

TALENT MANAGER

Silicon Valley human resources veteran Patty McCord helps businesses build influence.

By Vivian Giang

Photograph by Nicholas Albrecht



During Patty McCord's

14 years as chief talent officer of Netflix, her unconventional approach to human resources shaped the workforce that transformed the DVD-by-mail retailer into a top content-streaming service. Her philosophy, which included unlimited vacation and no annual reviews, is detailed in a 124-page report, "Netflix Culture: Freedom and Responsibility," which Sheryl Sandberg has called "the most important document ever to come out of the Valley." Now a consultant, McCord helps businesses such as Warby Parker and Birchbox hire effective teams. Here's how she forms company culture.

Toss the employee handbook

McCord says some start-up executives introduce infrastructures, such as complex hierarchies and compensation systems, as soon as they get funding. But imitating a grown-up company can inhibit innovation if employees spend time chasing manager approvals, McCord says. She recommends that smaller startups—a



Help wanted

McCord says her human resources policies are designed to attract "fully formed adults."

three-year-old company with 75 employees, for example—skip the systems and focus on progress.

Think like a coach

When everyone works long hours, relationships can feel familial—a dynamic that clouds judgment when you need to let someone go. At Netflix, McCord repeated: "We're a team, not a family," and encouraged executives to treat employees like players in a sports franchise, where roster cuts aren't personal. This approach led to McCord's own exit in 2012. With Netflix in transition and its culture clearly defined, CEO Reed Hastings asked her to depart.

Give perks a purpose

McCord says that some benefits favored by tech companies, such as in-office hammocks and personal chefs, are "a race to the ridiculous." Instead, align extras with your values. If you're running a retail company that donates clothes to kids, send employees to a developing country to deliver the products. "Perks are designed to make people happier at work, but you're not accomplishing anything just by giving people more stuff," she says.

Be honest with inexperienced hires

McCord says that if Warby Parker had employed only retail veterans, they might have tried to deter the founders from opening a showroom when the industry was going digital. She recommends tapping some amateurs for their openness to risk, but let them know that if things don't work out, you'll do what's right for the company. This kind of transparency, McCord says, is the key to building a company culture that is rooted in trust. 