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BIG CITY

Was WeWork Ever Going to Work?

Tech investors are often the last to see what’s so problematic about the disrupters.



Adam Neumann, the co-founder of WeWork, lost the reins after a failed effort to take the company public. Eduardo Munoz/Reuters

 By Ginia Bellafante

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Imagine for a moment that [Adam Neumann](#), the co-founder of [WeWork](#) and until several days ago its chief executive, came to you looking for a job. He is barefoot (he has been photographed walking around Manhattan this way), he talks about his ambition to live forever, to lead the free world and to “[solve the problem](#)” of “[150 million orphans](#)” through the growth of a desk-rental company seeking to “to elevate the world’s consciousness.”

Would you make him a branch manager at Staples? Or would you call his mother?

Modern capitalism’s fundamental myth is that acquiring money is the equivalent of achieving success. If you have several houses, an island, a ranch, a vegan pastry chef and a spot on top of the cliffs of the meritocracy, few people up there with you, as it turns out, will question that you are very good at what you do, even if they would be challenged to explain it.

For the latest example of what it takes for the myth to unravel, you need look no further than the prospectus issued in conjunction with the We Company’s plans, now ignominiously sidelined, for an initial public offering.

Mr. Neumann bedazzled rich people for a long time. It was the 220-page document, filed this summer with the Securities and Exchange Commission, that finally managed to awaken investors, as if from a trance, to the realization that while he was very good at making himself lots of money, he showed considerably less talent for building a profitable company that would put shareholders on a path toward owning three weekend places within a few hours drive of Gramercy Park.

It is not merely money that separates the ruling class from the rest of the country. Often it seems as if it is the gaping difference in the application of common sense. Ultimately, it was the bankers, technocrats, statesmen and acolytes of the data-junkie class who were willing to believe that Elizabeth Holmes, a 19-year-old college dropout who thought a black turtleneck would make her Steve Jobs, was going to revolutionize blood-testing. It didn’t seem to matter that she could not deliver any real evidence to prove it.

What the ordinary person might interpret as a con game or sheer lunacy, the heavily credentialed investor, with his TED Talk understanding of things, will reliably regard as brilliant eccentricity. While he may have nothing but disdain for the Fox viewer’s commitment to climate denial and birtherism, he has his own attraction to falsehood — a blind faith in “disruptive” innovation.

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Six years ago, for example, a former Google executive, Max Ventilla, set out to reinvent education with a network of for-profit private schools that would give children iPads and intellectual abandon. Investors were drawn to the venture.

But parents ultimately were not, in part because families who are paying for private school are not drawn to untested novelty. They are buying tradition — a long record of sending children to the elite institutions of the kind in which Mr. Ventilla himself was educated.

It wasn’t merely that WeWork had lost close to \$2 billion since the beginning of last year; it was that the company acknowledged that it might not be profitable for the “foreseeable future,” that it might be unable to withstand competition and that, for instance, it was not necessarily equipped to handle changing environmental realities. (“Many of our spaces are in the vicinity of disaster zones,” the prospectus ominously reads, “including flood zones in New York City and potentially active earthquake faults in the San Francisco Bay Area and Mexico City.”)

When WeWork came into being nine years ago, it arrived as a fresh idea — a company that would retrofit empty office and loft spaces for start-up entrepreneurs, all working in isolation. For upward of several hundred dollars a month, renters — “members” in WeWork argot — would not just be getting a place to work; they would be buying the camaraderie of conventional office life.

The model, though, was problematic from the outset. For one thing, most start-ups fail. And the freelance writers, graphic artists, videographers, and so on who were logical WeWork clients were seeing their livelihoods decimated by technology.

In smaller cities, one real estate developer who had tried to buy a building occupied by WeWork told me, bankers were skeptical of underwriting the purchases precisely because of this obvious volatility.

By 2016, WeWork began to focus more intently on attracting institutional “members,” companies with 500 employees or more who would take over whole buildings or floors leased by WeWork. Those clients now make up 40 percent of WeWork’s business. But that shift has the effect of making WeWork seem unnecessary, given that so much of what it is selling is community, an enlightened version of a corporate culture.

I.B.M., which occupies a whole WeWork building in New York, has had its own corporate culture for 108 years.

What generated so much excitement about WeWork in the beginning was that it offered the semblance of security at a time when the median length of a job with one employer in this country had fallen to approximately four years, down from 10 years in the 1980s.

It was bound to feel less stressful, if you were working to execute your vision in the same place every day, rather than dragging your laptop to Starbucks on Tuesday, holding meetings at your grandmother’s half-empty apartment on Thursday. You would see people just like you; you would feel a part of something larger. The coziness, the fruit-water, the comfortable furnishings would all mitigate the sense of uncertainty and risk.

From the beginning of his career as an entrepreneur, Mr. Neumann looked at the culture and saw anxiety in the foreground. Before WeWork, he had a company called Krawlers that made baby pants with kneepads, because the world was full of painful obstacles, wasn’t it? That company did not end up dominating the toddler-gear space as he hoped. If WeWork winds up laying off thousands of employees and heads toward bankruptcy as some analysts speculate, it may be because delusion finally runs dry.