



## **MGMT 896: DECISION MAKING IN THE LEADERSHIP CHAIR**

Spring 2020, 3rd Quarter  
Wednesdays, January 22 – March 4, 3:00 – 6:00pm  
0.5 credit units  
**Room: JMHH 340**

**Instructor:** William P. Lauder, Executive Chairman, The Estée Lauder Companies Inc.  
[wplauder@wharton.upenn.edu](mailto:wplauder@wharton.upenn.edu)



William P. Lauder is Executive Chairman of The Estée Lauder Companies Inc., a global leader in prestige beauty. Since joining the Company in 1986, Mr. Lauder has been instrumental in expanding the Company's brand portfolio, distribution channels and international presence. Under his leadership he pioneered the Company's online business and oversaw the development of several successful new brands such as Origins and acquisitions such as Aveda, Bobbi Brown, M·A·C, and Smashbox. Mr. Lauder was Chief Executive Officer of the Company from March 2008 through June 2009 and President and Chief Executive Officer from July 2004 through February 2008. From January 2003 through June 2004, he was Chief Operating Officer. Mr. Lauder is a member of the Boards of Trustees of the University of Pennsylvania and The Trinity School in New York City, his alma maters. He also serves as Chairman of the Board for the Fresh Air Fund. Mr. Lauder's additional board memberships include the Jarden Corporation, The 92nd Street Y and Zelnick Media. In 2012, The Wharton School of the University of Pennsylvania appointed Mr. Lauder to its faculty as guest lecturer and he also serves on the Wharton Leadership Advisory Board. He is the son of Mr. Leonard A. Lauder and Mrs. Evelyn H. Lauder, and the grandson of the Company's founder, Mrs. Estée Lauder.

**Teaching Assistant:** Karren Knowlton, Doctoral Student, MGMT Department;  
[karren@wharton.upenn.edu](mailto:karren@wharton.upenn.edu); office hours by appointment

### **Purpose of the Course**

The purpose of this course is to promote the development of future business leaders by fostering conversations between students and experienced leaders. In contrast to many other university courses, there are no formal frameworks or materials that students are expected to memorize. Instead, the course offers an opportunity for students to learn about the multi-dimensional role of the chief executive officer particularly as it pertains to the complex decisions and environments that CEOs must navigate. These include when leading the firm during critical periods, including company restructuring, crises, executive transitions, board conflicts, and beyond. Most sessions will be conceptually framed by the instructor and grounded in his experience and that of other executives, and they will include a presentation by student teams and a dialogue with an invited executive.

## Framework for the Course

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

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

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

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

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

- Visionary
- Psychologist
- Communicator
- Values creator/maintainer

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

### **Application Process and Class Size:**

Applicants **must** be second-year MBA students and a maximum of 50 students will be selected. In order to be considered for this course, applicants will be asked to submit a resumé and complete a short (300-500 word) essay describing your interest in top management leadership, and how you think you can benefit from and contribute to the class. The deadline is **Friday, November 1, at 11:59 PM** (no exceptions). This is a competitive application process and in recent years roughly 20-25% of those who have applied have been accepted into the course.

Selection will be at the discretion of the instructor and TA. You will be notified of the outcome by November 11. To apply, please complete the form at the following link:

[https://wharton.qualtrics.com/jfe/form/SV\\_8eukeyjDBwmFqaF](https://wharton.qualtrics.com/jfe/form/SV_8eukeyjDBwmFqaF)

**If offered a place in the class, applicants must agree to attend all class sessions. This course is an elective, and spaces will only be given to students that can participate in every session. If students agree to enroll and miss sessions for anything other than grave personal emergencies, it will impact the final course grade.**

#### **Auditing and Class Guests:**

Due to the high demand for this class, we do not allow auditors or guests (such as prospective students) to attend the sessions unless they receive explicit permission from the instructor. Students who attend without invitation will be asked to leave. If you are enrolled and would like to bring a prospective student whom you are hosting, please contact the course TA before that session.

#### **Teaching Approach:**

The class is designed to be a conversation between students, Mr. Lauder, and the weekly guests. Each session will typically include preparation work, in-class activities and presentations, and open discussion sections. Towards that goal, we will utilize a “heads up” learning system. The basic elements include:

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

*Note on communications:* Mr. Lauder will be available to respond to student emails via the above email address throughout the semester. However, to ensure timely consistency with regard to questions about the course, grading, and course policies, students should also copy the course TA (Karren) on all relevant messages.

### **Course Assignments & Grading Components**

- Class attendance and participation (30%)
- Individual weekly discussion entries (25%)
- Leadership Reflection Papers (20%)
- Final paper (25%)

#### ***Class attendance and participation (30% of final grade)***

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

#### ***Individual weekly discussion entries (25% of final grade)***

Following each week's class, students will participate in an online discussion forum that focuses on the theme, speaker, and readings from that week. The purpose is to reflect on the sessions, pose additional questions, and exchange ideas with classmates. The discussion forum will be hosted on Canvas, and students will be required to make an entry **by 12:00 pm** on the Friday following each class. Entries should be no more than a few sentences long, and quantity of words will not be equated with quality. The goal is to capture key thoughts and reflections, rather than lengthy

treatments of each topic. The Canvas "Discussions" feature can be located in the main Canvas navigation menu, on the left side of the screen.

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

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

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

### ***Leadership Reflection Papers (20% of final grade)***

#### ***1. Pre-Class Reflection Paper***

A major objective of this course is for you to reflect on your own experiences and strengths/weaknesses as leaders, and to compare your own characteristics and experiences to those demonstrated by the guest speakers. To further this goal, please submit a brief (maximum of 2-pages, double-spaced) reflection paper before class begins, by **3pm on Wednesday, January 22**. Each essay should address the following:

- What leadership roles do you aspire to, and why?
- What personal characteristics and experiences do you believe would make you an effective leader in this context?
- What do you think is most likely to limit your ability to climb to this position, or function effectively if you achieve it?

#### ***2. Post-Class Reflection Paper***

After the final class session, please submit a follow-up reflection paper that addresses one of the following two topics:

- **Compares, contrasts, or expands on the first paper.** Based on the individuals and experiences discussed in class (again with a maximum length of two double-spaced pages), what has changed about your expectations for your career? Your views on leadership? *Or*:
- **Builds upon the phrase "*If I start a company...*".** Especially given the entrepreneurial focus of modern business education, we have found this idea useful for thinking about the way each of us would go about establishing and leading a new organization. What kind of culture would you seek to establish? What kind of people would you try to recruit? What kind of behaviors would you look for, and as a leader what kind of example would you set?

For either of these choices, please integrate concepts from the course, especially those that you did not expect at the beginning of the semester. If you choose the second option, you may still of course discuss topics from your first paper that relate to building a new organization.

You may submit this paper before the final class session, but please submit it no later than **3pm on Friday, March 6.**

You have a great deal of latitude to tailor these assignments to your own development, and an effective essay might focus very broadly or highly specifically. Follow-up essays may consider many points from class and compare multiple guests, or they might consider only one aspect of one guest's experience.

### ***3. Final CEO paper (25% of final grade)***

In this paper, you will play the role of advisor to either a board of directors or search firm tasked with finding a new CEO. Clearly define the specific leadership characteristics the company should seek in its new CEO using the course readings and speaker and instructor commentaries to shape, frame, analyze, and explain your assessment. You may select virtually any company for your analysis, taking the perspective that the organization is currently searching for a new CEO. Even if the firm has not made any public announcements about a CEO search, leaders may be removed or leave unexpectedly for other positions. The company can be public or private but must be large enough to have sufficient information available to do a thorough analysis.

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

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

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

Students should use a variety of source materials in order to gain multiple perspectives on the company and current situation. These might include the popular and business media, academic articles, books, company press releases, investor reports, and personal interviews. Citations are not required within the text of the paper, but each paper should include a bibliography of the sources utilized. It is very important to note, however, that only very limited space in the paper should be devoted to rehashing the business situation itself. All analysis should focus on what an individual CEO may actually influence, rather than everything the company could possibly do to change its strategy, market position, etc. Papers should read more like reflection essays than like business press articles.

The final project paper must be uploaded to Canvas by **11:59 pm on Wednesday, March 11, 2018**, and should be no more than 1,000 words in length. We understand that this is during your spring break and you are welcome to turn the paper in early, but we have to keep this deadline in order to turn grades into the university on time.

**Note on Classroom Environment:** Some sessions may be recorded for educational use by the instructor, using the existing classroom technology. These recordings will not be made available to students. Additionally, a photographer may be present for some sessions and dinners. The course will be open to outside guests and colleagues of Mr. Lauder and invited executive, though these guests will not participate in the class discussion.

**Dinners with faculty and guest speakers:** Following each class, dinner will be hosted by Mr. Lauder for the invited guests, faculty and students in MGMT 896. All students are required to join dinner following the first and last class sessions: these dinners will be held on campus and the location will be announced in class. *If you are unable to commit to attending these two dinners, please consult with the TA before agreeing to enroll in the course.*

Each student in the class will then also have the opportunity to attend one small dinner with the guest speaker & faculty from classes 2 through 6. These dinners will be held on or near campus and will be limited to 10 students each. All students should complete the following online survey to rank order their preference among the sessions.

[https://wharton.qualtrics.com/jfe/form/SV\\_25kiOVmVzReBuVT](https://wharton.qualtrics.com/jfe/form/SV_25kiOVmVzReBuVT)

Every effort will be made to assign students their highest preferred choice. However, with the goal of providing a small group discussion and opportunity to learn with the speakers, it will not always be possible to accommodate all preferences. Details will be provided in class; final decisions will be made at the discretion of the TA.

### Class Sessions

**Reading Materials:** All readings below are required and available on Canvas and/or through the links. Speaker biographies are also provided on Canvas.

#### **SESSION #1 - JANUARY 22**

#### **LEADING A PORTFOLIO OF BRANDS AND COMPANIES**

**Guest Speakers:** Stuart Ellman and Jim Robinson, *Co-Founders, RRE Ventures*

#### **Readings:**

1. "The Best Advice I Ever Got: William P. Lauder, President and CEO, Estée Lauder Companies." Daisy Wademan Dowling, *Harvard Business Review*. May 1, 2008.
2. "Shareholders First? No So Fast..." Jeffrey Pfeffer. *Harvard Business Review*. July – August 2009.
3. "Capitalism for the Long Term." Dominic Barton, *Harvard Business Review*. March 2011.
4. "The Buck Stops Where?", *Chief Executive*. September 29, 2017.
5. "Tapping into the power of humble narcissism", Adam Grant, TED.com. March 2018.
6. "Leadership Interview." *The Focus*. Volume XV/1
7. Please spend a few minutes looking over the RRE website to familiarize yourselves with the portfolio of companies

**\*\* All students are required to attend dinner following class, location to follow from TA\*\***

**SESSION #2 – JANUARY 29****LEADING THROUGH A VALUES-BASED CONSTRUCT****Guest Speaker:** Alex Gorsky, *Chairman and CEO, Johnson & Johnson***Readings:**

1. Johnson & Johnson: Our Credo
2. “Embracing the J&J Credo,” *Barron’s*. December 14, 2013.
3. Credo as Decision-Making Tool (key pages from the Credo Challenge Sessions 2013-4)
4. “J&J Needs to Break Up – NOW!” CNBC, Jim Cramer. July 20, 2015.
5. Video: “J&J - Another Fabulous Quarter!”, CNBC Squawk Box, Jim Cramer. July 18, 2017.
6. 2017 Health for Humanity Report: Executive Summary and skim other sections of the 2017 Health for Humanity Report
7. Video: “Fighting back the Bears”. *Mad Money*. December 17, 2018.
8. Credo Case Study: “To Close or Not to Close” (Read but you do not need to prepare anything, we will be discussing in class)

**Review/Skim:**

1. “The Making of a Corporate Athlete,” Jim Loehr and Tony Schwartz. *Harvard Business Review*. January 2001.
2. The YODA Project / Johnson & Johnson
3. 2017 Johnson & Johnson Annual Report and “Year in Review”
4. Johnson & Johnson Code of Business Conduct
5. Human Performance Institute Research & White Papers Website Section  
Skim these two specifically:
  - Building Resiliency: The New Business Imperative and A Staircase of Individual and Organizational Health: Bringing the Biology of Business Performance to Life

**SESSION # 3 – FEBRUARY 5****LEADING THROUGH A RESTRUCTURING****Guest Speaker:** Ed Breen, *Executive Chairman, DuPont, former Chairman & CEO, Tyco International***Readings:**

1. First five pages of the case: “Tyco International: Corporate Governance” by Rakesh Khurana, James Weber (HBS 9-408-059)

**Assignment:** Come to class prepared to discuss the following questions:

1. Given the enormous problems facing Ed Breen when he became Tyco CEO on July 25, 2002, what should be the priorities for his first 100 days in office?
2. Who should Ed Breen recruit to his top management team? And should he reorganize or even reconstitute the board of directors?
3. Ed Breen had been described as “well-versed in restructuring and turnaround for manufacturing businesses,” and what steps should he take to restructure and turnaround Tyco in the year ahead?

**SESSION #4 - FEBRUARY 12****THE ROLE OF THE CHIEF EXECUTIVE**

**Guest Speaker:** Fabrizio Freda, *President and CEO, The Estée Lauder Companies*

**Readings:**

1. "Leading Change: Why Transformation Efforts Fail", John Kotter. *Harvard Business Review*. March 1995.
2. "Luxury Prices Are Falling; the Sky, Too", *The New York Times*. 4 December 2008.
3. "Capturing the world's middle class", *The McKinsey Quarterly*. July 2010.
4. "Shaking Up the Prestige Beauty Business," Lauren Rublin. *Barron's*. June 1, 2018.

**SESSION #5 - FEBRUARY 19****LEADING TRANSFORMATION WITH RESILIENCE AND INNOVATION**

**Guest Speaker:** Dr. Judith Rodin, *former President, The Rockefeller Foundation, former President, University of Pennsylvania*

**Readings:**

1. "A Revisionist View of the Integrated Academic Health Center", *Academic Medicine*. February 2004.
2. "The 21st Century Urban University: New Roles for Practice and Research", *Journal of the American Planning Association*. 2005.
3. "Learning From the Superstorm", *The New York Times*. 2012.
4. "Response to 1990s crime shaped today's campus", *The Daily Pennsylvanian*. 2014.
5. "How Judith Rodin Created A New Model for Philanthropic Funding At The Rockefeller Foundation", *Fast Company*. 2016.

**To Skim:**

1. "ON CAMPUS WITH: Dr. Judith Rodin; In an Ivy League of Her Own", *The New York Times*. 1994.
2. "Assessing the Damage From Hurricane Sandy", *The New York Times*. 2012.
3. "Announcement of Commissions to Improve New York State's Emergency Preparedness and Response", 2012.

**SESSION # 6 - FEBRUARY 26****ENTREPRENEURIAL LEADERSHIP**

**Guest Speaker:** Laura Alber, *CEO, Williams-Sonoma*

**Readings:**

1. Hoover's Quick Guide for Williams-Sonoma, Inc. (posted on Canvas)
2. "Laura Alber: No Career Plan Needed." *AFR Magazine*, Dec 12, 2014. (posted on Canvas or [online](#))
3. Look over the Williams-Sonoma [corporate website](#) and the current brand portfolio (brands are listed at the top of the site)
4. Look over Williams-Sonoma [news releases](#) for details of latest collaborations
5. Bonus: Visit the [Williams-Sonoma](#) or [West Elm](#) stores in Philadelphia before class, or take a field trip to King of Prussia or Cherry Hill for [Pottery Barn](#) and [Pottery Barn Kids](#)

**Assignment:**

- To be distributed prior to class



**SESSION #7 – MARCH 4****LEADING CHANGE FROM WITHIN**

**Guest Speaker:** Kat Cole, *COO & President, North America, FOCUS Brands Inc.*

**Readings:**

1. “Recession Turns Malls into Ghost Towns”, *The Wall Street Journal*. May 22, 2009.
2. “How Kat Cole Went from Hooters Girl to President of Cinnabon by Age 32”, *Entrepreneur*. August 19, 2013.
3. VIDEO: American Opportunity: Kat Cole. CNN. October 10, 2015.
4. “DEATH OF THE FOOD COURT: Iconic mall chains like Cinnabon, Sbarro, and Panda Express are transforming to survive”, *Yahoo Finance*. March 9, 2017.

**\*\* All students are required to attend dinner following class, location to be announced in class\*\***