

## **Opportunity Knocking at POLLuIN's Door Sam Shore's Troubled Deliberations**

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## Introduction

Sam Shore's innovative POLLuIN public-opinion polling company is at a crossroads. Despite early successes and the fact that company revenues last year were approaching \$20 million, profits are still very tight. Sam is anxious about where to find the next round of financing. So when an email arrives inviting him to apply for an upcoming Venture Connect fair in Dallas, Texas, he gladly pays the \$500 for his opportunity to pitch POLLuIN to potential private investors and venture capitalists. It's there that he meets Bobby Panzer, an investor seemingly sent from heaven. Bobby is a well-known businessman and tech entrepreneur with a phenomenal track record. But the more Sam learns about Bobby, the more he sees a minefield opening before him. Working with Bobby can take Sam's company to a new level of importance and profitability. But it can also mean a wholesale revision of his company's and his own personal values. Sam is about to face some tough choices.

## The Creation of POLLuIN and Its Breakthrough Potential

Sam was working at Gallup as a senior researcher when he came up with the idea for the POLLuIN app. For the longest time, he had been listening to seasoned researchers in the polling business talk fondly of the days when polling was "cool": when you could reliably get 70% of the people you phoned to answer your survey. These days, not only do so many people not have a listed landline, but 70% of those who do have landlines hang up before the survey even starts. No wonder general-population polls, such as election polls, have become notoriously unreliable. The inability to efficiently and cost-effectively canvas views from a sufficiently large, and randomly selected population has become issue number one in the industry.

After moving back to his hometown of Dallas to set up his new business, Sam designed the POLLuIN app to give access to the polling population in a way that produces reliable results. By pulling potential participants in from social networking sites like Twitter, POLLuIN began to build up a database of respondents. Initially, respondents were enticed to download the app and to input demographic information such as age, gender, ethnicity,

occupation, education and location, by being asked to answer one or two questions on a topic of interest to them, an interest identified by an algorithm that examined their social media streams. Thereafter, they could be invited to respond to additional interest-specific questions, or a public/political poll, sometimes with the offer of some reward, and most usually with instantaneous feedback of the overview results of the poll. The full demographic breakdowns and analysis are reserved for paying clients only.

With initial “sweat equity” investments of \$2 million, raised by dissolving an inheritance from his grandfather and loans from friends and relatives, and the dedicated hard work of the talented team Sam has brought in, POLLuIN has come a long way in two years. The polling potential of the app is attracting the attention of retailers and consumer packaged goods companies who like the idea that they can gain marketing insight by showing pictures on the app and asking respondents to make choices. These firms provide an escalating source of revenue for POLLuIN, as do several special interest groups, notably liberal-leaning, socially conscious ones, like Greenpeace. Sam has also collaborated with his old buddies at Gallup to do some key election polling in selected areas where he knows he has a broad participant base. He now has proof that the POLLuIN app is a reliable tool for assessing the views of adults under 45 years old.

Now Sam is at a crossroads. For the company to make it to the next level, its respondent pool needs to be further enlarged and continually updated. More variations and upgrades are needed, as well, his firm’s infrastructure and capabilities in marketing, sales and operations needs to grow accordingly. Sam also has to address the needs of his initial investors, who include his family and close friends, as well as friends of family. To date, they have received only a token repayment for their return, and several have been contacting Sam asking him to clarify when they might be paid back. Several have children about to go to college and are under pressure.

## Bobby Panzer's Deal

At the Venture Connect fair, Sam meets Bobby Panzer. Bobby offers to provide POLLIN with the \$5 million investment Sam is seeking. This cash infusion will allow Sam to pay back family and friends and ensure POLLIN has the resources for its next stage of development. There are strings attached, of course. For the \$5 million, Bobby wants a 30% ownership of POLLIN, with preferred voting shares, a seat on POLLIN's advisory board, and a requirement that the company move its offices to The Panzer Innovation Hub to take advantage of the functional and development support provided there. This move will require POLLIN to pay an annual management fee to Panzer's company. Sam is not surprised by the broad strokes of the deal, but as he gets to know Bobby and the finer aspects of the deal, he is increasingly conflicted, despite the fact that Bobby is POLLIN's only suitor and Sam is getting desperate.

## Godsend or Curse?

Bobby, Sam soon discovers, is a gay-bashing, loud-talking, cigar smoking racist and a misogynist. A larger-than-life character, Bobby likes to be the centre of attention. In the last few weeks, Bobby's preferred place to meet for a chat with "just us boys" is a high-class country-and-western strip club, where he gets drunk. He is often abusive and frequently bullies the club staff. He subjects the scantily dressed waitresses to butt slaps, and continually offers to pay for Sam to have a lap dance with the most "inspiring" girls in town ("wink, wink").

In addition, The Panzer Innovation Hub is located in University Park, adjacent to Highland Park in central Dallas. The Parks region of Dallas is among the most exclusively conservative and wealthiest areas of the U.S. Indeed, Bobby is a key fundraiser for the U.S. Republican Party, and therefore able to provide POLLIN with some much-needed contacts. But moving POLLIN to that area will require abandoning its present location in the Oak Cliff area, which is a much more diverse neighbourhood.

Sam's growing concerns also focus on the fear that there will be an irresolvable clash in values. Sam hired his staff for their brains, skill and attitude. Consequently, he works with a diverse team that includes the orthodox Jewish, kippah-wearing, tea-drinking Alon Cohen as CFO and chief administrator; Sherri Wilson as chief of research, a likely target for Bobby's lechery, despite her obvious brains; the black-Asian Carlton Sui, vice-president of marketing and sales; and Ranjeet Singh, a Sikh and the head of programming.

These individuals, singly and collectively, have proven their worth and dedication to POLLUIN's success countless times. In lieu of competitive pay, they are also vested in POLLUIN: each owning a 6% stake in the firm, for a total of 24%. Finally, Bobby's proposed involvement raises a very personal concern for Sam. While Sam has not publicly declared his sexual orientation to anyone beyond his closest friends, who include the team at POLLUIN, his long-time partner, Claude, has made it clear to Sam that he wants them to be openly out as a couple.

The more Sam gets to know Bobby, the more he dreads the decisions and next steps he needs to take. He is not sure if the considerable benefits of what Bobby has to offer will outweigh the costs. On the one hand, he has to assess the impact Bobby and his organization will have on POLLUIN's work dynamic. Indeed, his team has a significant stake in this decision. On the other hand, Sam is aware that walking away from Bobby means not only breaking trust with his investors, but also putting the hard work of the past two years in jeopardy. Sam is not sure he can find an alternate solution. Sam begins to ponder his options.

## Questions

1. What are the ethical issues in the case?
2. As Sam struggles to come to a decision, what facts, issues and trends does he have to weigh in the balance? Who are the individuals or groups that have a stake in the outcome and will need to be considered in Sam's deliberations and action plan?
3. What options and next steps are open to Sam?
4. What is your evaluation of those options? Please outline your logic clearly, highlighting pros and cons, and your reasoning.
5. Considering all perspectives, which option is best? How would you implement this decision in chronological order?