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Table Of Contents

Core Competency: Leading and Inspiring 4

Note on Leader Character and Organizational Culture 5

Leadership Imperatives in an AI World 20

Core Competency: Communication 28

Leadership Communication Competencies: A Foundational Building Block For Embodying Executive Presence 29

Core Competency: Organizational Awareness 36

Organizational Culture, Values and Fit in the Workplace: Making the Right Job Choices 37

Managing Cyber Security in the Age of Artificial Intelligence 43

Core Competency: Strategic Navigation of Uncertainty and Change 48

Writing a Beautiful Action Plan 49

The Art of Dealing with Trumpian Threats and Theatrics 54

Core Competency: Planning and Results Orientation 60

Note on Introduction to Project Management 61

Setting Your Project Team Up for Success 74

How to Write an Excellent Project Scope Document 82



Leading and Inspiring

Demonstrating authentic leadership, fostering a positive and inclusive work culture, and cultivating a shared sense of purpose and commitment among team members. This competency emphasizes the importance of leading by example, cultivating trust, and nurturing talent to create a collaborative and innovative environment that inspires individuals to realize their full potential and contribute to the overall success of the organization.

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A NOTE ON LEADER CHARACTER AND ORGANIZATIONAL CULTURE

Professor Lucas Monzani wrote this note solely to provide material for class discussion. The author does not intend to provide legal, tax, accounting or other professional advice. Such advice should be obtained from a qualified professional.

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OVERVIEW

The history of great firms is the history of great leaders. Great leaders propel their firms forward while improving the social context in which their firms operate. However, regardless of leaders' influence or the transformative power of their change initiatives, unless they "cement" their principles into their organizations' culture, their vision will eventually fade away.[1] Moreover, because organizations are similar to living organisms, in that they are continuously developing, even a culture of excellence might eventually erode unless key organizational-level components are aligned to support the new culture of excellence. This note relies on two solid conceptual frameworks: Crossan, Seijts, and Gandz's framework of leader character (see Exhibit 1) and Galbraith's STAR model of organizational design (see Exhibit 2). Together, these frameworks provide a detailed account of how leaders can (1) shape a culture of excellence and (2) and redesign their organizations to support constructive cultural change.

First, this note describes what character and organizational culture are (and what they are not). Second, this note provides a step-by-step approach by which leaders can activate their character dimensions to shape a culture of excellence. Third, this note explains how leaders can apply 11 character dimensions to inform organizational development decisions that support five critical organizational-level constructs (i.e., strategy, structure, processes, people, and rewards). In this way, by embedding character in organizational design decisions, leaders can shape and support a culture of excellence.

What Is Character?

Character is an amalgam of traits, values, and adaptive behaviours that embody human excellence.[2] Hence, not all traits, values, or adaptive behaviours express strength of character—only those that positively impact people's lives, their organizations, or society at large. In other words, character can also be understood as a habit of being that empowers individuals to bring out the best of themselves across contexts.

Traits are individual attributes that vary across individuals and influence their behaviour. Traits such as *conscientiousness* or *extraversion* are believed to be either genetically inherited or developed at an early age. Because they remain stable across a person's lifespan, traits are useful to predict the "default mode" that guides a person's behaviour. For example, *conscientious* people pay great attention to quality and detail, and persist in a task until it is finished. *Extraverts* excel in leveraging social situations to their advantage (e.g., building a vast network of business contacts). Traits can also influence managerial styles.

For example, in the software development sector, all other things being equal, a *conscientious* manager will be more likely to produce high-quality work on time, whereas *extraverted* managers will be natural motivators. A survey involving 797 engineers at Microsoft Corporation revealed that engineers scoring high in conscientiousness and extraversion were more likely to occupy managerial positions. Yet, when managers were asked about the strategies they adopted in order to be more productive, *extraverted* managers preferred listening to music, whereas *conscientious* managers preferred designing their own software tools.[3]

Values are general "rules of conduct" that people gradually adopt as their own.[4] People rely on their personal values to guide and evaluate their behaviour. Unlike traits, personal values are "learned"—that is, they are transmitted through social institutions (e.g., family, school, church, the army, corporations). Similar to traits, personal values remain relatively stable across social contexts. However, because people learn from diverse social institutions, personal values might, at times, seem to be at odds with each other. For example, people might learn the value of *co-operation* from their family and the value of *results-orientation* from their sports coach. So, when faced with the dilemma of helping a direct report with a task or using that same time to move another project forward, managers who value *co-operation* above *results-orientation* will be more likely to help their direct report rather than focusing on their own tasks (and vice versa). Firms tend to pay more attention to the personal values of their employees when making promotion decisions because, as traits, personal values are good predictors of leaders' behaviour. However, whereas organizations have no moral authority to dictate which values a person should adopt, they can assess whether someone's existing personal values align with the values that the organization collectively holds as being important.

Adaptive behaviours are those behaviours that are in coherence with, and respectful of, the norms of a given context. More importantly, the adjective *adaptive* refers to the ability to shift one's behaviours when the context norms change. For example, Bob Knight, a renowned and highly successful college basketball coach at the University of Indiana was (in)famous for his highly confrontational and authoritarian leadership style. Despite being hugely successful in his leadership position, when the University of Indiana passed an anti-harassment policy, Knight failed to adapt his management style to comply with the new policy and was asked to resign.[5] The ability to be situationally aware and adjust one's behaviours accordingly is an attribute that firms also increasingly desire. As social and technological changes increase disruption across multiple aspects of the work environment, only those managers who can proactively adapt to change will thrive and create wealth for their firms.

Character is more than a mere collection of traits, personal values, and adaptive behaviours. For example, by itself, *persistence* (an element of the trait of *conscientiousness*), tells us little about a person's character. Leaders might persist in a wrong course of action merely because they lack the humility to accept they were wrong. Similarly, celebrating and rewarding the achievement of work goals (as per the value of *result-orientation*) does not provide evidence of someone's character. Leaders might encourage their followers to attain results by any means, without displaying any accountability for the existing norms and policies. Finally, the ability to regulate one's behaviour is not necessarily proof of good character. "Chameleonic" leaders who engage in political manoeuvring to advance their personal agendas instead of the common good can be highly destructive to a firm.[6]

The framework suggested by Crossan, Seijts, and Gandz suggests that without support from the other character elements, neither traits, values, nor adaptive behaviours are genuinely reflective of a leader's character.[7] Instead, when traits, values, and behaviours become interconnected and mutually inform each other, they blend into larger character dimensions. For example, the traits of being *vigorous* and *passionate*, the values of *results-oriented* and *excellence*, and the adaptive behaviour of *demonstrating initiative* blend into the character dimension of *drive*. Further, true character develops as a habit of being, which strengthens

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the interconnection between character elements (and dimensions). In other words, developing character is not an easy task; it is a journey of self-discovery that may take months, years, or even decades. To guide such journey, Crossan, Seijts, and Gandz identified 11 dimensions of character that enable effective leadership and sustained organizational excellence. Great leaders will not only incorporate these character elements and dimensions into their leadership but also cement them within their organizations' culture.

What Is an Organization's Culture?

Schein's now classic definition of *organizational culture* describes

> a pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems.[8]

The first part of Schein's definition refers to "a pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems." Such patterns conform to an organization's *underlying basic assumptions*. The adjective *underlying* signals that such assumptions tend to drop out of the organization's collective awareness as people become busy with their day-to-day activities. In other words, *underlying basic assumptions* refers to an organization's default mode, by which the members of an organization deal with everyday issues.

An organization's underlying assumptions may become obsolete over time. For example, after 100 years of market leadership in the photography industry, the Eastman Kodak Company (Kodak) struggled financially in the 1990s, as a result of declining sales of its photographic film. Kodak's slow response in transitioning to digital photography aggravated the company's decline. The irony is that Kodak was the first company to develop a digital camera in 1975, but dropped the product for fear it would threaten the company's photographic film business. Back in the 1970s, Kodak's assumption that the photographic film business "was the way to go" blinded its leadership to the inevitable end of photographic film. Rigid underlying assumptions led to poor judgment calls that made Kodak's business model obsolete.[9]

The second part of Schein's definition speaks about "the correct way to perceive, think and feel" toward the organization. *Organizational values* are the somewhat explicit social norms that inform the members of a collective regarding its views of the appropriateness or inappropriateness of various actions, choices, and behaviours. For example, Google's underlying basic assumption that "Google is not a conventional company" reflects its organizational values. Google's principles reflect the company's aspirations: "great just isn't good enough" (the pursuit of excellence), "the need for information crosses all borders" (interconnectedness), and "you can make money without doing evil" (social responsibility).[10] More importantly, Google is famous worldwide for how it transmits its cultural values to new employees. Early in their onboarding process, newcomers learn to assess whether a given work-related behaviour is "Googley" enough.[11] In short, being "Googley" refers to alignment with Google's organizational values. The strength of Google's culture is such that newcomers who fail to incorporate such values into their everyday routines are likely to have short careers at Google.

In addition to adopting values, organizations also create *cultural artifacts*. Here, *artifact* does not solely refer to tangible items such a poster on the wall; cultural artifacts can also be abstract and invisible, such as concepts or processes. An example is the logo that appears in Google's search page (i.e., "the doodle"), which changes every day to illustrate a particularly meaningful event. Whereas other tech companies aim

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to capture their corporate identity through a static logo and reinforce it through repeated exposure, Google does the absolute opposite. The daily changing of Google's "doodle" signals to stakeholders that, unlike Kodak, Google is a dynamic company that constantly changes with the times.

A healthy culture elevates organizational members, whereas a toxic culture diminishes them. Moreover, a healthy culture empowers its members to evaluate its leaders' behaviours against the organization's values. When Diane Greene, a senior vice-president at Google, secured a contract with the United States Department of Defense, a company-wide revolt followed.[12] In short, Project Maven intended to weaponize Google's artificial intelligence infrastructure to analyze drone footage and identify potential human targets. More than 4,000 employees signed a petition demanding "a clear policy stating that neither Google nor its contractors will ever build warfare technology."[13] The rationale behind the petition was that Project Maven would violate one of Google's core principles ("You can make money without doing evil"). The petition created such a grassroots momentum within Google that its senior leaders ditched Project Maven, losing between $9 million[14] and $15 million of potential profits, and closing the door to larger defence contracts. As Greene found out the hard way, for better or worse, a strong culture will resist misaligned strategic initiatives. Hence, Peter Drucker's dictum, "Culture eats strategy for breakfast."[15]

Finally, another critical component of an organization's culture is the people who are held up as organizational heroes. Through the lens of organizational culture, the term *heroes* refer to those individuals who are valued by the organization and whose deeds are celebrated by its members. Whereas not all organizational heroes are leaders, most organizations hold their senior leaders as heroes (e.g., Elon Musk at Tesla, or Warren Buffet at Berkshire Hathaway). It is essential to note, though, that one person's hero may be another person's villain. For example, it is well-known that while some Apple employees saw Steve Jobs as a visionary hero, others considered him to be a corporate bully. Firms are increasingly concerned about who occupies a hero status because organizational heroes tend to become role models and thus shape the way organizational members think, and therefore how they tackle everyday problems.

Using Character to Shape a Culture of Excellence

Leaders' character reflects in the culture of the organizations they lead.[16] Organizational stakeholders (e.g., shareholders and employees) entrust leaders with the challenging task of protecting and managing the organization's culture. The tangible benefits of a healthy culture include reduced turnover and absenteeism,[17] increased productivity, employee satisfaction, increased innovation, and learning.[18] Thus, striving for a culture of excellence is not just nice, it is a good business practice.

Mapping the Underlying Assumptions of the Existing Culture

The first step in shaping a culture of excellence is *mapping the underlying assumptions of the existing culture*. To this end, leaders rely on the character elements of *intuition* and *insight* (i.e., judgment) to identify signals that evidence the organization's underlying assumptions. Leaders can also use their analysis, critical thinking, and cognitive complexity to map such assumptions and make them explicit. In this way, leaders can generate a language that enables organizational members to regain awareness of the organization's basic assumptions and discuss them openly.[19] Finally, great leaders will rely on their *situational awareness* and *adaptability* to contrast the underlying assumptions with the market/environment in which the organization operates. For example, had Kodak's leaders realized that their assumptions regarding the firm's core business were obsolete, they might have taken decisive action to renew their organization, leverage their digital camera technology, and lead the digital revolution into the 21st century.

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Anchoring Organizational Values within Universal, Virtuous Values

The second step is *anchoring organizational values within universal, virtuous values*. If character embodies the best of human potential, then the universal values contained in its facets prescribe behaviours that will enable an organization's members to sustain constructive interactions across the organization's hierarchy. Again, the framework proposed by Crossan, Seijts, and Gandz[20] provides a road map to rethink organizational values and distinguish universal, virtuous values from mundane, non-virtuous values. For example, the character dimensions of transcendence, justice, humanity, temperance, and courage capture universal values that have been regarded as virtues for centuries in diverse cultures across the globe.[21] However, although some organizations might choose to elevate and embed Crossan, Seijts, and Gandz's 11 character dimensions into their organizational values, it is unrealistic to expect all organizations to follow suit. Instead, the 11 leader character dimensions can act as a frame of reference when (re)developing organizational values. In this way, leaders can ensure that their organization's culture truly empowers its members to live up to their true potential, and yet remain flexible to define organizational values in their terms. For example, Aecon, a Canadian construction firm, redesigned its organizational values using Crossan, Seijts, and Gandz's framework as a guide but used its own language to articulate the company's values. Aecon's new values were well accepted by its members, from the boardroom to the front lines.

Bringing Values to Life

The third step is *bringing values to life* by creating cultural artifacts that embody the 11character dimensions proposed by Crossan, Seijts, and Gandz. Cultural artifacts are necessary because it is morally questionable to attempt to impose organizational values onto individuals. Instead, organizational members who willingly internalize organizational values as their own are likely to align their actions with those values. To facilitate the internalization process, leaders can create "flagship projects" that signal the organization's new expectations of its members.

For example, Nelson Mandela invested a great deal of time in developing the leadership of the Springboks (i.e., the South African national rugby team), even when he had more pressing strategic matters at hand (e.g., inflation, recession, and the social divide). Mandela understood that the new Springboks were essential to signal to the South African public that his administration would honour the values he envisioned.[22] As per Mandela's suggestion, the Springboks adopted a new motto: "One country, one team." This cultural artifact enabled the citizens of South Africa to connect with Mandela's vision through rugby. Similarly, Mandela used his team of bodyguards as a cultural artifact; Mandela selected former Special Branch Forces and African National Congress supporters, who in the past had been bitter enemies. With such a diverse team of bodyguards, Mandela signalled to his audience that he was living up to his vision of a united South Africa—precisely by trusting his life to the men who had previously imprisoned him. Such a consistent display of character is what made "Madiba" a hero, even in the eyes of his former enemies.[23]

Sustaining a Culture of Excellence

Shaping a culture of excellence is a necessary but not a sufficient condition to create positive change in society. To sustain a culture of excellence, leaders must align the new culture with five core organizational-level components: strategy, structure, processes, rewards, and people.[24] The ability to support a culture of excellence in these five core components will distinguish firms that grow strong, flourish, and endure market pressures from "shooting stars" firms—that is, companies with great promise that eventually wither and disappear.

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Strategy

In Galbraith's words, strategy is "the company's formula for winning."[25] When properly defined, an organization's strategy sets the company's basic direction. Among other things, it involves a mission statement ("why we are doing this"), a vision ("what success looks like"), and the overarching goals and objectives that will enable the organization to accomplish the mission ("how we will achieve our vision of success"). An organization's strategy is related to, but distinct from, culture, in the sense that strategy is formalized in a plan, is explicit and quickly available to organizational stakeholders, and changes with disruptions in the market and business environment. By comparison, culture develops organically, is implicit, and is available only to those who map it using their intuition and insight. In other words, whereas strategy can be compared with the visible facet of an iceberg, culture is its underwater, invisible base. When culture and strategy align, goals, objectives, and decisions support the underlying culture, and not vice versa. In our earlier discussion about Google's Project Maven, the strategic direction suggested by Greene was misaligned with Google's strong cultural values, which led to the subsequent resistance from Google's members to pursuit such a strategy (i.e., a lack of common direction).

Strategy is the organizational-level component over which leaders have more immediate leverage. To infuse character into their strategic planning, leaders can activate the character elements of *inspiration*, *purpose*, and *future-orientation* (i.e., transcendence) to (re)formulate a compelling vision and an inspiring mission that energizes the members of the organization. Activating transcendence enables leaders to detect not only shortcomings in the way things are (i.e., the status quo) but also how the things could be (i.e., the vision). Similarly, activating the character elements of *compassion*, *magnanimity*, and *consideration* (i.e., humanity) anchors an organization's strategic goals within the larger universal virtues collected in the character framework and is highly motivating to organizational members.[26] Finally, besides *transcendence* and *humanity*, great leaders also rely on *courage* and *drive* to (1) challenge the current status quo and, literally, (2) drive change. For example, if we try to make sense of Elon Musk's vision, as grounded in transcendence, humanity, drive, and courage, we can see how Tesla Energy fits as a critical component in the Tesla Inc. mission (i.e., by improving society by mitigating the effects of climate change; attained by making a fossil fuel-based economy obsolete; and enabled by harnessing the power of renewable energies).[27]

Structure

The notion of structure captures the formal ways by which work is accomplished in the organization. Structure is related to, but different from culture, in that structure establishes the formal way in which work is organized. Galbraith distinguishes four attributes that describe an organization's structure, but for modern firms, three are critical: shape, specialization, and distribution of power.[28]

Shape refers to the number of levels in an organization's hierarchy. For example, some organizations comprise multiple layers of management positions, in which a chain of command is explicitly specified (e.g., firefighters, police, army). Other organizations prefer "flat" structures with fewer hierarchical levels (e.g., employees, middle management, and upper management).

Specialization refers to the number of job specialties required to complete a task. In an organization with highly specialized employees, employees will perform only the tasks outlined in their job description (e.g., X-rays or anaesthesiology). In organizations with low specialization, employees might rotate among different job positions as part of their work routine (e.g., food and beverage employees).

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Distribution of power refers to the degree of centralization in an organization. In *centralized* organizations, senior managers make most decisions, whereas middle managers execute on those decisions. By comparison, in decentralized organizations, middle managers and employees are empowered to deal with operational issues. Finally, in organizations that adopt a "matrix" design approach, employees report not only to their "functional manager" as per their job description but also to a "project manager"—that is, someone who leads the project in which the employee is working most of the time.

There is no *a priori* best organizational structure; it all depends on the environmental conditions in which the organization operates. It is up to the organization's leadership to make judgment calls regarding the best structure to address the mission of the organization. If structure is not aligned with the organization's core values and its strategy, resources will likely not be used effectively, execution will suffer, and hence opportunities for competitive advantage will be lost.

Great leaders (re)shape an organization's structure to support a culture of excellence by activating the character dimensions of *humility*, *collaboration*, and *temperance* to inform their decision-making regarding structural issues. For example, the more hierarchical levels an organization has, the more likely that (1) its senior leadership will be isolated from the action, (2) critical information will be lost along the chain of command, and (3) leaders will suffer cognitive biases (e.g., self-confirmation biases).[29] If leaders do not remain *modest* and *respectful*, they will likely lose touch with their collaborators at the base of the hierarchy, who in turn can provide crucial information through informal communication channels, and hence enhance leaders' decision-making. When organizations embark on complex projects—that is, projects that require multiple subject matter experts working integratively—great leaders must be *humble* enough to understand that no single person can cope with all the facets of a complex project (bounded rationality). Thus, remaining *continuous learners*, but also *flexible* and *collegial* enables power to move (temporally) to those who have the expertise to solve an issue and enhance the project's overall execution.

For example, the systems engineer (SE) position at the European Space Agency (ESA) has a job description, a pay grade, and fixed salary, and yet, engineers spend most of their time working in cross-functional teams. In the past, an SE would tackle each step of a project sequentially. However, when the project made it to the financial specialist, the resulting design was often found to be entirely out of budget, delaying the project. Today, an SE produces designs concurrently with other subject matter experts (SMEs), external stakeholders (e.g., government officials), and industry partners (e.g., Thales Alenia Space or European Aeronautics, Space, Defense and Security). ESA's leadership developed the concurrent design approach to deal with competing demands from a diverse group of stakeholders; it is enabled by a technological solution, the concurrent design facility (CDF).[30] Under the concurrent design approach, a project leader orchestrates the design effort, by "giving the floor" to the SE or SME who has the critical information to solve the issue being discussed. As a result, ESA's CDF division reduced costs significantly by improving critical information exchange and reducing communication inefficiencies that led to inflated budgets.[31] The CDF is a structural choice that illustrates well how structure can support ESA's culture, which values equal participation, co-operation, and respect among its partner states and external stakeholders for the peaceful exploration of space.

Processes (Information Flow and Decision-Making)

Galbraith defines decision processes as the way an organization functions, distinguishing vertical processes from horizontal processes.[32] *Vertical* processes involve managerial decisions and actions regarding the allocation of resources (e.g., business planning and budgeting) and talent (e.g., the creation and staffing of projects). By comparison, *horizontal* processes refer to workflow and operations (e.g., from the moment a purchase order enters the organization until it is satisfied). We updated the term *processes* to include

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"information flow and decision-making" because 21st-century decision-makers cannot make proper decisions without data analytics. Thus, ensuring that information flows adequately both vertically and horizontally ensures that (1) the optimal amount of information is available, and (2) operations use data to streamline workflow. Information flow is related to, but distinct from culture, in the sense that information systems are explicit, somewhat rigid, and formalized through information technology (e.g., databases). In contrast, culture is implicit, flexible, and organic, and thus tends to evolve as the organization develops.

Even in the age of "big data," no system can adequately capture all the contingencies that an organization might face. Thus, aligning information systems with the organization's culture is critical to ensure that decision-makers not only have the data but can make sense of such data. If information systems are vertically or horizontally misaligned with the organization's culture, two outcomes will result. First, vertical misalignment will lead to decision-makers basing their decisions on an incomplete set of assumptions (due to their lack of awareness of the underlying assumptions), thereby increasing the risk of inefficient execution. Second, when information systems are *horizontally* misaligned, operations will suffer (e.g., production cycles may increase). Moreover, the organization will miss opportunities for synergies through cross-boundary collaboration (e.g., unrealistic expectation regarding scaling capabilities).

Furthermore, databases and analytics alone cannot determine the quality of organizational decisions. Social processes significantly impact how information is shared, interpreted, and applied. Great leaders understand the potential of both machine and social information systems to support a culture of excellence. More precisely, great leaders can rely on their *cognitive complexity, analysis,* and *critical thinking* to incorporate multiple sources of data into their decision-making process and prevent cognitive biases from interfering with their sense-making process. These more analytical components of the character dimension of *judgment* complement *insight* and *intuition*, in the sense that they enable the use of data to determine whether their organization's underlying cultural assumptions are obsolete or not.

Again, one might argue that Kodak's poor decision of focusing on the photographic film industry lacked not only insight but also data regarding future market trends to support (or reject) their underlying assumptions regarding industry trends. Similarly, the character dimension of *humility* can prevent decision-makers from engaging in cognitive biases, such as self-confirmation biases, which occur when individuals use data to support their pre-established assumptions toward a given topic, instead of using data to make realistic assumptions.[33] Similarly, the virtuous character dimension of *collaboration* might become a vice that leads to groupthink, which is a collective bias, in which some individuals withhold expressing their opinion when it contradicts a given majority in a group decision-making process.[34] Groupthink has been associated with many accidents and fiascos, including the Challenger shuttle explosion.[35] In consequence, great leaders enhance their judgment and decision-making process using character dimensions to make character-infused judgment calls.

Rewards

An organization's reward system ensures that the effort (or the lack thereof) that organizational members apply to their tasks is appropriately measured and acknowledged. Rewards can be tangible (e.g., money, bonuses, profit sharing, stock options, benefits, or promotions) or intangible (e.g., public recognition or hero status). Tangible rewards are usually captured in a salary policy, and assessed through specific metrics (e.g., monthly sales or units per hour), whereas intangible rewards are more challenging to measure because they derive from social consensus within the organization. The reward system differs for culture: whereas behaving in alignment with an organization's culture (e.g., being "Googley") will likely result in intangible rewards, attaining operational and strategic goals will result in tangible rewards.

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Empirical research shows that there is no one best salary policy; it all depends on the nature and mission of the organization. However, linking rewards to challenging but attainable goals is a proven way to energize employees.[36] A key point to understanding rewards systems is that the energizing effect of rewards depends on whether the organizational reward system is perceived as being *fair*. If organizational members believe that the system is rigged, or find ways to "game the system," then, instead of motivating employees, rewards will have the opposite effect.[37] Moreover, for individuals, tangible rewards lose their energizing effect after individuals reach a certain income level. After such a threshold, intangible rewards become a stronger energizing factor than tangible rewards.[38] In other words, "throwing money at people" can take you only so far; great leaders understand that, to energize their organization for excellence, they need to create a compelling narrative to inspire their high-potential performers. If the reward system does not support a culture of excellence, counterproductive employee behaviours will likely appear (e.g., social loafing, free-riding, and increased absenteeism and turnover).

Great leaders ensure that their organization's reward system supports a culture of excellence by activating not only the character elements of *fairness, equitability* (justice) but also *transparency* and *consistency* (integrity). More precisely, great leaders understand that the reward must match the nature of the effort. For example, if the organization's culture values collaboration, but its rewards system acknowledges only individual effort, organizational members will likely attempt to free-ride on the efforts of others. Further, if no clear performance logic exists, or it is not transparently communicated to its members, employees will very likely feel that "there is nothing they can do" to receive high rewards. Great leaders also activate the character elements of *purpose*, *inspiration*, and *optimism* (transcendence) to promise (and deliver) intangible rewards to its collaborators. Saint-Exupery captured this character dimension in his now famous quote: "If you want to build a ship, don't drum up the men to gather wood, divide the work and give orders. Instead, teach them to yearn for the vast and endless sea."[39]

People/Human Resource Management

Galbraith's framework defines *people* as the organizational-level component that comprises the recruitment, selection, rotation, training, and development of talented individuals. Like the previous organizational-level components, *people* is related to, but distinct from *culture*. Whereas the role of the people/human resource management (HRM) function is to determine a candidate's requirements for a given job position and make those requirements explicit in a job description, an organization's culture collects the implicit expectations that are not written in the job description but are essential to career progression within an organization. For example, being "Googley" is unlikely to be an explicit component of Google's job descriptions, but it can have a significant effect on a career inside Google (or the lack thereof). Similarly, whereas the HRM function can provide organizational members with formal onboarding and on-the-job training, it is the organization's culture that transmits the "correct" way to perceive, think and feel in relation to everyday problems.

When people/HRM training procedures are not in line with the organization's culture, employees will likely deviate from standard procedures and practices and follow the tacit practices dictated by the organization's culture. The negative consequences of a misalignment between people/HRM practices and the organization's culture include reduced employee satisfaction, ineffective use of human resources, and increased employee turnover. Great leaders understand that people *truly* are an organization's greatest asset and not just a nice phrase to say to their employees. Recruiting the right people and leading them effectively generates *human capital resources,* defined as a higher-level unit or firm capabilities that arise from the effective combination of individual-level capabilities.[40]

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The ways in which people work together to implement and improve work processes to execute on initiatives are critical to achieving a firm's strategic goals. Human capital resources also have the potential to drive competitive advantage because the informal relationships, social sharing of information, and development of tacit knowledge are difficult for competitors to copy easily. Thus, fostering a culture of excellence is critical to ensuring that the resources invested in attracting talent do not become wasted by the negative influence of cultural misalignment.

The people/HRM function is essential to the firm and can support a culture of excellence in several ways. First, the people/HRM function can increase the likelihood that the new talent who enter the organization are an appropriate cultural fit. Ensuring such fit requires that organizations embed character into their HR practices.[41] Regarding recruitment and selection, the usual practice of most firms is to select based on intelligence (e.g., through grade point average scores),[42] personality traits[43] (e.g., conscientiousness and emotional stability), and competencies. However, a study following the lifespan of identical twins revealed that inherited traits explained only 24 per cent of what led people to attain leadership roles, with the remaining 76 per cent linked to socio-cultural factors.[44] Consequently, incorporating competencies into a firm's selection strategy reduces the risk of a "bad hire" because, more than intelligence or traits, competencies are learned and supported by an individual's intelligence and social environment. Competencies are usually defined as the sets of knowledge, skills, and abilities (KSAs) that enable individuals to perform effectively in a given job. Unfortunately, given that each organization needs to define its own "competencies dictionary," the competencies learned in one firm might not translate, or may even be irrelevant, in other firms. Thus, even selecting on inherited traits and competencies might still not represent the optimal solution. Instead, given the universal, virtuous nature of the character dimensions proposed by Crossan, Seijts, and Gandz, incorporating character dimensions into hiring decisions, alongside competencies, would reduce the risk of a bad hire, as the stronger a leader's character, the more likely the leader's competencies will be directed toward the betterment of society. Warren Buffet once said: "In looking for people to hire, you look for three qualities: integrity, intelligence, and energy. And if you don't have the first, the other two will kill you. You think about it; it's true. If you hire somebody without Integrity, you really want them to be dumb and lazy."[45]

The second duty of the people/HRM function to support a culture of excellence is to identify and develop talent. Again, given that inherited characteristics remain stable over time, organizations can do little to develop those characteristics. Instead, healthy organizations can develop character in their employees through the habitual exercise of virtue when dealing with everyday problems. In other words, the decisions that individuals make when tackling an issue will develop their character. Firms from both the private and public sectors are showing interest in developing character alongside developing competencies in their formal training programs, as a way to (re)shape a culture of excellence. Recent examples involve Manulife, the Canada Revenue Agency, Aecon, and General Dynamics.

One way that great leaders can develop character in their collaborators is through vicarious learning.[46] Vicarious learning, also known as role modelling, refers to insights and intuitions that derive from indirect sources, such as hearing or observation, rather than direct, hands-on, instruction. Senior leaders are a pristine source of vicarious learning because, as mentioned above, organizational members tend to observe in great detail what their senior leaders say, but more importantly how they behave. As a result of such vicarious learning, collaborators are likely to (1) imitate their leaders' behaviours, (2) incorporate their leader's personal values as their own, and ideally (3) start developing their own character. For example, Mandela had a positive influence on his collaborators, by enacting character on a day-to-day basis. Not surprisingly, Mandela's close collaborators started adopting his vision for South Africa as their own, even those bodyguards who initially perceived him as a terrorist.[47] Mandela's example highlights the importance for leaders of displaying all the eleven dimensions of character as a true "habit of being."

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The third duty of the people/HRM function is to combine the KSAs and other qualities (e.g., diversity of background and perspective) of organizational members to create valuable unit- and firm-level capabilities that constitute excellence in executing on the organization's mission. In a dynamic global economy, a key capability of the organization is the ability to learn, which involves proactively developing new processes and improving the existing systems to maintain competitiveness as the environment changes. Great leaders rely on their character to foster organizational learning in two ways: feedforward and feedback.

First, as suggested by Crossan, Seijts, and Gandz,[48] great leaders will rely on the character elements of *intuition*, *insight*, and *situational awareness* (judgment) and the character elements of *continuous learning* and *reflection* (humility) to transform individual's learning experiences, first, into a collective learning experience, and then into corporate policies, in what Crossan, Seijts, and Gandz termed "the feedforward loop." More precisely, given their unique position in an organization's hierarchy, great leaders can use information available to the upper echelons of the organization to make sense of what is going on, and then communicate that information to their close collaborators. Similarly, great leaders activate the character elements of *modesty* and *vulnerability* (humility) to listen to, and incorporate the insights of, lower-level employees, who are more likely to be in touch with key factors such as customer views or operational bottlenecks that senior leaders don't see. Second, great leaders rely on the character elements of *collegiality*, *co-operation*, and *flexibility* (collaboration) to facilitate a dialogue and interpretation of a specific learning event, now in the light of the additional information that derived from leaders' personal intuitions and insights. Great leaders will also rely on the character elements of *ownership* (accountability), *initiative*, and *striving for excellence* (drive) to institutionalize the collective learnings that emerge from the dialogues occurring in teams across the organization into corporate policies.

Once such learning is institutionalized, a second sequence of events start to occur, which Crossan, Seijts, and Gandz labelled "the feedback loop." More precisely, the newly minted corporate policies become organizational inputs that inform teams' collective behaviours (group processes) and shared mental models (cognitive emerging state). The shared mental models inform new team members about the "correct" way to perceive, think and feel towards the organization. For example, the never-ending record of similar catastrophic failures are evidence of the National Aeronautics and Space Administration's (NASA's) inability to learn as an organization. Without great leaders who rely on character to build organizational capabilities through learning, organizations such as NASA forfeit the intuitions and insights of their highly competent employees. Until NASA starts learning from its collective errors, the top management teams at NASA might change names, but it is unlikely that the number of systemic issues (and catastrophic failures) will decrease. Last, but not least, combining character with the aforementioned organizational learning process might be particularly relevant to identify and manage "silent" organizational issues (e.g., covert discrimination, workplace aggression, or even sexual harassment). Once leaders become aware of such silent issues, the character elements of *responsibility* (accountability), *empathy* (humanity), and *social responsibility* (justice) should energize great leaders to ensure the safety and well-being of their collaborators, thus preventing the emergence of a toxic culture by supporting the culture with the appropriate human resources policies.

CONCLUSION

This note aims to provide (future) managers with guidelines for using character to (re)shape a culture of excellence and using organizational-level components to support a culture of excellence. From several frameworks of leadership and organizational design, we have chosen two well-established frameworks that provide insights regarding how leaders can create a lasting impact that can enhance the overall functioning of their firms by sustaining a culture of excellence.

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EXHIBIT 1: THE LEADER CHARACTER FRAMEWORK



Source: Mary M. Crossan, Alyson Byrne, Gerard H. Seijts, Mark Reno, Lucas Monzani, and Jeffrey Gandz, "Toward a Framework of Leader Character in Organizations," *Journal of Management Studies* 54, no. 7 (2017): 986–1018.

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EXHIBIT 2: AN ADAPTED VERSION OF GALBRAITH'S STAR MODEL



Note: HRM = human resource management
Source: Created by the case author based on Galbraith's Star Model; Jay R. Galbraith, "The Star Model," accessed July, 15, 2018, www.jaygalbraith.com/images/pdfs/StarModel.pdf.

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LEADERSHIP IMPERATIVES IN AN AI WORLD

By Julian Birkinshaw

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Leadership Imperatives in an AI World

By: Julian Birkinshaw

As a consultant and academic focused on large-scale change and digital disruption (as I write this, I am in the process of moving to Ivey Business School after 25 years at London Business School), I have keenly observed the scrambling to figure out how generative artificial intelligence (AI) will affect our working lives sparked by the arrival of ChatGPT in late 2022.

In the press, much of the focus has been on the impact on employment, with conflicting headlines ranging from the "AI could replace equivalent of 300 million jobs" that was attached to a BBC report to the "AI Will Not Eliminate Jobs" that topped a column by *Forbes* contributor Shep Hyken. Estimates of potential gains on the productivity front have also varied significantly, ranging from a whopping 3–4 per cent increase in annual GDP growth to a paltry 0.066 per cent annual increase in productivity.

Roy Amara, cofounder of Palo Alto's Institute for the Future, argued, "We overestimate the effect of a technology in the short run, and we underestimate the effect in the long run." That could be what's happening with AI. As things stand, I think the near-term impact on jobs and productivity will be small, at the lower end of the ranges noted above. But in the long run, who knows?

The truth is that we have no clear sense of how the AI revolution will play out. As recently pointed out in *The New York Times* DealBook newsletter, a lot of the economic impact will depend on the so-called productivity paradox, meaning whether or not AI will snap the relatively lacklustre streak of technology-generated productivity gains that has confused economists for years. Either way, given the current speed of change, we cannot rule out the scary predictions of futurist Ray Kurzweil—author of the 2005 bestseller *The Singularity Is Near* and its 2024 sequel, *The Singularity Is Nearer*—who sees a merger of artificial and human intelligence in our lifetimes.

So, we face an unknown future. But while we can't know what to expect, we can plan for an uncertain future however fast it plays out.

In this piece, I share reflections on what business leaders should be doing as AI embeds itself deeper in our day-to-day working lives. In some ways, this article offers timeless advice because it is about how businesses should adapt in the face of technological change—and technologies are always changing. That said, the arrival of generative AI has arguably thrown up some new challenges, especially in the world of professional work, which I will also address while bringing the qualities of effective leadership into sharp relief.

This paper separates the external and internal aspects of organizational leadership. Externally, leaders have a ***strategic imperative*** to create and maintain a distinctive value proposition in the face of strong AI-enabled forces for convergence. Internally, leaders have a ***moral imperative*** to ensure that workers continue to have worthwhile and meaningful jobs in an increasingly algorithm-controlled working environment. It goes without saying that these are both difficult and important—that's why I call them imperatives. Following through on them will require conscious effort, along with courage and tenacity. That's what leadership is all about.

THE STRATEGIC IMPERATIVE: A DISTINCTIVE VALUE PROPOSITION

The hallmark of any successful company is distinctiveness—a brand or offering that stands out from the crowd. Distinctiveness gets you talked about, drives demand, and it usually commands a premium price. In

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a fiercely competitive world, companies that dare to be different capture our admiration (think Apple, Red Bull, Tesla, or Virgin).

Distinctiveness rarely lasts. Successful innovators attract imitators. As they grow, innovators also typically take on traits of the companies that they sought to define themselves against. Tesla is a case in point. After growing from a maverick upstart to a mainstream player in less than a decade, its once-unique offerings are converging on those coming from traditional majors such as GM or VW.

While strategic convergence occurs through executive decision-making, it is enabled by digital technology. Easy access to customer trend data and competitor information allows rapid benchmarking. Outsourcing of underlying technologies to a limited number of top-tier suppliers leads to the commoditization of components and features.

But generative AI pushes competitive convergence further in ways that are not necessarily strategic. Imagine you are asking ChatGPT to suggest ways of innovating in your industry—perhaps with a new product design or an untapped market segment. I have done this in my area of expertise many times, and many of you will have done likewise. It typically gives you some pretty interesting suggestions. But it also offers reasons to pause before getting too excited.

As an OpenAI executive noted at a London Business School conference last year, generative AI "excels at mediocrity." Keep in mind that the answers you get from ChatGPT are generated from the body of data on which it was trained, which makes truly out-of-the-box ideas unlikely. Its attempt to give you the best-possible answer to your question also steers it towards a modal response, not one in the tail end of a distribution curve. So, if you want a truly exceptional strategy, you need to look elsewhere.

Simply put, if the digital revolution has already pushed competitors to converge in how they ***act*** (how they make and distribute their products), the GenAI revolution is now pushing competitors to converge in how they ***think*** (the ideas they come up with and develop). The net result is likely to be further reversion to the mean—towards lowest-common-denominator solutions that no one is excited about.

So, what's the solution?

Leadership as always is about taking on the difficult challenge and charting a way forward that the less courageous decline to take. The point here is that this is a fundamental human endeavour that AI can't help you with. To ensure your organization remains competitive in the future, here are the qualities you need:

Imagination: Human imagination is a wonderful thing, impossible to manage or replicate. Researchers have sought to reverse-engineer the way entrepreneurs like Steve Jobs and Richard Branson came up with their business ideas, but without much success. Ultimately, we have to accept that their insights were intuitive and somewhat random. Which is just as well really, because if it were possible to codify the thought process of Steve Jobs, it would be folded into the next generation of AI algorithms, and its uniqueness would be lost.

As Giles Hedger, former head of strategy at Leo Burnett, put it years ago in a column about the impact of technological innovation on his industry, "Marketing… will never be about reductive computation. It will never owe as much to the computer that cracked the Enigma code and began the digital age as it does to the expansive power of ideas. Because marketing is not a riddle of elimination but a test of the imagination, and there is no algorithm or app for that."

Unreasonableness: A close bedfellow of imagination is what George Bernard Shaw called unreasonableness—the capacity to believe that you are right and everyone else is wrong. It takes an unusual

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mix of personal qualities to pursue an idea that everyone around you says is crazy. You need to be smart, creative, stubborn, resilient, and impervious to criticism. Elon Musk is today's prime example of executives with this trait, with SpaceX and Tesla as testaments to the power of unreason. But Jeff Bezos is a close second thanks to the "willingness to be misunderstood" that he has sought to instil in Amazon leaders. As he noted during a 2015 shareholder meeting:

> "Any time you do something big, that's disruptive… there will be critics. And there will be at least two kinds of critics. There will be well-meaning critics who genuinely misunderstand what you are doing or genuinely have a different opinion. And there will be the self-interested critics that have a vested interest in not liking what you are doing and they will have reason to misunderstand. And you have to be willing to ignore both types of critics. You listen to them, because you want to see, always testing, is it possible they are right?"
>
> "But if you hold back and you say, 'No, we believe in this vision,' then you just stay heads down, stay focused and you build out your vision."

Generative AI doesn't come up with unreasonable propositions, since it is trained on a huge body of data that is—almost by definition—reasonable. Perhaps the best way to exemplify this point is through the world of financial investing. If you want a low-cost, low-risk investment solution that allows you to manage your pension savings with as little hassle as possible, get yourself a robo-advisor. It will use sophisticated AI to ensure you track the market index of your choice. But if you want to beat the market, you should get an activist fund manager—someone who is prepared to take a contrarian position, hold their nerve, and reap the rewards.

Needless to say, contrarian investors can get it spectacularly wrong (just like Elon Musk with Twitter), but as long as you are prepared to tolerate losses alongside wins, contrarian positions based on human instincts are still the best bet for market-beating gains. As *Financial Times* reporter Miles Johnson argued in a 2017 article entitled "When it comes to investing, human stupidity beats AI," the natural instincts of investors like Warren Buffett can't be replicated by AI.

"In sum, GenAI makes one of your key jobs as a leader harder because it channels our thinking towards lowest-common-denominator choices when the objective is a distinctive business strategy."

Imperfection: In most walks of life, we prefer authenticity to perfection. People will pay a premium to go on safari in the wild, rather than drive around a game park, even though they might not see as many animals. We pay more for mined diamonds than lab-created synthetic ones because their small imperfections give them character. (According to *The Hollywood Reporter*, big-name actors even value the appearance of authenticity more than perfect veneers, which is why they are willing to pay a premium to have imperfections implanted in their smiles when they visit the dentist.)

Generative AI doesn't generate authenticity. I read a lot of student essays, and most are now written with help from ChatGPT. The grammar and spelling are better than ever, but the sentence construction is formulaic, and the tone is insipid. I long for a quirky argument, and I don't mind when small errors creep in, because those flaws reassure me that it was a real human who wrote the text.

When it comes to business strategy, authenticity adds value. Consumers don't want flaws that detract from the usability of products and services. But if they are like me, they will pay a premium for a craft beer (rather than a Corona or Heineken) to experience a new taste. And when it comes to customer service, I would prefer to talk to a call centre worker with a personality rather than one who has memorized a script.

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In sum, GenAI makes one of your key jobs as a leader harder because it channels our thinking towards lowest-common-denominator choices when the objective is a distinctive business strategy. The antidote is to rekindle our human qualities of imagination, unreasonableness, and imperfection, and to deploy them proactively in our strategy-making.

THE MORAL IMPERATIVE: WORTHWHILE AND MEANINGFUL WORK

Earlier this year, a social media post by fiction author Joanna Maciejewska went viral after touching on the fundamental point that we have always grappled with when a new technology comes along: is it a complement to or substitute for human effort? Does it help us do the things we want to do, or does it render them obsolete? Maciejewska wrote, "You know what the biggest problem with pushing all-things-AI is? Wrong direction. I want AI to do my laundry and dishes so that I can do art and writing, not for AI to do my art and writing so that I can do my laundry and dishes."

In the business world, there are two schools of thought on this topic, one gloomy and the other optimistic. First, there is the vision of AI as a tool for control or coercion. Consider the call centre worker, whose every utterance is scripted by an algorithm. Call centres are now sufficiently sophisticated that they can adapt the script in real time depending on the intonation and language used by the caller. Students of management will recognize this as a form of "Neo-Taylorism," named after the late American inventor and engineer Frederick Winslow Taylor.

As the father of scientific management, Taylor made brutal attempts to optimize human effort by scripting a worker's every move, but these were not that effective and largely disavowed by the human relations movement that followed. But advances in AI now make it possible to put his ideas into practice to an extent that he could not have imagined.

The optimistic view of the future of work is based on the notion that AI will take on the tedious work tasks that we don't want to perform, enabling workers to do the more interesting parts of our job better. Robotic process automation (RPA) is a basic form of AI that many companies are already deploying to take on such tasks as searching texts, correcting documents, invoice processing, and so on. And this has freed many clerical and professional workers to focus on the more value-added parts of their roles.

Neither the coercive nor the enabling view of AI technology is pre-determined. And nobody should let AI solutions (or the companies selling them) dictate what happens. Leaders are responsible for determining how their workers will be impacted. They must make choices about the type of workplace that they want to create as they strive to meet objectives and then deploy the latest technologies in ways that support their vision for the future of work.

Personally, I think it is essential for leaders to actively ensure humanity remains in the workplace. If you agree, here is a list of workplace qualities that need to be emphasized based on a body of research called self-determination theory, which summarizes the factors that contribute to an engaging working environment.

Autonomy: In our work and in our lives generally, we want freedom to do things our way. That's why good leadership is, and has always been, about providing clarity of purpose and then enabling individuals to figure out for themselves how best to contribute to that purpose within a frame. Unfortunately, most organizations do not deliver on this ambition.

A relatively recent European study showed only 35 per cent of employees responding affirmatively to the question, "Can you influence decisions that affect you in the workplace?" And the worry is that AI is

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making this situation worse. So, as you ponder rolling out the latest piece of AI technology, pause and consider this simple question: what effect will it have on employee discretion?

As discussed above, AI can be used in a coercive way (it tells people what to do) or in an enabling way (it helps them figure out what to do). But while there may be occasions when you need to take a coercive approach (e.g., when operating in a zero-error environment with human safety at stake), you should where possible opt for the enabling approach if you want a productive and engaged workforce.

Belonging: It is human nature to seek a sense of attachment to those around us, and to identity with others in our community groups. Good leadership builds on this need for belonging by creating opportunities for social engagement and encouraging people to help one another. But many organizations also struggle with this. Employee engagement has been a perennial concern in large organizations, and the expansion of remote work that the pandemic spawned (and the digital revolution enabled) made the problem worse.

Post-COVID, it became common practice to go into the office two or three days per week. Many people who work freelance do their jobs from home with no social interaction. So once again, here is reason to pause and think about how you are deploying your digital and AI technologies. Are you atomizing the workplace, or are you creating a platform for conversation? Does the technology push your teams further apart or pull them closer?

Competence: The desire to learn new things and build expertise is hardwired into most of us, and again this is true both at work and in life more generally. The most effective leaders are the ones who set us challenging targets and support us in pursuit of those targets, coaching us, giving us the tools to do our job, and providing growth opportunities.

How does AI affect this process? It is getting better and better at doing many things that professionals used to take pride in, from software programming to copywriting to diagnosing cancer. But for the most part, it is still complementary to human expertise (rather than a complete substitute), so the standard way forward is to encourage people to harness the technology to help them become even more expert. Doctors routinely use AI alongside their own judgment to make diagnostic decisions. Programmers use AI to do the routine parts of their work so they can focus on the more difficult tasks. At business schools, we embrace ChatGPT, and we give students advice on how to use it to take their learning to greater heights.

"When making your management choices, keep in mind there is no contradiction between embracing AI technology and providing worthwhile and meaningful work for employees."

But there will be some areas where human competence is completely substituted (transcription, copyediting, and language translation are heading this way). Some jobs will inevitably disappear as others emerge. As this occurs, it is the responsibility of leaders to retrain and reposition impacted workers to use their talents as effectively as possible.

In sum, AI is changing the game in many unpredictable ways, and your role as a leader is to choose how best to deploy it to get the most out of your workforce. When making your management choices, keep in mind there is no contradiction between embracing AI technology and providing worthwhile and meaningful work for employees. One important lesson from an earlier wave of the digital revolution is that the productivity benefits from investing in new IT systems were only achieved by companies that adopted innovative working practices. And I suspect it will be the same this time round as well.

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CONCLUSION

Many observers have argued that the AI revolution puts us at a unique point in human history. In *Homo Deus: A Brief History of Tomorrow*, bestselling Israeli author Yuval Noah Harari calls it *the great decoupling*—where for the first time in human evolution there is a possible schism between consciousness (subjective awareness) and intelligence (problem solving). This decoupling, he argues, creates huge risks for society in terms of inequality and a loss of social cohesion.

My point in this essay is to argue that leaders have the agency and the responsibility to prevent this happening within their own organizations. Their job is to *actively recouple* consciousness and intelligence, to ensure there is a human quality to their products and services, and to safeguard the features of work that make it worth doing.

I would like to pretend this is a new argument, but it's not. In his 1982 book *Megatrends*, futurist John Naisbitt coined the term high tech/high touch, arguing that it is incumbent on us to "balance the material wonders of technology with the spiritual demands of our human race." Since he made this observation in the early years of the computer revolution, he could not have foreseen at the time just how advanced computing technology would become. But the fundamental leadership challenge he identified remains the same.

Back in 1982, getting the high tech/high touch balance wasn't easy. With AI, it is getting a lot harder. As a result, it is a good time to remember that leadership is a process of social influence, and it requires attention to both behaviour and character. The best leaders aren't just good at inspiring others to achieve a challenging goal. They are also clear about what they stand for as individuals. In other words, human integrity around what is right and wrong has always mattered enormously, but it will matter even more as the world becomes increasingly influenced by AI.

BIO: Julian Birkinshaw is Dean of Ivey Business School at Western University. As a researcher and consultant, he is an internationally recognized thought leader on innovation, digital transformation, and corporate agility who focuses on how technology is enabling the development of new business models and new ways of working. Previously, Birkinshaw was Professor and Vice-Dean at London Business School, where he worked at the interface between academic thinking and real-world practice and was responsible for executive education and learning innovation. He has an MBA and PhD in business administration from Ivey Business School at Western University, and a BSc (Hons) from the University of Durham. A Fellow of the British Academy, the Strategic Management Society, and the (American) Academy of Management, Birkinshaw also holds honorary degrees from Copenhagen Business School and the Stockholm School of Economics. He has authored 15 books, including Fast/Forward: Make Your Company Fit for the Future *and* Becoming a Better Boss*, and more than 90 articles including those featured in* Harvard Business Review *and* The Wall Street Journal*. As an expert on large-scale change and digital disruption in the private sector, Birkinshaw is regularly quoted in international media, including on CNN, the BBC, and in* The Economist *and* Sloan Management Review*.*

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LEADERSHIP COMMUNICATION COMPETENCIES: A FOUNDATIONAL BUILDING BLOCK FOR EMBODYING EXECUTIVE PRESENCE

Professors Kanina Blanchard, Lucas Monzani, and Mary Weil wrote this note solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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NOTE:

This note introduces a leadership communication competencies (LCC) framework as part of the embodying executive presence (EEP) model. The EEP can be leveraged in the education and development of leaders seeking to improve their skills associated with having impact and influence, enhancing their persuasive capabilities, and their ability to inspire others.

BACKGROUND

That a leader's ability to communicate effectively is key to their success has long been discussed,[1] researched,[2] written about,[3] and taught.[4] Scholars and experts alike speak to the importance of communication in a leader's ability to build trust,[5] build relationships,[6] and have impact and influence.[7] In today's ever more complex, diverse, and technologically mediated world of work, leaders are ever-more challenged to focus on their communication skills, which are vital to their effectiveness.

This note introduces a component of the EEP model or platform. The EEP adopts a phenomenological perspective to the concept of executive presence and moves beyond envisaging executive presence as a skill that leaders acquire or as merely a performative "role" that leaders play to accomplish a goal or objective.

[1] Craig E. Johnson and Michael Z. Hackman, *Leadership: A Communication Perspective* (Long Grove, IL: Waveland Press, 2018).
[2] Jay A. Conger, "Inspiring Others: The Language of Leadership," *Academy of Management Perspectives* 5, no. 1 (1991): 31–45.
[3] Conger, "Inspiring Others."
[4] Carolyn M. Cunningham, Michael Hazel, and Tracey J. Hayes, "Communication and Leadership 2020: Intersectional, Mindful, and Digital," *Communication Research Trends* 39 no. 1 (2020): 4–31; Richard Bolden, Jonathan Gosling, A. Marturano, and P. Dennison, *A Review of Leadership Theory and Competency Frameworks* (Exeter, UK: Centre for Leadership Studies, University of Exeter, June 2003).
[5] John C. Maxwell, *Everyone Communicates, Few Connect: What the Most Effective People Do Differently* (Nashville, TN: HarperCollins, 2010).
[6] Abd. Syakur, Tri Achmad Budi Susilo, Wike Wike, and Rulam Ahmadi, "Sustainability of Communication, Organizational Culture, Cooperation, Trust and Leadership Style for Lecturer Commitments in Higher Education," *Budapest International Research and Critics Institute (BIRCI-Journal): Humanities and Social Sciences* 3 no. 2 (2020): 1325–1335.
[7] Syakur, Susilo, Wike, and Ahmadi, "Sustainability of Communication."

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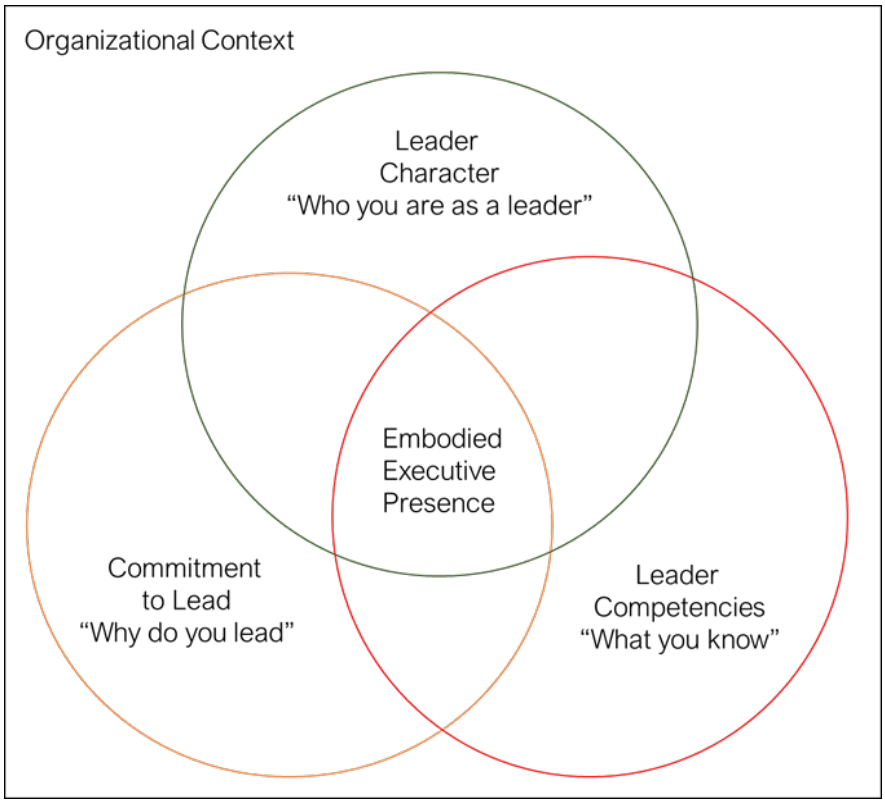
By digging deeper into the "multi-faceted phenomenon of executive presence,"[8] the EEP model contributes to the scholarship and practice of leadership by proposing a platform for developing authentic or embodied executive presence. This platform is predicated on a social constructionist perspective of human communication and seeks to support leaders in their journey to "become" the executive presence they wish to embody (see Exhibit 1).

EXHIBIT 1: COMPONENTS OF THE EEP MODEL



Source: Created by the authors.

In their work developing the EEP, Blanchard, Monzani, and Weil build upon Ivey's 3Cs (character, competence, and commitment) model of leader effectiveness developed by a research group comprised of Ivey Business School professors,[9] to introduce the static elements that support EEP as a dynamic phenomenon. In short, these professors propose that virtuous character (henceforth referred to as character), leader competencies, and the leader's commitment to lead are the three core "foreground" pillars on which truly effective leadership rests. Finally, the organizational context provides the "stage" on which the executive presence is enacted (see Exhibit 2).

[8] Suzanne Bates, *All the Leader You Can Be: The Science of Achieving Extraordinary Executive Presence* (New York, NY: McGraw-Hill Education, 2016).
[9] Mary M. Crossan, Jeffrey Gandz, Gerard Seijts, and Carol Stephenson, *Leadership on Trial: A Manifesto for Leadership Development* (London, ON: Richard Ivey School of Business, 2010).

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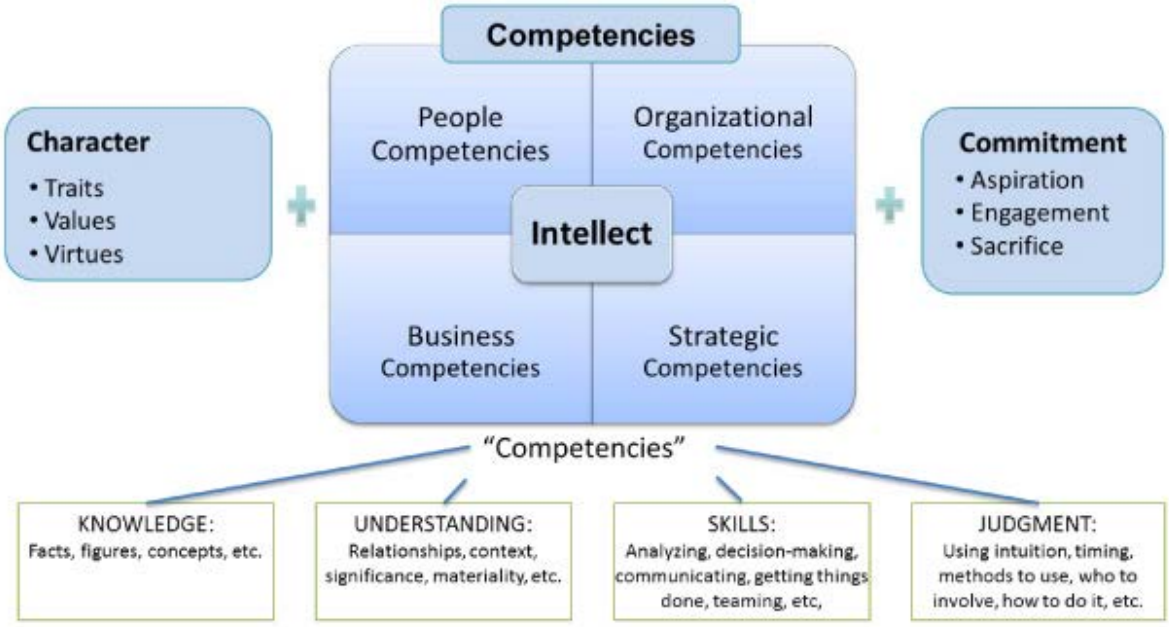
EXHIBIT 2: 3C MODEL OF LEADER EFFECTIVENESS



Source: Mary M. Crossan, Jeffrey Gandz, Gerard Seijts, and Carol Stephenson, *Leadership on Trial: A Manifesto for Leadership Development* (London, ON: Richard Ivey School of Business, 2010).

THE BUILDING BLOCKS OF EMBODIED EXECUTIVE PRESENCE

The double helix structure present in a DNA strand (formally known as Deoxyribonucleic Acid) is a good metaphor for understanding the 3C framework developed by Gandz et al. For example, Sturm, Vera, and Crossan made the case that character and competence are inherently entangled,[10] meaning that neither character nor competence are sufficient on their own to ensure true leadership effectiveness. Strength of character on its own, without the necessary understanding of the specific, contextualized technical requirements of a leadership position, is insufficient to ensure that leaders will deliver true value to their stakeholders (and shareholders).

Similarly, being "the smartest person in the room" without having a fined-tuned moral compass will likely only deliver a set of pyrrhic victories—that is, unsustainable short-term results that eventually lead to systemic and cyclical catastrophic failures (as evidenced in the 2008 financial meltdown or the way many leaders mishandled the COVID-19 pandemic). We expand this DNA metaphor to argue that a leader's commitment to lead is what sustains the character–competence entanglement, or in our metaphor, the "hydrogen bond" connecting the nucleotides that form the DNA strand (character and competence).

Understanding the interplay between character, commitment, and competence is also critical for unpacking executive presence.[11] Without developing character or commitment alongside competencies, leaders with

[10] Rachel E. Sturm, Dusya Vera, and Mary Crossan, "The Entanglement of Leader Character and Leader Competence and Its Impact on Performance," *The Leadership Quarterly* 28 no. 3 (2017): 349–366.
[11] Readers are encouraged to explore the rich work done by the Ian O. Ihnatowycz Institute for Leadership at Ivey Business School at "Ian O. Ihnatowycz Institute for Leadership," Ivey, accessed November 12, 2021,

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the rhetoric tools to influence followers may advance selfish motives instead of protecting their stakeholders' interests. Instead, we argue that embodying executive presence should be considered as not only an individual's actualization of key competencies, but infused with an in-depth understanding of how to develop dimensions of character and focus on commitment, which includes the impact of aspiration, engagement, and sacrifice on other organizational stakeholders (see Exhibit 2).

Finally, an organization's context is the fourth component of our approach. Because leadership does not occur in a vacuum, we acknowledge that organizations might differ in their culture and values, meaning there will likely be a substantive variation in what practices are valued and rewarded. That would explain why leaders with the same characteristics and commitment levers are highly influential in some contexts but not so influential in other contexts. It follows, then, that to sustain their executive presence, leaders must rely on their good judgment (character) to determine which communication skills (competencies) to display to engage followers in pursuing their collective aspirations (commitment). Finally, we argue that commitment and competencies are more context-dependent than character dimensions, as the latter are grounded in universal principles of good leadership. In the sections below, we illustrate the leader communication competencies that support a true executive presence.

OVERVIEW OF LCC

Leadership communication is an increasingly complex process that now involves navigating today's virtual world of work. Of the competencies recognized as part of the 3C model, the authors envisage LCC (see Exhibit 2) as embedded within those associated with people competencies. Leadership communication is most often associated with teaching current and future leaders to compel and inspire others and be persuasive. For example, Luthra and Dahiya note that leadership communication is often defined as "inspiring and encouraging an individual or a group by systematic and meaningful sharing of information by using excellent communication skills."[12]

The LCC provides for a systematic yet flexible model through which current and prospective leaders can develop and enhance their ability to communicate clearly, strategically, with impact, and with a focus on building a connection with their audience. Whether in person, mediated through telecommunications, or through the aperture of a camera, LCC offers a roadmap for those seeking to enhance their capacity to influence others. There are five key elements associated with the LCC. The first is related to a leader's ability to be strategic and clear in their approach to communicating[13]—with a deep understanding of their audience; the context; and the multitude of available communication tools, technologies, and vehicles. The fundamentals of the written and spoken work come second,[14] followed by the necessity to marry intent (purpose) with language used, as well as paralinguistics and physical presence. The basics of neuroscience reinforce the role of the human mind in the art and science of being remembered and motivating others to action.[15]

Each dimension has elements associated with it. Over time, these elements will adapt and expand based on current dynamics, technologies, etc. The ones reflected at the time of publishing are fundamental, and reinforce key skills and areas of focus. By grounding the elements within the five dimensions, individuals

https://www.ivey.uwo.ca/leadership. Of the competencies recognized as part of the 3C model, the authors envisage leadership communication competencies (see Exhibit 3) as embedded within those associated with people competencies.

[12] Anchal Luthra and Richa Dahiya, "Effective Leadership Is All About Communicating Effectively: Connecting Leadership and Communication," *International Journal of Medical and Biomedical Studies* 5, no. 3 (2015): 44.

[13] Deborah Luchuk. "Successful Business Communication. Bridging the Gap," 2nd ed. (Don Mills, ON: Oxford University Press, 2016).

[14] Margot Northey and Jana Seijts, *Impact: A Guide to Business Communication*, 9th Canadian ed. (Toronto, ON: Pearson Canada, 2017).

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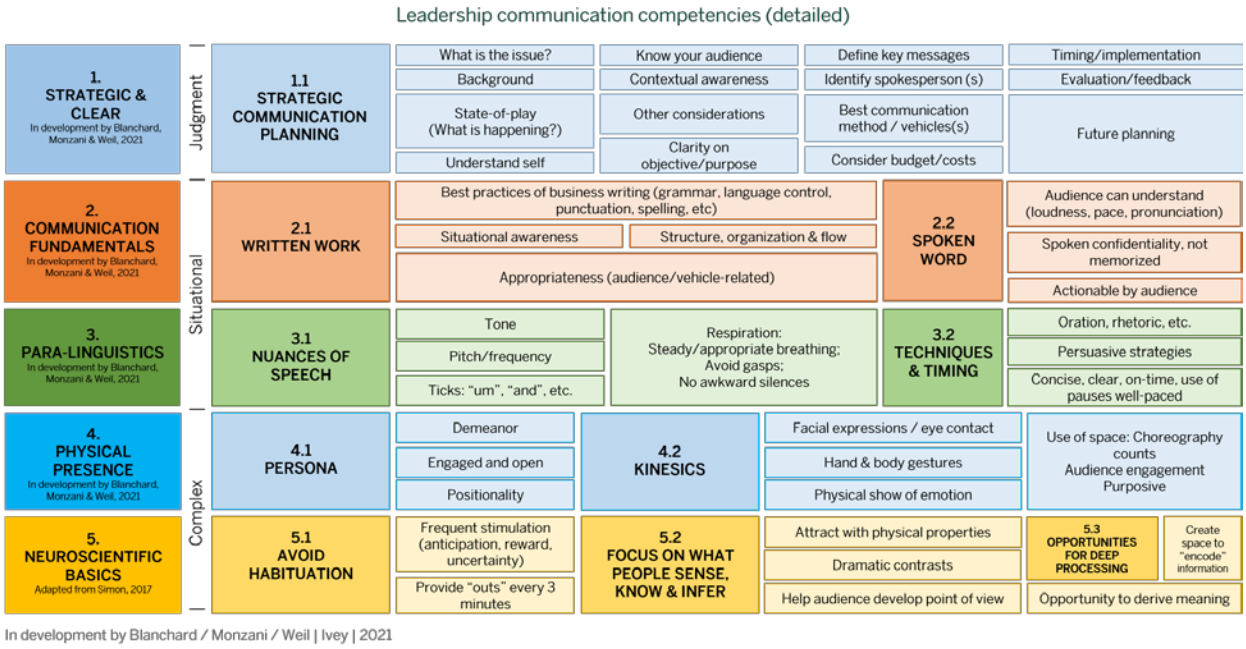
can learn and be taught how to improve individual skills and to recognize the interplay and interconnection of these elements in how effective leaders communicate—in a manner that enhances their impact and influence. The LCC therefore provides the framework from which point further development and growth can take place. A multitude of resources are available to support education on each element (see Exhibit 3).

EXHIBIT 3: LEADERSHIP COMMUNICATION COMPETENCIES (AS A SUBGROUP OF PEOPLE COMPETENCIES)



Source: Created by the authors.

The first dimension, "Strategic & Clear," is foundational. Successful communication (in whatever form) is predicated on the communicator having clarity of purpose, and a solid understanding of self, their audience, and the context in which they plan to engage. The various other elements, such as questioning who should speak, via which medium, whether there are cost implications, timing and implementation challenges, etc. should be considered as appropriate.

The second dimension, "Communication Fundamentals," includes both written work and the spoken word. The elements highlight the best practices upon which more sophisticated techniques can be built. The fundamentals, along with being strategic and clear, can be regarded as a passport: Without them, one's journey cannot be initiated. Working towards mastery of the remaining dimensions must build upon the first two.

The third dimension in this framework, "Para-Linguistics," is divided into "Nuances of Speech" and "Techniques & Timing." Para-linguistics refer to all the sounds and noises which come out of one's vocal cords that are not words. These elements serve to reinforce the emotion or meaning underpinning words. Their effective use can significantly enhance meaning. Techniques and timing can be learned and are grounded on

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centuries of leadership communication best practices, including the use of persuasive strategies such as ethos, pathos, and logos[16] as well as the use of techniques including repetition, breathless sentences, and metaphor.[17]

The fourth dimension. "Physical Presence," includes the concept of one's "Persona" and how it can impact and influence communication and understanding. It also includes a focus on "Kinesics," which can be broadly understood as body language. Much literature exists in the field, but the LCC offers a framework that ties together all of these dimensions, which are intertwined and reinforce one another. Physical gestures alone are not as impactful as when coupled with strategic and clear messaging delivered verbally in a confident manner, and not, for example, merely recited from memory.

Finally, in the fifth dimension of "Neuroscientific Basics," the ongoing and expanding understanding of neuroscience is highlighted in the LCC. In its current form, the dimension focuses on how audiences remember, and on the techniques leaders can learn and use. Ongoing research and science in this field will be instrumental in enhancing understanding of how leaders can better build trust and relationships.

ART AND SCIENCE

The LCC model offers a systematic and clear way to help students (at the undergraduate, graduate, and executive levels) develop their leader communication competencies. Grounded in both art and science (research and scholarship), these competencies as proposed by the authors are interconnected and interdependent.

In their work, the authors recognize that followership is central to and intertwined with leadership. The focus on developing LCC is to enhance "voluntary followership,"[18] in which individuals have agency or choice related to whom they recognize as a leader they wish to follow—the individual(s) who will guide and support them toward achieving success.[19] Moving beyond fiery adjectives and styles of leadership, this work is predicated on the position that there is no one "kind" or "type" of leader who can be successful, though some common dimensions of character are more universally embraced such as drive, courage and judgment.[20] The competencies associated with LCC establish the fundamentals upon which leaders can build capacity to engage in a clear, engaging, persuasive[21] manner which also has social influence.[22] The LCC acknowledges that communication can take many forms (written, visual, verbal, non-verbal, physical presence, etc.) and that effective leaders can strategically engage and appropriately adapt in order to better connect with others.[23]

The LCC model encourages developing competencies authentically (not dramaturgically).[24] While so-called tips and tricks can offer leaders conventional best practices, followers can often recognize

[16] Rebecca J. Lowenhaupt, "The Language of Leadership: Principal Rhetoric in Everyday Practice," *Journal of Educational Administration* 52, no. 4 (2014).
[17] Loizos Heracleous and Laura Alexa Klaering, "Charismatic Leadership and Rhetorical Competence: An Analysis of Steve Jobs's Rhetoric," *Group & Organization Management* 39, no. 2 (2014): 131–161.
[18] Martin Blom and Mikael Lundgren, "The (In)voluntary Follower," *Leadership* 16, no. 2 (2019): 163–179.
[19] John C. Maxwell, *The 21 Indispensable Qualities of a Leader: Becoming the Person Others Will Want to Follow* (New York, NY: HarperCollins Leadership, 2007).
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[23] "The SOCIAL STYLE Model™," Tracom, accessed December 9, 2021, https://tracom.com/social-style-training/model.
[24] Donna Ladkin and Steven S. Taylor, "Enacting the 'True Self': Towards a Theory of Embodied Authentic Leadership," *The Leadership Quarterly* 21, no. 1 (2010): 64–74.

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communication that is embodied or truthful. Choosing to develop LCC requires individuals to not only cognitively understand the art and science involved, but also commit time and effort to do often challenging reflective, and personal work. Leaders must also show humility and vulnerability by asking for constructive feedback, adapting their approach and practice competencies.

CURRICULUM AND PEDAGOGY

At the Ivey Business School, professors Blanchard, Sider, and Weil have developed curricula married with active and experiential learning pedagogy associated with LCC. LCC are valuable for leadership and communication students at both the undergraduate and graduate level, as well as in executive programs.

Recognizing how adult learners can create meaning from not only their own experience but also the experience of others,[25] a wide array of approaches are used to support reflection and encourage practice. As Pagano writes, "Humility requires the solidness of a life behind one to secure the unknown future."[26] These words resonate in the context of LCC, as growth and learning in this arena requires humility and the willingness to both offer and receive feedback with the sole intent of supporting others and oneself.

In today's virtual world, encouraging the use of both synchronous and asynchronous learning, curricula include both in-person and online engagement. Reading and reflection along with a wealth of other online activities have been developed to offer students the opportunity to individually engage with materials, share their perspectives with their cohorts, and engage in activities that solidify understanding before class. Online engagement with readings, videos, and other materials is coupled with reflection exercises, discussion groups, the sharing of images and artifacts, and co-creating written work and videos. In addition, word clouds, polls, and other interactive tools are employed to immerse students in the content. For example, introduction to narrative storytelling and the use of rhetoric begins with literature, is accentuated through the sharing of videos, and then is translated into personal practice and then group sharing and workshops.

The weaving of online, virtual, and in-person or hybrid learning enables richer discussion and exploration in small groups and when class-wide engagement takes place. In-person or hybrid scenarios, cases, guests, coaching, bespoke exercises, role plays, and simulations as examples, challenge students to shift from cognitive learning to practice and experimentation. The creation of "safe environments" or "circles of trust" within the classroom is essential and must be facilitated by instructors.

In addition, students are exposed to and challenged to unpack their own biases and expand their understanding of themselves, others, and context through the strategic use of assessments, which are then unpacked and brought to life through a myriad of pedagogical activities including the creation and use of art, games, and music. Improvisation and critical thinking are encouraged, as the LLC supports students in improving not only their competencies but also their presence as they engage in challenging conversations and break the silence on topics often considered "taboo"[27] in the world of academia[28] and work.[29]

[25] Sharan B. Merriam, "Adult Learning Theory: Evolution and Future Directions," in *Contemporary Theories of Learning*, ed. Knud Illeris (Oxon, UK: Routledge, 2018), 83–96.
[26] Jo Anne Pagano, "Moral Fictions: The Dilemma of Theory and Practice," in Carol Witherell and Nel Noddings, *Stories Lives Tell: Narrative and Dialogue in Education* (New York, NY: Teachers College Press, 1991).
[27] Kanina Blanchard, "Improving the Education of Leaders: An Exploratory Case Study in an Undergraduate Business Leadership Course Focused on Gender" (Master's thesis, University of Western Ontario, 2016).
[28] Kanina Blanchard, Alison Konrad, and Karen MacMillan, *Breaking the Silence (A): Taboo Topics* (London, ON: Ivey Publishing, 2021). Available from Ivey Publishing, product no. 9B20C043.
[29] Kanina Blanchard, Alison Konrad, and Karen MacMillan, *Breaking the Silence at Work (A): Taboo Topics* (London, ON: Ivey Publishing, 2021). Available from Ivey Publishing, product no. W25584.

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Organizational Awareness

The ability to understand the organizational purpose, mission, and roles of others within Ivey Business School and recognize how one's work impacts the success of others and the institutional culture, fostering a collaborative and mutually supportive environment.

Richard Ivey School of Business
The University of Western Ontario

IVEY

9B11C020

ORGANIZATIONAL CULTURE, VALUES AND FIT IN THE WORKPLACE: MAKING THE RIGHT JOB CHOICES

Alison Konrad wrote this case solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

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What do people want from their jobs? For decades, the answer to this question has been of interest to employers who wish to motivate employees to do their work well. International research studies have shown that while much variation exists regarding what people want from their paid work, working people also share some fascinating commonalities across the globe. For instance, Schwartz and Bardi[1] found in three separate studies of 13, 54 and 56 nations that the most highly valued factor people want from their jobs is benevolence, or the opportunity to help others and create a better world. The second most important factor is self-direction or freedom on the job, and the third most important factor is "universalism," or justice, wisdom and understanding.

Although universal preferences have been documented, we also know that wide variation exists between individuals regarding what they want from their jobs. People's job preferences are significant predictors of their behavior, which is why employers are so interested in knowing more about this area. For instance, people who desire power over others tend to be less cooperative in the workplace,[2] and people who desire career advancement tend to seek jobs that pay higher salaries.[3] Managers who place higher value on product quality, customer service, sincerity and honesty are less likely to engage in unethical behavior at work.[4]

What you want from your job reflects your personal values, or the standards against which you judge both outcomes and the methods used to achieve the outcomes.[5] Values regarding outcomes include health,

[1] *Shalom H. Schwartz and Anat Bardi, "Value Hierarchies across Cultures: Taking a Similarities Perspective," Journal of Cross-Cultural Psychology, vol. 32 no. 3, 2001, pp. 268–290.*
[2] *Shalom H. Schwartz, "Value Priorities and Behaviour: Applying a Theory of Integrated Value Systems," The Psychology of Values: The Ontario Symposium, Lawrence Erlbaum Associates, Inc., vol. 8, 1996, pp. 1–24.*
[3] *Daniel Spurk and Andrea E. Abele, "Who Earns More and Why? A Multiple Mediation Model from Personality to Salary," Journal of Business & Psychology, vol. 26 no. 1, 2011, pp. 87–103.*
[4] *Damodar Suar and Rooplekha Khuntia, "Influence of Personal Values and Value Congruence on Unethical Practices and Work Behaviour," Journal of Business Ethics, vol. 97 no. 3, 2010, pp. 443–460.*
[5] *Milton Rokeach, The Nature of Human Values, Free Press, New York, 1973.*

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wealth and happiness. Values regarding methods for achieving outcomes include talent, integrity and endurance.

When you are job-seeking, it is important to understand your personal values because it is likely that you will need to make tradeoffs your entire career. For example, you should ask yourself whether you value high earnings above all else, or whether balance is important in your life. Do you enjoy a competitive work environment, or do you need a supportive workplace and positive relationships with co-workers and your supervisor? No single job will offer all of these options simultaneously, so when seeking a new job, know what you want and make your selection on the basis of this self-knowledge.

A critically important factor in choosing the right job is fit, or the extent to which your personal values match the culture of the organization you intend to work for. An organization's culture can be defined as "the underlying values, beliefs and principles that serve as a foundation for the organization's management system."[6] This definition implies that the core values of the organization will be expressed in its management practices. As such, the core values affect organizational members on a daily basis as their managers enact those values through the development and implementation of the people management system. Beyond the people management system, the organization's core values affect managerial decision-making in all areas, from strategy to marketing and to finance and customer service. Working within an organizational culture that does not match your values therefore has substantial implications for quality of work life because that culture will infuse all of your experiences in the organization, including the very content of the work you perform.

O'Reilly, Chatman and Caldwell found that people whose values were most consistent with the culture of their organization had higher job satisfaction, greater commitment to the organization and were less likely to leave the firm after two years.[7] Since then, meta-analytic research has supported those original claims. Meta-analysis is a method of statistically combining the result of many separate studies in order to form a more accurate estimate of the true relationship between variables. A meta-analysis combining 65 studies of person–organization fit has shown a strong positive relationship to job satisfaction; a meta-analysis of another 44 studies has shown a strong positive relationship to organizational commitment; and meta-analysis of another 43 studies has shown a moderately strong negative relationship with intention to leave the organization.[8]

Furthermore, working for an organization that fits you well can also improve your performance. People whose values are consistent with their employers' values receive better performance ratings,[9] perform their job tasks better and are more likely to help others with their job tasks.[10] Lack of fit with an organization leads to strain,[11] which can damage an employee's health and quality of life. For these reasons, it is important that prospective employees not select an employer whose values do not fit their own values.

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[6] Daniel R. Denison, Corporate Culture and Organizational Effectiveness, Wiley, New York, 1990, p. 2.

[7] Charles A. O'Reilly et al., "People and Organizational Culture: A Profile Comparison Approach to Assessing Person–Organization Fit," Academy of Management Journal, vol. 34 no. 3, 1991, pp. 487–516.

[8] Amyl Kristof-Brown et al., "Consequences of Individuals' Fit at Work: A Meta-analysis of Person–Job, Person–Organization, Person–Group, and Person–Supervisor Fit," Personnel Psychology, vol. 58 no. 2, 2005, pp. 281–342. Estimated true relationship (ρ) with person–organization fit for job satisfaction is 0.44, for organizational commitment is 0.51 and for intention to quit is –0.35.

[9] Winfred Arthur et al., "The Use of Person–Organization Fit in Employment Decision-making: An Assessment of Its Criterion-related Validity," Journal of Applied Psychology, vol. 91 no. 4, 2006, pp. 786–801.

[10] Amyl Kristof-Brown et al., "Consequences of Individuals' Fit at Work: A Meta-analysis of Person–Job, Person–Organization, Person–Group, and Person–Supervisor Fit," Personnel Psychology, vol. 58 no. 2, 2005, pp. 281–342. Estimated true relationship (ρ) with person–organization fit for job satisfaction is 0.44, for organizational commitment is 0.51 and for intention to quit is –0.35.

[11] Ibid.

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Although a particular employer might be very well-known and prestigious, if your values do not fit, working for that organization could cause you to under-perform compared with your potential and may lead to needless stress and strain.

One way to determine how well you fit with a particular organization is to test yourself and a potential employer using O'Reilly, Chatman and Caldwell's Organizational Culture Profile (OCP).[12] The OCP consists of 33 adjectives (see Exhibit 1). To use the OCP, you rate each of the 33 words on a scale of (1) to (7), according to the desirability of that factor in a work situation (see Exhibit 2). The trick is, you can only give two of the 33 items the very highest rating (7), and only two items can receive your very lowest rating (1). You can give four items a rating of (6) and four items a rating of (2). Only six items can be rated as a (5) or a (3), and nine items receive the midpoint (5).

Once you are confident with your ratings of desirability, the next step is to move to the scoring sheet (see Exhibit 3) for the organization's culture and to rate the characteristics of the organization. A (1) indicates that the adjective is very uncharacteristic of the organization, whereas a (7) is very characteristic of the organization. Again, you can give the highest (7) and lowest (1) ratings to only two of the 33 adjectives, the next highest (6) and lowest (2) ratings can be given to only four of the adjectives, and ratings of (5) or (3) are given to six of the adjectives. Nine of the adjectives receive the midpoint (5) rating.

Once you have rated your own personal values and the organization's characteristics, you can compare the two ratings. Look especially hard at the items that are most important to you. How much overlap exists between your rating of desirability and your rating of the organization's characteristics? If the characteristics of the organization match what you find highly desirable in a work setting, you are more likely to be satisfied and committed. If the characteristics you find highly desirable are not available in your current organization, this lack might be a source of stress and disappointment and may even lead to reduced performance.

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[12] *Charles A. O'Reilly et al., "People and Organizational Culture: A Profile Comparison Approach to Assessing Person–Organization Fit," Academy of Management Journal, vol. 34 no. 3, 1991, pp. 487–516.*

Exhibit 1

THE ORGANIZATIONAL CULTURE PROFILE: PERSONAL VALUES

List each of the adjectives in the blanks on the scoring sheet entitled "Your Work Values" to indicate how desirable or undesirable you consider them to be in a work situation. Use the scoring sheet entitled, "The Organization's Culture" to rate how characteristic or uncharacteristic each value is of the organization you are rating.

Only 2 items can get your highest (7) and lowest (1) ratings, only 4 items can get your next highest (6) and lowest (2) ratings. Only 6 items get a (5) or a (3), and 9 items get the midpoint (5).

Achievement-oriented
Aggressive
Analytical
Attention to detail
Autonomy

Calm
Careful
Collaboration
Competitive
Decisiveness
Demanding
Experimenting
Fitting in
High expectations
High pay for performance
Highly organized

Innovation
Long hours
Low conflict
Opportunities
Praises performance
Precise
Predictability
Professional growth
Results oriented
Risk taking
Rule oriented

Security
Shares information
Socially responsible
Stability
Team oriented

Source: Charles A. O'Reilly et al., "People and Organizational Culture: A Profile Comparison Approach to Assessing Person–Organization Fit," Academy of Management Journal, vol. 34 no. 3, 1991, pp. 487–516.

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Exhibit 2

SCORING SHEET: YOUR WORK VALUES

Your highest ratings should go to the adjectives you consider to be the most highly desirable in a work situation. Your lowest ratings should go to the adjectives you consider to be least desirable or undesirable.

Highest (7) *2 items* _____ _____

(6) *4 items* _____ _____ _____ _____

(5) *6 items* _____ _____ _____ _____

_____ _____

Midpoint (4) *9 items*

_____ _____ _____

_____ _____ _____

_____ _____ _____

(3) *6 items* _____ _____ _____ _____

_____ _____

(2) *4 items* _____ _____ _____ _____

Lowest (1) *2 items* _____ _____

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Exhibit 3

SCORING SHEET: THE ORGANIZATION'S CULTURE

Your highest ratings should go to the adjectives that are most characteristic of the organization. Your lowest ratings should go to the adjectives that are least characteristic or uncharacteristic of the organization.

Highest (7) *2 items* _____ _____

(6) *4 items* _____ _____ _____ _____

(5) *6 items* _____ _____ _____ _____

_____ _____

Midpoint (4) *9 items*

_____ _____ _____

_____ _____ _____

_____ _____ _____

(3) *6 items* _____ _____ _____ _____

_____ _____

(2) *4 items* _____ _____ _____ _____

Lowest (1) *2 items* _____ _____

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MANAGING CYBERSECURITY IN THE AGE OF ARTIFICIAL INTELLIGENCE

By Paolo Dal Cin, Valerie Abend, Daniel Kendzior, Yusof Seedat

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Managing Cybersecurity in the Age of Artificial Intelligence

By: Paolo Dal Cin, Valerie Abend, Daniel Kendzior, Yusof Seedat

Generative AI is promising to be the most disruptive technology since the internet. According to Accenture's modeling of workplace impact, 44 per cent of working hours in the United States are scope for automation or augmentation with this technology. Meanwhile, while studying outputs (the amount of goods and services produced), we found that 92 per cent of companies expect productivity gains of over 11 per cent in the next three years. With that said, 67 per cent of chief executive officers said security is a major consideration impacting the adoption or implementation of generative AI.

CEOs are right to be concerned.

While generative AI is democratizing access and driving productivity, it is also leading to insecure deployments and AI-powered threats. Malicious large language models (LLMs), such as FraudGPT and PentestGPT, are creating content to facilitate cyberattacks. As noted in an Accenture analysis of generative AI's impact on the threat landscape, these LLMs can be purchased for as little as US$200 a month on the dark web. Also consider that in less than a year since the launch of ChatGPT in November 2022, phishing attacks have surged by 1,265 per cent, according to a SlashNext study. Meanwhile, as stated in Onfido's latest identity fraud report, deepfake attempts leveraging generative AI jumped 3,000 per cent year-over-year in 2023. Accenture's Cyber Intelligence researchers also observed a 223 per cent rise in the trade of deepfake-related tools on major dark web forums between Q1 2023 and Q1 2024.

Easy access to generative AI applications means employees are unfettered in using AI free of charge and without proper guardrails or governance. Even those who aren't as familiar with the applications can quickly get up to speed through user tutorials on social media or other public channels. Unauthorized use of generative AI by employees can lead to damaging security breaches. According to research from Gartner, 41 per cent of employees were using or creating technology without their IT department's knowledge in 2023, and this number is expected to increase to 75 per cent by 2027.

When employees use generative AI without IT oversight or approval, they risk unleashing a torrent of cyber threats that can cripple an organization. Businesses must recognize that the cost of a single careless action could far outweigh the gains. Vigilance is not just advisable—it is essential to ensure that generative AI's productivity benefits are not overshadowed by potential business losses.

"When employees use generative AI without IT oversight or approval, they risk unleashing a torrent of cyber threats that can cripple an organization. Businesses must recognize that the cost of a single careless action could far outweigh the gains."

To fully realize competitive gains, businesses must elevate their cybersecurity strategies to address gaps and vulnerabilities—both within and outside their organizations. From our client experience and research, we believe companies must adopt a proactive, multi-pronged approach that calls for modernizing their security setup, heightening awareness, and building a trusted technology foundation that resonates with managers across all departments and functions.

EXPOSING VULNERABILITIES

As generative AI intensifies competition for labour productivity, it is also opening new vulnerabilities that can be exploited by bad actors:

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- **Insecure deployment of generative AI:** Generative AI models often operate as black boxes, making it difficult for organizations to understand or control their inner workings. In addition, our research into cyber resiliency from late 2023 shows that only 17 per cent of chief information security officers work closely with AI and data teams to secure generative AI. This lack of transparency and collaboration with security teams leads to two issues. First, organizations struggle to identify potential cyber risks that could help them adopt appropriate security measures. Second, it compromises the security of key generative AI pillars—cloud, data and AI, and applications—which leads to insecure deployments. Consequently, this increases the risk of threats such as model disruption, data poisoning, and manipulation.
- **Excessive accessibility:** Accessibility, a desirable attribute of generative AI, can also be its shortcoming. While the democratization of generative AI empowers organizations to enhance productivity, it also provides powerful tools for external threats. This accessibility enables the creation of more sophisticated attacks, including deepfakes, advanced phishing schemes, automated malware, misinformation campaigns, and synthetic identity generation.
- **Lax experimentation:** The proliferation of a broad set of generative AI applications aimed at various use cases (coding, media generation, meeting assistants, and research aids) and the low barriers to use them encourage experimentation, often without the necessary technical expertise. In an enterprise setting, this experimentation can lead to employees independently trying out generative AI tools or models to solve specific problems or enhance their work, bypassing traditional IT channels. This unregulated experimentation could expose sensitive organizational data on a public or insecure generative AI application and thereby significantly increase the risk of data exposure.

THREE WAYS TO IMPROVE CYBER-RESILIENCE

As generative AI continues to advance, so does the sophistication of cyberattacks. Headlines filled with admiration for generative AI's ability to expedite intricate and expensive tasks like drug discovery can appear in the same news cycle as reports of ChatGPT's software leaks. Recent research in the WEF Global Cybersecurity Outlook 2024 report conducted in collaboration with Accenture shows that 56 per cent of respondents believe generative AI will provide an overall cyber advantage to attackers over defenders. This underscores the utmost importance of integrating security measures from the very beginning of deployment and throughout AI's use to protect against evolving threats and unintended adverse consequences.

Responsible AI for generative AI is a fundamental principle for enterprises, encompassing deliberate efforts to design, deploy, and utilize AI in a manner that generates value while prioritizing trust and mitigating potential risks. It begins with a set of governing principles, which each organization adopts and then enforces. In our experience, companies can employ the following strategies to bolster their cyber-resilience:

1. **Modernize security setup**: The cloud has paved the way for technology democratization. Employees now have easy access to cloud-based technologies such as generative AI. While this is providing a measurable boost to productivity and innovation, it is also exposing organizations to security breaches. The first step toward building a resilient, generative AI program is to modernize security at the same pace as business innovation. This requires a strategy that reinforces security and governance from the outset. Our research shows that 89 per cent of C-level executives recognize that they need to completely or significantly change their security strategy to defend against modern threats. To effectively counter these threats, companies must implement strategies that earn the trust and buy-in of all department leaders—from legal and regulatory to security, human resources, and operations. They can undertake five critical activities to underpin such strategies: (1) form a cross-functional team to oversee the responsible use of generative AI with regard to adoption, audits, management, and security; (2) develop a set of guiding principles for generative AI governance that are specific to business needs and priorities; (3) set up clear generative AI use policies and enforce supporting controls, in collaboration

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with department managers, for specific use cases; (4) define clear roles and shared responsibilities to integrate generative AI into existing legal and compliance processes; and (5) collaborate with governments and industry peers to shape forward-thinking cybersecurity policies that ensure the responsible and secure deployment of generative AI.

2. **Heighten awareness:** Half of CEOs are concerned about employees exposing sensitive data, according to our research. Role-based training and awareness campaigns are vital to managing the human risk of data loss and exposure. Department managers must collaborate with existing training and compliance teams, integrating generative AI-specific education into ongoing programs. Such training must educate employees on the potential risks associated with generative AI in their areas, with a strong emphasis on fostering an ethical culture as well as a focus on how threat actors may use AI to improve social engineering tactics, including building targeted deepfakes. Key focus areas include data privacy, security measures, and adherence to established policies and procedures.

   To ensure that responsible AI is a continuous component of daily employee activities, organizations should implement training throughout the year, as annual compliance training is insufficient and dated. The evolving threat landscape paired with the rapid pace of innovation in the AI space results in frequent changes that necessitate a continuous awareness campaign, combining traditional training materials to ground employees on key concepts with shorter, easier to digest, and more regular knowledge bursts like blog posts, newsletters, and FAQs. By equipping employees with knowledge and skills to identify and address potential security issues, the organization can significantly enhance its overall security posture. Emphasizing responsibility and accountability encourages informed decision-making, creating a work environment where ethical considerations are integral to AI-related decision processes. Doing this can infuse the practice of safe generative AI usage across functions and operations—from payroll to supply chains to customer relationships.

3. **Innovate from a trusted foundation:** Securing AI requires a layered approach—there is no quick fix. The lack of transparency in the integrated security features or training data of publicly accessible generative AI applications like ChatGPT and Bard makes it imperative that organizations develop and manage their own applications by fine-tuning foundational models. Companies can fortify their generative AI applications by securing the underlying cloud foundation, implementing data and robust identity and access management controls. Additionally, integrating generative AI applications with the organization's threat monitoring, detection, and response capabilities is vital. Invest in AI firewalls, which utilize intelligent technologies to enhance the detection of sophisticated threats. Unlike most current firewalls, which rely on static rule databases, AI firewalls continuously optimize threat detection models using real-time data flows going in and out of your organization's network.

A firm should also conduct a red team exercise on its generative AI application by subjecting the generative AI model to simulated attacks, which allow it to identify and address vulnerabilities before malicious actors exploit them. This includes testing generative AI against adversarial prompts and prompt injections to bolster resilience against threats.

Finally, generative AI also offers a chance to reinvent cybersecurity, turning the tables on attackers by improving defense capabilities. Traditional security measures alone cannot counter AI-driven threats, so organizations should adopt AI-powered defenses. As cybersecurity departments secure generative AI use and development, they will benefit by turning inward and leveraging AI tools to help them address repetitive and time-consuming tasks ranging from log analysis and configuration reviews to empowering security analysts with insights and guidance on incident response as well as enabling user-friendly dissemination of security policies through chatbots. Platform companies and hyperscalers are already deploying AI-driven security features across their ecosystems and beyond. For example, Accenture's MxDR service, powered

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by Google Cloud's security-focused generative AI, integrates seamlessly with various security environments and clouds, enhancing detection, response, communication, and adaptation to global threats.

Generative AI can be a double-edged sword. On one hand, it promises to have a huge impact on the global economy, potentially increasing GDP by 7 per cent in the next ten years, according to Goldman Sachs. On the other hand, it could also unleash continuous and unpredictable cyberattacks. By fostering a culture of collaboration, transparency, and proactive governance, we can shape a future where innovation thrives within the boundaries of security and ethical responsibility. Only then can we truly unlock the full potential of generative AI while safeguarding against the shadows that lurk in the realm of this technology.

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Strategic Navigation of Uncertainty and Change

The skills to lead and support individuals and teams, as well as implement dynamic plans and organizational strategies, through transitions and contexts that have high degrees of uncertainty. These skills will foster adaptability and resilience in colleagues, strengthening teams.

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W33528

WRITING A BEAUTIFUL ACTION PLAN

Karen MacMillan wrote this note solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

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A sticky problem has been presented and you have done a thorough analysis and come up with a solid solution. Perfect! Now it is time to build an action plan.

Unfortunately, a lot of action plans are not worthy of the solution they are meant to support (see Exhibit 1). A poor plan is vague and open-ended, and any person who tries to implement the plan could interpret it in a number of ways, leading to unpredictable results—some good, some not so great.

A beautiful action plan (see Exhibit 2), on the other hand, increases the odds that the solution can make a difference. It makes it simple for the implementer, even if they are new to the problem, to know what to do. Each step is clear and carefully timed, and builds in methods to know whether the plan is working. (The amount of detail you include should be dictated by the amount of time and space you have been given.) A comprehensive, beautiful action plan ensures the wonderful analysis is properly served and the solution has a good chance of hitting the mark.

Nobody starts out trying to make a poor action plan, but it still happens. The great news is that there are a number of things you can do to make sure your action plan is worthy of the sharp analysis you have done.

- *Ensure your action plan flows directly from your stated analysis.* You do not want to be the one who argues in the analysis that the issue is with the general manager's poor managerial skills, but then includes an action plan built around changing the employees. The action plan has to solve the problems identified in the analysis.
- *Be specific, especially in the early stages.* Do not suggest, "The team should go through teambuilding activities." That could mean a multitude of things. Which team should go through what type of teambuilding activity? Are we talking axe throwing, karaoke, or drinks after work? Who should organize the initiative? When should it happen? How often should this occur? How much will it cost? What resources will be needed? Who needs to be informed? What communication needs to happen? Think it through. Do not rely on good intentions or vague promises. Write all the details so explicitly that a passerby could pick up your plan and implement just what you were thinking without checking back in with you.
- *Make your steps realistic.* A junior marketing representative probably will not have the power to convince the board of directors to change the company's strategy. A new manufacturing plant cannot be built in a month or two. Giving all of the employees in a struggling company a big raise to make them stay is probably

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not reasonable. Make all steps possible for the people and organizations tasked to do them. If steps need support from people with more power and resources, include a plan for how to get that assistance.

- *Plan on how to overcome people's natural resistance to change.* If you suggest things like merging two departments or requiring a faster production time, there may be some pushback from the players involved. Indicate how you will overcome resistance to the proposed steps that may not be well-received.
- *State your assumptions clearly and briefly justify them.* If you do not have enough information to make certain decisions, it is all right to make a reasonable estimate. For instance, you may not know what it would cost to hire a high-level engineer in a niche industry, but you can state the average salary for an engineer and extrapolate upward. No problem scenario will come with all the information you need to fix it—this is true in the workplace as well. The trick is making the best use of the information you do have.
- *Think about your plan in the short and long term (and maybe the medium term too).* Lay out when you see things happening. Is the timing realistic? If you are recommending a revamp of your manufacturing floor layout, should that be done during the peak season or during shutdown? Can machinery be moved in the time you have available? You may not have all the answers, but show that you are considering all of the factors.
- *Define which steps are most critical to the success of the plan.* You may have ten steps to your action plan, but maybe numbers 2 and 6 are the ones that *must* happen. If an important step does not work out, offer a contingency plan.
- *Outline how you can know whether the plan is working.* How and when will you measure success (quantitatively or qualitatively)? If you are trying to improve customer satisfaction, will you survey clients to see if your steps are having an effect or simply track repeat sales? Are there milestones you should expect? Checkpoints need to be designated to observe the signals of effectiveness so that you can adjust the plan as needed.

No action plan can cover everything. However, a good plan will show evidence that its writer(s) really thought through what they want to see happen and display a structured approach to measuring impact and adjusting as needed.

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EXHIBIT 1: SAMPLE OF A POOR ACTION PLAN

Problem: A new CEO has to deal with a group of employees that are unmotivated and unproductive, and the company is losing money. This has to change or the company will go out of business.

Solution: Make employees aware of the problem and develop a new reward system to motivate them to be more productive.

Step 1: Communicate to all employees that productivity levels need to go up. Make sure everybody understands how serious the issue is. Remind them of the urgency of the problem frequently and in multiple ways.

Step 2: Implement a new reward system that encourages employees to work harder and longer. Make it fun and exciting with rewards that are meaningful to employees.

Note: CEO = chief executive officer.
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EXHIBIT 2: SAMPLE OF A BEAUTIFUL ACTION PLAN

Problem: A CEO has to deal with a group of employees that are unmotivated and unproductive, and the company is losing money. This has to change, or the company will go out of business.		
Solution: Make employees aware of the problem and develop a new reward system to motivate them to be more productive.		
Step	**Timing**	**Action/Cost/Contingency**
1a	Week 1, Day 1	CEO to draft a communication to deliver to employees in a town hall format. Sample Communication: *Thank you for joining me in this town hall meeting. I pulled you away from your work today because there is a serious problem facing this company and I want you to know what is going on. I have been brought in as your CEO because the owners are worried. The productivity rates at this organization are 20 per cent lower than our competitors' and this means our prices are about 20 per cent higher. We have been steadily losing our best clients over the last three years. I'm working closely with the senior management team to figure out a plan of action. I know we can turn this around, but I'm going to need your help and your ideas. Any questions so far?*
1b	Week 1, Day 1	CEO's executive assistant (EA) to work with operations manager (OM) on scheduling two 45-minute town hall meetings (one each for the day and afternoon shifts) that are to take place before the end of week 1 (and thereafter every five weeks) in the cafeteria during a non-break time. EA to send email by end of day inviting all employees and to rent two portable microphones for the event (one for CEO, one for audience members to ask questions). COST: Microphone rental. Assumed to be approximately $200 for each day (based on previous experience).
1c	Week 1, Day 7	CEO to run two town halls in the cafeteria, delivering the sample communication as detailed in step 1a. COST: $37,500. Average salary and benefits cost assumed to be $75/hour (based on industry average) multiplied by 0.75 (portion of hour needed for town hall) plus travel time of 0.25 hours multiplied by 500 (number of employees).

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EXHIBIT 2 (CONTINUED)

1d	Weeks 6/11/16/21/26, Day 7	**CRITICAL STEP:** CEO to run two town halls in the cafeteria to update employees on the progress the company has made in improving productivity levels and asking for their ideas and questions on the situation and the town hall format (adjusting as needed). COST per townhall: $37,500: $140,625. Average salary and benefits cost assumed to be $75/hour (based on industry average) multiplied by 0.75 (portion of hour needed for town hall) plus travel time of 0.25 hours multiplied by 500 (number of employees) CONTINGENCY STEP: If it is not possible to run these townhalls, the CEO is to ensure that an online forum is created that gives updates on productivity levels and allows employees to anonymously offer their ideas and questions.)
1e	Week 2, ongoing	CEO to attend weekly department meetings to discuss needed changes and look for opportunities for productivity improvements. EA to create document to track the improvements and share it company-wide.
1f	Week 2, Day 1, ongoing weekly	CEO to ask senior managers for feedback they have received from employees on the town hall sessions. Future town hall content to be adjusted based on this information.
2a	Week 1, Day 1	**CRITICAL STEP:** CEO to task human resource manager (HRM) with developing a reward system that incentivizes improved productivity. Focus to be on front-line employees, incorporating rewards that are publicly awarded on a frequent basis (at least three times per week). Deadline for system development is one week. COST: $40,000 annual rewards budget . CONTINGENCY STEP: If there are insufficient funds to pay for this company-wide reward system, HRM to develop a reward system based on praise and recognition (e.g., certificates, employee of the month postings, newsletter mention, etc.)
2b	Week 2, Day 1	CEO and HRM to meet to review and finalize the new reward system. HRM to arrange for delivery of rewards for first three months.
2c	Week 2, Days 2–7	HRM to visit all weekly department meetings to explain the new reward system and get feedback on the type and frequency of rewards.
2d	Week 3, Day 1	HRM to roll out the reward program in all manufacturing departments.
2e	Week 5, Day 1	HRM to send a survey via email asking manufacturing employees how they feel about the reward program. Results to be transmitted to the CEO within 48 hours.
2f	Week 5, Day 1	OM to assess impact of the manufacturing reward system by comparing pre-system production numbers to those since the implementation of the program. Results to be discussed in the weekly senior management meeting.
And so on . . .		

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THE ART OF DEALING WITH TRUMPIAN THREATS AND THEATRICS

By Thomas Watson

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The Art of Dealing with Trumpian Threats and Theatrics

By: Thomas Watson

In Michael Moore's 1995 comedy *Canadian Bacon*, Alan Alda plays a bumbling American president looking to use an international conflict to distract U.S. voters from economic problems he can't solve. With the Cold War thawed, he has no obvious enemy to pick a fight with, which leads Alda's character to jokingly state "How about Canada?" That suggestion snowballs, and Canada ends up Uncle Sam's new wag-the-dog toy.

Featuring John Candy in one of his last movie roles, *Canadian Bacon* playfully mocks American ignorance of our nation along with Canadian stereotypes. We are depicted as simple syrup-loving people who remain polite in the face of hostility. The humour worked, at least for Second City fans, because nobody at the time could imagine a war between Canada and the United States—and not just because both nations are members of NATO. Simply put, despite different approaches to nation building and opposing relationships with Mother Britain, which resulted in the U.S. invasion of Canadian territory in 1812, we have long coexisted as relatively respectful neighbours, ones who have agreed to disagree on many things while benefiting from the integration of our economies and fighting side by side to defend common values.

But times change, and since winning the recent U.S. election, Donald Trump has been celebrating his decisive victory, along with Canadian Prime Minister Justin Trudeau's looming resignation, by broadcasting his version of "Blame Canada." In that satirical South Park movie tune, our nation is accused of teaching American children to "fart and curse." Trump's insistence that Canada and Mexico should both be hit with a blanket 25-per-cent tariff as punishment for being major contributors to America's problems with illegal immigration and drugs is equally ridiculous. Nevertheless, Canadian politicians legitimized this threat by scrambling to announce border improvement initiatives. We also weakened our position by indicating a willingness to throw Mexico under the bus while renegotiating existing trade agreements. And after watching us dance to his tune, Trump added insult to injury by suggesting he might deploy economic warfare to coerce Canada into becoming America's 51st state.

As *Globe and Mail* columnist Tony Keller recently pointed out, "Canada has lived in the lee of the American empire – which was, at least for the past century with regard to us, a mostly positive thing. We had the good luck to live next to the Great Republic and not, say, China or Russia or any one of a long list of hungry neighbours. Maybe that benevolent state of affairs will return, but for the next four years we have Mr. Trump. Instead of the American exceptionalism, he incarnates its all-too common opposite." And that's something Canada needs to remember as Trump unleashes his shock-and-awe policy campaign in the days and months ahead.

Trump's initial talk of forcing an annexation of Canada could have been nothing more than an undiplomatic joke. He might not even have been serious when threatening to impose stiff tariffs on Canada and Mexico, which failed to materialize as promised on inauguration day. But the threat of economic destruction remains. As Ivey Business School professor Andreas Schotter explained in the Ivey publication Impact, sweeping trade threats often give way to more targeted and limited measures. But even a much smaller blanket tariff of just 10 per cent could trigger a Canadian GDP contraction of 2.4 per cent, while putting 500,000 jobs at risk.

As things stand, Trump still insists Canada and Mexico should expect blanket 25-per-cent tariffs. But he has also ordered his advisors to make policy recommendations related to America's major trade deficits after examining the flow of unlawful migration and fentanyl into the United States. That could turn out well for us. After all, a trade war with Canada isn't in America's best interests, and we have already announced plans to tighten our border, which relatively speaking, isn't even an issue. And yet, nobody knows what to

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expect in the days ahead. Everything depends on what Trump thinks makes him look good, which can change overnight. The only constant we can take to the bank is his need to appear tough. And that's why Canada needs to play it cool and stop publicly issuing threats of our own until the lay of land becomes clear. We should also stop making references to 1812 while pointing out why becoming American isn't an attractive proposition for most of us.

After Trump first started referring to Canada as America's 51st state, Ontario Premier Doug Ford playfully suggested his need to impose tariffs stems from some historic insecurity, telling Fox News host Neil Cavuto, "I guess he's still upset that in 1812 we burned down the White House and he's holding a grudge after 212 years. He's a funny guy."

"It is never wise to poke a real bear. The same can be said about giving a political one reason to expand its territory, and a second Trump term promises to produce an administration with cocaine bear unpredictability."

Despite getting some things wrong, including the date (the burning of Washington took place in 1814), Ford's remark was celebrated by Canadians who have long seen referencing the War of 1812 as the perfect comeback to any American diss. But a few weeks after Ford did this, Fox News host Jesse Watters started calling Canadian patriotism an insult to Americans. During another interview with Ford, Watters insisted every non-American on the planet except Canadians would welcome giving up their national identity for the privilege of becoming an American citizen. When asked what our problem was, Ford politely noted that Canadians simply love Canada as much as Americans love America. Watters—who has an audience of about 4 million Americans—then made it clear that he thought this was ridiculous by ending the discussion by stating: "So this may just have to be a hostile takeover."

It is never wise to poke a real bear. The same can be said about giving a political one reason to expand its territory, and a second Trump term promises to produce an administration with cocaine bear unpredictability. In this environment, publicly boasting about how defenders of the Great White North previously kicked American butt in an actual war could move Trump to inflict serious pain on us just to look strong. It could also spur him to seriously consider trying to annex our nation, or perhaps just the part of it most open to the idea. At the very least, Canadian tough talk makes it harder for Trump to focus his attention elsewhere.

Keep in mind that Trump—who claims to be on an expansionary mission from God to make America great again—has previously invoked the burning of the White House to justify calling Canada a national security risk. So given what is at stake today, and the fact that Canada does have a lot of resources that would make America stronger, all concerned would benefit from acknowledging our nations have never been at war.

For the record, the War of 1812 was a pre-Confederation conflict between Americans and the British Empire, which raided Washington, DC, and set it ablaze after American soldiers burned York—aka Toronto. As Vox noted the last time Trump was president, most of the soldiers involved didn't even hail from Canada. The raid on Washington was led by General Robert Ross, who "had been fighting in Spain prior to his unit's reassignment to the war with the United States—which suggests the troops were Europeans, most likely from the British Isles." So, let's forget it.

I am not suggesting Canada shouldn't stand proud. On one level, I agreed when Allan Rock, former federal cabinet minister and former Canadian ambassador to the United Nations, argued for some righteous rage. But Rock lost me when calling on Trudeau to bluntly scold America's "loudmouth" for his disrespectful rhetoric over the phone. The problem here isn't just that Trump hates Trudeau. The bigger issue is that the U.S. president is a narcissist who doesn't typically take—or even take in—advice. Trump wouldn't listen even if Wayne Gretzky, someone he likes, tried to get him to play nice with Canada.

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In an ideal world, our nation would be facing this ridiculous situation with a prime minister like the one played by Hugh Grant in the movie *Love Actually*. In that flick, Britain is being bullied to accept unacceptable treatment by a U.S. president with little respect for weaker nations, not to mention a fondness for sexual harassment. During a joint press conference, after witnessing his cocky American counterpart make unsolicited moves on a female staffer, Grant's character boldly tells the world, "I fear that this has become a bad relationship; a relationship based on the president taking exactly what he wants and casually ignoring all those things that really matter to, erm . . . Britain. We may be a small country, but we're a great one, too. The country of Shakespeare, Churchill, the Beatles, Sean Connery, Harry Potter. David Beckham's right foot. David Beckham's left foot, come to that. And a friend who bullies us is no longer a friend. And since bullies only respond to strength, from now onward I will be prepared to be much stronger. And the president should be prepared for that."

FIGURE 1: YOUTUBE VIDEO – PRIME MINISTER'S SPEECH, *LOVE ACTUALLY*



Source: "Prime Minister's Speech.mp4," clip from *Love Actually*, directed by Richard Curtis (Universal Pictures, 2003). Posted November 11, 2011, by vasant [v], YouTube, https://www.youtube.com/watch?v=qMJcZpvyNok.

Any decent Canadian writer could craft a similar speech about why Canadians are proud of our nation and its accomplishments—which includes the invention of many things that improve American lives, including insulin and electric wheelchairs—although it might be best to ignore how both basketball and baseball were invented by Canadians (see earlier point about poking the bear). But thanks to the Trudeau-manufactured leadership vacuum in Ottawa, we don't have a national leader capable of standing up for us and being heard on either side of the border.

Despite his lame duck status, Trudeau appears ready to go to war with Trump and Alberta, insisting everything is on the table when it comes to fighting U.S. tariffs while promising to match American levies "dollar-for-dollar." Meanwhile, provincial leaders are at odds over what to do. Ford is ready to hit back with a retaliatory "sledgehammer," which he insists should include costly bans on oil, gas and electricity. But Alberta Premier Danielle Smith warns any attempt to ban or restrict oil exports from her province will risk a Canadian unity crisis.

Amid this lack of direction, responses from other high-profile Canadians have been all over the map. Appointing himself lead negotiator of team sovereignty surrender, Kevin O'Leary has argued we should embrace Trump's threats as a golden opportunity to merge our economies in a win–win way, which, as *Globe and Mail* columnist Andrew Coyne notes, isn't at all what Trump has proposed. Meanwhile, Don Tapscott and John Manley have been penning patriotic commentaries explaining why Trump should consider changing his rally cry from MAGA to MAAGAC (make America as great as Canada) and accept a merger on our terms.

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In a *Fortune* article, Tapscott noted, "Our homicide rate is one-third that of the U.S.; and while many Canadians enjoy their firearms, gun-control laws from the late 1970s have limited gun-related deaths to just 300 per year. Compare that to almost 50,000 annually south of the border and you'll understand why we believe our system is better."

In a sarcastic open letter to Trump, Manley pointed out, "All Canadian politicians support our single-payer health care system because no one is refused treatment for their inability to pay and no one goes broke because they suffer a catastrophic illness. In effect, all of our citizens have lifetime critical illness insurance provided by the government. And while it's expensive, our system costs considerably less than yours, with 100 per cent of the population covered! Your citizens will love it, I promise."

None of this has been helpful. Publicly disagreeing over what Canada should do in a trade war before it even starts only exposes the fact that our sledgehammer might be more like a rubber mallet. Pointing out America's flaws while trying to avoid anti-Canadian policies is equally dumb, especially when using the trade weapons that we have at our disposal could backfire by locking in American resolve while costing us dearly and dividing our nation.

So, what should be done? We need to stop thinking we can sell a win-win solution directly to Trump. As Ivey professor Ann Frost noted in the IBJ Insight "The Art of Dealing with Narcissism," leaders like Trump don't typically listen to reason or even care about what you want, but they do care about what other people think. So, let's focus on collectively and calmly educating Americans on how trade with Canada subsidizes their well-being instead of rips them off. This can be done in partnerships with U.S. interests that would be hurt in a trade war. America benefits from Canadian trade much more than Trump admits, so support for tariffs on Canadian goods should drop if they are seen as an inflationary threat that will only get worse if we are forced to retaliate.

At the same time, we should work as a united country to figure out how to increase internal trade while diversifying our economy and reducing our reliance on the U.S. market. This requires more realism and less politics. We should also see what is happening next door with regards to DEI and market regulation as an opportunity to sell Canada as a more stakeholder friendly place to invest.

Finally, we should seriously consider giving Trump the appearance of a win by aggressively moving to meet our NATO commitments. We have long failed to even come close to the defence-spending benchmark of 2 per cent of national GDP, and that's not frustrating to just our American allies. Meeting the benchmark would cost real money, but it is a pill we should have figured out how to swallow years ago.

As Grady Munro and Jake Fuss of the Fraser Institute pointed out last year, "The days are long gone where Canada was simply one of many NATO members that failed to meet the alliance's defence spending target, and we are now one of only eight countries that spends less than two per cent of GDP on defence. Indeed, NATO estimates we will spend 1.37 per cent of GDP on defence in 2024."

According to *Globe and Mail* columnist Konrad Yakabuski—who points out America pays a real price for being home to the world's reserve currency, while Canada benefits from selling into the American economy with a weaker dollar—Trump's threatened tariffs could prove to be the price Canada must pay for free-riding on defence. But nothing is written in stone.

Announcing a credible plan to meet our NATO commitment much sooner than currently planned would rob Trump of his go-to criticism of our nation. And if we don't shoot ourselves in the foot with needless references to 1812 or the premature use of aggressive countermeasures, we could find our way back to being treated as a valued trading partner, instead of a deadbeat takeover target.

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Rapidly increasing defence spending could be done creatively. If Trump can label Canada a national security threat, we should be able to include more border expenditures in our defence budget. We could also increase investments in infrastructure or research related to artificial intelligence or quantum computing, both of which pose real threats to national security.

In an interview with *The Daily Show* host Jon Stewart, Liberal Party leader hopeful Mark Carney tried to be playfully diplomatic when he told Americans, "It is not you, it's us." But the truth of the matter is that most of us prefer our way of life. And since many Americans clearly feel the same way, nobody needs to sugarcoat our desire to remain Canadian.

That said, let's not forget that Trump has returned to power without being surrounded by people looking to keep him in check. Our traditional relationship with the United States flies in the face of how powerful nations have treated weaker ones throughout most of history. And if we want to keep it that way without kissing the ring of a wannabe king, we need to keep our powder dry and stop openly fighting about whether we can use it while exploring other options.

There may be nothing Ottawa can do to mitigate the threats coming out of Washington, especially while Trudeau remains in charge. But our two nations share enough common interests to make our historic relationship worth preserving, and maintaining a costly tough-on-Canada campaign could quickly become the last thing Trump cares about now that he is officially back in the White House. And so, as unexpected headaches mount for Trump at home and abroad, it is in our national interest to be more smart than passionate in our response to his threats and theatrics.

In other words, until it is clearly time to drops the gloves, let's stop acting like good scapegoats and be more like the friendly buffoons in *Canadian Bacon*.

BIO: Thomas Watson (Twitter: @NotSocrates) is a veteran business journalist, management consultant and communications professional with experience spanning executive education, thought leadership development, institutional storytelling, strategic communications, public and investor relations, and media production. As a Financial Post Magazine columnist and Editor-in-chief of Ivey Business Journal—one of Canada's oldest business publications published by the prestigious Ivey Business School at Western University—Watson is recognized as an expert commentator on topics ranging from leadership and governance to managing disruption and the evolution of capitalism.

At Ivey, in addition to managing IBJ, Watson helps promote best practices in management by developing custom case studies and executive development programs. As a guest lecturer, he also shares his experience as a young VC executive who risked his career and reputation to expose the stock manipulation of a Canadian tech market darling during the dotcom boom. Watson's insider account of this mind-blowing international scheme was featured by Canadian Business as a cover story in 2002. Entitled "The Man Who Ambushed Open Text: And How I Helped Him Do It," Watson's first long-form magazine article garnered comparisons to Liar's Poker by financial journalist Michael Lewis. This led to an award-winning investigative reporting career. Highlights include: "Abandoned at the Altar," an exclusive account of why Bay Street's GMP Capital got cold feet when helping Ashley Madison's corporate parent go public in 2010; "Shell Games," an exposé of criminal boiler rooms that financed the Canadian expansion of Ben & Jerry's during the 2008 financial crisis; "ABCP: Hunter and the Hunted," a profile of the retail market rebellion sparked by Bay Street's unethical marketing of high-risk asset-backed commercial paper; "The Trials and Tribulations of Brian Hunter," an exclusive account of the 2006 implosion of the Amaranth Advisers hedge fund; and "An Apology for Eleanor Clitheroe," a profile of the sexism and hypocrisy that derailed Hydro One's attempt to go public with a female CEO in 2002.

Watson holds undergraduate degrees in history and political philosophy. As a graduate student, he studied journalism, political theory, international politics, public finance, and macroeconomics. Post-graduate studies included securities and market regulation.

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NOTE ON INTRODUCTION TO PROJECT MANAGEMENT

Fraser Johnson and Professor Robert Klassen prepared this note solely to provide material for class discussion.
The authors do not intend to provide legal, tax, accounting or other professional advice. Such advice should be obtained from a qualified professional.

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Project management techniques are goal-directed, and are commonly used by managers to help them plan, control, direct and re-plan resources for large, complex projects. These techniques allow managers to focus on specific objectives, such as a required completion date, and to manage resources accordingly. Situations where project management can be used include: process re-engineering; design of tooling and machinery; software development; and construction.

Ultimately, the objective is to establish a plan that outlines the sequence of individual activities or tasks. This usually involves making trade-offs with respect to the dedication of resources and their sequence. Quite often, when anticipated completion schedules or costs must be adjusted, project managers are forced to re-schedule activities. Project management techniques assist managers with their planning activities by identifying the trade-off between increased use of resources and faster project completion.

PERT (program evaluation and review technique) and CPM (critical path method) are the two most common project management techniques. CPM was developed by J.E. Kelly, of Remington-Rand, and M.R. Walker, of DuPont, as a tool to assist with scheduling maintenance shut-downs of chemical plants. PERT was developed the following year for the U.S. Navy, to help manage the Polaris missile project. Originally, PERT was more flexible in dealing with variations in lead times, while CPM assumed that project activities could be estimated accurately. Today,

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however, differences between PERT and CPM techniques are relatively minor, and the two terms are often used interchangeably. The term PERT/CPM will be used here.

PERT/CPM techniques display project activities in a network diagram to help managers focus their attention on the sequence of events most crucial for project completion. In order to create a network diagram, the project must include activities that not only are clearly defined, but also must be carried out in a specific order (precedence relationships). In most situations, opportunities exist to re-order, compress or extend the activities with the objectives of revising the program budget or completion date.

Due to the large number of activities involved with many projects, computers are commonly used to simplify the analysis and provide answers to "what if" questions. A variety of relatively inexpensive software packages are available. These packages organize your project in a standard format based on the duration time of each activity and the sequence of activities.

THE PROJECT MANAGEMENT PROCESS

Project management using a network model can be separated in the following four steps:

- define the project
- identify activities, precedence relationships and time elements
- establish critical path
- make adjustments

1. Define the Project

Each project should have clearly defined beginning and ending points. It is up to the project manager to describe the project activities in terms that team members will easily comprehend. Consequently, a clear statement should be created, identifying the scope of the project, its major activities and their relationships, and the time unit in which the project will be monitored.

2. Identify Activities, Precedence Relationships and Time Elements

The project should then be broken down into "activities," which represent the individual tasks that the project team expects to coordinate. The activities will have precedence relationships; that is, the sequence of activities is constrained because certain activities must be completed before others can begin.

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A difficult part of this step is establishing time estimates for each activity. In particular, at the beginning of the project, time estimates may be difficult to establish. Experienced project managers, however, rely on a variety of sources to determine their initial time estimates, ranging from personal experience to formal engineering studies.

One easy method of organizing this data is to create a three column list which includes the following: Activity, Activity Description, and Immediate Predecessor(s). Once organized, the activities can then be translated into diagrams that can take on any of several formats.

The Gantt chart, similar to a bar chart, shows individual activities and the length of time required for each activity, with each activity depicted with a bar. The Gantt chart often organizes the sequence of activities by listing at the top with those that must be completed first. While Gantt charts can be used to display relationships among activities for small projects, it becomes difficult to visualize activity relationships for large, complex projects when relying on Gantt charts alone. Furthermore, it is also difficult to establish the critical path and other important information for managing the project solely by relying on a Gantt chart.

To overcome these weaknesses, the PERT/CPM diagram shows the activities as a series of nodes on a network. An activity, shown as a node, is directly linked by an arrow to activities that immediately follow it and depend on its completion. This format makes the inter-relationships between activities immediately apparent. Both PERT/CPM and Gantt charts are widely used by managers to track projects.

3. Determine Critical Path

The critical path is defined as the sequence of activities which takes the longest time to complete. The critical path represents the completion time of the project. A project can have more than one critical path; however, the completion time of each of these paths must be equal.

4. Make Adjustments

Most projects are constrained by two factors: time and cost. Since improvements in project completion times often require additional resources at a premium cost, balancing the trade-offs between activity cost and project completion time is an important component of the project management process. Additional activity cost can take many forms, including additional personnel, equipment, expedited delivery, etc.

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Calculation of the critical path sequence permits the project manager to identify both the activities that influence total project completion time and other activities that can be extended without delaying the completion of the project. Adding time to any critical path activity extends the total time needed to complete the project, while reducing these activity times (termed "crashing") may shorten the total time. If more than one path is critical, the activity times for several activities might need to be simultaneously crashed to reduce the total project completion time.

As activities on the critical path are crashed, new critical paths may be added. Consequently, managers might be forced to deal with several different critical paths before finalizing their project plan.

AN EXAMPLE

The following example illustrates the application of PERT/CPM techniques to a project.

Bart is a first-year student, who plans to go skiing over Winter break. He intends to leave the business school immediately following the mid-term exam in his operations course, which is expected to conclude at 12:00 noon on February 16, 1996. The trip from the business school to his apartment usually takes 30 minutes.

Unfortunately, Bart has spent the last few days studying for the exam, and as a result has not prepared for his vacation. After arriving home, Bart knows that he must wash his clothes. Ideally, he will do three loads of laundry, which he expects to take four hours. He knows that packing, which he anticipates will take 30 minutes, must wait until he has finished doing his laundry.

Bart also needs to go to the bank to withdraw some money and obtain travellers' cheques for the trip. He expects this activity to take one hour, and this can take place at the same time his laundry is being done. Finally, Bart must pack the car and drive to the meeting place to catch the bus; he expects both of these activities to take 30 minutes each. The bus was scheduled to leave at 5:00 p.m., and Bart knows that he cannot be late.

The list of activities that Bart must complete is provided in Table 1. Note that this table also identifies predecessor activities and estimated completion times.

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Table 1

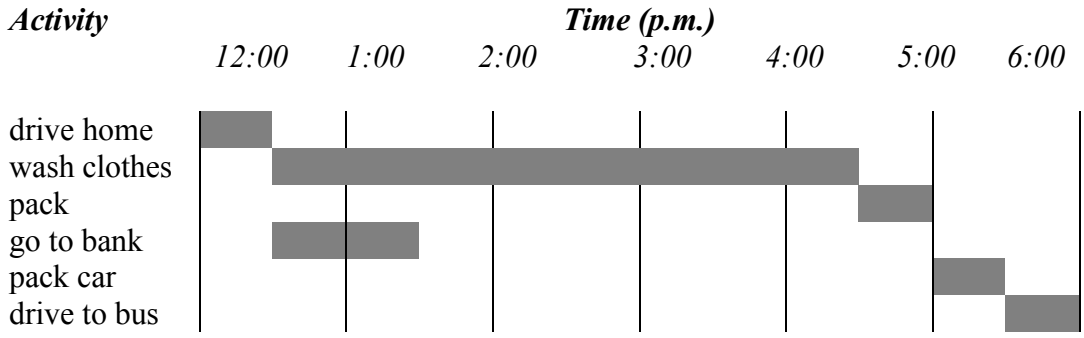
BART'S SKI TRIP

Activity	Activity name	Immediate predecessor	Estimated time (hours)
A	drive home	—	0.5
B	wash clothes	A	4.0
C	pack	B	0.5
D	go to bank	A	1.0
E	pack car	C, D	0.5
F	drive to bus	E	0.5

A Gantt chart, outlining the activities together with their duration, start and finish times, is presented in Figure 1. The difficulty in using this data to manage Bart's activities is that it fails to show the relationships among the activities, the sequence of events constraining completion of the project (the critical path), and the slack times. In short, we know when the project starts and when it needs to be completed, but we cannot see how the activities are interrelated.

Figure 1

GANTT CHART FOR BART'S SKI TRIP



As an aid in analyzing the above information, it is useful to represent it schematically as an activity-on-node diagram. To do this, we adopt the convention of using the nodes (small squares) to represent activities and the arrows to represent the sequence in which they are performed. An activity is a specific task which takes time and resources. Bart's ski trip preparation is presented in Figure 2.

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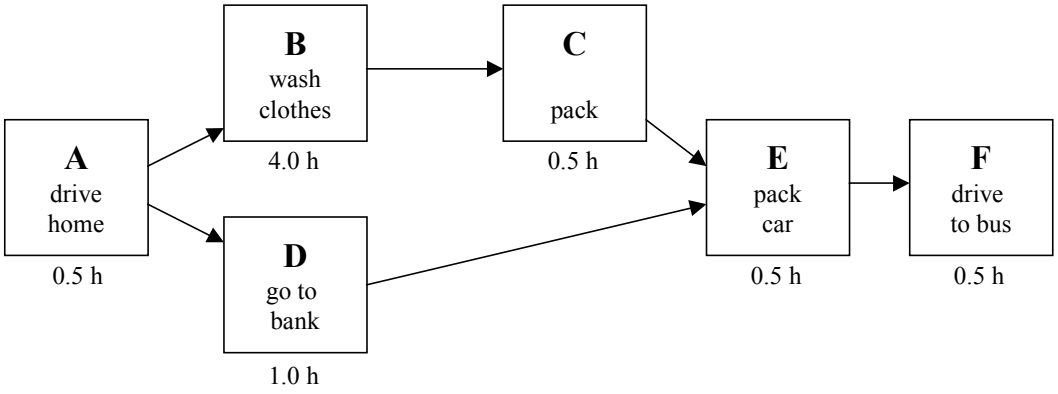
Figure 2

SKI TRIP PERT DIAGRAM



The network diagram shows the activities which must be performed before Bart leaves, their duration, as well as the sequence in which they must be performed. Specifically, note that both activities C and D must be completed before E can begin. The diagram typically includes the letter representing the activity inside each node, along with its activity time (duration).

Now we can begin our analysis. The first thing we do is establish for each activity the earliest possible time that the activity can begin and finish, termed the Earliest Start time (ES) and Earliest Finish time (EF), respectively. By convention, for the first activity, here A, we define its ES as zero, and record this above and to the left of the node. The EF time is equal to the ES plus the activity duration time. This time is noted above and to the right of the activity. For activity A, the EF is 0.5 hours.

$$\text{Earliest Finish time (EF)} = \text{Earliest Start time (ES)} + \text{activity duration (d)}$$

Then, for each of the activities that follow this activity, their ES is equal to the EF of the preceding activity. Thus, the ES and EF for activity B are 0.5 and 4.5 hours; for activity D is 0.5 and 1.5 hours. When two or more activities immediately precede an activity, such as E, the ES for that activity is the largest of all preceding EF times. For example, at activity E, the EF for activity C is 5.0 hours, while for activity D is 1.5 hours. Consequently, we take the greater of the two, and use 5.0 hours. We continue this way until we have calculated an ES and EF for each activity, as illustrated in Figure 3. The EF for the last activity, F, is 6.0 hours. This last figure is the total time to complete this project.

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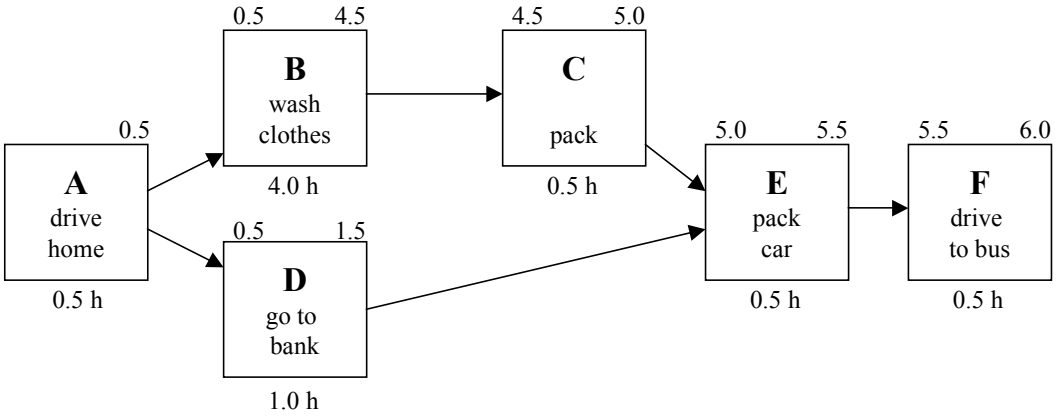
Figure 3

SKI TRIP WITH EARLY START AND EARLY FINISH TIMES



We now work backward through the diagram to establish the latest times that we can start and finish an activity, without delaying the whole project. These are termed the Latest Start (LS) time and Latest Finish (LF) time for each activity. The LF for the last activity, here F, is equal to the EF, and is recorded beside the EF, separated by a slash. The LS for F equals the LF minus the duration, here 5.5 hours. We record this figure beside the ES, separated by a slash. In general, the LS time is given by:

Latest Start time (LS) = Latest Finish time (LF) – activity duration (d)

For each preceding activity, the LF is equal to the LS of the next activity. Thus, for activity E, the LF is 5.5 hours and the LS is 5.0 hours.

If two or more activities follow an activity, such as activity A, we used the smallest LS time of those activities as the LF time of A. Thus, because the LS of event B is 0.5 hours and the LS of D is 4.0 hours, therefore, we use 0.5 hours as the LF for activity A. Figure 4 updates the network diagram with LS and LF data.

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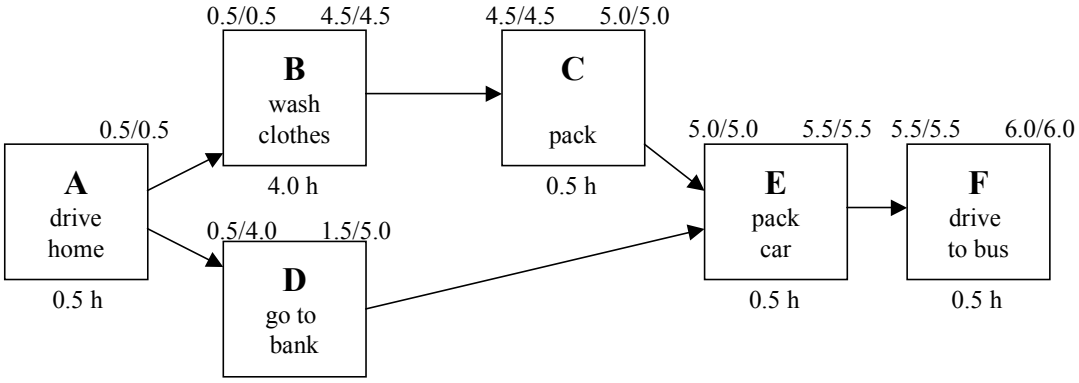
Figure 4

SKI TRIP WITH LATE START AND LATE FINISH TIMES



The final calculation is to identify the "slack" or "float" for each activity. Total slack is the maximum amount of time that an activity can begin late or be extended by, without delaying completion of the entire project. Notice that the slack time for an activity is not independent of the slack for other activities. Thus, it is not meaningful to add together the slack times of two or more activities.

$$\text{Slack} = LS - ES = LF - EF$$

Here the only activity with any slack is activity D, where the time is (4.0 – 0.5) = 3.5 h.

Now, we find the *critical path*. It is the chain or chains of activities which have zero slack. For the Ski Trip, this chain is A-B-C-E-F. Any lateness in these critical activities will delay the completion of the entire project. In addition, any effort to reduce the total project time must be directed first at the activities on the critical path.

USING MICROSOFT PROJECT

1. What Microsoft Project can do

Microsoft Project (MS Project) is a powerful software package that allows you to plan, organize and control projects consisting of multiple activities that may be interrelated. MS Project uses information about the project, such as activity durations, start dates, available working time and completion dates/deadlines to build a model of the project that you are managing.

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Using a software package, such as MS Project, provides the user with several advantages. First, MS Project automatically organizes your activities based on the duration times and sequences identified in the data. The data will be organized into standard format, making it easy to share information. MS Project allows you to view your project in a variety of different ways: Gantt charts, PERT/CPM diagrams and calendar view. Second, the flexibility of the system allows you to easily ask "what if" questions and perform sensitivity analysis. Third, as a project is undertaken, management can use MS Project to monitor the overall project schedule and completion of activities, thus permitting the replanning of activities based on their early or late completion.

2. General Concepts

a. Creating and organizing a project

MS Project refers to all activities as tasks. Creating a project requires the user to input the following information:

- task names/descriptions;
- duration;
- start and finish date restrictions, if appropriate;
- precedence relationships; and
- available working time.

When entering the data, time units must be consistent (e.g., days or hours).

MS Project will use this information to organize the project, indicating expected completion dates, critical paths and project sequencing.

b. Scheduling activities

Activity scheduling should begin by identifying the start date of the project. Although certain activities may be pre-scheduled to begin at a specific date, most will start following completion of their predecessor activities. Consequently, those activities not on the critical path may have "slack" among them if the start dates are flexible or otherwise delayed.

Understanding the precedence relationships is important. MS Project organizes the project, however, this requires the user to provide accurate information with respect to the sequencing of the activities.

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c. Gantt Chart view

MS Project has three views: Gantt Chart, PERT Chart and calendar. These represent standardized views for project managers, each displaying the same general information in slightly different formats. Typically, the default format on MS Project is the Gantt Chart view. Toggling between views is done using the View menu.

The Gantt Chart displays data in both text and graph form. The position of the various activities allow the user to identify the sequencing of the activities and the expected completion date. To overcome one of the weaknesses of Gantt charts, MS Project identifies predecessor relationships between activities using arrows.

d. PERT Chart view

The PERT Chart view displays activities as a network diagram. Each activity is represented by a node (or box). Predecessor relationships are identified by connecting lines. As the project progresses, the PERT Chart will display a single diagonal line through an activity in-progress and crossed diagonal lines through completed activities. The nodes display information about the status of the activities, including duration, start date and completion dates.

e. Calendar view

The calendar view displays data which allow the user to quickly identify when particular events are scheduled, during which days, weeks and months. This method makes it easy to schedule resource activities, such as labor, based on forecasted needs.

The calendar format can be changed to highlight particular activities. For example, personnel requirements can be highlighted to simplify staff scheduling.

f. Critical path

Virtually every project manager must worry about the critical path. MS Project analyzes available "slack" time and calculates the critical path(s). The critical path can be highlighted in all three views.

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g. Evaluating and adjusting the project

After your project data have been entered, it is often necessary to evaluate the project plan in terms of meeting specific objectives, such as completion dates. MS Project allows managers to easily ask "what if" questions in order to evaluate the impact of particular changes in terms of the amount of resources required and their costs. For example, management might re-examine the original specification of precedence relationships, and identify and evaluate alternatives. In addition, the benefits, if any, of "crashing" activity times also can be quantified.

TUTORIAL

The following tutorial, Bart's Ski Trip, will introduce you to project management using Microsoft Project (MS Project). The model can be found in the Operations Management directory on the network. The model follows the activities described earlier. Please feel free to access the Microsoft Help, under the Help menu, at any time.

1. Define the Project

Bart has six activities to manage before starting his vacation: drive home, wash clothes, pack, go to the bank, pack car and drive to the bus. Each of these have been listed in the Task name column in the file. Note that the calendar has been set to February 16, 1996, which is consistent with the timing of the tutorial.

2. Identify activities, precedence relationships and activity times

We need to establish the precedence relationships between activities and the duration time for each activity. First, set the time scale. From the Format menu, select the "Timescale…" command and define hours for the major scale. Under minor scale select minutes, and set the count at 30. This allows us to track the project based on 30-minute intervals.

Next, click the "drive home" cell in row 1. Using the arrow key on your keyboard, move the cursor one cell to the right, under the Duration column. Enter the duration of the activity, in this case 0.5 h. Repeat this step for each activity.

Next, we must enter the required sequence for the activities. In the Predecessor events column, enter the immediate predecessor activity, if any. Click the "wash clothes" cell and move the cursor with the keyboard arrow key two columns to the right, under the Predecessor events column. Predecessor events must be identified by row number. For, example, before Bart can start his laundry, he must first drive

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home. Therefore, in the Predecessor column in row 2, enter "1". Table 1 provides a summary of Bart's activities.

Alternatively, the activities, their durations, and their precedence relationships can be entered directly in the PERT Chart window. Switch to the PERT Chart window under the View menu, and select Task under the Insert menu or press the Insert key. A task box can be "dragged" with the mouse when the cursor changes to a four-way arrow over the edge of the task box.

Activity data, including the name and duration, can be entered by double clicking on the center of any task box, or by using the "Task Information…" command under the Insert menu when the task box is highlighted. The fields that should be completed are "Name" and "Duration." The time units are denoted with "d" for days, "h" for hours and "m" for minutes, and these must be entered, or days are assumed. Click "OK" when finished. Precedence relationships are easily entered by dragging from the center of a task box to the center of its successor task boxes. Tasks can be deleted by clicking on the task box and pressing the "Delete" key; precedence relationships can be deleted by double-clicking on the arrow and pressing the "Delete" button in the "Task Information" dialog window.

In addition, you can customize the information displayed in the task boxes in the PERT window using the "Box Styles…" command on the Format menu.

3. Establish critical path

From the Gantt Chart we see that the expected completion time is 6:00 p.m. Recall that Bart must be ready to go by 5:00 p.m. Under the View menu, you can select a PERT diagram. The PERT diagram depicts the sequence of activities and the critical path.

In order to address this problem facing Bart, we must first establish the critical path, which represents the longest sequence of activities in the project, and therefore, has zero slack time. MS Project can highlight a project's critical path.

In the Gantt Chart view, the names of the activities on the critical path are then highlighted. From the Format menu, select "Text Styles…" in the item to change box, select Critical activities. In the Color box select a color (e.g. red) for the names of the critical activities.

In the PERT view, the critical task boxes are automatically highlighted. The color can be changed by using the "Boxes Styles…" command under the Format menu. Either the Gantt or PERT view allows us to see that the sequence of drive home, wash clothes, pack car and drive to bus represents the critical path.

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4. Make Adjustments

From Bart's project schedule, it is obvious that he cannot get everything done, at least as planned, and still get to the bus on-time. The current project plan indicates he will be one hour late. However, recognizing this is a problem, Bart can identify alternatives.

First, he might call his bank and have them prepare the travellers' cheques in advance. This new activity might require five additional minutes; he would still have to go to the bank, but the time spent going to the bank would be reduced to 0.5 hours. Second, Bart might also reduce the amount of laundry from three loads to two loads. Bart estimated that he would need only two-thirds the time, two hours and 40 minutes, to complete two loads of wash. Which activity should be changed and what is the impact?

As established earlier, the sequence of activities that is the critical path is drive home, wash clothes, pack car, and drive to bus. Since Bart can go to the bank while doing his wash, this activity is not critical.

We can confirm that changing this activity will not help us complete the project more quickly by changing the time of the "go to bank" activity to 0.5 hours, and adding a new activity of five minutes for phoning the bank. (Go to the PERT view. First, delete the precedence arrow between "drive home" and "go to bank" by double-clicking on it and pressing the "Delete" button in the "Task Dependency" dialog window. Then, press the "Insert" key to add a new task, double click on the center of the task box to access the "Task Information" dialog box, and enter the "phone bank" as the task name and "5m" for the duration. Press "OK." Finally, connect this task to other tasks in the network by dragging from "drive home" to "phone bank" and from "phone bank" to "go to bank.")

The completion time of the project does not change. Consequently, Bart does not reduce the overall time for completing the project by calling the bank and ordering the travellers' cheques in advance.

The other option is to do only two loads of wash, thus reducing the time of this activity by one-third. The cost of crashing this activity is not financial, rather only the amount of clean clothes. By changing the duration time on this activity, we see that this compromise will allow Bart to get to the bus on time. (Go to the PERT view. Double-click on the task box and change the duration to "2.67h." Click the "OK" button.) The project completion time is now 4:40 p.m.

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SETTING YOUR PROJECT TEAM UP FOR SUCCESS

Heidi Gailor, Michelle Wang, and Carolyn Nye wrote this exercise solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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You have been assigned a team project this semester and completing the following activities will assist you in successfully launching and managing your team project. The activities and resources provided will help you and your teammates:

- Tap into the knowledge, skills, and strengths of each team member
- Form shared agreements for successful team functioning
- Foster a culture of accountability on your project team

STEP 1: LEARNING ABOUT YOUR TEAMMATES

Whether you had the opportunity to choose your teammates or your instructor assigned you to teams, it's helpful to gain a better sense of the strengths and skill sets available on your team. This allows you to get to know one another better, so you and your teammates can assign roles and responsibilities in a manner that best aligns with the skill sets and mindsets of team members to ensure project success.

Each member of a project team should create a project resume before the start of the project using the **Team Resumé Template** (see Exhibit 1). The specific areas addressed on this template form are listed below:

- Relevant subject matter knowledge
- Project-related experiences
- Work-related experiences
- Wildcard experiences
- Technical strengths
- Interpersonal strengths

STEP 2: TEAM COMPETENCY MAP

Once all of the teammates have shared their resumés, your instructor will set aside time for you and your teammates to complete a **Team Competency Map** (see Exhibit 2), so you can best capitalize on the team's

knowledge, skills, and strengths. By completing this map, your team will also identify skills gaps, so you can develop strategies to gain the help and resources your team needs to successfully complete the project. General categories considered on the Team Competency Map include meeting management, minute taking, record keeping, scheduling, secondary research, primary research, writing, design/formatting, analytics, technical proofing, and technical troubleshooting. Your instructor might add other categories based on the specific requirements of your project.

STEP 3: DEVELOPING A TEAM LEARNING AGREEMENT

Once you and your teammates have gotten to know one another, your instructor will set aside time for your team to form a **Team Learning Agreement** (see Exhibit 3), so you and your teammates have the opportunity to clarify the processes and behavioural norms you will put into place in order to work together successfully. In this document, your team will clarify roles and responsibilities, ground rules for team participation, guidelines for decision-making, agreements for providing feedback and making edits to work products, and accountability systems. The completed learning agreement should be signed by each team member and submitted to the instructor for your course.

The elements of the Team Learning Agreement are listed below:

- Team structure
- Ground rules for team participation
- Decision-making processes
- Work product expectations
- Accountability and conflict resolution

STEP 4: MANAGING YOUR TEAM EFFECTIVELY

After your team finishes the learning agreement, you and your team will begin working on your course project.

When working on your team project, don't forget to check in regularly to gain insights on how each team member is contributing to the team and supporting the team's success. Using the **Peer Evaluation Form** (see Exhibit 4) can give you a starting point for providing open and respectful feedback.

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EXHIBIT 1: TEAM RESUMÉ TEMPLATE

Team member's name:	
Contact information:	

Relevant subject matter knowledge: List your relevant subject matter expertise that will support your team's success. This might include relevant education, coursework, or certifications.

Project-related experiences: Include relevant projects, work experiences, or personal experiences that will support your contribution to your team.

Work-related experiences: List your relevant work experiences. You will want to reflect on both projects and skills.

Wildcard experiences: Provide a summary of wildcard experiences that have helped you develop valuable perspectives and skills that you will bring to your project team. Examples of wildcard experiences include immersive cultural experiences and travel, any experiences with startups, work experiences that might (at first) seem irrelevant, experiences in the arts, volunteering or engaging in service learning, participation on sports teams, military experience, or participation in research.

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EXHIBIT 1 (CONTINUED)

Technical strengths: Provide a summary of your technical strengths. Examples of technical strengths include project management, research, writing, developing presentations, graphic design, data analysis, budgeting, client management, etc.

Interpersonal strengths: Provide a summary of your interpersonal strengths. Examples of interpersonal strengths include dependability, resilience, listening, adaptability to change, resolving conflicts, building consensus, establishing rapport, etc.

Source: Created by the authors.

EXHIBIT 2: TEAM COMPETENCY MAP

The goal of the team competency map is to pinpoint your team's strengths and any skill gaps that your team will need to attend to during the execution of your project. This will help your team delegate tasks effectively and find resources as needed. For example, if your team lacks editing skills, you will want to access writing support at your institution.

While general categories of competency are included on this map, you will also want to address areas of competency specific to your project.

When completing the map, each team member will decide on an individual ranking for each category. Please find the scale below:

1. Beginner
2. Intermediate
3. Advanced

Competency	Name:	Name:	Name:	Name:
Meeting management				
Minute taking				
Record keeping				
Scheduling				

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EXHIBIT 2 (CONTINUED)

Competency	Name:	Name:	Name:	Name:
Secondary research				
Primary research				
Writing				
Design/Formatting				
Analytics				
Technical proofing				
Technical troubleshooting				
Add required software applications below:				
Add skills and competencies specific to the project below:				

Source: Created by the authors.

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EXHIBIT 3: TEAM LEARNING AGREEMENT

Team name:	Project name:
Project overview:	**Key stakeholders**:
	Deadline*:*
Project objectives:	

Team structure: How will the team be structured? (Consider whether you want to assign team members to manage different aspects of the team's functioning. For example, will you assign someone to lead team meetings? Will your team assign someone to record meeting minutes? Will a team member take responsibility for sending emails and reminders about team meetings?)		
Team member	Role	Responsibilities

Participation
What are the values and requirements for participants on this team? (This might include respect for diverse perspectives, honouring contributions, staying on task, etc.)
How will your team communicate? (For example, email, texts, project management tools, in-person meetings.)
How frequently do you plan to meet? (Consider project requirements and team availability.)
What is your policy around meeting attendance? (Specify expectations for team members' attendance, procedures for notifying team members about absences, and any consequences for repeated absences.)
What is your policy around missed deadlines? (Establish your team's policy for failure to meet deadlines, including communication, potential repercussions, and methods to mitigate the impact on your team's progress if a team member fails to meet deadlines.)

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EXHIBIT 3 (CONTINUED)

Decision-making processes: How will decisions be made? (Options include consensus, majority vote, and designated decision-makers in particular areas.)

Work product expectations
What ground rules do you have around giving one another feedback on work? (Be sure to address how your team plans to ensure respectful feedback focused on the work rather than personal attacks.)
What procedures will you put into place for editing one another's work? (Specify the process for making revisions and ensuring consistency and quality in the final work product.)

Accountability
How will the team track and monitor the team's progress toward achieving the project objectives? (Specify the tools, metrics, or methods for ensuring progress.)
How will problems be addressed if a team member fails to attend meetings or meet other performance expectations? (Define the steps to be taken, such as direct communication, offering support, involving the project advisor, and potential consequences if problems are not resolved among team members.)

Source: Created by the authors.

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EXHIBIT 4: PEER EVALUATION FORM

Team name:	
Peer evaluator:	

Team member:	**Strongly agree**	**Agree**	**Disagree**	**Strongly disagree**
The team member follows through on commitments.				
The team member consistently meets deadlines.				
The team member is present and engaged during team meetings.				
The team member demonstrates a strong work ethic.				
The team member provides support and help when needed.				
The team member maintains a positive and professional attitude.				
The team member treats others on the team with respect and courtesy.				
The team member handles conflicts and disagreements constructively.				
The team member puts in the time and effort to produce high-quality work.				
The team member is receptive to feedback and uses the feedback to improve.				
Additional comments:				

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HOW TO WRITE AN EXCELLENT PROJECT SCOPE DOCUMENT

Michelle Wang and Heidi Gailor wrote this exercise solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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A semester-long project was just introduced in your advertising course. You and your teammates are assigned to work together over the next three months on an advertising campaign for a client. Now, it is time to build a project scope document to define the project requirements, deliverables, and process. Often, teams do not spend enough time defining the project scope leading to a poor output. It's your task to complete an excellent scope document to guide your team to success.

Several pieces of information are provided to help you and your team prepare the scope document. First, a description of what goes into a scope document, Second, information gained through a visit to the client's location. Third, a written project description from your instructor. Finally, a template for the project scope document (Appendix A).

What Goes into a Project Scope Document?

- *The Project Overview* gives the overall description of the project in your own words as you understand from the instructor. It should also include key stakeholders and the date all deliverables are to be completed.
- *The Project Stakeholders* are the individuals or organizations that will benefit from the project. This will include your instructor in addition to any clients. This section should also include what the expectations are for each stakeholder.
- *The Project Goals and Objectives* define the overview of outcomes for the project. Goals are the "big picture" results of the project and the objectives are the supporting statements, explaining the tasks that need to be accomplished to complete the goals.
- *The Assignments and Milestones* are each of the deliverables that are required throughout the project, each with specific due dates.
- *The Client Deliverables* are the expected finalized deliverables and tangible results of the project. They are defined by "what does the project expect to accomplish for the client?"
- *The Project Quality and Style Requirements* are the expectations of the instructor for each deliverable and the final project deliverable. This section includes information about quality expectations from the instructor and team.

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- *The Obstacles* identify anything that might get in the way of success of the project. These can include challenges related to team functioning, scheduling, resources, budgeting, and lack of information.
- *The Questions* section identifies any additional information needed from each stakeholder group that if answered would allow your team to produce an excellent finished work product.
- *The Success Measures* identify how the project will be analyzed by your stakeholders. What are your stakeholder's expectations for exceptional quality?
- *The Close-out Criteria* clarify the final deliverables that are required from your stakeholders.
- *The Learning Outcomes* focus on the knowledge, skills, and abilities you and your teammates will gain by participating in this project.

Information from the Client Visit

Your client is Jayden Glass, a twenty-five-year-old who spent her college years working as a barista and manager at a big-name coffee chain. She recently launched her independently owned coffee shop and wants your class to handle advertising for the launch of her business.

On the day of the meeting with Glass, you pull into the parking lot of a historic mill space that houses both businesses and a condominium complex. The sign over the entrance to Glass' business reads, "Friendship Coffee: Where Friendship Grows Organically." As you enter the shop, you notice large canvas photos of coffee farms lining the cream-colored walls above dark-green velvet banquettes, and the room is filled with natural lighting due to the skylights and large windows.

After you and your classmates sit down with a variety of coffee drinks that were laid out in advance, Glass comes and joins you. She is friendly and tells you that she is thrilled that your class is going to create an advertising campaign for her and her partners. As the conversation unfolds, you learn that Glass spent three years as a Peace Corps volunteer working in Ethiopia and got to know a family of organic coffee growers while there. She is now importing their beans for the shop.

As a new business, one that just launched three months ago, Glass' funds are limited to $10,000 of her own savings to spend on advertising. As you listen to Glass discuss her business, she tells you that she wants to build relationships in the Hillsborough community where her clients connect to one another and connect to their friends in Ethiopia, too. She says, "It's all about bridge building, and I hope you'll help me share this vision with the community and build the business. I'm doing this for myself and for my friends in Ethiopia, too."

Your Advertising Instructor's Project Description

The project is an opportunity for you to gain real-world experience while deepening your knowledge of marketing and advertising. You will work in groups of four to complete an advertising campaign for a client. The stakes are high. If you do well, you can help this business thrive and impact the lives of the owner, her partners, and her customers. If you don't produce professional work, you will disappoint your client and potentially harm her business.

Throughout the semester, you will complete a total of six drafts, each of which builds towards the final product, an advertising campaign for your client. You will complete research, and a PESTLE analysis, identify the target audience, clarify the business' value proposition, advertising objectives, and elements of the promotional mix, develop a creative strategy, create a print ad and social media campaign, and develop a media strategy. The final goal is to have a successful advertising campaign for the client to implement immediately.

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Project Purpose: The purpose of this project is to develop an advertising campaign for a small business that addresses the needs of the client while seamlessly integrating into the existing marketing communications.

Skills: In this project, you will learn the following skills that are critical for success in marketing professions:

- Conduct market research by gathering, analyzing, and presenting relevant marketing information from a variety of secondary sources;
- Develop primary research by designing and conducting a focus group;
- Developing advertising objectives and strategies to support business marketing communications;
- Create a media plan to support advertising and audience objectives;
- Writing and presenting a clear and professional advertising campaign; and
- Communicating and collaborating effectively with teammates and the instructor in the development of an advertising campaign.

Knowledge: The project introduces the following foundational content knowledge in advertising:

- Client proposals;
- PESTLE analysis;
- Primary research;
- SWOT analysis;
- Target market selection;
- Advertising goals and objectives;
- Creative strategies;
- Print advertisements;
- Media selection and scheduling;
- Digital marketing and campaign strategies;
- Pitching an advertising campaign to a client
- etc.

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PROJECT SCOPE (EXHIBIT A)	
Team Name:	**Project Name:**
Project Overview:	Key Stakeholders:
	Final Project Deadline:

Project Stakeholders: Who will be impacted by the project results and conclusion?	
Stakeholder 1:	
Project Purpose (from the perspective of the stakeholder):	Expected Results and Conclusion:
Stakeholder 2:	
Project Purpose (from the perspective of the stakeholder):	Expected Results and Conclusion:

Project Goals and Objectives: Define the project goals that will support completing all project requirements, and all project objectives.	
Goal 1:	
Supporting Objectives	
Goal 2:	
Supporting Objectives	
Goal 3:	
Supporting Objectives	

Assignments and Milestones: Define the project requirements given to you by your instructor. Define the important milestones that will support the goals and objectives you have set for the project.	**Due Date**

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Client Deliverables: What are the tangible results of the project? What will be delivered to the stakeholders at the completion of the project?	**Key Stakeholder**	**Team Member Responsible**	**Due Date**

Project quality and style requirements
What does high-quality work look like? Define per the project, course, and institution.
What are the quality and style requirements per the instructor? (Font, spacing, pages, reference styles, etc.)
Are there work samples provided? If so, where are they located? If not, where can you find work samples externally?

Project constraints: Identify all obstacles that would limit the ability of the team to deliver on the project goals and final project deliverables
What resources are needed? Are they available to you?
What are the time requirements for each participant? What potential obstacles will keep you from making the proper time commitments?
Are there any costs associated with the completion of the project? Detail costs in the budget document.
Identify additional obstacles and constraints here.

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Questions: What outstanding questions do you have before starting this project?

Success Measures	Close-out Criteria	Learning Outcomes

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