



Seth Besmertnik, CEO of Conductor



### Art of Leading

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# Sell Firm To WeWork. Buy It Back From WeWork. Exhale. Now, the Covid Crisis.

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*It's been a grueling roller-coaster ride over the last couple of*

years for CEO **Seth Besmertnik** and his team at **Conductor**, a search engine optimization technology company. WeWork bought Conductor in 2018, and after its IPO dreams imploded, Besmertnik led an effort last fall to buy back the company. Now, he's facing a new test: leading through the Covid crisis.

*Powerful insights from our conversation:*

**Q. How are you leading in this crisis?**

A. I talk about the good and the bad with our people, and what's hard is that it's unclear how bad this thing gets. As a business leader, how do you plan for that? You have to win the war, not just the battle. The easy thing to do is to win the battle, which is to make things maybe seem better than they are, to the point where it's almost naïve. That's a way to get people in your company to feel good right now, but nobody has a crystal ball. You can't put yourself in a spot where you will lose trust with your people, because that's very hard to recover from.

I have talked with everybody about what's working well for us, and we're not burning a lot of money right now. But I also went through all the places where we have exposure and the risks we have. I also told everyone that this is a real moment for us to go back to our first principles and our culture.

Why are we here? I've always said to myself and to others that I don't only care where we end up; I care how we get there. I don't want to be the richest man in the world at the expense of doing things the wrong way. I don't want us to be the biggest company in the world at the

expense of doing things the wrong way. Success can come at a price, but I don't want that price to be our values, our integrity, and doing things the right way.

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For Conductor, while I don't know exactly what decisions we're going to have to make, I do know that this is a company that sticks together. We have a protectionist mindset for the whole company and the people inside it. If there's going to be suffering, then we will suffer together.

We will spread the pain of this out across all of us, with the leadership absorbing as much as possible of it so we can all stick together. We're not going to use this as an opportunity to get our business lean or to let go of some people so we can hire others at lower salaries. We're not trying to make this into an opportunity. We're just trying to protect as many people as possible.

**Q. You've been through a lot over the last couple of years, with selling Conductor to WeWork, buying it back and now Covid. You must be exhausted.**

A. There are moments when you say, "Why is this happening to me?" But you can only be a victim for so long, and when you're a victim, you're not owning anything and you're not fixing anything. Every

challenge you face is really meant to help you grow in some way. I know that we'll come out stronger and that there will be some good that comes from it. I still have a lot to be grateful for. You just have to power through it and you just take it day by day.

**Q. After you bought back the company from WeWork, Conductor employees now own 90 percent of the company. In a crisis, that must create additional stress across the company.**

A. For a lot of us, the stakes are higher, and we worked so hard to get the company back that we can't lose it. Right now, it's like we're under an existential threat and we have to survive. If people feel connected to their company, then it's not just about them surviving as an individual, but it's about them surviving as a collective with their teammates.

And this is why culture is so important because culture is always good when things are up and to the right, but that's not really culture. Your company's culture is revealed in a crisis, because this is when people make decisions about what's best for me or what's best for us. If everybody does what's best for us, that's also what's best for each person individually.

**Q. Other advice you'd share on leading in a crisis?**

A. There's just nothing good about what is happening right now, so it's important to help your people have perspective. Things always could be worse. There are a lot of things to be grateful for, like being home for dinner more often or spending more time with your family. It's also

important, as a leader, to remember that everyone is dealing with a lot right now, so focus on the human first and show that you care. It's a time to let them know that you're there for them.

Another thought is that I used to think about communicating in a very binary way, like here's what we're doing or here's what we're not doing. If you have a problem, first you need to come up with the solution and then share the solution. This is not the time to do that, and that's actually a flawed approach.

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There is a lot of gray in what's happening, and it's very valuable to communicate to people the process that you're going through in making decisions. It's okay to communicate that even though you haven't made up your mind about something. Be comfortable with communicating ambiguity and being in the gray. It's better to do more frequent communication less decisively than to wait until everything is done and buttoned up.

**Q. Let's switch gears. The whole WeWork saga must have been quite a leadership challenge.**

A. It was. When we were part of WeWork, we had almost no oversight. There was very limited involvement, and that was largely coming from

a place of a lot of trust. My manager was the CFO, but he was the CFO of one of the fastest-growing companies in the world. That's obviously his priority. Everybody here at Conductor wanted to contribute to the bigger purpose of the company, but in our day-to-day operations, nothing we do here at Conductor impacted WeWork. We wanted to pull our weight, but it was super difficult.

And there was a lot of stuff that was happening at WeWork that would affect us here. For example, one day we were told we can't eat meat anymore, because that was the new policy at WeWork. So if you're in sales and you take someone out to dinner and they order steak, the company can't pay for their steak. They have to pay for their own steak or it has to come out of your pocket. I had to stand by the company that owned us and defend them. This created a lot of difficult dynamics as a leader.

It forced us to dig deeper into our motivations. Even though Conductor barely had any impact on WeWork, you still have to do the right thing, even when no one is looking. Ultimately, we got our whole company back. When we sold the business to WeWork, we owned less than ten percent of the company. All the other investors liquidated their stakes then, as well. So after buying it back, we now own about 90 percent of the company.

**Q. It's my understanding that you sold the company for a mix of cash and stock in WeWork. It looked like a great bet for a while, one that would pay off in a huge IPO.**

A. Yes, as a group here at Conductor, we would have made in the low nine figures in the IPO if it was successful. WeWork was very generous in how they gave us equity, which is part of why we did the deal.

**Q. And then the trouble started for WeWork, making those dreams evaporate.**

A. I'm sitting here in my office last September, and someone knocked on my door and said, "I've got to talk to you right now." An article had just been posted that said Conductor is up for sale by WeWork. I didn't know we were up for sale. I learned about it in the newspaper. WeWork was divesting all non-core assets, and we were mentioned hundreds of times in different articles — "Oh, by the way, Conductor is for sale."

I had put an offer in to buy the company back a week earlier. But I didn't know we were for sale or we were running a process. I got in front of the whole company and said, "We're ahead of this thing. It's going to be challenging, but we have an opportunity to really benefit from this. What we need to do is just put our heads down, and we need to do our job because everything we do today is going to be ours to fully live with in just a matter of months. As I know more, I'll share more. But I'm going to do everything we can to turn this into an opportunity for all the people of Conductor."

Fast forward to today, and we're the only company that got out of there in a good situation. We looked at what we had told people they could make at WeWork if it had a really good IPO. Then when people got equity in the new company, we tried to make the terms better than that.

We wanted to basically give everybody a better version of the best-case scenario at WeWork.

**Q. Quite a ride. What are the leadership lessons that you can draw from this?**

A. One is that building trust with your team becomes everything because everybody had to take a leap of faith here for a long period of time. All signs were pointing toward, “Go look for a new job immediately. Get out of there. Run.” Nobody did that. They rallied. I am very proud that in the moments of real existential threat, they didn’t leave, and they dug in.

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The other lesson is this very simple one, which is that every challenge is an opportunity, and every challenge is there for a reason. It’s very hard to get that perspective sometimes when you’re in the middle of it. But when I knew things were about to fall apart, I immediately went to, “Okay, what’s the opportunity here?” We moved fast and we didn’t waver. We turned something that was a terrible situation into this amazing outcome.

There’s always an opportunity, and as a leader, the faster you can cycle



to look at problems differently, the faster the solution will come and a better outcome will come. But it only happens when you take ownership. If you're a victim, then you're going to be a victim. If you take ownership, then you get there. And most importantly, put your people first.