



MGMT 892: DECISION MAKING IN THE LEADERSHIP CHAIR

Spring 2013, 3rd Quarter,
Wednesdays, January 16 - February 27, 3:00 – 6:00pm
0.5 credit units
Room JMHH TBA

Instructor: William P. Lauder, Executive Chairman, The Estée Lauder Companies, Inc.



William P. Lauder is Executive Chairman and Chairman of the Board of the Estée Lauder Companies, Inc. He was CEO from 2004 to 2008, and he held a variety of other positions since he joined the company in 1986. He is a member of the Board of Directors of Jarden Corporation, Chairman of the Board of the Fresh Air Fund, a member of the Boards of Trustees of The University of Pennsylvania and The Trinity School in New York City and the Boards of Directors of the 92nd Street Y, the Partnership for New York City and the Advisory Board of Zelnick Media. He also serves on Wharton's Leadership Advisory Board.

Faculty guests will include Wharton Professors Adam Grant (MGMT), Mauro Guillen (MGMT), Michael Useem (MGMT), and David Wessels (FNCE).

Teaching Assistant: Nick LoBuglio, Doctoral Student, MGMT Department. Cell: 919-265-4441
lobuglio@wharton.upenn.edu; office hours by appointment.

Purpose of the Course

The course offers an opportunity for future managers to learn about the multi-dimensional role of the chief executive officer, particularly as it pertains to decision making, when leading the firm during critical periods, including company restructuring, crises, executive transitions, board conflicts, and beyond. Most sessions will be conceptually framed by the instructor and grounded in his experience and that of other executives, and they will include a presentation by a student team and a dialogue with an invited executive.

Framework for the Course

Decision making in the leadership chair is a complex task and one that is difficult to teach in a business school setting. To bridge this gap, William P. Lauder and invited executives will bring their experiences into the classroom, primarily addressing key decisions they made, how they weighed their options, and what they learned from the outcomes. The framework for the class centers around two crucial aspects of decision making in the leadership chair: the many roles of the leader and stakeholder analysis.

1. Roles of the Leader: In the leadership chair you must tap into non-traditional skills, such as:

- Visionary
- Psychologist
- Communicator
- Values creator/maintainer

Speakers will focus on these and other roles as appropriate through personal accounts and examples from their own leadership experience.

2. Stakeholders: In the leadership chair you must make and manage decisions while considering a wide array of stakeholders who may have competing interests. How do you evaluate and differentiate the interests of the various stakeholders? They may include:

- Shareholders
- Analysts
- Employees
- Customers
- Suppliers
- Government regulators

Speakers will dissect major decisions in their career, focusing on how they balanced the needs of various stakeholders. Students will be asked to examine specific decisions, and to identify, evaluate, and rank the interests of each of the stakeholders.

Application Process and Class Size:

Applicants **must** be second-year MBA students and a maximum of 40 students will be selected.

Applying and Registering for this Course:

In order to be considered for this course, applicants will be asked to submit a resume and complete a short (500-600) word essay describing your interest in top management leadership, and how you think you can both benefit from and contribute to the class. The deadline is **December 3** (no exceptions). Selection will be at the discretion of the instructor and TA. You will be notified about the outcome by December 10. To apply, please complete the form at the following link:

http://wharton.qualtrics.com/SE/?SID=SV_9B4Fuvv6U3JCt1j

Teaching Approach:

The class is designed to be a conversation. Much of the class will be about working with the presented material through discussion and applied exercises. Towards that goal, we will utilize a “heads up” learning system. The basic elements include:

- Mandatory classroom attendance, no exceptions
- **No laptops or cell phones permitted in class**
- The faculty and speakers will cold-call students (please bring your name tent to each class)

Work Requirements:

- Class attendance and participation (35%)
- Individual weekly discussion entries (15%)
- Final paper (50%)

Class attendance and participation (35% of final grade)

Effective participation is accomplished by focused comments or questions that develop insights that are not immediately discernible from the cases or readings, and demonstrated mastery of the readings, case materials, and lectures. We expect students to be fully prepared to participate in every discussion. Class participation includes three components: (a) class attendance; (b) frequency of class participation; and (c) quality of class participation.

Individual weekly discussion entries (15% of final grade)

Following each week's class, students will participate in an online discussion forum that focuses on the theme, speaker, and readings from that week. The purpose is to reflect on the sessions, pose additional questions, and exchange ideas with classmates. The discussion forum will be hosted on Canvas, and students will be required to make an entry by 9:00 pm on the Thursday following each class. Entries should be between 50 and 250 words.

Students may choose to either start a new topic or reply/build on an existing thread. The emphasis should always be on extending and enriching the conversation, even if taking a different position than previous posts. Discussion entries can take a variety of forms, for example:

- Highlighting a particularly interesting story or experience discussed in class or the readings
- Extending the conclusions drawn in class to new settings or situations
- Considering alternative courses of action and the potential consequences
- Challenging an assumption made by the speaker or the class
- Discussing a personal anecdote or other case that bears on the topic

Students will not receive individual grades for each entry, but will receive a final grade based on the quality of their contributions over the seven weeks.

Final paper (50% of final grade)

In this paper, you will play the role of advisor to either a board of directors or search firm tasked with finding a new CEO. Clearly define the specific leadership characteristics the company should seek in its new CEO using the course readings and speaker and instructor commentaries to shape, frame, analyze, and explain your assessment. Select a company that is going through or about to go through a CEO

transition (e.g., AMEX), but not one that has already occurred (e.g., Apple). The company can be public or private, but must be large enough to have sufficient information available to do a thorough analysis.

Drawing upon everything you have learned through the course, consider a series of factors such as:

- Is the candidate internal or external?
- Is the candidate from within the industry or outside?
- What leadership qualities will be required for each of the CEO's roles?
- What stakeholders will be most important to the CEO, and how should he or she best work with each of them?

The paper should focus on the leadership skills and abilities needed for this company at this time. Sufficient details of the business situation should be included, but the focus should primarily be on the leader and the major decisions that lie ahead.

Students should use a variety of source materials in order to gain multiple perspectives on the company and current situation. These might include the popular and business media, academic articles, books, company press releases, investor reports, and personal interviews. Citations are not required within the text of the paper, but each paper should include a bibliography of the sources utilized.

In order to ensure diversity of analysis, no more than three students will be permitted to choose the same company. Please email your company choice to Nick LoBuglio (lobuglio@wharton.upenn.edu) by **Monday, January 28**. All students will receive a reply within 24 hours to confirm if their choice is acceptable and still available. Priority will be given in the order that the requests are received.

The final project paper must be uploaded to Canvas by **6:00 pm on Friday, March 1, 2013**, and should be no more than 2,000 words in length.

Classroom Environment:

All sessions will be videotaped for educational use by the instructor and/or faculty with varied audiences. Students will be required to sign a waiver. All sessions will be open to outside guests of the instructor and invited executive. Following some classes, the instructor, faculty, and invited executive will stay to meet with students and host a reception and/or dinner. In some cases, all students may attend, in others; the selection of students will be at the discretion of the instructor and TA.

Reading Materials: All readings are available from Study.net.

The below reflects a working copy of the session topics and related readings – subject to change

SESSION # 1 - JANUARY 16, 2013

THE ROLE OF THE CHIEF EXECUTIVE

Guest faculty: Michael Useem

Brand New by Nancy Koehn – intro and chapter 5

The Best Advice I Ever Got – HBR article by William Lauder

L. Schaeffer, “The Leadership Journey.” *Harvard Business Review* (2002).

M. Crossan and D. Mazutis, “Transcendent Leadership.” *Business Horizons* (2007).

W. Bennis and R. Thomas, “Crucibles of Leadership.” *Harvard Business Review* (2002).

Noel Tichy, *The Leadership Engine: How Winning Companies Build Leaders at Every Level* (New York: HarperCollins, 1997), Chapter 2, “Why Are Leaders Important?”

Excerpt from Bill George, *Authentic Leadership: Rediscovering the Secrets to Creating Lasting Value*, Jossey-Bass, 2004.

**** reception following class with instructor & faculty, 8th floor, JMHH, Harker Hall**

SESSION # 2 - JANUARY 23, 2013

LEADING CREATIVITY

Guest faculty: Adam Grant

Readings to be determined

SESSION #3 - JANUARY 30, 2013

LEADING THROUGH A RESTRUCTURING

COMPANY CASE STUDY: TYCO INTERNATIONAL

Guest faculty: Michael Useem

J. Kotter, “Managing Change: The Power of Leadership.” *Balanced Scorecard Report* (2002).

M. Useem, “Four Lessons in Adaptive Leadership.” *Harvard Business Review* (2010).

R. Bhadury, E. Bowman, H. Singh, and M. Useem, “When Does Restructuring Improve Economic Performance?” *California Management Review* (1999).

David A. Nadler and Michael L. Tushman, “Beyond the Charismatic Leader: Leadership and Organizational Change,” *California Management Review*, Winter, 1990.

Working copy – readings and cases will be updated by early December

Excerpt from Louis Gerstner, *Who Says Elephants Can't Dance?: Leading a Great Enterprise through Dramatic Change*, HarperBusiness, 2003.

Case: Eric M. Pillmore, "How We're Fixing Up Tyco." *Harvard Business Review* (2003).

SESSION #4 - FEBRUARY 6, 2013
LEADING A PORTFOLIO OF COMPANIES
COMPANY CASE STUDY: RRE VENTURES
Guest faculty: David Wessels

Readings to be determined

Case: Dossier on RRE.

SESSION #5 - FEBRUARY 13, 2013
LEADING IN A MOMENT OF CRISIS
COMPANY CASE STUDY: THE NEW YORK TIMES COMPANY
Guest faculty: Michael Useem

R. Heifetz, M. Linsky, and A. Grashow, "Leadership in a (Permanent) Crisis." *Harvard Business Review* (2009).

Excerpt from Jim Collins and Morten T. Hansen, *Great By Choice: Uncertainty, Chaos, and Luck – Why Some Companies Thrive Despite Them All*, HarperCollins, 2011.

Case: The New York Times Co. HBS 9-207-113.

SESSION #6 - LEADING THE BOARD
COMPANY CASE STUDY: (1) AOL TIME WARNER (2) CITIGROUP
Guest faculty: Michael Useem (Wharton) and Charles Elson (Director, John L. Weinberg Center for Corporate Governance, University of Delaware)

M. Useem, "How Well-Run Boards Make Decisions." *Harvard Business Review* (2006).

L. Tapp, "Building Trust between Managers and Directors: Seven Steps to Better Governance." *Ivey Business Journal* (2002).

R. Hasson, "How to Resolve Board Disputes more Effectively." *MIT Sloan Management Review* (2006).

C. Fernandez-Araoz, C. Thomas, and D. Kidd, "Are You Underutilizing your Board?" *MIT Sloan Management Review* (2007).

Case: Restructuring Citigroup: The Bank in Trouble, ICMR Center for Management Research 309-190-1.

SESSION #7 - February 27, 2013
LEADERSHIP TRANSITIONS
COMPANY CASE STUDY: FORD MOTOR COMPANY
Guest faculty: David Wessels

W. Cascio, "Leadership Succession: How to Avoid a Crisis." *Ivey Business Journal* (2011).

R. Fulmer and J. Conger, "Developing your Leadership Pipeline." *Harvard Business Review* (2003).

D. Carey, M. Useem, and D. Phelan, "Picking the Right Insider for CEO Succession." *Harvard Business Review* (2008).

Case: Ford Motor: From Gloom to Boom, Amity Research Center, 311-139-1.

****Dinner following class with instructor, faculty and invited executive on 8th floor, JMHH**