VOL 60 , MAY 2025

TESTING TIMES

Crisis communication strategies and responses in the spotlight

KEY LEARNING POINTS

- LEADERS CAN DAMAGE THEIR BRAND
- KEEP TRUE TO VALUES
- RECOGNISE THE CRISIS
- UNDERSTAND THE IMPACT
- REBUILD OVER TIME

WHAT HAPPENED?

When Donald Trump moved into the White House early in 2025 Elon Musk was given a significant role leading the Department of Government Efficiency (known as DOGE). By the end of April, his Tesla brand was going through a significant crisis.

The figures showed that the Tesla net income had dropped 71 per cent with a reported net income of $409million. Figures were lower than had been anticipated. Earnings per share was 27 cents lower than expected. There was also a 13 per cent drop in vehicle deliveries.

In addition, Teslas had been vandalised across the US as part of an anti-Musk wave and sentiment. The company also had to recall their cyber trucks. Polls conducted by media showed that Americans had an unfavourable view of Musk and the impact he was having on government operations. The survey was conducted by The Associated Press - NORC Centre for Public Affairs Research.

Musk responded by heavily criticising those targeting the vehicles. He announced by the end of April he would be stepping back from his role in DOGE. There were also promises of new products including self-driving cars and a robotaxi service.

As this edition was going to press there was rumour that the Tesla board were looking to replace Musk something that has been denied.

What can communication and business learn from the situation?

Musk had undertaken interviews about his role in DOGE as well as about the targeting of Tesla vehicles. In one Fox News interview he appeared to become emotional and visibly uncomfortable when talking about the Tesla slump.

But the messaging from Musk was to deny that his work was leading to a branding crisis for Tesla and instead point to 'macro-economic trends' that were impacting on the figures. Although the company itself did recognise global instability, and political sentiment could impact on the business.

In recent weeks Tesla investors have been vocal about the need for Musk to step back from the Government role and to focus on the development of the car brand. Others had said the situation was becoming so critical that Musk needed to leave Tesla.

In situations where the CEO or most senior leader in the business has a high profile and significant presence in the public eye, everything they do and say has the potential to impact on the brand they are in charge of. Leaders need to be reminded about this. In founder led businesses this can be challenging as they need to listen to external advisors.

What do we need to remember in this situation?

- Leaders need to recognise the impact they have on the reputation of the business and that they can create or exacerbate a crisis.
- Connections into and out of the business can have an effect on confidence and so should be kept under review to identify damage early.
- Business needs to focus on their core activities and what is seen as vital to their values.
- When a crisis occurs, recognising it is the most important first step which can then allow action to be taken.
- Brands under pressure need to assess the impact and damage to their reputation and then formulate an appropriate course of action.
- Just putting out 'good news' about the brand will not impact on the damage that may have been done during a crisis. Developing a recovery communication plan is essential.
- Rebuilding and recovering from damage to a brand can take time so never try to rush ahead too quickly.

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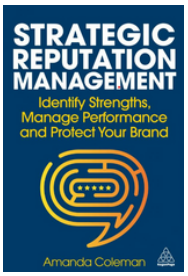

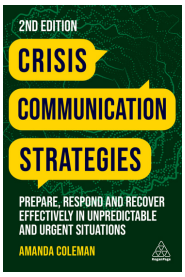

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