

BUS 278f (1)

Corporate Governance: *from colossal failures to best practices* **(Draft)**

Fall 2018

Mondays, 6:30 pm – 9:20pm

Professor Erich Schumann

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Course pack access: <https://hbsp.harvard.edu/import/566877>

OVERVIEW

The course is designed to introduce students to corporate governance for publicly and privately-held companies. We will discuss roles and responsibilities of the different constituencies involved in governing a company from large public traded organizations to start-ups, including governance related to ICO financed organizations (ICO – Initial Coin Offering).

We will discuss how the board of directors, management, shareholders and external auditor should interrelate, how individual goals and external pressures influence individuals, and how their decisions impact a corporation's success or failure.

Students will be introduced to the framework for corporate governance and ethics in the US and compare it to current practices in other countries. We will gain an understanding of recent OECD guidelines and discuss in detail SEC, NASDAQ and NYSE regulations related to Corporate Governance.

We will review recent corporate governance failures and learn about best practices. We will not just focus on US events but include numerous international failures as well. In the final class, we will simulate the roles of the Board, management and auditors in a real world case.

Students will how effective corporate governance assists management in better running an organization;

- ✓ think organizational behavior and organizational ethics
- ✓ understand how organizations of all types (profit and not-for-profit) can benefit from effective corporate governance

✓ discuss corporate governance reforms in different countries and how they are shaped by their legal, political and cultural environment

COURSE REQUIREMENTS

Required Readings (available electronically)

- A course packet consisting of business school cases, notes, and articles
- Relevant additional information will be distributed during the course

Prerequisites

Students need to be able to read and understand a company's financial statements. As such, students are expected to have a familiarity with accounting.

Class Participation

Lively class participation is expected of everyone in this course, and class attendance is required. Each week, there will be a business case or note assigned and every student is expected to be prepared to discuss them in detail.

Homework (one individual analysis and one team analysis)

The first analysis, to be done individually, is due at the start of class 3. The second analysis, to be done in small groups, is due at the start of class 5. Specific topics will be assigned during the course. Both analyses are worth 30% of the final grade. The individual analysis is typically 1 -2 pages in length; the group analysis will be presented to the class.

Final Paper

The final paper (7 - 8 pages + exhibits) is intended to reflect the students' ability to analyze a complex issue related to corporate governance. Students will be expected to examine the issue from the perspective of the various constituencies and make a set of recommendations, if appropriate. Early in the course, the instructor will provide a list of suggested topics; students may also choose their own topic, subject to the approval of the instructor. All topics are assigned on a first-come first-serve basis. In all cases, topics must be approved by the start of Class 5. The paper is due one week after the end of Class 7.

Grading

Final Paper

40%

<i>Homework</i> (1 individual @ 20% and 1 team analysis @ 10%)	30%
<i>Class Participation</i>	30%

Office Hours

Students can meet with the instructor after class or by appointment in his office in downtown Boston. To arrange for a meeting, please send an email to **eschumann@globalatlanticpartners.com**.

Academic Honesty

You are expected to be honest in all your academic work. The University policy on academic honesty is distributed annually as section 5 of the Rights and Responsibilities handbook. Instances of alleged dishonesty will be forwarded to the Office of Campus Life for possible referral to the Student Judicial System. Potential sanctions include failure in the course and suspension from the University. If you have any questions about expectations, please ask the instructor.

Special Accommodation

If you are a student with a documented disability on record at Brandeis and wish to have a reasonable accommodation made for you in this class, please see the instructor immediately. Please keep in mind that reasonable accommodations are not provided retroactively.

Class I – Introduction and Understanding of Corporate Governance and Ethics

The class serves as an introduction to corporate governance and ethics, including a discussion of how it has evolved over the years, with a focus on recent changes. We will discuss the OECD Principles of Corporate Governance and Sarbanes Oxley Act in the United States of America. The purpose of this class is to set the framework for future classes and gain an understanding of the current governance requirements.

Required Reading

- A Perspective on Corporate Governance by Ira M. Millstein (**will be distributed before class**)
- OECD Principles of Corporate Governance (**will be distributed before class**)
- Sarbanes-Oxley Overview (**Power Point presentation will be presented during class**)
- SEC guidelines on ICO financing (**will be distributed before class**)

Class II – International Governance rules

The purpose of this class is to understand the differences between US and European models of corporate governance. We will compare US standards with International standards. Students will be asked for their opinion as to whether the differences lead to

disadvantages/ advantages for companies operating globally. Students will be asked to report on their experience with Corporate Governance in their respective native countries.

Required Reading

International models of Corporate Governance
Governance in Three economies
Blockchain Technology and Corporate Governance -OECD (**will be distributed before class**)

**Powerpoint presentation
UV0736**

Class III – The Board of Directors

NOTE: HW Assignment #1 is due at the start of class.

The purpose of this class is to understand and review the respective roles of the Board of Directors, Audit Committee and management. Students will learn in case studies how the board and the senior management of an organization interact, including the importance of basic information technology knowledge required by the organizations board members

Required Reading

Independent Director Classification (**will be distributed before class**)
Board of Directors: Roles and Composition
A new Governance Model

**BEP021
Harvard B0501C**

Class IV –The failure of Corporate Governance, part “one”

In this class, we will study how venture capital companies impact corporate governance and governance issues related to UBER Inc. a privately held company which prompted corrective actions. The purpose is to examine the roles of various parties, including senior management, the board, and the auditors.

Required Reading

Venture Backed Board
distributed
UBER Technologies Inc.

**will be
MH0046**

Class V – The Failure of Corporate Governance, part “two”

The purpose of this class is to discuss and examine personal consequences to Directors of governance failures; students will discuss the reputational risks for directors when they join a board. In the second half of the class we discuss expected improvements to the governance process

Required Reading

The Crisis at TYCO

9-111-035

Class VI – Working Towards Better Corporate Governance

NOTE: Board Process Simulation

In this class, students will simulate a problematic situation based on a “real life” story. We will split up into two groups (Board and Management); the case will be provided to the students in class five

Required Reading

Board Process Simulation A & B both cases will be provided to the students in class five