LEADERSHIP IN ORGANIZATIONS
MGMT-COR1.1302.23  Spring 2012(Draft Version)
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Office Hours: 11:30 AM–1:00 PM on class days and by appointment
Class Hrs: Mon 1:30-4:20 PM on Jan 30; Feb 6, 13, 27; Mar 5, 19, 26; Apr 2, 9, 16, 23, 30. May 7.
TA: Marcos Dytz  marcos.dytz@stern.nyu.edu

Due Dates
Individual Class Preparation Journal: Due Sessions 2, 3, 4, 6, 7, 8, & 9. Team Case Write-up: 3/5.

Course Overview

Welcome aboard!

What do leaders do? What happens inside organizations? And how do these relate to each other? In a nutshell, that’s the stuff this course is made of.

Business organizations of all types face chronic management problems that pose significant challenges to them. These problems include the difficulty of designing organizations capable of coping with highly dynamic business environments, the challenge of developing strategies and structures for hypercompetitive conditions, the greater complexity of managing global enterprises, the difficult task of shaping a corporate culture, managing politics and conflict between individuals and organizational units, motivating employees who are more mobile than ever, designing attractive incentive systems, managing and harnessing intellectual capital, and so on. Such challenges and how the top leadership can deal with them are the subject of this course.

The course has two major components. The first is “macro” in nature. It focuses on organizational level issues and problems, such as how an organization should be designed (e.g., centralized or decentralized), what strategy it should follow (e.g., integrated or diversified), and how culture and control affect organizational dynamics. The second part is more “micro” in nature. It focuses on employee-related challenges, such as how to get things done in politically sensitive environments, evaluate and reward people, make effective decisions, and manage teams. The macro component is concerned with overall organizational performance, while the micro component is concerned with managing individual and group effectiveness. And leadership is the linking pin that connects these two perspectives.

This course will introduce you to some of the central theories and frameworks in management and will help you to understand how to apply those theories and frameworks to analyze and address real managerial problems from the perspective of top leadership. It will also provide you with a better basis for understanding and evaluating organizations and their management practices. An
understanding of organizations and their management is also important for anyone who plans to work within an organization, as career success generally hinges on one’s ability to accurately read and respond to the organizational context within which one operates.

In addition to providing you with theories and frameworks, a second objective of this course is to teach you skills in applying those theories and frameworks to analyze management problems and develop appropriate solutions. You will not find “cookbook” formulas for doing things in this course.

Given the relative lack of structure that is characteristic of complex management issues, no correctly answered list of questions or mechanical process will automatically lead to the “right” answer. In fact, there is no “right” solution to most managerial problems, rather there are apt to be many “right” answers, and unfortunately, even more “wrong” answers. In fact, cases are not necessarily examples of bad management. They may be about any quality of management. Often it is more difficult to explain why a situation is working than it is to analyze the causes of obvious problems. Often a situation may be going well but contain the seeds of future problems. Part of analysis is to define the issue(s). Another part is to explain the mechanisms that cause the problem(s) or why things are working. Finally, recommendations must be developed that are appropriate for the situation and those who must implement them.

You can only develop skills to lead and manage through practice. Therefore, it is essential that you have considerable opportunity to work on actual management problems. In order to do this we will rely heavily on case analyses. Cases and various exercises will provide the material to practice analyzing and addressing management challenges. After the first session, most classes will have one or more cases and/or exercises. You are expected to carefully analyze all of the cases, prepare all of the exercises and participate in the analyses in class. It is my hope that by the end of the semester, you will be able to see organizational and managerial problems in ways you could not see them before. More importantly, you will leave the course more conscious of the consequences related to the choices you make as a manager.

Course Material

2. Additional handouts given out in class.

Grading: Deliverables, Due Dates & Approx Weights

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<tr>
<th>Deliverable</th>
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<tr>
<td>Team Case Write-up</td>
<td>due 3/5</td>
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<tr>
<td>Final Team Project</td>
<td>due 5/7</td>
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<td>In class Exam (Indiv)</td>
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<tr>
<td>Final Exam (Indiv)</td>
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<td>Class Participation</td>
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<td>Class Prep Journal</td>
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All case analyses are cumulative. That is, it is assumed that you know all of the material that came before the case you are analyzing for a particular class session.
Team Case Write-up
One of the important managerial skills is team management skill. To help you in this area, you will work in teams and will have the opportunity to learn from your colleagues as you work on the team case analysis. The team case is indicated in the syllabus. Since we will be discussing these cases in class, papers will be due at the beginning of the class period. The page limit for the team cases is 6 pages. The report must be typed (12 point font), double-spaced, with normal 1” margins. NO LATE ASSIGNMENTS WILL BE ACCEPTED. Please remember that all cases must be prepared for class analysis.

Team Work Assignments
One of the most important leadership skills is that of managing teams. To sharpen your skills in this area, you will work in teams and will have the opportunity to learn from your colleagues as you work on two team projects. The first graded project is a written case analysis; the second graded project is a presentation and written analysis of a company. Besides these, each team will be invited to ‘teach’ the class one case from the syllabus; this is like a rehearsal for your final team project presentation and is not graded. Think of team work grades as satisfactory or rework till it is satisfactory. In other words, the really significant grade variance is from your individual work.

1. Team Case Write-up I (Same case for all teams; Write up and brief 5 min presentations)
Your first team assignment will be to work on producing a short, written analysis of a case with your team. You and your team will analyze The Metropolitan Opera.

Since we will be discussing cases in class, papers will be due at the beginning of the class period. The page limit for the team case write-up is 6 pages. The case must be typed (12 point font), double-spaced, with normal 1” margins. Appendices, tables and/or figures do not count toward the 6-page limit. NO LATE ASSIGNMENTS WILL BE ACCEPTED.

2. Final Team Project (Choose your company; Write-up and 20 min oral presentations)
The second team project will involve selecting an organization to analyze using the tools that we have covered in the class. The main part of the project will involve learning about and assessing the key characteristics of the organization as well as attempting to understand the main issues with which the company appears to be wrestling. Your team will address the general question of how the performance of the organization can be improved. Improvement will mean different things in different organizational contexts.

Goals of the Project:
• To help you learn to apply the content of this course to the analysis of an organization in “real time.”
• To facilitate the retention of the core themes, ideas, research, and frameworks in the course.
To experience the value of these tools in making sense of complex situations and in generating well-reasoned conclusions about an organization’s likely future.

To see how all the material works together to yield an integrated understanding of an organization of your choosing.

To practice presentation skills.

Final Team Project Deliverables

Session 2: Submit names of team members and the name of the organization you plan to analyze.
Session 12, 13: Deliver 20-minute PowerPoint presentation on Team Project.
Session 13: Submit final project write-up. 10-page, double-spaced report (Appendices, Tables and Figures do not count toward the 10-page maximum). The write-up for the final project will follow the same guidelines as the earlier team case write-up. In addition, your team will make a power point presentation to the class on your project.

Attendance and Participation

You are expected to attend every session and actively participate in class in the analysis of cases, exercises and discussions. Doing so will require that you read the assigned material and prepare the assigned case(s) or exercise before coming to class. Since any class participant may be called on at any time, in order to avoid embarrassing you inadvertently, please tell me before class if you are not prepared. Statutory warning: Class absence is injurious to your participation grade!

Class Prep Journal (Choose any one case per session to write on)

Before each session, you should prepare a typed 1 to 1½ page case journal (font size, spacing your choice) that will be hard-copy due at start of class session. The typed journal should have this format:

- Summary: Brief summary of the case issues
- Critique: How these issues relate to (a) class discussion and (b) assigned readings thus far and (c) your own career experience.
- Choice of case: If there is only one case assigned for a session, do the journal on that case. If there is more than one case listed for a session, you are free to pick any one case to do your journal on. Of course, you should read the other case as well to be ready to participate in class discussion!
- There is no strict, punitive page limit but you know brevity is the soul of wit.
- Upload the journal onto Blackboard (Marcos, our TA, will set it up soon and email you
- Bring in a hardcopy to class, just in case black board sings the blues.
- The more analytical, creative, comprehensive, yet concise critiques which also bring in content from readings meaningfully, should get a better grade.
- Upload to BB in time and bring a hard copy to class. Late journals will not be accepted!
Inclass Individual Midterm Exam

This will focus more on the readings and theories covered thus far in class. More on this later.

Take Home Individual Final Exam

It will cover material including all the readings and cases and class discussion. I’ll provide more details as we near the date for the exam.

Honor Code

For both individual case preparation and team case assignments, it is an honor code violation to view anyone else’s written preparation of the case. It is also an honor code violation to discuss a case with students in other classes who might have already analyzed the case in class. Please note that you are required to adhere to the MBA Honor Code. For details, see http://w4.stern.nyu.edu/scorp/committee.cfm?doc_id=4797

Office Hours

Other than posted hours, you can email me with any questions. I typically respond within 24 hours except during weekends. Your feedback is most welcome any time. Remember, I live a mere mouse click away from wherever you are!
SCHEDULE OF ASSIGNMENTS

Cases/Readings refer to material from the HBS case packet.

LEADERSHIP & ORGANIZATION
What leadership is and how it impacts organizations

1. 1/30 Introduction
Leadership, Organization & how they relate
Reading: Evaluating the CEO
Reading: Note on Organizational Structure
Course overview

LEADERSHIP & STRATEGY
How leaders shape organizational strategy

2. 2/6 Case: Charlotte Beers
Case: NYPD New.
Reading: Organizational Alignment – The 7-S model
Reading: Selection Bias and the Perils of Benchmarking

LEADERSHIP, STRUCTURE & THE LIFE CYCLE
How leaders shape organization’s structure as it grows

3. 2/13 Case: Apex Corp
Reading: Evolution and revolution as organizations grow

CULTURE, STRUCTURE & PERFORMANCE
How collective norms shape individual conduct

4. 2/27 Case: Lincoln Electric
Case: SAS Institute
Reading: Motivation: The Not-So-Secret Ingredient of High Performance
Reading: Inner Work Life: Understanding the Subtext of Bus Performance
Reading: How I Learned to Let My Workers Lead

5. 3/5
Case for Team Writeup: The Metropolitan Opera (A)
DUE: Team Case Write-up.
Case writeup questions will be posted ahead.
TEAMS, DECISIONS & CONFLICTS
How conflicts arise in teams and how to resolve them

6. 3/19  Case: Slade Plating Dept
    Reading: Analyzing Workgroups
    Reading: Discipline of Teams
    Reading: Managing Multicultural Teams
    Reading: Ambidextrous Organization
    Case: Stone Finch

CONFlict, POLITICS & PERFORMANCE
How individuals handle conflict to their advantage

7. 3/26  Cases: Managing Xerox's Multinational Dev Center & John Clendenin
        Case: Rob Parson at Morgan Stanley (A)

LEADERSHIP & CULTURE
How leaders control performance through culture

8. 4/2  Case: Children's Hospital and Clinics (A)
        In class exam.

CHANGE & LEADERSHIP
How leaders manage change

9. 4/9  Case: Sears, Roebuck and Co (A): Turnaround
        Reading: Leading Change: Why Transformation Efforts Fail
        Case: GE’s Two Decade Transformation: Jack Welch’s Leadership
        Reading: Delusions of Success: How Optimism Undermines Decisions

CAREER MANAGEMENT
How to be your own leader in managing your career

10. 4/16  Case: Multimedia Case. Will be done in class. No need for you to prepare ahead.
         Reading: Managing Oneself
11. 4/23  *Open class.* Your wish, my command. Depending on class wish, we will do something that is fun, creative, and extends class learning.

12 4/30  Teams: Final Team project presentations

13 5/7  Teams: Final Team project presentations

**DUE: Final Team Project (for all teams)**

**Individual Final Exam due: 5/13 midnight.**

Course review.
ABSTRACTS AND DISCUSSION QUESTIONS FOR HBS CASES
(In alphabetical order)

Analyzing Work Groups
Work groups are the building blocks of organizations. They are found in all areas of an organization, from research and development to customer service, and at all levels, from the executive suite to the factory floor. Some are incredibly successful, while others are dismal failures. Team work is hard work, and all too often groups do not live up to their potential. Provides a framework for analyzing work groups so that group leaders and members can identify actions that will enhance their effectiveness. Helps provide insight into the factors most profoundly shaping the development, dynamics, and effectiveness of task-performing groups and, in particular, group culture, its antecedents, and consequences. To illustrate how the framework is used, it looks at and analyzes an actual work group: the new product team of the Merit Corporation. Examines the impact of leadership style on group culture and outcomes and describes how one leader's individual style can affect the way teams operate and perform.

Ambidextrous Organization
Corporate executives must constantly look backward, attending to the products and processes of the past, while also gazing forward, preparing for the innovations that will define the future. This mental balancing act is one of the toughest of all managerial challenges, and it's no surprise that few companies do it well. But as every businessperson knows, there are companies that do. What's their secret? These organizations separate their new, exploratory units from their traditional, exploitative ones, allowing them to have different processes, structures, and cultures; at the same time, they maintain tight links across units at the senior executive level. Such "ambidextrous organizations," as the authors call them, allow executives to pioneer radical or disruptive innovations while also pursuing incremental gains. Of utmost importance to the ambidextrous organization are ambidextrous managers--executives with the ability to understand and be sensitive to the needs of very different kinds of businesses. They possess the attributes of rigorous cost cutters and free-thinking entrepreneurs while also maintaining the objectivity required to make difficult trade-offs. Almost every company needs to renew itself through the creation of breakthrough products and processes, but it shouldn't do so at the expense of its traditional business. Building an ambidextrous organization is not easy, but the structure itself, combining organizational separation with senior team integration, is not difficult to understand.

Appex Corporation
1990 Business Week named Appex Corp. the fastest growing high-technology company in the United States. Appex provided management information systems and intercarrier network services to cellular telephone companies. During its rapid growth, the company went through several structural changes. At first, there was essentially no structure and no control systems. The atmosphere at Appex eventually became chaotic. As the new CEO, Shikhar Ghosh realized that Appex needed some structure and bureaucracy. Once control was established, he reasoned, he could begin to break down the structure. Much of the structural change he implemented had advantages and disadvantages in terms of company culture and productivity. In 1991, Appex was acquired by EDS. Appex's challenge now was to work out its own structure in the context of its role as a division of a large, bureaucratic organization.

Discussion Questions
1. What were the challenges Shikar Ghosh faced when he joined Appex?
2. Evaluate the importance of each of the structural changes he implemented. How important were they? What problems did each new structure address? What problems, in turn, did each create?
3. What would you have done in Shikar’s place? Were all the changes in structure necessary?
4. How would you address the challenges that Appex is confronting by the end of the case?

Charlotte Beers at Ogilvy & Mather Worldwide
Examines Beer's actions on assuming leadership of Ogilvy & Mather Worldwide, the world's sixth largest advertising agency, during a period of rapid industry change and organizational crisis. Focuses on how Beers, the first outsider CEO, engages and leads a senior team through a vision formulation process. Chronicles closely the debates among senior executives struggling to reconcile creative, strategic, and global vs. local priorities. Sixteen months later, with a vision statement agreed upon, Beers faces a series of implementation problems. Turnaround has begun, but organizational structures and systems are not yet aligned with the firm's new direction. Concludes as Beers must decide how to work best with her senior team to achieve alignment.

Discussion Questions
1. What is Beers trying to accomplish as CEO of Ogilvy & Mather Worldwide?
2. What is your assessment of the vision?
3. What is your assessment of the process Beers and her team went through to create the vision?
4. What are the key challenges facing Beers at the end of the case?

Children's Hospital and Clinics (A)
Describes the major phases of an initiative designed to transform the organization and enhance patient safety. Raises interesting questions about how to encourage candid discussion about failures while continuing to hold people accountable for their performance. Helps one understand how general managers can design and lead transformational initiatives that reshape an organization's processes and culture, and create an environment that enhances the firm's learning and problem-solving capabilities.

Discussion Questions
1. What is your assessment of the Patient Safety Initiative, especially, “blameless reporting”?
2. What barriers did Morath face as she tried to encourage people to discuss medical errors more openly? How did she overcome those barriers?
3. What is your assessment of Morath at leading change at Children’s? What were the challenges she faced at each stage of the transformation process? How effective was she in meeting those challenges?
4. Do you think Dr Knox will be effective as the new leader of safety initiative? Why/why not?
5. In your own career, when did you feel empowered to speak up? When did you feel inhibited to speak up? Why?

Delusions of Success: How Optimism Undermines Executives’ Decisions
The evidence is disturbingly clear: Most major business initiatives—mergers and acquisitions, capital investments, market entries—fail to pay off. Economists would argue that the low success rate reflects a rational assessment of risk, with the returns from a few successes outweighing the losses of many failures. But two distinguished scholars of decision making, Dan Lovallo of the University of New South Wales and Nobel laureate Daniel Kahneman of Princeton University,
provide a very different explanation. They show that a combination of cognitive biases (including anchoring and competitor neglect) and organizational pressures lead managers to make overly optimistic forecasts in analyzing proposals for major investments. By exaggerating the likely benefits of a project and ignoring the potential pitfalls, they lead their organizations into initiatives that are doomed to fall well short of expectations. The biases and pressures cannot be escaped, the authors argue, but they can be tempered by applying a very different method of forecasting—one that takes a much more objective "outside view" of an initiative's likely outcome. This outside view, also known as reference-class forecasting, completely ignores the details of the project at hand; instead, it encourages managers to examine the experiences of a class of similar projects, to lay out a rough distribution of outcomes for this reference class, and then to position the current project in that distribution.

Evolution and Revolution as Organizations Grow
The influence of history on an organization is a powerful but often overlooked force. Managers, in their haste to build companies, frequently fail to ask such critical developmental questions as, Where has our organization been? Where is it now? and What do the answers to these questions mean for where it is going? Instead, when confronted with problems, managers fix their gaze outward on the environment and toward the future, as if more precise market projections will provide the organization with a new identity. In this HBR Classic, Larry Greiner (professor of management and organization at the University of Southern California's Marshall School of Business) identifies a series of developmental phases that companies tend to pass through as they grow. He distinguishes the phases by their dominant themes: creativity, direction, delegation, coordination, and collaboration. Each phase begins with a period of evolution, steady growth, and stability, and ends with a revolutionary period of organizational turmoil and change. The critical task for management in each revolutionary period is to find a new set of organizational practices that will become the basis for managing the next period of evolutionary growth. Those new practices eventually outlast their usefulness and lead to another period of revolution. Managers therefore experience the irony of seeing a major solution in one period become a major problem in a later period. Originally published in 1972, the article's argument and insights remain relevant to managers today. Accompanying the original article is a commentary by the author updating his earlier observations.

GE’s Two Decade Transformation: Jack Welch’s Leadership
GE is faced with Jack Welch's impending retirement and whether anyone can sustain the blistering pace of change and growth characteristic of the Welch era. After briefly describing GE's heritage and Welch's transformation of the company's business portfolio of the 1980s, the case chronicles Welch's revitalization initiatives through the late 1980s and 1990s. It focuses on six of Welch's major change programs: The "Software" Initiatives, Globalization, Redefining Leadership, Stretch Objectives, Service Business Development, and Six Sigma Quality. Reviews GE's revitalization efforts, including corporate strategy development, transformational change, management and leadership, and corporate renewal.

Inner Work Life: Understanding the Subtext of Performance
Anyone in management knows that employees have their good days and their bad days--and that, for the most part, the reasons for their ups and downs are unknown. Most managers simply shrug their shoulders at this fact of work life. But does it matter, in terms of performance, if people have
more good days than bad days? Teresa Amabile and Steven Kramer's new stream of research, based on more than 12,000 diary entries logged by knowledge workers over three years, reveals the dramatic impact of employees' inner work lives--their perceptions, emotions, and motivation levels--on several dimensions of performance. People perform better when their workday experiences include more positive emotions, stronger intrinsic motivation (passion for the work), and more favorable perceptions of their work, their team, their leaders, and their organization. What the authors also found was that managers' behavior dramatically affects the tenor of employees' inner work lives. So what makes a difference to inner work life? When the authors compared the study participants' best days to their worst days, they found that the single most important differentiator was their sense of being able to make progress in their work. The authors also observed interpersonal events working in tandem with progress events. Praise without real work progress, or at least solid efforts toward progress, had little positive impact on people's inner work lives and could even arouse cynicism. On the other hand, good work progress without any recognition--or, worse, with criticism about trivial issues--could engender anger and sadness. Far and away, the best boosts to inner work life were episodes in which people knew they had done good work and their managers appropriately recognized that work.

**Leading Change: Why Transformation Efforts Fail**

Businesses hoping to survive over the long term will have to remake themselves into better competitors at least once along the way. These efforts have gone under many banners: total quality management, reengineering, rightsizing, restructuring, cultural change, and turnarounds, to name a few. In almost every case, the goal has been to cope with a new, more challenging market by changing the way business is conducted. A few of these endeavors have been very successful. A few have been utter failures. Most fall somewhere in between, with a distinct tilt toward the lower end of the scale. John P. Kotter is renowned for his work on leading organizational change. In 1995, when this article was first published, he had just completed a 10-year study of more than 100 companies that attempted such a transformation. Here he shares the results of his observations, outlining the eight largest errors that can doom these efforts and explaining the general lessons that encourage success. Unsuccessful transitions almost always founder during at least one of the following phases: generating a sense of urgency, establishing a powerful guiding coalition, developing a vision, communicating the vision clearly and often, removing obstacles, planning for and creating short-term wins, avoiding premature declarations of victory, and embedding changes in the corporate culture. Realizing that change usually takes a long time, says Kotter, can improve the chances of success.

**Lincoln Electric**

Covers the strategy and management practices of the world's largest manufacturer of welding equipment. Discusses the compensation system and company culture, and the leadership style of management.

**Discussion Questions**

1. How does Lincoln motivate its employees?
2. Lincoln obviously has been quite successful. What factors are critical for its continued success?
3. Would you like to work in a place like Lincoln?
**Lululemon**
The case examines leadership and organizational change within a strong culture context through a multimedia study of lululemon, a specialty retailer of high-end athletic apparel. Video segments trace the company's history from its founding in 1998 as a single retail store in Vancouver, Canada, through its IPO and expansion across Canada and the United States. The case is set at a crossroads for the company, as incoming CEO Christine Day prepares to take the helm in mid-2008. At that time, lululemon was publicly traded $350 million company with close to 100 stores, including 56 in the United States, and nearly 3,000 employees. The mission from the board was to continue the company's growth trajectory by opening more stores and, ultimately, increasing sales to $1 billion. Among the challenges that Day would inherit were outperforming stores. According to Day, mismanagement of the real estate strategy had resulted in high-cost locations in many new U.S. markets with little to no demand. Lululemon was struggling to implement new inventory systems to keep pace with the demands of its expanding marketplace. Day also observed that cross-functional barriers had eroded the sense of teamwork within what was originally a strong values-led organization, resulting in an inability to achieve compromise. "The whole organization slowed down," said Day, "because people weren't aligned. "Leadership, Culture, and Transition at Lululemon" highlights the fundamental tensions that entrepreneurial companies and their leaders face when going to scale: balancing rapid growth and the need to leverage their organization architecture (and associated cultures) as the firm evolves.

**Managing Oneself**
Throughout history, people had little need to manage their careers—they were born into their stations in life or, in the recent past, relied on their companies to chart their career paths. But times have drastically changed. Today we must all learn to manage ourselves. What does that mean? As Peter Drucker tells us in this seminal article first published in 1999, it means we have to learn to develop ourselves. We have to place ourselves where we can make the greatest contribution to our organizations and communities. And we have to stay mentally alert and engaged during a 50-year working life, which means knowing how and when to change the work we do. It may seem obvious that people achieve results by doing what they are good at and by working in ways that fit their abilities. But, Drucker says, very few people actually know—let alone take advantage of—their fundamental strengths. He challenges each of us to ask ourselves: What are my strengths? How do I perform? What are my values? Where do I belong? What should my contribution be? Don't try to change yourself, Drucker cautions. Instead, concentrate on improving the skills you have and accepting assignments that are tailored to your individual way of working. If you do that, you can transform yourself from an ordinary worker into an outstanding performer. Today’s successful careers are not planned out in advance. They develop when people are prepared for opportunities because they have asked themselves those questions and rigorously assessed their unique characteristics. This article challenges readers to take responsibility for managing their futures, both in and out of the office.

**Managing Xerox's Multinational Development Center & John Clendenin**
Describes a manager's role in developing a staff group responsible for enhancing the efficiency of Xerox's worldwide logistics and inventory management systems. Illustrates a range of management strategies for upward and lateral influence in a complex organizational context, as well as the use of a number of innovative human resource management techniques.
Discussion Questions
1. What have John Clendenin's objectives been at Xerox?
2. What obstacles did he confront in accomplishing these objectives?
3. What interpersonal and organizational strategies did he utilize to accomplish these objectives?
4. What actions should Clendenin take now?

Motivation: The Not-So-Secret Ingredient of High Performance
Motivation can be self-generating or the product of good management. Either way, motivation is an important part of performance management because simply having a common goal is not enough. A person may understand the goal at hand, but may not have the motivation to pursue it. This chapter outlines several theories of motivation. This chapter is excerpted from Harvard Business Essentials: Performance Management.

National Culture and Management
The note examines the relationship of national culture to management. Offers a definition of culture, explains the scope of culture and its many dimensions, and describes how culture is manifested in business settings. The research of Edward Man, Geert Hofstede, and others is discussed.

A Note on Analyzing Workgroups

Note on Organization Structure
Provides the reader with a basic understanding of organization structure. The first section provides a brief history of the main ideas pertaining to organization structure. The second section outlines some of the concepts and factors that must be taken into account while designing organization structure. Some of the prototypical forms of organization structure and their strengths and weaknesses are described in the third section. Finally, some emerging trends in how organizations are structured are discussed in the last section.

NYPD New
Police Commissioner Bratten and his staff have led a process designed to create a results-oriented police department from one that previously emphasized and measured effort. With increasing budgeting pressures, the next phase of effort calls for increasing emphasis on productivity as well as a reduction in crime.

Discussion Questions
1. What challenges did Commissioner Bratton face in when he took up the job at NYPD?
2. What were Bratton’s most important decisions/actions to address these challenges?
3. What were the management processes Bratton established at NYPD? What were they designed to do?
4. What obstacles would you expect him to face in implementing the recommendations you have proposed? Why?
5. What would you do when confronted with the challenges Bratton faced at the end of the case?
6. What does the case tell you about the job of a general manager?
Organizational Alignment – The 7-S model
Presents the 7-S framework. This framework offers managers a tool for diagnosing problems in their organizations and for proposing corrective courses of action. A useful too for organizational design.

Rob Parson at Morgan Stanley (A)
Rob Parson was a star producer in Morgan Stanley's Capital Markets division. He had been recruited from a competitor the prior year and had generated substantial revenues since joining the firm. Unfortunately, Parson's reviews from the 360-degree performance evaluation process revealed that he was having difficulty adapting to the firm's culture. His manager, Paul Nasr, faces the difficult decision of whether to promote Parson to managing director. Nasr must also complete Parson's performance evaluation summary and conduct Parson's performance review. This case helps us explore managerial problems associated with performance appraisal and performance management.

Discussion Questions
1. What is your assessment of Rob Parson’s performance? Should he be promoted?
2. Using the data in the case, please complete the Evaluation and Development Summary presented in Exhibit 3 of the Rob Parson (A) case.
3. If you were Paul Nasr, how would you plan to conduct the performance appraisal conversation? What would your goals be? What issues would you raise and why, and how would you raise them?
4. If you were Rob Parson, how would you conduct yourself in the performance evaluation meeting? What are your goals? How would you try to influence the process?
5. Be prepared to role play the appraisal conversation in class as either Nasr or Parson.

Selection Bias and the Perils of Benchmarking
To find the secrets of business success, what could be more natural than studying successful businesses? In fact, nothing could be more dangerous, warns this Stanford professor. To generalize from the examples of successful companies is to reach conclusions from an unrepresentative data sample, falling into the classic statistical trap of selection bias. Drawing on a wealth of case studies, for instance, one researcher concluded that great leaders share two key traits: They persist, often despite initial failures, and they are able to persuade others to join them. But those traits are also the hallmarks of spectacularly unsuccessful entrepreneurs. To discover what makes a business successful, then, managers should look at both successes and failures. Otherwise, they will overvalue risky business practices, seeing only those companies that won big and not the ones that lost dismally. They will not be able to tell whether their current good fortune stems from smart business practices or from coasting on past accomplishments or good luck. Fortunately, economists have developed relatively simple tools that can correct for selection bias even when data about failed companies are hard to come by.

The Metropolitan Opera
In April 2007, the New York City Metropolitan Opera's general manager Peter Gelb looks back on the first season of a daring experiment to broadcast performances live in high-definition to movie theaters across North America. While the "Live in HD" program has received mostly positive reviews, there are lingering concerns. Do the benefits of the simulcasts continue to outweigh the possible drawbacks and the significant operational and financial resources?
The SAS Institute
The SAS Institute is a large, growing software company headquartered in the Research Triangle in North Carolina. Founded more than 25 years ago, it has evolved a unique approach, given its industry, to developing and retaining talent including using no stock options or phantom stock and not paying its salespeople on commission. The CEO and Vice President of Human Resources must decide how well their current management practices will continue to serve them as the company gains greater visibility and faces an increasingly competitive labor market.

**Discussion Questions**
1. What is SAS’s strategy? What is your assessment of the fit between the strategy and the leadership style?
2. What is your assessment of the SAS culture? Comparing it with the cultural practices at your organization, what do you think are the pros and cons of this culture?
3. Going forward, what kind of problems you see and what do you recommend the leadership to do resolve them?

Slade Plating Dept
Describes a conflict between the values and norms of a segment of an internal social system and those of management and the wider culture.

**Discussion Questions**
1. What is the conflict about?
2. What factors cause this conflict?
3. If you were to redesign the system, what would you recommend? How will your recommendations resolve or reduce the conflict? Be specific.

Sears, Roebuck and Co. (A)
The CEO of Sears faces issues involving the company's recent turnaround and ongoing transformation, including change management and the use of leading (U.S. lagging) indicators or measures. Describes a complex change process

**Discussion Questions**
1. What are the relationships among the 3Cs, 3Ps, TPI, and the 12 Leadership Skills?
2. What are your beliefs about the process of change in large organizations? What might you have done similarly or differently had you been in Martinez’s position?

Stone Finch Inc: Young Division, Old Division
CEO Jim Billings wants to attract energetic, entrepreneurial talent to Stone Finch, Inc., which comprises an older division that fabricates products like piping and tanks for water and wastewater processing plants, and a much newer division that develops biochemical solutions associated with water purification. To accelerate the company's growth, Billings sets up subsidiaries to create cutting-edge technologies that can be brought to market by the biochemical solutions division. After a few years the subsidiaries have indeed produced innovative products and driven growth; however, problems are surfacing. Much of the investment in the subsidiaries has come from the old manufacturing-based "cash cow" division, which is now suffering from turnover, loss of morale, and loss of competitive position. Moreover, the solutions division -- which has absorbed numerous employees who became wealthy by developing successful subsidiaries -- is plagued by increasing polarization between the "haves" and the "have-nots." This case helps examine: how resource allocations and an inequitable rewards system affect employee motivation and culture;
how to explore the challenges of introducing innovation into a conventional manufacturing organization; how to balance an innovation strategy with ongoing operations using an ambidextrous structural design.

**Discussion Questions**

1. What is your assessment of Jim Billings’s performance as president of Stone Finch? What do you think of his leadership style?
2. How do you assess the entrepreneurial subsidiary concept? How can companies manage the contradictions of managing existing products and innovation simultaneously?
3. What are the major problems Jim Billings now faces? How quickly he should act? Why?
4. What should Jim Billings do?