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MANAGEMENT 751
The Strategic Management of Human Assets
Fall 2016 Syllabus -- Version: August 24, 2016

Purpose and Course Description
Successful firms often excel in the capability of employing and deploying human assets (resources) to achieve the effective implementation of business strategy. To understand this capability, this course will address two central themes: 1) How to think systematically and strategically about various aspects of managing the organization's human assets; and 2) What really needs to be done to implement these policies and achieve competitive advantage.

To order to think "strategically" about this topic for any particular organization, we will consider the relationship between practices/processes of managing people and the firm's strategy and strategic context -- e.g. industry structure, competitive landscape, political, social, and economic environment -- for evidence of external fit. To think "systematically", we will then assess the bundles of work practices and human resources processes that make up the overall system for managing people and evaluate whether these are internally consistent and aligned ("internal fit"). By paying attention to implementation, we will recognize that although many organizations recognize the importance of managing the workforce effectively (and even "know" what approaches have been effective elsewhere), firms and managers very often fail to implement these approaches.

The strategic management of human assets is only one source of competitive advantage. Yet many managers recognize (and many successful organizations embody) the reality that the competitive edge gained from the newest technology, the latest marketing strategy, or the most creative product design may be relatively short-lived as competitors rush to imitate and follow. Aligning human resource systems with business strategy is not easy, but once achieved, it seems to offer a more sustainable -- because more unique and difficult to imitate -- source of competitive advantage.

This course will not delve into the technical details of personnel management such as psychometric aspects of validating employment tests, the specifics of job evaluation methods, the mechanics of interviewing, the complexities of executive compensation, or the intricacies of employment law. Those topics are primarily relevant to those intending careers as human resource professionals. Instead, this course takes the position that the effective and ethical management of human assets is a general management responsibility. Hence we will adopt a general manager's perspective on the issues of this course and apply a strategic perspective to the questions of managerial action that will arise.

Pre-requisites
MGMT751 will build in particular on the core course MGMT611 or MGMT612 "Managing the [Established or Emerging] Enterprise," which is a pre-requisite. You must either have completed MGMT611/12 or be taking it in the same semester; otherwise, you must receive the instructor's permission to take this course. You will also discover links to other courses that you have taken in the core curriculum, such as MGMT610 (Foundations of Teamwork and Leadership), as well as other electives tied to the major or minor in Management.

Curriculum
The course's orientation will be both *analytical*, in giving you concepts and frameworks with which to think about the deployment of human assets in organizations, and *managerial*, in considering the action plans and implementation approaches necessary to put these practices and policies into effect and sustain them over time.

Every class will feature a case study that presents either a successful or struggling organization, along with various protagonists, plus descriptions of both business strategy and practices for managing people. The case study, in each instance, is supplemented by readings that provide concepts and frameworks; the case provides the opportunity to apply the conceptual material.

Life in the Classroom
I shall rely heavily on your active participation in class discussions. Each of you has multiple years of work experience in one or more organizations. For every topic in the course, we will consider how what we are discussing differs across settings -- industry, customer segment, national or regional employment context, etc. Therefore, in addition to preparing assigned materials, please bring your own experiences and examples into the class discussion. Particularly valuable will be perspectives and examples from outside the U.S. and/or from outside the private sector, to expand our sense of how the employment relationship can vary. Furthermore, both positive and negative experiences will be helpful to the discussion and to the learning process. If you have only experienced one kind of work environment (whether highly motivating or soul-deadening), you may find it difficult to imagine all the ways that organizations can differ in how they manage people. If you have experienced both, you surely can report on the differences. I always learn a lot from students while teaching this course; hopefully you'll have the same experience.

My policy on electronic devices, based on past experience and input from students, is to prohibit all use in class. I know this can be frustrating to those of you who prefer to access course materials digitally during class or to take notes electronically. But I have found that it appears to be impossible to keep such devices from being diverted to other purposes and, in the process, distracting both the student using the device and other students around them.

Course Outline
The first section of this course will introduce basic concepts of the strategic management of human assets (resources) as a source of competitive advantage for firms. We will address how the HR system links to broader corporate strategies ("external fit") and then how human resource practices link to each other to form a system that is logically consistent and mutually reinforcing ("internal fit"). Then we consider both types of fit vis-à-vis achieving alignment between the

strategy and the system for managing human assets and how that relates to competitive advantage. Case settings include health care ("Ron Ventura at Mitchell Memorial"), hospitality ("Portman Hotel"), and digital media design ("Big Spaceship").

The second section of the course will explore three major models that guide the selection of HR practices: the "commitment" model, the "talent " model, and the "collaborative" model. We'll compare and contrast each model vis-à-vis differences in organizational design, performance management, careers, and employee voice, as well as which strategies are best supported by each one. Case settings in this section include test equipment/computers ("Hewlett-Packard"); computer-aided design hardware, software, and services ("Visionary Design Systems"); and banking ("e-solutions at Citibank"). From this point on, we'll keep these models as reference points for all topics, and will pay particular attention to companies that transition from one model to another or that implement a hybrid set of practices from two or more models. A closing session (#7, on November 15th) titled "Alignment and Competitive Advantage: Putting It All Together" will give us the opportunity to review all three models in different settings and to compare/contrast them for deeper understanding. ***Your first paper is due that day (Nov. 15th).***

In the third section, we will address a set of current topics in human and social capital that are occurring in real time, all around us, and being frequently reported upon in the news media. At a broad level, these topics touch on fundamental questions about strategy vis-à-vis human assets, namely when to seek people with necessary skills and capabilities externally (via external hires and/or hiring individuals on contract rather than as employees) vs. when to upgrade the internal skills of existing employees (including promoting from within) in order to boost capabilities and compete in new areas. We will also probe the advantages and disadvantages of hiring "stars"; new business models that are premised on having work done by "contractors" rather than "employees" and the consequences for both firms and individuals; organizational innovations designed to avoid the curses of bureaucracy; and the consequences of deciding to invest in employee skills in a highly competitive labor market. Settings in this section include investment banking ("Recruitment of a Star"); temporary employment services and contract work (multiple recent news articles about the "gig economy"); online retail ("Zappo's) and software development services ("Infosys").

The fourth section examines themes of culture, change, and leadership in connection with dramatic changes from strategic shifts (usually prompted by crisis); rapid growth and global expansion; and the changing nature of work and stakeholder relationships. In these cases, we will often trace a firm's history from its early days to the present in order to understand its strategic trajectory but also the roots of its organizational culture and how it has evolved. Case settings in this section include information technology services ("IBM"); medical supplies distribution ("Henry Schein"); and dialysis services ("DaVita"). ***The second paper assignment draws on themes from throughout the course and is due on Dec. 15th; see below for details.***

Required Readings
All course materials are available on Study.Net; for assistance, check with Wharton Reprographics. These readings include short articles from professional and academic journals, chapters from books, and case studies. ***The cases are long because they typically cover a firm's***

history, strategy, culture, and HR system so leave yourself time to get through everything.
Many sessions include optional readings that provide additional perspective on the topic or case. Powerpoint slides, additional readings, and links to blog posts and other Internet materials will be posted on the courseware site Canvas. You can access Study.Net through the Canvas site.

Courseware
We will use Canvas for courseware support. The syllabus, course handouts and assignments will be posted there. You will turn in all assignments (individual and team) by uploading your papers to Canvas, and I will return grades and comments to you electronically via Canvas. Teams will be assigned via Canvas as well (see below). Finally, I will post relevant articles or web links that come to my attention during the course, and I encourage you to do the same. Canvas now incorporates Yellowdig, which describes itself as "an information-sharing platform that enables peer engagement and social learning through interactive collaboration." I will be exploring how best to make use of Yellowdig, which makes it easy to have dialogue with not only text postings but also links to blogs, podcasts, videos, etc. It will be great if you can join in the effort to make Yellowdig a value-added aspect of this course.

Course Requirements
Students will be evaluated on class participation, two individual papers, and a group assignment.

Class Participation (**25% of your grade**)
This course requires a great deal of student involvement. Each class period will include intense discussion of the topics and issues at hand that will require students to be in-class and prepared. Students will be graded on the quality of their comments in class, not the quantity. Quality is judged based on your ability to add substantively to class discussions and your ability to link to others' comments in the class or to advance the class discussion. I will occasionally call on students but will rely mostly on voluntary participation. Therefore, it is up to you to make sure your voice is heard. Attendance will be a major component of the participation grade, and repeated unexcused absences will be grounds for failing the class.

Individual Written Work (60% of your grade)
Everyone is required to write *two papers involving the application of course concepts to case analyses.* **Each paper should be 1,250 words in length** (+ or - 5% is OK).

The first paper (30%) will be a comparative analysis of cases. It will be due, posted on Canvas, at 11:59pm on ***Thursday, November 15th***. Please put a word count (limit is 1250, + or - 5%) at the top of the paper.
      For your analysis you will compare at least two of the three cases covered in sessions 4-6:
          "Human Resources at Hewlett-Packard"
          "Visionary Design System"
          "Citibank e-Solutions"

The intent of the paper is to begin to apply some of the concepts from the early part of the course. I suggest that you consider the following key questions - this is not meant as a formal outline or strait-jacket, but as a set of issues to think about:
        ➤ Analyze the strategic challenges facing the firm

> ➤ Analyze their human assets / human resources (HA/HR) approach - their culture and the policies that support it

> > ∗ Do the policies and culture fit together well as a system?

> > ∗ Do the policies and culture help in meeting the strategic challenges?

> > ∗ Do the "models" we have discussed help in understanding these companies?

> ➤ Is one of the approaches better than the other? Or are they equally appropriate for their environments?

> ➤ Can you develop any *general* rules / approaches from these cases?

(2) For the second paper, you will analyze the "SAS Institute" case (distributed separately) OR
You can propose to analyze the relationship between strategy and HR systems at an organization with which you are familiar. *If you choose the latter option, you need to discuss your paper topic with me, no later than Thursday, November 17th.*

This paper is ***due, posted on Canvas, at 11:59pm on Thursday, December 15th.***

More details on these paper assignments, including specific questions to address in the case analyses, will be provided by the instructor during the course. Please see "Case Analysis Suggestions", below, for general ideas about how to approach these assignments.

Small Group Assignment (15% of your grade)

Your small group assignment is to write a 3 -5 page double-spaced paper regarding the readings and case for that particular class session. **Please post your paper on Canvas by 5 pm the day (Mon. or Wed.) before the assigned class.**

For this paper, I want you to dig into the readings and case: What intrigues you? What's thought-provoking? What's important? What don't you quite buy, if anything? What issues do you think the class should grapple with? I'm looking for thoughtful commentary that reflects your group's ***discussions*** of the assigned material – not a divide-and-conquer division of labor that simply summarizes it.

I will use Canvas to form randomly-assigned groups. Group information and the schedule of team assignments will be available after the class list stabilizes. Group size will depend on the course enrollment.

Here are more suggestions about the group paper:

▸ **Do** demonstrate your in-depth analysis and discussion of the assigned readings and case.

> ◦ What did you find most thought-provoking and valuable? Why?

◦ How do the readings apply to and illuminate the case, and vice-versa?

◦ What aspects of the case or readings generated debate in your team? Why?

◦ How do the readings and case relate to your own experiences as a team?

◦ How can and should business leaders – or current MBA students – put the ideas and insights you read about into practice to enhance effectiveness?

◦ What questions do you think we should discuss in class? Why?

▸ **Do** be personal, thoughtful, and analytical. **Do** use the word "we."

▸ **Do** suggest video clips, photos, recent media stories, and other resources (excerpts from books/plays/poems/songs) of relevance; feel free to be creative.

▸ **Don't** summarize the readings and case. **Don't** answer any study questions that I may have provided. The intention is thoughtful commentary on the materials, not a traditional summary and analysis.

CASE ANALYSES SUGGESTIONS

Here are some general "dos" and "don'ts" about the case analysis assignments.

- You can get into trouble if you spend too much time/space on case facts and do not provide adequate analysis. Use the facts of the case to back up your conclusions and ideas. Assume I've read the case and know the assignment.

- Be careful not to draw conclusions without the supporting arguments. Here's an example: "XYZ's process of [blank] did not support [concept A] and therefore failed to support [concept B]." This will work ONLY if you can explain why the process doesn't support concept A, and why not supporting A necessarily means no support for B.

- Start by identifying the problem/concept and build your arguments from the materials.

- Put the analysis that is running through your head onto the paper so I can see it.

- Look at both the big picture and the details…try to achieve a balance.

- Be careful not to look at only one side of the argument and ignore the other. Taking a balanced perspective will help you frame your arguments.

- Be consistent…taking on position in question #1 and then the opposite in question #2 is confusing and undermines your analysis. You cannot have it both ways.

- Strong writing, great examples, and cogent arguments are a plus.

MANAGEMENT 751: COURSE OUTLINE

************ SECTION I: The Links between Managing People and Strategy ************

Class Session #1. Tuesday, October 25
Introduction to the Course

Readings:

1. Pfeffer, Jeffrey. *The Human Equation: Building Profits by Putting People First.* Boston, MA: Harvard Business School Press, 1998, Chapter 2 "The Business Case for Managing People Right," pp. 31-63.

2. Case: "Ron Ventura at Mitchell Memorial Hospital", HBS Case #9-913-172.

Study Questions:
   1. What is your assessment of Ron Ventura's performance over the term of his two-year contract with the hospital? Should his contract be renewed?
   2. What characteristics of Mitchell Memorial Hospital need to be factored into the contract renewal situation? What strategic factors?
   3. If you were Andy Prescott, how would you plan to conduct the contract renewal conversation? What issues would you raise (and why, and how)?
   4. If you were Ron Ventura, how would you conduct yourself in the performance appraisal meeting? What are your goals?

Class Session #2. Thursday, October 27
Strategy and HRM: Pursuing External Fit

Readings:

3. Barney, Jay. "Looking Inside for Competitive Advantage." In Susan Jackson and Randall Schuler (eds.), *Strategic Human Resource Management*, 1999, pp. 128-141.

4. Case: "Big Spaceship: Ready to Go Big?" HBS Case #9-409-047.

Study questions:
   1. What are the defining features of the industry in which Big Spaceship competes?
   2. What is the value proposition of Big Spaceship and how does it enable the firm to differentiate itself? What are the strengths and weaknesses of this strategy?
   3. How do the organizational design, culture, and HR practices of Big Spaceship support the firm's value proposition?
   4. If you were Michael Lebowitz, what would you do to make sure Big Spaceship is ready to grow in a sustainable way and at an optimal pace?

Class Session #3. Tuesday, November 1
Strategy and HRM: Achieving Internal Fit

Readings:

5. Pfeffer, Jeffrey. *The Human Equation: Building Profits by Putting People First.* Boston, MA: Harvard Business School Press, 1998, Chapter 3 "Seven Practices of Successful Organizations," pp. 64-98.

6. *Background/Optional: Miller, Danny and J.O. Whitney. "Beyond Strategy: Configuration as a Pillar of Competitive Advantage," Business Horizons, 1999, May-June, pp. 5-17.*

7. Case: "Portman Hotel", HBS #9-489-104.

Study questions:
1. How do you evaluate the strategy per Barney's article (class #2) -- Distinctive? Difficult to imitate?
2. How was the HR system designed to work in support of this strategy?
3. What problems with the HR system? Why is internal fit difficult to achieve?
4. How do you evaluate the efforts to fix the problems, e.g. the Five-Star system?
5. How do you evaluate the overall approach in terms of both external and internal fit?

********** *SECTION II: THREE MODELS OF HR SYSTEMS* **********

Class Session #4. Thursday, November 3
The Commitment Model

Readings:

8. Walton, Richard E. "From Control to Commitment." *Harvard Business Review*, Vol. 63, 1985, pp. 76-84.

9. *Background/Optional: MacDuffie, John Paul. "Human Resource Bundles and Manufacturing Performance: Organizational Logic and Flexible Production Systems in the World Auto Industry." Industrial and Labor Relations Review, Vol. 48(2), 1995, pp. 197-221.*

10. Case: "Human Resources at Hewlett-Packard (A)" HBS Case, #9-495-051.

Study questions:
1. What is the HP Way?
2. How is it supported by HR policies?
3. How well does it align with HP's strategy in its early history? after entering the PC business?
4. Should the HP Way be modified (based on conditions at the end of the case)?

Class Session #5. Tuesday, November 8
The Talent Model

Readings:

11. Chambers, E. G., Foulton, M., Handfield-Jones, H., Hankin, S. M., & Michaels III, E. G. "The War for Talent." McKinsey Quarterly, 3, August 1998, pp. 44-57.

12. *Background/Optional: Guthridge, Matthew, Asmus B. Komm, and Emily Lawson. "Making Talent a Strategic Priority." The McKinsey Quarterly, January 2008.*

13. Case: "Visionary Design Systems: Are Incentives Enough?" HBS Case #9-495-011.

Study questions:

1. What strengths and weaknesses do you see in the talent model (in general)? How does the talent model support strategy? Have you had experiences working under a system?
2. What are the distinctive components of VDS's HR system?
3. What are the strategic problems facing VDS?
4. What "people" issues are affecting VDS being able to address these strategic problems?
5. Will changes in the compensation system fix these problems?

Class Session #6. Thursday, November 10
The Collaborative Model

Readings:

14. Adler, P., C. Heckscher, & L. Prusak. "Building a Collaborative Enterprise." *Harvard Business Review* (July-August), 2011.

15. *Background/Optional: Foote, N. W., Galbraith, J., Hope, Q., & Miller, D. "Making Solutions the Answer." McKinsey Quarterly, 3, 2001, pp. 84-93.*

16. Case: "Citibank e-Solutions." Ch. 3 in Heckscher, Charles. *Collaborative Enterprise: Managing Speed and Complexity in Knowledge-Based Businesses*. Yale Univ. Press, 2007.

Study questions:

1. What are the strengths and weaknesses of the collaborative model vis-a-vis other models?
2. Why is the collaborative model well-suited to "solutions" strategies?
3. What are the strategic issues facing the e-Solutions group at Citibank?
4. What are the core elements of the HR system? Does the HR system support the strategy?
5. What strategic problems is e-Solutions facing? How can they overcome them?

Class Session #7. Tuesday, November 15
Alignment and Competitive Advantage: Putting It All Together

Readings:

17. Peteraf, Margaret. "Cornerstones of Competitive Advantage." *Strategic Management Journal*, Vol. 14, 1993, pp. 179-191.

18. Ton, Zeynep. "Why 'Good' Jobs Are Good for Retailers." *Harvard Business Review* Jan-Feb. 2012.

19. Gladwell, Malcolm. "Talent Grab: Why Do We Pay Our Stars So Much Money?" *New Yorker*, October 11, 2010.

20. Robinson, James C. "Case Studies of Orthopedic Surgery in California: The Virtues of Care Coordination vs. Specialization." *Health Affairs*, Vol. 32, no. 3, 2013, pp. 921-928.

Study questions:

1. How do Peteraf's "cornerstones" apply to the cases described in the Ton, Gladwell, and Robinson articles? (e.g. *ex ante* and *ex post* limits to competition; imperfect mobility)
2. Why does Costco gain competitive advantage from creating "good" jobs for its employees?
3. Do Major League Baseball teams benefit from the switch to a "talent" model or are all those gains taken by the players receiving much higher pay?
4. In the two orthopedic surgery cases, does Kaiser Permanente's approach of highly integrated and closely coordinated services have a competitive advantage over the more narrowly specialized approach of the Hoag Institute?

First paper assignment due at 11:59pm, Tues. November 15, on Canvas

******* SECTION III: CURRENT TOPICS IN HUMAN & SOCIAL CAPITAL*******

Class Session #8. Thursday, November 17
Hiring Internally or Externally?

Readings:

21. Groysberg, Boris, Nanda, Ashish, and Nohria, Nitin. "The Risky Business of Hiring Stars," *Harvard Business Review* (May), 2004.

22. *Optional: "Why External Hires Get Paid More, and Perform Worse, than Internal Staff," Knowledge@Wharton summary of Bidwell, Matthew,"Paying More to Get Less," Administrative Sciences Quarterly, Vol. 56, No. 3, pp. 369-407.* (**posted on Canvas**)

Case: "Recruitment of a Star," HBS case #9-407-036.

Study questions
1. Why do Groysberg et al urge firms to "grow" rather than "buy" stars?
2. Whom should Stephen Connor hire? Why?
3. Imagine yourself in the place of each candidate. What strengths would you bring to light in the interview with Stephen in order to distinguish yourself from other candidates?
4. Evaluate the selection and hiring processes at Rubin, Stern, and Hertz. What changes, if any, do you recommend?

Class Session #9. Tuesday, November 22
Externalizing Work Relationships: Contract Workers and the "Gig" Economy

Readings:

23. Barley, Stephen and Gideon Kunda. "Contracting: A New Form of Professional Practice." *Academy of Management Perspectives*, 20(1), 2006, pp. 45-66.

24. Hong, Emily. "Making It Work: A Closer Look at the Gig Economy," *New America*, https://www.newamerica.org/the-weekly-wonk/making-it-work-a-closer-look-at-the-gig-economy/, October 1, 2015. (link will also be posted on Canvas)

25. Kessler, Sarah. "The Gig Economy Won't Last Because It's Being Sued to Death." *Fast Company* http://www.fastcompany.com/3042248/the-gig-economy-wont-last-because-its-being-sued-to-death, February 17, 2015. (link will also be posted on Canvas)

26. Gelles, David. "At WeWork, an Idealistic Startup Clashes with its Cleaners." *New York Times*, September 10, 2015.

27. Gregg, Melissa. "The Doublespeak of the Gig Economy," *The Atlantic*, September 11, 2015.

28. Benner, Katie. "Politicians Turn to Startups for Grasp of 'Gig Economy'," *New York Times*, October 4, 2015.

Study questions:

1. How is the "gig economy", as characterized by the examples in these articles, similar and different from past examples of contracting?
2. Some observers say that we need to find new and better definitions of "employment" and "employee" in order to develop the appropriate firm-level and public policy responses to the new business models and work arrangements in the "gig economy". Do you agree?
3. Some critics of the shift from "employees" to "independent contractors" argue that firms are simply shifting all risk to individuals. Do you agree or disagree? How do you weigh the benefits vs. the costs of this shift for both firms and individuals?

＊＊＊ NO CLASS ON THANKSGIVING, THURSDAY, NOVEMBER 24th ＊＊＊

Class Session #10. Tuesday, November 29
Organizational Design Alternatives: Seeking to Escape Bureaucracy

Readings:
29. "What Is Holacracy," from Holacracy.com. *Visit the site to learn more.*

30. Greenfield, Rebecca, "Holawhat? Meet the Alt-Management System Invented by a
    Programmer and Used by Zappos," *Fast Company*,
    http://www.fastcompany.com/3044352/the-secrets-of-holacracy, March 30, 2015.

31. Case(s): "Zappos.com (A): Bring the Shoe Store to Your Home" and "Zappos.com
    (B):Strategy Powered by Culture and People", INSEAD cases #259 and 260.

Study questions:

1. What are the benefits/pain points of a brick-and-mortar shoe store? Of buying shoes online?
2. How is Zappos different from a brick-and-mortar shoe store? How similar is it to other
    online shoe stores? How has Zappos brought the shoe store to your home?
3. How did Zappos create trust, commitment and voluntary cooperation in the organization?
4. Why does Tony Hsieh want to move Zappos towards holacracy? Will it help reach his goals?
5. How easy is it to imitate the Zappo's strategy given its culture, HR practices, and (now) its
    use of holacracy?

Class Session #11. Thursday, December 1
Upgrading Capabilities via Human Capital Investments

Readings:
32. Kochan, Thomas A., David Finegold, and Paul Osterman, "Who Can Fix the 'Middle-Skills'
    Gap?" *Harvard Business Review* (December), 2012.

33. *Background/Optional: Autor, David. "Why Do Temporary Help Firms Provide General
    Skills Training?"Quarterly Journal of Economics, November 2001, pp. 1409-48.*

34. Case: "Infosys Technologies -- Dynamic Capability Development Through Human Capital
    Upgrading (A) and (B)" Wharton Case #63 and #87.

Study questions:
The human capital model from economics distinguishes between general and firm-specific skills
and claims that firms will only invest in firm-specific skills since those aren't transferable; it
argues that firms won't provide general skills training because it risks getting no return on that
investment due to attrition (poaching). Many contemporary phenomena, including the Infosys
case, call this theory into question.

1. Based on the 'A' case, what should Infosys do to deal with various concerns raised about the certification exams?
2. Based on the 'B' case, how could Infosys keep employees motivated to take certification exams seriously?
3. What creative ideas could help to reduce attrition of skilled employees whose competencies made them highly attractive to competitors?
4. How can Infosys build on the upgrading of capabilities achieved by the certification exams to maintain a human capital advantage over its competitors?

********** *SECTION IV: CULTURE, CHANGE, AND LEADERSHIP* **********

Class Session #12. Tuesday, December 6
Culture and Change -- Part 1

Readings:

35. Hamel, Gary. "Waking Up IBM: How a Gang of Unlikely Rebels Transformed Big Blue." *Harvard Business Review*, July-Aug 2000, pp. 5-12.

36. Interview with Sam Palmisano. "Leading Change When Business Is Good." *Harvard Business Review*, December 2004, pp. 60-70.

37. Case: "IBM's Decade of Transformation: The Turnaround." HBS Case #9-805-130.

Study questions:
We will focus on the case of IBM, which underwent a major transformation in business strategy and organization starting with Lou Gerstner (an outsider), with notable success, and then continued to evolve its culture and its strategy under first Sam Palmisano and now Ginni Rometty (both IBM "lifers") to cope with new technological opportunities and changing customer needs. We'll also review some basic concepts related to culture.

The readings and case are all about IBM.
  • Hamel's article talks about how a small group of people convinced that IBM was missing the boat on the Internet broke many rules to get new initiatives moving.
  • The interview with Sam Palmisano focuses on the efforts to get IBMers to look deeply and critically at their culture, at a time when business was good, via an innovative Culture Jam.
  • The "Decade of Transformation" case talks about the turnaround under Gerstner. It is important background, but doesn't require careful prep.

Class Session #13. Thursday, December 8
Culture and Change -- Part 2

Readings:

38. Beer, Michael and Nohria, Nitin. "Cracking the Code of Change." *Harvard Business Review*, May-June 2000, pp. 133-141.

39. *Background/Optional: Rivera, Lauren. "Guess Who Doesn't Fit in At Work?" New York Times, May 30, 2015.*

40. Case: Case: "Henry Schein: Doing Well By Doing Good?" HBS case #9-914-450.

Study questions: The Beer and Nohria article identifies two theories of change (E and O) that are applied at different types of firms.

1. What is the strategy of Henry Schein and what makes it distinctive?
2. How does Henry Schein approach major organizational change, e.g. integrating acquired firms or dealing with rapid growth? E or O? A combination?
3. How does Henry Schein's approach of "doing well by doing good" relate to the firm's business strategy and organizational culture? Does this approach contribute to its competitive advantage? Why or why not?
4. What are the biggest challenges to the sustainability of Henry Schein? What can Stan Bergman do to prepare the company for these challenges?

Class Session #14. Tuesday, December 13
Leadership, Culture, and Human & Social Capital

Readings:

41. Foote, Nathaniel, Russell Eisenstat, and Tobias Fredberg. "The Higher-Ambition Leader." *Harvard Business Review*, September 2011.

42. *Background/Optional: Mead, Rebecca, "The Sense of an Ending: New Ways to Care for People with Dementia," The New Yorker, May 20, 2013.*

43. Case: "DaVita: A Community First, A Company Second" Stanford #OB-89 (9/3/14)

Study questions:
1. How important is the culture at DaVita to the realization of its strategy?
2. The DaVita mission and values are shown in Exhibit 1. They look pretty generic. What would it take to convince you that these were real – and not management hot air?
3. List all the actions that DaVita has taken to develop and maintain the culture
4. Will the DaVita culture work in Health Care Partners? Why or why not?
5. How might the cultural integration proceed? What steps should Thiry take?

 Second Paper Assignment due on Canvas at 11:59pm, Thurs., Dec. 15th