Stanford eCorner

A Question of Control

Rich Barton, *Zillow Group*

25-10-2017

URL: https://ecorner-stag.tcg.stanford.edu/quick-dips/a-question-of-control/

Serial entrepreneur Rich Barton discusses how the decision to go public can affect a privately held company’s priorities, explaining that the change in designation at the right time in a business’s trajectory can give it more strategic options. The co-founder of the Zillow Group and Glassdoor also advocates for founder-led companies.

Transcript

- I'm a firm believer that having a public company when it's ready to be public is a huge advantage.. It gives you strategic optionality and optionality is valuable.. When you have a public security, you're able to do things with that public security like raise money and do acquisitions, compensate people that offers strategic flexibility and strategic optionality is valuable.. Now the downside to being a public company is you have to report every quarter and a lot of people, especially here in the Valley, think that that's like, you know, some awful thing, like some torture fest and you know, we shouldn't pay any attention to these investors and you know, screw them.. I'm not gonna do that.. And they demand all this short-term stuff.. Well, for weak companies and weak leadership or you know, professional manager led companies, that is the case.. But the public companies that I'm involved with tend to be run by founders, all of them, are run by founders, sometimes, as in the case with Zillow Group, we have a class of stock that gives us voting control, and those enable us to behave more like a private company and make decisions for the long term.. And the shareholders that know us and believe in us can come along for the ride, long term, even if we have to do short-term things that hurt profitability, they know we're doing it for the long term because we're in it for the long term, because we control the company.. And so I believe having a founder-led company or founder-like led company, that has some control provisions to free these companies up to make long-term decisions is the optimal combination, personally...