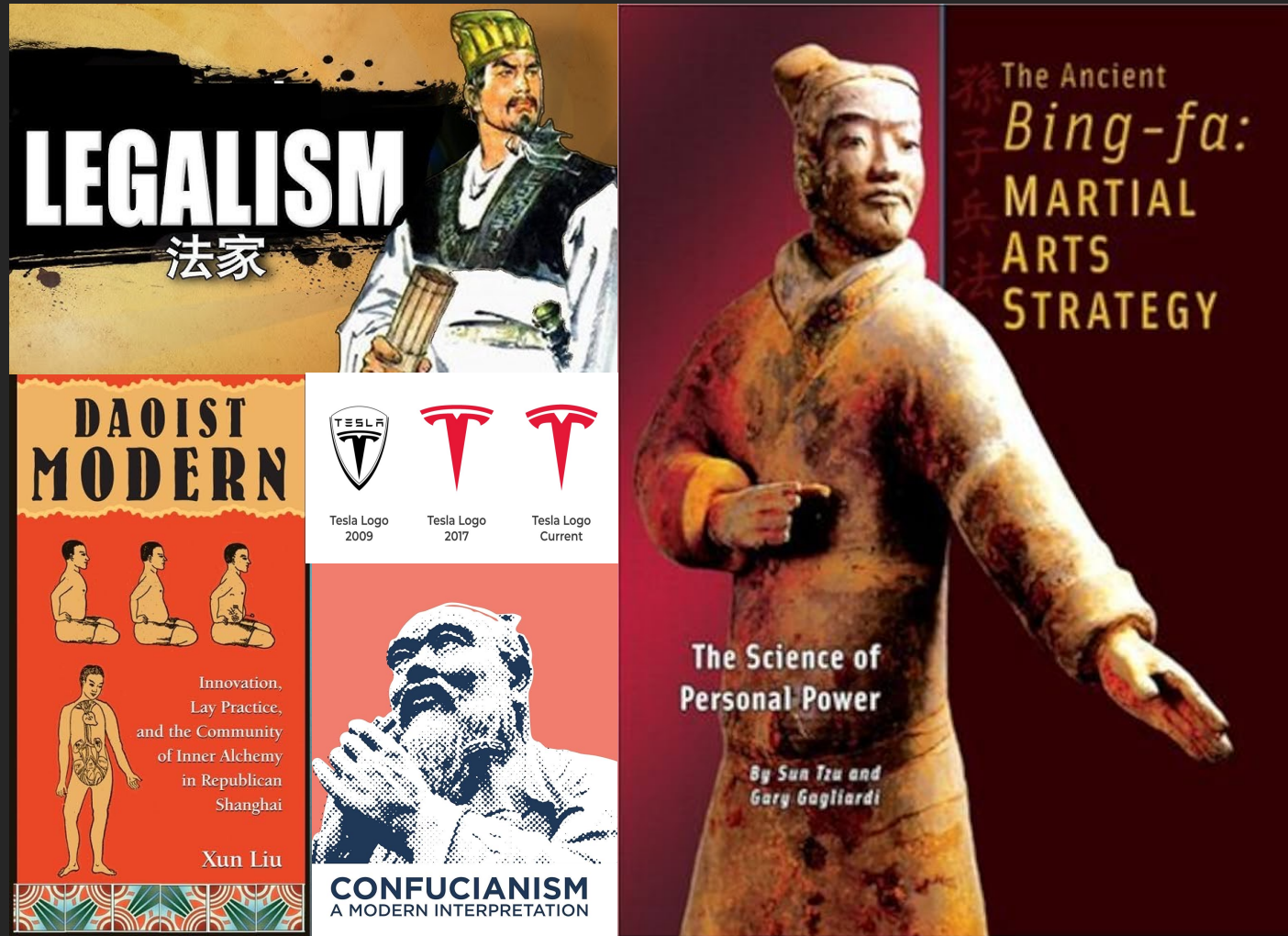
Criteria	Case 1	Case 2	Case 3	Case 4	Case 5
Be competitive in China US Trade War	?	?	?	?	✓
Made in China 2025	?	?	✓	?	✓
Boost Shanghai Economy	✓	✓	✓	✓	✓
Expand Global Market Share	?	✓	?	?	✓
Enter China EV Market	✓	✓	✓	✓	✓
Lower production cost	✓	✓	✓	?	✓
	歸妹 	大壯 	兌 	解 	乾 

05

# Tesla's Business Model adopting the 4 Schools



# FOUR JIA ADOPT INTO TESLA Business MODEL



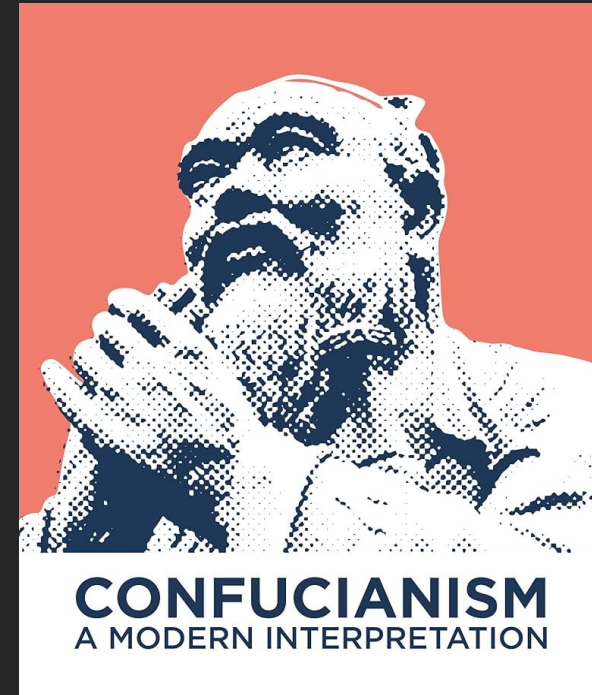


# Ru Jia & Tesla - Ethical Leadership & ESG

**Ethical Leadership:** Tesla promotes same vision as Confucianism leaders with moral integrity who prioritize societal welfare.

**Tesla's Mission and Vision:** Focus on sustainable energy aligns with Confucian values of societal well-being over profit.

**Elon Musk's Leadership:** Exemplifies Confucian virtues through his commitment on sustainability and positive global impact.

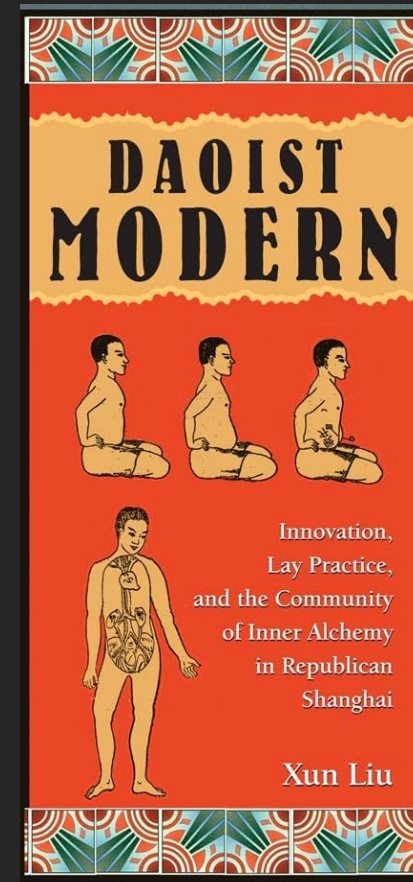


# Dao Jia & Tesla - Innovation and Adaptation

**Harmony with Nature:** Daoism emphasizes adapting to natural and market dynamics harmoniously.

**Simplicity in Design:** Tesla's minimalist vehicle designs align with Daoist principles of simplicity and focusing on essentials.

**Adaptability and Wu Wei:** Tesla's adaptive innovations in battery and software echo Wu Wei, pursuit on ultimate battery technology and software without forcing unnatural growth.



# Fa Jia and Tesla - Discipline, Standardization and Efficiency

**Operational Discipline:** Tesla's Gigafactories exemplify Legalist values through efficient, scalable production and rigorous standardization.

**Rigid Management:** Tesla enforces a strict organizational model that prioritizes advanced innovation and high standards, mirroring Legalist principles.

**Strategic Control:** Tesla's tight control over supply chain and direct sales approach ensures consistent quality and brand experience.

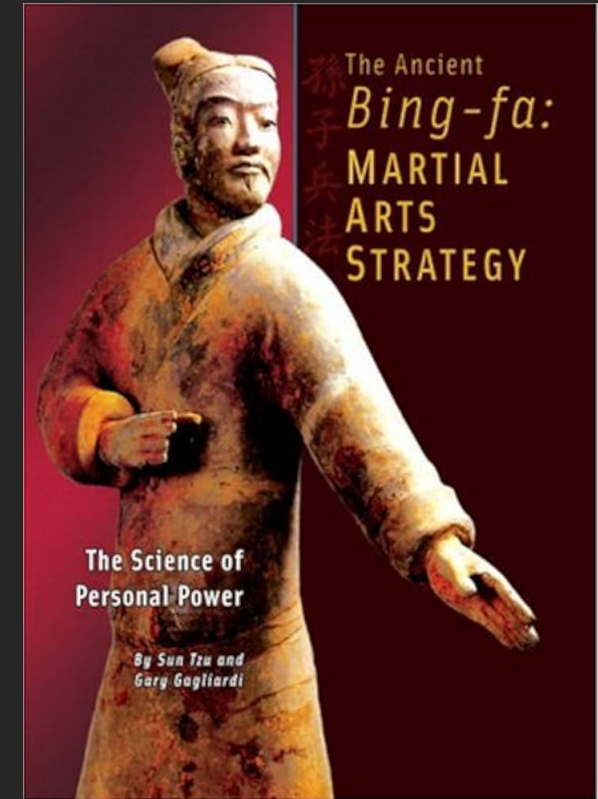


# Bing Jia and Tesla - Competitive Positioning and Market Domination

**First-Mover Advantage:** Tesla's early EV market entry allowed brand dominance, akin to securing strategic terrain in Sun Tzu's teachings.

**Decisive Innovation:** Continuous advances in battery and self-driving technology keep Tesla ahead, much like a well-timed strategic strike.

**Global Expansion:** Tesla's worldwide Gigafactories optimize logistics and market access, reflecting Bing Jia's strategic positioning of forces in key locations to maximize profit through tactical expansion.





06

# Elon Musk's Chinese Philosophies



# X-Y Theory

If I were the supervisor, I would:	Make a Great Effort to Do This	Trend to Do This	Tend to Avoid Doing This	Make a Great Effort to Avoid This
1. Closely supervise my subordinates in order to get better work from them.	V			
2. Set the goals and objectives for my subordinates and sell them on the merits of my plans.		V		
3. Set up controls to assure that my subordinates are getting the job done.	V			
4. Encourage my subordinates to set their own goals and objectives.		V		
5. Make sure that my subordinates' work is planned out for them.	V			
6. Check with my subordinates daily to see if they need any help.	V			
7. Step in as soon as reports indicate that the job is slipping	V			
8. Push my people to meet schedules if necessary.	V			
9. Have frequent meetings to keep in touch with what is going on.	V			
10. Allow subordinates to make important decisions.			V	

# “Wu-based” (悟性) thinking

Power of understanding for an object or an issue  
How to make yourself return to your original intention

Rujia

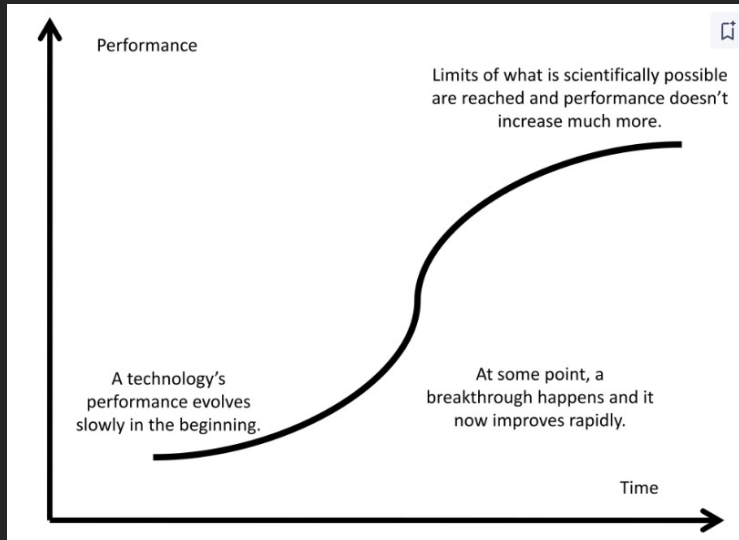
- Wanting to make their wills sincere, they first extended their knowledge. Extension of knowledge consists of the investigation of things. 欲誠其意者先致其知。致知在格物。(The Great Learning 大學)

Daojia

- Forget the Difference and Opposition Between Self and the Universe 坐忘 (庄子·大宗师)

# Chewing Glass and Staring into the Abyss (Zero-Sum Mindset)

- Musk said “Running a start-up is like chewing glass and staring into the abyss. After a while, you stop staring, but the glass chewing never ends”
- Not afraid of being fail. If failed, should have the sense of “Zero-Sum” mindset (归零心态)
- S-Curve Theory
- Musk Case:
  - Elon Musk failed to buy the rocket from Russia, and have the idea of develop its own rocket
  - Elon Musk successfully launch the rocket in Space-X after failed for 3 times



Being an entrepreneur is like **eating glass** and staring into the abyss of **death**.

Elon Musk





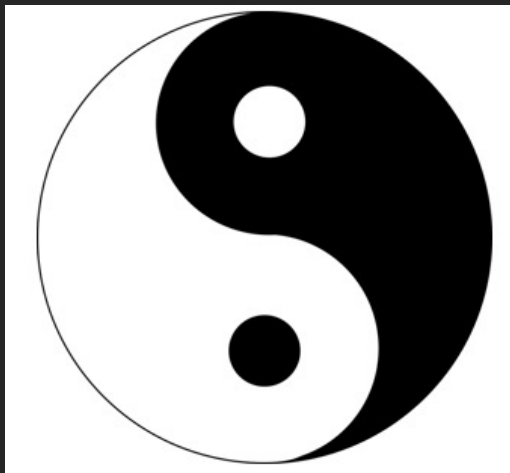
# Knowledge as a Semantic Tree (Internal Knowledge)

- Knowledge is the spirit of development
- Musk study a lot from different sectors like physics, business, electronic engineering
- Build up the idea of “Internet”, Renewable Energy” and “Space” are the major aspects in the world development
- Position himself to use high tech skill to create value to the world instead of just making profit for himself
- The theory of “Ritual” (禮) in the school of Rujia, which concern on teaching and learning



# Cross-Specialization Connection (Inspiration)

- Musk said “We need to change the traditional concept of thinking, and need to cross-specialization connection which include cross domain and cross discipline”
- In car industry, low cost and mass production is the successful factor which is “Yang”, the net weight of the car will affect its energy consumption and maximum distance of travel which is “Yin”
- In space industry, the components of the traditional rockets cannot reusable, and lead to high cost of production is “Yin”, and the light weight of the rocket is “Yang”
- Musk use cross-specialization connection by using the technology of rocket to lower the weight of the car to save more energy and increase the travel distance. Also he use the technology of car by mass production, and able to reuse the components of the rocket to reduce the cost of space travel
- Yin and Yang are not opposite force, they can complement with each other



# First Principle (Insight)

- Musk firstly talk about the “First Principle” in 2008 when he successfully launch the rocket
- It refer to clear all the outer layer of the issue, break down the complex layers and understand the core and basic part of the question, and use the core part to think about the new ideas
- This is the same idea of “Wu-based” (悟性) thinking in Chinese philosophy



Don't just follow the trend. You may have heard me say that it's good to think in terms of the physics approach of first principles. Which is, rather than reasoning by analogy, you boil things down to the most fundamental truths you can imagine and you reason up from there.

— *Elon Musk* —

AZ QUOTES

# Learning Organization from “Wu-Based”

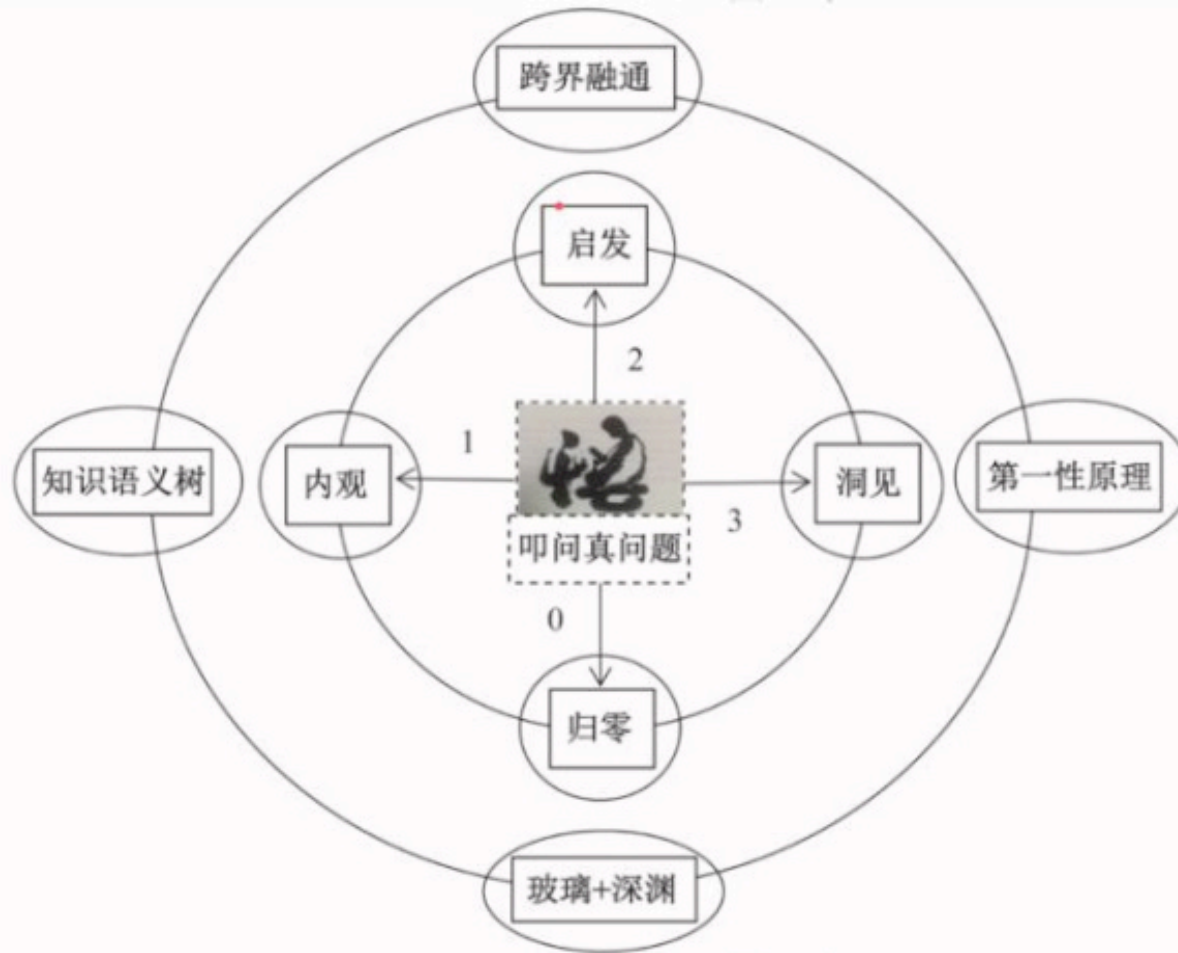


图4 马斯克创新隐喻—悟性思维整合图



07

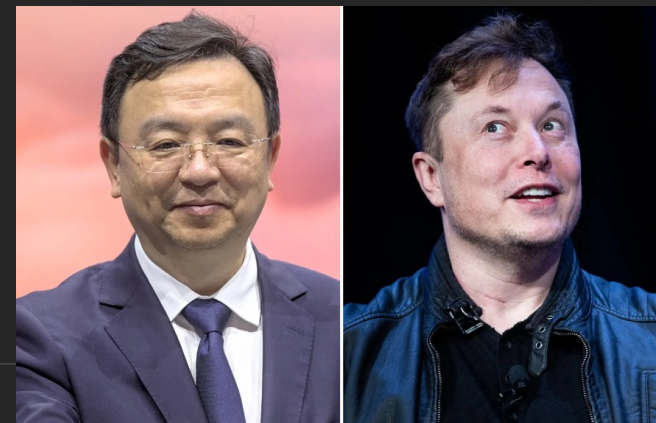
# Challenges From Orient & Suggestions by Oriental Wisdom



# BYD vs Tesla: Which of the EV makers is better?



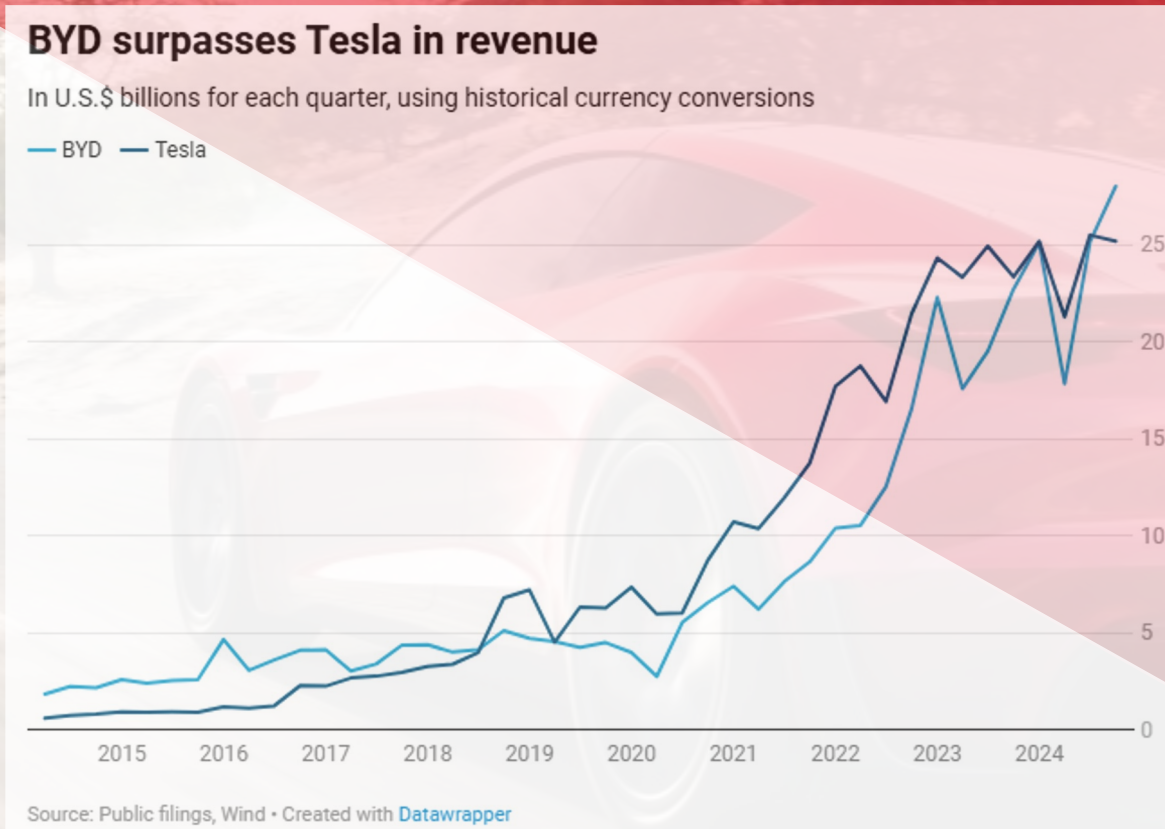
0-100km/h acceleration in 4.4s VS 3.9s ?  
Who is faster?





# Chinese EV maker BYD's quarterly sales overtook Tesla's for the first time

- Most of BYD's line-up of cars sold for between USD 13,200 and USD 46,700 ;
- Compared to Tesla's starting price of around USD 50,000 before the latter introduced price cuts.



As of Q3 2024,

- BYD reported revenue of CNY 201.12 billion (USD 28.24 billion), up 24% YOY.
- Tesla's revenue of USD 25.18 billion.

# How to break the logjam by Chinese Philosophy?

Military Strategy

Strategic Thinking: 兵家 focuses on tactics, adaptability, and strategic planning

## More updated model range

Model S is now more than a decade old and Model X is now nine years old. Model 3 and Model Y are relative newbies, being a mere seven and four years old, respectively. But their visual similarities mean they look dated.

VS

BYD has launched no fewer than eight brand new mainstream EV models—subcompact and compact hatchbacks, compact and midsize SUVs, compact and midsize sedans and a compact MPV—as well as a luxury EV brand called Yangwang.





**Imagine that how's your feeling if your boss is staring at you like this?**

**MICROMANAGER&LACKS WELFARE**

**No Work from home, No lunch, Lay off, urgent demands to work through the night**

## Management Style

His management style approach have been criticized as being too harsh or unpredictable, which can negatively impact employee morale and company culture, leading to internal tension and instability within the team.

## Rule of Law

*Legalism stresses the importance of strict laws and centralized control. Musk's approach to leadership, which prioritizes efficiency and discipline, aligns with Legalist principles of enforcing order and achieving desired outcomes through strict regulations.*



*A company's most important asset is its people.*

*Musk can demonstrate benevolence(仁) by showing more care for his employees, listening to their needs and opinions, and providing them with greater support and attention to foster a more harmonious team atmosphere and demonstrate propriety(禮) by respecting the personal dignity and rights of his employees, establishing good communication and interaction practices.*

**Solution – Confucianism**



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A red sports car is shown from a high-angle perspective, driving on a grey asphalt road. A large, solid red diamond shape is superimposed over the center of the image, partially obscuring the car. The text "THANK YOU" is written in white, bold, sans-serif capital letters inside the red diamond.

**THANK  
YOU**