
Service Drive Articles





Netflix Story

The year 2019 was noteworthy for Netflix. The film Roma was nominated for best picture and 13 Oscars. It was a great achievement for Director Alfonso Cuarón, which underscored the transformation of Netflix into a full-fledged entertainment company. Long ago, Netflix had to pivot from a DVD by mail business to become not just an Internet streaming service, with over 167 million subscribers in 190 countries, but also a major producer of their own Emmy winning TV shows. Critically acclaimed shows, like Stranger Things and Squid Games as well as in-house movies like the Gray Man and The Adam Project. They have worked with some of the world's most talented creators including Sedona Rhimes, Joel and Ethan Coen and Martin Scorsese. Netflix has introduced a new way for people to watch and enjoy great stories, which, at its best moments, broke down barriers and enriched lives.

However, like many great success stories, there were major growing pains that had to be endured before they became a name synonymous with in-home entertainment.

Reed Hasting—Former CEO of Netflix:

“Blockbuster is a thousand times our size,” I whispered to my Co-founder Marc Randolph as we stepped into a cavernous meeting room on the twenty-seventh floor of the Renaissance Tower in Dallas, Texas in early 2000. These were the headquarters of Blockbuster, then a \$6 billion giant with over 9000 locations and 50 million members that dominated the home entertainment business.

The CEO of Blockbuster John Antioco, reputed to be a skilled strategist. He was unaware that a ubiquitous super-fast Internet would up-end his industry, welcomed us graciously. Much like a lion invites an ant into his den. Sporting a salt and pepper goatee and a custom-tailored pin-stripe suit and shoes that cost more than the rental car we drove to the meeting in, he seemed completely relaxed.

By contrast, I was a nervous wreck. Marc and I co-founded and now ran a tiny two-year-old start up, which let people order DVDs on a website and receive them through the US Postal Service. We had 100 employees and a modest

300,000 subscribers. Needless to say, we were off to a rocky start. That year alone our losses totaled \$57 million. All the while, blockbuster earned \$465 million on their IPO. Eager to make a deal, we worked for months to get Antioco to respond to our calls. We knew that we could dominate the market if we could combine our two companies' strengths. Imagine, their customer base and market share coupled with our innovative vision and technology-based platform.

We all sat down around a massive glass table, and after a few minutes of small talk Mark and I made our pitch. We suggested that blockbuster purchase Netflix, and then we would develop and run blockbuster.com as their video rental arm. A stone face Antioco listened carefully, nodded his head frequently, and then asked, “how much would Blockbuster need to pay for Netflix?” When he heard our response of \$50 million. Marc later told me “It was tiny, involuntary and vanished almost immediately. But as soon as I saw it, I knew what was happening: John Antioco was struggling not to laugh.”

Then...he flatly declined! Marc and I left...crestfallen.

By 2022, only a single blockbuster store (in name only) remains in Bend, Oregon.

Towards the end of their demise, with their share prices plummeting and market share dwindling, they pivoted “last-minute” to adopt the same business model they laughed at four years previous. They announced the new “Unlimited three”, a DVD plan priced at \$16.99. \$1.00 cheaper than our most popular plan. All this in a last-ditch effort to bail out their sinking ship.

I am often asked “how did this happen? Why could Netflix repeatedly adapt but Blockbuster could not?” The day we went to Dallas, blockbuster held all the cards. They had the brand, the power, the resources and division. Blockbuster had us beat hands down.

It was not obvious at the time, even to me but we had one thing they did not: a culture that valued people over process, emphasized innovation over efficiency and had very few controls. “The irony is that blockbuster failed because its leadership had built such a well-oiled operational machine. It was a very tight network that could execute with extreme efficiency, but poorly suited to adapt to new information”. Our culture, which focused on achieving top performance

with talent density and leading employees with context and empowerment, not control. That allowed us to continually grow and change as our world and our members needs did.

My greatest fear has been that we wouldn’t make the leap from success in DVDs to success in streaming. Most companies are great at something. Like AOL dial-up or Borders bookstore; businesses fail to deviate from their initial business model. Companies rarely die from moving too fast, and they frequently die from moving too slowly.

Netflix is different. The ultimate irony is a few years into our run, we finally figured out a way to make our original idea of DVDs by mail work, we had already been looking ahead to a future without either of them!





The Innovator and Ford Motor Company

Retrieved From:
www.thehenryford.org

The early history of Ford Motor Company illustrates one of Henry Ford's most important talents - an ability to identify and attract outstanding people. He hired a core of young, able men who believed in his vision and would make Ford Motor Company into one of the world's great industrial enterprises.

The new company's first car, called the Model A, was followed by a variety of improved models. In 1907, Ford's four-cylinder, \$600 Model N became the best selling car in the country. But by this time Ford had a bigger vision: a better, cheaper "motorcar for the great multitude." Working with a hand-picked group of employees he came up with the Model T, introduced on October 1, 1908.

The Model T was easy to operate, maintain, and handle on rough roads. It immediately became a huge success. Ford could easily sell all he could make; but he wanted to make all he could sell. Doing that required a bigger factory. In 1910 the company moved into a huge new plant in Highland Park, Michigan, just north of Detroit. There Ford Motor Company began a relentless drive to increase production and lower costs. Henry and his team borrowed concepts from watch makers, gun makers, bicycle makers, and meat packers, mixed them with their own ideas and by late 1913 they had developed a moving assembly line for automobiles. But Ford workers objected to the never-ending, repetitive work on the new line. Turnover was so high that the company had to hire 53,000 people a year to keep 14,000 jobs filled. Henry responded with his boldest innovation ever—in January 1914 he virtually doubled wages to \$5 per day.

At a stroke he stabilized his workforce and gave workers the ability to buy the very cars they made. Model T sales rose steadily as the price dropped. By 1922 half the cars in America were Model T's and a new two-passenger runabout could be had for as little as \$269.

In 1919, tired of "interference" from the other investors in the company, Henry determined to buy them all out. The result was several new Detroit millionaires and Henry Ford who was the sole owner of the world's largest automobile company. Ford named his 26-year old son Edsel as president, but it was Henry who really ran things. Absolute power did not bring wisdom, however.

Success had convinced him of the superiority of his own intuition, and he continued to believe that the Model T was the car most people wanted. He ignored the growing popularity of more expensive but more stylish and comfortable cars like the Chevrolet, and would not listen to Edsel and other Ford executives when they said it was time for a new model. By the late 1920s even Henry Ford could no longer ignore the declining sales figures. In 1927 he reluctantly shut down the Model T assembly lines and began designing an all-new car. It appeared in December of 1927 and was such a departure from the old Ford that the company went back to the beginning of the alphabet for a name—they called it the Model A.

The new car would not be produced at Highland Park. In 1917 Ford had started construction on an even bigger factory on the Rouge River in Dearborn, Michigan. Iron ore and coal were brought in on Great Lakes steamers and by railroad. By 1927, all steps in the manufacturing process from refining raw materials to final assembly of the automobile took place at the vast Rouge Plant, characterizing Henry Ford's idea of mass production. In time it would become the world's largest factory, making not only cars but the steel, glass, tires, and other components that went into the cars.

Henry Ford's intuitive decision making and one-man control were no longer the formula for success. The Model A was competitive for only four years before being replaced by a newer design. In 1932, at age 69 Ford introduced his last great automotive innovation, the lightweight, inexpensive V8 engine. Even this was not enough to halt his company's decline. By 1936 Ford Motor Company had fallen to third place in the US market, behind both General Motors and Chrysler Corporation.

In addition to troubles in the marketplace, Ford experienced troubles in the workplace. Struggling during the Great Depression, Ford was forced to lower wages and lay off workers. When the United Auto Workers Union tried to organize Ford Motor Company, Henry wanted no part of such "interference" in running his company. He fought back with intimidation and violence, but was ultimately forced to sign a union contract in 1941.

When World War II began in 1939 Ford, who always hated war, fought to keep the United States from taking sides. But after the Japanese attack on Pearl Harbor, Ford Motor Company became one of the major US military contractors, supplying airplanes, engines, jeeps and tanks.

The influence of the aging Henry Ford, however, was declining. Edsel Ford died in 1943 and two years later Henry officially turned over control of the company to Henry II, Edsel's son. Henry I retired to Fair Lane, his estate in Dearborn, where he died on April 7, 1947 at age 83.





A Message To Garcia

By Elbert Hubbard & Elbert Hubbard II
American Writer, Publisher and Philosopher

Apologia

This literary trifle, A Message to Garcia, was written one evening after supper, in a single hour. It was on the Twenty-second of February, Eighteen Hundred Ninety-nine, Washington's Birthday, and we were just going to press with the March Philistine. The thing leaped hot from my heart, written after a trying day, when I had been endeavoring to train some rather delinquent villagers to abjure the comatose state and get radioactive.

The immediate suggestion, though, came from a little argument over the teacups, when my boy Bert suggested that Rowan was the real hero of the Cuban War. Rowan had gone alone and done the thing – carried the message to Garcia. It came to me like a flash! Yes, the boy is right, the hero is the man who does his work -- who carries the message to Garcia.

I got up from the table, and wrote A Message to Garcia. I thought so little of it that we ran it in the Magazine without a heading. The edition went out, and soon orders began to come for extra copies of the March Philistine, a dozen, fifty, a hundred; and when the American News Company ordered a thousand, I asked one of my helpers which article it was that had stirred up the cosmic dust. "It's the stuff about Garcia," he said. The next day a telegram came from George H. Daniels, of the New York Central Railroad, thus "Give price on one hundred thousand Rowan article in pamphlet form – Empire State Express advertisement on back – also how soon can ship." I replied giving price, and stated we could supply the pamphlet in two years. Our facilities were small and a hundred thousand booklets looked like an awful undertaking.

The result was that I gave Mr. Daniels permission to reprint the article in his own way. He issued it in a booklet form in editions of half a million. Two or three of these half million lots were sent out by Mr. Daniels, and in addition the article was reprinted in over two hundred magazines and newspapers. It has been translated into all written languages.

At the time Mr. Daniels was distributing the Message to Garcia. Prince Hilakoff, Director of Russian Railways, was in this country. He was the guest of the New York Central, and made a tour of the country under the personal direction of Mr. Daniels. The Prince saw the little book and was interested in it, more because Mr. Daniels was putting it out in such big numbers, probably, than otherwise. In any event, when he got home he had the matter translated into Russian, and a copy of the booklet given to every railroad employee in Russia. Other countries then took it up, and from Russia it passed into Germany, France, Spain, Turkey, Hindustan and China. During the war between Russia and Japan, every Russian soldier who went to the front was given a copy of the Message to Garcia.

The Japanese, finding the booklets in possession of the Russian prisoners, concluded that it must be a good thing, and accordingly translated it into Japanese. And on an order of the Mikado, a copy was given to every man in the employ of the Japanese Government, soldier or civilian. Over forty million copies of A Message to Garcia have been printed. This is said to be a larger circulation than any other literary venture has ever attained during the lifetime of the author, in all history - thanks to a series of lucky accidents.

In all this Cuban business there is one man stands out on the horizon of my memory like Mars at perihelion.

When war broke out between Spain and the United States, it was very necessary to communicate quickly with the leader of the Insurgents. Garcia was somewhere in the mountain fastnesses of Cuba -- no one knew where. No mail or telegraph message could reach him. The President must secure his co-operation, and quickly. What to do! Someone said to the President, "There is a fellow by the name of Rowan will find Garcia for you, if anybody can."

Rowan was sent for and given a letter to be delivered to Garcia. How the "fellow by the name of Rowan" took the letter, sealed it up in an oilskin pouch, strapped it over his heart, in four days landed by night off the coast of Cuba from an open boat, disappeared into the jungle, and in three weeks came out on the other side of the Island, having traversed a hostile country on foot, and delivered his letter to Garcia -- are things I have no special desire now to tell in detail. The point that I wish to make is this: McKinley gave Rowan a letter to be delivered to Garcia; Rowan took the letter and did not ask, "Where is he at?"

By the Eternal! There is a man whose form should be cast in deathless bronze and the statue placed in every college of the land. It is not the book-learning young men need, nor instruction about this and that, but a stiffening of the vertebrae which will cause them to be loyal to a trust, to act promptly, concentrate their energies: do the thing -- "Carry a message to Garcia."

General Garcia is dead now, but there are other Garcias. No man who has endeavored to carry out an enterprise where many hands were needed, but has been well-nigh appalled at times by the imbecility of the average man -- the inability or unwillingness to concentrate on a thing and do it.

Slipshod assistance, foolish inattention, dowdy indifference, and half-hearted work seem the rule; and no man succeeds, unless by hook or crook or threat he forces or bribes other men to assist him; or mayhem, God in His goodness performs a miracle, and sends him an Angel of Light for an assistant.

You, reader, put this matter to test: You are sitting now in your office -- six clerks are within call. Summon any one and make this request: "Please look in the encyclopedia and make a brief memorandum for me concerning the life of Correggio."

Will the clerk quietly say, "Yes, sir," and go do the task? On your life he will not. He will look at you out of a fishy eye and ask one or more of the following questions:

- Who was he?
- Which encyclopedia?
- Where is the encyclopedia?
- Was I hired for that?
- Don't you mean Bismarck?
- What's the matter with Charlie doing it?
- Is he dead?
- Is there any hurry?
- Sha'nt I bring you the book and let you look it up for yourself?
- What do you want to know for?

And I will lay you ten to one that after you have answered the questions, and explained how to find the information, and why you want it, the clerk will go off and get one of the other clerks to help him try to find Garcia -- and then come back and tell you there is no such man. Of course I may lose my bet, but according to the Law of Average I will not. Now, if you are wise, you will not bother to explain to your "assistant" that Correggio is indexed under the C's, not in the K's, but you will smile very sweetly and say, "Never mind," and go look it up yourself. And this incapacity for independent action, this moral stupidity, this infirmity of the will, this unwillingness to cheerfully catch hold and lift -- these are the things that put pure Socialism so far into the future. If men will act for themselves, what will they do when the benefit of their efforts is for all? A

first mate with knotted club seems necessary; and the dread of getting “the bounce” Saturday night holds many a worker to his place. Advertise for a stenographer, and nine out of ten who apply can neither spell nor punctuate -- and do not think it necessary to.

- Can such a one write a letter to Garcia?
- “You see that bookkeeper,” said the foreman to me in a large factory.
- “Yes; what about him?”

“Well, he’s a fine accountant, but if I’d send him up town on an errand, he might accomplish the errand all right, and on the other hand, might stop at four saloons on the way, and when he got to Main Street would forget what he had been sent for.” Can such a man be entrusted to carry a message to Garcia? We have recently been hearing much maudlin sympathy expressed for the “downtrodden denizen of the sweatshop” and the “homeless wanderer searching for honest employment,” and with it all often go many hard words for the men in power.

Nothing is said about the employer who grows old before his time in vain attempt to get frowsy ne’er-dowells to do intelligent work; and his long, patient striving after “help” that does nothing but loaf when his back is turned. In every store and factory there is a constant weeding out process going on. The employer is constantly sending away “help” that have shown their incapacity to further the interests of the business, and others are being taken on. No matter how good times are, this sorting continues: only, if times are hard and work is scarce, the sorting is done finer -- but out and forever out the incompetent and unworthy go. It is survival of the fittest. Self-interest prompts every employer to keep the best -- those who can carry the message to Garcia.

I know one man of really brilliant parts who has not the ability to manage a business of his own, and yet who is absolutely worthless to anyone else, because he carries with him constantly the insane suspicion that his employer is oppressing, or intending to oppress, him. He cannot give orders, and he will not receive them. Should a message be given him to take to Garcia, his answer would probably be, “Take it yourself!” Tonight this man walks the streets looking for work, the wind whistling through his threadbare coat. No one who knows him dare employ him, for he is a regular firebrand of discontent. He is impervious to reason, and the only thing that can impress him is the toe of a thick-soled Number Nine boot.

Of course I know that one so morally deformed is no less to be pitied than a physical cripple; but in our pitying let us drop a tear, too, for the men who are striving to carry on a great enterprise, whose working hours are not limited by the whistle, and whose hair is fast turning white through the struggle to hold in line dowdy indifference, slipshod imbecility, and the heartless ingratitude which, but for their enterprise, would be both hungry and homeless.

Have I put the matter too strongly? Possibly I have; but when all the world has gone a-slumming I wish to speak a word of sympathy for the man who succeeds -- the man who, against great odds, has directed the efforts of others, and having succeeded, finds there’s nothing in it: nothing but bare board and clothes. I have carried a dinner-pail and worked for day’s wages, and I have also been an employer of labor, and I know there is something to be said on both sides. There is no excellence, per se, in poverty; rags are no recommendation; and all employers are not rapacious and high-handed, any more than all poor men are virtuous. My heart goes out to the man who does his work when the “boss” is away, as well as when he is at home. And the man who, when given a letter for Garcia, quietly takes the missive, without asking any idiotic questions, and with no lurking intention of chucking it into the nearest sewer, or of doing aught else but deliver it, never gets “laid off,” nor has to go on a strike for higher-wages. Civilization is one long, anxious search for just such individuals. Anything such a man asks shall be granted. He is wanted in every city, town and village -- in every office, shop, store and factory. The world cries out for such; he is needed and needed badly -- the man who can “Carry a Message to Garcia.”

Initiative

The world bestows its big prizes, both in money and honors, for but one thing, and that is initiative. What is initiative? I'll tell you: It is doing the right thing without being told. But next to doing the right thing without being told is to do it when you are told once. That is to say, carry the Message to Garcia: those who can carry a message get high honors, but their pay is not always in proportion. Next there are those who do the right thing only when Necessity kicks them from behind, and these get indifference instead of honors, and a pittance for pay. This kind spends most of its time polishing a bench with a hard luck story. Then, still lower down in the scale than this, we have the fellow who will not do the right thing even when someone goes along to show him how and stays to see that he does it: he is always out of a job, and receives the contempt that he deserves, unless he happens to have a rich Pa, in which case Destiny patiently awaits around the corner with a stuffed club. To which class do you belong?

