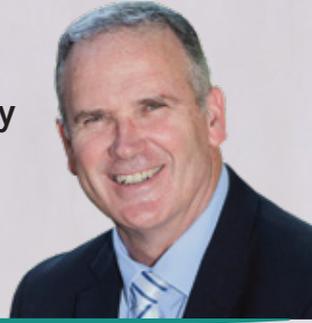


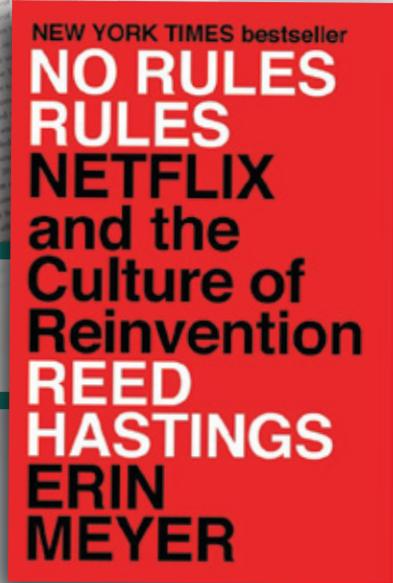


Chapter Chat

with
Jonathan Manley
Executive Principal
St Mary's DSG



Focus on: *Business Culture*



St MARY'S
Diocesan School for Girls, Kloof
FOUNDATION TRUST

Netflix is undoubtedly one of those companies which has disrupted the world of entertainment and ushered in an entirely new way of consuming movies and television series. When a company achieves this, it naturally piques the curiosity of entrepreneurs and business analysts across the globe. It may come as no surprise that several business books use the Netflix success as a case study when it comes to understanding disruption and successful innovation.

If one is interested in what made Netflix so successful, then one should get the story from the horse's mouth as it were. Reed Hastings is somewhat of a maverick who learnt much from his previous companies' successes and misfortunes. It is apparent that he intentionally looks to learn in every situation and from everyone he meets. He teams up with Erin Meyer in writing this book who is an international expert and published author on the topic of culture.

No Rules Rules is essentially the philosophy and culture which has made Netflix the agile, rule-breaking, risk-taking entity we know today. The book outlines very clearly and simply the fundamentals of their culture and explains why it has worked so well for them. The principles which are quoted in many other books are sometimes counterintuitive, yet they work when they are understood and shared across the whole organisation. Hastings does make it clear though, that not everyone can work at Netflix. The culture needs to resonate with one's personality and perspective. It is a different way of working, thinking and responding to the business environment.

Hastings has realised that people matter more than the rules and policies that seem to engulf organisations as they become successful and grow. He decided to keep Netflix simple to ensure that people were given more decision-making opportunities. To make this work well they needed to know the context within which they were operating and had some guiding principles to help them in this process. The main guiding question in this regard is: "What is in the company's best interests?"

The way they allow employees to make decisions, which will either make or cost them money, can only work if the culture is consistent and develops a healthy sense of accountability in each person.

It is also interesting to read how their culture is misinterpreted by some, seeming heartless. The reason for this is that Hastings believes that one or two mediocre employees can bring down the performance

of the whole organisation - this is backed up by research. He also believes that one superstar can make a huge difference and should be retained and given the freedom to perform. Given this commitment to hiring and retaining the best, their remuneration plan is to always compete with the top end of the market and to pay accordingly.

When they started to remove some of the traditional corporate control mechanisms, they saw some interesting developments. People didn't abuse the freedom, rather they became more disciplined and worked harder. There were some who took advantage of the lighter touch, but these inevitably became apparent and it was addressed with them individually.

Here are some standout points for me worth exploring:

- Lead with context not controls if one wants effective distributed leadership
- Honesty and candor are essential for feedback to be of any value.
- Freedom and Responsibility are both needed for strategy execution.
- When someone makes a mistake, instead of blaming them, ask what failed in the organisation to enable them to make a better decision?
- Which analogy describes your business: a family or a team?
- When one hires really good people, your internal controls are less stressed.

As you have learnt more about the Netflix story, you may be curious to know what their stated values are and how they on-board people into the organisation. The Netflix webpage has a culture deck which details all this very concisely - <https://bit.ly/3xmO9jM>. I would be surprised if you don't want to visit that page soon.

Brought to you by
Volvo Cars Hillcrest

www.volvocarshillcrest.co.za