

She Is My Secret Sweetheart Also My Secret Successor

MGT2354 Team information

In this case we choose 'Scholastic: When Family Businesses Leave the Family'

Team number:6

Team member:

1 Longyue Yu

2 Yu Jiang

3 Shubo Lei

4 Zehui Shi

5 Yiwen Liu

Leadership issue and solution summary defined

Background

Scholastic is a major publishing powerhouse, becoming a worldwide distributor of print and digital books for pre-K to high school students and more than 30 magazines which is well-known for publishing many classic children's book series, such as *Harry Potter*.

M. Richard (Dick) Robinson Jr. Chairman and CEO of Scholastic Publishing Corporation, Maurice R. Robinson Sr. is the company founder. Dick inherited the company not because of a succession plan but because of his father's handpicked successor, an executive at the company, died unexpectedly. But he also led the company to success. Dick Robinson held various management positions at Scholastic. He also had what might be called "a very interesting second career" there: he was "involved" with 3 female employees at the company.

In 1968, Dick was married to Katherine Woodroffe and began an office romance with Helen Benham.

In 1986, after divorcing Woodroffe, he married Benham and began an office romance with Lole Lucchese. Robinson and Benham had two sons: Reece and Ben.

In 2003, Robinson and Benham were divorced.

In 2019, Robinson–Lucchese intimate relationship ended. Relations between Robinson and Benham have since eased.

Sadly, Robinson died suddenly in 2021 while enjoying time with Benham and his son.

It's shocking that in his will, He bequeathed Lucchese approximately 54% of Scholastic Class A preferred stock and some 2 million common stock shares in his will. Robinson family members, including his two ex-wives, three sisters and one brother, and two sons, got nothing.

Trigger event description

The previous CEO didn't have a succession plan. The case can be made that, with no succession plan, the unexpected death of chairman and CEO Dick threw the company into chaos

Key Leadership issues

1. Leadership vacancies and changes lead to a period of chaos in the company. How should the management face the chaos, get through it smoothly, and make the company better and better in the future.
2. The succession of new chairman interrupted the traditional family business succession process, possibly leading employees within the company to distrust and disapprove of her. At the same time, she was not developed by succession plan, so she may lack a lot of relevant skills and knowledge
3. There are questions about wills. Wills are not very moral that Robinson family members, including his two ex-wives, three sisters and one brother, and two sons, got nothing in will. Both inside and outside the company, many followers of family businesses considered his last will highly controversial. It may further doubt former leader Dick, doubt the company and doubt leader's previous decisions.

Failure to address outcome

1.Vacancy and transition chaos

The Leadership vacancy and transition between the old and the new is not smooth, will lead to the company for a long-time chaos.

2.wrong choice of CEO

The company may elect a CEO without leadership characteristics in an emergency situation, and more problems may follow and lead to disaster.

3. distrust of Dick

The unusual will may lead to their distrust of Dick and his decisions, which may lead to obstacles in pushing former decisions.

4.distrust of Lole

Distrust of the new chairman will lead to internal chaos in the company, employee resignation, unfavorable external views, falling stock and so on

Case analysis

Current or former leader characteristics

We think Dick is a team management type leader based on the Blake & Mouton Managerial Grid, with high concern for people and high concern for production. Under his leading, the company made big progress, so he definitely has a high concern for task. On the other hand, there's no reason to think Dick doesn't care about his employees. We can guess his concern for people from the fact that his employees showed kindness and worry about his sudden death, as well as knowledge of his good physical health and regular exercise.

Dick's leadership characteristics in case

Relevant Industry knowledge: Dick Robinson is a Harvard graduate with a degree in government with two years teaching experience and was an associate editor for the Scholastic publication Literary Cavalcade

Have the heart of work, massive work experience, long work hours: He worked hard from 1974 until his death.

Legitimate power and establishing trust: he is the company president, the company's CEO and chairperson of Scholastic and working for company for a very long time who must establish trust with lots of people.

Self-made, very reliable, self-supporting: he created Scope Magazine and worked well before he succeeded.

Strong work ability and expert power: Under his leadership, the company grew into a major publishing powerhouse, becoming a worldwide distributor of print and digital books. The company is based in SoHo, New York, and currently employs more than 8,000 people worldwide.

Strong physical fitness: In the extended reading, according to the employees, he is a healthy person who loves exercise

Urgency of plan and current plans in place

It is very urgent since Dick died unexpectedly, leading the vacancy of CEO and the replacement of chairman. The company needs a plan as quick as possible to solve all the problem and make the company stable.

Value of current plan, if any

In this case, the company didn't have any succession plan. Next, we made some guesses about why the company didn't have a succession plan:

The reason for the company's board didn't make succession plan

1. The chairman is at odds with the board of directors

Even though the company is a family business, succession planning concerns not only Dick and Robinson families, but also of directors and various employees. A Leadership succession plan is not Dick's concern alone; it should be Dick's discussion with the board. They both ignored this matter, so I guess it is because they have different views, neither of them can convince the other, so it has been shelved, no progress.

2. the company's board's secret succession plan

The board may have secretly cultivated successor grooming the chairman, because of disagreements with the chairman.

Possible Dick's opinion:

1. Lack of regard and distrust for succession planning

Dick thought it unreliable, and according to his experience, he distrusted the plan. In 1974, his father's handpicked successor, an executive at the company, died unexpectedly. At the same time, he thought he was doing well without a plan, so he thought he could do without a plan.

2. The family nature of the family business is not valued

Dick's own succession was an accident, and he himself may not have cared much about the familial nature of the family business. Because if according to the normal plan, the successor does not die, he should be running his own company, not succeeding his father's company. Moreover, his sons have not shown much interest and are running their own businesses, so he has no idea of a family succession plan.

3. The Trust to Lole

Lole not only has a long-term relationship with him, but also his senior executive, he gave him shares may be because he trusts Lole's leadership character and ability, thinks Lole is competent for this job, and gives her more than half of the voting power in deciding the position of CEO, and trusts her ability to recognize people.

He may have secretly planned some succession plans for Lole but they were not publicly published or discussed in the company. We have no way to know these plans, but we can see from Lole's promotion route that Dick cultivated her, not only for personal relationship, but also for a large part because Lole was really competent and won trust and praise.

4. Unexpectedly death

The company and himself failed to anticipate such a death, which can be seen from his family and internal company reactions and assessments of his health. He may have had the idea of a succession plan but he didn't get around to it. And there are many unstipulated and undistributed parts in the will, probably because he did not have time to perfect.

Leadership needs

Leadership style, characteristics, type, and special skills from matrix.

Urgent skills needed:

Situational Leadership Ability and Conflict management:

The situation now, the situation before, and the situation in the future will be very different. We need strong situational leadership ability to help the company stable during this special situation, and help the company do better in future. Leader needs to recognize the situation correctly and choose different methods to deal with properly. Also facing potential conflicts, leader needs to recognize it early and manage it, avoiding the company in deeper chaos.

Future Skills required:

EI – Self Awareness:

we could say during this time, the company is in chaos, leader would get less help than past. Strong self-awareness is needed to help leader itself reflect and improve.

EI – Social Awareness, EI – Relationship MGT and Establishing trust:

facing difficulty and distrust, leader need social awareness to manage social relationship to improve interpersonal leadership which can help to win trust and approvement.

Use of Expert Power base

This specific industry and the position needed is strongly related specific knowledge and experience. Use of expert power base must be strong to win trust and approvement from employees inside the company and followers outside the company.

Use of legitimate Power base:

In this position, the CEO must be aware of the power given to him by the position and use it actively and appropriately.

Use of Referent Power Base:

As the CEO of a family business, the candidate must be aware of the complex relationships and ties within the company. She should be more approachable and show more attraction in her life, thereby increasing the trust of employees and other managers and board members.

Relevant Industry knowledge:

Managers in the publishing industry need deep legal and copyright knowledge, keen content judgment, innovation and strong project management skills, as well as a mastery of digital technology applications and marketing to adapt to the changing market environment. In addition, excellent communication and coordination, team building and crisis management skills are also essential.

Ability to use influence tactics properly:

As the CEO of a large company, candidates must correctly use a variety of influence strategies in different situations and targets. Especially ration appeal and inspirational appeal, these strategies can bring higher effects.

What leadership needs appear to be missing in the current structure?

Transformational Leadership: Anticipate the crisis and plan the response in advance, and make decisive decisions. Dick failed to do that which lead to current chaos. He put less emphasize on future crisis and ignore the loss of a leader can be catastrophic.

Resonant Leadership: Work to develop their own replacements. Dick's failure in succession plan is obvious. With developing employees with training and coaching consultants, Dick could develop his successors overtly and smoothly to avoid his leaving.

Strategic Leadership: Strategic leadership is the ability of leaders to develop and execute effective long-term plans to ensure that the organization can achieve its goals. This includes the ability to anticipate the challenges and opportunities that may arise in the future and the ability to use these insights to guide decision-making. Dick's lack of a succession plan reflects a failure to grasp the company's strategy, a disregard for possible future problems (succession chaos), and blind confidence in himself and management. Although Dick was called in and did a good job, he should do everything in his power to prevent this from happening again.

Current structure, do future leaders exist that meet the needs?

We brought 3 choices, Lole Lucchese, Reece and Ben.

Lole Lucchese has accumulated a degree of expert power and legal authority over the years he has worked for the company as Dick's authorized chairman. She is the President of Scholastic Entertainment and former

President of Scholastic (Canada). And, as she worked and rose through the company, she built trust with some of her employees.

However, having one of his sons as CEO is more in line with the traditional family business succession process. Unfortunately, they have their own business unrelated to the company and have little interest in working for the company. Of the two sons, Reece had the less managerial skills as a documentary filmmaker than Ben, who ran a sawmill and workshop.

Develop internally or hire outside decision

We decided to hire internally instead of outside. Here are the reasons:

Firstly, the company has a very urgent situation and there is not enough time to hire externally and develop the new CEO, which will lead to position vacancy.

First of all, managing such a large company is not easy and requires a lot of industry-related and in-house knowledge. Internal candidates often have an in-depth understanding of company culture, values, business models and work processes, while internal recruitment facilitates retention and continuity.

Second, internal candidates have already proven their abilities and track record within the company, so there is relatively little risk in selecting them for higher positions. Companies can evaluate candidates' potential based on past performance and results, reducing the likelihood of choosing the wrong person.

In addition, because they are already familiar with the company's business and team structure, internally promoted CEOs can quickly step into the role and start working on key issues without spending too much time learning and adapting to the new environment.

Moreover, as a large company with many competitors, the management change of Scholastic may provide opportunities for competitors to attack Scholastic, which will bring a lot of risks and losses.

Finally, compared with external recruitment, internal selection can save a lot of recruitment costs, such as headhunting service fees, advertising fees and so on. At the same time, training costs will be relatively low because internal staff already know how the company works.

Recommendation

Summary of needs

In the short term, there is a need for someone who can steer the chaos smoothly.

In the long term, they are better and better people who can lead the development of the company.

Key Skills and Current Ratings

We believe that the skills and behaviors required of the CEO of the organization are also indicators to evaluate candidates. As shown in the following table,

skills	Lole	Reece	Ben
Situational Leadership Ability	4	unknown	unknown
EI – Self Awareness	5	4	4
EI – Social Awareness	unknown	unknown	unknown
EI – Relationship MGT	unknown	unknown	unknown
Use of Expert Power base	4	1	2
Use of legitimate Power base	4	1	2
Use of Referent Power Base			
Conflict management	unknown	unknown	unknown
Establishing trust	unknown	unknown	unknown
Relevant Industry knowledge	5	1	1
Ability to use influence tactics properly	3	unknown	unknown

We think Lole is our best choice for CEO.

She has a heart of work and very ambitious. As one Scholastic employee described her, she was “extremely attractive and she knew she was attractive, and she used that as best she could. She tried her best to climb up.

She has strong working ability, learning ability and adaptability. She climbed from an associate editor at Scholastic to an associate editor at Scholastic and Qualified for these positions.

According to extended reading, Lole is a very calm person. Although Dick's death has a great impact on everyone, she still keeps calm in the face of various affairs of the company, job changes and external public opinions.

Retention and continuity are strong. She is trusted by Dick. And as she climbed from an associate editor at Scholastic to an associate editor at Scholastic and Qualified for these positions. She got mass of knowledge related to different positions along with company and built her own trust network.

Because she is trusted and promoted by Dick, she can retain knowledge base from Dick and be trusted by Dick's friends and cooperator.

It is possible to raise sons but it takes a long time to prepare. But the company needs a short-term fix. And neither son had the experience or even the interest

After Lole is promoted, she can be hired part-time in her old position, she can promote her subordinates, or hiring from outside, depending on the situation.

Lole's main role is to help the company navigate the turmoil. After that, the CEO position can be promoted by the board, overseen by Lole, or hired from outside over a longer period of time.

Implementation plan based on the option chosen

1. Short-term planning

Given the urgency of the situation, dealing with short-term chaos and trouble is the first thing Lole needs to face. Therefore, our short-term plan for her lasted nearly a month (better yet, she could only learn these knowledge and skills in a month), and mainly focused on the immediate difficulties.

Skills to be developed

- Understand the company's divisions and operations: Although Lole was once CEO of the Canadian branch, dealing with the company meant she still had to learn a little about the business.
- Learn team building and trust building skills: Lelo needs to establish good relationships and trust with the board of directors and head office management as soon as possible.
- Hold a staff meeting: Formalize your position as CEO to prepare for the use of power.
- Learn the skills necessary to become a group CEO: Lelo needs to familiarize himself with a range of skills as quickly as possible, such as speaking on behalf of the group, managing partnerships, and handling public relations
- Accept opinions and feedback from employees and other managers: Lelo should be aware of how others in the head office perceive him, especially negative attitudes. Anonymous surveys are a good option.

Development method suggestions

Given the urgency of time and the distrust that others (inside and outside the company) have for Lelo, this part of the program should be in the form of self-directed training

2. Long-term planning

As the CEO of a successful, large company, Lelo will need to have more leadership and management skills, as well as industry-related skills, in the long term. These are skills that Lelo may have done well, but the case doesn't specify.

Skills to be developed

Leadership skills: use of legitimate power base, and development, appropriate use of influence strategies (especially rational appeal and inspirational appeal), situational leadership

Corporate management and strategy-related skills: develop and state the vision and strategy and gain commitment, performance management, project management

Industry-relevant skills: Establish good relationships and trust with partners, negotiation skills, knowledge of IP and regulations

Development method suggestions

A variety of approaches are integrated, including but not limited to mentoring, training classes, and coaching consultants.

3. Corporate Strategic Plan - a better CEO

Beyond that, we believe Lelo should develop empathy leadership. She should learn from the lessons of the past, develop leadership and succession planning. She should develop her ability to find talents, identify talents, and use talents appropriately, so that the company can accept and cultivate more talents.

Lelo should also develop her own original leadership, she should take the initiative to develop her leadership skills and implement a leadership development program.