



Managing Human Capital: Keeping Hope Alive in Organizations Fall Term, 2012

Introduction

Managing Human Capital has been specifically designed to teach practical skills for the general manager who seeks to manage both other people and his or her own career with optimal effectiveness. Any and all students who believe they will need to effectively manage other people to produce superior business results should take this course. In the Managing Others' Human Capital (MOHC) segment, during the first part of the semester, we will cover best practices in the design of recruiting, performance-evaluation, and compensation systems; how to develop people, manage workforce reductions, and have difficult conversations; and how to manage corporate culture and change. In the Managing Your Own Human Capital (MYHC) segment, students will learn how to develop as a professional, navigate the transition to general manager, and evaluate career transitions and choices strategically.

The management of human capital has the potential to be the source of competitive advantage in high-performance organizations. Due to rapidly changing demographics, technologies, mergers, alliances, and increased global competition, the processes of managing human capital are becoming more central to effective organization practices and outcomes. It is obvious that companies that want to succeed need excellent people. But companies need cultures and systems in which individuals can use their talents. More importantly, *general managers must be aware of their own assumptions about people and why individuals come to work*. While virtually all leaders in organizations say they are committed to their people, many do not apply this belief.

The course takes the point of view of the general manager (not just the human resource practitioner) attempting to leverage the human capital of an organization in ways that create not only revenues, profits, and growth, but also create a unique place to work and employees and customers who are apostles of the enterprise (Heskett, Schlesinger, and Sasser, 1997). We want future general managers to be clear about how people are motivated, and how managers' assumptions drive the kind of processes, structures and strategies they create. The desired outcome is to have students' assumptions questioned, and to create high expectations of self and others not only within the class but also within the organizations students will join after Harvard Business School.

This course is based on four themes: (1) as the general manager, how do you think about leveraging your people in strategic and systematic ways; (2) what specifically needs to transpire in order to act on those beliefs, assumptions, policies, and levers to achieve competitive advantage in talent management; (3) what are the specific skills required for a general manager to operate those levers to achieve the desired results; and (4) as the professional and/or general manager, how should you think about managing your *own* human capital?

Managing Human Capital:

The course is integrative in that it builds on material addressed in the first-year courses Strategy, Economics, Organizations and Markets, and Leadership and Organizational Behavior. It is more practice-based than LEAD, highlighting how to create and adjust basic levers in the organization. Our protagonists will provide additional insights during class visits.

Topics Covered in the Course

1. Creating overall dynamic human systems
2. Achieving internal and external alignment
3. Understanding the economics of effective human-capital processes
4. Focusing on how human resource systems influence customer service
5. Creating effective organizational levers:
 - a. How can you create an optimal recruiting system?
 - b. What are the key elements of a performance management/evaluation process?
 - c. How do you reduce the labor force in an organization in the most helpful and responsible way?
 - d. What are the optimal processes to socialize new professionals into the organization?
 - e. What is a career-development plan and how does it work over time?
 - f. How do incentives and measurement systems influence organizational outcomes?
 - g. What are the best organizational practices relating to work/life balance?
6. How to achieve organizational change through the human dimension
7. How to have difficult conversations
8. How to manage your own human capital and career

The MOHC segment is divided into three modules. The first module connects organizational requirements, strategy, and human capital systems with business objectives. The second module focuses on the specific talent management levers within an organization that can be manipulated to achieve more efficient and effective organizational systems. The final module pulls all the pieces together to illustrate how organizations achieve internal alignment, with particular attention to organizational culture and change management.

The MYHC segment will involve students in interactive and reflexive exercises designed to challenge their assumptions about career planning and evolve their own career-management strategy, including thinking through work/life balance and family life. Just as there is no one correct business model for an organization, there is no one path to success. There are, however, components of individual career management that must be aligned.

In the long term, we would hope students remember this course because: their assumptions were questioned; they learned how to create processes to question those assumptions; they learned what really works in managing organizational human capital; they learned what really works in managing their own human capital and careers.

Assumptions about Organizations and the Human Dimension

- Organizations may exist for many reasons: from creating wealth to “high minded” rationales. Throughout the course the instructor and students must consider these varying objectives and the effects that organizations’ strategic intent has on the human enterprise.
- The goal of the course is to teach students how to create “better” organizations. While there may be different points of view about what a “good organization” is, the class will move quickly to the issues of individual motivation in the context of applying levers within the organization context to enhance the organization in its totality.
- “Human capital” is defined by the practices and policies that are relevant to creating the ground rules for a significant number of people in the organization to achieve common goals.
- The function of human resources within organizations goes beyond keeping employees and managers out of the legal system. The function of human resources is to enhance and protect the culture, and to drive the organizational capabilities through human capital practices.

Administrative and Other Matters

Evaluation

Fifty percent (50%) of your evaluation for the course will be based on your regular class participation. Related to the reflexive exercise (see below), you will be asked to write a short obituary about yourself. The obituary will be worth 10% of the evaluation. The remaining forty percent (40%) of your grade will be based on your exam. In summary, your final course grade will include the following weighted components: class participation (50%), reflexive exercise (10%), and exam (40%).

Class Participation

Because this is a case-based class, each student is required to be an active participant in case discussions. Your participation grade will reflect my assessment of your total contribution to the learning environment. This includes not only the frequency of your contributions in class, but also their quality. Quality includes, among other things: (1) sound, rigorous, insightful diagnosis (e.g. sharpening of key issues, depth and relevance of analysis); (2) ability to draw on course materials and your own experience productively; (3) ability to advance or sharpen in-class discussion and debate, willingness to take risky or unpopular points of view, use of logic, precision, and evidence in making arguments; (4) professionalism of your conduct (attendance, punctuality, preparedness, and showing respect to all section members and their class contributions). Unexcused absences and lack of preparation will count heavily against your grade.

In evaluating class participation, I will endeavor to reward contributions that: (1) get the discussion off to a productive start; (2) shape the discussion through the introduction or use of concepts and frameworks; (3) provide enlightening quantitative analysis; (4) help change direction when appropriate; and (5) summarize others’ comments, all in a concise manner with avoidance of repetition, digressions, and “chip shots.

Reflexive Exercise

In addition to regular class participation, students will also be asked to engage in a reflexive exercise. You will be asked to write a short one page (12 font, single-spaced) obituary about yourself. The obituary should be composed at the time you think it might appear in print (in other words, pick your date).

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Please consider this a thought experiment meant to encourage you to “look backwards.” Also, please be prepared to share your obituary with other members of the class.

The reflexive exercise is linked to the MYHC segment of the class. It will allow students to reflect on how their human capital might evolve and how their careers unravel over an extended period of time. A copy of your obituary should be emailed or handed in to my assistant, Lisa Riva (Morgan Hall T40A). **The deadline for this exercise is December 3, 2012 at 8:00 am.**

Final Exam

Details about the exam will be discussed in class later in the semester.

Office Hours

I will attempt to meet high service standards for this course. As a result, office hours will be by appointment. To schedule an appointment, please email my assistant, Lisa Riva. To help me prepare for the meeting, please also indicate in your email to her (in a sentence or two) what you might want to discuss. This will give me a sense of your agenda.

Please do not hesitate to e-mail me for simple issues that can be easily addressed without a face-to-face meeting or for any more personal issues.

Contact Information

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Managing Human Capital Syllabus Fall 2012

Introduction

1. Wednesday, September 5

Case: John Mackey, "The Anarchist's Cookbook" (Whole Foods) *Fast Company*

Reading: Jeffrey Pfeffer, "The Business Case for Managing People Right," *The Human Equation*, (Chapter 2).

Assignment Questions:

1. What do you think are some of the key reasons for Whole Foods' success?
2. As a Whole Foods leadership team member, what do you think are the critical challenges facing the firm in 2004? How would you prioritize them?

Setting Direction

2. Friday, September 7

Case: Mina O'Reilly at Logan Airport's TSA

Reading: Nitin Nohria, Boris Grosyberg, and Linda-Eling Lee, "Employee Motivation: A Powerful New Model," *Harvard Business Review*, July-August, 2008.

Assignment Questions:

1. What should Mina O'Reilly do about Ludo Sanchez?
2. What drives performance at the TSA?

Motivation and Human Behavior

3. Monday, September 10

Case: Managing Performance at Haier (A)

Reading: John Case, "Using Measurement to Boost Your Unit's Performance," *Harvard Business Review*, October 1998.

Assignment Questions:

1. Please assess the performance management system at Haier. What worked well? What did not?

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2. Please focus on individual elements of the performance management system. What is the role of each practice? Was each practice used in the performance management system absolutely necessary? Can some practices be dropped or substituted?
3. Can this measurement and reward system be exported to other countries?

4. Tuesday, September 11

Case: ProPublica

Reading: George Akerlof and Rachel Kranton, "Identity and the Economics of Organizations," *Rotman Magazine*, Fall 2006, 12-16.

Guest: Steve Engelberg

Assignment Questions:

1. What's your assessment of ProPublica to date? What human capital practices contribute to making you reach your conclusion?
2. The 2008 financial crisis incident convinced the Sandlers that more needed to be done. In 2010, they offered to triple ProPublica's annual budget (to \$30 million yearly) under the condition that ProPublica develop a better plan to manage its human capital. As a member of ProPublica's management team, what's your plan? Why?

Human Capital Levers

Recruitment and Socialization

5. Tuesday, September 18

Case: Marie Trellu-Kane at Unis-Cité

Reading: John Van Maanen, "The Smile Factory: Work at Disneyland" in *Reframing Organizational Culture*, ed. Peter J. Frost, et al. 1991.

John Kotter, "Communicating the Change Vision," in *Leading Change* (Boston: Harvard Business School Press, 1996), pp. 85-100.

Guest: Marie Trellu-Kane

Assignment Questions:

1. What is your assessment of Unis-Cité in 2005? What about its human capital practices?
2. What action plan do you recommend to address the challenges you identified? (Please be specific with regard to human capital issues.)

Recruiting and Terminating

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6. Wednesday, September 19

Case: Bradley Marquez (A)

Reading: Marc Bonaguro, "Managing Termination: How to Avoid Litigation By Treating Employees Fairly and With Respect," *American Corporate Counsel Association Docket*, March 2001.

Peter Cappelli, "An Overview of the New Employment Relationship," *The New Deal at Work*, (Introduction)

Guest: Chan Suh

Assignment Questions:

1. How would you assess the way the company managed a lay-off? What worked well? What did not?
2. What are the criteria the company should have used in deciding to initiate a reduction in force?
3. What are the lessons Bradley should learn from the Vail experience?

Managing Performance

7. Monday, September 24

Case: Harrah's: Rewarding our People

Reading: Jeffrey Pfeffer, "Six Dangerous Myths About Pay," *Harvard Business Review*, May-June 1998.

Assignment Questions:

1. What are the strategy and human capital practices at Harrah's? What worked well? What did not?
2. What advice do you have for Winn with respect to her recommendation to Loveman? Be specific.

Compensation and Rewards

8. Tuesday, September 25

Case: Teena Lerner: Dividing the Pie at Rx Capital (Abridged)

Assignment Questions:

1. Is it important to get compensation right? What are the consequences if an organization gets it wrong? What are some attributes of a good or bad compensation system?
2. How should Teena Lerner handle compensation for 2004?
3. How should she deal with the underperforming employee?

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Experimental Session: Hopes and Challenges in Compensating Human Capital

9. Monday, October 1

Reading: "Entrepreneurial Ventures and Whole-body Donations: A Regional Perspective from the United States." *Social Science & Medicine* 66(4), 2008: 963–969.

Assignment Questions:

1. Human capital is often defined as a stock of competences, knowledge, and personality attributes embodied in one's ability to perform work to produce economic value. What should human capital include?
2. What are the hopes and challenges associated with monetizing human capital?

Managing Under Uncertain Times: Exercise

10. Tuesday, October 2

This session will be held in Batten Hall. Please check Learning Hub for more details.

Note: Please come to this session wearing loose-fitting clothing and casual, slip-resistant footwear.

Managing Under Uncertain Times: Debrief

11. Wednesday, October 3

This session will be held in Aldrich 211.

Making Great People Decisions

12. Tuesday, October 9

(*Please note: You are not required to read *Great People Decisions* prior to this session.)

Case: No preparation

Reading: *Claudio Fernandez Araoz, *Great People Decisions*

Claudio Fernandez Araoz, Boris Groysberg, and Nitin Nohria, "The Definitive Guide to Recruiting in Good Times and in Bad," *Harvard Business Review*, May 2009.

Guest: Claudio Fernandez Araoz

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13. Monday, October 15

(Prior to October 15, you will be assigned *one* of the following cases to read. Both are in your course packet, but please only read the case to which you have been assigned.)

Case: Jensen Shoes: Lyndon Brook's Story
Jensen Shoes: Jane Kravitz's Story

Reading: Jack Gabarro and Linda Hill, "Managing Performance," (HBS No. 496-022).

Robin J. Ely, Debra E. Meyerson, and Martin N. Davidson, "Rethinking Political Correctness," *Harvard Business Review*, September 2006

Assignment Questions:

1. How did this relationship disintegrate?
2. Can this relationship be repaired? If so, how?

14. Tuesday, October 16

Case: The Redgrove Axial Workshop

Reading: Charles I. Gragg, "Because Wisdom Can't be Told," (HBS No. 451-005)

Assignment Questions:

1. What should Marc Fontaine do?

Development and Training

15. Monday, October 29

Case: Building a Developmental Culture: the Birth of Deloitte University

Reading: Boris Groysberg, "Developing Leaders," Harvard Business Note (9-407-015)

Guest: Barry Salzberg

Assignment Questions:

1. Why is Deloitte interested in establishing Deloitte University?
2. Evaluate the decision-making process involved in the establishment of Deloitte University.
3. If you were Barry Salzberg, what would you do to ensure the success of Deloitte University?

Human Capital and Organizational Context

16. Tuesday, October 30

Managing Human Capital:

- Case: Keeping Google “Googley”
- Reading: Larry E. Greiner, “Evolution and Revolution as Organizations Grow,” *Harvard Business Review* 76 (May-June 1998): 55-68.
- Jennifer Chatman with Sandra E. Cha, “Leading by Leveraging Culture,” *California Management Review* 45, no. 4 (2003): 20-34.
- Guest: Brian Schmidt

Assignment Questions:

1. Do you think Google has been successful? Why?
2. What is unusual about Google?
3. What are some challenges Google is facing at the end of the case?
4. What else can Google do to ensure that it remains an entrepreneurial place?
5. What other steps can Google take to help keep Google “Googley,” to avoid bureaucracy, and maintain rapid decision-making and international consistency? Please devise an action plan. Be specific.

17. Monday, November 5

- Case: King Arthur Flour
- Reading: Thomas A. Kochan, “A Jobs Compact for America’s Future,” *Harvard Business Review* 90 (March 2012): 64-72.
- Guest: Steve Voigt

Assignment Questions:

1. To what do you attribute your views on unions as an organizing system for employee representation? Why do different countries have differing views about unions and their contributions to labor and productivity? Where do unions fit into human capital management?
2. What are the theories about organizations and people that drives the King Arthur Flour leadership?
3. What are the benefits of ESOPs to employees and employers? What types of firms are best suited for this structure? What are the challenges of administering an ESOP structure?
4. What are the complementary elements of the King Arthur system that makes the ESOP structure effective?
5. What types of organizational factors should King Arthur management pay closer attention to in the future? Please be specific.

18. Tuesday, November 6

- Case: Freelancers Union
- Reading: TBA

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Guest: Sara Horowitz

Assignment Questions:

1. Should the Freelancers Union launch the Freelancers Insurance Company? Why?
2. What should Sara Horowitz do to take the company forward?

20. Wednesday, November 14*

**Please note that this case is thematically linked with Human Capital and Organizational Context, but will take place on Wednesday, November 14.*

Case: Automating the Paris Subway

Reading: James N. Baron and David M. Kreps, "Voice: Unions and Other forms of Employee Representation," Chapter 6 in *Strategic Human Resources*

Assignment Questions:

Please check Learning Hub for today's assignment questions.

Managing Your Human Capital

Developing Your "Franchise"

19. Tuesday, November 13

Case: Tim Keller at Katzenbach Partners LLC (A)

Reading: Herminia Ibarra and Kent Lineback, "What's Your Story?" *Harvard Business Review* 83 (January 2005): 64-71.

Guest: Tim Keller

Assignment Questions:

1. How effective has Tim Keller been during his initial months at Katzenbach?
2. What should Tim Keller do about his upcoming meeting? Why?
3. Have you been in a situation like this? If yes, what did you do? How well did it work out? What did you learn?
4. What lessons should Tim Keller take away? Please come prepared to defend your point of view.
5. Keller has developed a detailed plan for his life. What are the advantages and disadvantages of such a disciplined approach to life? What is a greater danger—underplanning or overplanning?

20. Wednesday, November 14*

Please see session 20 above, under the topic "Managing Your Human Capital" for details on today's case, readings, and assignment.

Developing as a Professional, Manager, and CEO

21. Monday, November 19

Case: Michael Fernandes at Nicholas Piramal

Reading: Linda A. Hill, "Managing Your Career," Harvard Business School Note No. 9-494-082 (Rev. December 15, 1998)

Assignment Questions:

1. What issues are at stake in the meeting?
2. What is Michael Fernandes' brand in the company?
3. What should he do to move forward?

22. Tuesday, November 20

Case: Don Jenkins: Resigning from the Firm

Reading: Boris Groysberg and Robin Abrahams, "Five Ways to Bungle a Job Change," *Harvard Business Review* 88 (January-February 2010): 137-140.

Guest: Steve Manchel

Assignment Questions:

1. How well do you think Don handled his departure from Smolthouse? If you were Don, what would you have done differently?
2. What should Smolthouse have done to retain Don? What should companies do to make sure people like Don don't leave?
3. What should Bud Fox Productions do to make sure Don's transition goes smoothly? Is there anything Bud Fox should be concerned about?
4. How would you make sure your job transition is successful? Please devise an action plan for yourself. Be specific.

23. Monday, November 26

Achieving Your Best Self

Reading: Laura Morgan Roberts, et al. "How to Play to Your Strengths," *Harvard Business Review* 83 (January 2005): 74-80.

Guest: Laura Morgan Roberts

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24. Tuesday, November 27

- Case: Leadership in Energy: Jim Rogers at Cinergy
- Reading: Henry Mintzberg, "Manager's Job: Folklore and Fact," *Harvard Business Review* 68 (March-April 1990): 163-176.
- Guest: Jim Rogers

Assignment Questions:

1. What is your analysis of the situation facing Rogers at the end of the case?
2. What is your assessment of Roger's performance? Please be specific.
3. How effective has Roger been as a CEO? What could you have done better? Why? How?
4. What should Jim Roger do with his grades? Please devise an action plan. Be specific.
5. How would you continue to improve yourself as a leader? Please devise an action plan for yourself. Be specific.

Managing Your Own Human Capital Project

25. Monday, December 3

Obituary Project – Group Debrief

There will be no class on December 3. Instead, you are required to meet with your four person group for 60 minutes to discuss the Obituary Project. Please read instructions for the Obituary Project and Group Meeting in the Final Instructions document on Learning Hub for today's class session. Group lists will be distributed online on November 27.

Reading: Obituary Project Instructions

Recommended Reading: Peter F. Drucker, "Managing Oneself," *Harvard Business Review*, January 1, 2005.

Assignment:

Write a short one page (12 font, single-spaced) obituary about yourself. The obituary should be composed at the time you think it might appear in print (in other words, pick your date). Please consider this a thought experiment meant to encourage you to look backwards. Also, please be prepared to share your obituary with your group, and possibly the larger class.

This reflexive exercise is linked to the MYHC segment of the class. It will allow you to reflect on how your human capital might evolve and how your career might unravel over an extended period of time.

A copy of your final obituary should be handed in or emailed to my assistant, Lisa Riva, (Morgan Hall T40A) and sent to your group Monday, **December 3, 2012 by 8:00 am at the latest.**

26. Tuesday, December 4

Obituary Project – Class Debrief

27. Monday, December 10

Last Session

28. Tuesday, December 11-Tuesday, December 18 (Dates Tentative)

Final Exam

Download available after 3:00 PM on Tuesday, December 11th. Students have 4 consecutive hours to complete exam work

2,000 Word Limit.

All uploads must be completed by 3:00 PM on Tuesday, December 18th.

BASIC GUIDELINES

1. The exam will be accessible in electronic format. You will download the exam by going to <http://exam.hbs.edu> . When you are finished, you will return to <http://exam.hbs.edu> to upload your completed exam. The time allocated for you to work on your exam is 4 hours.
2. You may work in the location of your choice.
3. While the exam is open book and open notes, the work you submit must be your own. You are not to ask questions or discuss any aspects of the exam with anyone other than Prof. Anteby.
4. For this exam, you will need to have Adobe Acrobat installed on your computer. If you do not have Adobe Acrobat, please contact MBA IT Support Services at 617-495-6070 or mbaitsupport@hbs.edu.

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Session Optional Readings

- Baron, James N., and Kreps, David M. (1999). *Strategic Human Resources: Framework for General Managers*. New York: John Wiley & Sons.
- Bartlett, Christopher A., and Ghoshal, Sumantra. (2001). *Managing Across Borders: The Transnational Solution*. Boston: Harvard Business School Press.
- Collins, James C., and Porras, Jerry I. (1997). *Built to Last: Successful Habits of Visionary Companies*. New York: Harper and Row.
- Collins, James C. (2001). *Good to Great: Why Some Companies Make the Leap...and Others Don't*. New York: Harper and Row.
- DeLong, Thomas J. (2011). *Flying Without a Net: Turn Fear of Change into Fuel for Success*. Boston: Harvard Business Review Press.
- Freeman, Richard B. (1994). *Working Under Different Rules*. New York: Russell Sage Foundation.
- Freeman, Richard B., and Rogers, Joel. (1999). *What Workers Want*. Russell Sage Foundation.
- Goleman, Daniel. (1995). *Emotional Intelligence*. New York: Bantam Books.
- Hackman, J. Richard. (2002). *Leading Teams: Setting the Stage for Great Performances*. Boston: Harvard Business School Press.
- Heskett, James L., Sasser, Jr., W. Earl, Schlesinger, Leonard A. (1997). *The Service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction, and Value*. New York: Free Press.
- Hill, Linda A., and Lineback, Kent. (2011). *Being the Boss: The 3 Imperatives for Becoming a Great Leader*. Boston: Harvard Business Review Press.
- Maister, David H. (1993). *Managing the Professional Service Firm*. New York: Maxwell Macmillan.
- O'Reilly III, Charles A., and Pfeffer, Jeffrey. (2000). *Hidden Value: How Great Companies Achieve Extraordinary Results with Ordinary People*. Boston: Harvard Business School Press.
- Perlow, Leslie A. (2012). *Sleeping with Your Smartphone: How to Break the 24/7 Habit and Change the Way You Work*. Boston: Harvard Business Review Press.
- Pfeffer, Jeffrey. (1998). *The Human Equation: Building Profits by Putting People First*. Boston: Harvard Business School Press.
- Reichheld, Frederick F., and Teal, Thomas A. (2001). *The Loyalty Effect: The Hidden Force Behind Growth, Profits, and Lasting Value*. Boston: Harvard Business School Press.
- Tushman, Michael L., and O'Reilly III, Charles A. (1997). *Winning Through Innovation: A Practical Guide to Leading Organizational Change and Renewal*. Boston: Harvard Business School Press.