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Better.com fiasco forces marketers to zoom in on the importance of employer branding

Article

The news: **Better.com** founder and CEO **Vishal Garg** will be "taking time off" from his leadership of the company after he infamously fired over 900 employees over a **Zoom** call last week.

How we got here: Garg, who founded the online mortgage lender nearly six years ago, told the idled workers they "are part of the unlucky group that is being laid off" over Zoom just weeks before the Christmas holiday.

- Afterward, Garg said fired employees were responsible for "stealing" from the firm and misrepresented how much time they worked, according to news accounts.
- A recording of the call was posted to TikTok, YouTube, and other platforms, causing the firings to go viral.
- The company had received a **$750 million cash infusion** days before the incident, worsening the optics of the mass terminations.
- Better.com's board called the situation "very regrettable" and said a third-party firm would conduct a "leadership and cultural assessment."

The silver lining: After news of the Zoom firings exploded, Google searches for Better.com reportedly surged 4,400% globally in one day.

- Daily searches for the brand name Better.com jumped to 31,700 from an average global daily search volume of 730, according to search analytics tool **Ahrefs**.
- Although most people searched out of curiosity, the extra online exposure could potentially generate thousands of leads for the online mortgage business.
- The firings "generated press coverage and publicity that would cost the company millions of dollars to obtain otherwise via the traditional methods of advertising," said **Jason Hennessey**, CEO of marketing agency Hennessey Digital.

Employer branding matters more than ever: With the unemployment rate for tech jobs now over three times lower than the national average, it makes good business sense for companies to safeguard their employer brand.

- Some 85% of employers said the pandemic has changed the definition of what makes a good job, according to Indeed; 86% of employers said companies need to be more worried about resignations now than they had been in the past.
- Poor company culture or morale would cause 38.5% of US job seekers to not apply for a job, according to a December 2020 study by CareerArc.

- The CareerArc study found that 60% of US job seekers look for "deal breakers" on employer review sites such as Glassdoor.
- Two-fifths (41%) of companies reported conducting formal employer branding initiatives, according to 2021 data from Hinge Research Institute.

Analyst take: “This will hurt Better.com as an employer and help them as a brand in the long term, since they dealt with it swiftly,” said **Dave Frankland**, **eMarketer principal analyst at Insider Intelligence**. “I don’t think they’ll see the same long-term negative sentiment that the likes of Uber and WeWork saw when their CEOs made public mistakes.” As an employer, Better.com has more to do to solve a culture of “management by fear” that has now become public, Frankland said.

The big takeaway: With resignations on the rise, companies are increasing their internal hires, with upward mobility rising 20% during the pandemic, per LinkedIn. Companies that fail to learn from Better.com’s mistake may find it hard to attract external candidates.