SNAPSHOT

Course about the organization of firms.
Based on neo-classical and behavioral economics.
Both rationality & biases feature prominently.

Surveys before each case discussion (brief answers).
Two assignments (April 26 & May 31).
In-person midterm and final (May 7 & finals week).
Both exams and assignments are mostly multiple choice.
No team assignments.

For more details, see the following pages.
Course Description

Firms succeed and fail on the strength of their internal organization. Drawing on both neoclassical and behavioral economics, this course explores the challenges that managers face when designing their organizations and constructs a toolkit that aids them in this strategic choice. We first deal with the incentive and information problems firms face in getting their employees to maximize firm value. Here we investigate the scope and pitfalls of incentives, the use of interlocking systems of organizational practices, and the value of markets within firms. We then deal with the challenges that arise from employees’ human biases. We offer a unified perspective on the origin and manifestation of these biases and provide remedies for the problems they create. Finally, we move from the internal to the external organization of firms and consider the strategic case for and against mergers.

Office Hours

My official office hours are TBD. You are also welcome to come by at other times or call me. My office in the Global Hub is 4252 and my office phone number is 847 491 4166.

Digital Workflow

You may use a tablet in class, as long as: it remains flat on the desk; is used only for course activities; displays only course readings or notes; and remains in “airplane” mode with access to the internet disabled.

No-Laptop Policy

Except for the tablet described above, you may not use laptops, mobile phones, or related devices during class unless directed to do so.

Seating Chart

I use assigned seats to facilitate class interactions. Your assigned seat will be the seat you choose for the second class meeting.

Case-Preparation Surveys

For most cases, you are required to fill out case-prep surveys. The surveys will be posted online, and they are due prior to class. The purpose of these surveys is for you to prepare for class and for me to get your views about the cases. The surveys are not intended to test you
and your answers will not be graded (except on whether you handed them in and made a good faith effort answering each question). There is no need for elaborate answers, and brevity is very much encouraged. I have indicated classes for which you have to fill out case-prep surveys in the course outline below.

**Attendance**

I do not take attendance and do not grade on attendance. I do, however, grade your participation in class discussions. If you don’t attend a class, you obviously cannot participate in that class; as a result, your participation grade suffers.

**Assignments**

There are two individual assignments (April 26 and May 31). Both are mostly multiple-choice. Only the higher of your two assignment grades enters your course grade.

**Midterm Exam**

There will be an in-person midterm exam on May 7. The exam is closed-book, except for a one-page (letter-sized, double-sided) “cheat sheet.” I will distribute more information closer to the date of the exam.

**Final Exam**

There will be an in-person final exam during finals week. Registration is required. The exam will cover material from the entire course. The exam will be closed-book, except for a two-page (letter-sized, double-sided) “cheat sheet.” I will distribute more information about the final closer to the date of the exam.

For students with mandatory and inflexible early internship start dates (June 5th or earlier) Academic Affairs has this message (if you have questions about this, please get in touch with Academic Affairs directly):

“In Spring we will pilot, on an exception basis only, remote proctoring for students who have mandatory and documented early internship start dates (June 5th or prior) outside of the Chicago area. In order to request this exception to the final exam policy, please complete this survey no later than Wednesday, May 22nd.”
Reading Material

All required and optional reading is either included in the course packet or posted online. There is no textbook.

Grading

<table>
<thead>
<tr>
<th>What am I being graded on?</th>
<th>How much weight does it carry?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class participation</td>
<td>25% of your overall grade</td>
</tr>
<tr>
<td>(including case-prep surveys, attendance, contributions in class, etc.)</td>
<td></td>
</tr>
<tr>
<td>Assignments</td>
<td>The higher of your two grades for the assignments counts 10% of your overall grade.</td>
</tr>
<tr>
<td>Midterm</td>
<td>25% of your overall grade.</td>
</tr>
<tr>
<td>Final</td>
<td>40% of your overall grade, except if your grade on the final is higher than your midterm, in which case the final counts 60%.</td>
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Resources

Students can find useful resources for safety and security, academic support, and mental and physical health and well-being on the NU help website and app.
Week 1

Why Organizations Fail

- Monday, March 30. No class.
- Thursday, April 2. Introduction—Why Organizations Fail

Things to do before our meeting:

- Read the excerpt of the Charlie Munger graduation speech posted on Canvas.
Week 2

The Power and Pitfalls of Incentives

- **Monday, April 6.** Lecture on The Rational Model.
  
  Things to do before our meeting:
  
  - Fill out the one-question survey posted on Canvas.
  - Listen to this NPR Planet Money podcast (Episode 644, 19 minutes).
  - The podcast gives the answer to the survey so please fill out the survey first.

- **Wednesday, April 8 (make-up class).** Lecture on Baseball versus Basketball Firms.
  
  Things to do before our meeting:
  
  - Optional: listen to this NPR Planet Money podcast (Episode 700, 21 minutes).

- **Thursday, April 9.** Case Discussion of Lincoln Electric.
  
  Things to do before our meeting:
  
  - Read the Lincoln case (included in your course packet).
  - Fill out the class prep survey (posted on Canvas).
  - Optional: listen to this NPR Planet Money podcast (Episode 700, 21 minutes).
Week 3

Systems + Stories + Teams

- Monday, April 13. Case Discussion of The Mayo Clinic + Lecturette on Stories.

  Things to do before our meeting:
  - Read the Mayo case (included in your course packet).
  - Fill out the class prep survey (posted on Canvas).

- Thursday, April 16. Lecture on Teams.

  Things to do before our meeting:
  - Listen to this NPR Planet Money podcast (Episode 947, 21 minutes).
Preliminary Syllabus—Subject to Change

Week 4

Teams (continued) + Markets in Firms

- Monday, April 20. Case Discussion of Arthur Andersen.

  Things to do before our meeting:
  - Read the Andersen case (included in your course packet).
  - Fill out the class prep survey (posted on Canvas).

- Thursday, April 23. Lecture on Markets in Firms.

  Things to do before our meeting:
  - None.

- Sunday, April 26. Assignment 1 Due

  - Assignment 1 is due by 11.59pm.
  - Submit the assignment on Canvas.
Week 5

Markets in Firms (continued) + Corporate Turnaround Game

- Monday, April 27. Lecture on Markets in Firms & Case Discussions of Feeding America & Google.

  Things to do before our meeting:
  - Read the Feeding America case (included in your course packet).
  - Read the Matching Market for Googlers case (included in your course packet).
  - Fill out the class prep surveys for each case (posted on Canvas).

- Thursday, April 30. The Corporate Turnaround Game.

  Things to do before our meeting:
  - Bring your laptop to class (it needs to be a laptop, the game software does not run on tablets).
Week 6

Getting Stuck & Unstuck + Midterm

• Monday, May 4. Lecture on Getting Stuck & Unstuck

  Things to do before our meeting:
  - None.

• Thursday, May 7. Midterm Exam.

  Things to do before our meeting:
  - Prepare for the exam & produce your cheat sheet.
Week 7

The Flesh & Blood Employee

- Monday, May 11. Lecture on Happiness & Purpose
  
  Things to do before our meeting:
  
  - None.

  
  Things to do before our meeting:
  
  - Read “Using Checklists to Prevent Failure” (posted on Canvas).
Week 8

The Flesh & Blood Employee (continued)

  Things to do before our meeting:
  - None

- Thursday, May 21. Lecture on The Economics of Group Think.
  Things to do before our meeting:
  - Read the Challenger A case (included in your course packet).
  - There is no case-prep survey for this case.
Week 9

Mergers

- Monday, May 25. No classes.

- Wednesday, May 27 (make-up): Lecture on Merging with Competitors
  Things to do before our meeting:
  - None.

- Thursday, May 28. Case Discussion of Pixar.
  Things to do before our meeting:
  - Read the Pixar case (included in your course packet.
  - Fill out the case-prep survey (posted on Canvas).

- Sunday, May 31. Assignment 2 Due
  - Assignment 2 is due by 11.59pm.
  - Submit the assignment on Canvas.
Week 10

Organizing Buyer & Supplier Relationships + Tying Up Loose Ends

- Monday, June 1. Lecture on Organizing Buyer & Supplier Relationships
  
  Things to do before our meeting:
  
  - None

- Thursday, June 4. Tying Up Loose Ends (course evaluations, review, etc.).
  
  Things to do before our meeting:
  
  - Bring your laptop to class.
Finals Week

In-person final, date TBD