

THE DAILY

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The Spectacular Rise and Fall of WeWork

Hosted by Michael Barbaro, produced by Adizah Eghan and Austin Mitchell, and edited by M.J. Davis Lin and Lisa Tobin

He sold a utopian vision that ultimately left a company in shambles. Then he walked away with more than \$1 billion.

Monday, November 18th, 2019

Michael Barbaro

From The New York Times, I'm Michael Barbaro. This is "The Daily."

Today: It was the most valuable start-up in the United States, with plans to revolutionize how and where people around the world worked. Amy Chozick on the spectacular rise and fall of WeWork and the story of the man behind it all.

It's Monday, November 18.

Amy, I wonder if you could read this letter that WeWork employees sent to their bosses.

Amy Chozick

Sure. Here's what they wrote. "To the We Company Management Team. WeWork's company values encourage us to be entrepreneurial, inspired, authentic, tenacious, grateful and together. Today, we are embracing these qualities wholeheartedly as we band together to ensure the well-being of our peers. Thousands of us will be laid off in the coming weeks, but we want our time here to have meant something. We don't want to be defined by the scandals, the corruption and the greed exhibited by the company's leadership. We want to leave behind a legacy that represents the true character and intentions of WeWork employees. In the immediate term, we want those being laid off to be provided fair and reasonable separation terms commensurate with their contributions, including severance pay, continuation of company-paid health insurance and compensation for lost equity."

Michael Barbaro

It's a pretty grim letter.

Amy Chozick

It is.

Michael Barbaro

So how did WeWork get to this point? What's the story here?

Archived Recording

Co-founder and C.E.O. of WeWork, Adam Neumann.

Amy Chozick

So the story of WeWork really starts with a man named Adam Neumann.

Archived Recording (Adam Neumann)

Growing up in Israel, watching American television and movies, I believed that the American dream is get a degree, get a great job, have lots of fun, make lots of money.

Amy Chozick

He was born in Israel. He moved to New York.

Archived Recording (Adam Neumann)

I majored in entrepreneurship and marketing.

Amy Chozick

And he started all of these sort of fly-by-night entrepreneurial ideas. One of them was —

Archived Recording (Adam Neumann)

This genius idea was going to be a women's high-heel shoe with a collapsible heel.

Amy Chozick

— women's high heels with collapsible heels. Another was —

Michael Barbaro

For storage.

Amy Chozick

No, because it's uncomfortable, Michael, to walk around in heels all day. So you collapse them when you're going down subway stairs.

Archived Recording (Adam Neumann)

And this is definitely not my passion. And I came up with my second great idea — Krawlers, with a K. Krawlers was baby pants with kneepads on them to protect the babies' knees for the crawling age.

Amy Chozick

Knee pads for crawling babies.

Michael Barbaro

Hmm.

Amy Chozick

The slogan was —

Archived Recording (Adam Neumann)

Just because they don't tell you doesn't mean they don't hurt.

Michael Barbaro

[LAUGHS]

Archived Recording (Adam Neumann)

Of course, the business was a tremendous failure.

Amy Chozick

So he settles on co-working.

Archived Recording (Adam Neumann)

And in 2010, started WeWork. [APPLAUSE]

Archived Recording

WeWork is a leader in the business of renting out spaces to entrepreneurs. The company —

Amy Chozick

And it was a very specific time to be in the co-working business. There were a lot of people who had a lot of start-up ideas, Silicon Valley was booming, and you needed a place to work outside your parents' basement, right? So —

Archived Recording

It lets people rent out a desk or a private office equipped with amenities like internet, coffee and spacious common areas. WeWork also —

Amy Chozick

— they were sleek. They had community space, sofas all over the place for team-building. There was cold brew, kombucha, taco Tuesdays. There was beer and wine on tap. Instead of going out for a drink, you'd stay at the office. It really came to symbolize the kind of start-up entrepreneurial hustle of millennials.

Michael Barbaro

In other words, this kind of space was perfectly timed for a generation of people who didn't see themselves as office workers, but as individual businesses and entrepreneurs who needed a place to do that.

Amy Chozick

Exactly.

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Again

