

## Before-reading questions

- 1 *Reader's own answer.*                      2 *Reader's own answer.*                      3 *Reader's own answer.*

## During-reading questions

### INTRODUCTION

- 1 Netflix changed when it needed to and its employees were freer to try out different ideas.
- 2 Reed Hastings is the owner of Netflix and one of the writers of this book. Erin Meyers is an author. Reed Hastings read and liked Erin Meyers's book *The Culture Map*, so he invited her to work with him. Erin wanted to know how Netflix worked.

### CHAPTER TWO

- 1 Reed learned to talk openly to his wife and tried the same thing at work, asking everyone to say what they really thought, but in a positive way, without attacking anyone.
- 2 People often don't say what they think because they are worried that other people won't agree with their opinion; other people could think they are being difficult; they don't want to fight with or upset a colleague; or for people to say they are not a team player.

### CHAPTER THREE

- 1 Some employees weren't completing work at the right time, and others were taking vacation just before an important moment in a big project. Managers had to speak to their teams about what behaviors were OK.
- 2 Reed changed employees' ideas about spending company money from "spending it like their own" to "acting for the good of Netflix." This was because he understood that not everybody spends their own money in the same way, which brought problems to the company.

### CHAPTER FOUR

- 1 The "rock-star principle" is an idea that came from research in 1968 with a group of engineers. The idea is that you have small teams full of high-performing employees, doing a better job, and paid a lot more.
- 2 You shouldn't give employees bonuses because they will think about the bonus in the future and not see what is best for the company now. Because of this, they won't have their best and most innovative ideas.

### CHAPTER FIVE

- 1 "Sunshining" is sharing as much information as possible with everybody in your company to show you are open, and to build trust.
- 2 In his early days at Pure Software, Reed made a mistake in hiring five bad managers, so he offered to leave the company. When he shared his mistakes with other managers and employees, he felt better and the team became closer.

**CHAPTER SIX**

- 1 You can only share decision-making with high talent density and in an open organization. Without these things, it doesn't work.
- 2 The Netflix Innovation Cycle is a way for the person who knows most about an idea to make decisions about it. First, by telling other people about it and finding people who are against it. Then, by trying the idea to see if it works. Finally, by celebrating it if it succeeds, or by sunshining it if it fails.

**CHAPTER SEVEN**

- 1 Employees shouldn't see their jobs as something for life, as a family is. They should only do their job if they are the best person for it. Just like in a sports team, they have to compete to keep their place.
- 2 The "Keeper Test" is a way of asking questions to see if the right person is doing each job. You can ask these questions to yourself or your manager can ask them about you.

**CHAPTER EIGHT**

- 1 Netflix doesn't like performance reviews because the feedback only goes down, because it is only from one person, and because employee pay is not decided by performance.
- 2 Netflix has chosen written 360 reviews, which use open feedback from other people in the company as well as managers. And it has chosen live 360 reviews, which allow small teams to give feedback in person.

**CHAPTER NINE**

- 1 A "tightly-coupled" system is one in which many parts work together closely. In a "loosely-coupled" system, very few parts work closely together. When a company is tightly coupled, big decisions get made by the top manager, and everybody follows. So, if there's a problem in one area, it has to go back to the manager responsible for all areas. In a loosely-coupled company, one manager or employee is free to make decisions or find answers to problems, without touching other areas of the business.
- 2 To make sure that Netflix is highly aligned, Reed organizes lots of meetings at different levels across the company, and shares the information about these meetings with all the employees.

**CHAPTER TEN**

- 1 Employees in other countries enjoyed feeling free and liked making decisions for themselves. The Keeper Test didn't always work around the world because of different employment rules. Giving and getting open feedback was also not always easy in different countries.
- 2 Netflix looked at Erin Meyer's cultural "maps" for the countries where they had offices, and talked about what they discovered.

**CONCLUSION**

- 1 Netflix develops rules and processes to keep employees safe at work, to give financial information to Wall Street, and to keep subscribers' information private.
- 2 Netflix creates "new music" by keeping things a bit loose, not being afraid of change, not organizing too much, and not writing the music for the band to follow.

## After-reading questions

- 1 **Example answer:** “Talent density” is when a company only keeps employees who are high performers so they all perform well and learn from each other. For a company, this means that employees work better because they are more motivated and happier in their jobs.
- 2 **Example answer:** You should give helpful feedback about things that people can do differently. You should listen carefully with an open mind to feedback and say thank you, but then you don’t have to follow it.
- 3 **Example answer:** Netflix took away vacation days from contracts, and controls on travel and spending. The employees felt freer and were more responsible for their own behavior and for the company.
- 4 **Example answer:** Netflix learned that people in different countries and from different cultures behave differently. The company tried to change the way it worked with people around the world to make it easier for it to grow.
- 5 *Reader’s own answer.*

## Exercises

### INTRODUCTION

- |   |                |                |           |
|---|----------------|----------------|-----------|
| 1 | 1 1997         | 2 \$50,000,000 | 3 300,000 |
|   | 4 \$57,000,000 | 5 167,000,000  | 6 190     |

### CHAPTERS ONE AND TWO

- 2 1 The day we told people about their jobs was terrible. People cried, shouted, or walked away **angrily**.
- 2 A third of our employees lost their jobs, but the office was **suddenly** full of life, passion, and ideas.
- 3 We wanted to train our managers to fire any employees who didn’t perform **excellently**.
- 4 If you’re open, you must think **carefully** about how you give feedback.
- 5 Nobody wants to hear that they’re doing **badly**, but people quickly understand that it can help them to do their jobs better.
- 6 At Pure Software, I didn’t manage the people **well** at first. I avoided talking to people **directly** about problems.
- 7 It’s important to be open and not behave **stupidly**.
- 8 Feedback must be about something that someone is able to do **differently**.

### CHAPTER THREE

- 3 1 **f** We’re all working some weekends, **answering emails** at strange hours.
- 2 **c** When we took vacation out of contracts in 2003, we didn’t think about **creating context**.
- 3 **b** It’s not good for Netflix if everybody **flies business class** from Los Angeles to Mexico.
- 4 **e** In the early Netflix days, there weren’t any written rules about who could **spend money**.
- 5 **a** At Netflix, you can just buy something, **take a photo** of the receipt, and get the money back.
- 6 **d** Until 2003, we checked when each employee **took time off**, like every other company I knew.

## CHAPTER FOUR

- 4 1 Usually for non-creative jobs, if the pay is OK, your company **will do** very well.
- 2 But, if you're a new company, will top performers want to work for you, even if you can pay them well?
- 3 At most companies, highly-paid employees have pay and a bonus, money paid if they **perform** well or achieve things for the company.
- 4 High performers always want to do well, and will try hard, if they **have** a bonus or not.
- 5 If you're **thinking** about your bonus, your mind won't have its best and most innovative ideas.
- 6 People are not as creative when they don't know if they'll **get** paid a bonus.
- 7 People think that a company won't be competitive if it **doesn't** offer a bonus.
- 8 Employees get more money if they **change** companies than if they **stay**.

## CHAPTER FIVE

- 5 1 a    2 c    3 b    4 c

## CHAPTERS SIX AND SEVEN

- 6 1 At Netflix, we think **that** it's fine not to agree with your manager and to do things that she doesn't like.
- 2 Don't try to please the manager. Try to do **what** is best for the company.
- 3 When we started working together, I was surprised **how much** time Reed could spend on the book.
- 4 Netflix works in a creative market **where** mistakes won't kill anyone.
- 5 At Netflix, employees can try an innovative project in the market **when** managers are against it.
- 6 For each important decision, there's always one person **who** understands more than others.
- 7 Families also manage when people behave badly. That's **what** families do.
- 8 A manager has to understand **that** the only way to win is for the team to win together.

## CHAPTER EIGHT

- 7 How to do a live 360:
  - It <sup>1</sup> **takes** about three hours, so do it over a meal in a small <sup>2</sup> **group** of eight people or fewer.
  - Follow the feedback <sup>3</sup> **rules** in Chapter Two. It should be about 25% <sup>4</sup> **positive**: start with "keep doing . . ." and 75% <sup>5</sup> **critical**: start with "start or stop doing . . ."
  - Start the <sup>6</sup> **meeting** with a good <sup>7</sup> **example**: a person who takes critical feedback well, and a person who <sup>8</sup> **gives** critical feedback well.

## CHAPTER NINE

8	Managing with control	Managing with context
	the manager tells teams what to do	employees are freer
	employees find work difficult	high performers
	avoiding making mistakes	selling
	keeping people safe	innovating

## CHAPTER TEN

- 9
- 1 The direct negative feedback given by a **German** manager might seem unkind in the US.
  - 2 The positive feedback of an **American** might seem unnecessary and not really true in Germany.
  - 3 The **Thai** manager learns never to criticize a colleague in front of others.
  - 4 The **Israeli** manager learns always to be open and direct.
  - 5 **Colombians** are trained to make negative messages softer with positive words.
  - 6 The **French** are trained to criticize with passion and not to give much positive feedback.

## CONCLUSION

- 10 1 b    2 d    3 e    4 f    5 c    6 a

**Project work**

*Reader's own answers.*