



**Tuck School of Business at Dartmouth
100 Tuck Hall
Hanover, NH 03755**

**STRATEGIC LEADERSHIP – SECTION 2 (TUESDAYS)
Fall 2012**

Professor Sydney Finkelstein
201 Chase Hall
603-646-2864
Twitter: @sydfinkelstein

Coordinator: Dale Abramson
207 Chase Hall
603-646-8642

Course Description

Strategy – its formulation and execution – is a human endeavor. The experiences, biases, egos, values, and other human factors in the executive ranks greatly influence what happens to companies. This course examines the effects of senior executives on company strategy, performance, and vitality. The central question is this: How can we improve our understanding and prediction of organizational outcomes – and improve the outcomes themselves – by paying greater attention to top management capabilities and behaviors? Course topics include: executive selection and succession, executive compensation, top management team composition and dynamics, and board-management relations.

Objectives

- To highlight the role of individual and groups of executives in determining the strategic direction of a company.
- To develop expertise in evaluating executives for senior management jobs, as well as insight into career progressions and choices.
- To understand some of the challenges and dynamics involved in top management teams.

- To learn about board of director best and worst practices.

Although the course is highly relevant for students who wish to strengthen their own managerial talents, it is not a skills-based “leadership” course. Rather, it is intended to improve the student’s ability to diagnose, critically evaluate, and enhance executive capabilities in a firm. Thus, the course is relevant for students interested in general management, management consulting, firm valuation, venture assessment, and executive staffing and development.

Format and Requirements

Strategic Leadership (SLEAD) has a unique format. There will only be 4 class meetings, from 4:45-7:45pm either on Monday or Tuesday, depending on your section. In 3 of the 4 class sessions in this section there will be a visitor who will actively participate in the session and act as a second instructor in the room. These visitors bring their experience as CEOs, headhunters, private equity partners, venture capital partners, hedge fund managers, corporate governance experts, and journalists. Because we are asking a great deal from these visitors, they will only participate on one date, in one section. That means that the visitors will not be the same in the two sections, and, as a result, there will be some variation in the materials covered across sections. If there is room in the class, and you wish to attend an extra class in the section you are not registered in, just let me know.

Most of the required reading materials due for any class are case studies. Because of the 3-hour time block, you will occasionally need to prep two case studies for the same day; please plan accordingly. Most of the non-case readings are labeled “supplementary,” meaning they are suggestions for students who want to learn more about a particular topic and can be read after the class session or in the future.

Grading

Grading for the course will be based on (1) class participation and (2) a final paper, each with equal weighting in the determination of your final grade for the course. However, please note that because there are only 4 class meetings, attendance is compulsory. Missing one class is the equivalent of missing 25% of the course.

(1) Class Participation – I believe the ability to articulate a well-thought out point of view, and engage in real debate, is a key to success in business. As a result, I place a very high weighting on your performance during the class sessions of TMT. More important than grades, however, is learning, and experience has shown that learning is maximized via preparation, involvement, and participation.

(2) Final Paper - The final paper consists of two parts: (1) a “mini-case study” of a company dealing with an issue of importance from a top management team or strategic leadership perspective (4-5 pages maximum, single-spaced), and (2) your analysis of the “mini-case” (1-2

pages maximum, single-spaced). Note that the case study should be entirely fact-based, detailing the relevant facts so readers will know just what happened; it should not include your opinions or editorial commentary. On the other hand, the analysis is entirely your assessment of the facts of the case, as well as your takeaway lessons from the case.

The final paper can be completed individually, or in groups up to 3 or 4, and is due on Tuesday October 9 in Dale Abramson's office (207 Chase). Please submit a hard and electronic copy. Please send electronic copy to dale.abramson@dartmouth.edu in **"pdf" format only**.

While you are free to select the specific company example you wish, here are some suggestions:

- Twitter and Managing a Hot Startup. Twitter, the product, has boomed since the business was created, but how well run is the company? What are the leadership and strategy challenges at the top? Assess the management team, management changes, and the leadership's readiness and capability to effectively build a profitable company.
- Rupert Murdoch and News Corp. What responsibility should Rupert have in the News of the World phone hacking scandal? How is the company run, and what is the role of Rupert's friends and family. How effective is he as a leader? How do you assess corporate governance in the company?
- TEPCO and the Japanese Nuclear Disaster. Why did this terrible accident occur? Could it have been prevented? Were there any warning signs, and how did TEPCO leadership address them? After the tsunami severely damaged the nuclear reactors, what should TEPCO have done from a leadership and communication perspective?
- Tony Hayward and the BP Oil Spill. Why did the spill happen? Was Hayward an effective leader, before and during the crisis? What did he do, or not do, correctly? Who is on the board, and how did they do during the crisis? What does this case tell us about management practice, culture, and leadership?
- Larry Page and Google. Larry Page took over as CEO in 2011. Was he the right person for the job? How would you rate his management style and decision-making, so far? What are the TMT and strategy challenges he faces?
- Boards of Directors in Internet Startups. How does the role of a board differ in an industry start-up vs. an established company? Take Facebook, or any other entrepreneurial company, and evaluate corporate governance – what works, what doesn't, and your recommendations for change.
- The CEO and the management of risk at financial institutions. JP Morgan, Barclays, HSBC, and other major global banks have had huge breakdowns in risk management. Select one example and analyze what happened and why. What should, or could, a CEO do to reduce the odds of such failures? What about the board of directors?

Tuck Honor Code

All students are expected to read each case fully and prepare their own individual analyses of the whole case. However, once this individual analysis has been completed, students should feel free to work together with partners or in groups to help sharpen points of view and refine analyses.

Laptops are permitted only if used to access course materials or take class notes. It is a breach of professional ethics to use your laptop for any other purpose during the class.

Course Outline

Session 1: Tuesday, September 11

Topic: Executive Selection, Succession, and Strategy

Special Classroom Visitor: Aris Chicles, Executive Vice President, ITT

Case 1: Madison Rubber Corporation (A)

Assignment:

1. In 1991, if you were a consultant to Madison's board, how would you get them started on CEO selection?
2. Why is there so much friction between Stillman and Cook?
3. What should Stillman do now?

Case 2: The Demerger of ITT

Assignment: 1. To be announced

Session 2: Tuesday, September 18

Topic: Corporate Governance & the Global Financial Crisis

Special Classroom Visitor: Tom McInerney, T'82, Senior Advisor, BCG, Former CEO, ING Americas

Case: Bank of America in 2008-2009

Assignment: Read the attached materials for some of the basic information on Bank of America and its board as it relates to the acquisition of Merrill Lynch in 2008 and follow-on events. While these materials are meant to get you started, you will likely want to conduct your own search for other articles or information to fill in the gaps.

1. Assess the quality of the BAC board in the Fall of 2008. What factors or criteria are most informative to you for purposes of assessing board quality?
2. What is the BAC board's responsibility in the Merrill Lynch deal?
 - a. At the time the deal was approved (Sept 13-14, 2008)?

- b. At the time ML was authorizing the payment of \$4 billion in bonuses to its executives (Dec 8, 2008)?
 - c. At the time BAC CEO Ken Lewis was exploring invoking the MAC clause (Dec 17-21, 2008)?
 - d. At the time the BAC board was informed of ML losses (around Dec 14, 2008)?
 - e. At the time that BAC disclosed the ML losses and BAC stock declined 50% (Jan 16, 2009)?
3. What would you have done if you were a BAC board member during this time period?
 4. Should Ken Lewis have been removed as CEO at any point during this time period? If so, when? Why?
 5. Was it appropriate for the federal government to exert so much pressure on BAC? Why?

Supplementary Readings:

Chapter 8: Understanding Board Structure, Composition, and Vigilance; Finkelstein, S., Hambrick, D. C., and Cannella, A. 2009. Strategic Leadership – Theory and Research on Executives, Top Management Teams, and Boards, Oxford University Press: 227-254.

Chapter 9: The Consequences of Board Involvement and Vigilance; Finkelstein, S, Hambrick, D. C., and Cannella, A. 2009. Strategic Leadership – Theory and Research on Executives, Top Management Teams, and Boards, Oxford University Press: 255-290.

Session 3: Friday, September 28, 9:00-12:00 (Note Special Meeting Day and Time)
Alperin Classroom

Topic: Strategic Leadership: Avoiding Executive Failure

Case: Harsa Industrie AG

Readings:

1. Why Smart Executives Fail, Chapter 1
2. *Almost Ready: How Leaders Move*; Ciampa, Dan. 2005, Harvard Business Review **83** (1): 46-53.

- Assignment:**
1. What's going on with Wilhelm Handel?
 2. What should Klaus Langer, the CEO, do now?

Session 4: Tuesday, October 2

Topic: Strategic Leadership in Entrepreneurial Firms

Special Classroom Visitors:
Mark Ranalli, President & CEO, Helium Inc.
Peter Sisson, CEO, Line2, Inc., T'94

Case: TO BE ANNOUNCED