One thing about Jerry Yang that I always have admired is that he cares. He cares about his employees. He cares about his products. He cares about his shareholders. Most of all he cares about building a world class company that can be great at what it does.

If you look at Yahoo singularly, it is a great company. For he and David Filo to build a company with more than 6B in sales and more than 25B in market cap is an astounding feat . Unfortunately for Yahoo, it has had to weather both the Internet Bubble Bursting and the emergence of Google as a force in search and online advertising.

These are both issues because Wall Street has made them issues. The bubble speaks for itself. Google is a Wall Street issue for Yahoo because Wall Street wants Yahoo to keep up with the Googles.

That’s a problem for Jerry. Building a world class Yahoo to be the best company it possibly can be using the management skills that Jerry and company have is a far different challenge than optimizing the stock price. Particularly when Google is your stock comp.

Which is exactly why Jerry and David should sell to MSFT.

If there is one thing Microsoft does well , its ignore Wall Street and invest in its corporate strategies. It has so many huge lines of business, that Wall Street has learned to just let those that need to germinate do so. XBox. MSN. Online. Microsoft gets more leash from Wall Street to develop businesses than any company on the planet.

So the question isn’t whether Yahoo should sell. It should. The only question is what the structure of the deal should look like so that Jerry and David can achieve many of the goals they set out to accomplish on the net under the MSFT umbrella. Jerry definitely is about customers first. This is his chance to show it. This deal accelerates his opportunity to get customers where he wants to take them if he negotiates it right. Something I dint think would be that hard. There is too much upside for Microsoft to nitpick the non financial deal points.

What about Google ?

Google also is a company that wants to put its strategic goals ahead of what Wall Street wants. When the stock is trending up, that’s easy to do. If we are in the middle of a market correction of any severity at all, then Google could get hit with its own Wall Street “double whammy”.

First the downward pressure on its stock price. After several days of seeing the stock down 50 bucks during the trading day, Google is feeling exactly what Yahoo felt when the bubble burst. That queasy sense of fear around the company. The questioning of what could possibly happen to the stock, the impact on employee options and the inevitable questioning of Google traditions. 10 to 20pct of your time on other projects ? Not when the stock price is down 200 dollars in the past 3 months. Again.

The 2ND whammy would happen if Yahoo was no longer a stand alone stock. Even if the Google stock price suffered, there was always the comfort of “outperforming Yahoo”. Wall Street, employees, small stock owners always had the Yahoo stock comp to give it confidence. If its not there, all the eyes are staring right at Google evaluating and questioning every number and corporate action.

Its a level of scrutiny and pressure that can and will change the corporate culture of any company going through a maturation phase.

So Yahoo should say yes. Its less about the money than about finally achieving the corporate goals set out more than a decade ago.

One time Jerry told me that Yahoo stood for You Always Have Other Options. This time Yahoo doesn’t, but their customers options could improve exponentially if Yahoo says yes.