

SpaceX Plans to Lay Off Ten-Percent of its Workforce

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SpaceX, Elon Musk's rocket company, announced last week that it plans to [lay off ten-percent of its nearly 6,000 workers](#). The company, based out of Hawthorne, California, says it is aiming to become "[leaner](#)" as it attempts two very expensive projects that have "bankrupted other organizations." As a result, nearly 600 workers in [California, Texas, Washington and Florida](#) will lose their jobs. SpaceX has given little details as to where the layoffs will come from, but it appears to be mostly [engineers and technicians](#). Those affected will receive [eight weeks' pay along with assistance in finding new jobs](#).

While layoffs of this size often signal corporate trouble, SpaceX insists the company is doing well and that the layoffs are not a result of financial struggles. SpaceX, a private organization, was recently valued at [\\$30.5 billion](#). Last December, it raised nearly \$500 million in funding. The company has two known projects in the future that are estimated to cost up to \$10 billion each, which may help explain the need for a leaner workforce and the decision to cut employee costs.

Founder Elon Musk has set high ambitions for SpaceX, but the company is currently "[years behind the projections it made](#)" when setting its earlier timelines and goals. Musk, who is known to fire workers when they fall behind their projected timelines, [famously fired members of the Starlink team](#), who were responsible for an ambitious broadband project, when their work pace was too slow.

It is unclear how trimming the company's workforce will better help SpaceX meet its tight timelines and ambitious feats, especially when they are already behind on many projected deadlines. The salary of 600 employees is arguably a drop in the bucket of a \$10 billion project. On top of this, there is reason to believe that SpaceX is already a leaner company than other rocket companies given its smaller size and young history. Only time will tell whether the layoffs were a savvy strategy that will help the company in the future.

Interestingly, Tesla, Elon Musk's other star company, also [announced layoffs](#) last Friday. Tesla announced in a letter to its employees that the company would layoff seven-percent of its 45,000-person workforce. Musk said cutting jobs at Tesla would allow the company to offer its Model 3 car at a lower price.

