Shopify (TSX:SHOP) Shakes it up With New Leadership

Description

2020 is a year of corporate upheavals, changes, and brutal restructuring. Many companies are still recovering from the previous crash. They might look into restructuring or downsizing to strengthen themselves after the previous ordeal or prepare for another market crash. Other companies might take a different path and make leadership changes.

That's very bold, even if you compare it to personnel changes throughout the organization, or even with revamping departments or merging them together. A change in leadership is felt top-down and may impact morale, functionality, and even the company's image in the market.

But that's precisely what **Shopify** (TSX:SHOP)(NYSE:SHOP) has done.

Changes in leadership

Shopify's chief production officer Craig Miller is leaving the company. Neither the company nor Miller himself has given a reason for the departure. The transition seems genial. Miller says that he will keep cheering the company on from the sidelines, and founder Tobias Lütke thanked Miller for helping grow Shopify for the last nine years.

Lütke himself will serve as a chief production officer from now on, as he has assumed this role along with his existing duties as a CEO.

Chief Operating Officer Harley Finkelstein is now the president. His duties will be assumed by the chief support officer. Lütke said this move was made so that Finkelstein can apply greater focus to Shopify's growth. He has been with the company for the past 10 years.

These changes in the C-Suite come at a time when the company is trading near its all-time high. The shuffle might allow the company to leverage the current situation even better and grow more.

The stock

The stock is currently trading around $1,400 per share. That’s about $1,000 more than its valuation a year ago. At a forward price to earnings of 308.5 and price to book of 27.3 times, the term *over-valued* might not do justice to how expensive the stock has become. But investor interest in this growth monster seems well justified.

The stock grew by over 164% in just this year. It fell about 35% in the market crash, but it barely took it a month to retake its pre-pandemic high, and then it grew at an unprecedented pace. More recently, when the tech sector dipped (both here and in the U.S.) in September, Shopify fell about 23% in value, and it has already regained most of that fall in valuation back.

Many thought that the stock was finally normalizing and moving towards fair valuation. But Shopify proved them wrong.

Foolish takeaway

So, should you invest in Shopify and benefit from its abnormal growth? It’s hard to say, because the company has proven repeatedly that being dangerously overvalued doesn’t curb its potential for further growth. Still, the stock might be too hot to touch right now. You can at least wait till the next crash to add this one in your portfolio for a bit of a discount.

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Date
2025/09/16
Date Created
2020/10/07
Author
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