

Yahoo's work-in-office move risky, but necessary, analysts say

February 25 2013, by Benjamin Pimentel

Yahoo Inc. is a pioneering company in Silicon Valley, a region famous for its laid-back, employee-friendly corporate cultures.

That's why [Yahoo's](#) move to discourage workers from working from home, while sparking some mixed reactions, is viewed by many as a risky gamble at odds with the Silicon Valley tradition.

In a memo to employees, first reported by AllThingsD, Yahoo's human resources chief said that beginning in June, "We're asking all employees with work-from-home arrangements to work in Yahoo offices."

"Being a Yahoo isn't just about your day-to-day job; it is about the interactions and experiences that are only possible in our offices," the memo said.

The news was particularly striking since Yahoo [Chief Executive](#) Marissa Mayer, in her bid to turn around the struggling [Web portal](#), has made the company's employees one of her priorities.

"Talent is fundamental to our success," she said on the company's last earnings call. "Attracting the best people to Yahoo is critical, and we've embarked on a number of initiatives to make Yahoo the absolute best place to work."

But Yahoo's work-in-office push runs counter to [corporate culture](#) in Silicon Valley, where the region's tech industry has long been known for

flexible working hours and other conditions.

Hewlett-Packard Co., which was founded in 1939, perhaps the most iconic of the valley's companies, helped popularize the practice of using cubicles, even for top executives.

Newer companies, such as [Google](#) and Yahoo, were famous for giving employees plenty of perks, including free food. Yahoo's own co-founder [Jerry Yang](#) used to write notes to employees, whom he called "yahoos," using only lowercase letters.

Companies reached by MarketWatch, including HP, LinkedIn Corp. and Facebook Inc. said they don't have any set policies on working from home, leaving it to managers to make a decision.

"When you're talking about different time zones, you have other considerations," a [Facebook](#) spokesman told MarketWatch. "So it's very flexible in that respect. It's something that is an option for people to consider depending on what they've got going on."

Yahoo declined to comment for this report.

Rob Enderle, a longtime Silicon Valley analyst, said the Yahoo decision strikes him as "bad advice from an HR (human resources) exec," which he thinks will hurt Mayer's bid to revive Yahoo.

"Typically this is done because management feels workers are slacking off; they stop the practice only to find they lose key employees and productivity drops," he told MarketWatch.

The move, he argued, is "going to make matters worse. A lot of companies have tried this, and it almost always backfired."

Paul Saffo, another veteran Silicon Valley expert, agreed the move was risky, especially since it also "goes against the grain" of Silicon Valley traditions, but also of current trends in the tech industry.

"Being virtual is the norm; having everyone in one place is the exception," Saffo, managing director of foresight at Discern, an investment research firm, told MarketWatch.

But given the challenges Yahoo faces, he added, the move may actually make sense.

"When a company is going through profound changes, you really want face time with people, because it builds trust," he said. "You want everybody to have lots of face-to-face."

Tim Bajarin of Creative Strategies Inc., a Silicon Valley tech research firm, also said having employees in one place can be important for Internet companies.

"In talking with engineers I know, especially those who are programmers and in many strategic leadership positions, being together with people of like mind has major advantages," he told MarketWatch.

"I suspect that Marissa feels that during this important time of turning Yahoo around and getting it back to its former glory, that the team dynamics is critical to this process," he added.

Kelly Decker, executive vice president at Decker Communications, a San Francisco firm that coaches communications for [top executives](#), also argued that Yahoo is "absolutely right about face-to-face communications."

"When you want to influence, create emotion and build trust, the best

situation to put yourself in is one that is in-person, eyeball-to-eyeball," she told MarketWatch. "Of course, simply putting people in a cube or office is only part of the solution. Those people actually have to get up, walk over to another team member and engage them in conversation, ask them for input or opinion."

In fact, HP, which started in a Palo Alto, Calif. garage designated as the birthplace of Silicon Valley, popularized a similar tradition in which managers mingled informally with employees. HP called it "management by walking around."

Besides, Silicon Valley culture, which evolved further during the dot-com era in which Yahoo played a prominent role, isn't just about working from home. Saffo pointed to "two parts to the dot-com model."

"One was the remote-worker friendly part," he said. "The other was making headquarters a place where everyone wanted to hang out."

And in [Silicon Valley](#), he added, that has meant "great cafeteria choices, massage therapists and foosball machines."

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Citation: Yahoo's work-in-office move risky, but necessary, analysts say (2013, February 25)
retrieved 27 April 2024 from
<https://phys.org/news/2013-02-yahoo-work-in-office-risky-analysts.html>

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