Hawthorne headquarters of SpaceX to be hit hard by layoffs

By BLOOMBERG
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Most of the layoffs at SpaceX that were announced last week will be taking place at its Hawthorne headquarters in the South Bay.

Hours after launching its first rocket of the new year on Friday morning, Elon Musk’s company told stunned employees that roughly 10% of SpaceX’s workforce would be laid off. Workers were sent home early to await notification to their private email addresses about their fate.

The vast majority of Space Exploration Technologies Corp.’s more than 6,000 employees work at its headquarters and rocket factory in Hawthorne, and hundreds of others are based in Seattle, Florida, Texas and Washington, D.C.

Some 577 positions will be cut in Hawthorne, Jan Vogel, executive director of the South Bay Workforce Investment Board, said in an interview Sunday.

Those cut include production managers, avionics technicians, machinists, inventory specialists and propulsion technicians.

“It’s always unfortunate when there are large layoffs,” Vogel said. “We’re in touch with SpaceX, and we’re to provide transitional services to impacted employees. There are a lot of aerospace companies in the Los Angeles area. We’re ready to help people.”

The layoffs were first reported by the Los Angeles Times.

SpaceX flew a record 21 missions in 2018 for customers that include commercial satellite operators, NASA and the U.S. military. But the market size for launches is not infinite, and SpaceX President and Chief Operating Officer Gwynne Shotwell warned there might be a slowdown in orders from the geo-telecommunications industry.

“Next year you won’t see as many launches as you see in 2018,” Shotwell said in an interview with CNBC last May. “2019 is a lower-cadence year.”

Musk founded SpaceX in 2002 to revolutionize space technology. The company, along with Boeing Co., has a contract with NASA to fly American astronauts to the International Space Station on a spacecraft named Crew Dragon. Despite the partial government shutdown, Crew Dragon is slated to fly for the first time in February
without humans on board. SpaceX is also working on a space-based broadband satellite network and Starship, a larger spacecraft designed to carry humans to Mars.

“To continue delivering for our customers and to succeed in developing interplanetary spacecraft and a global space-based Internet, SpaceX must become a leaner company,” SpaceX said in a statement Friday. “This action is taken only due to the extraordinarily difficult challenges ahead and would not otherwise be necessary.”

Musk is also the chief executive of electric-car maker Tesla Inc., which laid off roughly 9% of its workforce in June. As with Tesla, some SpaceX employees who were laid off took to social media to thank Musk for the opportunity to working for him.

Last week, SpaceX disclosed in a regulatory filing that it had sold $273 million in equity as part of a plan to raise a total of $500 million. The sale would boost the rocket company’s market capitalization to about $30.5 billion, the Wall Street Journal reported in December.
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