

# The culture at Snapchat

**Martina Toth** examines Snapchat's unique approach to culture and its benefits and problems



**W**hen we think about a tech company's flagship operations in their home city, most of us would imagine a flashy headquarters in a monster of a skyscraper. This makes sense — having all of the operations in one place enables seamless integration of the functional areas and ensures that every team member is in the know about what is happening elsewhere in the company. It enables employees to communicate easily and share new ideas and solve problems organically, and fosters a generally inclusive culture where it is clear that everybody is working at the same place and aspiring to the same goals.

In the case of Snap Inc (the holding company behind the social media app Snapchat), however, the founders felt that a bit more creativity was in order. They acquired private houses up and down the USA's west coast and, within these, set up separate offices and departments in complete isolation from one another. Evan Spiegel, cofounder and CEO of the company, is driven around California by a chauffeur to visit these locations individually when he needs to. No other tech company is known to be run in this fashion, and it is immediately obvious how this unorthodox office setup could cause

the company problems. These dispersed offices make it difficult for the leadership to adequately monitor the operation of the functional areas.

## Why houses?

Snap Inc was floated on the New York Stock Exchange in 2017, so the company is currently in a period of growth. As of early 2017, Snap Inc's workforce was already nearing 2,000 people, which begs an immediate question of a practical nature: just how many houses is Snap going to need?

Admittedly, the capital expenditure necessary for this office setup is unlikely to surpass the theoretical costs of an

integrated headquarters on Venice Beach, Los Angeles, regardless of how many houses are bought. It also means that the company's offices are a very real, tangible asset that can be sold on at a profit in the future, far more easily than an office block.

However, this system is likely to cause a host of serious problems with one of the main intangible assets of any company: its culture. Snap Inc. has gained a reputation for the secrecy and borderline paranoia of its founders and general culture, and this office set-up is inevitably bound to exacerbate these issues. Being a tech company, there is no doubt that Snap utilises digital technology to its advantage, and it has complex systems in place to integrate all the isolated offices and enable them to communicate. However, this can only replace more organic communication to an extent, and it is likely that the business faces some communication issues.

The relative isolation of Snap's offices and departments from one another also exposes them to a significant risk of alternative cultures developing within the separate offices that do not match that of the larger organisation. As social interaction between a wide range of employees is limited, morale could potentially drop, and productivity levels





might fall, with the functions of the business feeling separate and isolated on more than just a physical level. The founders admitted that this set-up is likely to cause problems when they filed for an initial public offering (IPO):

“Our offices are dispersed in various cities, and we do not have a designated headquarters office, which may negatively affect employee morale and could seriously harm our business. This diffuse structure may prevent us from fostering positive employee morale and encouraging social interaction among our employees and different business units, and...we may be unable to adequately oversee employees and business functions. If we cannot compensate for these and other issues caused by this geographically dispersed office structure, we may lose employees, which could seriously harm our business.”

### Toxic culture?

It is interesting that the company outlined these potential issues but neglected to follow this up with an announcement of any sort of strategy for dealing with them, which speaks volumes about the attitude towards problem-solving within Snap's executive leadership. The risk of a toxic culture developing within Snap Inc is increased by evidence of a lack of trust and transparency within the business, which has surfaced since the company's IPO.

There appears to be a problem with workers being left out of the loop, with former employees claiming they often only found out about their own company's new projects and product launches in media headlines, after the information was leaked or released to the public. Many



## Practice exam question



To what extent is leadership style the most important influence on the culture of a business?

(16 marks)

BusinessReviewExtras



Check your answer at  
[www.hoddereducation.co.uk/businessreviewextras](http://www.hoddereducation.co.uk/businessreviewextras)

insiders are said to feel out of touch with the company's objectives and mission.

Cultures of secrecy are common within tech companies, but Snap's seems to reach new heights. This comes as no surprise when you factor in Spiegel's infamous distrust of the media and, seemingly, of his employees. Spiegel is very much an autocratic leader, with sources citing that absolutely nothing can happen within the company without his direct approval, despite the authority of the other experienced members of executive management. Snap Inc was the first company to offer only non-voting stock in an IPO on a US stock exchange, which shows an aversion on the leadership's part to relinquishing any control of the company.

As well as being an autocratic leader, Spiegel is also an elusive one, with several long-term Snap employees never having seen him in person. We can see how the leadership's predilection for one-way communication could make employees feel less valued and feel that their expertise is not trusted. A democratic leadership style and matrix-style task culture is more typical of many technology firms, as the employees are highly skilled and have expertise in their fields, and if the objectives and mission are communicated effectively, employees should logically be able to be left to their own devices.

At a Snap employee Christmas party, cameras and mobile phones were banned in order to avoid any events from the party being publicised, with this ban including the Snapchat app itself. Based on the information published since Snap's IPO, this seems to encapsulate the company's organisational culture. The ramifications of such a culture in both the short and long term are evident.

### Culture of kindness?

As with anything, however, there are two sides to the story. In its IPO, Snap prided itself on its culture of 'kindness',



whereby it aims to give its employees the courage and support to create and innovate. It also introduced bi-weekly council sessions for the employees, which seem to be a more therapeutic version of kaizen groups. Employees get together in small groups every 2 weeks to constructively discuss ideas for change and innovation, and alongside this, they profit from fringe benefits such as free meals in Snap's cafeterias as well as in restaurants around Venice Beach.

Despite this, Snap Inc's culture is a precarious one, and this instability radiates from the top down. Spiegel's leadership appears to cause issues with employee morale and affect the ability of employees to carry out the company's strategies. Despite the leadership's willingness to change the product portfolio on short notice, their seemingly change-averse attitude when it comes to structure was also made evident in the company's IPO, where potential structural and qualitative issues were openly admitted but no solution was given. As a fast-growing tech business, Snap needs to be vigilant and proactive as it addresses these issues, as a toxic culture can spread quickly and become difficult to change.

Martina Toth studies business management at King's College London.