

The Future of Work podcast is a weekly show where Jacob has in-depth conversations with senior level executives, business leaders, and bestselling authors around the world on the future of work and the future in general. Topics cover everything from AI and automation to the gig economy to big data to the future of learning and everything in between. Each episode explores a new topic and features a special guest.

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Jacob: Hello everyone. Welcome to another episode of the Future of Work podcast. My guest today is Patty McCord. She's the author of a brand new book called Powerful: Building a Culture of Freedom and Responsibility. She's also the former chief talent officer at Netflix and an instructor at Udemy.

Patty, thanks for joining me.

Patty: Thanks for having me, Jacob.

Jacob: So I don't know if you remember but we first met at a conference a couple years ago.

Patty: Oh. Which one?

Jacob: It [00:00:30] was a few years ago. I was speaking there and I think you were speaking there. Then afterwards, there was a ...

Patty: Yeah, I do remember you now. Now I'm looking at your picture I'm like, "I know this guy."

Jacob: Yeah, it was a few years ago, and then you were sitting in on like a group discussion. Somebody asked a question about culture fit, and then out of the corner of my eye I see your hand go up. You're like, "Oh, I got something to say." But we'll get to that story because that's a whole other question [00:01:00] that I want to ask you about culture. But that was how we first met.

Patty: Yay. We're old friends now. You're my original fan boy.

Jacob: Yeah. Exactly. Are you in Santa Cruz now?

Patty: Yeah, I am. Looking out over the Monterey Bay right now.

Jacob: I went to school at UC Santa Cruz. It's a beautiful place.

Patty: Oh, I live on Escalona. I bet you lived nearby.

Jacob: Well, I lived on campus when I was there. Yeah, it's [00:01:30] a beautiful area so I'm jealous that you live there.

Patty: I travel all over the world now and I'm still really happy every time I come home. I'm here for the weekend then I'm off to Australia. So this is my happy Santa Cruz weekend too.

Jacob: Well, I was born in Australia. So you're going to like all my old stomping grounds.

Patty: There we go. Bonding day.

Jacob: Exactly. Well, let's jump right into the podcast. I have so many questions for you about your book and what you're working on now. [00:02:00] But why don't we start with just background information about you. So how did you get involved with Netflix? How did you become a chief talent officer? What did you do before all this craziness happened?

Patty: Oh, son. That's going way back. I started out in technology and in HR as a recruiter. I worked for a disc drive company and I recruited engineers and technicians and [00:02:30] executives. I really loved it, and I was really great at it, if I say so myself. Partly because I really loved getting into the work that people do. My first company, we had a robotics lab and it was my favorite place to hang out, just try and figure out how people thought that stuff up, how their brains worked. The thing about being a recruiter effected who I am now because when you're recruiting on I'd get all wiggled out when somebody leaves a company. You think of it as an opportunity, and you always [00:03:00] know there's somebody amazing out there to do this new, amazing thing that you want to do. So that's how I started.

I went from very large companies, very large tech companies, to very small, tech companies. The first startup that I ever worked at was a company called Pure Software. We made software development tools for other software engineers and the CO of that company was a man named Reid Hastings. Reid Hastings is of course the founder and CEO of Netflix, and because [00:03:30] Reid and I had worked together at that company, he asked me to come play with him at Netflix. When Netflix was really, really tiny. How he talked me into doing it is he said, "Let's make the kind of company that if it was successful, we'd still want to work there." So that was kind of sweet music to my ears, but I honest, when he first asked me to come, I said no because I thought it was really dumb idea. I didn't want to do startups anymore. Then I realized I was hooked. So that's how I got there.

Jacob: Very [00:04:00] cool. Then so when you started at Netflix, do you remember how many people were there? What were you guys doing? I mean, was it very different than it is now?

Patty: Oh my God. I mean, it's not even night and day. It's sort of like two different planets. Let's see, it was in a little building that was a ... I think the suite was used as a bank at one time. It had like a vault in [00:04:30] it. It was DVDs by mail. We had due dates and late fees. There were about 30 people. We had a big can of Folgers coffee I think from

Costco in the break room. I mean, it was beyond really different. The DVDs came in DVD packages that people had to open up with little zip cutter things. It was way different.

Here's a great story. It was a big exciting [00:05:00] day when the post office sent a truck, one of those little post office delivery trucks, instead of him just coming by and picking up our bin.

Jacob: That's when you knew things were getting really busy.

Patty: I mean, yeah. We all just stood at the window waving to him as he drove away. We looked at each other and went, "Gosh, I hope they send them back."

Jacob: Yeah. Yes. They did, which was good.

Patty: Yeah, they [00:05:30] did. Over and over again. It was a wonderful thing.

Jacob: What was it like to work in Netflix? Well, first of all, how many years ago was this? What year are we talking about?

Patty: 1997.

Jacob: Wow.

Patty: I know, most people don't realize Netflix is a 20 year old company. So I always say that I'm a serial entrepreneur now, and my time at Netflix, the reason why I got to stay so long was I got to work at three different startups and not leave home. So the first startup I worked at at Netflix was could we come [00:06:00] up with a business model that would actually make money before we ran out of it. That took three or four years. Then the second startup I worked at at Netflix was DVDs by mail. That business was about there was a very backend shipping software that was a big challenge for us. That was also very early on in the internet realm when our original website was just sort of ... Looked [00:06:30] a lot like Craigslist, right? Didn't even have any images on it at the time. So that was the DVD by mail business.

The third startup I got to work on at Netflix was the developing the digital streaming business, developing the technology to do it, getting enough content so that there was something actually to watch, and then porting that technology to every streaming device known to human kinds. I left as Netflix morphed into the company that [00:07:00] it is now, which is global. It wasn't global when I was there, and a global content producing company.

Jacob: Yeah, now it's crazy. The stuff that Netflix is doing. I mean, they're a complete powerhouse in the entertainment space. So it's been really amazing to see.

Patty: It's so exciting. I mean, I remember one time ... So I'll tell you a story of like from the beginning to now, right? I remember early on when we were 150 [00:07:30] people or something. I had this engineer. She said, "Oh, I don't think management understands

that the companies really changing. It's not like it used to be when everybody knew each other. We're all involved in all of the decisions." I said, "Well, we've had this conversation six times. I think management knows since I'm a VP reporting to the CEO. So management knows. That part of the sentence is wrong." I said to them, "Do you know why things are changing?" "Why? Why?" [00:08:00] I said, "Because we're successful." She goes, "Oh, I hadn't thought about that." I said to them, "Do you know what we want to be when we grow up?" "What?" "A global corporation." So I probably said that in, I don't know, 1999, and look, Netflix is a global corporation. I'm just so incredibly proud.

Jacob: Yeah. Yeah. So what was it like to work there in 1997? [00:08:30] Did people bring in their dogs into work? Did you have hot yoga and free food? What was Netflix like?

Patty: No, no, no. So here's a couple of things. One of them was we were poor. So unlike all of the other dotcoms of the era. So I remember going to a conference one time and to the left of me was the head of HR at Pets.com, and to right of me was ... [00:09:00] We were at Excite At Home, that's where we were having the conference. The person to the right of me was from, I don't know, some other company of the time. They both looked at me and went, "Oh, Netflix. You're so cute. We at Pets.com are looking towards a bright future." So it was ... But we had to buy DVDs and stamps and envelopes, and we had to hire [00:09:30] people to tear open the envelopes and stuff them with new DVDs so it was very physically intensive, capital intensive business. It wasn't just a portal, right? At the time, there was a lot of companies like Yahoo or even Google in its infancy that were just technology. They didn't have physical goods. We shipped physical goods at that time. So that was really different. That was a long time ago too.

Jacob: What was the kind of [00:10:00] the working situation? I mean, was cubicles? What was the actual environment? Obviously it's not probably the same as a Netflix of today, but were you guys just sitting in cubes working nine to five?

Patty: I was there for 14 years, and I've been gone for six. So we're going way in the way back machine. No, I mean, it was folding tables and funky chairs [00:10:30] and boxes of stuff all over the place. DVDs stacking in piles all over the office. But if I looked through the evolution, there were cubicles, there were open spaces. For example, we used to have these big discussions about hard wall offices. We didn't never want to have hard wall offices. A great Reid story is that I used to take new employees by Reid's cubicle and I would say, " [00:11:00] This is Reid's cubicle. You actually like walking by and seeing him in his cubicle because if he's not in his cubicle, he might be in yours." Now Reid doesn't. He hasn't had an office for years. He just walks around with his laptop and sort of spontaneously talks to people and has meetings all the time.

But the Netflix of today, half of the employee, a big port of the employees are in this 14 story building in downtown Los Angeles where [00:11:30] hey produce movies and TV shows or filmed entertainment. So the evolution of companies is interesting to me. The companies I visit now, I've actually visited a lot of places who are rethinking the open concept, right? The trend we have of where everybody's sitting at tables without any walls around them supposedly for collaboration, [00:12:00] which works when you're

very small and can be really ... It's not such a great situation when people really need to concentrate or they need to do work that's focused.

I just talked to somebody just now today, a reporter, about did I think the future of work was that none of us would go to brick and mortar buildings anymore. I don't. I actually think we're going to have lots of options to work so we don't have to be either at the building or at [00:12:30] home, have it be digital like that.

Jacob: Yeah. Options are good. All right. Today, do you know how many employees Netflix has now?

Patty: Again, I don't work there. You'd have to look at the website. I think it's like 5,000-6,000. I'm not sure.

Jacob: I think it's somewhere around there too as well. So it's been quite an evolution from 30 or 150 to now thousands.

Patty: Well, and the other thing that's significantly different about Netflix now is that Netflix is global. [00:13:00] You should invite Jessica Neil whose the head of HR there now onto your show. I just talked to her a couple weekends ago. I said, "What's up, girl?" She's like, "Oh, New York, Singapore, Amsterdam, Tokyo." That's where all the employees all are. All over the place now.

Jacob: We'd love to have her on the show. I'm sure people would love to hear from her. Maybe that will be my next followup item after this is to try to get in touch with her.

Patty: Okay.

Jacob: [00:13:30] So when you guys were growing from a small company to this big, global company, a lot of people look at Netflix now and even during the course of that growth, people looked at the perks and the benefits and all this stuff that you guys were doing. So when did that become something that you guys were thinking about?

Patty: I was actually pretty anti-perk, and we couldn't really afford much. So [00:14:00] my philosophy was always it would be better to have people work with really smart people on really hard problems and have a lot of freedom to get what you needed to get your work done, and a lot of information about what you were doing and how it evolved into the company rather than the perks. I mean, we didn't even have on site food for years because we had a lot [00:14:30] of other convenient places for people to go eat. When we did have our on site food, it was great to be able to eat together and have that communal experience. But it was never and still is never about the stuff, right? I mean, I'm sure there's plenty of giveaways and all that kind of stuff, but it wasn't something that we focused on. We very, very, very much focused on paying you well, [00:15:00] giving you freedom, fabulous colleagues, hard problems to work on, and it's philosophically that way because I honestly believe that's what makes people happy at work. I do. I don't think you go home and spontaneously tell your pet, "Oh my God. It was such a great day at work today. We had Macedonian nuts and the cookies." I think

when you have to tell somebody what a great day it was at work, you say, "We did it. We accomplished something." I think that's [00:15:30] what really drives people.

Jacob: Yeah. I totally agree. So talking about some of these perks, it sounds like you weren't a big believer in the perks and all of that kind of fancy, crazy stuff. But at some point, you guys did some of it, right? I mean, at some point you introduced some of these kind of cool things that a lot of organizations, especially in the Bay Area now, are trying to emulate and copy. So did you kind of fight back against that or how did some of those things even happen? The unlimited maternity leave [00:17:00] and not having to continuously submit expenses for reimbursement for office stuff. Where did all that stuff come from?

Patty: Have you read the Netflix culture deck?

Jacob: Yeah, of course, that was like the most famous deck at that time when it was released on SlideShare.

Patty: Okay. So here's how that came about. We decided that what we were going to do differently at Netflix then Reid and I did with the other company was write stuff down. So back in the original PowerPoint Netflix culture deck, in the Netflix culture [00:17:30] deck now on the Netflix website is more of a booklet, a story, a blog. It's more continuous. It's tighter written than it was back then. What we did was we would do a PowerPoint presentation because that's how Reid liked to talk, and we would talk it over with our executive staff and say, "Does this ring true? Is this who we want to be? How do we think about that?" Then we would roll it out to everybody in the company, and anybody could edit or contribute to it. [00:18:00] We worked on it chapter by chapter over time, over 10 years. So when the Netflix culture deck went viral on the web, we had already worked on it for 10 years. Okay?

So here's what we did, we said ... In the 2001, I laid off a third of the company because I didn't think we were going to make it. We were almost out of money. We were going to go public [00:18:30] and then we pulled the IPO. We didn't have any money left. The only way I figured we could get through the end of the year was to say goodbye to people. I said goodbye to anybody who wasn't technically very good. I said goodbye to anybody who wasn't working on DVD by mail. I said goodbye to anybody who was in middle management because I really couldn't have anybody whose job it was to tell somebody else what to do, and I said goodbye to the people who were complaining about the fact that we didn't at the time have all the cool perks that anybody [00:19:00] else did.

Jacob: I'm going to ask you about that in a second, but go ahead.

Patty: We didn't have any money for it. I remember saying, "Well, John can't stay because he complains to me every week about how he doesn't like his t-shirt, and he'll never understand we don't have any money left for t-shirts." I mean, it was really that close.

So that was in October of 2001, and that Christmas, DVD players dropped to \$99 and all [00:19:30] of us got one. No matter what age you are, you'll remember getting your first DVD player under the Christmas tree. In every box was a coupon that said 'Try Netflix for free', and millions of people did. Our business grew like crazy, but remember, I'm broke. So every new dollar of revenue that came in, we had to spend it buying new product for people. We had to buy new DVDs and stamps and envelopes, right? So we were doing twice as much work with a third as [00:20:00] many people, and it was more fun. So when we started to think about why that was, we realized that we had really great people who were really focused and we shared so much information with everybody all the time, they really understood why they were doing stuff. So we didn't need to give them permission to do things.

So that year we went public and when we went public, [00:20:30] we were pushed by our investors and by our board, like everybody else does, to grow up and have some policies and procedures, right? But we had already sort of written that chapter called High Performance, and said, "We want adults who have good judgment to surround with smart people to make the right calls and work independently." So then when I got the copy of the proposed expense [00:21:00] reimbursement policy, the permission to finance to spend money policy, and the travel policy and the time off policy, I thought, "Wow. Isn't that really ... If we have smart people who are adults, why am I making them all these rules? Why don't i just let them use their judgment? If they have consistently bad judgment, then they can work somewhere else." So we did that. We didn't get rid of those things [00:21:30] necessarily. We just didn't start with them as a bold experiment to see if we expected people to act like adults would they? The answer is most of the time.

Jacob: I'm also really interested in what happens in the times when they didn't act like adults. So first, you mentioned that a lot of the people that were complaining about perks, you were basically like, "Eh, you got to go."

Patty: Yep.

Jacob: So how did you even have that conversation? Because I feel like in a lot of companies today, [00:22:00] a lot of times I talk to executives and they tell me they feel like their employees feel a sense of entitlement, they want beautiful spaces and free food and amazing things, and they really feel stuck because they don't want to give it to them, but at the same time the feel like they have no choice. So how do you deal with that, and how do you have that conversation and say, "Hey, look. This place isn't about perks. If that's what you want, you got to go."

Patty: Well, this is an [00:22:30] interesting question. I got to tell you half the time when I consult with startup CEOs ... Really, this is honestly true. I'm like there's a tool in your toolbox that you're not using very often that comes in really handy when you're leading other people and you're trying to run a company. You may say no. You can just say no.

Jacob: How do you spell that?

Patty: Yeah. No, we're not going to have 11 kinds of flavored water. [00:23:00] We think five is fine. Okay? So if kiwi water is your passion, then go get some. So there's two answers to your question in particular. One of them was once we had published the culture deck, it was pretty clear that wasn't part of the DNA of the company. So the other part is we would tell them in the interview process ... So you're going way back in the way back machine [00:23:30] in the first dotcom bomb, which is kind of the second one is what we're dealing with now. People would come down and they would say, "You know, at my south of the market startup, we have air on chairs. Our conference room tables are solid blocks of marble from Italy." Back in those days, I would say, "You know air on chair costs \$800. Do you know how many DVDs we could buy? Do you know how many customers we could satisfy for an air on chair?" I mean, I divided everything by \$20 [00:24:00] because that's how much a DVD cost. But that chair, that's that many happy customers.

So if that's who you want to be, then be that and tell people when they come in the door, "Hey, by the way. We don't think furniture is as important as salaries." Right? I mean, I talked to those same CEOs and they've got chefs and bartenders [00:24:30] onboard, but they're paying people in the 65th percentile and they wonder why they can't get A players.

Jacob: Yeah. That makes sense.

Patty: So the important thing for you to hear is it's a whole system and all of those things, all of those perks say something about who you are. We've become such a copycat world that ... Reid asked me one time about something, and he wanted me to look [00:25:00] at a survey of what best practices were. It was about stock, and I'm explaining RSUs to him. He said, "Why is this so complicated?"

I said, "Well, there's a bunch of tax implications. There's this. There's that. It's printing money, which is what the FCC kind of things were doing out here in Silicone Valley."

He said, to me, "Well, who does it this way?"

I said, "Well, everybody."

He [00:25:30] said, "Why?"

I said, "Well, we're kind of sheep out here in the Valley, especially HR people, and Google does it that way."

He goes, "Well, what did we do before Google?"

I said, "Whatever Microsoft did."

Jacob: I like that.



Patty: There's this weird thing that we do where when the cool company do it, we all copy it. Here's the weirder thing, and then we call it best practices.

Jacob: [00:26:00] Yeah.

Patty: Like who measures it? How do you know it's best? Why is it best for you? So I do understand that trap out here, but part of the reason the trap exists right now is there's a lot of money in the system. Everybody can afford it.

Jacob: I agree. Yeah, especially in the Bay Area.

Patty: So you go to a startup company in Cincinnati, Ohio and the world looks a little bit different, trust me.

Jacob: Yeah. Oh, I'm sure. So [00:26:30] what are your thoughts on these things then? On food, on beautiful spaces, on great technologies, on basically creating these wonderful organizations that feel like they have everything there. Do you think that's just kind of a waste of time and energy and we shouldn't be doing or thinking about that stuff at all? Or does it still play a role somewhere in how we [00:27:00] attract and retain people?

Patty: Well, who doesn't like nice stuff? Right? So now that we've all got it, the problem with it is now that everybody's got it, it's really hard to back up and say no. Right? I think I'm really fascinated by ... So I'm kind of an anthropological person, and a cultural anthropologist, not a physical. I don't like to look at people's teeth. But like I [00:27:30] like looking at how organizations evolve and how teams evolve from being like a family to a village to a city to a state, whatever. So won't it be interesting to think about ... So now we're not talking about millennials anymore. We're now on diversity and inclusion because there's always some sort of thing de juri that we talk about. But as the people early in their career gain experience, and as [00:28:00] that generation of people moves through our organizations, so all those companies with five kinds of craft beer and a bartender and 24/7 breakfast, lunch, and dinner might actually grow up a little and some of them are going to end up with families. It might not be as fun to have dinner at work with three scotches that your bartender pours you.

Jacob: Three scotches.

Patty: Well, and [00:28:30] look at the other part about that. I can't tell you how many companies I go to that have a bartender on site. I'm like, "Really? You're going to put a bunch 20 somethings in an untight bartender who starts pouring at three o'clock in the afternoon and wonder why people are acting like frat boys."

Jacob: That's what happens, right?

Patty: Duh. Duh. So I mean, it'll be interesting to me. You can follow this for me. [00:29:00] Like will family leave and child care become more important as our workforce evolves because we didn't do anything about that. I personally think that's a huge factor in excluding women in the workforce and promotion and pay in the tech ranks.

Jacob: Yeah, the way I mean that I view kind of all those perks and benefits is they're kind of like little bonuses, right? [00:29:30] It's nice to have but it shouldn't be the core way that you think about attracting and retaining people.

Patty: Oh, I'm with you 1000%. The other thing is I know it's not. Right? I watch my kids peers. I want companies evolve. I watch what happens now, right? It's just in the end as you go through your life at work, [00:30:00] you'll learn that. I mean, this is what I know because I've been doing it for so long. Is that what really gives you success in your career moving forward is a track record of accomplishing amazing stuff. That's really the key.

Jacob: Yeah.

Patty: Right. So you don't put on your resume, "They started pouring at three."

Jacob: That would be some resume.

Patty: But if that's why you're staying, that's probably what's going to end up on your resume.

Jacob: [00:30:30] That's true. This is true.

Patty: Right? If you're staying because you're working on something that you think is really important and the people that you work with are really smart and you know that if you stay to accomplish that, that will matter because you'll know how to do something you didn't know when you walked in the door. Then the individual who focuses on those accomplishments, I'm telling you right now, will have a better career than the person who's focusing on draft beer.

Jacob: Completely [00:31:00] agree. It's interesting because a lot of the companies that organizations look at as far as having these amazing perks, whether it be a Google or an AirBnB or a Netflix, they don't realize that these companies also do amazing things in non-perk and benefit areas as far as how they think about leadership, as far as how they think about connecting the work that employees do with the impact that it has, as far as diversity and inclusion. A lot of these [00:31:30] organizations excel in all of these other areas. The perks and benefits is just sort of like a, "And by the way, you also get this, but that's now what we're about."

Patty: Yeah. I'll tell you what Netflix ... Let's talk about unlimited vacation because that's what happened when I was there. So here's the logic behind that situation. Here's the true story about 'unlimited vacation'. It was never, ever, ever designed to be a perk. Ever. [00:32:00] So what we did before we had that no vacation policy/vacation policy was you accrued a day a month. You had 26 days off a year. It was an honor system, and when you left the company, I would draw it up. I'd say, "Okay. So what do I owe you?" And you'd be like, "Well, I was sick for a week, and I went on my honeymoon. I guess you owe me like 10 days." I'd write you a check for 10 days. Right? It was an honor system. Sometimes [00:32:30] you'd leave and I'd say, "What do I owe you?" You go, "Let's see I've been here five and the max is 30 days, so if I say 30 days, you'll give me 30 days?" I would say, "Yeah, it's an honor system. By the way, hey, it's so great that you

got over that terrible illness so that you could go on your honeymoon. I hear Bali was amazing." Then you'd put in 31 days, and I'd be glad you were gone.

So what happened was when we went [00:33:00] public, I was pressured to put in a vacation policy that said, "Here's your 10 holidays. Here's your 10 vacation. Here's your 10 vacation days. Here's your sick, sick days." Then my department would be in charge of policing it. That's the last thing I wanted my people to be doing. Then I starting thinking, "You know, if I have adults who have a lot of responsibility and who are here to get great work done, what [00:33:30] do I care when they do it? Have I ever fired a salaried employee for being tardy or absent? No, actually if I think about it, I've said goodbye to people who work all the time because they're weird." People who are so obsessed that they never go home. Those are the people who are like, "Oh, boy. Get a life." So what I did was instead ... I did it as an experiment. I said, "Look, I'm thinking we just [00:34:00] don't need to keep track of that. What we're going to do though is keep track of what you're getting done." So reporters and the press misinterpret the Netflix open time off policy, for example, as we did it for a perk, but we didn't. We did it to just say, "Look, figure it out at the local level. Get your work done and take some time off."

When I talk to startups who tell me, "We implemented the Netflix time off policy and nobody takes time off. It didn't work [00:34:30] for us." I'll hear about this from a CEO, and I'll say, "Do you ever take time off?" "Oh, god no. I'm here 24/7." Like, well there you have it.

Jacob: You got to lead by example.

Patty: You lead by example, but see, what I'm saying is it wasn't a perk. It was an acknowledgement that if you focus on results and you have responsible adults, then let them manage the things that they can manage and don't manage people's lives and life decisions for them. Adults [00:35:00] can make those decisions. Then we wonder why people act like children.

Jacob: Yeah. Treat them like kids that's how they're going to act. Exactly.

Patty: Yeah. Especially engineers. Here's my other thing. You know how engineers love the good conspiracy theory?

Jacob: Of course.

Patty: I remember one of the engineers saying to me, he goes, "You know, you really know fun to be around."

I'm like, "Well, okay. Don't be around me. What's the deal?"

He goes, "My whole life has been rebelling against stupid HR [00:35:30] stuff." Like I'm the one that goes around the system. I'm the one that figures it all out.

I'm like, "How's that working for you here?"

He goes, "You don't have anything for me to rebel against."

I said, "Yeah. Good. So go back to work."

Jacob: I like that mentality. How do you deal with people that might take advantage of that? So people that really did take a ton of vacation time, but when they leave, they say, "I didn't take any. You owe me for 30 days."

Patty: First of all, [00:36:00] that was ... So when the Netflix no vacation policy now is you don't owe anybody when you leave. It's there. You take it. So you can't blame the company for you didn't allow me to take any vacation. You can take vacation. Right? So the big change, I mean, hear me deeply, is that we change the responsibility for delivering [00:36:30] results from that being we're managing it through rules to you manage it through self discipline.

So for example, I remember interviewing somebody one time, and he said, "Yeah, there's just one thing. I really love everything that you're doing. I love the team. I love what we're working on. But there's this thing that I'm not sure is going to work out for me."

I said, "Okay. What is it?"

He goes, "Well, I'm kind of a workaholic."

I said, "Okay."

[00:37:00] He goes, "But I got married."

"Oh, congratulations."

"I've had a baby."

I'm like, "Again, congratulations."

"So like, without a vacation policy ..."

I said, "You're not going to be a good dad?" Like why are you telling me this? This is very none of my business. I mean, yay for you, but what's the issue?

He goes, "Well, if I don't have ..."

"Oh, if you don't have the structure that says take it or you'll lose it, you won't [00:37:30] take it and you're worried that you be forced to spend time with your family?"

He goes, "Yeah."

I said, "Okay. Well, that's none of my business, but it sounds like that being in a structured organization is a better situation for you right now at this time in your life. So find a company that has one. That's okay. Stay in touch. When things change, let me know."

Jacob: That's simple.

Patty: It's that simple. But the bigger change [00:38:00] in the organization and in deeply, systemically that was difficult to do was to make sure that management understood that it was their job to really clearly articulate deliverables. So in your example of the person that took too much time off, whatever, it's not about the time. It's about how you use it. Right?

Jacob: Yah.

Patty: I mean, I've worked with people who are at work all the time [00:38:30] and don't get anything done. Haven't you?

Jacob: Oh, yeah. For sure. They're there all the time and you're like, "What the hell are you doing while you're here, man?"

Patty: Yeah. Exactly. On the other side of it I've also worked with people where I remember one of our really brilliant technologist. Reid and I were talking about what to pay him. I'm like, "Oh, shit. I don't know. I guess we could give him another \$150,000 a year, but he's just going to buy a new bicycle. [00:39:00] I mean, it's going to be an expensive bicycle. It's not going to be a \$150,000 a year." I said, "You know what we need to give him? We need to give him another 50 miles in the snow."

Reid said, "What are you talking about?"

It was this particular person had taken up orienteering or something. So he would go into the woods in the snow with his compass [00:39:30] and his ice ax and he'd build igloos and live like a mountain man for five days or something. Whenever he did that, he'd come back with a product idea, right? So sometimes it's that downtime that gets your creative juices flowing. So I sometimes say what happens in the meeting in the building in the company is usually about execution. The germ of a creative idea often happens at [00:40:00] the beach.

Jacob: This is true.

Patty: On the bike ride, right? So we need to have ... All of us need to have both of those parts of our lives to be able to be productive at work.

Jacob: What do you think of the quote that oftentimes gets around they say, "Slow to hire, fast to fire." Is that kind of the approach that you guys took where it's like we'll take our time vetting you, but if you screw up and [00:40:30] you start taking advantage of stuff, you're gone? Or is there a mentality of we're going to coach you, why did you do this

wrong? Let's help you figure it out. How did you guys approach letting go of people you had to?

Patty: It's way to simplistic of a phrase. So the world is more nuanced than that. So let me give you a different approach to it. I was talking to like this group of 1500 HR people the other day, and I said, "You know how you hire somebody to do a job and they come in and they do a really [00:41:00] good job of it over a number of years, and then they're done? You hired somebody to build something and then they were on this great team that built this incredible part of the product, and now they're done building that part of the product, and now you look around desperately for something else for them to do. What you need them to do now is maintain it. Now they're the miserable, disgruntled employee because they're not a maintainer, they're a builder." [00:41:30] So you've made somebody a productive, high performing employee miserable because you're retaining them. That doesn't make any sense at all.

The other question I asked was like ... The same group of people. I'm like, "Raise your hand if you're still in a job you had when you got out of college." 1500 people not one hand goes up. I'm like, "What? They couldn't retain you?" So I think it's more nuanced than that. So if you make a bad hire, if you hire somebody who's not competent [00:42:00] technically, then you own that 100% as hiring manager. You didn't vet them well enough. so that's a no harm, no foul situation where you go, "Oh shit. We made a mistake. You're the wrong person. It's not going to work out," because you don't want to set them up to fail.

Secondly, sometimes you interview somebody and you think, "Oh, god. Jacob, he's a good guy. He's not really got everything I'm looking for in this job, and I'm not sure if he's going to make it." I can still hire you and go ... [00:42:30] I can still make an offer and say, "You know what, I'm not sure if you're going to make it, but we really like you so if you're willing to take a chance, we are." Then if it doesn't work out, we were clear in the beginning. We were both taking a chance. Right?

When you're making stuff up, when you're inventing stuff, of course you're going to make mistakes. So you don't fire somebody as soon as they make a mistake. If the mistake is a mistake of morality or judgment, then you fire them. [00:43:00] This is where I talk to HR people. I'm like, "It's not our job to investigate sexual harassment after it happens. It's our job to make sure it doesn't happen."

Jacob: It's a very different kind of proactive way to look at it. I like that you acknowledged that sometimes mistakes will happen because I feel like a lot of companies are scared for that. How do ...

Patty: Yeah, and people take jobs [00:43:30] for the wrong reasons too, right? At Netflix, our culture was so unique that there were times when I would hire people, very senior people, and they loved the idea of what we were doing culturally, intellectually. I remember director level people. They were like, "I can't wait to be away from the bonds of my big company all its rules. I'm going to be set free." Then they come in and go, "Yeah, somebody on my teams unhappy. So can you [00:44:00] take care of that for me?"

Jacob: Go, Patty, go.

Patty: I'd me like, "Yeah, well, it's not my time, that's your team. Remember, we hired you."

"Yeah, I got a couple of people on my team. They just aren't working out. What are you going to do about it?"

I'm like, "Nuh uh. I hired you to build a great team. That's not my job."

Jacob: So I have a lot of questions about that, but before I jump into that aspect, I was really fascinated about that. In the audiobook, you talked about that kind of level [00:44:30] of accountability, don't be anonymous. Go talk to people directly. But before I jump into that, I was really curious. I get asked this question a lot and I'm curious if you do as well. Some people say, "Well, why should we bother investing in great leadership programs or diversity and inclusion, or any of this cool stuff around employee experience if people won't be there very long. If they only stay here for two years or a year, why bother making any change [00:45:00] because they're just going to take advantage and then they're out of there."

Patty: Okay. Well, again, I would ask a different question. I would separate the two. Why bother in doing those things if you're not interesting in the outcome? So on leadership programs and diversity and inclusion, before you invest in the program, make sure you know how to measure the outcome. So investing in the program with no change in behavior or no outcome doesn't make any different whether you stay or whether [00:45:30] you go. So if you want to really invest in diversity and inclusion, then have a diverse and inclusive leadership team.

This friend of mine, he was telling me the other day, he's a former Netflixer. He's like, "Yeah. I joined this new team, ad it's really cool. You'd be so proud of us. We got three women on my management team."

I'm like, "Wow. That's terrific. How many people on your management team?"

"12."

I'm like, "You know you have a PhD in math, what's the equal sign mean [00:46:00] to you?" It's no three, so yay you. Good start, but don't walk around all puffed out and proud.

Jacob: This is true.

Patty: "Where are the qualified I need?"

I said, "They're probably in the room with you, fool. They're probably standing right in front of you, but you're looking for your skills, experience, leadership."

So separating those two out, I think that [00:46:30] the programmatic approach to solving some of these problems is helpful, but I don't think ... I worry that they become HR's going to fix it with a program instead of we're really going to make this part of who we are as a company, right?

Secondarily, like sometimes somebody can be with you for two years and contribute enormously. Sometimes there are many [00:47:00] people ... Like I just told you, I'm kind of a serial startup person. I tend to like get bored in about four years. Just kind of how I'm wired, and like I said, I got lucky at Netflix because I got to do it three times over. Otherwise, I'm sure I would've left because I would have figured it out and gotten bored. That's not like a flaw. That's just kind of how I operate, right? So having time and retention be your metric to me is kind of a false metric.

Jacob: [00:47:30] That was going to be what I was going to ask you. That used to be, as you know, a staple metric for HR was what's the tenure? What's the turnover? But it sounds like what you're saying is instead focus on what was accomplished while the person was there instead of how long they were there.

Patty: Yeah, oh by the way, here's a newsflash, people that accomplish a lot and show a lot of leadership and are willing to tackle difficult problems that have a lot of unknowns and make the right [00:48:00] decisions, you know what happens to them? You promote them.

Jacob: This is true. You do promote them.

Patty: So they tend to stay longer because they solved bigger and more interesting problems that are critical to the business, and they tend to stay and solve those kinds of problems because they immerse themselves in the business and they can see them coming.

Jacob: Yeah.

Patty: I remember somebody who said to me, "Hey, listen. I need [00:48:30] to hire a new team."

I'm like, "What do you mean? You have a great team."

He goes, "I know. I do. I have a really great team, and they're self functioning now. There's this problem over here that nobodies dealing with and everybody hates it. It's really horrible and really needs to get done. So thinking about putting together a team to fix that. My team will work fine on its own. You can give my job to this person on my team. They'll do great. But here's this problem. Let's think [00:49:00] about how we fix it."

It was like just problem needed to get ... Or the employee who says ... I'm like, "How come this isn't on the to-do list anymore?"

"I decided to just do it."



Jacob: That's what I do. I have a to-do list.

Patty: It's the problem finder versus problem solver. I mean, here's how to get ahead and stay ahead. If you want to stay in your company, here's how to stay. Find shit that needs to be done and go do it.

Jacob: [00:49:30] I like that approach. Yeah. So it sounds like you have kind of a little bit of a tough love approach, which I really like. It's not let me coddle you. Let me go fix everything for you. I wonder if you could talk a little bit about that for a minute because I remember in your book you talked about a few examples where people wanted to give like anonymous feedback or they would come complain to you about another employee, [00:50:00] and you would just look at them and be like, "Why the hell are you telling me this? The person sits right there. Go talk to them directly. I've got stuff to do."

Patty: Yeah. I tell people no one ever called me touchy or feely ever. You said tough love, and what people hear sometimes or particularly, it's interesting because of the book. So I'll talk about that and then I'll get back to me.

We believe [00:50:30] now that giving feedback means constructive criticism, which means telling somebody something they don't want to hear that might be mean in a nice way that's kind of subtle, right? I don't think it's effective at all. I think that giving people feedback in the moment that includes ... Like the part about constructive criticism, it's rarely constructive. It's usually just criticism.

[00:51:00] Back to how you said tough love, there's love in that phrase. I'm tough on you because I expect a lot from you. I want you to be your best. If you're doing something that I think is getting in the way of you performing your best work or your team performing your best work, then it is with genuine affection that I tell you that. The other thing is because I worked with engineers all my life, they're not very nuanced.

[00:51:30] So if you go too far into the subtle gray areas, especially with HR speak, ugh, then they just don't hear you. They just roll their eyes and walk away, or they stand there and give you the look, and they're not listening at all. But when I say, "Hey, dude, seriously. We were at that meeting where we were making that decision that you told me you think is a bad idea. You've been complaining about it to me for months.

[00:52:00] We're in the moment. You have all these reasons why you think it's a dumb idea. We're talking about the decision. You don't say a word. I know that you're just going to walk out and complain about it."

It's a lot more effective for me in that meeting to go, "So do you want to speak up here, dude? Because you've been telling me"

Jacob: Call them out on it.

Patty: Call them out on it, right? When you call them out on it, it might be abrupt and it might be slightly embarrassing at the moment, but then [00:52:30] when you say, "Well, nobody asked me, but ..." You say what's on your mind. I remember one time saying something to somebody I'm like, "Did you not speak up because we changed your mind

in the discussion today, or do you still disagree because we're going to make a decision and we're not going to listen to you disagreeing about it tomorrow."

You say, "Actually, here's what I was thinking, and you did change my mind," or, "Actually, here's what I think about it," and people around the [00:53:00] table go, "Wow, that's helpful."

Jacob: How do you do that without ... Well, this is kind of part of another question. I was just wondering if you think most organizations are getting a little too soft today? But how do you cultivate this kind of like enough bullshit. Go talk to somebody if you have a problem. You're not going to be anonymous. You're a grown up. How do you cultivate this kind of attitude mentality without people going, "Oh my God. Patty [00:53:30] just told me that I need to go do my own thing and she's not going to help me. She was so rude." How do you get people to be okay with this kind of like handle your own stuff mentality?

Patty: Well, you got to be it. People can't be with it can't see. Right? That's deeply ingrained culture. If everybody in management, the highest value is being nice, then everybody will be very nice, right? [00:54:00] I don't think if everybody's sensitive about everybody else's feelings and that's the number one thing to care about, then everybody will be sensitive about everybody else's feelings. I mean, there's nothing wrong with different styles of doing things. It's just that when you focus on doing things, then you're going to find that being wishy-washy and not communicating what you really mean because it's something that you really need will make you go [00:54:30] slower. Right? I often say here's the deal with politics. If I'm going to stab you in the back, I got to get a knife, I got to wait for you to turn around, I got to stab you in the back, hopefully I have to kill you, get rid of the body. I mean, this is a lot of planning. It's a lot easier for me to just go, "Please, stop doing that. It makes me crazy." Then you do and now we don't have to do all that political ...

The other thing is we have to say why, [00:55:00] right? We have to say, "Hey, man. I'm not sure if you even need to be in this meeting because you don't ever contribute. I know you have stuff to contribute."

Jacob: So you'll say that actually to someone.

Patty: Absolutely, or I might be in a meeting and say, "By the way, I've been in this meeting weekly for a couple of months now and do you know that Jacob doesn't speak. So why is he there?"

Jacob: You would say that while I'm there.

Patty: [00:55:30] Yeah. I might. Yeah. I could certainly say it to the person who was running the meeting, but yes, I sure could say that while you were there. Then you would learn, you would know, "Oh, wow. The reason I'm here is that I'm supposed to contribute." But as a leader you can say, "Hey, by the way, we're going to rethink this meeting. Because I've realized that 50% of the people in the room aren't contributing [00:56:00] to what we're

talking about anymore. Not that we don't love you guys, we love you, but you don't need to waste your time here. We'll send you a summary afterwards about what happened," right? So that's one way to do it.

Another way to do it, I mean, there's a lot of methodologies. Another way to do it is for me to go, "Um, okay. Who hasn't contributed? Who hasn't spoken up? You." So this is how leaders [00:56:30] train people to be adults. So here's another example. You know how people love to be the problem finder.

Jacob: Of course.

Patty: I always tell people ... Somebody asked me one time what would I fire you for? I'm like, "God, that's a good question. Let's see. Punching me in the face, breaching confidentiality, sexual harassment. I'd fire you for all those things. Oh, I know what I'd fire you for. If we were in a meeting trying to figure out what went wrong and you said, 'Oh, I saw that but nobody asked me.' I'd probably run you over [00:57:00] in the parking lot." It's like you don't get to do that, right?

So here's another, the problem finder. "This is so screwed up. Management made such a stupid decision on this. They don't even realize what a dumb idea it is." So there's two questions to ask, and this is how you teach people how to be adults. If you were in management, what decision would you have made? Question one. Question two, more important. [00:57:30] If you were in management, what information would you need to have to make a good decision?

Jacob: Those are very good questions.

Patty: Yeah. So my, Patty's, I have a lot of sayings. One of them is, "Have an opinion, take a stand, and be right most of the time." You can be wrong sometimes. I mean, sometimes we're just wrong. If you're wrong all the time, that's probably a bad idea. But I don't care about your opinion unless you're willing to take a stand.

Jacob: What are your [00:58:00] thoughts on anonymous feedback, anonymous surveys, 360 reviews. Do you think all that sort of stuff is useless or should there not be any anonymity inside of an organization? You should kind of ... Everybody should know who you are and what you're saying and why.

Patty: Yeah. In my perfect world, there aren't any anonymous surveys. So here's the deal with anonymous surveys, here's the deal with surveys in particular. [00:58:30] Anonymous surveys train people that the only way you can tell the truth as you see it is without being held accountable. Right? So it's not an anonymous survey of what's going on. It's an anonymous survey of everybody's opinions on the day, in the moment that they take the survey. So that's the other thing about anonymous engagements surveys is you're just taking the temperature on that day. If that day [00:59:00] was a day that you had horrible press and stock price went to hell and your boss yelled at you, then you're going to come across as not very engaged. Right? But on the next day, if it's a terrific day

and you accomplished something and you're boss told you you were great, then you're going to be highly engaged, right? So recognize that it's just a temperature taking thing.

I met a really interesting head of HR who told me she went into a new company that had done engagement surveys all over [00:59:30] the company for like five years in a row, and had asked consistently the same questions. So she did what all of us HR people do was she took a look at the survey to see where the hot spots were, which organizations were unhappy, and who was a disgruntled employee, and which organizations were doing really well and had high employee engagement. But she did something super interesting. She overlaid on top of that the current goals and objectives and accomplishments and how people were doing [01:00:00] meeting what they ... Getting their job done. Right? Basically who was doing well and who wasn't in terms of accomplishing the things that they said they would do. She said, "I found an organization that for five years was consistently in the 98th percentile of happiness, willingness to recommend the company, loved their manager, and underperformed for four of them."

Jacob: What was the reason?

Patty: Nobody was asking much of them, and it really wasn't important what they were working on anymore, [01:00:30] but it's a darn good time.

Jacob: Yeah. So they were happy when they were ...

Patty: They were as happy as clowns, right? They just weren't getting anything done. Then Bob Holman whose the CEO of Glassdoor told me that when Amazon got that scathing New York Times article, remember that?

Jacob: Oh, of course. Yeah.

Patty: About their culture. He went and did a survey and they've been around for 10 years now at Glassdoor. He said that Jeff Bezos [01:01:00] is like in the top five CEOs for all 10 years running, and Amazon's been a part of Glassdoor for all that time. Amazon is consistently rated as a great company to work for, right? You'd recommend it to someone else. People like engagements high. This like rock bottom for work/life balance. He said, "I wonder if there's a correlation?" He found that was with some companies there is definitely a hard driving [01:01:30] culture, and that there's this weird inverse correlation. What I was saying to him was my experience anecdotally with ex-Amazon people is, "Man, it's a really tough place to work, but I can't believe what I got done there. I can't believe what I learned." They surveyed 300 people, which is statistically very significant, and I'm sure that their pointing to an issue that's real at Amazon, but there's 150,000 employees. [01:02:00] So there's another 300 people that they've died and gone to Heaven.

Jacob: So it's in the company.

Patty: Yeah, my point is that ... I mean, my bigger, meta-point to you is we try and solve these problems in companies sometimes as there's a one size fits all solution for everybody. We always want to do these global HR initiatives and the other thing HR people will strive for is we want consistency. I'm like, "Really?"

Jacob: Culture fit. That's what I was just about ask you about [01:02:30] is culture fit. Hiring for culture fit.

Patty: Depends on what that means. Right? If it means I want to have a beer with you and I don't care whether or not you get anything done or if you're very smart, then is that really helpful, right? Most of the time culture fit means I like you and I want to hang out with you. The problem with culture fit is that [01:03:00] you want somebody who's just like you.

Jacob: Hiring a mini-me.

Patty: Hiring a mini-me. Why do you think all these companies are male and white, right? I mean, I tell people if this is how people get promoted. "I want somebody's who's smart, articulate, brilliant, quick on their feet, good decision maker. Somebody, well, [01:03:30] just like me." That's who they hire instead of here's a problem I'm trying to solve. This is a difficult problem. I need somebody who knows how to think about this kind of problem and who has an interesting solution to it. Then you're going to be much more open to hiring somebody who's different than you.

Jacob: How long did it take you guys to hire people in Netflix? So I was talking to a friend of mine yesterday, and he was interviewing [01:04:00] for a financial institution. It was a VP role. He got the job, and he told me it was a seven month interview process.

Patty: Oh God.

Jacob: Then I always had Nolan Bushnell as a podcast guest. He's the guy who created a Atari and Chuck E. Cheese. He was the first person who hired Steve Jobs.

Patty: Mm-hmm (affirmative).

Jacob: I said, "How long did it take you to hire Steve Jobs?"

He said, "Like two, three hours."

Patty: Mm-hmm (affirmative).

Jacob: "I met him, we talked, and I then I said, 'Great. You start tomorrow.'"

Patty: Yeah, I think ...

Jacob: So what's up with that?

Patty: [01:04:30] Well, I think that people just make it really onerous. So here's that list of things that people do wrong in the hiring process. One of them is get buy in from everybody else on the team, right? Like everybody else on the team has to make sure that they love it and they're a good culture fit.

Jacob: Oh, I hear some crazy stories.

Patty: Yeah, including the person that you don't want anymore.

Jacob: Yeah.

Patty: Right? It's like, "Well, how'd your interview go?"

"Well, it was fine except Jacob just really pissed off, and he just bent my ear with how fucked up this place is."

" [01:05:00] Oh, great. That was helpful."

Jacob: Oh yeah. I've heard stories of people that had to interview literally they spent time with 40 people, video conferencing people that couldn't show up, and I'm like, "Man, that is freaking intense. You almost met half the company to get the freaking job."

Patty: So it's just my experience is it's just poor discipline around the process. Remember I started off this podcast telling you I'm from recruiting. So it's about efficiency. [01:05:30] So a bunch of time you need to know who's going to be on the interview team, what questions each person is going to ask, what they're going to cover, everybody needs to be in alignment about what problem it is we're trying to solve, what's the right kind of skillset, what's the right kind of work ethic, what's the right kind of behavior for this addition for the team. Everybody needs to know what the teams trying to accomplish, not what check marks on the resume. [01:06:00] You know how people like, "This person's perfect. Look at their resume. Totally matches the job requisition." But then they're a total jerk. You get to veto people because they never accomplished anything or they've always hated their boss since they were in kindergarten, right? This person is going not hate their next boss. Let's just be clear.

So I always tell people that recruiting is like painting. It's all in the prep. So the minute [01:06:30] that ... So when that person comes in ... So I usually recommend a phone screen for technical skills if it's a technical role. The recruiter needs to do a screen in terms of what's motivating the person, why are they thinking about leaving, why are they interested in the company? The in house interview, I like to see no more than a day. Farther up you go, the more people you might have to meet with. So it might be a couple of days, but not much more. Remember, if you're asking for somebody to give up their [01:07:00] time too. So then the discipline of when the person shows up for the interview, they have a schedule. Every single person is on time. Everybody knows exactly who to cover at the end of the day, at least in the beginning when people are hiring that the team that interviews gets together in a room and goes around the room and says, "What'd you think of him? What'd you think of her?" You say, "I liked her a lot.

I want to have a beer with her." I'm like, "Well, we're not interviewing [01:07:30] her for drinking beer. So what question ..."

Jacob: Not drinking buddies.

Patty: "But so you liked her, what question did you ask? What answer did she give that made you come to that conclusion?" If you go around the table and you do that, what question did you ask, what answer did she give, not only are you figuring out how people are assessing the person, but you're also learning from each other how to interview better, right? So then [01:08:00] I say I had rules that were if your phone screens somebody, you got back within 48 hours and told them what was happening next. If somebody came in, it was 24. I hired people on the spot so they wouldn't get a counter offer.

Jacob: Really?

Patty: I remember one time hiring this senior guy, and I said, "What's going to happen when you go back to Yahoo?"

He goes, "Ah, shit. They're going to put me on a plane and fly me to LA and the managements going to try and talk me into staying."

I'm like, "Oh, man. How do [01:08:30] we stop that from happening? I know. You can't do that if you're an employee because it'd be a conflict of interest."

He goes, "Well, how am I going to be an employee at Netflix?"

I'm like, "I'm going to make you one right now."

He's, "How's that going to happen? Don't you have to ..."

I'm like, "I am the head of HR." I open my door. I'm like, "Can you get some new hire paperwork in here? Is your wife in the car? Does she know your kid's social security numbers?"

He's like, "You can just ..."

I'm like, "You know, this is not brain surgery. It's called new hire paperwork. [01:09:00] It's not that hard."

Jacob: The stories I hear today are completely mind boggling. I mean, it shouldn't take that long. We got to simplify and make things easier and just kind of like ...

Patty: We got to know what it is that ... So here's the deal, here's how requisitions are written. I've been doing this my whole life. So you write a requisition on the job description. You write either a description of the person who left that you wish hadn't gone, [01:09:30] the fantasy person that doesn't exist, or whatever it takes to get it approved. That's kind

of it, right? Then you hand that ticket to HR who goes and does keyword matches for all the acronyms that you have on the resume. Five to seven years progressive experiencing coding in this language. Oh, this person only has four and a half. No. This person has nine, no. Right? You don't have somebody that's [01:10:00] deeply involved in the team to go, "Oh, wow. Could somebody more junior solve this? I don't know. Let's talk to them."

And conversely, I remember interviewing people where I was ... Like the guy I told you about earlier who needed more structure. I'm like, "Call me back. Don't forget me. If your situation changes, you're a great guy. I'll always have some interesting thing for you to do." I hired men and women that I met years [01:10:30] before because I remember them.

Jacob: Do you think that we're ... I know by the way that we are like well over the hour. So do you have a couple more minutes?

Patty: Let me look at my calendar because I have another ... I'm so bad at this because I can talk forever.

Jacob: Yeah.

Patty: As you can tell. Yes, I'm good for another ... I have a call at 11:30.

Jacob: Okay. Well, hopefully we won't go that much farther, but just to kind of wrap some of these things up because I think we have a lot of really interesting points. So [01:11:00] you're the kind of just simplification.

Patty: Yep.

Jacob: Making things easier. Do you think we're relying too much on technology to bring in people? I hear stories now about we use AI. We get people to play games that assess their soft skills. We do keyword searches. We have just so much technology that there's not even a human in the process. If you don't get through that technology door, no human will ever look at you [01:11:30] or know who you are, nothing. So we find that we're kind of like emailing people all the time. "Hey, I have a friend looking for a job. Can you help him out?" We're trying to figure out ways to go around the technology. Curious what you think.

Patty: Well, like any other technology that comes along that's bright and shiny to solve a hard problem, we all gravitate to it to make life easier. So I don't want to poo-poo it out of hand [01:12:00] because there's going to be a there. There was some of this stuff. It's like online dating, right? I mean, you really do have to meet them. I always say to people resumes get you interviews, interviews get you jobs. So you want to get to the interview part as much as you can. The second thing I tell people is back when I was a [01:12:30] recruiter, I used to go to the weird little ethnic restaurant that all the geeks would go to, and they would have like the fishbowl up in the front where you put your business card



for a free lunch. I would take the fishbowl to the table in the corner and just dump it out, copy everybody's name. Now I say yeah, now God gave us LinkedIn.

So the other thing, the real key, I think, to great recruiting that's beyond a lot of this technology is the technology of social networking. We all know once you get to [01:13:00] any kind of mass, even if it's 10 people. 10 people can net you 150 people to call. So I talked to this one CEO one time, she goes, "You know, we just can't find qualified people to work in the company. It's impossible."

I'm like, "Well, just hire women for a year."

She goes, "I can't do that. Qualified women never cross my desk."

I'm like, "Qualified men are walking across your desk?" I said, "How many people you got in your company?"

"70."

I'm like, "Okay. Go ask 70 people, [01:13:30] one at a time, who's the best women you've ever worked with? Call them up, bring them in, interview them. You will hire someone. It's called hard work."

Jacob: Yeah. People want the easy solution.

Patty: Yeah. So one of the great technical advances is our own networks, right? So at Netflix, we worked really hard on making recruiting and hiring the managers job, not HR's job. HR was [01:14:00] there to help you to streamline it, to give you discipline, to manage the process, to make sure everything went well and smoothly, but putting together great a team. So it's your job, and you wanted to build a network. We all have one now.

Jacob: Yeah.

Patty: Right? We've always had some technology that's going to make it easier and overtime that technology helped us a lot. I just mentioned Bob Holman at Glassdoor. I think Glassdoor is really helpful.

Jacob: [01:14:30] Glassdoor's been great. They're level of transparency that you gets been wonderful.

Patty: Yeah. He told me that ... I said, "HR people hate it."

He goes, "Yeah, CEOs hate it, but you know what, you guys look at the negative." He said, "Overall, it's really pretty balanced, the positive versus the negative feedback." But he's like, "CEOs and HR people just look at the bad stuff."

Jacob: I hear from people all the time. I say, "Well, how come you have so many negative reviews on Glassdoor?"

They say, "Oh, that's only the angry people, only the [01:15:00] disgruntled employees go post there, none of the happy ones."

I said, "Really?"

Patty: That's not true.

Jacob: Yeah, I don't think it is either.

Patty: He tells me that it's not true. But let's say it is. Let's say it's only ends of the spectrum. So smart people can figure out what the middle of the spectrum is. The other thing people don't do very often is they don't look at the job titles of who's posting.

Jacob: Then why do you have so many angry people to begin with? That's another question I would be asking.

Patty: Yeah. So for [01:15:30] example, if you have a company that has a buggy product and everybody's postings in customer service, then they're probably pretty sick and tired of talking to angry people, right? But if you dive deeper into what the issue, and they may just be treated like shit, right? But it also might be that if you were looking at that, then let's take that as an example. You see that in a company that you're interviewing with. Then you when you come to the interview, you want to [01:16:00] find out what's the quality of the product that the customer service people have to deal with all the time?

Jacob: I know we've been spending a lot of time looking at companies, but I want to shift gears a little bit for the last few minutes and talk about maybe advice that you have for individuals. So either employees at existing companies or people who are looking for jobs. Maybe they do want to speak up but they're scared of the repercussions. Maybe they are just trying really hard to fit in and get that [01:16:30] job. They'll say anything. What advice do you have for employees in non-managerial and senior roles to succeed, stay relevant, do a good job.

Patty: Yeah, it's in my book. I call it my algorithm for success is what you love to do that you're extraordinarily good at doing something. We need someone to be great at. So you want to constantly pay attention to what it is that you do when just time passes and you're just into it, right? What [01:17:00] kind of day it is that you had at work when you go home and spontaneously say, "It was a great day at work." Write that down. That's what you're good at and you love to do. So as we go through our careers, we learn more and more about that. So when you know that about yourself and remember your career will belong to you forever. So don't naively ... If you're sitting there feeling like you're a woman and you're underpaid and you've been feeling like that for five years and one of these days your companies going to notice, that's probably not [01:17:30] going to happen. Because they didn't notice for five years, they may not notice now, right?

So figure out what you love to do and make sure that you constantly seek places where you can do those things, and where it matters. So another frustration for people sometimes is they don't realize how good I am. They don't realize that if they only put

me in a job as a writer, I'd be a great writer. Well, they don't need you to be a writer, right? So make that match [01:18:00] all the time.

The second thing about speaking up about things that you want to fix or things that you want to be better. Two things, one of them is for what reason? Right? If you want something to change, then tell me as an executive how that effects making a better product or a better customer. Because that's who matters, right? If it would make you happier, then it's not really relevant. I might listen to you, [01:18:30] but if it's not something that's going to effect the business or the customer, probably not going to matter. Second, have a solution. The most important thing you can do to you advance your career is to solve problems that need to be solved. So I would say the way to get heard with management is to ask smart questions about the business because you'll be perceived to be somebody who cares about the right thing and is curious and smart.

Jacob: [01:19:00] I like that you mentioned curious. I think curious is an important one.

Patty: Oh, yeah. I mean, don't you love that? I mean, I tell people, "Look, find somebody in the company that you admire, who you want to be, and go take them to lunch, buy them coffee, and go, 'Tell me how you got there? I want to be somebody like you someday. I want to have a role like yours. Tell how you got to be who you are.'" People love talking about [01:19:30] themselves. Love it.

Jacob: Of course.

Patty: Let me tell you my story, young man. When I was ... You'll get really interesting information. Real information like, "Really? You did that shitty job for five years? Oh yeah. Because I didn't know anything about that. I learned that stuff."

Jacob: Yeah.

Patty: So that's where your hopes and dreams, you want to get lots of context around, "Okay. How do I think about [01:20:00] that for me?"

Jacob: That makes a lot of sense. I have some rapid fire, fun questions I wanted to ask you, but before I jump into those, I was wondering if there's anything ese we should touch on about culture or Netflix or advice for people? Maybe you can give some advice for managers and leaders. How can they practice tough love? How can they learn to say no? How can they create this culture of transparency [01:20:30] and accountability? Where do they begin?

Patty: You started with the right question, they can practice.

Jacob: Problem solved.

Patty: You can do it. Yeah. I mean, I call myself the queen of the good, good buy. You know why I'm better at it than other people? Because I've done it a lot with dignity and grace

and respect. Right? That's why it makes me crazy. "Why do we [01:21:00] want to get rid of the annual performance review?"

I'm like, "Because if it's a mechanism for feedback, what else do you do in your entire life once a year that you're good at?" Absolutely nothing. Wrap Christmas presents? I don't know. I mean, so if you want to be better at feedback, then more feedback. Be it. Right? Especially leaders need followers, followers follow, followers [01:21:30] mimic. Don't write down what you value. Re-value open and honest transparency. Oh, no. I can't tell you that. That's a secret.

That's for me to know and you to find out. Oh, that's management information. You'll find out someday, maybe. It's like people get that. We watch more than we hear or read.

Jacob: It's funny. Talking to you, everything just [01:22:00] seems so simple and straight forward, and then when you talk to companies, it's not simple and not straightforward and so complicated and so like why can you just do it? Oh, I can't. We got to get this improved, and it's got to do this and that. It's like man, that is ...

Patty: I went to an executive off site of this wonderful company that's a big media company. The little companies are just nipping at their heels, and they've [01:22:30] been around forever. They have Fortune 100 clients that are diminishing. At the end of the conference, I said, "The 70 most important people in this huge company are in this room, and every single one of you told me that the biggest barrier to people getting work done spontaneously and creatively." It was a creative media company, right? It was an advertising firm. "Is that they have too many levels of approvals." They all rolled their eyes. I'm like, "Then [01:23:00] get rid of them. You're the C level executives. If it's five levels approval, make it two. Really."

Jacob: So easy.

Patty: No, it's bravery. It's scary. That gives you comfort. That gives you the time it takes to make the slow decision because that's what you're used to doing. [01:23:30] So I mean, we talked about it earlier. Change is hard so start little. Maybe it's make it four levels. I don't know.

Jacob: I always tell the story of Francine Katsoudas the chief people officer at Cisco, who for 80,000 employees within a three day period, got rid of their annual performance reviews. I said, "How did you do it?"

She said, "I went in front of the executive team, I pitched it, I convinced them. They said yes. I sent an email out to the entire company. We communicated [01:24:00] it to all of our managers and our executive team, and we basically told them stop doing it. That was it."

I was like, "Man."

Patty: It's really that easy.

Jacob: Yeah.

Patty: I tell people sometimes just like I had there's an example in my book of a report that went out to 50 people. I'm like, "Don't send it." Oh my God, you don't realize there's 50 people on this CC list. I'm looking at the two list on your email. I'm like, "Yeah, four of them don't even work here anymore. So let's [01:24:30] just wait and see."

She's like, "People will go ballistic."

I'm like, "Okay. Well, I'll take complete responsibility for it and we'll see who goes ballistic." Literally true. 50 people on this report had like seven tabs and all these macros. There were three people who went ballistic. They were all in finance and we got the data from payroll.

Jacob: That's hilarious.

Patty: It's just the way we've always been doing it. Okay. Ask me rapid fire questions because I have a 11:30.

Jacob: Okay. Most embarrassing moment you've had at work?

Patty: [01:25:00] Oh, when I worked at Sun Microsystems, I had something to say about something. It was when I ran diversity, and Scott McNeely had said something in a company meeting. He's CEO of the company at the time and I read him this very snarky email. "Well, Scott, I heard what you said at the company meeting, and as your head of diversity, I've got to say blah, blah, blah." It was a really a snarkily toned, complainy email with no solution. [01:25:30] Almost instantly my boss forwarded me a message from him that said, "Who is this woman and why is she still working here?"

Jacob: Oh my goodness. That's a good one.

Patty: Yep.

Jacob: If you were a super hero, who would you be?

Patty: Oh, I don't know their name. I consulted to a gaming company in LA. Oh, what's the name of it? They do League of Legends.

Jacob: Oh, Riot Games.

Patty: Riot Games. Yeah. So [01:26:00] on their bathroom doors at their corporate headquarters, they have like all these heroes of the game. I saw one guy who was like shooting lightning bolts from his knuckles or something like ... "Dude, I want to be that guy."

She's like, the woman who's showing me around. She's like, "Nuh uh, girlfriend. You want to be her." I forget who this super hero woman was, but she was like, "Ah." So I don't know who she is, but one of those.

Jacob: What's a book that you recommend? Could be a business book or a non-business book.

Patty: [01:26:30] I just finished Brotopia. Emily Chang who's a tech reporter at Bloomberg. She wrote the book about sort of the history of the bro culture in Silicone Valley. I thought it was super helpful and really interesting, really made me think about a lot of stuff.

Jacob: If you were doing a different career, what would you be doing?

Patty: Well, I'm about to do it. I'm about to work less and spend a lot of time hanging out in my garden. I just bought a new house that has a waterfall. [01:27:00] So I'm getting very into aquatic plants, and I might get a dog.

Jacob: Oh, in Santa Cruz?

Patty: Uh huh (affirmative).

Jacob: Very nice. Congratulations.

Patty: Yeah.

Jacob: If you could have dinner with anybody in the world, who would it be?

Patty: That's another one of those weird questions because I get to have dinner with so many interesting people.

Jacob: It could be alive or dead.

Patty: I know the alive or dead question. Again, I think I'd like to talk to Gloria Steinem.

Jacob: Oh, [01:27:30] okay. If you could live anywhere in the world, where would it be? I'm guessing I know what you're going to say.

Patty: I'm right here.

Jacob: I knew it. I knew it. If you could ...

Patty: This is paradise.

Jacob: If you could get rid of one workplace practice for companies all over the world, what would you get rid of?

Patty: My list is too big. I'd get rid of corporate speak.

Jacob: Oh, okay. If you could implement one work practice that companies all over the world, [01:28:00] what would you implement?

Patty: Telling the truth.

Jacob: That's a great one. Well, Patty, this has been my longest podcast ever. I want to thank you for your time. It was a lot of fun. Where can people go to learn more about you, your book, your Udemy course, anything else you want to mention?

Patty: It's all on my website. It's just [PattyMcCord.com](http://PattyMcCord.com).

Jacob: It's M-C-C-O-R-D.

Patty: That's correct.

Jacob: All right. Well, Patty, thanks for taking time out of your day to speak with me. I really appreciate it. Hopefully we'll get [01:28:30] to see each other again soon because I'm not too far away from you. Around an hour and a half away.

Patty: Yeah, yeah. We'll do it sometime. Come down. We'll go for a walk on West Cliff.

Jacob: Oh, that would be fun. Get to visit UC Santa Cruz again.

Patty: Yeah. Okay.

Jacob: All right. Thank you, and thanks everyone for tuning into this week's episode of the podcast. My guest, again, has been Patty McCord. Check out her book, *Powerful: Building a Culture of Freedom and Responsibility*. I'll see all of you guys next week.