

Netflix Culture

Entertainment, like friendship, is a fundamental human need; it changes how we feel and gives us common ground. Netflix is better entertainment at lower cost and greater scale than the world has ever seen. We want to entertain everyone, and make the world smile.

This document is about our unusual employee culture.

Like all great companies, we strive to hire the best and we value integrity, excellence, respect, inclusivity, and collaboration. What is special about Netflix, though, is how much we:

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

Our core philosophy is **people over process**. More specifically, we have great people working together as a **dream team**. With this approach, we are a more flexible, fun, stimulating, creative, collaborative and successful organization.

Real Values

you want to work with, the more likely you will thrive at Netflix.

Judgment

- You make wise decisions despite ambiguity
- You identify root causes, and get beyond treating symptoms
- You think strategically, and can articulate what you are, and are not, trying to do
- You are good at using data to inform your intuition
- You make decisions based on the long term, not near term

Communication

- You are concise and articulate in speech and writing
- You listen well and seek to understand before reacting
- You maintain calm poise in stressful situations to draw out the clearest thinking
- You adapt your communication style to work well with people from around the world who may not share your native language
- You provide candid, helpful, timely feedback to colleagues

Curiosity

- You learn rapidly and eagerly
- You contribute effectively outside of your specialty
- You make connections that others miss
- You seek to understand our members around the world, and how we entertain them
- You seek alternate perspectives

Courage

- You say what you think, when it's in the best interest of Netflix, even if it is uncomfortable
- You make tough decisions without agonizing
- You take smart risks and are open to possible failure
- You question actions inconsistent with our values
- You are able to be vulnerable, in search of truth

Passion

- You inspire others with your thirst for excellence
- You care intensely about our members and Netflix's success
- You are tenacious and optimistic
- You are quietly confident and openly humble

Selflessness

- You share information openly and proactively

Innovation

- You create new ideas that prove useful
- You re-conceptualize issues to discover solutions to hard problems
- You challenge prevailing assumptions, and suggest better approaches
- You keep us nimble by minimizing complexity and finding time to simplify
- You thrive on change

Inclusion

- You collaborate effectively with people of diverse backgrounds and cultures
- You nurture and embrace differing perspectives to make better decisions
- You are curious about how our different backgrounds affect us at work, rather than pretending they don't affect us
- You recognize we all have biases, and work to grow past them
- You intervene if someone else is being marginalized

Integrity

- You are known for candor, authenticity, transparency, and being non-political
- You only say things about fellow employees that you say to their face
- You admit mistakes freely and openly
- You treat people with respect independent of their status or disagreement with you

Impact

- You accomplish amazing amounts of important work
- You demonstrate consistently strong performance so colleagues can rely upon you
- You make your colleagues better
- You focus on results over process

It's easy to write admirable values; it's harder to live them. In describing courage we say, *"You question actions inconsistent with our values."* We want everyone to help each other live the values and hold each other responsible for being role models. It is a continuous aspirational stretch.

In describing integrity we say, *"You only say things about fellow employees you say to their face."* This attribute is one of the hardest for new people to believe — and to learn to practice. In most situations, both social and work, those who consistently say what they really think about people are quickly isolated and banished. We work hard to get people to give each other professional, constructive feedback - up, down and across the organization - on a continual basis. Leaders demonstrate that we

are all fallible and open to feedback. People frequently ask others, "What could I be doing better?" and

with one another versus an occasional formal exercise. We build trust by being selfless in giving feedback to our colleagues even if it is uncomfortable to do so. Feedback helps us to avoid sustained misunderstandings and the need for rules. Feedback is more easily exchanged if there is a strong underlying relationship and trust between people, which is part of why we invest time in developing those professional relationships. We celebrate the people who are very candid, especially to those in more powerful positions. We know this level of candor and feedback can be difficult for new hires and people in different parts of the world where direct feedback is uncommon. We actively help people learn how to do this at Netflix through coaching and modeling the behaviors we want to see in every employee.

Dream Team

A dream team [1] is one in which *all* of your colleagues are extraordinary at what they do and are highly effective collaborators. The value and satisfaction of being on a dream team is tremendous. Our version of the great workplace is not sushi lunches, great gyms, fancy offices, or frequent parties. Our version of the great workplace is a dream team in pursuit of ambitious common goals, for which we spend heavily. It is on such a team that you learn the most, perform your best work, improve the fastest, and have the most fun.

To have an entire company comprise the dream team (rather than just a few small groups) is challenging. Unquestionably, we have to hire well. We also have to foster collaboration, embrace a diversity of viewpoints, support information sharing, and discourage politics. The unusual part is that *we give adequate performers a generous*[2] *severance package* so that we can find a star for that position. If you think of a professional sports team, it is up to the coach to ensure that *every* player on the field is amazing at their position, and plays very effectively with the others. We model ourselves on being a team, not a family. A family is about unconditional love, despite, say, your siblings' bad behavior. A dream team is about pushing yourself to be the best teammate you can be, caring intensely about your teammates, and knowing that you may not be on the team forever.

We have no bell curves or rankings or quotas such as "cut the bottom 10% every year." That would be detrimental to fostering collaboration, and is a simplistic, rules-based approach we would never support. We focus on managers' judgment through the "keeper test" for each of their people: 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 who 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.

Given our dream team orientation, it is very important that managers communicate frequently with each of their team members about where they stand so surprises are rare. Also, it is safe for any employee at any time to check in with their manager by asking, "How hard would you work to change my mind if I

opposite. We try all kinds of things and make plenty of mistakes as we search for improvement. The keeper test is applied as a judgment of someone's overall expected contribution.

Within a dream team, collaboration and trust work well because your colleagues are both exceptionally skilled at what they do, and at working well with others. In describing selflessness we say *"You make time to help colleagues. You share information openly and proactively."* We want new colleagues to feel very welcome and get all the support they need to be effective.

People like loyalty, and it is great as a stabilizer. Employees with a strong track record at Netflix get leeway if their performance takes a temporary dip. Similarly, we ask employees to stick with Netflix through any short term dips. But unconditional allegiance to a stagnant firm, or to a merely-adequately-performing employee, is not what we are about.

On a dream team, there are no "brilliant jerks." The cost to teamwork is just too high. Our view is that brilliant people are also capable of decent human interactions, and we insist upon that. When highly capable people work together in a collaborative context, they inspire each other to be more creative, more productive and ultimately more successful as a team than they could be as a collection of individuals.

Succeeding on a dream team is about being effective, not about working hard. Sustained "B" performance, despite an "A" for effort, gets a respectful severance package. Sustained "A" performance, even with modest level of effort, gets rewarded. Of course, to be great, most of us have to put in considerable effort, but hard work and long hours is not how we measure or talk about a person's contribution.

Being on a dream team is not right for everyone, and that is OK. Many people value job security very highly, and would prefer to work at companies whose orientation is more about stability, seniority, and working around inconsistent employee effectiveness. Our model works best for people who highly value consistent excellence in their colleagues.

To help us attract and retain stunning colleagues, we pay employees at the top of their personal market. We make a good-faith estimate of the highest compensation each employee could make at peer firms, and pay them that maximum. Typically, we calibrate to market once a year. We do not think of these as "raises" and there is no raise pool to divide up. The market for talent is what it is. We avoid the model of "2% raise for adequate, 4% raise for great". Some employees' market value will rapidly rise (due both to their performance and to a shortage of talent in their areas) while other employees may be flat year-to-year, despite doing great work. At all times, we aim to pay all of our people at the top of their personal market.

Note that if our company experienced financial difficulty, we wouldn't ask our employees to accept less pay. A sports team with a losing record still pays top of personal market for the players they hope will get them back into a winning position. On the other hand, if the company does well, our broadly

learn increases your market value. Knowing that other companies would quickly hire you if you left Netflix is comforting. We see occasional outside interviewing as healthy, and encourage employees to talk with their managers about what they learn in the process.

While our teammates are fantastic, and we work together very well, we know we can always do better. We strive to have calm confidence, and yet yearn to improve. We suck compared to how great we want to become.

Freedom and Responsibility

There are companies where people walk by trash on the floor in the office, leaving it for someone else to pick it up, and there are companies where people in the office lean down to pick up the trash they see, as they would at home. We try hard to be the latter, a company where everyone feels a sense of responsibility to do the right thing to help the company at every juncture. Picking up the trash is the metaphor for taking care of problems, small and large, and never thinking “that’s not my job.” We don’t have rules about picking up the real or metaphoric trash. We try to create the sense of ownership so that this behavior comes naturally.

Our goal is to inspire people more than manage them. We trust our teams to do what they think is best for Netflix — giving them lots of freedom, power, and information in support of their decisions. In turn, this generates a sense of responsibility and self-discipline that drives us to do great work that benefits the company.

We believe that people thrive on being trusted, on freedom, and on being able to make a difference. So we foster freedom and empowerment wherever we can.

In many organizations, there is an unhealthy emphasis on process and not much freedom. These organizations didn’t start that way, but the python of process squeezed harder every time something went wrong. Specifically, many organizations have freedom and responsibility when they are small. Everyone knows each other, and everyone picks up the trash. As they grow, however, the business gets more complex, and sometimes the average talent and passion level goes down. As the informal, smooth-running organization starts to break down, pockets of chaos emerge, and the general outcry is to “grow up” and add traditional management and process to reduce the chaos. As rules and procedures proliferate, the value system evolves into rule following (i.e. that is how you get rewarded). If this standard management approach is done well, then the company becomes very efficient at its business model — the system is dummy-proofed, and creative thinkers are told to stop questioning the status quo. This kind of organization is very specialized and well adapted to its business model. Eventually, however, over 10 to 100 years, the business model inevitably has to change, and most of these companies are unable to adapt.

To avoid the rigidity of over-specialization, and avoid the chaos of growth, while retaining freedom, we

We are dedicated to increasing employee freedom [3] to fight the python of process. Some examples of how we operate with unusual amounts of freedom are:

- We share documents internally broadly and systematically. Nearly every document is fully open for anyone to read and comment on, and everything is cross-linked. Memos on each title's performance, on every strategy decision, on every competitor, and on every product feature test are open for all employees to read. There are some leaks, but the value of highly-informed employees is well worth it.
- There are virtually no spending controls or contract signing controls. Each employee is expected to seek advice and perspective as appropriate. "Use good judgment" is our core precept.
- Our policy for travel, entertainment, gifts, and other expenses is 5 words long: "act in Netflix's best interest." We also avoid the compliance departments that most companies have to enforce their policies.
- Our vacation policy is "take vacation." We don't have any rules or forms around how many weeks per year. Frankly, we intermix work and personal time quite a bit, doing email at odd hours, taking off weekday afternoons for kids' games, etc. Our leaders make sure they set good examples by taking vacations, often coming back with fresh ideas, and encourage the rest of the team to do the same.
- Our parental leave policy is: "take care of your baby and yourself." New parents generally take 4-8 months.
- Each employee chooses each year how much of their compensation they want in salary versus stock options. You can choose all cash, all options, or whatever combination suits you [4]. You choose how much risk and upside you want. These 10-year stock options are fully-vested and you keep them even if you leave Netflix.
- There are no compensation handcuffs (vesting) requiring you to stay in order to get your money. People are free to leave at any time, without loss of money, and yet they overwhelmingly choose to stay. We want managers to create conditions where people love being here, for the great work and great pay.

You might think that such freedom would lead to chaos. But we also don't have a clothing policy, yet no one has come to work naked. The lesson is you don't need policies for everything. Most people understand the benefits of wearing clothes at work.

There are a few important exceptions to our anti-rules pro-freedom philosophy. We are strict about ethical issues and safety issues. Harassment of employees or trading on insider information are zero tolerance issues, for example. Some information security issues, such as keeping our members' payment information safe, have strict controls around access. Transferring large amounts of cash from our company bank accounts has strict controls. But these are edge cases.

In general, freedom and rapid recovery is better than trying to prevent error. We are in a creative

On rare occasion, freedom is abused. We had one senior employee who organized kickbacks on IT contracts for example. But those are the exceptions, and we avoid over-correcting. Just because a few people abuse freedom doesn't mean that our employees are not worthy of great trust.

Some processes are about increased productivity, rather than error avoidance, and we like process that helps us get more done. One such process we do well is effective scheduled meetings. We have a regular cadence of many types of meetings; we start and end on time, and have well-prepared agendas. We use these meetings to learn from each other and get more done, rather than to prevent errors or approve decisions.

Informed Captains

For every significant decision there is a responsible captain of the ship who makes a judgment call after sharing and digesting others' views. We avoid committees making decisions because that would slow us down, and diffuse responsibility and accountability. We farm for dissent; dissent is not natural or easy, which is why we make a concerted effort to stimulate it. Many times, groups will meet about topics and debate them, but then afterwards someone needs to make a decision and be that "captain". Small decisions may be shared just by email, larger ones will merit a memo with discussion of the various positions, and why the captain made such a decision. The bigger a decision, the more extensive the dissent/assent gathering should be, usually in an open shared document. We are clear, however, that decisions are not made by a majority or committee vote. We don't wait for consensus, nor do we drive to rapid, uninformed decision making. When the captain of any particular decision is reasonably confident of the right bet for us to take, they decide and we take that bet. Afterwards, as the impact becomes clearer, we reflect on the decision, and see if we could do even better in the future.

Disagree Openly

If you disagree on a material issue, it is your responsibility to explain why you disagree, ideally in both discussion and in writing. The back and forth of discussion can clarify the different views, and concise writing of the core issues helps people reflect on what is the wise course, as well as making it easy to share your views widely. The informed captain on that decision has the responsibility to welcome, understand, and consider your opinions, but may not agree. Once the captain makes a decision, we expect everyone to help make it as successful as possible. Later, if significant new information becomes available, it is fine to ask the captain to revisit the topic. Silent disagreement is unacceptable and unproductive.

Context Not Control

We want employees to be great independent decision makers, and to only consult their manager when

product or service becomes amazing. The legend of Steve Jobs was that his micromanagement made the iPhone a great product. Others take it to new extremes, proudly calling themselves nano-managers. The heads of major networks and studios sometimes make many decisions in the creative process of their content. We do not emulate these top-down models because we believe we are most effective and innovative when employees throughout the company make and own decisions.

We strive to develop good decision-making muscle everywhere in our company. We pride ourselves on how few, not how many, decisions senior management makes. We don't want hands-off management, though. Each leader's role is to teach, to set context, and to be highly informed of what is happening. The only way to figure out how the context setting needs to improve is to explore a sample of the details. But unlike the micro-manager, the goal of knowing those details is not to change certain small decisions, but to learn how to adjust context so more decisions are made well.

There are some minor exceptions to "context not control," such as an urgent situation in which there is no time to think about proper context and principles, or when a new team member hasn't yet absorbed enough context to be confident, or when it's recognized that the wrong person is in a decision-making role (temporarily, no doubt).

We tell people not to seek to please their boss. Instead, seek to serve the business. It's OK to disagree with your manager. It's never OK to hide anything. It's OK to say to your manager, "I know you disagree, but I'm going to do X because I think it is a better solution. Let me know if you want to specifically override my decision." What we don't want is people guessing what their manager would do or want, and then executing on that guess.

Highly Aligned, Loosely Coupled

As companies grow, they often become highly centralized and inflexible. Symptoms include:

- Senior management is involved in many small decisions
- There are numerous cross-departmental buy-in meetings to socialize tactics
- Pleasing other internal groups takes precedence over pleasing customers
- The organization is highly coordinated and less prone to error, but slow and frustrating

We avoid this by being highly aligned and loosely coupled. We spend lots of time debating strategy together, and then trust each other to execute on tactics without prior approvals. Often, two groups working on the same goals won't know of, or have approval over, their peer activities. If, later, the activities don't seem right, we have a candid discussion. We may find that the strategy was too vague or the tactics were not aligned with the agreed strategy. And we discuss generally how we can do better in the future.

The success of a "Highly Aligned, Loosely Coupled" work environment is dependent upon the

Seeking Excellence

New employees often comment in their first few months that they are surprised how accurate this culture description is to the actual culture they experience. Around the world, we live and create our culture together. In fact, hundreds of our global employees contributed to this document.

We do not seek to preserve our culture — we seek to improve it. Every person who joins us helps to shape and evolve the culture further. We find new ways to accomplish more together. Every few years we can feel a real difference in how much more effectively we are operating than in the past. We are learning faster than ever because we have more dedicated people with diverse perspectives trying to find better ways for our talented team to work together more cohesively, nimbly and effectively.

Summary

As we wrote in the beginning, what is special about Netflix is how much we:

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

Finally

Antoine de Saint-Exupéry, the author of *The Little Prince*, shows us the way:

> *If you want to build a ship,*
> *don't drum up the people*
> *to gather wood, divide the*
> *work, and give orders.*
>
> *Instead, teach them to yearn*
> *for the vast and endless sea.*

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[1] We mean the team of your dreams, not the 1992 men's USA Olympic basketball team.

[2] We generally offer a minimum of four months of full pay to our salaried employees as a severance package, giving our ex-teammates time to find a new company.

[3] Mostly for our salaried employees; there are many limitations on this for our hourly employees due to legal requirements.

[4] Sadly, a few countries' tax laws do not support employee choice (Singapore, Japan, France, Korea,

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