

Guzman Z. (2019), “**Why Netflix CEO Reed Hastings once fired his co-founder via a PowerPoint,**” *Yahoo Finance*.

Netflix ([NFLX](#)) has long been known for its unorthodox company culture, founded on the practice of “[radical candor](#)” — where blunt firings for underperformance are as common as its “only the strongest survive” mindset.

What people might not know, however, is that Netflix’s own co-founder Marc Randolph was the first to experience the ruthless honesty the streaming giant would come to be known for back in 1998, when now-CEO Reed Hastings coldly fired Randolph via — of all things — a PowerPoint presentation.

The amazing anecdote of the power struggle in the early days of Netflix comes from Randolph’s new tell-all book “[That Will Never Work,](#)” through which Randolph chronicles the founding of Netflix from simple idea to media leader. Eventually, Hastings, who put up nearly \$2 million to fund Randolph’s idea of sending DVDs via mail, decided to take over the CEO role himself. As Randolph told Yahoo Finance’s [YFi PM](#), it was an awkward scene.

“There is no way I’m sitting here while you pitch me on why I suck,” Randolph remembers telling Hastings after he presented slides highlighting problems with his judgment, hirings, and financial decisions.

But rather than let the anger guide how he responded, Randolph told Yahoo Finance he stepped back and had to be honest with himself to realize that the skillset that got Netflix to launch was going to be different than the skillset that was needed to attract more investors.

“Reed and I have always had this relationship of complete honesty, trust and transparency,” he said. “He was not pushing me out, what he was proposing was [that] we should run the company together. That together we’d be a stronger team and that this would be the thing we should do if we wanted to make the company successful.”

Netflix co-founder Marc Randolph now spends most of his time coaching early stage startups and founders. (Photo by George Pimentel/Getty Images for Audi)

A selfless act

Randolph, who originally proposed the idea to launch Netflix, accepted the demotion to president and a cut to his stake in the company as Hastings took over as CEO in 1999. By 2003, one year after Netflix went public, Randolph walked away from the company completely to pursue his own endeavors but doesn’t regret the selfless act to take Hastings decision in stride.

“I realized, well, if it’s [Netflix] being successful, it’s not just my dream anymore it’s my employees’, it’s our investors’, it’s even our customers’ and I had to make that decision,” Randolph said.

Netflix would go on to raise millions more in private financing rounds with Hastings at the helm before its initial public offering in 2002. Since then, the Los Gatos, California-based company has grown to become a \$125 billion behemoth, with Hastings’ 2.5% stake in Netflix now worth more than \$3 billion. Randolph’s stake would be valued at roughly \$250 million today, though he notes in his book he sold most of it after leaving.

While Randolph is no longer connected to the company, he said he still believes Netflix’s “honest at all costs” culture [will help it stay ahead of the competition](#) — even if it at one point cost him his job.