

Finding the Ideal Substitute

2-SP02-37-012

This problem situation was written by Moisés Aguirre Mar (moises.aguirre@tec.mx), with the purpose of serving as discussion material in the classroom; it does not intend to illustrate good or bad administrative practices. This document was elaborated from secondary sources.

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Leadership is something that is earned in the recognition of your team. Bill Campbell

Winds of Change

Mark Zuckerberg (White Plains NY, 1984) founded Facebook in February 2004 at the age of 20. In October 2021, the company changed its name to Meta (Vallance, 2021). Below are some of the company's most important milestones, which have placed it as one of the most important social interaction content companies (social networks) with these platforms: 1) WhatsApp, 2) Facebook, and 3) Instagram (Atlantico, 2022):

1. Released as a public company in February 2004 (Vallance, 2021).
2. In 2004, Peter Thiel became Facebook's first investor and member of the board of directors.(Brewster, 2022). Co-founders' plagiarism lawsuit: payment of 65 million USD to drop the lawsuit. In 2004 (Ibid. 2021).
3. In 2008, Sheryl Sandberg, the great manager of Facebook's growth, became director of operations. When the company started, it had a turnover of 260 million US dollars, when she recently retired it had a turnover of 118,000 million US dollars (Gispert, 2022).
4. In 2012, it acquired Instagram for a value of 1 billion US dollars (Redacción, 2021).
5. Acquired WhatsApp in the year 2014 for an amount of 21,800 million US dollars (Ibid. 2021)
6. Between 2015 and 2018, Facebook sold information of millions of users to companies such as Cambridge Analytics in the United States and the United Kingdom to influence elections. Sanction from the FTC (Federal Trade Commission) in the United States for 5,000 million US dollars (Redacción B. , 2018).
7. In April 2018, Zuckerberg appeared before the United States Senate to explain the interference of this data traffic of millions of users to influence the presidential votes of this country. From that moment on, the break up with Sheryl Sandberg, Facebook's director of operations, regarding the company's strategic guidelines began (Álvarez, 2018) (Gispert, 2022).
8. After this scandal, Meta companies have had global system crashes on several occasions, causing annoyance to millions of users and negatively affecting the value of their shares in the market. (Redacción, 2021) This has also caused difficulties in the company's ability to attract and retain talent (Rodríguez P. , 2022).
9. In 2021, Facebook changed its name to Meta (Ibid. 2021) (Corral, 2019).
10. In September 2022, the amount of the loss of Zuckerberg's personal fortune exceeded 31,000 million US dollars. This was the result of a decline in the value of the shares he owns in Meta. All this, due to the failure of his strategy to focus on the immersive internet (metaverse) and his loss of appeal among young people who have become Tik Tok and Youtube users (DW, 2022).

What to Do in the Face of this Crisis?

In previous years, other companies in the same industry have faced similar crises. A common course of action has been the leader handing over the baton to a successor to make way for new ideas, approaches, and strategic solutions for users, investors, and other stakeholders.

Microsoft

In 2000, Bill Gates handed over the general management of Microsoft to Steve Ballmer, who remained in office until 2014, the year in which Satya Nadella was appointed as new CEO. He reconfigured the company's strategic mission, placing it on the right track in the face of technological changes on the internet, and the needs and tastes of users (Perez, 2022).

Former Google Now Alphabet

Founded in 1998 by Sergei Brin and Larry Page. Erick Schmidt was appointed as CEO, until 2011, when Page took over the position. In 2015, Google changed its name to Alphabet, and its founders handed over the general management to Sundar Pichai. Since 2017, Pichai has been a member of the Alphabet board of directors (Sharma, 2021).

Twitter

Like the previously mentioned companies, Twitter has had important managerial changes; however, some of these changes have not resulted in a very successful outcome. Founded by Jack Dorsey, Noah Glass, Biz Stone, and Evan Williams in March 2006. Dorsey served as CEO until 2008 when he was removed from the role and replaced by Dick Costolo, returning in 2015 when the latter retired from the role. From that year until November 2021, he co-directed Twitter with Square, another Dorsey company. In that year, the board of directors appointed Parag Mehta as CEO of Twitter. It recently was in litigation with Elon Musk, a well-known businessman, who initially failed in his attempt to buy Twitter. (Bursztynsky, J., Feiner, L., 2021) Finally, after several months of negotiation, Musk acquired Twitter from its original shareholders on October 27, 2022. (Mac, 2022) (Korn, 2022) This shows us that it is of utmost importance that leaders recognize when it is time to step down and give way to new leadership, acknowledging that this change can take the organization's strategic mission to new and better horizons.

Potential Risks

Another pioneer industry that did not do well in assessing the need of a change in its leadership is Yahoo. Their story can be a good example of what could happen to Meta if the company fails to make a change in its CEO position.

Founded in 1995 by David Filio and Jerry Yang, Yahoo grew exponentially during the 1990s. In 1996, the company went public. At its peak, Microsoft made a \$44.6 billion bid for Yahoo in 2008; CEO Yang stubbornly declined the offer and from then on, the company's value declined due to a series of poor strategic decisions, Yang's prolonged tenure, and the wrong choice of replacement with CEO Carol Batz (Aparicio, 2017).

Ultimately, Scott Thompson, then CEO, laid off 14% of the staff and sold the company to Verizon for \$4.48 billion in 2017. That's about a tenth of Microsoft's original offer (Ibid, 2017).

What to Do Now?

If you look carefully at Zuckerberg's strategic actions, which include changing the company's name and steering it towards the immersive internet, this seems like a halfway attempt to replicate the strategic direction taken by Google. That is, he went on to change the company's name and aimed towards the metaverse but remained in his position as CEO. Although Zuckerberg is young (he is under 40); his experience in the industry may be weighing on him, coupled with the multiple scandals he has overcome during his time managing the company.

A good part of Zuckerberg's deterioration as leader of Meta has to do with the loss of credibility due to contradictions in his communication with team members. This has resulted in the departure of key personnel, such as Thiel on the board of directors, and Sandberg as COO (Brewster, 2022) (Expansión, 2022). This has also resulted in the company facing a shortage of tech engineers, basically because its ability to recruit talent has also been affected by this (Ibid.2022).

Bill Campbell (1940-2016), the respected CEOs' coach in Silicon Valley, pointed out that a very important factor in the success of a company is that its leader is capable of creating teams with a community mentality, and when this happens: "they integrate their individual interests and they put aside their differences to be able to obsess, individually and collectively, with everything that is beneficial for the company... employees who feel part of the community are more committed to their work and are more productive... and will always outperform those teams who do not have this

community belonging” (Schmidt, E., Rosenberg, J., Eagle, A. , 2019, pp. 36-37). A primary key to creating a sense of community in teams is trust.

Zuckerberg seems to have lost the confidence of stakeholders in his leadership. Campbell said that trust is the most valuable thing in a relationship and highlighted that it meant, among other things: “1) keep your word, 2) have loyalty to your family, friends, and your company, 3) integrity, translated as the ability to keep promises, and 4) discretion, care for the dignity of team members in their personal matters” (Ibid.2019, pp. 88-89). It appears that Zuckerberg has lost the path of trust, and this has resulted in the loss of value of the company that he founded.

Based on what we have discussed in the previous sessions, answer the following questions

Trigger Questions

1. What is the problem with Mark Zuckerberg?
2. Is there an alternative position for him inside of Meta?
3. What other potential risks may Meta be facing if Mark Zuckerberg remains in his current position?
4. Is it possible for Mark Zuckerberg to regain his credibility among Meta's stakeholders?
5. Does he have enough time to regain his credibility?
6. What are the characteristics required of the new CEO of Meta?
7. Prepare a communication plan for Meta's employees, explaining the reasons behind the leadership change in the organization. This communication plan is part of a strategy that aims to regain trust among them, with the goal to create a new sense of community among the different teams within the organization.

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