**CASE DISCUSSION: Netflix’ organizational culture**

1. **what are the key values of Netflix’s organizational culture according to you?**
2. **to which of the four cultural types seen during the lesson does Netflix resemble the most (clan, hierarchy, market, adhocracy)?**
3. **in light of its culture, would you like to work at Netflix (yes/no) and why?**

Netflix are famous for such TV shows as Back Mirror, Stranger Things, and Orange is the New Black, but within business circles they are also becoming known for redefining our view of work culture. One of the main reasons is that Netflix are explicit about their culture, particularly their expectations of employees. In 2009 Netflix produced a 125-page PowerPoint describing their culture. lt has been viewed 18 million times; Sheryl Sandberg, Facebook's chief operating officer, says it 'may well be the most important document ever to come out of [Silicon] Valley' (quoted in Ferenstein, 2013).

Netflix state their central premise is 'people aver process' to create a more 'flexible, fun, stimulating, creative, and successful organization' (Netflix, 2018a). They have no rules about when and how much people work, you can take holidays when you like, and new parents are encouraged to take the time off that they feel is right. Netflix states five core principles:

1. Encourage independent decision-making by employees
2. Share information openly, broadly and deliberately
3. Are extraordinarily candid with each other
4. Keep only our highly effective people
5. Avoid rules

They aim to 'liberate teams from unnecessary rules and approvals' (McCord, 2018: 10), share documents freely within the company and seek to create a 'dream tea ... in which all of your colleagues are extraordinary at what they do and are highly effective collaborators’ (Netflix, 2018). They work on the basis of trust and radical honesty, in which everyone gives direct, honest, and often difficult feedback to their colleagues.

Netflix also have a demanding 'high performance' and results-focused culture. Managers are told to 'put their confidence in people who’ve proven they can produce' (McCord, 2018: 117) and 'pay top of the market' (2018: 117) and 'don't measure people by how many hours they work' or how much effort they put in. They should focus on results (Netflix, 2018b). One of their core principles is the 'keeper test':

if one of the members of the team was thinking of leaving for another firm, would the manager try hard to keep them from leaving? Those that do not pass the keeper test (i.e. their manager would not fight to keep them) are promptly and respectfully given a generous severance package so we can find someone for that position that makes us an even better dream team. Getting cut from our team is very disappointing, but there is no shame. Being on a dream team can be the thrill of a professional lifetime.

(Netflix, 2018a)

As Patty McCord, their former chief talent officer, states: 'In product development if something doesn't work, you get rid of it. I realized we could apply that same principle of managing people' (McCord, 2018: 7).

*Sources and links*

King, D. and Lawley, S. (2019) *Organizational Behaviour* (Third edition). Oxford: Oxford University Press.

McCord, P. (2018) *Powerful: Building a Culture of Freedom and Responsibility*. Silicon Guild: San Francisco.

An extract available at: <https://knowledge.wharton.upenn.edu/podcast/knowledge-at-wharton-podcast/how-netflix-built-its-company-culture/>

Netflix (2018a). Netflix culture. Available at: <https://jobs.netflix.com/culture>

Netflix (2018b). Netflix culture: Freedom and responsibility. Available at: <https://www.youtube.com/watch?v=pl4UYZfVmTA>