

# Lessons on Corporate Governance from TV Miniseries



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Studying corporate governance often involves analyzing data from corporate disclosures and financial reports. However, this essay takes a different approach by examining two television miniseries, *WeCrashed* and *The Playlist*. These shows provide unique insights into the governance practices of two high-profile start-ups, WeWork and Spotify. By reflecting on these narratives, I aim to uncover corporate governance lessons that are evident to viewers but might be overlooked by analysts.

## 1 Introduction

Corporate governance is about people and power. More precisely, how power is distributed among people. Analysing power dynamics is notably complex and studying it through a set of measures metric can be challenging and limiting. Huse (2018)<sup>2</sup> explains that a stream of corporate governance research has conducted input-output studies – where the input is one of the «usual suspects» like CEO duality, independence ratio, and gender balance (see Finkelstein & Mooney, 2003)<sup>3</sup> and the output is corporate financial performance – and raises concern around the idea of identifying universal good practices. His argument is based on the assumption that corporate governance setups are so varied that looking for a one-size-fits-all corporate governance solution is not the preferred approach.

In this essay, I abandon the path of conventional management research to explore different perspectives on corporate governance. Instead of gathering data from corporate disclosures, I immersed myself in watching high-quality television shows. By leveraging two TV miniseries, I explore aspects of corporate governance that can be quite influential but are usually overlooked by scholars due to their concealed nature. I synthesize three corporate governance lessons that, as a viewer, are evident and identifiable but would be more subtle for a corporate governance analyst to spot otherwise.

1 This essay was prepared with the assistance of ChatGPT-4o, an AI language model developed by OpenAI. ChatGPT provided support in reviewing and editing the content to enhance clarity and coherence. All original ideas and the final composition of the essay are my own.

2 Huse, M. (2018). *Value-creating boards: Challenges for future practice and research*: Cambridge University Press.

3 Finkelstein, S., & Mooney, A. C. (2003). Not the usual suspects: How to use board process to make boards better. *Academy of Management Perspectives*, 17(2), 101-113.

Movies depicting corporate successes and scandals have been popular for a long time. However, recent years have seen a notable rise in filmmaking dedicated to tech ventures.

Around 2021, stories of companies like Uber, Teranos, and other notable technology-centred firms, began to be told through the camera lens, reflecting the growing public interest in the dramatic and often tumultuous world of technology start-ups.

Among these, WeWork and Spotify stand out as particularly compelling case studies. These companies have been brought to life in recent TV miniseries, offering an in-depth look at their unique journeys and the complex corporate governance issues they faced.



In 2022, Apple and Netflix released respectively «WeCrashed» and «The Playlist», two widely acclaimed television miniseries that tell the stories of start-ups WeWork and Spotify. Both shows chronicle the journey of these companies from their founding days. Through dramatic and behind-the-scenes insights, these series offer a rich narrative that goes beyond mere financial metrics and business strategies. This essay reflects on the main corporate governance takeaways from these miniseries, highlighting aspects about leadership, decision-making, and organizational culture that are often absent from traditional analyses.

The article continues with a short summary of the actual businesses before delving into how they have been captured and narrated through their televised portrayals.

## 2 Behind the Scenes: A brief outline of WeWork and Spotify actual stories

WeWork, founded in 2010 by Adam Neumann and Miguel McKelvey in New York City, aimed to become a global company providing flexible shared workspaces for entrepreneurs, freelancers, start-ups, and large enterprises. Initially positioned as a revolutionary concept in the real estate sector, WeWork envisioned to create a community-oriented work environment that offered more than just physical office space. The company focused on fostering a culture of collaboration and innovation, offering amenities such as high-speed internet, office supplies, and communal areas designed to encourage networking and creativity. WeWork's business model involved leasing large office spaces, renovating them into stylish, functional environments, and then subleasing them to businesses and individuals on flexible terms. Despite its rapid expansion and initial high valuation, WeWork faced significant challenges, including questions about its profitability, sustainability, and corporate governance. The company's ambitious growth strategy, combined with Neumann's controversial leadership, led to financial instability, culminating in a failed USD 47 billion IPO attempt in 2019. Later in 2020, the company's financial resilience was ultimately tested when Covid-19 pandemic's curfews and working from home policies made evident the imbalance between the assets and liabilities' duration: the Financial Times reported that while the typical lease with landlords had 15-year terms, clients could enjoy contracts of around 1.5 years on average.<sup>4</sup> As a result, recent years at WeWork have been very tumultuous, involving undergoing substantial restructuring, and ultimately filing for bankruptcy in November 2023.<sup>5</sup>

**Spotify**, founded in 2006 by Daniel Ek and Martin Lorentzon in Stockholm, is world's most popular audio streaming subscription service, with a community of 602 million monthly active users<sup>6</sup>, that revolutionized the way people listen to music. The company offers a digital platform where users can access a vast library of songs, podcasts, and other audio content through both free, ad-supported and premium, subscription-based models. Spotify's business model disrupted the traditional music industry by providing an affordable and convenient alternative to purchasing individual albums or songs.

4 FT, WeWork: boxed-in flexible space group seeks new lease of life (2023).

5 FT, WeWork files for bankruptcy amid office market downturn (2023).

6 Spotify, Form 20-F for financial year 2023 (p.26).

Attribute	WeWork	Spotify
Founding year	2010	2006
Founder team	Adam Neumann, Miguel McKelvey	Daniel Ek, Martin Lorentzon
Founding location	New York City, USA	Stockholm, Sweden
Industry	Real Estate, Coworking Spaces	Music Streaming
IPO year	2021	2018
IPO valuation	USD 47 billion	USD 26.5 billion
Current market capitalization	USD 6.3 billion (as of 24 May 2024)	USD 61.3 billion (as of 24 May 2024)
Current CEO	Anant Yardi	Daniel Ek
Current number of customers	653 thousand members as of 24 May 2024	602 million monthly active users, including 236 million Premium Subscribers as of 31 December 2023

Spotify's innovative approach to music consumption not only provided a new revenue stream for artists through streaming royalties but also addressed issues related to music piracy by offering a legitimate way to access music.

Since its inception, Spotify has expanded its services globally, continuously adding new features such as podcasts, video content, and exclusive releases to maintain its competitive edge. The company went public in 2018 with a valuation of USD 26.5 billion and has continued to grow, reaching a market capitalization of approximately USD 61.3 billion as of May 2024. Under the leadership of co-founder Daniel Ek, Spotify remains at the forefront of the music streaming industry, continually evolving to meet the changing demands of listeners and creators alike.

### 3 Going beyond the «usual suspects»

#### Inner Circle: Key Figures Surrounding the Founders

One of the most striking divergences between the two stories is the influence of the people close to the respective founders. In the first scenes of *The Playlist*, co-founder Daniel Ek is shown in a dialogue with his mother, however the rest of the miniseries involves minimal influence from his family and little romance. In contrast, *WeCrashed* is on a completely different level. The subtitle of the miniseries, «A love story worth \$47 billion», sets the tone already. Some may even argue that the relationship between WeWork co-founder Adam Neumann, played by Jared Leto, and his wife Rebecca Neumann, played by Anne Hathaway, is the actual focus of the series rather than the business itself.

The influence of a partner, family member, or friend on a leader is often overlooked and difficult for analysts to research and assess. Nonetheless, this reminds us that behind a charismatic leader, there is often a loved

one or an entire family helping to dissipate the stress and psychological pressure that comes with corporate roles such as CEO or Chair of the Board of Directors. While I am not suggesting that we start investigating family dynamics and mixing work and personal life, being aware of whether a leader has a supportive network to count on or is perhaps heavily influenced by a close person is of relevance.

In the case of WeWork, the role of co-founder's wife, Rebecca Neumann, has been under the spotlight. By watching WeCrashed, viewers might appreciate that some of her decisions may have distracted the management team from the core business. For instance Rebecca's ideological and visionary attitude seemed to have played a significant role in shaping the corporate mission, which was notably included in the original IPO prospectus, to «elevate the world's consciousness».

Extract from a 2019 WeWork blog post:

*«Today, we're taking a step toward truly realizing our vision by beginning our next chapter. WeWork is announcing The We Company, bringing all of our business ambitions together to operate in service of how we work, how we live, and how we grow.*

*WeWork's mission is to create a world where people work to make a life, not just a living. WeLive's mission is to build a world where no one feels alone. WeGrow's mission is to unleash every human's superpowers.*

*The We Company's guiding mission will be to elevate the world's consciousness. Living a conscious life means choosing to live proactively and with purpose. It means being a student of life, for life, where we accept that we are always growing and in a constant state of self-discovery, self-growth, and change.*

*The idea that began in New York nine years ago was always about more than work—it was about supporting all aspects of life. As we've built WeWork, our community taught us that we are more alike than we are different. It taught us that we all thrive when we have a purpose. And it taught us that experiences bring more fulfillment and joy than material goods.*

*As we move forward, we will practice inclusivity, compassion, and open our hearts and our minds. In doing so, we can elevate ourselves and then the world.*

*Rebekah, Miguel, and Adam, Co-Founders The We Company»<sup>7</sup>*

Even for advocates of the stakeholder approach (Freeman, 1984)<sup>8</sup>, such mission might sound too fuzzy, no wonder the IPO was not one of the most successful ones.

### Founders' values influence on corporate culture

Corporate culture is often described as a key enabler for success, at the same time, it can also predict failure quite accurately. As a firm grows, culture is shaped by employees and all stakeholders. However, in the early days one may claim that are the values and attitude of the founding team constituting the corporate culture. In a way, founders' value are antecedents of corporate culture.

Both miniseries are instrumental in showcasing how the imprint of the founders can set the direction for years to come. As described by The Economist, few chief executives can match Adam Neumann's ego and narcissism.<sup>9</sup> This was reflected in a culture of excess and drinking. Until 2020, this extraordinary vibe was also passed along to customers with free beer and kombucha<sup>10</sup> setting the desired working atmosphere. The show makes a good service in displaying how the company got too far with its «work hard, party harder» style. Scenes of hard-working employees at the office are not even frequent, while in-site and off-site parties are present in every episode. Many observers would agree that this is not just a style, but a reason for the lack of focus and skills in navigating business challenges.

The tone is completely different in The Playlist, which is organized into six chapters, each of the key team members in the early days providing insights on how the diverse staff composition was instrumental in developing the core business.

7 WeWork. (January 8, 2019). The beginning of a new story". Retrieved from <https://www.wework.com/newsroom/wecompany>

8 Freeman, R. E. (1984). Strategic management: a stakeholder approach. Boston: Pitman..

9 The Economist, Why the WeWork fiasco makes for compelling TV (2023).

10 The Guardian, WeWork calls time on free beer and wine at North American sites (2020).

Spotify was not just solving a technological challenge (i.e., making the widest selection of songs available on a single platform), but also a legal (i.e., agreeing with the music industry on a new business model) and a stakeholder relevant one (i.e., having singers on their side by developing an acceptable «revenue sharing agreement»). By watching the show, one can recognize the relevance of co-workers' competence and how this allowed Spotify to win on multiple fronts and ultimately succeed. The dimensions described in this section are qualitative in nature and could be difficult to agree on how to assess them. Nevertheless, in most cases such information is not public and difficult to assess from an outsider perspective, even though it can make the difference between ultimate success or failure.

### Bringing the context to the centre

Another insight from the miniseries is the interconnectedness and reliance of each business on its context – the environment in which it operates. In *WeCrashed*, which showcases an ambitious vision but relies on a somewhat weak business model, the monetary policy context – with ultra-low interest rates – allowed the firm to raise huge amounts of debt financing to sustain rapid expansion. A particular scene vividly illustrates how WeWork employees enlarged the portfolio of locations across the United States and worldwide convincing landlords by paying above market prices, committing to long-term leases, and often taking the bill for lavish business lunches.

This strategy, while facilitating swift growth, proved to be the original sin that eventually brought down the firm when interest rates began to rise post-COVID-19. The accommodative monetary policy environment was indeed an enabler of expansion, but the company's lack of discipline in achieving sustainable scale transformed it into a life sentence. The reliance on easy money led to a precarious financial position, illustrating how external economic conditions can critically impact business viability and longevity.

In a similar way, *The Playlist* shows how Daniel Ek and Martin Lorentzon managed to successfully grasp the key aspects of the context in which they operated and framed the problem with the right lenses. While Spotify is often considered just a tech start-up, it achieved much more than developing a successful app: it fixed a market failure. Ek and Lorentzon understood that the music industry was plagued by piracy. During the first

two decades of the 21st century, the music industry was shaken by piracy websites that allowed users to freely download mp3 files of their favorite tunes. In this case, technological innovation was used to infringe the law at the expenses of record companies and musicians. The miniseries focuses an entire episode on tensions characterizing «The Industry» and narrates how Spotify managed to obtain the trust of record companies after prolonged and excruciating legal confrontations. In 2020, it signed a multi-year licensing agreement with Universal Music Group to align «the companies' efforts to foster groundbreaking new features providing value for artists and great experiences for music fans».<sup>11</sup> The *Playlist* successfully sets the context and help viewers appreciate how the true success of Spotify was solving a problem affecting an entire industry by leveraging technology.

Both *WeCrashed* and *The Playlist* are perfect cases to emphasise the contextual nature of corporate governance. The «usual suspects» are useful indicators but have to be taken in perspective. No matter how many appropriate «checks and balances» are implemented around a flamboyant CEO if the entire business relies on a fragile environment – or context – it may only be a matter of time... or interest rates.

## 4 Conclusion

To conclude, the careful reader has noticed the revealing nature of both titles. On the one hand, *WeCrashed* summarizes in a single word a story of a venture that for years seemed to possess the magical powers of the mythological figure of the unicorn but run its course with a loud crash. On the other hand, *The Playlist* pictures the winning proposition of allowing millions of customers to craft and always carry with them personalized playlists. Corporate governance is often seen as a reason for business failure, however, going beyond the «usual suspects» allows to appreciate that it can be a driver of success too.

<sup>11</sup> Spotify and Universal Music Group Announce Global, Multi-Year License Agreement (2023).