SpaceX Layoffs Roughly 10 Percent of Its Workforce

Hyperdrive

SpaceX Layoffs Include 577 Positions at California Headquarters

By Dana Hull
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COO Shotwell warned last year about fewer launches in 2019

Job-cut announcement Friday followed successful Iridium launch

SpaceX is taking the ax to its headquarters in California.

Hours after launching its first rocket of the new year on Friday morning, the Elon Musk-led company told employees that roughly 10 percent of SpaceX's workforce would be laid off. Stunned 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 are employed at its headquarters and rocket factory in Hawthorne, California, and hundreds of others are based in Seattle, Florida, Washington, D.C. and Texas. Some 577 positions will be cut in Hawthorne, according to Jan Vogel, executive director of the South Bay Workforce Investment Board.

Those cut include production managers, avionics technicians, machinists, inventory specialists and propulsion technicians.
“It’s always unfortunate when there are large layoffs,” Vogel said in an interview Sunday. “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.”

Fewer Launches

SpaceX flew a record 21 missions in 2018 for customers including commercial satellite operators, NASA and the U.S. military. But the market size for launches is finite, and SpaceX President and Chief Operating Officer Gwynne Shotwell has 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 and Boeing Co. each have contracts with NASA to fly American astronauts to the International Space Station. Despite the ongoing government shutdown, SpaceX’s Crew Dragon is slated to fly for the first time in February without humans on board. The company 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 officer of electric-car maker Tesla Inc., which laid off roughly 9 percent 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 work for him, including Justin Arredondo, a supply chain specialist.

Earlier this month, SpaceX disclosed in a regulatory filing that it sold $273 million in equity as part of a plan to raise a total of $500 million. Investors are valuing the company at $30.5 billion, the Wall Street Journal reported in December.

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