Strategy-driven HR Management: Netflix, A Behind-The-Scenes Lookat Delivering Entertainment

Student’s Name:

Institutional Affiliation:

**Question 1**

Netflix changed the entertainment rental system, and this can be described using the five-force model.

Rivalry among the competitions: Netflix competed with Blockbuster for the customers by capitalizing on the existing distribution system by ensuring that the customers were not leaving their home to get the rental movies. Netflix created a website with videos available for rent. Later on, it introduces the monthly subscription idea, and it dropped the single-rental model (Elaluf-Calderwood, 2014). From that time it has been able to establish a reputation on the business model of the flat –fee unlimited rentals without the handling fees, shipping fees, late fees or due dates. Additionally, online streaming does not have per-title fees for restraint.

2. The threat of substitute service or products. Netflix took customers away from Blockbuster by creating a new distribution system that was different and preferable from the one that Blockbuster was using (Elaluf-Calderwood, 2014). Blockbuster became less preferred because, with Netflix, the customers were able to stream movies directly from Netflix website while paying monthly subscriptions. The late fee, shipping fees, handling fees were eliminated.

3. Potential new entrants. Netflix ensured that it provided quality and affordable services to its customers and be able to have a more significant customer base to make it difficult for the new entrants to enter the market. In 2014, Netflix sales grew by 21% hence generating an income of about $112 million. The number of subscribers rose by nearly 40% the same year attaining 46 million with the stock market value tripling from the year 2012 to the year 2014 (Elaluf-Calderwood, 2014). The success was made possible because of the business model that Netflix adopted plus numerous human resource management strategies that includes the selection of employees who understand well how the business model of the company operates.

4. Power of suppliers. Netflix depends on its suppliers to get the movies for renting. The business has a variety of suppliers thus it has greater bargaining power.

5. Power of buyers. The buyer does not have more significant bargaining power because Netflix is among the main leading companies for movie rentals. Netflix already has a more substantial customer base with fewer competitors. It also strives to satisfy the customers by having provided their products at low cost while they are seated at the comforts of their homes.

**Question 2**

The competitive strategy of Netflix is its business model. Netflix provided a website with movies available for rent and introduced the monthly subscription ides after it dropped the single-rental model (Gupta et al., 2009). This strategy made the company successfully because from that time it has been able to establish a reputation on the business model of the flat –fee unlimited rentals without the handling fees, shipping fees, late fees or due dates. Additionally, online streaming does not have per-title fees for rent.

**Question 3**

Netflix has been able to sustain its competitive advantage by taking an important step. Mccord and Hastings noted that Netflix has a human resource strategy that has created an environment of entirely motivated workers who understand the companies’ culture and they perform exceptionally well (Bellante, et al., 2013). The human resource strategies compromise of hiring employees who priorities, understand and care about the interests of the company.

**Question 4**

The main points for successful company’s strategies include knowing where we want to be how to get there and where we are now. The HR policies that support the approach include talent management, recruiting of workers and performance evaluation (Gupta *et al.,* 2009). Netflix uses informal 360-degree review for performance evaluation where the employees to provide honest opinions about colleagues and themselves concentrating on the particular policies that should change, continue, start or stop. In talent management, to prevent the employee turnover the company hires people with the right skills and are placed in the departments that match their talents and abilities.

**Question 5**

Netflix used an informal 360-degree review for performance evaluation when they realized that the formal review sessions did not prove to be effective. The informal meetings permitted the employees to provide honest opinions about colleagues and themselves concentrating on the particular policies that should change, continue, start or stop (Elaluf-Calderwood, 2014). Rather than using the bureaucratic measures, workers valued the sessions as being part of their work and it was demonstrated with increased performance of the employees. I will prefer to be evaluated using this method because I will feel like part of the company rather than being assessed using the formal review session which I would feel as unimportant and junior member of the company.

**Question 6**

In Netflix, a link is created between the customers and the performance of the employees to assure that the incentives are distributed equally and evenly. Netflix ensures that they educates the employees on how the company earns its profits and the behaviors that would drive the company’s success (Bellante, et al., 2013). Through receiving the right messages about how the workers should commit and execute their duties, workers are more informed of the criteria that are needed to meet their bonuses, and thus they will be extra apt to get the rewards. By knowing what to do and the way to do it, the motivation of the employee increases. When motivation increases performance and moral also improves.

References

Bellante, W., Vilardi, R., & Rossi, D. (2013, September). On Netflix catalog dynamics and caching performance. In *Computer Aided Modeling and Design of Communication Links and Networks (CAMAD), 2013 IEEE 18th International Workshop on* (pp. 89-93). IEEE.

Elaluf-Calderwood, S. (2014, May). Netflix as a player in the digital market. In *Network Economy Forum*. London School of Economics and Political Science.

Gupta, A., Mohapatra, A., & Tenneti, T. (2009). Towards a hybrid approach to Netflix Challenge.