



NEW YORK UNIVERSITY

INDUSTRIAL/ORGANIZATIONAL PSYCHOLOGY CASE STUDY

SPRING 2021*

(Required for all applicants)

The Case Study provides an opportunity for applicants to put Psychology and Science into practice. It represents a realistic preview of how one might be engaged in a consultative intervention that improves conditions for employers and employees alike.

This is a business case that asks you to write about, from an I/O Psychology perspective, the company Zillow, a successful internet-based real estate business. Zillow is faced with a business challenge and you are asked to help. Please use the business case information and dataset provided to make recommendations to Zillow leadership. The information in the business case is publicly available. Feel free to find more. The dataset is fictitious but fits with the business case and enables you to gain more insights for your recommendations.

Use your own business acumen and knowledge, your IO psychology expertise, personal business experiences, and interests to address the real-world human capital challenges and opportunities that the business case presents.

About Zillow

Zillow¹ is a leading real estate and rental marketplace company that provides consumers with data and knowledge about homes and apartments and connects them with local professionals and realtors who can help with their purchase or rental decisions.

Zillow seeks to serve the lifecycle of owning and living in a home including buying, selling, renting, financing, and remodeling. Zillow built a database of more than 110 million U.S. homes - including homes for sale, homes for rent and homes not currently on the market, Zillow's website offers user Zestimate home values. Rent Zestimates, since 2009, offers rental prices and other home-related information. Zillow operates a suite of mobile real estate apps. There are more than two dozen apps across all Zillow's major platforms.

Zillow's website for homeowners and buyers provides a free estimated market value using its proprietary formula ("Zestimate") for millions of homes in America. Users enter an address into a search field, and Zillow Group computes the Zestimate and overlays it on a satellite map. The firm also provides home listings, neighborhood information, photos, purchase and sale data, and rental price estimates. Zillow also sells subscription services that help find real estate agents and mortgage rates.

Zillow launched in 2006 and is headquartered in Seattle, WA, USA. Zillow currently has 21 office locations across the United States and recently expanded into the Canadian real estate market by opening

¹ The name "Zillow" combines the words pillow (where you lay your head at night) and zillions (the number of data points the firm desires to provide).

Zillow Business Case

an office in Vancouver, BC. The CEO and co-founder is Richard N. Barton and in 2016 they hired their first Chief People Officer, Dan Spaulding. The company went public in 2011 and changed its name to Zillow Group in 2015.

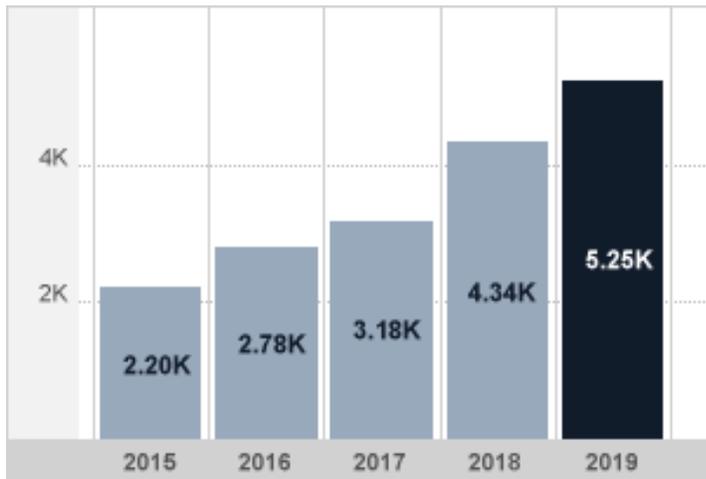
In April 2018, Zillow entered the on-demand home buying market with Zillow Offers. In 2018, Zillow signed a partnership with Century 21 Canada to begin listing Canadian properties on the site, marking the first country outside the United States to be covered by the company. In February 2020, Zillow's stock was up 18 percent after going down for four years. In March of 2020, the CEO of Zillow announced a cut in expenses by 25% and stopped hiring due to the COVID-19 outbreak.

Zillow operates through three lines of business: Homes; Internet, Media & Technology; and Mortgages. The company's portfolio of consumer brands consists of Zillow, Zillow Offers, Zillow Home Loans, Trulia, StreetEasy, HotPads, Naked Apartments, and Out East; and business brands for real estate, rental, and mortgage professionals include Mortech, dotloop, Bridge Interactive and New Home Feed.

Zillow Growth

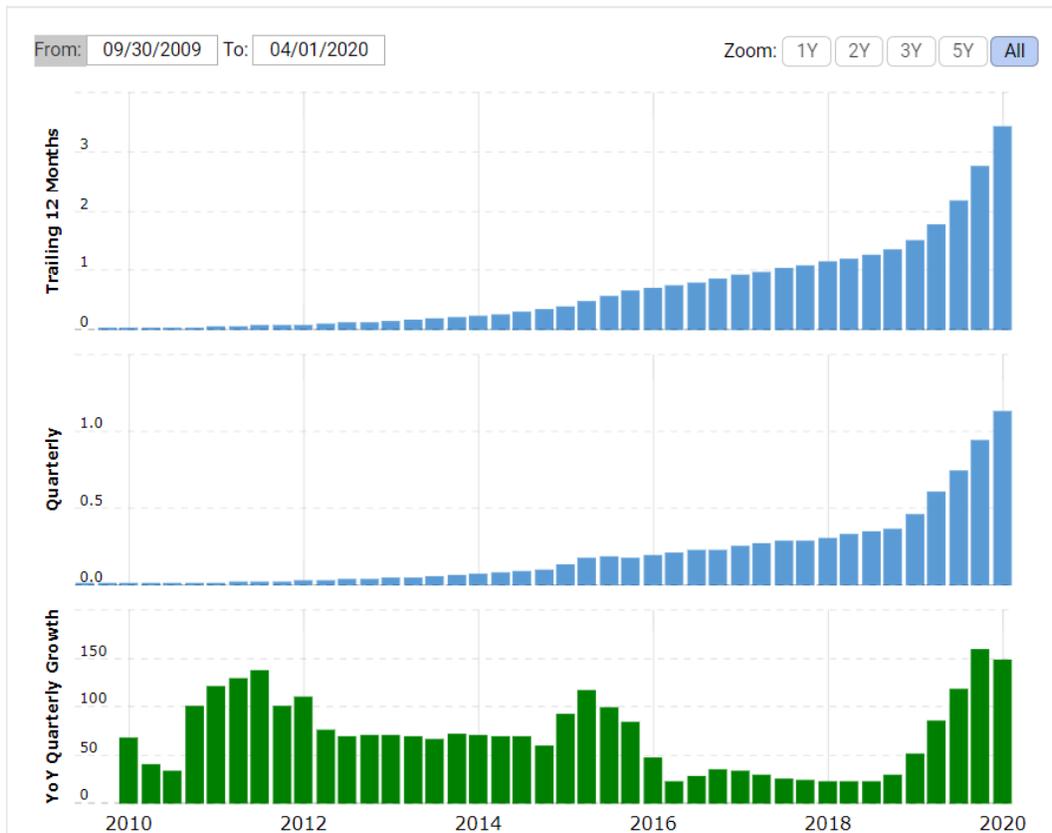
Zillow has grown its workforce steadily since 2006 (Figure 1). The growth of the workforce is supported by equally steady revenue growth (Figure 2). Currently there are 5,400 employees. Zillow's 2Q20 financial report indicated second quarter revenue of \$768,000,000 representing 28% year over year growth. As of August 1, 2020, its market cap was \$10.7 billion US.

Figure 1 – Zillow Group workforce growth



Zillow Business Case

Figure 2 – Zillow Group revenue growth (DJI and S&P are the blue and green lines, respectively)



Source: <https://www.macrotrends.net/stocks/charts/ZG/zillow/revenue>

Zillow's Business Strategy

Zillow has stated that it is a media company that generates revenue by selling advertisement on its web site. The company has been extending its reach across the Web through strategic partnerships, signing several agreements with third-party media firms. Through a deal with Yahoo!, it places home listings and ads from local real estate brokers on Yahoo!. It also launched an advertising relationship with Century 21 Real Estate for listings to appear on the Yahoo!/Zillow Real Estate Network. It also signed a pact with real estate website Curbed that allows Curbed.com visitors to search for local listings nationwide, and another with AOL that brings Zillow Mortgage Marketplace to the AOL Real Estate and DailyFinance websites.

In late 2013, Zillow began powering AOL Real Estate. In July 2014, Zillow also took over the real estate portal for MSN Real Estate. In October 2017, Zillow added 3D tours to their website so users got 360-degree photos of houses they were interested in buying or renting. In July 2018, Zillow released a tool for prospective renters to submit a credit check and eviction history report to landlords. The company reportedly had 36 million unique visitors in January 2019.

Zillow Group's Seattle-based sales team sells "Premier Agent" subscriptions to real estate agents. The company maintains a field sales team to target larger advertising customers.

Zillow Business Case

Mergers and Acquisitions

A significant portion of Zillow's growth has been through mergers and acquisitions. Below is a list of these since 2011.

1. In April 2011 Zillow acquired Postlets, an online real estate listing creation and distribution platform. Terms of the deal were not disclosed publicly.
2. In November 2011, Zillow acquired Diverse Solutions for \$7.8 million.
3. In May 2012, Zillow acquired RentJuice, a software-as-a-service company which allows landlords and property managers to market and lease their rental properties through a set of online tools. RentJuice was acquired for \$40 million.
4. On October 31, 2012, Zillow acquired the real estate shopping and collaboration platform, Buyfolio.
5. On November 5, 2012, Zillow acquired Lincoln, NE based mortgage technology company Mortech for \$17 million.
6. On November 26, 2012, Zillow acquired HotPads for \$16 million. HotPads, founded in 2005, lists real estate and rental listings on a map-based web interface.
7. On August 19, 2013, Zillow acquired StreetEasy for \$50 million.
8. On July 16, 2014, Zillow acquired Retsly, a Vancouver, B.C.-based startup that helps developers access real-estate data from multiple listing services (MLS).
9. On July 28, 2014, Zillow announced a deal to buy Trulia for \$3.5 billion.
10. On February 17, 2015, Zillow announced the completion of its acquisition of Trulia and the formation of the Zillow Group brand portfolio.
11. On July 22, 2015, Zillow Group announced it would acquire Dotloop for \$108 million.
12. On January 3, 2016, Zillow Group announced it would acquire Naked Apartments for \$13 million.
13. On August 2, 2016, Zillow Group acquired Bridge Interactive.

Source: Wikipedia

Recent Zillow Announcement

On July 29th, 2020, Zillow's Chief People Officer (CPO), Dan Spaulding, announced that, "effective immediately, we will offer about 90% of our employees the flexibility to work from home as an ongoing option, at least part-time, allowing them the ability to work where they are most productive, whether that is in the office, their home, or a combination of both."

While this decision is one being made by many companies, there are many unanswered questions. The move will result in a significant cost reduction for Zillow. Zillow leases over 1 million square feet of space in its office locations. According to the company's annual report, its operating lease expenses were \$29.1 million in 2019.

However, there are risks. CPO Spaulding realizes that it is critical to Zillow's continued growth and success to maintain high levels of employee engagement and productivity. To-date, Zillow has been successful. In 2016 Zillow was rank 10th by Glassdoor in a list of best places to work, but in 2018 it was ranked 57th (see Table 1). The GlassDoor ratings of its employees in different locations range from a top score of 5 to a troubling score of 2.5. And while Zillow was ranked by Fortune magazine as a best place to work among technology companies, they have never been ranked in the top 100 places to work among all companies.

Zillow Business Case

Table 1 – Best Places to Work

Glass Door Best Place to Work	
Year	Rank
2014	26
2015	33
2016	10
2017	29
2018	57

Nonetheless, in a recent national survey, 90% of employees at Zillow say it is a great place to work compared to 59% of employees at a typical U.S.-based company (Source: Great Place to Work® 2019 U.S. National Employee Engagement Study). CPO Spaulding applauds leadership’s performance in engaging employees and creating a positive culture, but he knows that lesser tenured employees are commonly more positive and as employees have 6 to 10 years of tenure and more, engagement becomes more challenging. Zillow currently has a skewed distribution of worker tenure (see Table 2), 85% of their employees have worked at Zillow for less than 5 years, and over half (58%), less than 2 years.

Table 2 – Employee Tenure

Tenure	% of employees
<2	58%
2 to 5	27%
6 to 10	13%
11 to 15	2%

The Zillow workforce is relatively young and lacks heterogeneity of generational representation. Spaulding wonders if there’s reason for concern here (see Table 3).

Table 3 – Generation of employees

Generation	% of employees	Birth Years
Gen Z	1%	1995 to 2012
Millennials (Gen Y)	71%	1980 to 1995
Gen X	24%	1965 to 1980
Baby Boomers	4%	1945 to 1965

CPO Spaulding’s concern for culture and engagement now faces two large challenges. First is the business strategy that includes growth by acquisition. Acquisitions are challenging and most fail to meet revenue and performance expectations. Leadership believes that a culture of high employee engagement increases the likelihood of M&A success. What can he and the human resource professionals do to put the odds of successful M&As in Zillow’s favor. Secondly, and related to the first, how does the recent leadership decision to allow 90% of the workforce to work from home impact their success in being a great place to work?

Zillow Business Case

Case Study Guidelines:

For the purposes of the business case study, you are a member of a consulting firm that was hired by Zillow to advise them about issues of concern and options for action in light of their current business circumstances, that is, their decision to allow workers to work remotely and their business strategic imperative to maintain high levels of employee engagement. They have provided you with a dataset of about 1,600 employees from eight locations who have responded to a brief 12-item survey. Use this data to gain some initial insights into potential engagement issues for Zillow.

Write a 1,500 word case study describing how you would advise and help the leadership of Zillow to take actions and establish policies that will maintain its attractiveness as a great place to work, ensure high levels of employee engagement and productivity, manage a rapidly expanding workforce that works remotely and continue to grow by acquisition. What leadership and employee training might be needed? What is the impact on recruiting and hiring? Will turnover increase? Are there new work rules that must be established? If so, what are they and how are these to be effectively communicated? How will questions and conflicts about the new policy and procedures be managed? What changes to performance management practices might be needed? How will it be decided who are the 10% who cannot work remotely?

The immediate response to the work from home policy may be positive, but how long will that last? Personal, face-to-face interactions can be valuable. What will be the rules for occasions when employees want to meet in person? Will there be different reactions to the new policy in different locations, departments, or job roles?

Specifically, what are the major areas of concern you have about the current situation at Zillow? What actions would you recommend to implement the changes brought about by the work at home policy? What additional data might be gathered and analyzed to understand the needs of front-line managers and worker challenges, concerns and potential solutions? What might be done to address these concerns?

What tradeoffs need to be evaluated? How might individual staff, work teams, and the overall organization be involved to understand what to do now? How could successful change be measured? What might indicate that the actions taken have addressed the most important problems needing to be addressed? What might a realistic practical business solution look like?

Your business case study must be unique and an original work of your own creation. The document submitted must not exceed 1,500 words, not including references. The solution offered should be solely of your own writing and ideas. You may cite research, or other ideas by including references for any external sources paraphrased or copied.

Evidence that this business case study has quoted material or ideas selected without proper reference or written by third parties will result in application rejection. This assignment is designed to engage and reflect your understanding of models of psychology, business, science, analytical methods, and your professional development goals in the service of applied problem solving.

Zillow Business Case

In addition, create a **short video** (no more than 5 minutes in length) of yourself addressing two topics:

- An executive summary of your approach to the case study and recommendations for a course of action. The approach and recommendations should be your presentation to Zillow - in a business format and context.
- Explain your career goals and interests as they relate to the approach presented in the case study.

You will find detailed instructions for uploading your written case study and the URL link to your video in the online application. (When you are logged in to the online application, click “Psychology” in the list of links on the left, then scroll down the page to “Industrial/Organizational Applicants Only”.)

*Please note, this case study is for Spring 2021 applications only. Do not use this case for Fall 2021 applications. A new case study for Fall 2021 applications will be posted in December.