Management Case Study

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**Executive Summary**

The company Yahoo! has faced extreme difficulty in the past decade trying to revive and transform the company, assuming 3 CEOs since 2010. However, their failure to succeed is a result of unclear goals and reluctance to advance into new trends. To even consider success, Yahoo! would have to undertake a completely different direction for their company, venturing towards innovation and focusing their attention on a clear goal that gives Yahoo! purpose and relevance.

**Statement of Immediate Problems**

Yahoo!, a web service company, had its spotlight in the late 1990s and early 2000s but struggled to maintain relevance from then on. In 2012, Marissa Mayer was hired as CEO to transform the company, however, this was a misstep, as her poor leadership ultimately helped lead to the company’s further demise. For Yahoo! to possibly achieve its former glory again, it needs a clear and consistent mission statement as well as the inclination to take risks for the sake of advancement to regain its relevance.

**Situational Analysis**

Strengths

Yahoo! has strength in numbers. Yahoo! Mail has over 200 million active users and can generate revenue through ads shown on the service. This also makes Yahoo! a powerful marketing service. In addition to Yahoo! Mail, the company is also known for Yahoo! Messenger, Yahoo! Answers, their search engine, and a numerous amount of other services.

Weaknesses

A big weakness of the company is the mission statement amongst other things. A clear and consistent goal is key to success, however “the company’s self-description has changed 24 times in 24 years.”1 Another weakness is the company’s failure to make good investments. Under Mayer’s leadership, frivolous attempts at increasing revenue resulted in over $3 billion spent on acquisitions which saw “no value from Wall Street”.2 In addition to that, Yahoo! has failed to grow. A significant opportunity for growth was missed due to a “reluctance to transition its offerings to mobile devices”2. Resistance to growth is very much within control and yet is incredibly damaging to the company, as a failure to grow results in a failure to stay relevant amongst rapidly growing companies like Google.

Opportunities

As developing countries have more access to technology, Yahoo! will likely gain more users on Yahoo! Mail as well as traffic to its other services like Yahoo! Directory. This service is popular and has potential for growth, and any upgrades given to the service would surely increase traffic and therefore revenue. Lastly, because there’s been so much technological advancement in the past decade, Yahoo! has so many opportunities to explore growth in artificial intelligence, smartphones/smart devices, or even something like Google Earth.

Threats

Threats include growing competition with companies like Google. Competition from other web services, especially a web service like Google, can be detrimental to Yahoo!, because if users find Google’s services more useful and convenient, they’ll be more likely to return there instead of Yahoo!. Another threat is the lack of relevance. Since not as many Americans use Yahoo! anymore, it has lost its word of mouth in the United States. Without an incredibly new and innovative change or huge scandal, Yahoo! is unlikely to receive any more attention. However even if new changes are made that increase traffic to the website and entice people to use Yahoo!’s services, there is no guarantee that the benefits will be long-lasting. Even though Mayer was credited for drastically improving product design and traffic to their core apps, “revenue in Yahoo!'s core business stubbornly refused to pick up”3

**Management Functions**

In 2016, Mayer stated her plan for growth was to engage in a strategic plan which involved up to 2,000 employee layoffs, shutting down game services, and selling off patents and real estate in hopes of making a few billion dollars. To survive as such a large company and to carry out this strategy, Yahoo! relied on its hierarchal management structure, in which Mayer was leading the company as CEO with her board of directors and under them, VPs and employees. Meyer was hired to be a transformational leader, though her poor leadership skills quickly became evident due to her failure to create a compassionate and respectful yet focused and goal-driven culture within Yahoo!. Under Mayer’s leadership, Yahoo! failed in nearly every way they measured success, efficiency, return value to shareholders, and revenue earned.

**Action Plan**

To revive their company, Yahoo! would have to pursue an incredibly innovative growth plan. They need to focus on expanding in newly discovered trending technology so they can have a competitive edge. Innovation like this will most likely require more focus and investment lower in the hierarchy with teams of engineers, programmers, and scientists. If Yahoo! can even begin research in developing trends or at the least put creative spins on pre-existing trends, they’ll be able to regain relevance and subsequently revenue.

End Notes

1.“A Tale of Two Brands: Yahoo’s Mistakes vs. Google’s Mastery”. *Global Focus, North America.* Accessed February 23, 2020. <https://knowledge.wharton.upenn.edu/article/a-tale-of-two-brands-yahoos-mistakes-vs-googles-mastery/>.

2.“Yahoo! CEO Marissa Mayer Is under Pressure to Make Big Changes” Accessed February 23, 2020. <file:///C:/Users/Maya/Downloads/GEB%201011%20Management%20Case%20Study%20(1).pdf>

3.Weinberger, Matt and Paige Leskin. “The rise and fall of Marissa Mayer, the once-beloved CEO of Yahoo now pursuing her own venture”. *Business Insider.* Accessed February 23, 2020.<https://www.businessinsider.com/yahoo-marissa-mayer-rise-and-fall-2017-6#critics-started-to-blame-mayer-for-spending-millions-for-business-expenses-including-108-million-a-year-for-free-food-for-employees-and-a-7-million-end-of-year-bash-to-ring-in-2016-more-than-2000-job-cuts-came-in-2015-and-2016-34>