



Can Google Star Marissa Mayer Save Yahoo?

Marissa Mayer, formerly vice president for search products and user experience at Google Inc., was Google's 20th employee; a 37-year-old self-proclaimed "geek," she was already one of the most respected executives in Silicon Valley. But her appointment as the new CEO of Internet giant Yahoo instantly propels her to a whole new level: Mayer is now one of the most prominent female chief executives in the world. It's an inspired—and inspiring—choice for Yahoo, which desperately needs an injection of fresh energy after a series of failed CEOs and eroding esprit de corps.

Industry observers greeted news of Mayer's hiring warmly. But once the euphoria wears off, she'll face a steep challenge: reversing a years-long slide that has seen the onetime Internet pioneer eclipsed by Google, its erstwhile search rival, as well as newer upstarts like Facebook and Twitter. Yahoo's turnaround will come into sharp relief on Tuesday, July 17 2012, when the company reports second quarter earnings after the close of the stock market.

Mayer's appointment is a high water-mark in what was already a distinguished career. A Wausau, Wisconsin native, Mayer joined Google in 1999 after earning a B.S. in Symbolic Systems and an M.S. in Computer Science at Stanford University, where she specialized in artificial intelligence. She was Google's first female engineer and the company's 20th employee overall. She quickly took the helm of the company's user interface team, where she was instrumental in developing Google's iconic, minimalist search box layout. Mayer would eventually become responsible for many of Google's most successful consumer-facing products, including Gmail, Google News, and Google Maps. At the search giant, she developed a reputation for her

laser-like focus on the user experience and became a compelling spokesperson for a company that for many years was ambivalent—to put it mildly—about public relations. In a statement, Google CEO Larry Page called Mayer "a tireless champion of our users," and said, "We will miss her talents at Google."

At Google, Mayer's intensity was legendary, even at a company filled with brilliant engineers, according to Douglas Edwards, an early Google employee who served as brand manager at the company from 1999 to 2005. "If everyone else at Google was a hundred-watt bulb illuminating a single corner of the company, Marissa was a flashing neon sign, casting light and shadow in all colors across the entire Googleplex," Edwards wrote in his 2011 book *I'm Feeling Lucky: The Confessions of Google Employee Number 59*.

Mayer became a trusted adviser to Google founders Page and Sergey Brin, and eventually joined the company's elite operating committee, responsible for overall management of the search giant. But in recent years, Mayer's ascent within Google appeared to have stalled, especially after Page shook up the company's management ranks upon succeeding Eric Schmidt as CEO last year. For the ambitious Mayer, the chance to assume command at one of the most well-known Internet companies in the world seems to have been too good to pass up.

"I am honored and delighted to lead Yahoo, one of the Internet's premier destinations for more than 700 million users," Mayer said in a statement Monday. "I look forward to working with the company's dedicated employees to bring innovative products, content, and personalized experiences to users and advertisers all around the world." Mayer's

first day on the job is Tuesday July 17—she delivered her resignation to Google by phone Monday—but it's unclear if she will join Yahoo's earnings call after the stock market closes. Late Monday, Mayer disclosed that she's pregnant with her first child with husband Zachary Bogue, a Bay Area lawyer.

Yahoo is clearly hoping that Mayer's appointment represents a clean break from the tumult of the last few years. The situation reached a nadir earlier this year during a bizarre episode involving former CEO Scott Thompson, who admitted he didn't possess the computer science degree he listed on his resumé when he got the Yahoo job. Thompson, who had replaced the outspoken Carol Bartz as CEO, was soon jettisoned. Veteran media executive Ross Levinsohn was named interim CEO, and although many observers speculated that he might be tapped for the permanent job, Yahoo's board clearly felt that more drastic change was needed. "Marissa is a well-known visionary leader in user experience and product design and one of Silicon Valley's most exciting strategists in technology development," Yahoo cofounder David Filo said in a statement.

By picking Mayer, an accomplished engineer with a keen eye for design, Yahoo is signaling that it intends to make technology and user experience top priorities. For Yahoo's long-suffering engineers, that should be good news. Still, the company faces a steep climb to return to its former glory. In recent years, Yahoo has been adrift, lacking a clear vision and strategy as it's been eclipsed by Google as well as social media upstarts like Facebook and Twitter. Yahoo still has a massive audience, but it no longer commands the respect it once did.

Yahoo's stock has been down 40% over the last five years, and has stagnated since 2010, but rose 2% in after-hours trading on news of Mayer's hiring.

Wall Street analysts offered cautious praise. "We believe Mayer's background as one of Google's earliest engineers and her experience overseeing key products suggests the company will refocus on the user experience and pace of innovation," JPMorgan analyst Doug Anmuth wrote in a note to clients: "Importantly, we believe Mayer may also be able to attract more high-quality engineering talent to Yahoo!, which we think is needed after several years of strategic and leadership flux." Citigroup's Mark Mahaney called the hire

"bold" and said he has "high regards for Ms. Mayer's organizational skills, consumer Internet industry knowledge and her ability to focus efforts of a large team of engineers on product innovation."

Mayer's first job will be inspiring her troops to believe in Yahoo once again. She'll have to develop a vision of where she wants to take the company, and then map out a plan to execute on that vision. This turnaround won't happen overnight; it will be a long road. But for now, Yahoo employees, shareholders, and Silicon Valley at-large should savor Mayer's appointment. It's the most inspired decision the purple-hued Internet portal has taken in many years.

Questions for Discussion

1. Why is it so important for Yahoo to improve its IT systems and website products/services?
2. In what ways can Mayer use her IT expertise to help improve Yahoo's (a) responsiveness to online users, and (b) the quality and innovativeness of its website products/services?
3. What are the most effective ways in which an online portal such as Yahoo or any Internet portal can improve its users' online experience?

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