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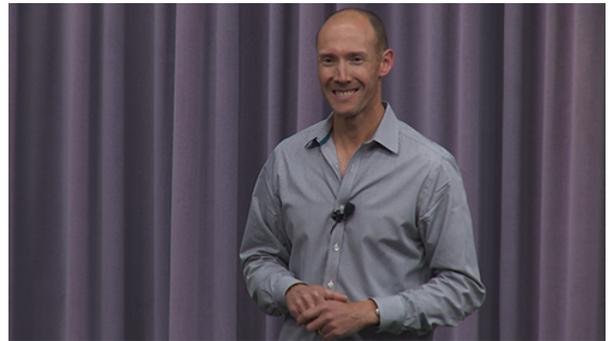
### Making the IPO Decision

Geoff Donaker, *Yelp*

May 14, 2014

Video URL: <http://ecorner.stanford.edu/videos/3341/Making-the-IPO-Decision>

Yelp COO Geoff Donaker talks about how the company saw the resignation of its previous chief financial officer as the ideal time to go public. Donaker says an impending IPO made Yelp focus on candidates with previous CFO experience taking a company public.



#### Transcript

So when and what did cause you to go public? How did you decide its time? And then there's a couple of answers to that question. The longer kind of slow evolutionary answer is we always had this number in our head, probably a couple of CFOs and CEOs we had talked to earlier had put it their that was when you're at \$100 million in revenue and you have some positive cash flow, you're probably ready to go public, right. If you have a sustainable \$100 million in revenue and we were eking up on that at this point in time. So we kind of knew at this point this is I guess probably spring of 2011, we had a sense that we were going to do mid \$80 millions in revenue that year, business models actually looking pretty consistent and growing still fast based on previous year. We could sort of see it. So it sound like okay maybe we're getting into that territory where we should be thinking about it. So that's kind of going on in the back of your mind all the time. And then funny enough, the straw that broke the camel's back was our then CFO, Vlado Herman who had been an early employee and critical guy resigned. He came to me one day and without going at gory personal detail, funny side story, his wife was also running finance at Facebook at the time and they had two young kids and they both have these crazy commutes and high class problems clearly, but they're living this nutty lifestyle where they're both just working all the time, have these brutal jobs and so he decides to be the guy to put his hand up and say hey I'm going to go, deal with the family for a little while. He gave us lots of notice.

But that became the time when Vlado decided to leave, Jeremy and I kind of looked at each other and said, alright well guess we got to find a new CFO. Who are we looking for? And that quickly led itself to, maybe that's time, maybe we should go public. Funny enough how these things happen, right? But as you ask yourself these questions like okay who should we be hiring and what's the profile we're looking for? There are people who have been private company CFO's, there are people who have been public company CFO's. There is actually a relatively small pool of people who have taken a private company public. And the going public process itself is actually kind of a complicated tactical thing and we thought it would be really advantageous if we were going to do it, we may as well use this opportunity when we're hiring to hire someone who has been through it once before. And so we did. We effectively drew up a spec that said all right, here is what we're looking for, somebody who preferably has worked in an Internet company and been a CFO of a public Internet company, who preferably has actually taken one of those companies public him or herself, right. And last but not least, who has a shared sense of mission and value and purpose with those of us who actually work here so that we all pass the O'Hare Airport test - everybody know what that is? That's if you get stuck in the O'Hare Airport for six hours, can you actually hang out with this person and not want to cut your arm off. So it's kind of an important test to pass if you're going to hang out with somebody for most your waking hours. So that actually turns out to shrink the universe of candidates pretty fast, right.

It's like, okay you got have somebody who meets all those criteria and we were really lucky to find one. So Rob Krolik who is our CFO now, was the guy we found in 2011, but the way that we attracted him and candidates like him were with profiles like his was by saying it's time everybody - all you candidates know what Yelp is and you kind of know what our story is, we're

going to go public and we're trying to find the person who is going to take us public. It enabled us to meet some fantastic candidates including Rob who we then brought on board.