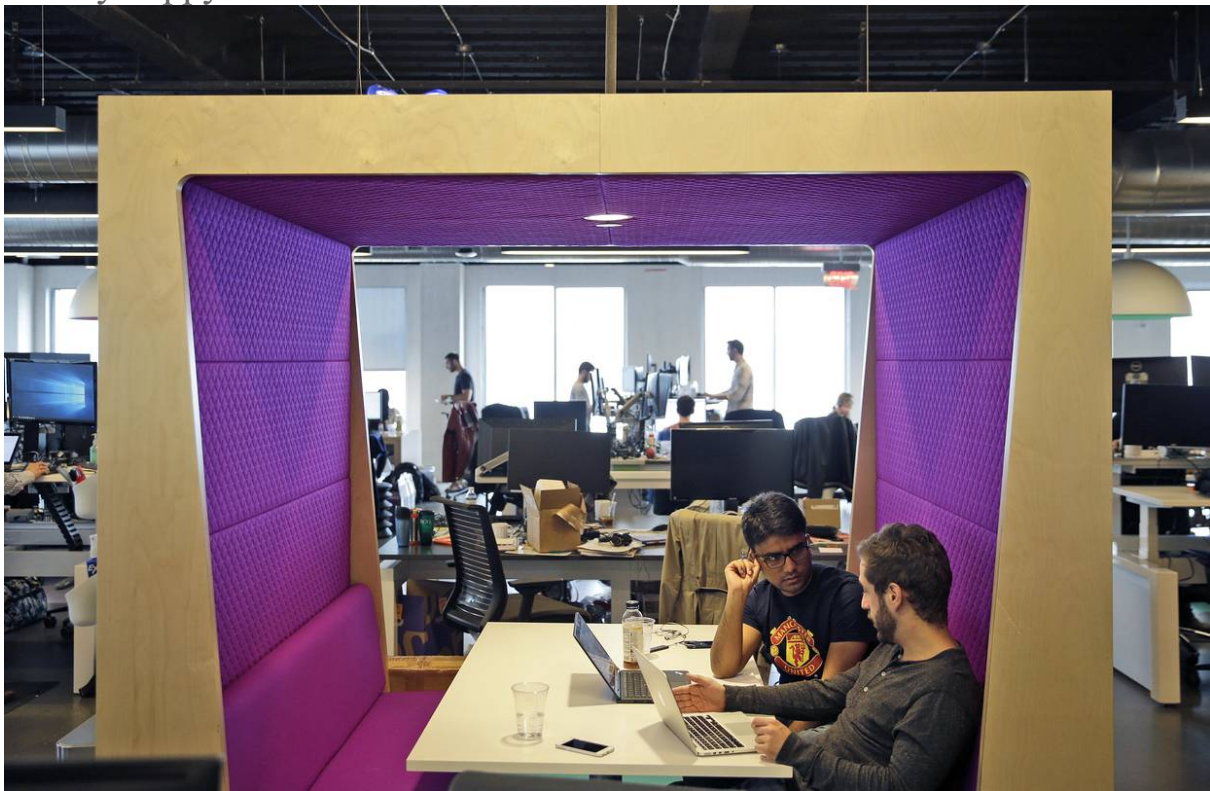


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It's 5 O'Clock Somewhere—Unless You've Been Acquired by Wal-Mart

The retailing giant bought Jet.com for \$3.3 billion, then had to cope with its weekly happy hour



Jet.com's office in Hoboken, N.J.

By *Sarah Nassauer* and *Brian Baskin*

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HOBOKEN, N.J.—Soon after [Wal-Mart Stores](#) Inc. bought Jet.com Inc., employees at the e-commerce startup learned how dry life under the retail behemoth could be. That's because Wal-Mart took away all the office booze.

Last September, a few weeks after the \$3.3 billion acquisition, staffers gathered in Jet's purple-themed headquarters, with sweeping views of Manhattan, to hear the rumors confirmed: Wal-Mart doesn't allow office drinking.

The startup's regular Thursday evening happy hour would have to be moved out of the office to the Wicked Wolf Tavern and other local bars. Casual desktide drinking had to go. "People were not thrilled," says Liza Landsman, a Jet executive who in 2015 helped launch the website, which sells everything from detergent to designer purses, and is now president.

Jet employees were accustomed to the perks and quirks of a startup that raised more than \$500 million from investors. They had the requisite pool table, cold-brew coffee on tap and conference rooms named after comic-book locations.

While those things stayed, an array of liquor in an office kitchen cupboard marked "Bar" didn't. Some Jet employees squirreled away a few bottles before an outside company packed up the contraband, says one former employee. "I would not say it's a party culture, but not the opposite of that," says another former Jet employee.



Jet.com was acquired last year by Wal-Mart.

In fact, Wal-Mart had made a major concession to Jet's thousands of employees by allowing Jet to pay for an off-site happy hour. There are no champagne toasts at Wal-Mart headquarters in Bentonville, Ark., thanks to a cocktail of conservative culture and a

strict low-cost ethos. Benton County, where the company has been based since Sam Walton opened his first store in 1950, prohibited the sale of alcohol until 2012. Wal-Mart generally doesn't allow employees to expense alcohol during work outings, let alone drink in the office.

"People don't really talk about drinking at work because you don't want to have that reputation," says Bo Yarbrough, a former recruiting manager at Wal-Mart. Increasingly, employees gather at the growing number of local bars for weekday happy hour after work, "but you wouldn't want to put that kind of thing on a work calendar," says Mr. Yarbrough, who left the retailer last summer.

Jet is based in Hoboken, a city where some locals brag about the high number of bars per capita. Jet founder Marc Lore, a New York native, is a wine aficionado and owner of a small vineyard in California's Napa Valley. Lore Vineyard's 2013 Cabernet Sauvignon earned a coveted 97 points from the Robert Parker Wine Advocate for its "fabulous intensity and loads of blackberry," though recent vintages aren't sold to the public.



Jet.com CEO Marc Lore, right, talks to an employee in Hoboken, N.J.

Wal-Mart's absorption of Jet is part of its intensifying battle with [Amazon.com](https://www.amazon.com) Inc. After buying the company, Wal-Mart put Mr. Lore in charge of its U.S. e-commerce business and swallowed several other online startups, including San Francisco's ModCloth, which

sells women's apparel, and Michigan's Moosejaw, an outdoors specialist. This month, it paid \$310 million for New York City-based Bonobos Inc., another apparel seller.

Mr. Lore and Wal-Mart CEO Doug McMillon discussed the potential culture clash in meetings before the Jet acquisition, including what to do with the startup's office drinking, says Ms. Landsman, Jet's president. The executives invented the off-site happy hour compromise to preserve "key touchstones in the culture" that made Jet's entrepreneurial talent valuable to Wal-Mart in the first place, she says.

Several months ago, Mr. McMillon asked Jet executives whether the retail giant was "hugging" Jet too tightly or not enough, she said. Jet executives said things were largely going well but many employees had stopped coming to happy hour after it was moved outside the office.

"One of the huge advantages of the office was the ability to float in and out," mingling, then going back to work at your desk, says Jack Hanlon, a Jet vice president. Wal-Mart reversed course. In recent weeks Jet brought back Thursday night happy hour in the office—generally beer, wine and food. "It's a pretty big signal from Wal-Mart that they were able to be flexible," says Mr. Hanlon.

The change is permeating the empire. Wal-Mart had wine and beer at a tailgate for its e-commerce team in San Bruno, Calif., when it hosted its annual day at a San Francisco Giants game in May. It is also allowing other startups it has acquired to host a weekly office happy hour—pending approval from a Wal-Mart executive vice president.

The employees at Madison Heights, Mich.-based Moosejaw, which Wal-Mart bought in February, never lost access to the "4 p.m. beer fridge" and keg, unlocked for one hour on Thursdays. "It helped that our beer fridge had always been run responsibly," with a two-beer maximum, Moosejaw CEO Eoin Comerford said.

Mr. Lore spoke to Bonobos staff in New York the day of the acquisition and cited Wal-Mart's newfound flexibility on office drinking as an example of how hard it will work to protect culture, said a Wal-Mart spokesman. There are other aspects of Wal-Mart's traditional habits that still raise eyebrows among Jet staffers. For example, Wal-Mart asked Jet employees to be mindful of swearing in the office. "That did not last," said Jeannie Slivensky, a marketing manager at Jet. "This is New York."

END

INSTRUCTIONS: Describe the strategy presented in this article. What motivated this strategy (there may have been more than one source of motivation)? What alternatives could Wal-Mart have pursued instead? Be very specific with your answers and cite supporting evidence from our textbook and this article.