**NORTHWESTERN UNIVERSITY**
**KELLOGG SCHOOL OF MANAGEMENT**

**Fall 2013**
**Marketing Strategy in the C-Suite and the Boardroom**
**940-0 Sec.81**
**Mondays – 6:30 p.m. to 9:30 p.m.**

INSTRUCTOR
Homi B. Patel

Phone: (847) 491-3522 (office); (312) 543-8013 (cell)
homi.patel@kellogg.northwestern.edu

## Nature and Purpose of Course

This course counts toward the Marketing major, and also is a requirement for the Marketing Management major.

It deals with a wide variety of subjects that are a top priority for CMOs, CEOs and Boards of Directors. The goal of the course is to expose you to how boards function, what their interests are, particularly in the marketing area, and how an effective CEO manages so many diverse roles.

There are three modules in this class:

- The first deals with "Understanding the Boardroom." Topics covered include Roles and Responsibilities of the Board, Succession Planning, Developing Marketing Dashboards for Boards, Aligning Marketing Strategy with Board Interests, and Activists in the Boardroom.

- The second module is "You as a CEO – Marketing Problems." This module deals with marketing issues that are of particular interest to Boards. Topics include Keeping Brands Relevant, Pricing, Managing Cannibalization, Diversification and Managing Start-ups.

- The last module, "You as a CEO – Leadership Skills," deals with managing change, ethical dilemmas, negotiation skills, group dynamics and conflict management.

This course, includes a mixture of case discussions, lectures, role-playing and discussion of current events. It deals with several discrete topics holistically with emphasis on the practical realities in the C-Suite and the Board Room. It is a particularly useful platform of learning for students who wish to understand the "real world" implications of being a CMO/CEO. Unlike most classes, the subjects are non-linear and do not necessarily build on each other.

There will be a number of guest speakers at the CMO/CEO level. Past speakers have included: Mary Dillon – CEO of US Cellular, and former CMO of McDonald's; Joe Ricketts, founder of Ameritrade and owner of the Chicago Cubs; Joe Tripodi, CMO of Coca Cola; Charlie Mills – CEO of Medline Industries; Rick Lenny, retired CEO of Hershey Brands, Tom Watkins, CEO of Human Genome.

940-0 is required for the six-course major in marketing management; but not for the four-course marketing major. It is tied in with the Advanced Topics in the Marketing (922-0) course taught by Professor Calder in the winter quarter in that problems of high-level strategic relevance raised by guest speakers and the instructor in this course could become projects for student groups in Marketing (922-0) to investigate in more detail.

## COURSE DETAILS

### Required Materials

1. There is a Case Packet of readings and cases for this course. There are no assigned books. Students are expected to be familiar with all background readings and be prepared to discuss all cases in class.

### Evaluation

The components of the final grade are:

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| Group Rating | 10% |
| Attendance and Class Participation | 30% |
| Dashboard Assignment (Group) | 15% |
| Berkshire Hathaway Case (Group) | 15% |
| Group Project | 30% |

**Group Rating** (10%)

Since all of the work will be done in groups, at the end of the semester each student will grade the participation and involvement of each member of his group.

**Attendance & Class Participation** (30%)

Much of the learning in this class comes from class discussion between students and with the various lecturers. Your participation grade will be evaluated on the basis of both quality and frequency of voluntary and cold-call contributions. Your familiarity with the reading materials and how your comments add to the discussions in a logical and relevant manner providing new insights, personal experiences and constructive critiques of others' contributions will determine your grade. The Group rating along with the class participation rating will determine differentiation in grades awarded to members of the same group.

**Dashboard Assignment & Berkshire Hathaway Case** (15% each)

Each group will submit a written paper answering all the specific questions. Additionally, selected groups will be assigned a specific aspect of the case. They will be required to lead the discussion on that question with a 15 minute oral presentation.

**Group Project** (30%)

The objective of the research project is to provide you with some experience in applying the concepts and methods of marketing to a real corporate problem. Details are attached separately.

## KELLOGG HONOR CODE AND CODE OF CLASSROOM ETIQUETTE

Each student is expected to abide by the Kellogg Honor Code. Activities such as discussing class materials outside of class are not Honor Code violations. In fact, such interaction is encouraged, as it enhances the overall learning experience.

Please note that the Honor Code requires any student observing another student violating the Code to inform the professor of that violation. Failure to do so is, in itself, a violation of the Honor Code.

Students in this class are also expected to abide by the Kellogg code of Classroom Etiquette, so as to create an environment that maximizes learning and mutual respect.

The use of laptops in the classroom, if used at all, should be limited to the purpose of taking notes on the classroom discussion.

**Weekly Schedule:**

Attached is a weekly schedule. Please note that because of the large number of guest speakers, at times we may have to make changes to adjust for the speakers' schedules.

**MARKETING STRATEGY IN THE C-SUITE AND THE BOARDROOM**
**Course 940-0 Sec.81**
**Fall 2013**

**Homi B. Patel**

## Module 1: Understanding the Board

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| **September 23rd** | **Understanding the Boardroom** |
| Session 1 | Anatomy of a Boardroom – a CEO's Perspective |
| Session 2 | Coca-Cola Co. – A Century of Boards & Marketing Strategies |
| Background Reading: | *How Well-Run Boards Make Decisions* by Michael Useem<br>*The CEO's Second Act* by David Nadler |

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| **September 30th** | **Managing Activists in the Boardroom** | |
| Session 1 | *Guest Speaker: | Tom Watkins<br>CEO of Human Genome |
| | **Subject:** | When a Partner Becomes a Predator |
| Session 2 | The Two Faces of the Same Activist<br>Target vs. Ackman, Penneys with Ackman | |
| | Case Discussion and Role Playing | |
| Cases: | 1) *Target Corporation: Ackman vs. the Board* by Polepu et al.<br>2) *J.C. Penney Presentation* (Handout) | |

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| **October 7th** | **Performance and Accountability** |
| Session 1 | Developing a Marketing Dashboard for Directors (lecture for group Exercise 1) |
| Session 2 | Aligning Marketing Strategy with Board Interests – Class Discussion |
| Background Reading: | *Bringing Customers in the Board Room* by Mcgovern, Court et al. |

# Module 2: You as a CEO – Marketing Problems

**October 14th** **Pricing and Managing Cannibalization**

Session 1 Managing Cannibalization

Session 2 Rohm & Haas Case – New Product Pricing

Case: *Rohm & Haas (A): New Product Marketing Strategy* by Rangan & Lasley

**October 21st** **Brand Management**

Session 1 *Guest Speaker: Rick Lenny
Former CEO of The Hershey Company
Director - McDonald's, Discover Financial, Con-Agra Foods

**Subject:** Playing to Win – Turning Insights Into Action

Session 2 Dashboard Presentations

- **Written Dashboard Presentations Due**

**October 28th** **Diversification and Product Line Management**

Session 1 Diversification as a Corporate Strategy

Session 2 Berkshire Hathaway Case Presentations

Background Reading: *Diversification via Acquisition: Creating Value* – by Salter and Weinhold

Case: Berkshire Hathaway Case by Anand & Jayanti

- **Written Berkshire Hathaway Case Due**

**November 4th** **Managing Start-ups**

Session 1 *Guest Speaker: Jeff Aronin
Founder & CEO, Ovation Pharmaceuticals
Chairman & CEO, Paragon Pharmaceuticals

**Subject:** Creating a Business from Rejects

Session 2 Marketing and Board Issues for Start-ups

Case: *Ovation Pharmaceuticals: Betting on Big Pharma's Ugly Ducklings* by Ellen Rudnic

# Module 3: You as a CEO – Leadership Skills

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| **November 11th** | **Ethical Issues Confronting Boards** |
| Session 1 | Ethical Issues Confronting Boards; Martha Stewart Case Discussion |
| Session 2 | Google's Ethical Issues in China Case Discussion |
| Background Reading: | *Ethical Managers Make Their Own Rules* by Sir Adrian Cadbury |
| Cases: | 1) *"Google Inc. – Figuring Out How To Deal With China"* – BAB 131<br>2) *Martha Stewart (A)* by Lynn Paine and Christopher Bruner |

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| **November 18th** | **Managing Change** | |
| Session 1 | *Guest Speaker: | Brian Gamache<br>CEO, WMS Industries |
| | **Subject:** | Being a CEO – There is No Formula |
| Session 2 | Role Playing Difficult Situations | |

- **Personal Reflections – Written Assignment Due**

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| **November 25th** | **Thanksgiving Break** |

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| **December 2nd** | **Humanizing Business** |
| Session 1 | Human Behavior |
| Session 2 | Personal Reflections |
| Case & Reading: | *Note on Human Behavior: Character and Situation* by Nohria, et. al. |

- **Group Project Due**
- **Bring laptops for class evaluations**

**Marketing Strategy in the C-Suite and the Boardroom (MKTG-940-0)**

**Group Project Assignment**

Each group should select a company where the Board and CEO are facing some serious strategic decisions for the future of the company. The selected company should be in one of these five areas: (1) customer well-being (health care and wealth care); (2) media and entertainment (customer engagement); (3) hospitality services (tourism, travel, hotels and restaurants), (4) retail or apparel; and (5) other consumer products.

For the company you select, develop a report addressing the following points:

1. Company's present value proposition
2. Company's present marketing strategy
3. Competitive analysis (include both direct competitors and substitute products or services)
4. Company's present performance
5. Most significant threats and/or challenges facing the company over the next 5 years, including a description of the top three most likely scenarios. Identify the major decisions that the Board/CEO must make.
6. Applying concepts, frameworks, and principles from the class and readings, make a detailed set of recommendations on what strategic initiatives this company should institute to meet these challenges. For each recommended initiative, support needs to be provided on how these actions will address the key challenges the company is facing and how this initiative will address future growth, and competitive advantage.
7. In conclusion, develop an agenda for a Board retreat listing the key issues to be resolved. Then, provide a concise summary of your recommendations to the Board and what strategy is optimal.

Your report should be written from the perspective of a consulting firm that has been retained to develop an independent strategy (*i.e.*, without management's involvement) for the Board of Directors. Feel free to be critical of the current management, if appropriate. Besides the actual content of your report, 10% of your grade will depend on your selection of the company and whether it is really facing serious challenges (*examples*: RIM (Blackberry), Barnes & Noble), and 20% on the extent to which you incorporate concepts taught in this class.

# HOMI B. PATEL

## BIO-DATA

Homi B. Patel is former Chairman, Chief Executive Officer and director of Hartmarx Corporation. After obtaining an MBA in 1975 from the Graduate School of Business at Columbia University in New York and spending four years at Corbin Ltd., Homi joined Hartmarx Corporation (HMX – NYSE) in 1979 as Vice President and General Manager for the company's Fashionaire Division. He held various marketing and divisional positions leading to his appointment as President in 1992, Chief Operating Officer in 1993, Chief Executive Officer in 2002 and Chairman in 2004.

He is also an Operating Partner at Z Capital Private Equity, a director of the Amalgamated Life Insurance Company, Mrs. Fields Cookies, TCBY yoghurt and a Trustee of the National Retirement Fund.

Homi serves the larger apparel industry as President of the Clothing Manufacturers Association of America and Chief Labor Negotiator for the industry.

Homi's other civic activities include serving as an advisory Board member of Northwestern University's Kellogg School of Management, a director of the Chicago Botanic Garden, Northwestern Memorial Health Care, and Lake Forest Hospital. He is a past trustee of the Boys and Girls Clubs of Chicago, the Jane Addams Hull House, the University of South Carolina School of Hospitality, and the Lake Forest Country Day School. Among his various recognitions, Homi has received the Good Scout Award from the Boy Scouts of America, the American Heritage Award from the Anti-Defamation League and was the keynote speaker and recipient of the Delta Pi Epsilon Distinguished Lecturer Award at the National Business Education Association Convention.

Homi lives in Lake Forest, Illinois, with his wife, Anne, and has two sons and a daughter.