Last Revised: 10/17/25

KEY DECISIONS FOR CORPORATE BOARDS – 15.709

First Session: Governance Overview and Executive Compensation
Wednesday, January 7, 2026, 8:30 AM

Second Session: Audit Committees and Family Companies
Wednesday, January 7, 2026, at 1:00 PM

Third Session: Corporate Purpose and US Takeovers
Thursday, January 8, 2026, at 8:30 AM

Fourth Session: German Takeovers and Activist Hedge Funds
Thursday, January 8, 2026, at 1:00 PM

Grading:
The grading will be P/D/F

Class attendance and class participation will count toward the grade.

Deliverables:

Team Exercise: Written answers to a set of questions to be done by small groups (group size: 3), in class, during the afternoon of the first day. Further details will be made available during class.

Individual Assignment: Submit written answers by 11pm on January 18 to a set of three essay questions.

Avoid Dual Courses: Please do NOT take this course and Corporate Boards 15.383, because there is a significant overlap.

NOTICE -- STUDENTS ARE NOT ALLOWED TO USE AI IN THIS COURSE OR IN ANY ASSIGNMENTS

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First Session: Governance Overview and Executive Compensation
Wednesday, January 7, 2026 at 8:30 AM

Readings:

1. "Nasdaq's Proposal to Adopt Listing Requirements for Board Diversity What Nasdaq-Listed Companies Should Know". (February 26, 2021)

2. Note on the Role of Shareholders

3. Aubrey McClendon's Special Incentive Compensation at Chesapeake Energy (A) HBS Case 9-110-047 (Revised December 18, 2012)

Study Questions: (Used to prepare for class, not to be handed in)

1. What is your definition of a diverse board? How would you promote board diversity?

2. What do you think of McClendon's performance as CEO? Be sure to make use of the financial statements and other Exhibits in your analysis.
3. Why did the board structure McClendon's 2008 compensation as they did? What do you think of the FWPP?
4. Did McClendon or the independent directors violate your concepts of fiduciary duties?
5. What actions would you take as an asset manager holding 2% of Chesapeake Energy's stock?

Second Session: Audit Committees and Family Companies
Wednesday, January 7, at 1:00 PM

Readings:

1. The Fall of Enron, HBS Case N2-109-039 (Rev. September 19, 2013)

2. Davis Graham & Stubbs "Sarbanes-Oxley Act of 2002, Summary ". (September 1, 2002).

3. PCAOB, "Fact Sheet: Adoption of an auditing standard on the auditor's report (June 1, 2017).

4. Bush Brothers & Company, HBS Case 9-311-052 (September 24, 2010)

Study Questions: (Used to prepare for class, not to be handed in)

1. How did the internal systems and processes support or inhibit Enron's implementation of its strategy?

2. How would you evaluate the effectiveness of the audit committee in Enron?

3. Did the composition or compensation of the board contribute to Enron's failure?

4. You have learned about the audit reforms in 2002 and thereafter. Would any of these reforms have prevented the failure of Enron if they were in effect before 2002?

5. How would you evaluate the reforms at Bush Brothers? What are the key factors in having an effective succession process?

Third Session: Corporate Purpose and US Takeovers
Thursday, January 8, 2026 at 8:30 AM

Readings:

1. Business Roundtable, Statement on the Purpose of a Corporation (August 19, 2019)

2. "How Dick's Sporting Goods Decided to Change Its Gun Policy", WSJ (December 4, 2018)

3. "What Social Responsibilities Should Companies Have? A New Approach", WSJ (October 1, 2023)

4. Oracle vs. PeopleSoft (A), HBS Case 306-058 (Revised February 8, 2006)

Study Questions: (Used to prepare for class, not to be handed in)

1. What is the legal significance of the revised statement of corporate purpose by the Business Roundtable?
2. How would you apply this statement to Dick's Sporting Goods, which decided not to carry high powered guns?
3. Should corporations become involved in opposing or supporting state laws on voting rights or social issues?
4. What is the difference in fiduciary duties of directors when facing a takeover bid versus normal times?
5. What is your appraisal of Oracle's initial bid for PeopleSoft and Conway's initial response?
6. As a member of the PeopleSoft Board, what would be your view of the
   (a) recasting of JDEC deal,
   (b) invocation of the poison pill,
   (c) ratification of the CAP Program, and
   (d) seeking antitrust challenge from the Justice department?

Fourth Session: German Takeovers and Activist Hedge Funds
Thursday, January 8, 2026 at 1:00 PM

Readings:

1. Mannesmann AG, HBS Case 9-401-013 (August 7, 2000)
2. Summary of German Takeover Rules
3. Genzyme and Relational Investors: Science and Business Collide, UV 6529 (Rev. Aug 30, 2012).

Study Questions: (Used to prepare for class, not to be handed in)

1. Did the telecom strategies of Mannesmann and Vodafone fit together or clash?
2. What takeover defenses did Mannesmann employ? What takeover defenses did it not utilize?
3. What were the general views of takeovers in the UK and Germany? How did these affect Mannesmann's bid for Vodafone?
4. In the 5 years before this case, did the Genzyme board do a good job in overseeing Genzyme?
5. How would you evaluate the role played by Relational Investors in the case?
6. What is the relationship between activist hedge funds and more diversified institutional investors like mutual and pension funds?

ACADEMIC HONESTY – INTEGRITY IN PRACTICE

As a member of the MIT Sloan academic community, you are expected to uphold the highest standards of academic integrity. Violations of academic integrity include, but are not limited to, cheating, plagiarism, unauthorized collaboration, and facilitating academic dishonesty. Please see the document Academic Integrity at the Massachusetts Institute of Technology: A Handbook for Students for further discussion of this topic.

It is your responsibility to make yourself aware of MIT's rules of academic integrity and to adhere to them. When students are found to have violated academic standards, disciplinary action will result.

This discussion of academic integrity below is not exhaustive, and there may be areas that remain unclear to you. **If you are unsure whether some particular course of action is proper, it is your responsibility to consult with your professor and/or teaching assistant for clarification.**

Plagiarism

Plagiarism occurs when you use another's intellectual property (words or ideas) and do not acknowledge that you have done so. Plagiarism is a very serious offense. If it is found that you have plagiarized -- deliberately or inadvertently -- you will face serious consequences, as indicated above.

The best way to avoid plagiarism is to cite your sources – both within the body of your assignment and in a bibliography of sources you used at the end of your document. Materials gathered through research via the internet must be cited in the same manner as more traditionally published material. Lack of such citation constitutes plagiarism.

To review rules of citation: http://libguides.mit.edu/content.php?pid=80743&sid=598642

Individual Assignments

Many assignments in MIT Sloan courses are expected to be done individually. The information below outlines what is meant by "individual" work. These rules should be observed unless otherwise defined by the instructor.

When you are asked to do **individual** work, you are expected to adhere to the following standards:

- Do not copy all or part of another student's work (with or without "permission").
- Do not allow another student to copy your work.
- Do not ask another person to write all or part of an assignment for you.
- Do not work together with another student in order to answer a question, or solve a problem, or write a computer program jointly.
- Do not consult or submit work (in whole or in part) that has been completed by other students in this or previous years for the same or substantially the same assignment.
- Do not use print or internet materials directly related to a case/problem set unless explicitly authorized by the instructor.
- Do not sure print or internet materials without explicit quotation and/or citation.
- Do not submit the same, or similar, piece of work for two or more subjects without the explicit approval of the two or more instructors involved.

Please note that many classes will require a combination of team work and individual work. *Be sure that you follow the guidelines for individual work when a faculty member identifies an assignment as such.*

Team Assignments

When you are asked to work in teams, the professor will state that collaboration is expected and that each team member must contribute substantially to the deliverable. Examples of this include the In-Class Exercise. Each team member must make a substantial contribution to the assignment. It is not acceptable to divide the assignments amongst the team members, though the team may divide the work of any one assignment to complete it as they deem appropriate. The team may not collaborate with other students outside of the team, unless the professor explicitly allows such collaboration.