

## BuzzFeed Starts to Layoff 15% of its Workforce to Hit Profitability

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Last Wednesday night, January 23, 2019, BuzzFeed announced its [layoff plan](#) in a memo sent to employees by Jonah Peretti, the company's CEO and co-founder. The leading digital media company plans to reduce its workforce by 15%, or a total number of about 220 employees.

The layoff plan first affected the [news division](#) of BuzzFeed last Friday. Many teams within the news division, including the health desk, national desk, and LGBT desk suffered reductions in their workforces. While BuzzFeed News has received awards for its reports, it recently faced some [scrutiny](#) after publishing an article alleging President Trump directed his former lawyer, Michael Cohen, to lie to Congress.

According to the memo, the purpose of the layoff is to “reduce costs” and “maintain growth.” This restructuring may also help BuzzFeed to have more control over its operations and direction in the constantly changing digital media market. Peretti assured employees these layoffs would “improve [Buzzfeed’s] operating model so [the company] can thrive and control [its] own destiny, without ever needing to raise funding again.” Simply put, BuzzFeed is trying to “hit profitability” this year in an effort to ease the pressure imposed by venture capitalists. The profitability of a financed company is a major concern for VC firms. The more profitable start-ups are, the more proceeds VC firms can secure. As time passes by, VC firms then tend to push the company’s management to make changes in order to increase profitability.

BuzzFeed is a typical example of digital media companies struggling to survive in light of [declining advertising revenue](#). After Facebook cut down the “visibility of articles and videos from publishers,” many media companies, like BuzzFeed, Vox Media, Refinery29 and Group Nine, faced diminishing advertising revenues. These companies had to figure out new revenue sources in this new landscape. Last November, Peretti even suggested a merger between the top internet publishers in the hopes of having greater bargaining power against tech giants like Facebook and Google.

In a recent [interview](#) with the New York Times, Peretti said: “From a business standpoint, money is a means to an end.”

