

Read the Email Wayfair's CEO Sent to Staff Announcing That It's Laying Off 13% of Its Workforce

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Wayfair said on Friday that it was cutting 13% of its global workforce or about 1,650 workers.

This came only weeks after CEO Niraj Shah sent a companywide email saying Wayfair was “back to winning” but also warning that staff should be careful with its money.

In an email that announced the layoffs to staff on Friday morning, Shah said the action was needed for the company to have a “clean organizational model,” which he said would aid it over the long term.

“I truly regret the impact this will have on you,” Shah told staff.

North American staff would receive an email shortly letting them know whether their roles had been affected, while laid-off staff in Europe had already begun discussions with human resources about the next steps, Shah said.

He added that affected workers were being given severance pay, though details of this weren't included in the companywide email.

Read the full email Shah sent to Wayfair staff below.

Fellow Wayfairians,

Today, I wanted to give you an update on Wayfair, where we sit, and the difficult steps we're taking this morning to make us stronger. First, I want to be clear that there are many things at the company that are going well. We are consistently profitable; we have made meaningful progress to operate more efficiently and effectively; our suppliers see us winning; and most importantly our customers are leaning in and picking us over their other options, which means we're gaining market share at a fast pace.

All very good news but as leaders our job is to position the company both now and over the long term. Although we've taken important steps to get ourselves optimized to win and fit for the future, the reality is they have not gotten us to where we need to be, which is to have a clean organizational model that provides a healthy foundation to grow from. That's why I pushed forward with an org design effort driven by some core organizational principles. As a result of this effort, I have made the difficult decision to further reduce our headcount today.

In North America, all employees will receive an email shortly on whether or not your role is impacted. If it is, you'll also receive details on next steps, including opportunities to connect live with your Talent partners. Teams in Europe have already begun these conversations.

I want to say thank you to the 1,650 team members who will be leaving us today. You are all valued and talented individuals, and you have each made incredible contributions to Wayfair and our customers. We know you will land in great roles given your strong skills and expansive experience, but this is still sad for everyone. You have so much to be proud of, and I truly regret the impact this will have on you.

Please know that we are offering severance to those who are

impacted, and we will support them throughout this transition. We will also be providing access to employee assistance program resources and Wayfair Alumni networking support, as well as other benefits and resources.

The natural question is to ask 'Why?' I think the reality is that we went overboard in hiring during a strong economic period and veered away from our core principles, and while we have come quite far back to them, we are not quite there. The best way to make sure everyone in the company can thrive and that we can do the most for our customers is to make sure that we make the right decision in terms of what our go-forward organization should look like. While our focus today is on our people, I want to spend some time explaining how we got here and the thinking we used to make these decisions.

Looking back

From 2002 – 2011 we did not have much money. That sometimes seemed limiting as our primary direct competitors in the US and UK spent significant amounts of money raised from top tier investors. But by being lean and focused we were forced to prioritize relentlessly. By 2014 we were publicly traded in the US, and a new tech boom was just starting.

By 2016 we were growing fast and the allure of spending more to build infrastructure for growth became appealing. We (along with most tech companies) took advantage of easy access to money. One of the things I am proud that we did during this time was build our industry-leading logistics infrastructure. This was expensive, but it has given us a durable moat. From 2017-2019 we opened up hiring significantly, going after many things that looked like good opportunities. As a result, by late 2019, we were suffering from lack of focus. Too many good ideas led to too few getting done. We made the decision to fix this and reduced our team in Feb 2020 with the intent of getting back to our roots.

Then, Covid hit us square on. Covid caused a dramatic surge in our business, and suddenly the newly leaned down team felt like a disadvantage. With annualized sales going from \$9 billion to \$18 billion almost overnight our desire to grow our team was rekindled.

By mid 2022 it was clear we were in a bust period. It was also clear that we had gone overboard with corporate hiring during Covid. As everyone here knows, we've had two significant corporate restructurings since 2022 to try to right-size this. Each time we used our best judgment, identified the cost target we needed to hit, and believed we were resizing to the right point. These changes were difficult emotionally and have felt challenging for the business. What we found, however, was that after each reduction we have gotten more of our goals done faster.

I believe we need to stay focused as a company on what committed small teams can accomplish. In many ways, having too many great people is worse than having too few. With too few, you get a lot done quickly, but you may not get everything done that you want. But having too many causes inefficiency, coordination costs, and investments in lower-return activities. That is what we have been experiencing and what we need to end.

Returning to core organizational principles

That is why we are committed to taking a different approach. We decided that we needed to start with a few basic principles of good organizational design, of how to build a high-performance company, one with the ability to get a lot done, and to flex over time – rather than a cost target – and take a bottoms-up approach. What is the right number of people a lean organization should allocate to each of the high-value things we want to do? At what level? We need senior leaders, but importantly we built the company by betting on junior people who are very bright but have less expertise. We need to get

back to this. Likewise, we should only do high-value things because doing more past that creates drag that slows us down. This time the goal was to err on carrying a risk of too few over the risk of too many. And so we approached it with a strong bias to firmly put the last five years behind us.

To do this we used a few basic principles:

1. question/rightsize the quantum of work effort per activity area – decide what work we want to do and eliminate any work effort that is then deemed secondary or tertiary, after all we can always reexamine as the business evolves
2. get efficient on levels & spans – what level/seniority is appropriate for what role, what span should each manager have in terms of breadth of activity and number of reports, etc.
3. eliminate excess upleveling for ‘stakeholder management’ – senior people in one area with too much time then cause the next area to need senior people to meet with them, and this is circular
4. Rightsize the ratio of engineering partner function teams to engineers – since any excess of partner roles (business, product, design, research, analytics) will not create better technology outcomes and rather will do the opposite

By starting with these principles, as opposed to a cost target, we will get back to focused, fit and lean. And we will do this while remaining committed to our growth drivers, leaning into the handful of key things that truly matter for each. While the investment community will focus on the cost savings numbers today, the key thing for us to focus on is that a company cannot win over time unless it gets more done per dollar spent than its competitors. These steps position us

to keep winning. And winning is what ultimately creates the most opportunity for everyone at Wayfair, and everyone who believes in Wayfair.

To our team, I can only say thank you. We are learning as fast as we can, and we are working hard to make the right decision at each juncture, even when they are hard decisions.

We are gaining forward momentum due to everyone's dedicated efforts. Our toughest stretch is now behind us. And I think our best year is right in front of us. We will get together next week as a team to talk more about these changes and the road ahead.

Thanks for your investment in Wayfair, and thank you to all of my past, current and future colleagues for joining in the journey.

– Niraj

<https://www.entrepreneur.com/business-news/read-wayfair-ceo-niraj-shahs-email-to-staff-about-layoffs/468578>