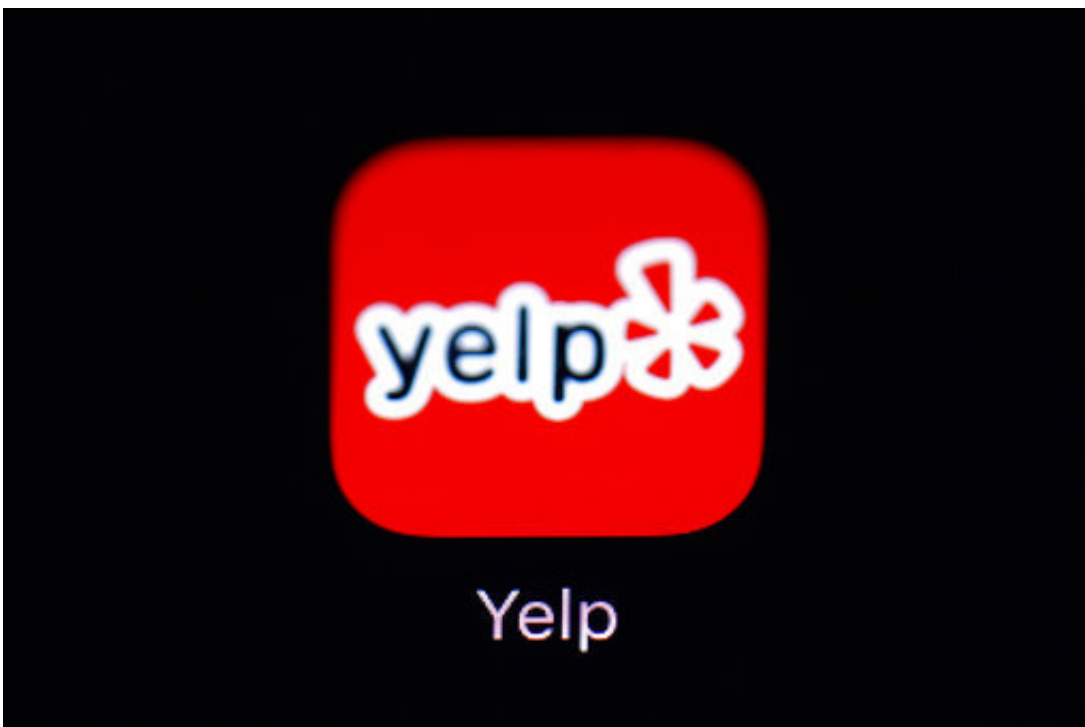


Big shareholder at Yelp wants a board reshuffle

December 10 2018



This March 19, 2018, file photo shows the Yelp app on an iPad in Baltimore. A large shareholder at Yelp says it's lost patience with the review site and wants to see the company board reshuffled. In a letter released publicly Monday, Dec. 10, SQN Investors LP said that it wants Yelp Inc. to add some new directors to its board, including shareholder representatives. (AP Photo/Patrick Semansky, File)

Saying it's lost patience with missteps and earnings shortfalls, a large shareholder at Yelp is seeking a board reshuffle at the online review site.

In a letter released publicly Monday, SQN Investors said that it wants Yelp Inc. to add some new directors to its board, including shareholder representatives.

SQN, which owns more than 4 percent of Yelp's shares, says it believes that "the board has failed to hold itself and management accountable for the company's strategic and operational missteps, repeated missed earnings, lost opportunities and poor corporate governance."

SQN has built up its stake recently, and is now one of Yelp's top five shareholders.

The technology investor, based in Redwood City, just south of Yelp's San Francisco headquarters, argues that the company's board lacks urgency in addressing significant issues, among them a "slow pace of innovation."

SQN says that Yelp has allowed Google and Facebook to rack up a significant number of peer reviews for local businesses. It's also seen Uber and AirBnB roll out food delivery businesses and other services that have surpassed Yelp's initiatives in those areas.

Yelp defended its board, saying Monday that its directors are "active, open-minded and engaged." The company said it's focused on having a "highly relevant and diverse board. Yelp said the company is in the process of considering potential skill sets and opportunities that would further strengthen and enhance its board.

Yelp had fantastic timing when it became a public company in 2012.

Global shipments of smartphones between 2012 and 2016 exploded, and so did the hunger for new apps that created whisper boards about people's experiences in restaurants or with other service companies.

That growth has begun to taper, and SQN says that Yelp has not acted quickly enough to adjust.

In calling for changes to Yelp's board, SQN said that the average tenure of a Yelp director is more than nine years, with only one new member joining the board since May 2012.

"Yelp's board is not functioning effectively and is stale," SQN wrote.

San Francisco-based Yelp says it's committed to keeping an open dialogue with SQN. The company maintained that it's committed to acting in the best interest of its shareholders, customers and workers.

Last month Yelp's third-quarter revenue missed Wall Street expectations, and the company indicated that the current quarter would also be weak.

CEO Jeremy Stoppelman blamed the revenue miss on Yelp's new non-term advertising, intended to encourage advertisers to try the site without being tied to longer-term contracts.

Its shares have fallen almost 10 percent over the past year. The rose almost 2 percent at the opening bell Monday.

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Citation: Big shareholder at Yelp wants a board reshuffle (2018, December 10) retrieved 9 April 2024 from <https://phys.org/news/2018-12-big-shareholder-yelp-board-reshuffle.html>

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