

Transcript: Hastings Writes About Netflix's Cultural Reinvention In 'No Rules Rules'

DAVID GREENE, HOST:

Now as the fight against the coronavirus continues, many people are spending a lot more time at home. And that means big business for Netflix. The video streaming giant added 26 million new users so far this year, pushing its subscriber base to near 200 million. Netflix's CEO credits the company's unorthodox office culture for its rise. NPR's Bobby Allyn has a closer look.

BOBBY ALLYN, BYLINE: Unlimited vacation, submitting expenses without approval, being promoted for criticizing your company - these are the perks of working for Netflix, says CEO Reed Hastings.

REED HASTINGS: It's risky trusting employees as much as we do, giving them as much freedom as we do. But it's essential in creative companies where you have much greater risk from lack of innovation.

ALLYN: In his new book, "No Rules Rules," Hastings discusses his guiding principle - the keeper test. The idea is to ask your boss, if I wanted to leave, how hard would you fight to keep me? If the answer is not very hard, maybe it's time for you to go.

HASTINGS: Our culture memo says things like, adequate performance gets a generous severance package.

ALLYN: But the ruthless culture has some employees constantly looking over their shoulder. One former Netflix employee told me he lived in constant fear of losing his job and that people of color didn't feel as empowered to offer frank feedback as his white colleagues. He eventually quit. Hastings says people of all backgrounds rise in the company, but Netflix isn't for everyone.

HASTINGS: Those who feel fear tend to check out because it's an unpleasant feeling. And, really, it's best suited for people who can acknowledge intellectually the risks, but, in fact, they're so joyful about playing with great teammates.

JONATHAN KNEE: There are certainly versions of this that would clearly be completely destructive, right?

ALLYN: Jonathan Knee is a Columbia Business School professor and former investment banker. He likes Netflix's culture. He says it's actually better than what happens in most American offices.

KNEE: People are not rewarded for giving feedback. There's going to be emotions. There's human beings. Somebody is going to cry, you know - something. You just don't want to. It's like, you know what? Let's just wait.

ALLYN: This merciless approach is also applied to shows Netflix produces.

(SOUNDBITE OF TV SHOW, "OZARK")

SOFIA HUBLITZ: (As Charlotte Byrde) Mom, what are we doing here?

LAURA LINNEY: (As Wendy Byrde) Your father's laundering money for Mexican drug cartels.

(SOUNDBITE OF TV SHOW, "DEAR WHITE PEOPLE")

LOGAN BROWNING: (As Samantha White) When are you going to wake up to your white privilege, man?

(SOUNDBITE OF TV SHOW, "ONE DAY AT A TIME")

JUSTINA MACHADO: (As Penelope Alvarez) And then maybe later you can show me how to turn into a bat.

ARIELA BARER: (As Carmen) Your mom's kind of mean. I'm obsessed with her.

ALLYN: Those were the trailers for "Ozark," "Dear White People" and "One Day At A Time" - all acclaimed shows and all ended by Netflix in the last two years. However polarizing, Netflix has taken off like a rocket ship. Netflix's big push into original programming with award-winning movies and buzzy shows like "Tiger King" have made Netflix's profits speed past traditional Hollywood studios.

HASTINGS: We do attribute a lot of that to the culture.

ALLYN: But Hastings admits the culture can be tough, even on him. Hastings' leadership style was once described as being, quote, "unencumbered by emotion." And he told me a vice president at the company once told him he isn't a good listener, and he's unempathetic.

HASTINGS: Which, I have to say, even, you know, at my level of success, it hurts because I thought I had done better in that dimension. But I remember that feedback is like exercise. And it's those last few crunches - it's those last few pushups that hurt that make you stronger.

ALLYN: Another thing that hurt - finding out that an employee in Taiwan was reimbursed \$100,000 for personal travel. The employee was fired. But since there's no approval for work expenses, it took Netflix three years to discover it. Bobby Allyn, NPR News, San Francisco.

(SOUNDBITE OF MUSIC)

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