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A few years ago, I visited a Bay Area startup, and when the receptionist greeted me in the lobby, she asked a standard question: "Would you care for something to drink?" I asked for a water, but she responded with a counteroffer: "We're pouring a very oaky Chardonnay today."

It was just after lunchtime — a little early for wine, at least for me — but when I raised an eyebrow at my would-be sommelier, she continued: “We also have a bartender who comes in at 3 pm every day, and he makes a mean mojito.”

When I made it past the lobby and into the CEO’s office, I asked about the daily booze service. The CEO talked about how difficult it is to recruit top talent. For a startup, differentiating yourself with pay and stock options isn’t enough anymore, he said, so over-the-top perks have become the coin of the realm. The afternoon cocktails make people happy, and they’re something few competing employers are offering. To him, it makes sense.

I hear this message frequently as I visit startups, and I empathize with the basic sentiment. Earlier in my career I spent 14 years as chief talent officer at Netflix, where I helped create some of the innovative talent management policies — such as no-formal-limit vacation policies — that have since become widespread. (I described the creation of the Netflix culture in a 2014 HBR article.) Since leaving Netflix in late 2013, I’ve served as a consultant, both to startups and to growth companies that are moving well beyond the startup stage (including Warby Parker, Harry’s Grooming, and HubSpot). So I’m well-versed in the challenges of recruiting (and retaining) top technical talent in a tight market.

As I visit young companies, I’ve seen every kind of perk imaginable. Razor scooters, take-your-dog-to-work, in-house baristas, free snacks and lunches: *Yawn*. Yoga classes, massage therapy, acupuncture, pre-paid Uber accounts: *Been there, done that*.

These amenities generally start with good intentions. Startups require ferociously hard work and long hours, and companies like Google realized very early on that if employees spend less time worrying about where to eat lunch or when to pick up their dry cleaning, both employee and employer will benefit.

But at times I see examples of this perk warfare going a bit too far. I understand the scientific evidence that afternoon naps can boost productivity, and I understand the appeal of companies installing nap rooms. Instead of a private nap room, however, I recently visited a startup that installed hammocks just off the lobby, so employees could swing while they snooze.

Really? The first thing a visitor sees when entering the door is your employees sleeping at work? Is that the message you want to send?

Some of the strange perks I see are simply examples of starting with a good idea (“let’s have occasional company happy hours!”) and taking them too far (“let’s have daily bartender service!”). But much of the perk-creep I witness is driven by a different force: startups with cash that’s burning holes in their respective pockets.

Until fairly recently, one of the distinguishing characteristics of managing at a startup was that you were dealing with constrained resources. Historically, one of the reasons startups offered employees stock options was because they wanted to conserve scarce cash by paying lower salaries. Cash constraints were a fact of life during my years managing in a startup. In the early days at Netflix, for instance, when DVDs-by-mail was still our primary business model, I used to look at every expense through a simple framework: How many DVDs would it cost? For example, if an employee griped that other companies were providing fancy $800 Aeron chairs, I'd offer a simple reply: "We can buy 40 DVDs for every Aeron chair we don't buy, and since money is tight, we need to spend it on things that benefit customers."

That equation has completely changed during the current boom, when venture capitalists are pouring money into new ventures. Cash is no longer a key constraint, so some talent managers are becoming really creative in finding new ways to spend it to make employees smile.

In time, this phenomenon will prove self-correcting. Venture capitalists don't give money away; eventually, they want a return. If they're not getting it, the cash will dry up. When the economy slows, companies always tighten up on employee benefits, and the current wave of startup perks will go through that same boom-and-bust cycle.

Until then, the startups that I'd bet on to succeed (or I'd choose to work at if I were just starting my career) are not the ones where people are lying in hammocks drinking the craft beer *du jour*. They're the ones where people are going to work because they get to collaborate with great colleagues on important products. Perks are nice, but meaningful work is better.

And as someone who spent many years working to retain talent at a startup, I think there's only one appropriate response if an employee decides to quit because another company offers tastier free lunches or a wider selection of kegerators: "Have fun. Good luck. Party on, Garth."

Patty McCord was the chief talent officer at Netflix from 1998 to 2012 and now advises start-ups and entrepreneurs. She is the author of *Powerful: Building a Culture of Freedom and Responsibility* (Silicon Guild, 2018).

