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Run of Bad News Continues for Groupon

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The week ended like a discount meal gone wrong for Groupon. In advance of a now delayed IPO, the company cut its its reported revenues in half, and watched the chief operating officer it lured away from Google just months ago go straight back to Mountain View.

Groupon had been counting as revenue the full dollar amount of its coupons, but will now count only the commission the company gets above the coupon price. That means a steep drop in the amount of revenue Groupon can claim as it prepares to try to go public, [The Wall Street Journal reported](#): from \$713.4 million for 2010 down to \$312.9 million.

And COO Margo Georgiadis is leaving to go back to Google, the firm announced on Friday.

That's not the first sign of trouble. From the [Chicago Sun-Times](#), in Groupon's hometown:

Groupon CEO Andrew Mason revealed the news in a blog posting in which he said the company has added eight members to its executive team this year. In a statement, Georgiadis said that "it was a hard decision to leave" as Chicago-based Groupon "is on a terrific path," and that she had "complete confidence in the team's ability to realize its mission."

The news follows the Aug. 30 departure of Brad Williams, a Yahoo executive who had been hired as Groupon's vice president of global communications. Williams exited only a month after he was hired.

Though no reason was given, Williams' departure came after Mason sent a memo to employees during what was supposed to be a "quiet period" before the company issues its stock to the public. In the memo, which was leaked to the media on Aug. 25, Mason said, "The degree to which we're getting the s--- kicked out of us in the press had finally crossed the threshold from 'annoying' to 'hilarious.'"

He wrote that "we must patiently and silently endure a bit more public criticism as we prepare to birth this IPO baby — a breed for which there are no epidurals."

Groupon has postponed its initial public offering after drawing attention from the Securities and Exchange Commission over those statements, and given "uncertainty" in the markets, the Sun-Times reported. If they were hoping to renew the push to go public, Georgiadis' departure won't help.

Groupon's leaders must decide whether the company needs the capital badly enough to go for a public stock offering in a difficult stock market and with the added uncertainty that the revenue restatement and executive exit bring, said one analyst.

"Having a COO leave during an IPO process is never a good thing. It's unusual," said Marc Morgenstern, Managing Partner of Blue Mesa Partners, a San Francisco-based private investment firm. "You're trying to present to the public markets your stability and predictability."

It's not looking like the deal of the day right now.