

ENGLISH LEARNING FOR CURIOUS MINDS



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Episode #164

The Rise And Fall Of WeWork

4th Jun, 2021

[00:00:00] Hello, hello hello, and welcome to English Learning for Curious Minds, by Leonardo English.

[00:00:12] The show where you can listen to fascinating stories, and learn weird and wonderful things about the world at the same time as improving your English.

[00:00:23] I'm Alastair Budge and today we are going to be talking about The Rise and Fall of WeWork, the [co-working](#)¹ company that was set to take over the world, and then... well, didn't.

[00:00:37] It is a really interesting story involving a [charismatic](#)² leader, empty buildings, ping pong tables, lots of money, the future of work, and a lot of free coffee.

¹ sharing the work place with other people who work for different companies

² charming and inspiring



[00:00:51] Before we get right into today's episode, I want to remind you that you can become a member of Leonardo English and follow along with the subtitles, the transcript and its key vocabulary over on the website, which is leonardoenglish.com.

[00:01:06] Membership of Leonardo English gives you access to all of our learning materials, all of our bonus episodes, so that's more than 160 different episodes now, as well as two new ones every week, plus access to our awesome private community where we do live events, challenges, and much, much more.

[00:01:29] Our community now has members from over 50 countries, and it is my mission to make it the most interesting place for curious people like you to improve their English.

[00:01:40] So, if that is of interest, - and I can't see a reason why it wouldn't be - then the place to go to is leonardoenglish.com.

[00:01:53] OK then, WeWork.

[00:01:56] Now, you may have heard of this company before.

[00:01:59] Perhaps you have even been inside a WeWork office.

[00:02:04] If you haven't heard of it, WeWork essentially is a company that rents out office space.



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[00:02:10] If you are a **freelancer**³ and you want to work at a desk in a nice office, or if you are a large company and you want a nice office for your staff, WeWork provides everything you need.

[00:02:24] Now, unless you are familiar with the story of WeWork, you probably think this sounds all terribly boring, but before pressing pause, or **skipping**⁴ to another episode, let me assure you that the story of WeWork is anything but boring, and through it we can ask ourselves all sorts of interesting and **pertinent**⁵ questions.

[00:02:50] Such as: What will the offices of the future look like?

[00:02:54] How will office life post-COVID be different?

[00:02:58] Is every company a technology company?

[00:03:02] And is there such a thing as a dream that is just too big?

[00:03:08] Now, back to WeWork.

[00:03:10] Let me paint a picture of WeWork at its **peak**⁶, at its height, in the summer of 2019, before telling the story of how it got there.

³ someone who is not employed by a company but does independent work for different organisations

⁴ passing over, ignoring

⁵ relevant

⁶ highest point or level



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[00:03:22] The company had raised over \$8 billion dollars in [venture capital](#)⁷, it had raised this money from investors in order to grow.

[00:03:31] It had offices in 32 different countries, and over half a million people working inside them.

[00:03:39] Its offices had free beer, ping pong tables, sofas, you name it.

[00:03:45] Its thousands of employees would be flown to all-expenses-paid WeWork festivals where they would party and be [serenaded](#)⁸ by famous musicians.

[00:03:58] The company had its own private jet, and its founder had a collection of houses and apartments in some of the world's most [desirable](#)⁹ cities, all over the US, Europe, and The Middle East.

[00:04:14] It was set to go public, it was set to list its shares on the stock exchange, and hoped to be worth over \$50 billion dollars.

[00:04:25] This [fundraising](#)¹⁰ would make its [charismatic](#) CEO, an Israeli named Adam Neumann, a billionaire several times over, and staff with [stock options](#)¹¹, staff who

⁷ money that is invested in startup companies

⁸ entertained by listening to music

⁹ wanted and attractive

¹⁰ the act of collecting money for a particular purpose

¹¹ contracts for the right to buy shares from the company at a particular price



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owned [shares](#)¹² in the company, as well as early investors, would receive a [bumper](#)¹³ [payday](#)¹⁴, they would make a load of money.

[00:04:45] Yet, over the period of a few weeks WeWork fell from the stars, as investors looked more closely at the company and smelled something [fishy](#)¹⁵, they felt that something was wrong.

[00:05:01] The company [scrambled](#)¹⁶, Neumann was forced out, thousands of employees were [sacked](#)¹⁷, offices were closed, and the company [struggled](#)¹⁸ to avoid going [bankrupt](#)¹⁹.

[00:05:13] To figure out how that all happened, we need to go back almost 10 years, to New York City.

[00:05:21] WeWork was founded in 2010 by two friends: Adam Neumann, the [charismatic](#) Israeli, and Miguel McKelvey, an American from Oregon.

¹² equal parts of the company's capital and ownership, that give the owners part of the profits

¹³ very large

¹⁴ (informal) amount of money that is paid out, for example when winning a bet

¹⁵ seeming dishonest or wrong

¹⁶ did everything it could

¹⁷ dismissed from employment, fired

¹⁸ made a great effort

¹⁹ declared in law as unable to pay their debts



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[00:05:33] They had successfully built and sold an office rental company, a company that managed office space, and now they had plans for something bigger.

[00:05:44] This vision for WeWork seemed to come primarily from Neumann.

[00:05:49] He had grown up in a [kibbutz](#)²⁰ in Israel, a sort of [collective](#)²¹ community, and he wanted to recreate the community feel in an office environment.

[00:06:01] McKelvey, on the other hand, was an architect [by trade](#)²², but had also grown up in what he called a 5-mother-collective, a sort of mini [kibbutz](#) of 5 different families.

[00:06:16] So both men were deep believers in the power of community to bring people together.

[00:06:23] If one were to put [labels](#)²³ on the responsibilities of each of the men, it was Neumann's job to be the salesman, to find new buildings to rent, to do deals, to get people inspired by the vision of WeWork, and to raise money from investors.

[00:06:43] And McKelvey, as an architect, was in charge of designing the buildings.

[00:06:48] Now, WeWork's main business wasn't particularly complicated.

²⁰ a community settlement in Israel

²¹ shared by every member of a community

²² professionally

²³ descriptive words



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[00:06:54] It would rent large amounts of office space, and sometimes even entire buildings, then it would [decorate](#)²⁴ them and make them look pleasant to a younger, more creative crowd, it would divide them into smaller offices, and rent them out individually.

[00:07:12] To give a very basic example, if they rented a space from a property owner for \$50,000 a month, and then found 200 [freelancers](#)²⁵ who were willing to pay \$500 each every month, then WeWork would collect \$100,000 in rent from the [freelancers](#), and pay \$50,000 to the building owner, and the difference was how it made its money.

[00:07:37] Not rocket science, right?

[00:07:40] The [proposition](#)²⁶ was very attractive to investors, and WeWork soon was flooded with money from people who wanted a piece of the company, thinking they might have found the next Facebook or Google.

[00:07:53] The CEO of the company, Adam Neumann, was an excellent storyteller, and an extremely [charismatic](#) individual.

²⁴ make them look more attractive by adding items such as paintings etc.

²⁵ people who are not employed by a company but do independent work for different organisations

²⁶ a business offer or suggestion



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[00:08:02] He spoke with an Israeli accent, he was almost two meters tall, and he had an [imposing²⁷ presence²⁸](#) that [captivated²⁹](#) anyone who listened.

[00:08:14] And WeWork seemed to be doing something that no other company had managed to do.

[00:08:20] It was making office space cool.

[00:08:24] There were thousands of other companies that did a similar thing, but they were boring.

[00:08:29] Nobody dreamed about working in them, and they were [merely³⁰](#) a [utility³¹](#).

[00:08:36] WeWork was [aspirational³²](#); people wanted to work in a WeWork office, and people wanted to work for WeWork.

²⁷ important and causing admiration

²⁸ impressive manner or appearance

²⁹ held the attention by being exciting and attractive

³⁰ just, simply

³¹ functional rather than attractive

³² causing the ambition of achieving something



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[00:08:46] WeWork seemed to have found the formula for growth. It found office space, signed a contract to rent the space for an extended period of time, [refurbished](#)³³ the space and made it cool, then new [tenants](#)³⁴ would arrive.

[00:09:03] All it needed for world domination was money.

[00:09:08] It needed to invest in people, and it needed to invest in these [leases](#)³⁵, in the rents for the space.

[00:09:18] Even though WeWork tended to not buy the buildings [outright](#)³⁶, it just rented them, it was a very capital intensive business.

[00:09:27] Starting a worldwide property empire wasn't cheap.

[00:09:31] Luckily, Neumann was an excellent salesman, and money seemed to naturally flow towards him.

[00:09:40] The money started small, comparatively speaking, \$15 million dollars from a New York property developer, but shortly afterwards the numbers were in the hundreds of millions and then the billions.

³³ renovated and redecorated

³⁴ people who pay rent for the use of a space

³⁵ rents

³⁶ completely



The Rise And Fall Of WeWork

[00:09:54] WeWork was flying high, and burning through money, it was spending far more money than it made.

[00:10:02] By 2016 it was not just a unicorn, the term given by investors to a startup valued at over a billion dollars, it was now a decacorn, a company valued at over \$10 billion.

[00:10:18] It seemed [unstoppable](#)³⁷.

[00:10:21] A large amount of the later money had actually come via Japan, from an [eccentric](#)³⁸ but brilliant Japanese businessman, called Mayoshi Son.

[00:10:32] Son had built up the Japanese technology company SoftBank, and had developed a [reputation](#)³⁹ as an excellent, [albeit](#)⁴⁰ [unorthodox](#)⁴¹ investor.

[00:10:44] He had made one of the best investments in history, as an early investor in Yahoo!, and then giving an unknown entrepreneur called Jack Ma \$20 million to start a company in China.

³⁷ unable to be stopped

³⁸ strange or unusual

³⁹ the opinion that people have about someone

⁴⁰ although

⁴¹ different from what is usual or expected



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[00:10:58] The company Jack Ma started was Alibaba, and this \$20 million investment would turn into over \$150 billion for Son.

[00:11:10] Son was on the lookout⁴² for the next home-run⁴³ investment, he was now looking to invest in companies that he believed would change the world and net⁴⁴ him a handsome⁴⁵ profit.

[00:11:23] After meeting Neumann, he believed he had found one in WeWork, and SoftBank piled⁴⁶ money into the company, with Son reportedly agreeing to invest \$4.4 billion after meeting Neuman for only 28 minutes.

[00:11:40] By this time, the vision of WeWork had outgrown⁴⁷ mere⁴⁸ office space.

[00:11:46] It had changed its name to The We Company, and had bought and built schools for kids, buildings for people to live in, and even slightly less connected businesses such as one that made swimming pools with artificial waves.

⁴² watching and looking for

⁴³ successful

⁴⁴ catch, gain

⁴⁵ substantial, large

⁴⁶ placed a large amount of

⁴⁷ grown too big for

⁴⁸ simple, small



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[00:12:02] Neumann's vision, or at least what he was telling investors, would be that WeWork would solve many of the world's problems, office space was [merely](#) the start.

[00:12:14] A child might be born in a We apartment, they would go to a We [kindergarten](#)⁴⁹, they would work at a We office, and their entire life would [revolve around](#)⁵⁰ The We Company.

[00:12:27] Now, you might think this sounds mad and [implausible](#)⁵¹, perhaps even Orwellian, but Mayoshi Son and Softbank continued to believe in this vision.

[00:12:40] As SoftBank put more and more money into the company, people on the outside [scratched their heads](#)⁵² and questioned what was going on.

[00:12:49] Was there something that they didn't understand?

[00:12:53] How could an office space company possibly be valued so highly?

[00:12:59] It's worth briefly pausing to address the question of how companies are valued.

⁴⁹ a play school for young children

⁵⁰ have it as a main subject and interest

⁵¹ difficult to believe

⁵² thought hard to understand what was going on



[00:13:04] Obviously this is an extremely complicated question but how it is relevant to WeWork is that technology companies tend to be valued more highly than traditional companies, they are given what's called a higher [multiple⁵³](#).

[00:13:21] One of the main reasons for this is that there is a much lower cost to service more customers for a tech company, because the distribution of software is much cheaper.

[00:13:33] If you are, for example, a company that builds houses, the cost of building 10 houses is much more than building one house, it's not exactly 10 times, but it might be almost 10 times.

[00:13:46] But for technology companies, for software companies, there is very little additional cost to selling more software, it costs you almost the same to sell one piece of software as it does 10, 100, or 10,000.

[00:14:04] This means it tends to be a lot cheaper, easier, and quicker for a tech company to grow, therefore their valuations are higher as a multiple of revenue.

[00:14:15] Long story short, if you are a tech company, or you manage to convince your investors that you are a tech company, your valuation can increase a lot.

⁵³ measurement of a company's value based on calculations



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[00:14:27] WeWork managed to do an excellent job at convincing investors that it was a tech company, that it was a so-called “platform for office space”, and it was [rewarded⁵⁴](#) with [sky-high⁵⁵ valuations⁵⁶](#).

[00:14:43] But under the surface WeWork was burning through money, it was losing more and more money every month.

[00:14:50] For many tech companies, this had come to be expected.

[00:14:54] You spend more than you make in order to get customers and to build a great product, then at some point in the future you are profitable, and everyone is happy.

[00:15:06] Because the amounts of money that were involved were so huge, WeWork would spend money [like there was no tomorrow⁵⁷](#).

[00:15:14] WeWork had taken on so much office space, it had rented so many buildings, that it literally [struggled](#) to find new ones. There was only so much available space in the [prime⁵⁸](#) cities that WeWork was [targeting⁵⁹](#).

⁵⁴ given something in recognition of their services and efforts

⁵⁵ very high

⁵⁶ acts of deciding what is the value of something

⁵⁷ as much as possible without thinking about it very much

⁵⁸ main, most important

⁵⁹ selecting something as an object of attention



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[00:15:30] Because the owners of buildings knew how much money WeWork had, they were able to charge higher rates, meaning that these locations became less profitable.

[00:15:42] At the same time, WeWork was spending huge amounts of money to find new [tenants](#), to find people to fill its offices.

[00:15:51] It would often offer incredibly generous discounts to [entice](#)⁶⁰ people into its office, to get new [freelancers](#) and companies to try its offices, even offering to give them a year's free rent to [switch](#)⁶¹.

[00:16:07] Again, the idea was that this was an investment in the future, and after that year was over the company would stay in the WeWork office, paying rent, and everyone would be happy.

[00:16:19] But a business can't continue to lose money forever, and there was pressure for WeWork to go public, to [float](#)⁶² on the [stock](#)⁶³ market.

[00:16:29] SoftBank and Mayoshi Son weren't prepared to support the company forever, and it looked like going public was the only option left for WeWork to survive.

⁶⁰ attract

⁶¹ change something for something else

⁶² offer the company shares for sale for the first time

⁶³ the available to the stock market capital raised by a company



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[00:16:41] And that is when it all started to [go downhill](#)⁶⁴, that's when it all started to go a little bit wrong for WeWork.

[00:16:49] As WeWork was forced to open up to investors, people saw [under the hood](#)⁶⁵ and some of the [excesses](#)⁶⁶ of the company were revealed.

[00:17:00] Alongside this, there were also numerous [lawsuits](#)⁶⁷ against the company, [accusations](#)⁶⁸ of drug-use by Neumann, employees coming forward and talking about the [cult](#)⁶⁹ of WeWork, and all sorts of [unorthodox](#) and [worrying](#)⁷⁰ behaviour that investors don't like to see.

[00:17:21] WeWork had most recently been valued at \$47 billion, but it soon became clear that new investors weren't prepared to value it at nearly that much, and they certainly didn't buy the story that it was a technology company.

⁶⁴ go gradually worse

⁶⁵ beneath the surface

⁶⁶ the actions of going beyond an accepted limit

⁶⁷ matters or problems taken to the court

⁶⁸ claims that he had done something illegal

⁶⁹ a group of people having strange and secret practices

⁷⁰ causing problems, worries



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[00:17:39] As a result, investors wouldn't pay anywhere near what WeWork had hoped, and it had to [postpone⁷¹](#) going public.

[00:17:48] It had hoped to raise hundreds of millions of dollars from going public, from its [stock market offering⁷²](#), but given that this wasn't an option anymore, it needed to make some serious changes to avoid running out of cash.

[00:18:04] The first change came at the top of the company.

[00:18:08] Neumann was pushed out of WeWork, he was in effect [sacked](#), but, unlike you or me where we might be sacked and if we're lucky given a little bit of money to say "thank you for your work", Neumann was paid \$1.7 billion to leave, and was then kept on as a consultant on a salary of \$46 million a year.

[00:18:34] Thousands of WeWork employees were sacked, and they were understandably [appalled⁷³](#) that the boss had been given such a huge amount of money while they were losing their jobs, and their [stock options](#) proved to be worth much less than they had been promised.

[00:18:53] This all happened in Autumn of 2019, and then in the spring of 2020, as we all know COVID-19 hit, WeWork's offices had to close, and the company was in more trouble than ever before.

⁷¹ delay an action

⁷² the selling of stocks to the public

⁷³ filled with horror and amazement



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[00:19:09] Of course, the world is still in a [state⁷⁴](#) of semi lockdown, with people in countries all over the world working from home, and not in a great rush to return to the office.

[00:19:21] So, where does this leave WeWork?

[00:19:25] It has changed its leadership, it has a new boss, and the [excesses](#) of the past appear to be behind it.

[00:19:33] But is it going to be the answer to the future of work, with people valuing the ability to go into [fashionable⁷⁵](#) offices from time to time, but otherwise wanting a more flexible working environment?

[00:19:48] Or, is the old, office-based way of working a thing of the past?

[00:19:53] What will happen to the knowledge workers that were previously WeWork's [bread and butter⁷⁶](#)?

[00:19:59] Have they got used to working from home, and will they be [flooding back⁷⁷](#) to the offices when they open up?

⁷⁴ condition at a certain time

⁷⁵ elegant and in popular style

⁷⁶ main source of income

⁷⁷ returning in great numbers



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[00:20:07] Only time will tell, but if you are asking me, it seems that a company like WeWork may well be a small part of the answer to the working preferences of the future.

[00:20:18] Most surveys of people who have been forced to work from home for much of the past year and a half suggest that people aren't looking forward to going back to the traditional office environment, where they are required to be there all day Monday to Friday.

[00:20:35] But at the same time, they don't know that they want to be working from home all day every day.

[00:20:42] So, perhaps, just perhaps, WeWork could be exactly what they are looking for, and it might be the [phoenix](#)⁷⁸ to rise from the ashes.

[00:20:53] OK then, that is it for today's episode on the rise and fall of WeWork.

[00:21:00] Who knows, maybe you might be listening to this episode in a couple of years' time and ask why the title isn't The Rise and Fall and Rise Again of WeWork.

[00:21:11] As always, I would love to know what you thought of this episode.

[00:21:15] If you have been working from home during COVID-19, and you previously worked in an office, how do you feel about returning? Have you returned already?

⁷⁸ mythological bird that had the ability to be born again, rising from its ashes



[00:21:24] What would your ideal working situation look like? And is it anything like a WeWork?

[00:21:31] For the members among you, you can head right into our community forum, which is at community.leonardoenglish.com and get chatting away to other curious minds.

[00:21:41] And as a final reminder, if you enjoyed this episode, and you are wondering where to get all of our bonus episodes, plus the transcripts, subtitles, and key vocabulary, then you should head to leonardoenglish.com.

[00:21:55] I am on a mission to make Leonardo English the most interesting way of improving your English, and I would love for you to join me, and curious minds from 50 different countries, on that journey.

[00:22:08] The place you can go to for all of that is leonardoenglish.com. You've been listening to English Learning for Curious Minds, by Leonardo English.

[00:22:20] I'm Alastair Budge, you stay safe, and I'll catch you in the next episode.

[END OF EPISODE]



Key vocabulary

Word	Definition
Co-working	sharing the work place with other people who work for different companies
Charismatic	charming and inspiring
Freelancer	someone who is not employed by a company but does independent work for different organisations
Skipping	passing over, ignoring
Pertinent	relevant
Peak	highest point or level
Venture capital	money that is invested in startup companies
Serenaded	entertained by listening to music
Desirable	wanted and attractive
Fundraising	the act of collecting money for a particular purpose
Stock options	contracts for the right to buy shares from the company at a particular price



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Shares	equal parts of the company's capital and ownership, that give the owners part of the profits
Bumper	very large
Payday	(informal) amount of money that is paid out, for example when winning a bet
Fishy	seeming dishonest or wrong
Scrambled	did everything it could
Sacked	dismissed from employment, fired
Struggled	made a great effort
Bankrupt	declared in law as unable to pay their debts
Kibbutz	a community settlement in Israel
Collective	shared by every member of a community
By trade	professionally
Labels	descriptive words
Decorate	make them look more attractive by adding items such as paintings etc.



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Freelancers	people who are not employed by a company but do independent work for different organisations
Proposition	a business offer or suggestion
Imposing	important and causing admiration
Presence	impressive manner or appearance
Captivated	held the attention by being exciting and attractive
Merely	just, simply
Utility	functional rather than attractive
Aspirational	causing the ambition of achieving something
Refurbished	renovated and redecorated
Tenants	people who pay rent for the use of a space
Leases	rents
Outright	completely
Unstoppable	unable to be stopped
Eccentric	strange or unusual
Reputation	the opinion that people have about someone



Albeit	although
Unorthodox	different from what is usual or expected
On the lookout	watching and looking for
Home-run	successful
Net	catch, gain
Handsome	substantial, large
Piled	placed a large amount of
Outgrown	grown too big for
Mere	simple, small
Kindergarten	a play school for young children
Revolve around	have it as a main subject and interest
Implausible	difficult to believe
Scratched their heads	thought hard to understand what was going on
Multiple	measurement of a company's value based on calculations
Rewarded	given something in recognition of their services and efforts



Sky-high	very high
Valuations	acts of deciding what is the value of something
Like there was no tomorrow	as much as possible without thinking about it very much
Prime	main, most important
Targeting	selecting something as an object of attention
Entice	attract
Switch	change something for something else
Float	offer the company shares for sale for the first time
Stock	the available to the stock market capital raised by a company
Go downhill	go gradually worse
Under the hood	beneath the surface
Excesses	the actions of going beyond an accepted limit
Lawsuits	matters or problems taken to the court
Accusations	claims that he had done something illegal
Cult	a group of people having strange and secret practices



Worrying	causing problems, worries
Postpone	delay an action
Stock market offering	the selling of stocks to the public
Appalled	filled with horror and amazement
State	condition at a certain time
Fashionable	elegant and in popular style
Bread and butter	main source of income
Flooding back	returning in great numbers
Phoenix	mythological bird that had the ability to be born again, rising from its ashes

We'd love to get your feedback on this episode.

What did you like? What could we do better?

What did you struggle to understand?

Let us know in the forum community.leonardoenglish.com

