

Linking Profit to Purpose: Care.com Case Discussion and Presentation

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Care.com's Mission

“Our mission is to improve the lives of families and caregivers by helping them connect in a reliable and easy way. Our solution helps families make informed decisions on ... finding and managing quality care for their families..”

Care.com's Business Model



Care.com Board

Director	Background
Sheila Marcelo	Co-founder, CEO+Chair, HBS MBA and JD
Dave Krupinski	Co-founder, CTO, 25 years of tech leadership experience
Michael Echenberg	CFO, HBS MBA, ex McKinsey consultant, Finance leadership experience
George Bell	BA from Harvard, VC, 30 year experience in investing and growing companies
Marla Blow	Stanford MBA, Partner at a consumer finance investment co.
William Harris	Harvard MBA, Founding CEO of PayPal, former CEO of Intuit
Chet Kapoor	Stanford MBA, Portfolio manager of Tenzing Global Management
Duncan Robertson	Chicago MBA, former CFO of Open Table
Dan Yoo	UC Berkeley MBA, Former COO of NerdWallet, former VP at LinkedIn

Mission Statements of Other Platform Companies

Airbnb

To help create a world where you can belong anywhere and where people can live in a place, instead of just traveling to it.

Trip Advisor

Our mission is to help people around the world plan and have the perfect trip.

Uber's Mission

We ignite opportunity by setting the world in motion. Because we connect millions of people around the world every day, it's our responsibility to build for safety.

Mission Statements of Other Platform Companies

Google

Our mission is to organize the world's information and make it universally accessible and useful.

Amazon

We want to be Earth's most customer-centric company.

Facebook

Facebook's mission is to give people the power to build community and bring the world closer together. People use Facebook to stay connected with friends and family, to discover what's going on in the world, and to share and express what matters to them.

Care.com Postscript

March – August, 2019

- Shiela Marcelo stepped down as CEO
- Appointed a Chief Safety and Cyber Security Officer
- Created a new board committee on Safety and Cyber Security, and recruited two new directors: one with background in financial fraud investigation, the other a former Inspector General of the State Department
- Despite these changes, the share price dropped by 70% since the WSJ article

Care.com Postscript

- On December 20, 2019 - Acquired by IAC, an internet platform company founded by Barry Diller
- IAC owns Vimeo, Tinder, Match.com, HomeAdvisor, Angie's List
- Purchase Price: \$15.00 per share, for a total of \$500 million.
- Share Price before the WSJ article (3/19): 23.41; Share Price at the time Marcelo stepped down as CEO: \$7.33
- IAC appointed Tim Allen as the new CEO: " Safety is going to be a top priority for us."

Regulatory Backlash

- Recent New York Times Front Page Headline: “Why is Big Tech Under Attack”?
- Regulatory actions in Europe, India, and the US against tech platforms
- Chinese government intervention against Ant Group’s business model

A Different approach: Urban Company

Mission: To empower millions of service professionals by delivering services at-home in a way that has never been experienced before."

- Started out as a website that provides listing of home-service providers in India, similar to Angie's List in the US
- Revamped its business model to take full responsibility for customer service experience. Significant investments in screening, training, certifying and equipping service professionals. Retrain or remove professionals who perform unsatisfactorily
- Abhiraj Bhal, CEO: "Owning the experience might seem less scalable, but in my opinion, it's more scalable in the long-term. Standardization actually helps you scale and super-scale the platform."
- Abhinav Chaturvedi, Accel: "Obviously, being just a tech company gives you an easier margin structure. But in terms of long-term sustainability and competitive advantage, a tech plus service delivery company is incomparably better. Its margins may be off in the short-term, but its business is more defensible and sustainable in the long-term."

Linking Purpose to Profits

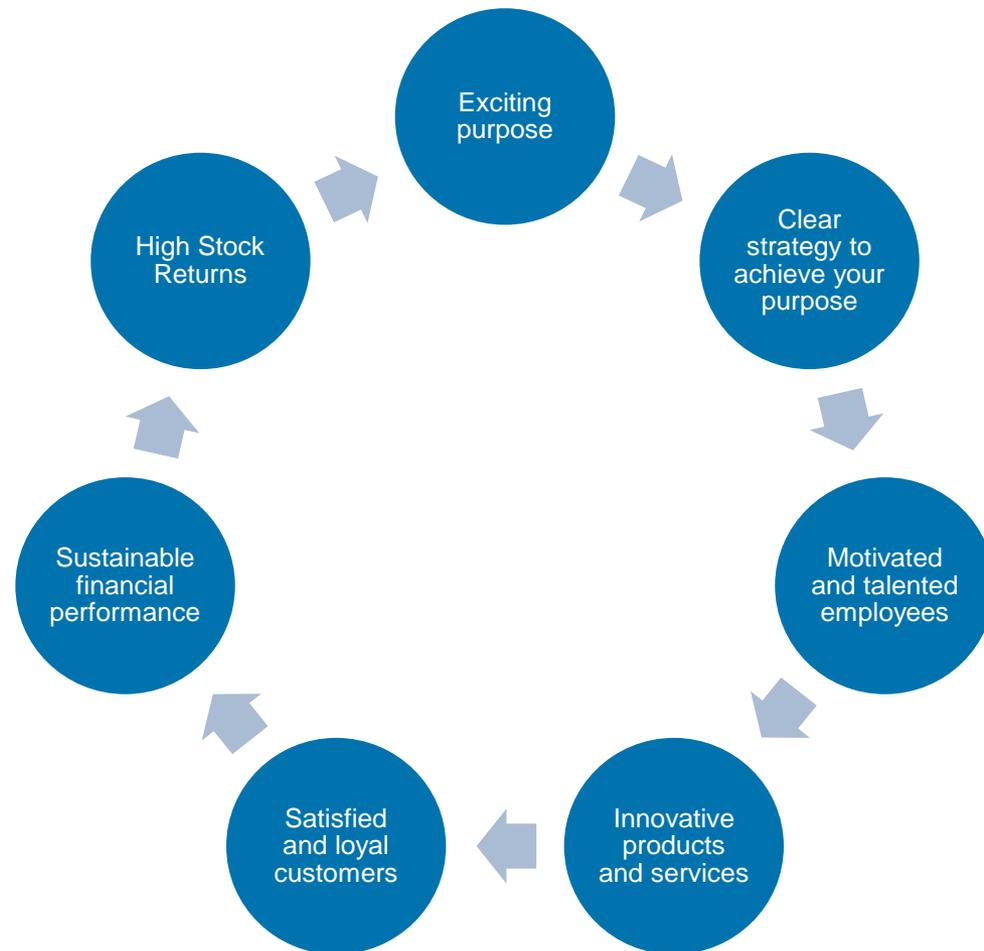
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Changing Expectations

1. Governance context is changing – even investors are expecting more than profits: “Without a sense of purpose, no company, either public or private, can achieve its full potential. It will ultimately lose the license to operate from key stakeholders.” (BlackRock)
2. Our view of business has to reflect this change – “make decent profits decently”. (Founding Dean of HBS)
3. Corporate leaders and boards have to embrace the AND principle:
 - Purpose and Profit
 - Shareholders and stakeholders
 - Short-term and long-term

The virtuous cycle



From CSR & ESG to Purpose Driven Organizations



Potential Challenges

1. Purpose statements are often lofty and inspiring, but business models are designed to make profits. How do you ensure that there is no disconnect between your company's purpose and the profit imperative?
2. How do you ensure that your board is engaged with purpose and strategy on a continuous basis?
3. Distinguishing between purpose and strategy driven governance vs CSR/ESG initiatives

The Board's Purpose Agenda

1. Build an authentic purpose narrative with management
2. Embed purpose in board practices
3. Ensure management sets clear and measurable goals and actions in linking purpose to business
4. Reinforce purpose lens in core board decisions
5. Drive accountability for purpose through management evaluation and reporting

Source: "The Board's Role in Embedding Corporate Purpose," Cleia Huber, Sebastian Leape, Larissa Mark, and Bruce Simpson, McKinsey & Company, November 2020