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Central Texas employers eye new talent pool — laid-off Tesla workers

Availability of skilled labor in region has been in short supply, but recent mass layoff could offer some relief



Tesla's Cybertruck pilot line at the Austin-area factory. Screenshot of Tesla documents

By Bob Sechler and Mike Christen — Austin Business Journal - Apr 25, 2024

In a Tesla-related twist on an old maxim, one company's job cuts could be another company's gain.

That appears to be the case in Austin, where there's no shortage of local manufacturers recruiting Tesla Inc. employees who recently lost their positions amid the electric vehicle maker's global layoffs.

Nearly 2,700 employees of the Tesla gigafactory in eastern Travis County — or about 12% of the workforce there — have been laid off, constituting the biggest single layoff in the Austin metro in at least four decades, and possibly ever.

Condolences have come from many corners for those who lost their jobs, a gut-wrenching experience for anyone. But a number of local businesses are offering even more — potential new employment.

"In light of recent developments at Tesla, our company has open opportunities," a talent acquisition specialist for Georgetown manufacturer Manitex wrote in a LinkedIn post. "If you're interested in exploring potential job openings, please reach out to me directly."

Manitex was hardly alone. "Attention Austin community! Were you or someone you know affected by the Tesla layoffs?" wrote Keri Westland, chief administrative officer of Carr Lane Manufacturing Co., on LinkedIn. The company, which has a facility in Elgin, "is currently hiring and we would love to connect with you."

Observers of the local economy aren't surprised. With an unemployment rate of just 3.4% in the Austin metro — compared to 3.9% statewide — and a growing manufacturing sector, the availability of skilled labor in the region is considered to be in short supply. Manufacturers across the region have said for years that hiring has been tight because of Tesla's allure.

"I can't think of a better labor market to be in," said John Boyd Jr., principal of The Boyd Co., a corporate site selection firm based in Boca Raton, Florida. "Tesla gigafactory employees are really at a premium for higher-growth industries in cybersecurity, semiconductors — think about Samsung's massive expansion (in Taylor) — the energy industry" and others.

In total, Tesla CEO Elon Musk has said that more than 10% of Tesla's global workforce was being laid off, a figure that would equate to over 14,000 of its estimated 140,000 employees worldwide. The layoffs come amid softening sales of electric vehicles overall and after Tesla (Nasdaq: TSLA) reported disappointing first-quarter deliveries earlier in April that declined on a year-over-year basis for the first time in almost four years.

Neither Tesla, which is based in Austin, nor Musk have detailed the categories of positions eliminated in the recent round of layoffs, saying only that the cuts were aimed at shedding redundancies across the business.

Regardless, Austin entrepreneur Dino Mavrookas said at least some of those who lost their jobs locally could be excellent hires for his Austin-based drone boat startup Saronic, which plans to add more than 100 people this year.

"If you look at Tesla, it's a leading technology company that also builds hardware products (and) leads the industry in self-driving," said Mavrookas, CEO of Saronic, a maker of autonomous boats

for military purposes. "There's a lot of overlap to what they're doing and what we're doing in boats. And I can imagine there'll be a great fit for some of those folks at Saronic."

Westland, the Carr Lane Manufacturing executive who posted about her company's interest in the Tesla employees on LinkedIn, said it already has received job applications from some of them and is taking steps to reach out to more.



A look inside the 50,000-square-foot Carr Lane Manufacturing Co. facility in Elgin. The company makes specialized parts for various industries. Errich Petersen Photography

Carr Lane, which is based in St. Louis and makes tooling components used in multiple industries, currently has five openings in Elgin, she said, but expectations are that the company will continue growing in the area.

"Our recruitment team is certainly working to network to get in touch with anybody (from Tesla) who may have been impacted, just to see if we have an opening that fits their needs," Westland said. "We know that talent is hard to come by and Austin is a really competitive market, so we are always on the lookout for great talent."

Prior to its recent layoffs, Tesla itself had been feeling the effects of the region's tight labor market. The company, which will still employ about 20,000 people at its gigafactory and retain the title of the metro's biggest tech-sector employer, had been hiring quickly, adding about 10,000 workers in 2023 alone.

But finding all those people wasn't easy. Last year, Tesla disclosed that more than 1,000 of its workers lived 60 miles northeast of Austin in Killeen — prompting it to operate a daily shuttle between Bell County and its Travis County factory.

Those dynamics now will work in the favor of the employees it has let go.

Kevin Fincher, CEO of the Austin Regional Manufacturers Association, is among those who think many of the former Tesla employees will find new jobs in the Austin metro with relatively little trouble, provided they want to remain in the area.

"Central Texas has seen significant growth in advanced manufacturing over the past few years and workforce has become a critical issue that most manufacturers list as their top priority," he said in a statement. "I believe there is capacity in the Central Texas manufacturing community to absorb much of the workforce recently displaced in the recent round of layoffs."

Tamara Atkinson, CEO of Workforce Solutions Capital Area, said in a statement that the Austin metro's advanced manufacturing and transportation sectors have added about 5,000 jobs over the past 12 months.

"We have seen a steady increase in job openings in the Austin metro, especially in advanced manufacturing," said Atkinson, whose organization provides job training and assistance. "Manufacturers across Central Texas are eager to hire people with these skills."

Still, that doesn't mean all of the laid-off Tesla employees will quickly find new jobs or have the skills that are viewed as in high demand in the metro. For them, job training and assistance agencies, such as Workforce Solutions and Skillpoint Alliance, say they stand at the ready.

"Skillpoint Alliance is committed to training and upskilling members of the Austin community in the skill trade and manufacturing industries," stated Kevin Brackmeyer, CEO of Skillpoint, a workforce development nonprofit. "Our employment coordinators continuously work with alumni and have plans in place to assist with alternative job placements when needed."

Atkinson noted that Workforce Solutions assisted 7,000 job seekers in the area last year.

"Our team regularly serves a large number of people seeking employment assistance and we are ready to assist any individuals who have been affected by recent layoffs," she said.

Brent Wistrom contributed to this report.