

# NETFLIX – KEEPER TEST

## FROM FAMILY TO TEAM

In the early Netflix days, our managers also worked to foster a family-like environment. But, after our 2001 layoffs, when we saw the performance dramatically improve, we realized family is not a good metaphor for a high-talent-density workforce.

We wanted employees to feel committed, interconnected, and part of a greater whole. But we didn't want people to see their jobs as a lifetime arrangement. A job should be something you do for that magical period of time when you are the best person for that job and that job is the best position for you. Once you stop learning or stop excelling, that's the moment for you to pass that spot onto someone who is better fitted for it and to move on to a better role for you.

But if Netflix wasn't a family, what were we? A group of individuals looking out for ourselves? That definitely wasn't what we were going for. After a lot of discussion Patty suggested that we think of Netflix as a professional sports team.

Initially this didn't sound very profound. The metaphor of team for company is just about as tired as the metaphor of family. But as she kept talking, I started to see what she meant:

*I just watched Bull Durham with my kids. On a pro baseball team, the players have great relationships. These players are really close. They support one another. They celebrate together, console one another, and know each other's plays so well that they can move as one without speaking. But they are not a family. The coach swaps and trades players in and out throughout the year in order to make sure they always have the best player in every position.*

Patty was right. At Netflix, I want each manager to run her department like the best professional teams, working to create strong feelings of commitment, cohesion, and camaraderie, while continually making tough decisions to ensure the best player is manning each post.

A professional sports team is a good metaphor for high talent density because athletes on professional teams:

- Demand excellence, counting on the manager to make sure every position is filled by the best person at any given time.
- Train to win, expecting to receive candid and continuous feedback about how to up their game from the coach and from one another.
- Know effort isn't enough, recognizing that, if they put in a B performance despite an A for effort, they will be thanked and respectfully swapped out for another player.

On a high-performing team, collaboration and trust work well because all the members are exceptionally skilled both at what they do and at working well with others. For an individual to be deemed excellent she can't just be amazing at the game; she has to be selfless and put the team before her own ego. She has to know when to pass the ball, how to help her teammates thrive, and recognize that the only way to win is for the team to win together. This is exactly the type of culture we were going for at Netflix.

This is when we started saying that at Netflix:

**WE ARE A TEAM, NOT A FAMILY**

If we are going to be a championship team, then we want the best performer possible in every position. The old notion is that an employee has to do something wrong, or be inadequate, to lose their job. But in a pro, or Olympic, sports team, the players understand the coach's role is to upgrade—if necessary—to move from good to great. Team members are playing to stay on the team with every game. For people who value job security over winning championships, Netflix is not the right choice, and we try to be clear and

nonjudgmental about that. But for those who value being on winning teams, our culture provides a great opportunity. Like any team successfully competing at the highest level, we form deep relationships and care about each other.

## THE KEEPER TEST

Of course, managers at Netflix, like good people anywhere, want to feel positive about their actions. To get them to feel good about cutting someone they like and respect requires them to desire to help the organization and to recognize that everyone at Netflix is happier and more successful when there is a star in every position. So we ask the manager: Would the company be better off if you let go of Samuel and looked for someone more effective? If they say “yes,” that’s a clear sign that it’s time to look for another player.

We also encourage all managers to consider each of their employees regularly and make sure they’ve got the best person in every spot. To help managers on the judgment calls, we talk about the Keeper Test:

**IF A PERSON ON YOUR TEAM WERE TO QUIT TOMORROW, WOULD YOU TRY TO CHANGE THEIR MIND? OR WOULD YOU ACCEPT THEIR RESIGNATION, PERHAPS WITH A LITTLE RELIEF? IF THE LATTER, YOU SHOULD GIVE THEM A SEVERANCE PACKAGE NOW, AND LOOK FOR A STAR, SOMEONE YOU WOULD FIGHT TO KEEP.**

We try to apply the Keeper Test to everyone, including ourselves. Would the company be better off with someone else in my role? The goal is to remove any shame for anyone let go from Netflix. Think of an Olympic team sport like hockey. To get cut from the team is very disappointing, but the person is admired for having had the guts and skill to make the squad in the first place. When someone is let go at Netflix, we hope for the same. We all stay friends and there is no shame.

Patty McCord herself is one example. After working together for over a decade, I started feeling that it would be best for us to have someone new in the role. I shared these thoughts with Patty, and we talked about what was leading me there. As it turned out, she wanted to work less, so she left Netflix and it was very amicable. Seven years later we remain close friends and informal advisers to one another.

In another case, Leslie Kilgore was incredible for us as chief marketing officer, and she was instrumental in our culture, our battle with Blockbuster, and our growth overall. She was, and is, a great business thinker. But with House of Cards launching, and a future of marketing titles rather than making offers, I knew we needed someone with deep Hollywood studio experience, partially to make up for my own lack of showbiz knowledge. So I let go of Leslie, but she was willing to serve on our board, so she has become one of my bosses and has been a great company director for many years.

So the Keeper Test is real and all our managers at all levels in the company use it consistently. I tell my bosses, the board of directors, that I should be treated no differently. They shouldn’t have to wait for me to fail to replace me. They should replace me once they have a potential CEO who is likely to be more effective. I find it motivating that I have to play for my position every quarter, and I try to keep improving myself to stay ahead.

## THE KEEPER TEST PROMPT

There are two steps we take at Netflix to minimize fear around the office.

The first step is that any employee who is feeling the type of anxiety is encouraged to use what we call the “Keeper Test Prompt” as soon as possible. That almost always improves the situation.

During your next one-to-one with your boss ask the following question:

**“IF I WERE THINKING OF LEAVING, HOW HARD WOULD YOU WORK TO CHANGE MY MIND?”**

When you get the answer, you’ll know exactly where you stand. Chris Carey is a senior tools engineer at the Netflix Silicon Valley office and one of many who ask the question on a regular basis:

When you ask your boss the Keeper Test Prompt question, there are three possible outcomes. One, your boss might say he would fight hard to keep you. In that case any fear you've had about your performance will immediately go away. That's good.

Two, your boss might give you an uncertain response with clear feedback about how to improve. That's good too because you hear what you need to do to excel in your role.

Three, if your boss feels he would not fight hard to keep you, you may have caused him to notice something negative about your performance that wasn't previously in the forefront of his mind. This makes asking the question a little scary. But it is still good because it sparks a clear discussion about whether this job is the right fit for your skill set and ensures you won't be blindsided to hear one morning that you've lost your job.

When Chris started at Netflix, he vowed to use the Keeper Test Prompt each year in November, so he'd never be taken by surprise.

I'm a software coder. I'm happiest spending 95 percent of my time head down in code. A year into my tenure at Netflix, I was pleasantly coding my life away. I asked my boss: "Paul, would you fight to keep me if I told you I was leaving?" His answer was a loud yes. That felt great.

Later I inherited a project that was also coding, but we had employees at Netflix who were using the tool I was developing. Paul suggested on several occasions that I set up focus group interviews with internal users. But I have some social anxiety, so instead of holding meetings, I chose to use my own intuition about how to improve the product.

November rolled around. I asked Paul the Keeper Test Prompt question again. This time his answer was less positive: "At this moment, I don't know if I would fight to keep you. You can go back to your previous job, where you were excelling. But this role requires that you interact more with our users. If you want to keep this job, you'll have to lead focus groups and give presentations. It will take you out of your comfort zone and I don't know if you will succeed."

I decided to take the risk. I worked hard. I took a presentation class online and practiced in front of my neighbors. The day of my first Netflix presentation I got up at six a.m., unicycled for four hours, took a shower, and walked directly into the meeting room for my eleven a.m. presentation. My goal was to work out all my anxiety and not give myself time to get too nervous. For the focus group meetings I tried other methods like pre-discussion videos to minimize the amount of time I'd have to speak in front of the group.

It was only May, but I put the Keeper Test on the agenda again. I needed to understand if I was at risk of losing my job. "Would you fight to keep me?" I asked Paul.

Paul looked right in my eyes and said: "You are outstanding at ninety percent of this job. You are innovative, meticulous, and hardworking. For the other ten percent you've been able to incorporate feedback and you are now doing fine. You can continue to push yourself to interact more with our internal users. But you are doing high-level work. If you told me you were leaving, I would fight really hard to keep you."

All three times Chris asked the question, he got important information. The first answer felt good, but it didn't add much value. The second was the most stressful but provided him with a straightforward plan of action. The third reassured Chris his efforts were paying off. The second technique that we use to abate the fear of job loss is the "post-exit Q and A."

## POST-EXIT Q & A

There is nothing more ominous than people on your team disappearing from the roster with no word about how the decision was made or how much warning that person received. The biggest worry people have when they learn a colleague has been let go is whether that person had feedback or whether the termination came out of the blue.

Yoka, a content specialist in our Tokyo office, tells this story. Her anecdote is particularly potent because Japanese companies traditionally offer employment for life. Even today, firing a worker is rare in Japan. Many of our employees there have no previous experience of a colleague losing his job:

My closest colleague, Aika, worked for a man named Haru, who was really not a good boss. Aika and her entire team were suffering under Haru's management. I was hoping something would happen, but when Haru lost his job my own reaction surprised me. One morning I came to the office a little later than usual. It was January and there was snow on the road. Aika raced to my desk, her face flushed. "Did you hear what happened?" Haru's boss Jim had flown from California and met with Haru early in the morning, before anyone else arrived at work. By the time Aika arrived Haru had been let go and was already packing his boxes and preparing to say goodbye. Now Haru was gone and we wouldn't see him again. I burst into tears. I didn't feel close to him, but I couldn't help thinking, "What if I came into work and someone was waiting to fire me?" The one thing I needed to know was did Haru get feedback? If so, what had he been told? Did he see this might be coming?

The best response after something difficult happens is to shine a bright light on the situation so everyone can work through it in the open. When you choose to sunshine exactly what happened, your clarity and openness will wash away the fears of the group. Let's pick up Yoka's story again:

I learned that there would be a meeting at 10:00 a.m. for Haru's team and for anyone else who had worked with Haru or had questions. About twenty people came together around a big oval table. The group was really quiet. Jim detailed Haru's strengths and struggles and explained why he felt he was no longer the best choice for his position. We sat silently for a while. Jim asked if there were questions. I raised my hand and asked how much feedback Haru had received and whether he had been surprised. Jim outlined the discussions he and Haru had had in the previous weeks. He said Haru was very upset and, despite all the feedback, did seem a little surprised.

Having information helped me calm down and also think about how to manage my own emotions. I called my own boss in California and told her that, if it ever crosses her mind that she might need to let me go, I wanted her to tell me plainly. I made her promise that if she ever has to let me go, I won't be surprised at all.

Meetings like the one organized by Jim help those who worked directly with a parting employee to process what happened and get their questions answered.

## TAKEAWAYS

- In order to encourage your managers to be tough on performance, teach them to use the Keeper Test: "Which of my people, if they told me they were leaving for a similar job at another company, would I fight hard to keep?"
- Avoid stack-ranking systems, as they create internal competition and discourage collaboration.
- For a high-performance culture, a professional sports team is a better metaphor than a family. Coach your managers to create strong feelings of commitment, cohesion, and camaraderie on the team, while continually making tough decisions to ensure the best player is manning each post.
- When you realize you need to let someone go, instead of putting him on some type of PIP, which is humiliating and organizationally costly, take all that money and give it to the employee in the form of a generous severance payment.
- The downside to a high-performance culture is the fear employees may feel that their jobs are on the line. To reduce fear, encourage employees to use the Keeper Test Prompt with their managers: "How hard would you work to change my mind if I were thinking of leaving?"
- When an employee is let go, speak openly about what happened with your staff and answer their questions candidly. This will diminish their fear of being next and increase their trust in the company and its managers.



**EMPOWERMENT**  
EMPOWERING TOMORROW'S CHAMPIONS OF CHANGE