

AUTOMOTIVE

Tesla reduces workforce in bid for more affordable Model 3

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Tesla's Model 3 has already had its production deadline pushed back twice. Image credit: Tesla

By STAFF REPORTS

Electric automaker Tesla is cutting its full-time staff by 7 percent in an effort to make its entry-level Model 3 more accessible.

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In a statement released on Jan. 18, CEO Elon Musk explained that the company grew its staff by 30 percent last year, which it cannot support as it seeks to scale up. Citing the difficulties of competing with more established marques, Tesla is planning to simultaneously reduce its workforce and ramp up production volume to reach its goal.

Accelerating accessibility

Following production challenges early in 2018, Tesla's Model 3 went on to become the top selling premium car last year. However, Tesla has its sights set on making the car which currently has a base price of \$44,000 more affordable to a wider population.

The lowest-priced Model 3 currently has mid-range battery life and premium interiors. Tesla's goal is to make a lower-priced variant of the Model 3 with standard range and standard interior for \$35,000.

Another pricing pressure that Tesla is facing is the drop in tax credit for electric vehicles. This will be cut in half in July, and eliminated by the end of the year.



Tesla's plant. Image credit: Tesla

"Looking ahead at our mission of accelerating the advent of sustainable transport and energy, which is important for all life on Earth, we face an extremely difficult challenge: making our cars, batteries and solar products cost-competitive with fossil fuels," Mr. Musk said. "While we have made great progress, our products are still too expensive for most people."

"Tesla has only been producing cars for about a decade and we're up against massive, entrenched competitors," he said. "The net effect is that Tesla must work much harder than other manufacturers to survive while building affordable, sustainable products."

Tesla is not alone in cutting jobs.

British automaker Jaguar Land Rover is planning to reduce its global workforce by 4,500 as part of its strategy to cut costs by 2.5 billion pounds, or about \$3.2 million.

In the latest phase of the company's "Charge and Accelerate" program, Jaguar Land Rover is aiming for a leaner, more efficient structure. This latest round of job cuts adds the 1,500 positions eliminated at the automaker in 2018 ([see story](#)).