



# HANDLING THE HARD EXIT

Lessons from Better.com and Airbnb Layoffs

# TABLE OF CONTENTS

|                   |    |
|-------------------|----|
| TABLE OF CONTENTS | 1  |
| INTRODUCTION      | 2  |
| COMPARING COMMS   | 5  |
| LESSONS LEARNED   | 7  |
| THEN AND NOW      | 9  |
| CONCLUSION        | 10 |

# INTRODUCTION



Most companies that go through layoffs are never the same. They don't recover because trust is broken. And if you're not honest at the point where you're breaking trust anyway, you will never recover.

**BEN HOROWITZ**

AMERICAN BUSINESSMAN AND INVESTOR

## OVERVIEW

Layoffs are a reality in the technology industry, often tied to market shifts, overexpansion, or global crises such as the COVID-19 pandemic. While layoffs can be status quo in tech, it is no excuse for poor communication. How leaders deliver the news and support employees during the process has long-term implications for company reputation, workforce morale, and the ability to attract and retain talent.

This case study examines two companies that approached layoffs in very different ways: Better.com in 2021 and Airbnb in 2020. By comparing their strategies and communications, we can better understand the consequences of missteps and the benefits of empathetic, transparent leadership in difficult moments.

# BETTER.COM

Better.com is a digital mortgage lender that streamlines the homebuying process through its platform. The company offers services such as mortgage origination, refinancing, title insurance, and real estate brokerage, positioning itself as a faster and more cost-efficient alternative to traditional lenders.



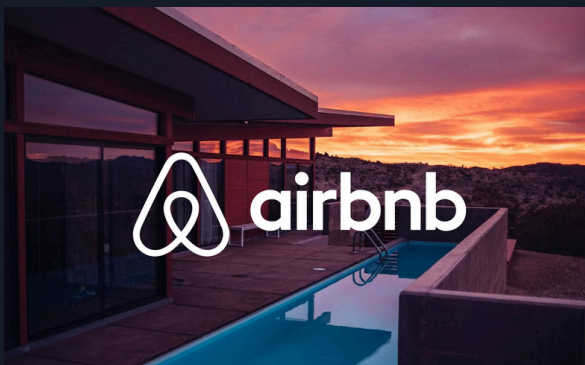
## BACKGROUND

In December 2021, Better.com announced it would cut about 900 employees, or 9% of its workforce. The decision came after the pandemic-driven housing boom cooled, interest rates began to rise, and the company faced pressure while preparing for a potential public offering (Business Insider, 2021).

However, the way the layoffs were handled overshadowed the business rationale. Employees were dismissed during a three-minute Zoom call led by CEO Vishal Garg, with no chance for questions and immediate loss of system access. The move was widely criticized as abrupt and insensitive, sparking backlash online and in the press. Garg later apologized, but the company's reputation was already damaged (TechCrunch, 2021).

# AIRBNB

Airbnb is a global platform that connects hosts offering short-term lodging with travelers seeking accommodations. The platform has expanded beyond rentals to include experiences, such as guided tours and activities, and is widely recognized as a disruptor in the travel and hospitality industry.



## BACKGROUND

In May 2020, Airbnb announced it would lay off about 1,900 employees, roughly 25% of its workforce. The decision followed a steep drop in bookings and revenue as the COVID-19 pandemic halted global travel, forcing the company to scale back quickly (Airbnb News, 2020).

CEO Brian Chesky communicated the decision in a detailed letter that explained the business context and expressed empathy for employees. Airbnb offered at least 14 weeks of base pay, extended health benefits, and let employees keep their laptops. It also launched a talent directory to help departing workers find jobs. Chesky later admitted to some regrets, but the communication was widely praised for its transparency and compassion (Forbes, 2020; TheStreet, 2020).

# COMPARING COMMS

“

All the work and success I achieved there...and then to be kicked on the way out the door is really unacceptable.

**ANONYMOUS**

BETTER.COM FORMER EMPLOYEE

Within a year of each other, Airbnb and Better.com both announced significant layoffs at the height of the COVID-19 pandemic. Each faced difficult business realities, but their approaches to communicating the decisions could not have been more different. Airbnb’s strategy became a model for transparent, empathetic leadership, while Better.com’s became a cautionary tale. There are no true “winners” in a layoff, but there is a wrong way to handle one — and Better.com showed how damaging poor communication can be.

| ASPECT                | BETTER.COM (2021)  | AIRBNB (2020)   |
|-----------------------|--|---|
| METHOD                | CEO conducted a 3-minute Zoom call                             | CEO sent out a detailed letter to all impacted                      |
| TONE                  | Abrupt, lacking empathy, offering no opportunity for questions | Transparent, empathetic, and recognized the difficulty of the times |
| EMPLOYEE SUPPORT      | Limited  | Generous severance with extended benefits                           |
| LEADERSHIP REFLECTION | Apology post-incident and after backlash                       | CEO acknowledged areas of improvement                               |

# HOW BETTER.COM BOTCHED THE MESSAGE



Better.com announced its layoffs in December 2021 through a three-minute Zoom call delivered by CEO Vishal Garg. “If you’re on this call, you are part of the unlucky group that is being laid off,” Garg told employees (Business Insider, 2021). The message was abrupt and impersonal, offering little explanation and no space for questions. Many employees lost system access immediately after the call, leaving them shocked and frustrated. The method quickly drew public criticism for its cold execution, and Garg later admitted the layoffs were handled “poorly” and with a lack of respect (TechCrunch, 2021).

## SETTING THE STANDARD: AIRBNB’S HUMAN-CENTERED APPROACH

Airbnb, by contrast, communicated its layoffs in May 2020 with a detailed letter from CEO Brian Chesky. In it, he wrote, “We are collectively living through the most harrowing crisis of our lifetime, and as it began to unfold, global travel came to a standstill” (Airbnb News, 2020). He went on to explain why the company had to part ways with 25% of its workforce and outlined generous support: at least 14 weeks of base pay, extended healthcare, laptops for departing staff, and a public talent directory to help with job searches. Chesky closed the letter by acknowledging the human cost of the decision, writing, “I am truly sorry. Please know this is not your fault.” His message was praised for being transparent, compassionate, and well-structured (Forbes, 2020).

The difference between the two approaches is clear. Better.com’s communication was abrupt, poorly timed, and devoid of empathy, which overshadowed legitimate business reasons for the layoffs. Airbnb’s message, while still delivering painful news, reflected transparency, accountability, and compassion. This stark contrast highlights how the method and tone of communication can shape employee and public perception long after the immediate crisis has passed.

# LESSONS LEARNED

“—

It's fine to celebrate success but it is more important to heed the lessons of failure.

**BILL GATES**

AMERICAN BUSINESSMAN AND PHILANTHROPIST

## HARD TRUTHS, HUMAN LESSONS

Case studies like Airbnb and Better.com remain critical examples in crisis communication, even several years later. While the focus of layoffs today may shift from pandemic-related downsizing to AI-driven automation, the fundamental principles remain the same. How a company communicates difficult decisions can have long-lasting effects on employee morale, public perception, and the ability to attract and retain talent. These lessons are especially relevant for tech companies, where news spreads quickly and reputations can be made or broken in real time.



# TRANSPARENT, TIMELY COMMUNICATION

Delivering the message clearly and as early as possible is essential. Employees should understand the reasons for the layoff, the timeline, and what it means for them personally. Airbnb's detailed letter exemplifies this, providing context and clarity that mitigated uncertainty. Better.com's abrupt Zoom call demonstrates the risks of delayed or unclear messaging, which can amplify fear, confusion, and resentment.

# LEADERSHIP ACCOUNTABILITY

Leadership visibility and accountability also shape public perception. Transparent explanations, direct communication from the CEO, and follow-up actions show that the company is taking responsibility for difficult decisions, as Airbnb did effectively, and highlight the consequences of failing to do so, as seen with Better.com. Additionally, providing practical resources such as severance, healthcare, equity, or job placement assistance demonstrates that the company values its employees even in hard times.



# HUMAN-CENTERED MESSAGING

Acknowledging the human impact of layoffs is critical. Tone, language, and the opportunity for dialogue matter. Chesky's letter emphasized compassion, using phrases like "I am truly sorry. Please know this is not your fault," which helped employees feel seen despite the difficult news. Better.com's lack of empathy contributed to widespread criticism and lasting reputational damage.



# FROM PANDEMIC TO PRESENT: THE EVOLUTION OF LAYOFFS

The way companies handle layoffs can have long-term effects on employee trust, brand reputation, and public perception. For Better.com, the aftermath of the 2021 layoffs left lingering reputational challenges. CEO Vishal Garg has made efforts to repair the company's image, including public apologies and adjustments in leadership communication, but reports suggest consistency remains a concern. Subsequent workforce reductions have been less publicized, suggesting a more cautious approach. Unfortunately, the shadow of the abrupt Zoom layoffs continues to influence external perceptions of the company.



Airbnb has built a framework for managing workforce changes with transparency and empathy. While the company has had to make smaller adjustments and strategic reductions in staff in the years since 2020, the lessons from the pandemic layoffs remain evident. Leadership continues to emphasize clear communication, human-centered messaging, and tangible support, showing consistency in approach and a commitment to maintaining trust.

# TAKE AWAYS

The comparison of Better.com and Airbnb underscores a fundamental principle. Even in the toughest decisions, how a company communicates the change is just as important as the business rationale.

Abrupt, impersonal approaches like Better.com's can cause lasting reputational damage and employee distrust, while empathetic, transparent strategies like Airbnb's build resilience and preserve goodwill. For tech companies, these case studies highlight that humans *must come first*, empathy matters, and leadership accountability shapes perception, not only in the moment of a layoff but years afterward.

## REFERENCES

TechCrunch. "Better.com CEO Vishal Garg apologizes to current employees for blundering the execution of mass layoffs." TechCrunch, Dec. 7, 2021.

<https://techcrunch.com/2021/12/07/better-com-ceo-vishal-garg-apologizes-to-current-employees-for-blundering-the-execution-of-mass-layoffs/>

Business Insider. "Better.com employees react to mass layoffs by CEO Vishal Garg." Business Insider, Dec. 2021. <https://www.businessinsider.com/better-employees-react-to-layoffs-vishal-garg-2021-12>

Airbnb Newsroom. "A message from co-founder and CEO Brian Chesky." Airbnb News, May 2020. <https://news.airbnb.com/a-message-from-co-founder-and-ceo-brian-chesky/>

Forbes. "What Airbnb got right about announcing layoffs." Forbes, May 6, 2020. <https://www.forbes.com/sites/khalilsmith/2020/05/06/what-airbnb-got-right-about-announcing-layoffs/>

TheStreet. "Airbnb CEO reveals a major regret with laying off employees in 2020." TheStreet, 2020. <https://www.thestreet.com/employment/airbnb-ceo-reveals-a-major-regret-with-laying-off-employees-in-2020>