

XP 39802: Strategic Leadership

**Booth School of Business
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Professor Chris Rider

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This syllabus is required reading for this course.

OVERVIEW

To achieve individual and organizational performance objectives, executives must coordinate activities among employees, between groups, and across organizations. Often expected to meet these objectives, leaders are not always trained to do so. By focusing on both formal and informal aspects of organizations, this course prepares executives to lead organizations strategically by leveraging principles of evidence-based leadership and by managing networks of relationships.

We will enhance your career opportunities in two ways: (1) by preparing you to design and implement organizational interventions that establish your results-based leadership credentials and (2) by providing you with a nuanced understanding of how networks of relationships can either aid or constrain your leadership. Applying key course principles in a variety of settings will enhance your strategic leadership capabilities in industries increasingly characterized by technological and regulatory change, globalization, and demands for effective leadership.

Course sessions include presentations, exercises, and discussions. Presentations elaborate the theoretical foundations, exercises provide first-hand insights, and discussions apply principles of effective organizing to real-world situations. Applied exercises include the following:

- (1) Group Assignment: Design an organizational intervention that can produce clear-cut evidence of effectiveness.
- (2) Individual Assignment: Develop an individual network action plan for building and using social capital to achieve personal and/or organizational goals.

COURSE FORMAT

Class sessions include lectures, in-class case discussions, and in-class exercises. It is in your best interest to prepare for every class and to pay close attention during class. Executives are expected to prepare thoroughly for each session, draw insights from their prep work, and contribute to insightful discussions of key issues. The instructor will facilitate discussion but it is your responsibility to discuss.

EXPECTATIONS

This course will be most valuable and enjoyable if all students are prepared to contribute to a productive learning environment by meeting the following expectations:

1. Notify the instructor, via email, of expected absences.
2. Prepare for every class discussion, both in the classroom and online.
3. Pay attention. Listen. Seek first to understand and then to contribute.
4. Participate regularly throughout the course, both in the classroom and online.
5. Treat all classmates and their opinions with respect.
6. Carefully consider your position and then state it clearly.
7. Apply course concepts to frame and support your position.
8. Display your name card in each class.
9. Use laptops, tablets, etc. only for taking notes during class.
10. Switch phones to silent mode during class.
11. Complete all assignments within the specified timeframe.
12. Obey the Booth honor code (see Appendix 1).

COURSE MATERIALS

Ron Burt's (2005) book *Brokerage and Closure* is strongly recommended but not required. All readings are available in the CoursePak. Supplemental readings will be distributed in class, posted online, or emailed directly to executives.

Course enthusiasts may want to purchase and read the books below; I can provide a longer and/or more specialized, supplemental reading list upon request.

- Burt, R. S. (2005). *Brokerage and Closure: An Introduction to Social Capital*. Oxford University Press.
- Pfeffer, J. and R. Sutton (2006). *Hard Facts, Dangerous Half-Truths, and Total Nonsense: Profiting From Evidence-Based Management*. Harvard Business School Press.

GRADING

There are three components of your course grade. Some details below; more in class.

Individual

1. *Class Participation (CP)* 40%

Your contributions to class discussions will be evaluated. Presence is a necessary prerequisite to participation. But, quantity of contribution is much less relevant than quality of contribution; you need not participate frequently but, rather, thoughtfully. Careful arguments based on facts that support your position are good; even better is specific identification of what it would take to change your position (e.g., alternative assumptions, changes in facts). Structured comments that advance discussions are preferred to restating case facts, repeating previous points, or sampling excessively from personal experience.

2. *Individual Network Action Plan (AP)* 30%

Each student will apply course concepts to their career and/or business goals. This plan should specifically identify career and/or business objectives, the social capital necessary for achievement, actions that must be taken to develop a network that increases one's chances of success, and an implementation timeline. See Appendix 3 for more details.

Group

3. *Group Assignment (GA)* 30%

In the campus-specific groups assigned by the XP program office, executives will prepare a strategic plan for implementing an organizational intervention. This plan will identify a specific problem, develop an organizational intervention to solve the problem, and design an implementation and evaluation plan that can produce credible evidence of the intervention's effectiveness. See Appendix 4 for more details.

GRADING (continued)

Each graded course component will be normalized by the class mean on each component. The calculation is as below, where i represents the student's score and m represents the class mean on that component. For example, if the average class participation grade is 11 out of 15 then a student that received a score of 14 receives a normalized score of 1.27 ($=14/11$); $CP_i = 14.0$; $CP_m = 11.0$. Each normalized component score will then be weighted by the percentages above to produce a Final Grade Score using the formula below:

$$\text{Final Grade Score} = 0.40*(CP_i / CP_m) + 0.30*(AP_i / AP_m) + 0.30*(GA_i / GA_m)$$

There is no predetermined relationship between absolute numeric scores and letter grades. Numeric final grades will be converted to letter grades by ranking all Final Grade scores and assigning letter grades according to Booth grading policy (e.g., a maximum GPA of 3.33).

QUESTIONS and GRADE APPEAL POLICY

To enable a complete understanding of the course content, clarification questions will be answered promptly and additional feedback will be provided upon request. Email is the preferred mode of communication.

Absolutely no grade appeals will be considered.

GROUPS

You will work in the campus-specific groups assigned by the XP program office. These groups must deliver one graded group assignment but are also encouraged to prepare for course sessions together. More assignment details are offered later in this syllabus.

Session 1

Reward Follies and the Perils of Learning-by-Doing

MONDAY [JAN. 6TH AXP; JAN. 20TH EXP] @ 9AM-12PM

ASSIGNED READINGS

1. Entire course syllabus.
2. Kerr, S. (1995 [1975]) "On the folly of rewarding A, while hoping for B." *Academy of Management Executive*, 9(1): 7-14.
3. Arck Systems (A) (HBS Case #9-911-056).
4. Pfeffer, J. and R. Sutton (2011) "Trust the evidence, not your instincts." *New York Times*. September 3rd. [Note: *This article will be distributed in class.*]

PREPARATION QUESTIONS FOR ARCK SYSTEMS CASE

- How do the pay-for-performance compensation plans at Arck and at Lux differ?
- Why do these two companies utilize different compensation plans?
- If you were Bryan Mynor, then which differences would concern you most? Why?
- What, if any, changes should Mynor make to Lux Software's compensation plan?

Session 2

Leading by Leveraging Culture

TUESDAY [JAN. 7TH AXP; JAN. 21ST EXP] @ 9AM-12PM

ASSIGNED READINGS

1. Chatman, J. A. and S. E. Cha (2003) "Leading by leveraging culture." California Management Review, 45(4): 20-34.
2. Lincoln Electric: Venturing Abroad (HBS case #9-409-039)
3. Infosys (A): Strategic Human Resource Management (HBS case #9-412-029)

PREPARATION QUESTIONS FOR LINCOLN ELECTRIC CASE

- How has Lincoln sustained success in a highly competitive, commodity industry?
- Why did Lincoln's internationalization efforts in the 80s and 90s fail?
- Will Massaro's internationalization strategy be more successful? Why or why not?
- Should Lincoln proceed with the investment in Indonesia? Why or why not?
- If Lincoln does proceed, then which compensation option (i.e., standard wage, merit-based bonuses linked to factory performance, or individual-based piecework) should Gillespie choose? Why?

PREPARATION QUESTIONS FOR INFOSYS CASE

- What are the most effective human resource policies or processes that you have observed in your professional experience? The most ineffective?
- To what extent are human capital strategies contributing to or detracting from the primary objectives of Infosys?
- Specifically, how do you propose to resolve the tension between achieving high performance metrics and high employee satisfaction metrics?
- What should Infosys do to address declining job satisfaction?

Session 3

Evidence-Based Leadership: Principles

WEDNESDAY [JAN. 8TH AXP; JAN. 22ND EXP] @ 9AM-12PM

ASSIGNED READINGS

1. Pfeffer, J. and R. Sutton (2006) "Management half-truth and nonsense: How to practice evidence-based management." *California Management Review*, 48(3): 77-100.
2. Bloom, N., R. Sadun, and J. van Reenen (2012). "Does management really work?" *Harvard Business Review*, 90 (11): 76-82.
3. Read abstract, intro, and discussion of either (a) or (b) below:
 - a) Bloom, Eifert, Mahajan, McKenzie, and Roberts (2013). "Does management matter? Evidence from India." *Quarterly Journal of Economics*, 128(1): 1-51.
 - b) Bloom, Liang, Roberts, and Ying (2013). "Does working from home work? Evidence from a Chinese experiment." NBER Working Paper #18871.

PREPARATION QUESTIONS FOR THIS SESSION

- Identify one common management practice that your organization espouses for performance-enhancing reasons. What is the evidence that supports the belief that this practice enhances organizational performance?
- Identify one management practice common to your industry that your organization does not embrace. What is the evidence supporting the belief that doing so would diminish organizational performance?

Session 4

Evidence-Based Leadership: Applications

THURSDAY [JAN. 9TH AXP; JAN. 23RD EXP] @ 9AM-12PM

ASSIGNED READINGS

1. Google's Project Oxygen: Do Managers Matter? (HBS Case #9-313-110)
2. Keeping Google Googley (HBS case #9-409-039)

PREPARATION QUESTIONS FOR PROJECT OXYGEN CASE

- Characterize Google's culture.
- Prior to Project Oxygen, how were Google managers viewed?
- Consider the attraction-selection-attrition dynamics governing management roles at Google. Describe the typical Google manager.
- How did the PiLab identify characteristics of effective Google managers?
- How did the PiLab implement Project Oxygen? Were practices widely adopted? Why or why not?
- Are the Oxygen 8 attributes applicable to other settings? Why or why not?
- What should Setty's priorities be now? Which initiative(s) should he pursue? Should his team aim to develop "truly amazing managers"? Contrast the challenges of developing amazing managers with the challenges of recruiting amazing managers.

PREPARATION QUESTIONS FOR KEEPING GOOGLE GOOGLEY CASE

- Use the congruence model to evaluate Google's business model, organizational structure, policies, and norms.
- What accounts for Google's success?
- What key challenges does Google face now?

Session 5

Evidence-Based Leadership: Group Assignment

FRIDAY [JAN. 10TH AXP; JAN. 24TH EXP] @ 9AM-12PM

ASSIGNED READINGS

1. Keeping Google Googley (HBS case #9-409-039)

GROUP ASSIGNMENT DUE

- In-class: Prepare a 4-slide presentation that summarizes the basics of your plan.
 - 1) What is the problem? State the problem as clearly as possible.
 - 2) What is your solution? State the solution as clearly as possible.
 - 3) What is your rationale for solving the problem this way? Explicitly state the causal logic (“If Google does _____, then Google will _____ because _____.”)
 - 4) What is your evaluation plan? How will you demonstrate to others that your solution worked? State your standards of evidence as clearly as possible.
- In-class + Outside-of-Class: Devise a detailed strategic plan to “Keep Google Googley” – that is, to remain entrepreneurial and to avoid bureaucratic obstacles to decision making and innovation. Your plan should consist of the following:
 - a) Clearly stated objective. What do you aim to achieve?
 - b) Detailed plan description (e.g., specific policies, administrative responsibilities). What, exactly, needs to be done to implement your plan?
 - c) A program evaluation design for obtaining credible estimates of your intervention’s “treatment” effects. How will you know if your plan worked? What will you measure? What comparisons will you make? How will you persuade others?
- Please email a PDF of your group’s deliverable, the 4 slides above plus a written document of no more than 3 pages, to TA Craig Tutterow (craigtutterow@chicagobooth.edu) within 1 week of Session #5’s end (AXP: Friday, Jan. 17th; EXP: Friday, Jan. 31st).

Session 6

Social Capital for Effective Leadership

SUNDAY [FEB. 9TH AXP; FEB. 23RD EXP] @ 9AM-12PM

ASSIGNED READINGS

1. Heidi Roizen case (HBS #9-800-228).
2. O'Brian, B. and G. Stern (1997). "Contact Sport: Nonstop Schmoozing Propels an Accountant Into the Big Leagues." Wall Street Journal. A1. March 19th. [Note: This article will be distributed in class.]

PREPARATION QUESTIONS FOR HEIDI ROIZEN CASE

- What general networking principles does Heidi Roizen follow?
- What specific behaviors led to her current network? How were ties formed? Maintained?
- What are the strengths of Heidi Roizen's network? Weaknesses?
- How would you compare your network to Roizen's network? To what do you attribute the differences? Politics? Personality? Industry? Gender? Something else?
- What would you suggest Roizen do differently to succeed as a venture capitalist? In another career?

QUESTIONS FOR JAY ALIX ARTICLE (TO BE DISCUSSED IN CLASS)

- What general networking principles does Jay Alix follow?
- What specific behaviors led to his current network? How were ties formed? Maintained?
- What are the strengths of his network? Weaknesses?
- In terms of their investments in social capital, what are the key differences between Roizen and Jay Alix? Address both stylistic and structural differences.

Session 7

The Social Capital of Brokerage

MONDAY [FEB. 10TH AXP; FEB. 24TH EXP] @ 9AM-12PM

ASSIGNED READINGS

1. Burt, R.S. (2009). "Network Duality of Social Capital.," chapter in 2009 Edward Elgar book, Social Capital: Reaching Out, Reaching In by V. A. Bartkus and J. H. Davis (eds.). Download at: <http://tinyurl.com/mk3qvo6>.
2. Managing Xerox's Multinational Development Center (Abridged) (HBS case #9-496-047)
3. Rider, C. I. (2009). "Constraint on the control benefits of brokerage: A study of placement agents in U.S. venture capital fundraising." *Administrative Science Quarterly*, 54(4). 575-601.

PREPARATION QUESTIONS FOR XEROX CASE

- How does Clendenin secure resources for his projects?
- Would you want to work for Clendenin? Would you want to hire him?
- What are the advantages and disadvantages of Clendenin's leadership style?
- If Clendenin worked for you, then how would you manage him to maximize advantages and minimize disadvantages?
- What challenges does Clendenin face now? What actions should he take?

PREPARATION QUESTIONS FOR RIDER ARTICLE

- What services does a placement agent provide for a venture capital fund?
- Which funds do placement agents prefer to represent?
- Which firms most value placement agents' services?
- Why is the article's conclusion that brokers are likely to represent neither those who value representation most nor those who brokers would most like to represent?
- Why is a broker's reputation so valuable in this market?

Session 8

The Social Capital of Closure

TUESDAY [FEB. 11TH AXP; FEB. 25TH EXP] @ 9AM-12PM

ASSIGNED READINGS

1. [Review closure section] Burt, R.S. (2009). "Network Duality of Social Capital.," chapter in 2009 Edward Elgar book, Social Capital: Reaching Out, Reaching In by V. A. Bartkus and J. H. Davis (eds.). Download at: <http://tinyurl.com/mk3qvo6>.
2. Rider, C. I. (2012). "How employees' prior affiliations constrain organizational network change: A study of venture capital and private equity." *Administrative Science Quarterly*, 57(3): 453-483.
3. The Carlyle Group (HBS case #9-409-050).

PREPARATION QUESTIONS FOR RIDER ARTICLE

- Who do VC & PE firms tend to employ? Why?
- Which do VC & PE firms tend to do deals together? Why?
- Identify the brokerage vs. closure trade-offs that firms make in both partner composition and deal selection.
- How can a firm improve its "deal flow"?

PREPARATION QUESTIONS FOR CARLYLE CASE

- Focus on Carlyle's organizational structure and management practices.
- How does Carlyle staff its global offices? What brokerage-closure trade-offs must Carlyle accept in staffing?
- How does Carlyle source talent? What qualities are emphasized in the hiring process?
- Describe the *One Carlyle* mindset.
- What challenges does Carlyle face in maintaining *One Carlyle* across "nearly 1,000 individuals in 33 offices located in 21 countries"?
- What risks does Carlyle face at the end of the case?

Session 9

Balancing Brokerage and Closure

WEDNESDAY [FEB. 12TH AXP; FEB. 26TH EXP] @ 9AM-12PM

ASSIGNED READINGS

1. Columbia's Final Mission (HBS Multimedia Case #9-304-090).
2. Do NOT read the paper case; review only role-specific multimedia content.

OVERVIEW

On February 1, 2003, the Shuttle Columbia disintegrated upon re-entry into the Earth's atmosphere. Seven astronauts lost their lives. This multimedia case explores Columbia's final mission from the perspective of six key NASA managers and engineers. A multimedia application presents background information and also replicates the desktop environment of six real-life managers and engineers involved in decision making during the period prior to Columbia's re-entry. Each executive is assigned a particular role. Executives must review the protagonists' actual e-mails, listen to audio re-enactments of crucial meetings, and review NASA documents.

PREPARATION FOR COLUMBIA CASE

- Prior to class, you will receive a role-specific login and password to access the content.
- Please answer the following questions.
 - What are the strengths and weaknesses of NASA's culture?
 - Historically, how has NASA treated foam strikes? Why?
 - Compare and contrast NASA's foam strike response to the Apollo 13 incident and to the Challenger accident.
 - How do the behaviors of NASA managers and engineers differ?
- Also prepare to play a protagonist role in a classroom re-enactment of a critical Mission Management Team meeting that took place on Flight Day 8 (January 24, 2003). Please prepare to act the way you believe the protagonist acted in that meeting.
 - What implicit assumptions and beliefs guide your behavior?
 - What pressures are you under?
 - How does NASA's culture influence your behavior?

Session 10

Investing in Social Capital

THURSDAY [FEB. 13TH AXP; FEB. 27TH EXP] @ 9AM-12PM

ASSIGNED READINGS

- None.

PREPARATION QUESTIONS FOR CLASS SESSION

- Reflect upon the previous session's Columbia role plays and discussion. Prepare to discuss changes to organizational process and structure.
- Complete the LinkedIn profile analysis prior to class. More detailed instructions in class.

SOCIAL CAPITAL ASSESSMENT

- Prepare to discuss your social capital with another executive.
- Key points for discussion should be: (1) your career objectives, (2) gaps between current and ideal network structures, (3) your strategy for closing the gap, and (4) specific actions you will take to do so.
- Use classmate feedback to refine the final version of your Individual Network Action Plan assignment.
- Please submit an Individual Network Action Plan of 5 pages or less via email to TA Craig Tutterow (craigtutterow@chicagobooth.edu) within 1 week of Session #10's end (AXP: Feb. 20th; EXP: March 6th).

Appendix 1: Chicago Booth Honor Code

Students are required to adhere to the standards of conduct in the Chicago Booth Honor Code and Standards of Scholarship. Copying material from any other source is a clear violation of the Honor Code. Submitting someone else's answers to questions as your own answers is a clear violation of the Honor Code. To prevent students from worrying about their class comments becoming public, and to avoid intellectual property complications with the Booth School, there is no recording during class. Recording class discussion will be treated as a violation of the honor code. Here is the recommendation distributed to faculty from the Dean's office regarding the Honor Code pledge: "If a student deliberately does not sign the pledge on a graded examination or assignments specified by the professor, we recommend that the professor treat the graded examination or assignment as if it were not submitted." Thank you for bearing the Chicago Booth Honor Code in mind.

Appendix 2: Case Preparation

This course relies heavily on business cases. The likelihood that one benefits from a case discussion depends largely on their preparation but also on the preparation of their classmates. Preparing for case discussions entails more than simply reading the case prior to class. Almost-adequate preparation involves reading the case *and* then forming original thoughts and preparing analyses based on case information. Adequate preparation involves arriving at a position regarding the situation and action(s) the company should or should not take. Students who prepare in an exemplary manner identify not only the assumptions and facts that support their position but also what, exactly, it would take to change their position.

Most questions discussed in class are posed to students prior to class. All students should prepare articulate answers to these questions that draw upon course concepts and case facts. Good answers start with a clear position on what the company should do (or, otherwise, directly answer the question posed) and use specific evidence to support the position taken. The best answers also explicitly identify the assumptions that connect evidence to position and address how the position might change should new evidence come to light. Please follow these guidelines:

- Frame the key issue in the form of a question (e.g., "Should ABC enter the market?").
- Explicitly identify the factors considered before taking a position.
- Explicitly identify the assumptions that frame your position.
- Draw on only the case facts that you must in order to support your position.
- Analyze only the data necessary to arrive at your position.
- Acknowledge that some case facts do not support your position. Do not ignore these facts; address these potential challenges to your position.
- **Explicitly identify what it would take for you to change your position.**

Appendix 3: Individual Network Action Plan

In lieu of a final exam, each student will develop an individual network action plan. The purpose of this plan is to ensure that you act upon what we cover in class. This assignment will be worth 8 points and graded according to the rubric below. Please email your plan to TA Craig Tutterow (craigtutterow@chicagobooth.edu) within 1 week of Session #10's end (AXP: Feb. 20th; EXP: March 6th). Your personal action plan should be 5 pages or less and should explicitly address the following:

1. Objectives (1 point)

Identify at least one professional objective that you would like to achieve. This objective should be specific. Achievement should be unambiguous. And there should be an expected timeframe for achievement. You may identify multiple objectives (e.g., short and long term) as long as they meet the criteria above.

2. Resource Requirements (1 points)

You will need resources to achieve your objective. Some will be at your disposal. Others must be obtained from others. These might include information, capital, knowledge, influence, trust, labor, or social support. Be sure to acknowledge the specific demands of the professional context (e.g., industry, profession, company, region) in identifying your resource requirements.

3. Social Strategy (3 points)

You know your objective(s), how your current stock of resources positions you to achieve your objective(s), and the additional resources you require. You need a strategy that connects this knowledge with specific tactics that you will employ. This "social strategy" should help you develop the type of network structure (e.g., optimized for brokerage or closure) that will increase your chances of achieving your objective. For example, in your profession or at your employer a cohesive network composed of strong, trusting ties may be more valuable than a diverse network characterized by weak ties across groups. Based on the resources you must obtain through social ties, develop a strategy for developing the social capital required for achievement of your objectives.

4. Social Tactics (2 points)

Based on your current social capital and the social capital you believe you must develop, how will you implement your strategy? Be as specific as possible about the actions you will take (e.g., who, what, when, why, where, how). Consider these concrete commitments to developing the personal network you require for future success.

5. Timeline (1 point)

Develop a clear timeline for achievement of your objective(s), the implementation of your strategy, and the specific tactics you will use.

Appendix 4: Group Assignment

Devise a detailed strategic plan to “Keep Google Googley” – that is, to remain entrepreneurial and to avoid bureaucratic obstacles to decision making and innovation. Your plan should consist of the following:

1. Clearly stated objective. What do you aim to achieve?
2. Detailed plan description (e.g., specific policies, administrative responsibilities). What, exactly, needs to be done to implement your plan?
3. A program evaluation design for obtaining credible estimates of your intervention’s “treatment” effects. How will you know if your plan worked? What will you measure? What comparisons will you make? How will you persuade others?

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