Executive MBA SD

**Theme IX**

**April/May 2013**

#### Professor Morgan McCall

The emphasis in this part of Theme IX will be on leadership in an organizational setting, although as an entrepreneurial venture grows larger the same forces come into play. We will examine how leaders can create a context for other people to do great things by the way they engage five demands of the leadership role: setting and communicating direction, aligning critical constituencies, developing an executive temperament, setting and living values, and growing themselves and others.

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**(1) Friday, April 19, 2013**

# 1:10-2:40

Leaders Create Context

### We will begin by looking at a particularly disconcerting tale of bureaucracy run amok. After diagnosing the pathologies that led to the M-16 debacle, we’ll explore the role that leadership—or lack of it—played in that situation, and conclude with the notion that effective leadership is about creating a context in which people can do great things. Developing leadership ability means increasing one’s mastery of the five demands present in all leadership roles.

**Assignment:**

* Read Fallows, “Two Weapons: The M-16”

1. What are the bureaucratic pathologies revealed in the story of the M-16?
2. In your opinion, what causes the pathologies you have listed?
3. In what ways and at what points might leadership have made a difference in the outcome?
4. Do any of the pathologies you have identified in the case exist in your organization? If so, how do you contribute to the dysfunctional patterns?

* Review “The Five Demands of Leadership.” Could failure to effectively meet any of these demands explain what happened in the M-16 case?

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**(2) Friday, April 19, 2013**

# 3:00-4:30

**Setting and Communicating Direction: The Vision Thing**

Setting direction and making sure that everyone understands it is a critical demand of leadership. Despite the attraction of arguing over the differences between vision, direction, purpose, point of view, mission or other such words, the core challenge in leadership is to have a clear, meaningful, and understandable picture of what the organization is about. But having direction is not enough—people must understand and commit to it, and the organization must be designed to support it.

**Assignment:**

* Read the article by Bennis ("Learning Some Basic Truisms about Leadership"), paying particular attention to his ideas about “the management of attention” and “the management of meaning.” Consider how you go about doing those things, and, as you read the case, how they might apply to Lou Gerstner’s leadership at IBM.
* Read “IBM Corporation Turnaround.” Lou Gerstner was IBM’s first non-technical CEO and its first outsider CEO. Brought in to save the corporate icon after an insider chief executive had failed and other notables had refused the job, he without question pulled off a miracle. Even he gave odds of one in five that IBM could be saved.

1. How did Gerstner, who was not a computer expert, figure out what was needed to change IBM?
2. Gerstner was famous for saying that the last thing IBM needed was a vision. Do you agree? Explain.
3. Under Gerstner IBM became a strongly customer focused organization. What specifically did he do to achieve that in this large, intransigent, self-absorbed bureaucracy?
4. What does Gerstner’s success suggest to you are the essential ingredients of setting and communicating direction?

Suggestions for Further Reading on the Topics Covered April 19:

Arvey, R., Zhang, Z., Krueger, D., & Avolio, B. “[Development and genetic determinants of leadership role occupancy among females](https://www.bschool.nus.edu.sg/Departments/ManagementNOrganization/publication/RichArveypublist/arvey%20zhang%20avolio%20kreuger%2007.pdf),” Journal of Applied Psychology, 92, 693-707, 2007.

Arvey, R., Rotundo, M., Johnson, W., Zhang, Z., & McGue, M., “[The determinants of leadership role occupancy: Genetic and personality factors](https://www.bschool.nus.edu.sg/Departments/ManagementNOrganization/publication/RichArveypublist/leadership%20role%20occupancy.%20arvey.pdf),” Leadership Quarterly, 17, 1-20, 2006.

Bennis, W., & Nanus, B. Leaders: Strategies for Taking Charge. New York: Harper & Row, revised 1997.

Colvin, G. Talent is Overrated. New York: Portfolio, 2008.

Gerstner, L. Who Says Elephants Can’t Dance? New York: HarperBusiness, 2002.

Gladwell, M. Outliers. New York: Little Brown, 2008.

Patton, G. War as I knew It. Boston: Houghton Mifflin, 1947.

Pinker, S. The Blank Slate. New York: Viking, 2002.

Wolf, T. The Right Stuff. New York: Bantam, 1979.

Yeager, C., and Janos, L. Yeager. New York: Bantam, 1985.

Executive MBA SD, Theme IX

(3) Saturday, April 20, 2013

# 1:10-2:40

**Setting and Communicating Direction: Two More Remarkable Stories**

Yesterday we looked at Lou Gerstner’s dramatic turnaround of IBM. There are many different ways to set direction, so today we will contrast his approach with that of two more leaders brought in to save troubled companies. It is not sufficient simply to talk about the “vision” or to have good intentions—creating change requires building the architecture to support and reinforce the vision.

Assignment:

* Read “Implementing the Nissan Renewal Plan”

1. Ghosn, a non-Japanese, was hardly an expert in fixing Japanese automobile companies (he didn’t even speak Japanese). How did he learn what was needed to successfully turn Nissan around?
2. Why did people at Nissan resist change when the problems were so evident? How did Ghosn get their commitment to the radical changes that were necessary?
3. Ghosn’s use of cross-functional teams was crucial to the success of the turnaround. What made them so effective? What did they accomplish in addition to solving some significant business problems?
4. How would you describe Ghosn as a leader? What would it be like to work for him? What could you learn from him?

* Read “Fixing Up Ford” (Fortune, May 25, 2009, 45-51)

1. Mulally was not a car guy and had no experience with mass marketing or with dealers. How did he “get on the balcony” to learn what was needed to change Ford?
2. What was his vision for Ford?
3. How did Mulally get commitment to the changes that were necessary?
4. How would you describe Mulally as a leader? What would it be like to work for him? What could you learn from him?

* In Theme 3 you were introduced to the McKinsey 7-S model for analyzing an organization’s alignment. Review the “Star” model in the reading packet—it is a version of Jay Galbraith’s original idea from which the 7-S was derived. It is modified here for the leadership application of assessing the consistency of an organization’s architecture; in essence asking if the vision, structure, processes, rewards, and staffing are in alignment. Looking at the Nissan and Ford cases, does application of the Star help us understand how direction has been embedded?
* We’ve now looked at three different leaders—Gerstner, Ghosn, and Mulally. In what ways are they different, and what, if anything, do they have in common? Can we draw any conclusions about the leadership demand to set and communicate direction?

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(4) Saturday, April 20, 2013

# 3:00-4:30

**Aligning Critical Constituencies: The View at the Top**

We now turn to a second demand of leadership, aligning critical constituencies. As we have seen in the previous cases, constituencies are many and varied. Internal constituencies may be partially aligned by the architecture of the organization, but clearly a leader cannot rely solely on systems or formal authority to influence people and win their commitment.

Assignment:

* Read the article about Anne Mulcahy and the dramatic changes needed at Xerox (Morris, “The Accidental CEO”), and come prepared to discuss the following:

1. What are the challenges faced by an insider-CEO like Mulcahy (in contrast to outsiders like Gerstner, Ghosn, and Mulally) in turning around an organization in trouble?
2. What were the critical constituencies Mulcahy needed to influence and how did she go about influencing each of them?
3. Mulcahy was hardly prepared to become CEO. How did she learn what she needed to know?

* Read Hempel, “IBM’s New CEO Looks Ahead.” Unlike Anne Mulcahy, Ginni Rometty’s challenge is not to save IBM but rather to shift its emphasis.
  1. What alignment challenges does she face in trying to move a behemoth like IBM into the “cognitive era” of computing?
  2. What specifically is she doing/trying to do to get the necessary alignment?
  3. How do her temperament and values work for or against her ability to align others?

Suggestions for Further Reading on the Topics Covered April 20:

Bossidy, L., & Charan, R. Execution: The Discipline of Getting Things Done. New York: Crown Business, 2002.

Galbraith, J. Designing the Global Corporation. San Francisco: Jossey-Bass, 2000.

Gardner, J. On Leadership. New York: Free Press, 1990.

Ghosn, C. & Ries, P. Shift: Inside Nissan’s Historic Revival. New York: Currency, 2004.

Heifetz, R. Leadership without Easy Answers. Cambridge, MA: Belknap/Harvard University Press, 1994.

Hiltzik, M. Dealers of Lightning. New York: Harper Business, 1999.

Kotter, J. Leading Change. Boston: Harvard Business School Press, 1996.

Kouzes, J., & Posner, B. The Leadership Challenge (4th Edition). San Francisco: Jossey-Bass, 2008.

Pfeffer, J., & Sutton, R. Hard Facts, Dangerous Half-Truths, and Total Nonsense. Boston: Harvard Business School Press, 2006.

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**(5) Friday, May 3, 2013**

**8:50-10:20**

**Aligning Critical Constituencies: In the Trenches**

Last we met we saw how Anne Mulcahy influenced multiple constituencies in her successful effort to save Xerox. We also saw how Ginni Rometty is trying to re-align IBM with her vision of the new generation of computing (the jury is still out on how that will turn out). Today we look at alignment at the group and individual levels.

**Assignment:**

* Read “The Jenner Situation” and put yourself first in Dr. Lemont’s shoes.

1. What is he feeling about the situation he finds himself in regarding Dr. Jenner?
2. What are his options for handling the “Jenner Situation” and what are the potential outcomes for each?

* Now put yourself in Dr. Jenner’s shoes.

1. How does he see himself and why does he act the way he does with other people?
2. How does he feel about administrators like Dr. Jenner?
3. What approach is most likely to reach him? Which would turn him off the most?

* Read Coutu, “Why Teams don’t Work” (an interview with Richard Hackman). What has been your experience with effective teams—what is the “recipe” for making teams work? What, according to Hackman, are the key considerations in leading effective teams and how does that mesh with your experience?
* Read the Harvard Business Review classic, “Managing Your Boss.” Most leaders are not the CEO and frequently lack the authority or resources to do what they want to do. That means they have to influence senior managers (or “lead up”). Is the advice in the article obvious? If it is, why is it so difficult to do?

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**(6) Friday, May 3, 2013**

**10:40-12:10**

**Setting and Living Values**

Values permeate leadership. Leaders bear responsibility for the care and feeding of the organization’s culture (the shared values of the collective), and their personal values drive the choices they make in an equifinal world. Leaders’ actions (especially in tough situations), not their words, tell everyone what they and the organization stand for.

**Assignment:**

* Read the selections by Gerstner, “On Corporate Culture” and “Leading by Principles.” What is a healthy “culture”? What is a leader’s role in creating and/or maintaining culture? What tools are at a leader’s disposal in doing that? At what level of leadership does responsibility for a culture begin?
* Read Ed Catmull’s “How Pixar Fosters Collective Creativity.”

1. What are the shared values at Pixar that define its culture?
2. What is the role of leadership in fostering a culture for creativity? In maintaining a creative culture over time?
3. How does Pixar align so many different people across so many barriers of function, discipline, level, etc.?

* Read the short article by Goldsmith (“Leaders Make Values Visible”) to get one perspective on why values are so integral to leadership. Do you agree or disagree? Why? Can you give examples of leaders who lived their values and those who did not?
* Read “We Had to Own the Mistakes” (an interview with Howard Schultz). How did Howard Schultz fare when his values were put to the test? Have your values ever been tested? What happened and what did you learn from it?

Suggestions for Further Reading on the Topics Covered May 3:

Cialdini, R. Influence: The Psychology of Persuasion. New York: Collins, 1998.

Clawson, J. Level Three Leadership (5th Edition). Upper Saddle River, NJ: Prentice Hall, 2011.

DePree, M. Leadership is an Art. New York: Dell, 1989.

Greenleaf, R. The Power of Servant Leadership. San Francisco: Berrett-Koehler, 1998.

Hackman, J. R. Leading Teams. Boston: Harvard Business School Press, 2002.

Kotter, J., & Heskett, J. Corporate Culture and Performance. New York: Free Press, 1992.

Sorcher, M. Predicting Executive Success. New York: Wiley, 1985.

Sorcher, M., & Brant, J. “Are you Picking the Right Leaders?” Harvard Business Review, February 2002, 78-85.

Wageman, R., Nunes, D., Burruss, J., & Hackman, J., Senior Leadership Teams. Boston: Harvard Business School Press, 2008.

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**(7) Saturday, May 4, 2013**

**8:50-10:20**

### Growth of Self and Others: Developing Leadership Talent

To this point we have looked at four of the demands of leadership. But how do people actually learn to meet those demands? Using the framework developed by McCall in High Flyers, we will explore how organizations and their leaders can use experience more systematically to develop talent. The alternative to growth and renewal is decline and death. This applies not only to managers as they assume progressively more responsibility, but even more so for entrepreneurs as their organizations evolve. However, developing leadership ability is not a matter of being “to the manor born” or of sending people off to programs—experience is at the heart of it.

**Assignment:**

* Read Colvin, G. “How to Build Great Leaders” (Fortune, December 7, 2009, 70-72). What does your organization do to develop leadership talent?
* Read McCall, “The Experience Conundrum” and McCall & McHenry “Catalytic Converters: How Exceptional Bosses Develop Leaders”

What experiences have shaped you? What are the implications for your development as a leader? For you as a leader responsible for developing others? For you as a leader or entrepreneur wanting to build a successful organization?

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**(8) Saturday, May 4, 2013**

**10:40-12:10**

**Growth of Self and Others: Transitions**

As you wind down your two years in the EMBA, it may be time to consider not only where you’ve been and what got you here, but also where you go next and what will get you there. This reflection begins with our last class and leads to the finale in Theme X, for which you will be asked to draw a map of your life and make a commitment for moving forward.

**Assignment:**

* Read the Interview with Linda Hill, “What You Must Learn to Become a Manager” **and** Charan et al. (The Leadership Pipeline) Chapter 1: “Six Leadership Passages.”

Both of these articles deal with significant leadership transitions. What is the next transition you face? What are the implications?

* Listen on YouTube to Steve Jobs commencement address to the graduating class at Stanford in 2005: “Stay Hungry. Stay Foolish.”
* Read “Carlos Ghosn” (the section from “How I Work” in Fortune, October 20, 2006)

Reflect for a bit on the balance between work and the rest of your life. Are you satisfied? What sacrifices are you making, and are they the right ones?

* Fill out the “Self Rating on the Five Demands of Leadership”as a way to highlight some areas that you might want to develop as your career moves forward

Suggestions for Further Reading on the Topics Covered May 4:

Bateson, M. Composing a Life. New York: Plume, 1990.

Bennis, W. On Becoming a Leader. Reading, MA: Addison-Wesley, 1989, Fourth edition 2009.

Charan, R., Drotter, S., & Noel, J. The Leadership Pipeline. San Francisco: Jossey Bass, 2001, updated 2011.

Collins, J. Good to Great. New York: Harper Business, 2001.

Finkelstein, S. Why Smart Executives Fail. New York: Portfolio, 2003.

Gabarro, J. The Dynamics of Taking Charge. Boston: Harvard Business School Press, 1987.

Hill, L. Becoming a Manager (2nd Edition). Boston: Harvard Business School Press, 2003.

Hillman, J. The Soul’s Code: In Search of Character and Calling. New York, Warner, 1996.

Kubler-Ross, E. Death: The Final Stage of Growth. New York: Touchstone, 1975.

McCall, M. High Flyers. Boston: Harvard Business School Press, 1998.

McCall, M., & Hollenbeck, G. Developing Global Executives: The Lessons of International Experience. Boston: Harvard Business School Press, 2002.

McCall, M., Lombardo, M., & Morrison, A. The Lessons of Experience. New York: Free Press, 1988.

Thomas, D., & Gabarro, J. Breaking Through. Boston: Harvard Business School Press, 1999.

Whyte, D. The Heart Aroused. New York: Currency Doubleday, 1994.

Watkins, M. The First 90 Days. Boston: Harvard Business School Press, 2003.

**MORGAN W. McCALL, JR**.

Morgan McCall is a Professor of Management and Organization in the Marshall School of Business at the University of Southern California. At USC he has taught leadership-related courses in the Executive MBA, the MBA for Professionals and Managers (PM Program), the MBA full-time program, and the International Business Education and Research (IBEAR) MBA Program, as well as seminars for Marshall’s Office of Executive Education. He is also affiliated with the Center for Effective Organizations. He spent a sabbatical year as Director, HR Labs, HR Strategy and Planning at Sun Microsystems. Prior to joining USC Morgan was Director of Research and a Senior Behavioral Scientist at the Center for Creative Leadership in Greensboro, North Carolina.

Executive leadership, especially early identification, assessment, development, and derailment of executives, is the primary focus of Morgan's research and writing. Two books, Developing Global Executives: The Lessons of International Experience, co-authored with George Hollenbeck, and Advances in Global Leadership, Volume II, co-edited with William Mobley, extended his work to the international stage. Prior to these, he wrote High Flyers: Developing the Next Generation of Leaders (translated into Chinese, Japanese, Dutch, and Thai, and winner of the 1998 Athena Award for Excellence in Mentoring), and co-authored The Lessons of Experience, winner of the "New Perspectives on Executive Leadership Award" and a MacMillan Book Club and "Fast Track" selection. He also co-authored of Whatever it Takes: The Realities of Managerial Decision Making, Leadership: Where Else can We Go?, and Key Events in Executives' Lives, and led the team that created *Looking Glass, Inc****.***, a simulation of managerial work widely used in corporate management development.

In 1997 he was honored with the Marion Gislason award for “Leadership in Executive Development” from The Executive Development Roundtable at Boston University, and in 2008 received the “Distinguished Professional Contributions Award” from the Society for Industrial and Organizational Psychology (given “to an individual who has developed, refined, and implemented practices, procedures, and methods that have had a major impact on both people in organizational settings and the profession of I-O psychology”). In 2009 he served as an expert judge in the Fortune/Hewitt Associates/RBL Group ranking of the “Top Companies for Leaders” in North America.

Morgan has worked on leadership development issues with a variety of organizations over the years, including American Express, Amgen, Boeing, Cisco Systems, Disney Consumer Products & Disney/ABC Television Group, Eaton, Genentech, Johnson & Johnson, Microsoft, NCR, Nordstrom, PepsiCo, Procter & Gamble, Starbucks, State Farm, Sun Microsystems, Toyota Motor Sales, and Weyerhaeuser.

He earned a B.S. cum laude with honors from Yale University and a Ph.D. from Cornell’s School of Industrial and Labor Relations. He is a Fellow of the American Psychological Association, the American Psychological Society, and the Society for Industrial and Organizational Psychology. He has served on numerous editorial boards, including the Academy of Management Review, the Academy of Management Executive, Human Resource Development Quarterly, Leadership Quarterly, Executive Development Journal, and Industrial and Organizational Psychology Perspectives on Science and Practice.