Groupon: A CEO is pushed out

When Groupon made its public offering a while back, it was flying high and its CEO, Andrew Mason was viewed as wunderkind, an entrepreneurial genius that could pull the company to success. At the time of the IPO (November 2011), I posted this fairly optimistic post about Groupon, though I felt the IPO price was too high:

http://aswathdamodaran.blogspot.com/2011/11/are-you-ready-to-value-groupon.html

Right from the start, Groupon has been hurt by self-inflicted wounds, some of them relating to accounting. For instance, it made ham-handed attempt to claim profitability by moving its customer acquisition costs from the operating to the capital expense column. Again, I had a fairly sympathetic post on their attempt to do so:

http://aswathdamodaran.blogspot.com/2011/06/from-revenues-to-earnings-operating.html

For the last year, it has been quite clear that Groupon is in trouble. In fact, when its stock price dropped to $4.44 in August 2012, I posted this about the stock as an investment:

http://aswathdamodaran.blogspot.com/2012/08/groupon-gloom-deal-of-day-or-death.html

Now, the CEO has been pushed out but the company's troubles have not been solved. Here are some of the questions worth thinking about:

1. By firing Mason, the board of directors at Groupon made clear that they were no longer willing to go along with the incumbent CEO. What triggered their activism? (Check to see who is on board and who owns stock in the company.)
2. Do you think that Andrew Mason should have been fired? (Read his response to the firing. It is honest and it makes him a much more likeable figure…)
3. Based on our discussion of "market risk" (betas) yesterday, what beta would you expect Groupon to have? (Think about the business it is in, the fixed costs and financial leverage (if any))
4. If you were hired as CEO of Groupon, what would you do?