Netflix culture of fear forces employees to act like good little Democrats or be fired

The Week Staff

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At Netflix, the workplace culture can be "ruthless" and "demoralizing," said Shalini Ramachandran and Joe Flint at *The Wall Street Journal*. The Silicon Valley-based streaming giant counts "radical candor and transparency" among its highest corporate values. "Virtually every employee can access sensitive information," such as viewer numbers for Netflix's shows; about 500 executives can see the salaries of every staffer. The same transparency applies to evaluating performance. The company encourages team dinners "where everyone goes around and gives feedback and criticism about others at the table." Managers are encouraged to regularly apply a "keeper test" to their staff, "asking themselves whether they would fight to keep a given employee" and firing those for whom the answer is "no." Netflix CEO Reed Hastings uses the keeper test himself, and last year fired one of the company's first employees, a close friend for decades. Some employees, though, see the test as a cover for "ordinary workplace politics," and the firings as callous. One former Netflixer says she saw a fired colleague crying as she packed her boxes. Other employees looked away, fearing that "helping her would put a target on their back."

Sure, working at Netflix is tough, "but the grown-ups it hires can handle it," said Joe Nocera at *Bloomberg*. Back in 2004, Patty McCord, Netflix's human resources chief, created a legendary 120-slide PowerPoint deck explaining Netflix's culture of "freedom and responsibility." She pushed her boss to "keep only our highly effective people." It was McCord who devised the keeper test. "Can you guess how the story ends?" In 2011, Hastings used the keeper test — and fired her. McCord was a grown-up, so she understood. The plight of Netflix's employees would be more sympathetic if they were Rust Belt factory

workers whose jobs were being shipped to Mexico. "But they're elites — highly paid Silicon Valley elites who have probably been through three or four jobs and are working at a place where they know that someday they'll be fired, at which point they'll be handed a big severance and find another job within days." Netflix's culture helped make the streaming service an enormous success. Both shareholders and employees should hope that "Hastings never stops firing people."

At Netflix, said Rhett Jones at *Gizmodo*, "kill or be killed seems to be accepted as mode of operation." People in other corporate cultures might recognize some of the elements of the "Netflix way": "brutal honesty, ritual humiliation, insider lingo, and constant fear." Taken together, they are a "unique version of corporate hell." But people who join the company "go in with their eyes open," said Todd Spangler at *Variety*. Few employees seem irked by the policy of letting go those who aren't stars. If they were, would Hastings keep his 87 percent approval rating from Netflix workers on the company ratings site Glassdoor? Netflix also took the No. 1 spot on a survey in which tech workers were asked which company they most wanted to join. "Dismissing employees who aren't working out should make Netflix stronger." A company set on "becoming the world's biggest entertainment company" can't afford to carry dead weight.