



北京大學  
汇丰商学院

Peking University HSBC Business School

## Course Code MGT 519 THE BOARD OF DIRECTORS Module 4, 2015-2016

### Course Information

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Office Hour: 3:30-5:30pm Monday & By Appointment

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TA Office Hours: 7:00-9:00 pm Thursday & Friday

***Classes***

Lectures: Tuesday & Friday 10:30-12:20pm

Venue: PHBS Building, Room 225

## 1. Course Description

### *1.1 Context*

**Course overview**

Traditionally board is supposed to take a governance role in companies. Yet, change is coming. Boards are increasingly taking a more active role in strategic decisions that once belonged solely to the CEO. So, it is essential to understand how boards could contribute effectively to strategic decision making. This course aims to provide a comprehensive understanding of board of directors and how they effectively make strategic decisions. Frontier research and real business practices show that boards differ greatly in major companies and startups. Half of this course thus focuses the boards of major corporates and the other half of the course directs our attention toward the boards of start-ups. In sum, this course provides an intensive and inspiring learning experience for graduate students (MA and MBA students) and for practitioners (current or prospective executives) who are seeking career advancement and broader responsibilities in organizations. The course fits our school's leadership agenda and the curriculum of strategic management in business schools. Critical strategic decisions are made by a relatively small number of key people at the apex of an organization. It is very important to understand this group of top people - boards of directors.

**Prerequisites**

Students are required to have completed at least one management course at master/undergraduate level. If students do not meet the prerequisite requirement, but want to take this course, you must show the evidence that you have adequate academic backgrounds to the instructor. The instructor will approve whether you can take this course or not.

## 1.2 Textbooks and Reading Materials

### (1) Course textbooks and key articles

Ram Charan., Dennis Carey, Michael Useem. 2013. *Boards That Lead: When to Take Charge, When to Partner, and When to Stay Out of the Way*. Harvard Business Press.

Brad Feld, Mahendra Ramsinghani. 2013. *Startup Boards: Getting the Most Out of Your Board of Directors*. Wiley Publisher.

Larcker, D. & Tayan, B. 2011. *Corporate Governance Matters: A Closer Look at Organizational Choices and Their Consequences*. New Jersey: Pearson Education, Inc.

### (2) References

Garg, S. 2014. Microfoundations of board monitoring: The case of entrepreneurial firms. *Academy of Management Review*, 39: 114-117.

Garg, S. 2013. Venture boards: Distinctive monitoring and implications for firm performance. *Academy of Management Review*, 38: 90-108.

### (3) Cases

A list of Harvard cases and Ivey cases will be discussed in the course.

### (4) Powerpoint slides (PPTs)

There are two sets of PPT slides. One set of PPT slides without answers will be uploaded to CMS before the lecture and will be distributed in class. The other set of PPT slides with answers will be uploaded to CMS after lectures.

**Recommended Readings:** I recommend that you read (or browse) a major business newspaper (e.g., *the Wall Street Journal* or *Financial Times*) on a daily basis. You have heard the phrase “readers are leaders.” This is true assuming the reading is relevant. There is a lot to choose from so choose wisely. Most people do not read; this will be a habit that will set you apart.

## 2. Learning Outcomes

### 2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	No
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	Yes
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	Yes
	2.2. Students will be able to apply leadership theories and related skills.	Yes
3. Our graduates will be	3.1. In a case setting, students will use	Yes

trained in ethics.	appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	
	3.2. Our students will practice ethics in the duration of the program.	Yes
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	Yes
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	Yes
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	Yes
	5.3. Our students will demonstrate competency in critical thinking.	Yes

## 2.2 Course specific objectives

This course contains the frontier academic research, numerical examples, the analyses of classic and latest Harvard and Ivey cases, regarding board of directors of both established firms and new ventures. The goals of this course are to (1) facilitate students to develop a solid and comprehensive understanding of board of directors including their composition, structure, decision making in the board rooms, etc, (2) offer students fine-grained analyses of how the board monitors, partners with, or leads the management to create value for firms (3) prepare students with the knowledge of roles of boards of directors in different stages of firms including startups and established firms. Armed with such in-depth understandings of board of directors, students are more capable of shouldering responsibilities in both startups and established organizations increasingly competing in the global market.

## 2.3 Assessment/Grading Details

Assessment task	Weighting
Class Participation	20%
Mid-term Exam	25%
Homework (Group case analyses)	15%
Peer Evaluation (Group case analyses and class discussions)	15%
Final Exam	25%
Total	100%

Homework assignments submitted after the due time will be penalized 5% for each 24-hour late.

### A. Class Participation (20%)

Please plan to treat this course as an opportunity to practice the professionalism that will serve you well during your career. You owe yourself and your fellow students your presence in the classroom. Meanwhile, please note that nonprofessional behavior (i.e. sleeping in class, chatting with your neighbors during the class time, showing up late to class, reading materials other than those assigned

for this class, leaving class early, failing to turn cell phones off, passing notes, eating, rudeness, sarcasm, discrimination, etc.) that creates a distraction is likely to inhibit both your own and your peers classroom learning. As such you can expect that the demonstration of unprofessional behavior will negatively impact your grade in class participation.

Please also note that attendance is a necessary but insufficient condition for participation in a timely manner; this means that simply attending the class is not the same as participating. Participation will be graded on the basis of the quantity and quality of an individual's contribution to classroom discussions including six key case discussions. In fact, we learn best when we are actively involved in the activity we are attempting to master (consider riding a bicycle, studying dentistry).

Being well prepared for class is a prerequisite for high quality involvement, which in turn better enables you to maximize your learning. Hence, it is virtually important and it is also your responsibility that you always have read in advance the materials that will be covered during the class. Your level of preparation for this class will determine your success. Please come to class prepared.

To facilitate the evaluation of class participation, a **SEATING CHART** will be established in **LECTURE 3**. Students will be also graded high pass, low pass, just pass, and not pass according to the following criteria at the end of the semester.

*High Pass (A / A-)*

- initiates information relative to topics discussed
- accurately exhibits knowledge of assignment content
- draws upon practical experience or personal opinion, as appropriate
- offers relevant/succinct and quality input to class consistently
- attends class regularly

*Low Pass (B+ / B)*

- regularly participates in discussions
- consistently demonstrates knowledge of reading assignments
- demonstrates ability to analyze/apply course material
- demonstrates willingness to attempt to answer questions
- attends class regularly

*Just Pass (B- / C+)*

- participates in discussion when solicited
- demonstrates knowledge of course material
- offers clear, concise information relative to class assignment
- offers input, but tends to reiterate the intuitive
- missing a few classes

*Not Pass (C and below)*

- occasional input, often irrelevant, unrelated to topic or fails to participate, even when specifically asked (in large/small group discussion)
- reluctant to share information
- drains energy from the class
- behaves towards others in a disruptive fashion, for example: sarcastic comments aimed at others who are attempting to participate
- does not attend class regularly

\*Students with the University approved excuse (e.g., valid medical proof) will have his or her absence excused for that day. Besides, it is the responsibility of the absentees to consult their peers about what were covered in the class.

### **B. Mid-term Exam (25%)**

The mid-term exam will be held in the middle of the module. The date (March 21, Lecture 9) will be officially announced in due course. The format of the close-book mid-term exam may include true/false, multiple choices, essay questions and case analyses.

### **C. Homework (Group case analyses) (15%)**

There are 6 group case analyses in this course.

#### **Formation of Groups**

Group members will be assigned by the Professor at least one week before each group case discussion. To ensure students to experience sufficient interactions with each other and to experience group dynamics, group members will be different across six group case discussions.

#### **Before Case Discussions**

Each student and your assigned group members discusses the case, and write down your answers to discussion questions in a WORD document (required). Each group is also encouraged to prepare PPT slides with key points to each discussion question for class presentations. Please send your WORD document to me and TA by due time listed on each Homework Discussion Questions.

#### **In-Class Discussions**

In class discussions, each student (instead a group) will be randomly assigned to answer one question on the behalf of your group. So, it is expected that each student has a thorough understanding of each question.

#### **Homework Grades**

In the end of the module, one of six homework assignments will be randomly selected to be graded. The professor will grade this specific homework based on the sufficiency and quality of preparation, quality of in-depth analyses, accurate understandings of concepts and critical thinking. This grade accounts for 15%. Each student in a group will receive the same homework grade.

### **A. Peer Evaluation (Group case analyses and class discussions) (15%)**

After each of six case analyses and corresponding class discussions, each student is required to fill in a peer evaluation form (Appendix A). Each student's peer evaluation score will be equally to the average peer evaluation scores that the student receives from his/her group members of all six case analyses.

### **B. Final Exam (25%)**

The final exam will be held in the exam week of the module. The exam time is 3:30-5:20pm, April 25. The format of the close-book final exam may include true/false, multiple choices, essay questions and case analyses. The final exam will cover the contents in the whole module and yet emphasize more on the contents after the mid-term.

## ***2.4 Academic Honesty and Plagiarism***

Please refer to Handbook for PHBS students. It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

## **3. Topics, Teaching and Assessment Schedule**

<b>Week</b>				<b>Detailed Contents (Concepts, scenarios and cases)</b>
Week 1	Friday	29-Apr	Lecture 1	Introduction & The Evolution of Apple Board
Week 2	Tuesday	3-May	Lecture 2	<b>Opening Case</b> Opening Ivey case: What is an effective board?
	Friday	6-May	Lecture 3	<b>Board Composition and structure</b> Concepts: Board composition and structure
				Case Scenario: Design a board before Jumei's IPO @ NYSE
Week 3	Tuesday	10-May	Lecture 4	<b>Board Roles</b> Concepts: Board roles, levels of engagement and legal duties
	Friday	13-May	Lecture 5	Columbia Business School Case: Corporate Governance at Hewlett-Packard 1999-2005
Week 4	Tuesday	17-May	Lecture 6	<b>Board Selection, Diversity and Compensation</b> Concepts: board selection, diversity and compensation
	Friday	20-May	Lecture 7	Harvard Business Case: Executive compensation at GE (A)
Week 5	Tuesday	24-May	Lecture 8	<b>Board Evaluation and Removal</b> Concepts: Board evaluation and removal
	Friday	27-May	Lecture 9	Ivey Case: Infosys: Peer review at board level
Week 6	Tuesday	31-May	Lecture 10	<b>Mid-term</b>
	Friday	3-Jun	Lecture 11	<b>Established firms' Board Globalization: Change to Partner with Management</b> Case Globalizing the company Boards: Lessons from China's Lenovo
Week 7	Tuesday	7-Jun	Lecture 12	<b>Board of startups</b> Concepts: The growth of startups and board of startups
	<b>Wednesday</b>	<b>8-Jun</b>	Lecture 13	<b>Board of startups Case</b> Harvard Business School Case: Pixability: Bettina's Board Walk
Week 8	Tuesday	14-Jun	Lecture 14	<b>Board of startups</b> Concepts: Create a new venture board - I
	Friday	17-Jun	Lecture 15	<b>Board of startups</b> Concepts: Create a new venture board - II
Week 9	Tuesday	21-Jun	Lecture 16	<b>Startup board &amp; Partner with management: CEO succession</b> Harvard Business School Case: The founder CEO succession at Wily Technology
	Friday	24-Jun	Lecture 17	<b>Board of startups</b> Concepts: Recruit board members and board meetings
Week 10	Tuesday	28-Jun	Lecture 18	<b>Wrapup</b> Opening Ivey Case: What is an effective board?
Exam Week	Friday	1-Jul	9:00-11:00am	<b>Final Exam</b>



Miscellaneous

**APPENDIX A**  
**PEER EVALUATION**

**STUDENT NAME:** \_\_\_\_\_

**STUDENT ID:** \_\_\_\_\_

	The Full Name of Group Members (INCLUDING yourself)	For each group member, the full grade of his/her performance in preparation and class discussion is 100% and the lowest grade is 0%. Please grade his/her performance.
1		
2		
3		
4		

Comments

1) Did any member(s) make exceptionally strong contributions? Describe.

2) Did any member(s) fail to make appropriate contributions? Describe.