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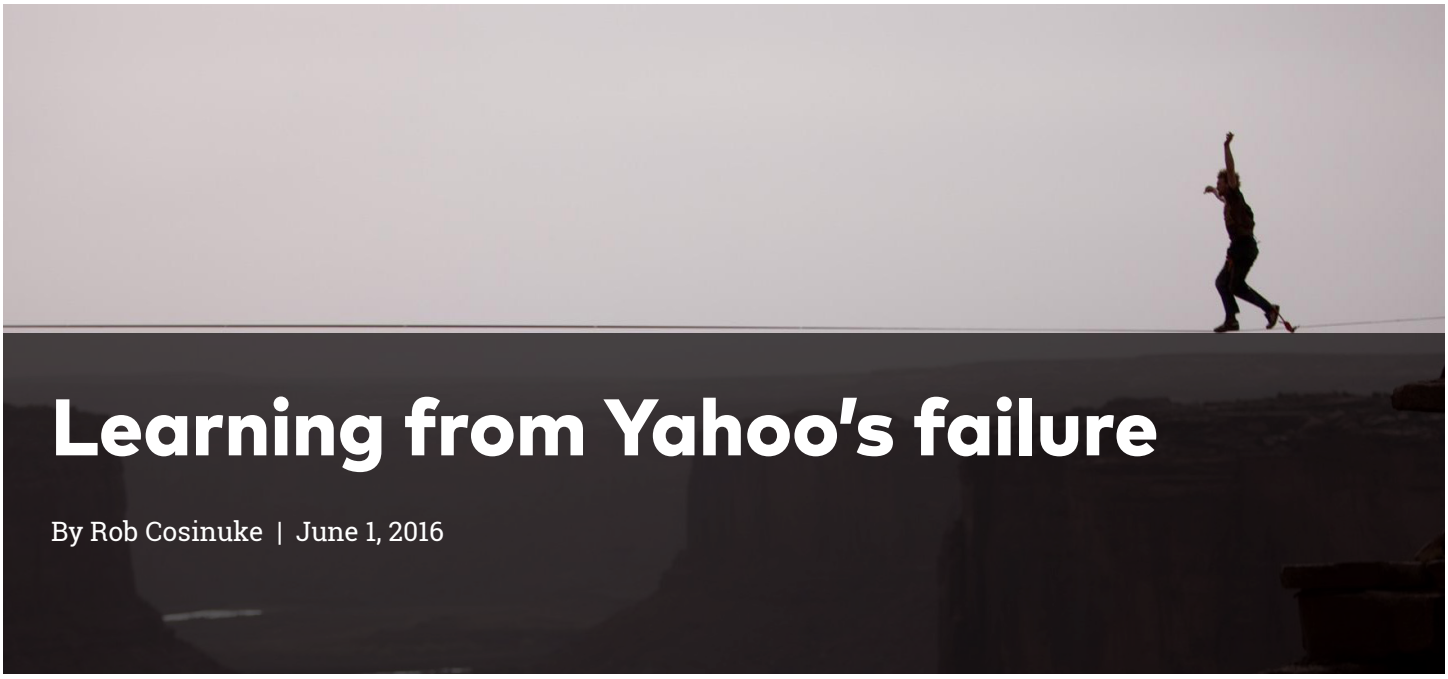

Learning from Yahoo's failure

By Rob Cosinuke | June 1, 2016

I've been following Marissa Mayer's tenure at Yahoo for nearly four years. That's not just because I was initially tapped to lead athenahealth's integration of another mature advertising-driven mobile company — Epocrates — but because Yahoo, with its complexity, technology legacies, and highly competitive, fast-paced market environment, reminds me of many of the country's largest health care delivery systems.

Both are facing significant headwinds to stay relevant in their respective industries. And both need to change more quickly than they probably want to.

The news, this winter, that Yahoo was laying off 15 percent of its nearly 11,000 employees was just the latest downward trend, which also included open calls to sell off its stake in Alibaba and Yahoo Japan. The stock is down, the board is falling is apart, the optics are bad, and there's an open question now as to whether Mayer will even survive the year as CEO.

Four years ago, Mayer was hired not just to turn around Yahoo, but also to strategically bring it out of its internet 1.0 doldrums. Her hire drew the world's attention and was greeted with high praise. Finally, Yahoo had a high-profile executive who understood the web, with a sparkling reputation for launching new services as one of the original leaders at Google.

In 2012 she said, "We're sitting on $5 billion in deteriorating revenue with no clear sign for growth." That growth is still waiting to come under Mayer's leadership. Yahoo's ad revenue is stalled at $1.2 billion, yet over the same timeframe Facebook has built a mobile ad business from scratch that just generated $13 billion in Q4 of 2015. Yahoo's competitors — Facebook, Microsoft, Google, Amazon, and Apple — are roaring ahead and not looking back.

Mayer has had four years to turn Yahoo around, but her strategy has amounted to numerous little bets like the acquisition of Tumblr and other assorted mobile start-ups that add up to and signify next to nothing. Perhaps she needed one big bet to give the company a purpose — acquiring Netflix would have been one, for example. Instead, she acquired Tumblr and did nothing with it.

"Marissa Mayer wasn't hired to do the safe thing," writes New York Times technology columnist Farhad Manjoo. "She was picked to be bold, and so far, she has failed."

In leadership circles, Yahoo's dilemma is referred to as having to cross the chasm. And many health systems are facing a similar chasm. The majority are strategically stuck in neutral, placing small bets here or there on new reimbursement contracts, technology, "innovation" labs, etc.

And then there is Mount Sinai Health System in New York. This is an advertising campaign to attract physicians to work for the growing hospital-based enterprise.

On the surface, it appears that the leadership of Mount Sinai gets it. The ad tells a story of a very big bet and a big, hairy, audacious vision. You can be sure the doctors, staff, patients, trustees, state health care workers, and politicians who see this ad also get it. Crossing the chasm from fee-for-service to value-based care will require giant leaps of leadership moxie, not small steps into the shallow end of the pool.

Rob Cosinuke is the executive director of athenahealth's Leadership Institute.

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