



How Being Brave Helped Netflix Change the Entertainment World

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We live in an exciting world filled with amazing new toys and tools at our disposal. Our consumption of information and media has reached unprecedented levels, and we are constantly reinventing the way we live, from accessing education and basic resources like food, to consuming entertainment and beyond. The business and tech worlds are, arguably, the main disruptors of today's world; the inexhaustible innovators developing the tools that the world now uses to operate on a daily basis.

But in a world filled with unicorns and titans, it may feel downright terrifying to compete in today's business and tech landscape. Against this highly competitive environment, it is understandable for business leaders to play it safe and stick to the playgrounds they are familiar with.

However, as Netflix learned early on, playing it safe and sticking to familiar stomping grounds is no way to make a meaningful change to the way we live. Scaling businesses and making a mark in our competitive world requires a trait that can't be taught in business schools: it requires courage.

HOW BEING BRAVE PAID OFF FOR NETFLIX

There is something to be said about the powerful desire to prove people wrong when it comes to making big decisions.

The founders of Netflix (myself included) had our first 'eureka' moment between 1998 – 2000, where we made it our mission to "bring video stores into the customers' home via the internet". Despite our excitement, the idea was effectively shot down by those closest to us – our wives and families. Why would we do that, if we already had Blockbuster?

This inspired a heavy sense of fear; if those nearest and dearest to us did not think this was a good idea, would this translate across our potential customers and spell doom for the business?

1) A central mission guiding our many transformations

Buoyed by the desire to prove ourselves right and the conviction that we were onto something, we persevered. Our central mission was one that was personal – we wanted to make movie-picking convenient and full of variety when sitting on our couches at home.

This mission carried us through our initial DVD rental offering during Netflix's early years. It was also behind our decision to abandon the rental offering, which was generating a comfortable \$25 million in revenue, to pivot towards the subscription business in the year 2000. Our first bout of transformation towards subscription was risky and could possibly alienate our existing brand as a DVD rental service. However, the risk proved fruitful, growing the company by about 800% a year, until the mid-aughts when tech companies were going through a renaissance.

2) *Seizing opportunities before they become obvious*

Netflix spotted a growing trend among customers who were starting to lean towards instant access to entertainment. Netflix initially hired a group of engineers to create a box which converted internet signals to be compatible with regular televisions, arguably the first version of a Smart TV. By 2005, Netflix found itself with the original version of the “Netflix box” and had acquired a few movie and documentary rights to be streamed to customers.

However, after approaching many big consumer electronics retailers, Netflix again found the vision squashed. Nobody believed there would be an audience who wanted to watch long-form content from the internet. Netflix was forced to let go of the team of engineers and put that vision to rest.

It turned out that Netflix was still on the right path, but only needed a little patience. After YouTube really took off, it was clear that people were indeed willing to watch content over the internet, but not at the expense of additional hardware. All that was needed was to tweak the model away from the “Netflix box” hardware and towards creating a reliable streaming software, with higher content quality than the competition. Thus began the venture into streaming, and Netflix never looked back.

3) *Knowing their strengths and advantages before taking the plunge*

Along the streaming journey, the team realized that you had to have a good grip on customers’ preferences, by being able to map out who watched what content and when they watched it and more important what they wanted more of. This presented yet another opportunity, albeit an even crazier one – content production. Netflix knew what audiences liked, along with several other data points on their consumption habits. It made sense to produce the content that matched their preferences. But why would a streaming platform pit themselves against the likes of Disney and Warner Bros?

This, again, demonstrates the need for bravery when making business decisions. By dedicating resources to a crazy idea and by using advantages wisely, Netflix was able to combine high quality content with all the benefits of immediate satisfaction. Netflix poured massive funds into a licensing team and eventually a production studio, but had a key differentiator from the competitors – Netflix knew its audience inside out, and had a strong platform ready to release content onto a sizeable pool of viewers.

A few of the first productions were “House of Cards” and “Orange is the New Black” and they both not only turned out to be great shows but served to demonstrate Netflix’s future as a studio. And by releasing entire series at once exclusively on Netflix, they inherently invented a new consumption habit: ‘binge watching’, driving increases in viewership across seasons.

Today, Netflix is a mainstay across TVs in homes, on laptops and mobile phone screens and continues to produce award-winning content. Along with several other smaller innovations such as the “Skip Intro” button, and slowly developing algorithms to match users’ content preferences, Netflix has remained pioneers in the entertainment industry by having the courage to continuously reinvent the way audiences consume media and content.

I will admit, the world we live in today is developing at a pace that is hard to fathom. The upshot of this new pace of development is that possibilities to explore and grow businesses from are



more available than ever. Our technological capabilities seem to have finally caught up with our ideas and ambitions, able to support and streamline many of our crazy lightbulb moments that previously needed years of patience and hard work.

In a world where truly anything seems possible, the only trait that separates the ordinary from the extraordinary is a simple one – it is to use your abilities to your advantage, and have courage to take the plunge. I implore all business leaders out there – be brave!