

Bitter on Better: A Case of Firing Backfiring

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Abstract. The dismissal of employees is an unpleasant management task and if handled with insensitivity, layoffs can appear like virtual massacres. This case is a study of how to deliver the wrong message in the right way and how management should handle crises and sensitive situations. It is a cautionary tale that chronicles how a CEO fell from grace after a spectacle of bungled layoffs and the ensuing revelations about the company's (mis)management and the CEO's autocratic leadership style. The case also questions the use of online communication platforms as effective organizational communication tools in such situations.

Keywords: leadership, HRM, layoffs, communication, crisis, organizational culture, employee relations.

This is the second time in my career I'm doing this and I do not want to do this. The last time I did it, I cried. This time, I hope to be stronger. We are laying off about 15% of the company for a number of reasons - the market, efficiency and performances and productivity. If you are on this call, you are part of the unlucky group that is being laid off. Your employment here is being terminated effective immediately. Vishal Garg, Founder & CEO, Better.com on December 2021

1. Introduction

It was early morning of 6th December 2021. More than nine hundred employees of the approximate ten thousand workforces of Better.com logged into a Zoom call curious and eager to listen to their CEO Vishal Garg's address. The company was now valued at \$7.7 billion after securing a \$750 million cash infusion from SoftBank. They were also preparing to go public through a SPAC merger with Aurora Acquisition Corp. Exactly one day after the new SPAC terms were announced and nineteen days before Christmas, Garg unexpectedly convened a meeting. The company closed the office on Wednesday, and around noon sent an email invite for a meeting at 12:15 PM to all its employees. The majority of the employees were working from home and joined online. Over this three-minute dystopian Zoom video call, he collectively fired 900 employees. Without any forewarning, they were locked out of their computers and their screens went blank.

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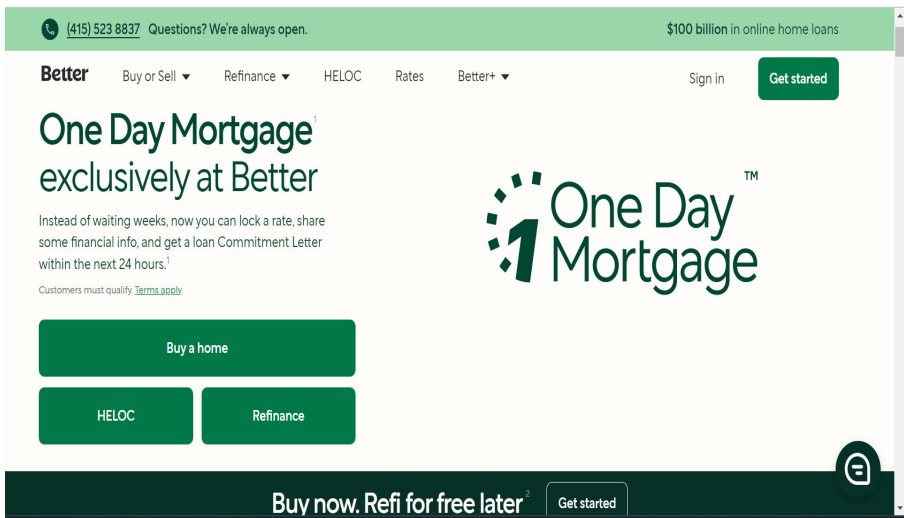
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Was this another incidence of economic genocide for the purpose of profit; with a scapegrace CEO, who the outraged media and the employees termed as the “Boss from Hell”? Or was he a path-breaking visionary who was cornered and warding off future debts?

2. Better.com

Better HoldCo Inc., a mortgage and real estate start-up in New York City, backed by SoftBank Group Corp., was founded in the year 2016. The company aimed to simplify homeownership by providing creative services in fields such as mortgage lending, titles and homeowners insurance products through an online platform. It claimed to be an online lender with low fees and a fast preapproval process (See Exhibit 1). Despite some controversies, Vishal Garg’s accomplishments in building Better.com were widely recognized.

Exhibit 1: Better.com Website



Source: <https://Better.com/about-us>

Vishal Garg, the CEO, had a history of entrepreneurship, launching MRU Holdings, One Zero Capital, and Phoenix Holdings before founding Better Mortgage in 2013. A New York University graduate, he dropped out of the investment banking analyst program at Morgan Stanley to start a private student lending company – MRU Holdings in 2000. After going public in 2005, the company filed for bankruptcy in 2009. Around the same time as MRU Holdings, Garg also co-founded One Zero Capital in 1999 and Phoenix Holdings in 2011 – both lasting until Garg founded Better Mortgage in 2013.