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THUNDERBIRD
SCHOOL OF GLOBAL MANAGEMENT

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Crosswinds at Porto Calima Airlines[1]

Christmas at the PCA Check-In Counter

December 23, 2019
Washington Dulles International Airport

The check-in area for the Porto Calima Airlines (PCA) flight had been crowded for more than an hour. Families stood beside suitcases and taped cardboard boxes stacked on luggage carts. Several passengers pressed close to the counter, speaking over one another as agents weighed bags and printed boarding passes.

A counter agent lifted one of the larger boxes onto the scale. The number flashed on the screen. Without looking up, the agent pointed to a printed baggage policy taped beside the counter and slid the box to the side. Another passenger stepped forward with a second box before the scale had reset.

The flight was departing from Washington, D.C., bound for the Federal Republic of Kambara. Many of the passengers were members of the Kambara diaspora traveling home for the holidays. Much of what they carried were Christmas gifts.

At the counter, the arguments intensified.

Passengers opened suitcases on the floor, shifting packages between bags in an effort to reduce weight. One man pulled sweaters from his suitcase and tried to wrap smaller gift boxes inside them. Another passenger asked whether he could simply pay an excess baggage fee. A woman demanded to speak with someone from the airline who could authorize an exception.

The agents continued weighing bags and pulling excess items aside. The pile of boxes along the wall grew larger.

PCA operated only a handful of flights from Dulles Airport and had no permanent staff there. The agents working the counter were contract employees who rotated between airlines, working one carrier's check-in desk for a few hours before switching uniforms and moving to another airline.

[1] Geographic references are intentionally generalized; locations are composites.

When the confrontation escalated, there was no PCA manager on site with authority to intervene.

Passengers began calling relatives and friends in the D.C. area, asking if someone could rush to the airport to collect the gifts and ship them later. A few managed to reach someone willing to drive in. Others had no one nearby to call.

There was no convenient mail service in the terminal that could handle the packages quickly, and boarding time was approaching.

Some passengers had no option but to leave the gifts behind.

Voices rose across the check-in area. Several passengers shouted at the agents behind the counter. Others filmed the scene on their phones.

The baggage limits were posted online. The weight restrictions were standard. The aircraft could not depart safely with excess cargo.

Passengers had not expected the policy to be enforced this way, on this day, without warning. The airline had no plan for what to do once the gifts were refused.

More than 3,800 miles away in Porto Calima, Michael Dawson, PCA's Executive Vice President of Transformation, heard about the incident later that day. By the time it reached his office, videos were circulating internally and complaints were already spreading online.

For Dawson, the episode was not simply a baggage problem. It pointed to a deeper problem inside the airline. The company had sold a promise. Operations had enforced a rule. Customer service had inherited the anger. No one had managed the experience as a whole.

He had already decided what he wanted to do next.

The Meeting the Next Morning

The following morning in Porto Calima, Michael Dawson convened a meeting with leaders from operations, customer service, finance, and the commercial team, which oversaw pricing, marketing, sales, and route growth. Overnight, videos and passenger complaints from the Dulles check-in counter had begun circulating on social media. Images of Christmas gifts left behind at the airline's counter were spreading quickly.

Dawson did not call the meeting an "after-action review," but he ran it like one.

He began by writing three questions on the board:

1. What was supposed to happen?
2. What happened?
3. What are we going to change?

The head of ground operations spoke first. The airline had followed policy. The baggage limits were posted on the PCA website. The agents at the Dulles check-in counter had weighed bags according to standard procedure. The aircraft had departed within weight restrictions.

An operations manager added that allowing exceptions at the counter would have created confusion, delayed the flight, and established a precedent the airline could not sustain. A finance representative supported that view. If passengers learned that baggage rules could be renegotiated at the airport, policy discipline would collapse.

The commercial manager then described why the route mattered. PCA's new service was part of a wider strategy to position Porto Calima as a mid-Atlantic connector between North America, Africa, Europe, and South America.

The route had been marketed heavily to diaspora travelers who had long relied on slower and more expensive itineraries. Early demand had been strong, and leadership viewed the route as symbolically important as well as commercially promising. The airline was trying to prove that its new network model could work.

A customer service representative summarized what had happened at the Dulles check-in counter: confusion among passengers, attempts to redistribute packages between bags, and growing frustration as gifts were refused. Several passengers demanded refunds. Others warned they would not fly PCA again. Customer messages that had arrived overnight raised a deeper concern: did the airline understand the cultural significance of bringing gifts home for Christmas?

Dawson asked a narrower question.

"What did we tell passengers before they arrived at the airport?"

Someone pointed again to the airline's website. The baggage policy was posted there. That answer did not satisfy him.

He stood and wrote two words on the board:

"Customer satisfaction"

No one objected to the words. But the discussion quickly moved in different directions. Operations focused on safety and procedural compliance. Finance focused on policy consistency. Commercial focused on route growth and market reputation. Customer service focused on resolving problems as they unfolded.

The functions shared the same table, but not the same operating logic. The meeting ended without a single agreed priority beyond improving communication.

For Dawson, that was the real problem. Communication was breaking down across functions that still made decisions largely within their own lanes.

Porto Calima Airlines and the NordAir Acquisition

Porto Calima Airlines was not a new airline. For decades, it served the Republic of Porto Calima, a small Atlantic island nation off the west coast of Africa. PCA had long operated as a government-owned enterprise. Profitability had not been the primary measure of success. The airline provided stable employment in a limited economy and remained one of the highest-paying employers in the country.

In 2019, NordAir Group acquired a majority of PCA's shares as part of the airline's restructuring. NordAir was a Northern European aviation company operating in highly regulated markets where contractual agreements, procedural transparency, and schedule reliability were central to airline operations.

NordAir's leadership believed Porto Calima's geography offered a strategic opportunity. Located in the mid-Atlantic, Porto Calima sat between Europe, West Africa, South America, and North America. The country's primary international airport had the nation's longest runway, about 3,000 meters, and infrastructure suitable for long-haul operations and hub-style connectivity. Their strategy was to transform PCA into a mid-Atlantic connector hub, routing passengers through the country's primary international gateway.

Geography alone would not make the model succeed. A stopover hub required coordinated schedules, dependable ground operations, consistent customer handling, and cross-functional execution at a level PCA had not historically needed as a state-owned carrier. The opportunity demanded a different kind of organization, not just a different route network.

The new CEO quickly concluded that PCA would need more than operational adjustments to make that transition. It would need someone who could identify systemic problems, align competing priorities, and help reshape how the airline made decisions across functions. He contacted Michael Dawson.

Michael Dawson

The new CEO had known Dawson during graduate school. During their program, the two had worked together on numerous business cases and group projects. Over time, the CEO came to value Dawson's ability to diagnose complex problems, identify root causes, and translate ambiguity into practical action.

Dawson had recently retired from a twenty-eight-year career in the U.S. Air Force. During his service, he had led operational units and later held senior leadership roles responsible for coordinating large organizations and complex missions. Much of that work took in place in environments where unclear authority, delayed information, and fragmented execution carried immediate consequences.

The CEO contacted him and described the situation. The airline needed to modernize operations, align its leadership team around commercial performance, and prepare for rapid expansion under NordAir's ownership.

Dawson agreed to join PCA as Executive Vice President of Transformation, tasked with helping the leadership team identify operational bottlenecks, resolve systemic issues, and guide the airline's transition toward a market-driven operating model.

Once inside the organization, Dawson found that most departments were competent within their own lanes. The greater challenge was getting functions to align around the customer while operating across countries with very different institutional environments.

The U.S.–Porto Calima–Kambara Route

Earlier that year, NordAir launched a new route connecting the United States and Kambara through Porto Calima. The route targeted diaspora travelers who had long relied on slower and more expensive itineraries. PCA priced the route competitively and marketed the stopover as both faster and simpler than traditional routing.

The route's success depended on consistent execution: predictable schedules, reliable baggage handling, and coordinated ground operations across multiple jurisdictions.

PCA's leadership paid particular attention to the Kambara segment. The airline was a new entrant at Kambara International Airport, where long-established carriers had operated for years. Achieving reliable operations required working through regulatory procedures, airport authorities, and local ground services in an unfamiliar operating environment.

To support the launch, PCA hired two local legal advisors with deep knowledge of Kambara's aviation regulatory system and airport environment. Their role was to help the airline secure approvals, coordinate with relevant authorities, and support the route's entry into the market.

Inaugural Return Flight from Kambara

The launch required coordination with airport authorities and a major ground services provider at Kambara International Airport. Over several months, PCA representatives negotiated

contracts covering fueling, baggage handling, and turnaround times. Services were sold and paid for in advance, and performance expectations were discussed during multiple planning meetings.

On the return leg of the inaugural flight from Kambara to Porto Calima, the aircraft did not depart on schedule.

Ground crews did not arrive immediately upon landing. Fueling began later than planned. Other airlines operating regularly at the airport were serviced first. Communication between airport management and on-the-ground teams was inconsistent. Assurances made at senior levels did not translate into execution at the ramp.

The delay extended approximately three hours.

Despite prepaid contracts and planning meetings, the ramp did not operate according to the agreed sequence.

In the weeks that followed, PCA's understanding of the operating environment began to shift. The two local legal advisors, initially retained for regulatory support, became increasingly important in a different way. Their role expanded beyond approvals and formal coordination. They began facilitating access and communication with airport officials, service providers, and aviation authorities whose decisions shaped day-to-day operations.

What had begun as routine legal and regulatory support evolved into something more relational. Some inside PCA viewed this as practical adaptation to local realities. Others, especially within NordAir's Northern European leadership, questioned how the airline should operate in environments where formal agreements alone did not appear sufficient.

Transparency as a Leadership Choice

As the route expanded, Dawson began reviewing operational reports from across the network. One issue appeared repeatedly: passengers often learned about delays only after arriving at the airport.

Internally, schedule changes were tracked through operational systems used by dispatch and airport staff. But those updates did not always appear on the airline's public schedule in real time. As a result, passengers frequently arrived at the airport expecting an on-time departure only to discover that the flight had already been delayed.

For Dawson, this was not merely a systems issue. It reflected a deeper organizational habit. Information was treated as operational property rather than customer-facing responsibility. Operations knew. Airports knew. Dispatch knew. But no one owned the full chain between internal awareness and the customer experience.

He worked with the operations and technology teams to make the airline's operational schedule visible online. The updated system allowed passengers to see delays before leaving for the airport rather than discovering them at the terminal.

The change did not eliminate delays, but it altered how the airline communicated with customers.

Within the leadership team, the decision also reflected a broader shift Dawson was trying to introduce: operational transparency as a foundation for customer trust, not an optional courtesy considered after the fact.

Still, even that initiative exposed the same structural problem. A transparency decision that seemed obvious to Dawson required coordination across systems, departments, and assumptions about what the airline owed its customers. The friction was not technical alone. It was also cultural and cross-functional.

The Same Problem, Different Scenes

By early 2020, Dawson had seen enough incidents to recognize a pattern. Ground crews arrived late. Baggage transfers missed connections. Customer-facing decisions were made without clear ownership. Commercial, operations, and customer service argued over who should have acted sooner or communicated more clearly.

Each issue was addressed individually. Managers reviewed the event, discussed local fixes, and returned to their functions. Yet the pattern remained the same. Information moved unevenly across the organization, and responsibility often fragmented at handoff points. Decisions were optimized within functions rather than across the passenger journey.

Washington Dulles and Kambara were very different environments. One involved contract agents enforcing baggage rules at a U.S. airport. The other involved ramp delays in a relationship-driven operating environment where formal contracts did not guarantee execution. In both places, however, the airline confronted the same question: who was responsible for integrating the commercial promise, the operational reality, and the customer experience?

For Dawson, the pattern was becoming harder to ignore. PCA did not just have an operations problem. It had an alignment problem.

At the same time, NordAir's growth strategy continued to move forward. The new route network promised visibility, revenue, and proof that Porto Calima could function as a mid-Atlantic connector. But the incidents Dawson had seen suggested that the organization was not yet aligned around communication, accountability, or customer satisfaction.

The question for Dawson was no longer whether the airline had strategic opportunity. It was whether the organization was ready to deliver on it.

The CEO needed Dawson's recommendation before PCA committed to the next phase of route expansion.

He faced a decision.

Should he support continued expansion of PCA's new international route strategy?

Or should he urge the CEO to slow the expansion and first address the communication, coordination, and customer-facing failures already undermining execution?

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Crosswinds at Porto Calima Airlines

Teaching Note

Case Synopsis:

This case follows Michael Dawson, Executive Vice President of Transformation at Porto Calima Airlines, a former state-owned carrier being repositioned by its new Northern European owner, NordAir Group, as a mid-Atlantic connector linking West Africa, Europe, South America, and the United States. Recruited for his experience diagnosing complex organizational problems, Dawson confronts a series of early operational breakdowns, including an inaugural flight delay in Kambara and a chaotic Christmas check-in incident at Washington Dulles International Airport. As these incidents accumulate, he comes to see that PCA's difficulties are not isolated failures but signs of deeper problems in communication, coordination, and customer-facing accountability. The case culminates in a strategic dilemma: should Dawson support continued expansion of PCA's international route strategy, or should he urge the CEO to slow growth until the organization is better aligned to deliver on its commercial promise?

Teaching Objectives:

This case enables students to:

1. Identify how operational incidents can reveal deeper organizational problems.
2. Understand how institutional environments influence operational execution across countries.
3. Examine how communication and organizational alignment affect operational performance and customer experience.
4. Evaluate leadership approaches to diagnosing and addressing systemic organizational challenges.
5. Analyze organizational readiness for strategic expansion.
6. Develop a strategic recommendation that balances growth opportunity against operational readiness and customer trust.

Intended Audience:

This case is appropriate for undergraduate/graduate-level courses in:

- Global Leadership and Management
- Cross-Cultural Management
- Organizational Change
- Strategic Leadership
- International Business
- Service Operations or Customer Experience Strategy

Pre-Class Reflection Assignment (Optional):

Students may be asked to prepare a short written reflection before class addressing the following questions:

1. What do the operational incidents in the case reveal about how PCA functions as an organization?
2. What leadership and organizational challenges does Dawson face in trying to transform the airline while the route network continues to expand?
3. If you were Dawson, would you recommend that PCA continue expanding or slow the next phase of growth? Why?

Students may prepare a brief reflection of one to two pages summarizing their analysis and initial recommendation.

Suggested Discussion Flow:

1. Opening the Case: The Christmas Incident (10 to 15 minutes)

Begin by asking students to describe what happened at the Washington Dulles check-in counter.
Possible opening questions:

- What happened during the Christmas check-in incident?
- Why did the situation escalate?
- Who was responsible for the outcome?

The purpose of this opening is to move students from a visible operational breakdown to the possibility of deeper organizational issues.

2. Understanding the Strategy: The Route Launch (10 to 15 minutes)

Shift discussion to the strategic context of the airline.
Possible questions:

- What was NordAir's strategy in acquiring PCA?
- Why did leadership believe Porto Calima could function as a stopover hub?
- Why was the U.S.–Porto Calima–Kambara route strategically important?

This section helps students understand the expectations placed on PCA under its new ownership structure.

3. Operational Realities: The Kambara Delay (15 to 20 minutes)

Examine the inaugural flight delay.
Possible questions:

- Why did the delay occur despite contractual agreements and advance planning?
- What does this incident reveal about operating in an unfamiliar institutional environment?
- Why did PCA's use of local legal advisors become more important after launch?

This portion of the discussion helps students examine the limits of formal planning and contractual arrangements.

4. Organizational Alignment: Communication and Customer Priorities (15 to 20 minutes)

Focus discussion on the internal leadership meeting and related incidents.
Possible questions:

- What did the after-action review reveal about PCA as an organization?
- Why was there disagreement about the meaning of customer satisfaction?

- How did communication breakdowns contribute to operational failures?

This discussion should help students identify systemic organizational issues rather than treating each incident as isolated.

5. Leadership and Transformation (10 to 15 minutes)

Introduce Dawson's leadership role and approach.
Possible questions:

- Why was Dawson recruited by the CEO?
- How did his military leadership background shape his response?
- What does Dawson's transparency initiative suggest about his leadership approach to transformation?

This section invites students to assess Dawson's strengths, limits, and transformation logic.

6. Decision Point: Continue Expanding or Slow Growth (15 to 20 minutes)

Conclude with Dawson's strategic dilemma.
Possible questions:

- Should Dawson support continued expansion of PCA's route strategy?
- What evidence suggests PCA is or is not ready to scale?
- If expansion should slow, what would need to change before growth resumes?
- What recommendation should Dawson make to the CEO before the next phase of route expansion?

Encourage students to move beyond diagnosis and propose a concrete recommendation.

Key Themes for Analysis:

Several themes may emerge during discussion:

- Organizational alignment and communication
- Leadership approaches to diagnosing systemic problems
- Institutional environments and operational execution
- Customer satisfaction as an organizational, not merely frontline, issue
- Strategic expansion versus organizational readiness
- Cross-functional accountability in international operations
- Growth sequencing and transformation timing

Likely Student Recommendations:

Students will typically gravitate toward one of three recommendation paths.

1. Continue expansion as planned

Some students may argue that PCA should continue expanding its route network despite the operational problems already visible in the case.
Typical reasoning may include:

- early-stage route launches often involve operational friction
- international growth requires momentum, visibility, and market presence
- slowing expansion could undermine confidence in the new strategy
- some operational issues may improve through experience rather than restructuring alone

Students taking this position may argue that the airline cannot wait for perfect internal alignment before competing in international markets.

2. Slow or pause expansion
Other students may argue that PCA should slow or temporarily pause the next phase of route expansion until the organization addresses the internal weaknesses already undermining execution.
Typical reasoning may include:

- repeated incidents suggest that the problem is systemic, not isolated
- customer trust is already being damaged
- scaling a misaligned organization will likely magnify failures
- communication, ownership, and accountability need to be clarified before growth continues

Students taking this position may view operational readiness as a prerequisite for strategic expansion.

3. Continue expansion only under defined conditions
A third group may recommend a conditional approach. Rather than fully continuing or fully pausing expansion, PCA would proceed only if specific organizational changes were implemented first.
Typical conditions may include:

- assigning clear end-to-end ownership for customer experience
- improving communication and escalation processes across functions
- defining who has decision authority during disruptions
- establishing readiness criteria before launching additional routes
- strengthening coordination between headquarters and local operating environments

Students taking this position often argue that growth and transformation do not need to be sequenced as "either-or," but that growth should be contingent on visible organizational improvements.

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Jaeyoung Jenkins

Doing Everything Right

The Extension Request

The tour extension request from David had just landed in Tara's inbox.

If she approved it, David would remain in Germany beyond the end of his current tour. If she denied it, he would return to his home organization in the United States under his return rights. If she initiated a Performance Improvement Plan instead, David would remain in place until the process was completed and resolved. Each option carried consequences, and none of them solved the problem cleanly.

By that point, Tara had nearly two years of documentation on David's performance. The file had grown to ninety-four pages. Six months remained before his scheduled departure.

Whatever she chose to do next would determine whether the problem stayed within her department, moved elsewhere, or entered a formal process she already knew would be lengthy and difficult to unwind.

Tara's Department and the Hiring Decision

Tara arrived in Germany in 2017 to assume a supervisory role in a U.S. government organization responsible for supporting overseas operations. She led the organization's IT Department, overseeing a team of ten personnel responsible for maintaining systems access, communications connectivity, and user support across the organization.

Most of the work was routine. Accounts had to be maintained, network access had to function, and technical problems had to be resolved quickly enough that daily operations were not disrupted. When everything worked, the department received little attention. When something failed, the disruption could be immediate and visible.

Tara had been with the organization for many years before taking on this assignment. She had worked in technical roles of increasing responsibility and was familiar with the internal systems used to address performance management and employee relations. This role marked her first time serving as a formal supervisor, shifting her from observing those systems to applying them directly. By the time she assumed responsibility for the department, Tara believed she was prepared to manage effectively and understood what was expected of her as a manager.

In mid 2018, Tara learned that one of her employees would soon complete his overseas assignment and return to the United States. The position was held by a mid-level manager within the department. The departure was predictable but still months away.

Filling the role through the normal hiring process could take considerable time. Tara had seen other departments operate short staffed while waiting for competitive hiring processes to conclude.

During a weekly leadership meeting, Tara mentioned the upcoming vacancy.

After the meeting, Elaine, Tara's direct supervisor, approached her.

"I might have the perfect person for you," she said.

Elaine described David, an IT specialist she had worked with several years earlier during an overseas assignment in Italy. According to Elaine, David had been reliable, competent, and easy to work with. He already held a mid-level position and had experience working overseas.

Elaine suggested using a management directed assignment to bring him in quickly and bypass the competitive hiring process.

Tara hesitated briefly, but not for long. Management directed assignments were legal and commonly used when continuity mattered. David's résumé appeared consistent with the role, and Elaine's recommendation carried weight as Tara's supervisor.

Tara agreed.

At the time, the decision felt efficient and practical. The department would avoid a staffing gap, and the transition appeared straightforward.

David arrived in Germany in late 2018.

Performance Concerns

The team welcomed him, and Tara gave David several weeks to adjust to the new environment. She walked him through the facility, introduced him to key personnel, and explained the responsibilities of the department.

One recurring task involved routine inspections of a secured room that housed classified systems. Everyone referred to it simply as Room 108. The room was located directly across the hallway from the department's office.

Once Tara believed David had settled in, she assigned him a task that would normally fall comfortably within the responsibilities of a mid-level manager. She asked him to develop a duty roster assigning team members to conduct routine inspections of Room 108 while ensuring coverage without conflicting with leave or travel schedules.

A week passed without a response.

When Tara followed up, David appeared concerned. He explained that assigning people had been difficult because of the commute time to northern Germany.

Tara paused. There was no facility in northern Germany.

She pointed across the hallway toward the door labeled “108” and clarified that the inspections were for the secured room directly outside their office.

David nodded and apologized. He said he had misunderstood.

Tara accepted the explanation. Early misunderstandings happened. What mattered was whether performance improved.

Over the following weeks, another pattern emerged. When Tara was in meetings, David often answered incoming phone calls. The messages he left were incomplete and sometimes unusable. In several instances, he failed to record the caller’s name correctly or did not record it at all.

When Tara returned and asked who had called, David could not reliably identify the person or explain the reason for the call.

The gaps created additional work. Tara found herself calling general office numbers, asking colleagues to repeat requests, or attempting to reconstruct conversations that should have already been documented. What should have been a brief exchange often required additional follow up.

To reduce the impact, Tara began asking other team members to answer incoming calls when possible.

Another example involved a recurring technical responsibility assigned to David. Tara asked him to conduct a monthly vulnerability scan on the department’s servers and generate the required report. The task followed the same process each month and did not require coordination with other personnel. To remove ambiguity, Tara provided written instructions outlining each step of the process and the expected reporting format.

The assignment was straightforward and scheduled to occur twelve times per year. Despite the clear instructions and predictable schedule, the scans were not completed consistently. Several months passed without a report being generated.

By this point, Tara had already begun to notice that David was not meeting the level of independent performance she would normally expect from a mid-level manager. The tasks she was assigning were not unusual or complex. They were responsibilities she would normally trust to anyone in a similar role based on position and years of experience.

By then, Tara had concluded that the issue was not isolated mistakes but a broader pattern of underperformance. As a result, she changed how she assigned work.

At the beginning of 2019, as the new annual performance cycle began, she and David established a set of formal performance goals through the organization's performance management system. The goals were written to be explicit and measurable so that expectations would be clear to both of them.

To support those goals, Tara introduced a structured routine for assigning work. At the beginning of each week, usually Monday morning, she sent David an email outlining the tasks she expected him to complete. The instructions were detailed and often included step by step guidance intended to remove ambiguity.

The level of detail was greater than what Tara would normally provide to a mid-level manager. She believed that clarity would help David succeed.

By Friday afternoon, David was required to reply to the same email with the results of each task. If something had not been completed, he was expected to explain why in writing.

The approach served two purposes. It created structure for David, and it ensured that assignments and responses were documented in writing.

Tara understood from prior experience and training that documentation mattered when addressing performance concerns. She structured the tasking deliberately so that explanations appeared in David's own words rather than being reconstructed later.

Over time, the email exchanges accumulated into a detailed record of assignments, instructions, and outcomes.

At the same time, Tara noticed that her own workload had begun to increase. The volume of work had not changed, but the process had. Tasks that would normally have been assigned verbally now required written instructions, follow up, and review.

Within the department, adjustments quietly occurred. Tasks that would normally have been delegated to David were increasingly reassigned or double checked by others. The change was subtle but noticeable, particularly when priorities shifted or someone was absent.

Formal Processes

After several months, Tara contacted Management Employee Relations (MER) to discuss the situation. She approached the conversation as a procedural question and shared the documentation she had accumulated.

MER reviewed the materials, including David's written responses to weekly tasking. They agreed that his performance was not meeting the expectations of a mid-level manager and explained that a Performance Improvement Plan (PIP) would be the appropriate next step if Tara chose to pursue it.

They also advised that initiating a PIP was best aligned with the annual performance appraisal cycle and that the process would require continued documentation and consistency.

At the end of the year, Tara and David completed the annual performance appraisal. As part of the process, employees were required to conduct a self-assessment against the goals established at the beginning of the cycle. The rating scale ranged from Outstanding to Fully Successful to Unacceptable, with employees expected to provide written justification explaining how their performance aligned with the criteria for each rating.

David submitted his self-assessment and rated himself Fully Successful. His written rationale was brief and contained little explanation beyond the rating itself. He did not describe specific accomplishments or provide detail showing how he had met the established goals.

Tara reviewed David's submission and completed her own assessment. Based on the documented goals and the accumulated record of weekly tasking and written responses over the course of the year, she rated his performance Unacceptable.

When she met with David to review the appraisal, he did not argue or ask questions. He declined to sign the acknowledgement.

Tara followed up, but David did not respond. Eventually, she notified her supervisor and closed the appraisal without his signature.

Several weeks later, Tara received notice from Human Resources that David had filed an Equal Employment Opportunity complaint alleging age discrimination.

An investigation was opened.

During the investigation, Tara was instructed that she could not discuss the matter with anyone. She was told to continue working in the office as if it did not exist. She could not explain what was happening, respond to questions, or acknowledge that an investigation was underway. She was also instructed that she was not permitted to initiate a Performance Improvement Plan.

Her day-to-day interaction with David was not permitted to change. The weekly routine continued. David continued to receive tasks and projects, and Tara continued to meet with him

and review his progress in the same manner as before. Any deviation from established patterns was discouraged.

David had been subject to the same restrictions and was also required to continue working as if nothing were occurring.

During that time, Tara knew that investigators were speaking with her colleagues and members of her team. They were asking whether anyone had witnessed her treating David differently, expressing bias, or displaying a personal vendetta. Tara was aware that questions about her character and intent were being asked, but she was not told who was being interviewed or what was being said.

Knowing that others were being asked to assess her motives required sustained mental effort. Tara was expected to behave as if everything were normal while also knowing that conversations about her actions were occurring outside her presence.

During this period, Tara looked for opportunities to spend time out of the office when possible. Offsite work and short trips were common in her role and provided brief distance from an environment in which she felt constantly measured. When she was present, she kept interactions routine and consistent.

The investigation concluded after several weeks with no findings. Tara was informed that she had not violated policy.

The performance issues remained.

By this point, David's performance problems were known beyond Tara's office. In a brief conversation, Elaine remarked that David had not been like this when they had worked together in Italy and seemed like a different person than she remembered.

Decision

Nearly two and a half years had passed since David had joined the department.

His overseas tour was scheduled to end in six months.

Now the extension request sat in Tara's inbox.

If she initiated a Performance Improvement Plan, David would remain overseas until the process was completed and resolved. The situation her department had been managing for years would continue.

If she denied the extension, David would return to his home organization under his return rights. The immediate problem would leave her department, but the performance issue would never be formally addressed.

Either decision would be visible within the organization and to leadership.

Tara reviewed the documentation she had accumulated over the past two years. The emails, the weekly tasking, the written responses, and the appraisal.

The file had grown to ninety-four pages.

She checked the calendar.

Six months remained.

The next step could not be delayed any longer.

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Doing Everything Right

A Case on Performance Management, Organizational Systems, and Managerial Judgment

Teaching Note

Case Synopsis:

This case examines a supervisory dilemma involving performance management within a complex organizational environment. Tara leads an overseas IT Department and supervises David, a mid-level employee assigned through a management-directed placement. Over nearly two years, Tara observes persistent performance deficiencies despite providing clear expectations, structured weekly tasking, and extensive documentation. After consulting Management Employee Relations, she rates David's performance "Unacceptable" during the annual appraisal cycle. Shortly afterward, David files an Equal Employment Opportunity complaint alleging age discrimination, temporarily preventing Tara from initiating a Performance Improvement Plan. When the investigation concludes without findings, David submits a request to extend his overseas tour. Tara must decide whether to initiate a formal improvement process that will keep David in her department longer or deny the extension and allow him to return to his home organization under return rights. The case invites students to evaluate how managers should respond when formal organizational systems are followed carefully but still produce difficult managerial outcomes.

Teaching Objectives:

This case helps students examine leadership challenges that arise when formal performance management systems interact with organizational realities. After discussing the case, students should be able to:

1. Evaluate managerial responses to sustained underperformance in complex organizational environments.
2. Analyze how formal organizational procedures influence managerial decision-making.
3. Recognize how documentation, procedural fairness, and institutional safeguards affect supervisory authority.
4. Assess the trade-offs between procedural integrity and operational efficiency.
5. Reflect on how organizational systems sometimes shift rather than resolve managerial problems.

Intended Audience:

This case is appropriate for graduate-level students, particularly those enrolled in:

- Executive MBA programs
- Global leadership and management courses
- Organizational behavior
- Public-sector leadership
- Human resource management

- Organizational governance

The case is especially appropriate for students, whose professional experiences frequently involve navigating complex institutional environments and managing across multiple organizational systems.

Suggested Discussion Flow (75 Minutes):

1. Opening the Case: Identifying the Decision (10 minutes)

Begin by asking students what decision Tara must make when the extension request appears in her inbox.

Key questions:

- What decision does Tara face?
- What options are realistically available to her?

The objective of this stage is to establish the decision frame.

2. Diagnosing the Performance Problem (15 minutes)

Next, focus discussion on the evidence Tara accumulated regarding David's performance.

Discussion questions:

- What behaviors or incidents suggest performance problems?
- How did Tara respond to those issues?

At this stage, many students conclude that Tara followed appropriate supervisory practices.

3. Organizational Systems and Constraints (15 minutes)

Shift discussion toward the organizational systems shaping Tara's options.

Key questions:

- Why did Tara rely so heavily on documentation?
- What role did Management Employee Relations play?
- How did the EEO complaint affect Tara's ability to act?

Students typically observe that the organization's procedures emphasize:

- documentation and evidence
- procedural fairness
- structured improvement processes
- protection against retaliation

This stage helps students recognize that the case involves not only a personnel issue but also the interaction of organizational systems.

4. Decision Debate (15 minutes)

Return discussion to Tara's final choice.

Ask students:

- What should Tara do now?
- Should she initiate the PIP or deny the extension?

Encourage students to defend their reasoning.

Arguments often emerge in two directions.

Initiate the PIP

- formally addresses the performance problem
- reinforces organizational standards

- ensures procedural completeness

Deny the extension

- resolves the operational problem immediately
- avoids prolonging the situation within the department
- reflects pragmatic managerial judgment

5. Theoretical Reflection (10 minutes)

After students debate the decision, introduce theoretical frameworks that illuminate the broader dynamics.

The instructor may briefly introduce:

- Voice–Exit Theory
- The Peter Principle
- Procedural Justice in performance management systems
- Latent organizational failure

These lenses help explain why Tara's dilemma emerged even though procedures were followed correctly.

6. Leadership Reflection (10 minutes)

Conclude the discussion by returning to the central theme of the case.

Key questions:

- Did Tara actually do everything right?
- What does the case reveal about how organizations handle persistent performance problems?
- What should managers do when systems produce difficult outcomes?

Students often recognize that leadership sometimes involves navigating systems that function as designed but still produce unsatisfying choices.

Key Themes for Analysis:

Several themes typically emerge during discussion.

- **Performance management systems:** Organizations rely on structured processes, such as documentation, appraisals, and improvement plans, to address performance issues. These systems are designed to ensure fairness and protect both employees and organizations.
- **Procedural fairness and managerial constraint:** The same safeguards that ensure fairness can also slow managerial action and increase the burden placed on supervisors.
- **Organizational incentives:** Managers may face incentives to move problems elsewhere when formal resolution mechanisms are costly or slow.
- **Managerial Accountability:** Supervisors remain accountable for outcomes even when institutional processes limit their ability to act quickly.
- **Systemic Dynamics:** The interaction of multiple legitimate organizational systems can produce unintended managerial dilemmas.

Theoretical Frameworks:

Several theoretical perspectives help students analyze the dynamics present in the case.

1. **Voice–Exit Theory (Hirschman)**

Hirschman's framework suggests that individuals respond to declining organizational performance through voice (attempting improvement) or exit (leaving or transferring the problem).
In this case:

- Initiating a PIP represents voice, attempting correction within the system.
- Denying the extension functions as exit, allowing the problem to move elsewhere.

2. The Peter Principle (Peter & Hull)

The Peter Principle suggests employees may be placed into roles that exceed their capabilities. David's difficulties raise the question of whether his assignment represented a role misalignment rather than intentional underperformance.

3. Procedural Justice

Performance management systems emphasize fairness and protection against arbitrary decisions. Tara's extensive documentation illustrates how these systems operate in practice.

4. Latent Organizational Failure

Sometimes problems persist not because individuals fail but because multiple legitimate systems interact in ways that complicate managerial action.
Tara's situation illustrates how performance management processes, complaint procedures, and assignment structures can combine to produce difficult managerial outcomes.

Key Takeaways for Practitioners:

This case highlights several lessons relevant for practicing managers.

- **Documentation protects both the organization and the supervisor:** Managers addressing performance problems must create clear records of expectations, actions, and outcomes.
- **Procedural fairness often increases managerial workload:** Systems designed to ensure fairness require time, patience, and sustained administrative effort.
- **Organizations sometimes create incentives to move problems rather than resolve them:** Managers may face situations where transferring a problem appears more practical than formally addressing it.
- **Leadership decisions do not always produce clean outcomes:** Managers must sometimes choose between imperfect alternatives.
- **Understanding organizational systems is as important as managing individuals:** Effective leadership requires navigating institutional processes as well as interpersonal dynamics.

After Story:

After reviewing the documentation and consulting again with Management Employee Relations and her supervisor, Tara ultimately denied David's extension request.

David returned to his home organization in the United States under his return rights at the end of his scheduled tour.

For Tara's department, the decision resolved the immediate operational problem. However, the underlying performance issue was never formally addressed within the organization's performance management system.

The experience reinforced Tara's understanding that even when managers follow procedures carefully, organizational systems can still produce outcomes that feel incomplete.

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THUNDERBIRD
SCHOOL OF GLOBAL MANAGEMENT

Jaeyoung Jenkins

From Zero-Sum to Compound

Parallel Leadership and the Limits of Informal Accommodation

Mary walked into her biannual performance check-in knowing one number would dominate the conversation: utilization.

For the second consecutive review cycle, her billable hours had fallen below the consulting firm's target threshold. The variance was not the result of weak performance. Mary remained one of the most trusted leaders on a major Department of Defense modernization program, leading a consulting team responsible for delivering complex operational and change-management initiatives.

The difference came from somewhere else: her parallel role as a company commander in the U.S. Army Reserve.

The firm had supported her once before. Last year, when Mary needed to complete a series of mandatory military schools required for promotion, the firm granted a utilization waiver and helped coordinate her temporary absence from client work. That decision had been straightforward. The leave was temporary, the timeline predictable, and the firm's generous military leave policy made the accommodation manageable.

This situation felt different from the previous year. Mary's command responsibilities were ongoing rather than temporary. As the review approached, the supervising partner confronted a question the firm had never formally answered: how far should the organization go to support high-performing employees whose leadership commitments extend beyond the firm itself?

Phase I: Early Career Alignment

Mary's dual-career journey began more than a decade earlier.

She initially served four years on active duty in the U.S. Army as an enlisted soldier, including a combat deployment to Afghanistan. At the conclusion of her active-duty contract, she transitioned to the Army Reserve to fulfill the remainder of her service obligation.

The shift proved disorienting. Active-duty military life had provided clear structure and daily operational rhythm. Reserve service, by contrast, required balancing military responsibilities with the pursuit of a civilian career.

Mary secured a civilian job as an instructor supporting defense training programs around the world. The position required extended travel cycles, often three weeks at training locations followed by short periods at home.

Shortly after starting this role, Mary became eligible for promotion in the Army Reserve. However, to be eligible for promotion, she first needed to complete a four-week leadership course. Legally, under the Uniformed Services Employment and Reemployment Rights Act (USERRA), her civilian employer could not deny her leave to attend the training.

Yet Mary hesitated.

Her civilian work cycles were tightly structured, and the weeks she spent teaching on site were the most professionally valuable. They shaped client relationships, performance evaluations, and future assignments. Missing two on-site rotations to attend military training would have reduced both her earnings and her visibility within the organization.

Rather than risk disrupting her civilian career, Mary deferred the military training repeatedly.

Phase II: Structural Misalignment

Mary's next civilian role brought new opportunities and a new kind of tension.

She accepted a position as a Department of the Army civilian employee in Germany, working in a logistics management role. The position carried the federal civil service rank of GS-12, a level roughly equivalent in responsibility to either a senior non-commissioned officer or a company-grade officer in the military hierarchy.

Professionally, Mary thrived. Her expertise was respected, and her responsibilities grew steadily.

Her reserve role, however, remained unchanged.

During monthly drill weekends, she still served as a sergeant (E-5) performing administrative tasks that bore little resemblance to the strategic and managerial responsibilities she handled during the week. The gap between her civilian authority and military rank became increasingly visible.

To close that gap, Mary began exploring alternative career paths within the Army. One option stood out: the warrant officer track. Warrant officers specialized in technical expertise and

often served as subject-matter authorities within their fields. The pathway appeared well aligned with Mary's professional experience in logistics.

She requested assistance from her reserve unit to secure a training slot for Warrant Officer Candidate School. Advance scheduling was critical because she needed sufficient notice to coordinate military training with her civilian responsibilities.

Weeks passed with little response.

Meanwhile, Mary had been accepted into graduate school and planned to pursue both an MBA and an M.S. in Business Analytics to accelerate her civilian career progression. She believed these advanced degrees would strengthen her competitiveness for senior leadership roles.

The problem was timing.

The warrant officer training and graduate program schedules conflicted. Attempting both simultaneously was impractical.

After weighing the options, Mary concluded that pursuing graduate school offered the clearer path forward. With eleven years of military service already behind her, she reluctantly left the Army Reserve and focused entirely on civilian advancement.

Phase III: Compounding Opportunity

Two years later, Mary graduated with both degrees and joined a consulting firm that advised Department of Defense organizations.

Because the firm worked almost exclusively with defense clients, it deliberately recruited veterans, reservists, National Guard members, and former government personnel. Leaders believed that consultants who had operated inside military institutions brought a level of credibility and practical understanding that traditional consultants often lacked. Their experience helped teams translate operational realities into implementable solutions and communicate more effectively with senior defense leaders.

Mary fit that model well. Her background in logistics and operational military experience allowed her to identify implementation risks that less experienced consultants might overlook, interpret military processes for consulting teams, and engage client stakeholders with the credibility that came from having served in the same institutional environment.

Around this time, a colleague suggested she consider returning to military service through a direct commission program. Based on her education and professional experience, she would likely enter as a senior captain (O-3) rather than restarting at a junior enlisted level.

Mary saw an opportunity.

Reentering the military as an officer would finally align her military responsibilities with the leadership roles she held in civilian life.

She accepted the offer.

Shortly after commissioning, however, Mary discovered that she needed to complete several professional military education courses to remain eligible for promotion to major (O-4). The required training totaled nearly five months away from work.

Mary worried that such a lengthy absence would cause her to miss the utilization target tied to her performance goals at the firm. Like most consulting firms, the firm generated revenue by billing client work. Consultants were expected to maintain a defined level of billable time so the firm could support revenue targets, forecast staffing needs, and evaluate performance. That is why utilization mattered. It was not merely an internal metric; it reflected the firm's economic model.

When Mary approached her consulting leadership about the situation, she was unsure how they would respond. Their answer surprised her.

Rather than resisting the request, the firm worked with her to design a transition plan that minimized disruption to both the client and the consulting team. Leadership collaborated with her to:

- develop a structured transition plan before departure;
- designate and train a temporary replacement for her responsibilities;
- communicate proactively with the client regarding project continuity; and
- apply the firm's military leave policy to offset the financial impact of extended service obligations.

The policy itself was unusually generous. For each qualifying period of military leave, the firm provided thirty days of full salary continuation followed by differential pay for additional time away. Once the employee returned to work, the eligibility period reset for future military obligations.

By comparison, most private-sector employers provided either unpaid leave or far shorter paid-leave allowances.

Mary completed the training requirements, returned to the firm, and resumed her consulting responsibilities with minimal disruption. The experience reinforced her belief that her civilian and military careers could finally reinforce each other rather than compete.

Phase IV: Escalating Parallel Leadership

Shortly after returning from her training, Mary accepted command of an Army Reserve company responsible for more than one hundred soldiers.

At nearly the same time, she was promoted internally to lead a consulting team supporting a major defense modernization program.

Individually, each opportunity represented a significant career milestone.

Together, they dramatically increased her workload.

Consulting responsibilities alone often required forty-five to fifty hours per week coordinating client deliverables, managing junior consultants, and overseeing project execution. Command responsibilities added another twenty to thirty hours weekly in training preparation, planning meetings, personnel management, and administrative oversight.

Mary continued meeting client deadlines, and her team consistently delivered high-quality work.

Yet maintaining both roles required a demanding pace.

Unlike the earlier utilization decline caused by a clearly defined five-month training absence, the impact of company command was less visible but more persistent.

Some responsibilities required Mary to take short periods of military leave during the workweek. These included command conferences, leadership training, and professional military education tied to future promotion, in addition to the traditional reserve commitments of monthly drill weekends and annual training periods.

Other responsibilities did not formally remove her from work but still required time and attention. Personnel issues, readiness reporting, administrative deadlines, and preparation before and after drill weekends often surfaced during evenings or weekdays, when soldiers needed guidance or decisions could not wait until the next drill period.

The effect was not limited to Mary's own schedule. Short-notice military obligations sometimes collided with internal deadlines and client deliverables, forcing the team to redistribute work on short notice. Clients occasionally commented on Mary's recurring absences, even when her performance remained strong. Because many of the absences were tied to protected military obligations, the firm had little practical ability to refuse them. The burden therefore fell on managers to maintain client confidence, protect team morale, and keep delivery on track without a formal governance model for handling cases like Mary's.

Over time, the accumulation of these demands gradually reduced both Mary's flexibility and the firm's ability to treat the issue as a temporary exception.

Utilization was not simply an internal performance metric. It directly affected the firm's ability to forecast revenue and allocate staffing across projects.

Mary's first utilization variance had been easy to explain. It occurred during a clearly defined military training period. Leadership approved a waiver and moved on.

Now the variance was appearing again, not as a temporary spike but as a recurring pattern.

The supervising partner began to consider the broader implications. If the firm continued granting waivers indefinitely, would it create expectations among other employees seeking similar flexibility? Would repeated exceptions undermine the consistency of performance standards tied to utilization targets?

At the same time, Mary was precisely the type of leader the firm sought to retain. Her rare combination of consulting expertise and operational military experience strengthened the firm's credibility with defense clients.

Replacing her would not be easy.

Burnout Without Failure

Mary sensed the pressure building.

She had not requested special treatment beyond the firm's existing military leave policy. She avoided framing her situation as exceptional. In her view, leadership meant absorbing pressure rather than redistributing it.

Yet the strain appeared in quieter moments. Each time a military obligation emerged, Mary had to ask again for time away from the project schedule, knowing the request would shift work onto her team and complicate client timelines.

Still, the pace was becoming difficult to sustain.

A decade earlier, she had faced a similar choice between competing career paths. At that time, she had concluded that pursuing both simultaneously was impossible.

Now she wondered whether the same zero-sum choice might eventually return. despite the stronger alignment and support she had worked to build.

Decision Point

As the next performance review approached, the supervising partner faced a decision the firm had never formally addressed.

Mary's case had begun as a straightforward accommodation for military service obligations. Over time, however, it had evolved into something more complex: a sustained example of parallel leadership across two institutions with independent expectations and performance metrics.

Continuing the current approach by granting occasional waivers and managing the situation informally remained possible.

But doing so raised difficult questions about precedent, performance standards, and organizational consistency.

The partner now had to determine whether the firm should:

- maintain the current system of discretionary waivers for high-performing employees with external leadership commitments;
- formally recalibrate utilization expectations for individuals serving in significant external leadership roles;
- develop structured governance for managing parallel leadership careers within the firm; or
- signal that sustained external commitments should remain secondary to the firm's internal performance expectations.

Whatever decision leadership made would extend beyond Mary. If the firm continued relying on informal waivers, it risked turning strategic talent cases into inconsistent exceptions. If it formalized a new approach, it would need to determine how far performance metrics, promotion standards, and workload expectations could be recalibrated without undermining economic discipline.

Mary's situation was not yet a crisis. But it had become a test case. The answer would determine whether parallel leadership at the firm could become a compounding institutional asset or whether even exceptional support would eventually collapse back into a zero-sum tradeoff.

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From Zero-Sum to Compound

Parallel Leadership and the Limits of Informal Accommodation

Teaching Note

Case Synopsis:

Mary, a consultant at a defense-focused consulting firm and a company commander in the U.S. Army Reserve, faces growing tension between two leadership roles with competing demands. The firm intentionally recruits veterans and reservists because their operational experience strengthens credibility with Department of Defense clients. Mary's military background enhances her consulting effectiveness, but her command responsibilities increasingly affect her utilization, the key metric used to evaluate consulting performance and forecast revenue. Previously, the firm granted a waiver when Mary's utilization declined during a defined military training period. Now, however, the decline is reappearing as a recurring pattern driven by ongoing command obligations rather than a temporary absence. The supervising partner must decide how the firm should respond. Should leadership continue granting discretionary waivers, recalibrate performance expectations for employees with external leadership roles, or develop formal governance structures to manage parallel leadership careers within the firm?

Case Positioning:

This case is designed to help executive learners analyze a growing organizational challenge: how firms should respond when high-performing employees hold significant leadership responsibilities outside the organization. Although the case centers on a military reservist, the underlying issue is broader. It concerns the governance of parallel leadership roles across institutional boundaries. The case is best taught not as a discussion of military service or individual resilience, but as an executive decision about performance systems, talent strategy, and organizational design.

Teaching Objectives:

This case is designed to help students:

1. Analyze how performance metrics interact with organizational economics and talent management.
2. Understand the emerging phenomenon of **parallel leadership**, where professionals hold leadership roles across multiple institutions simultaneously.
3. Examine the limits of informal accommodation when managing strategically valuable employees.
4. Evaluate how organizations can design governance structures that balance operational discipline with talent retention.
5. Apply the **Compound-Career Architecture (CCA-4P)** framework to assess when external leadership commitments may create institutional value rather than operational conflict.

Intended Audience:
This case is appropriate for:

- Executive MBA programs
- Doctoral leadership and management programs
- Courses in organizational leadership
- Talent strategy and human capital management
- Organizational design and governance
- Public–private institutional leadership

The case works particularly well for executive audiences who manage performance systems, organizational incentives, and leadership development.

Suggested Classroom Flow (120-Minute Session):

This case benefits from a structured session that combines case discussion with conceptual framing and applied analysis.

Step 1: Opening Question (10 minutes)
Instructor begins with the core managerial question:
What decision does the supervising partner need to make?
Students typically identify tensions involving:

- utilization targets
- fairness across employees
- military service obligations
- talent retention

The instructor should guide the class toward recognizing that the central issue is organizational governance, not Mary's personal workload.

Step 2: Structural Diagnosis of the Case (20 minutes)
Students reconstruct the two utilization incidents.
Key observation:

- Year 1: Utilization decline caused by a temporary, predictable training absence.
- Year 2: Utilization decline caused by ongoing leadership demands of command.

Discussion question:
Why was the first situation easy to manage while the second creates organizational uncertainty?
Encourage students to consider not only Mary's workload but also the operational consequences for the firm, including:

- redistribution of work across the consulting team,
- project staffing continuity,
- client perceptions of leadership availability,
- and the absence of a clear governance model for handling recurring external leadership obligations.

Students should begin to recognize that the issue is not simply an individual workload problem but a structural management problem.

Step 3: Short Concept Lecture — Parallel Leadership (15 minutes)

Instructor cue: Keep this lecture brief. The purpose is to give students a language for the pattern they have already observed in the case, not to shift the session into abstract theory.
Instructor introduces the concept of parallel leadership.
Parallel Leadership describes professionals who simultaneously hold formal authority roles across multiple institutional systems governed by independent performance logics and evaluation structures.
Examples include:

- Corporate executives serving on for-profit and nonprofit boards
- Professionals launching startups while employed
- Senior managers holding NGO leadership positions
- Public-private advisory roles
- Part-time public servants, such as city council members
- Professionals serving in church or volunteer leadership roles

Modern careers increasingly cross institutional boundaries. As a result, organizations increasingly encounter employees whose leadership commitments extend beyond the firm itself.
The central managerial question becomes:
When should organizations support parallel leadership, and when should they constrain it?

Step 4: Evaluating the Firm's Current Response (15 minutes)
Students analyze the firm's current approach.
Current system:

- discretionary waivers
- partner-level judgment
- no formal governance structure

Discussion questions:
What risks arise if the firm continues handling such cases informally?
Encourage students to examine the organizational consequences now visible in the case, including:

- recurring adjustments to project staffing,
- additional workload placed on Mary's team members,
- potential client concerns about leadership availability,
- and the absence of consistent guidance for managers facing similar situations.

This discussion should lead students to recognize that the firm is relying on informal accommodation rather than structured governance.

Step 5: Applying the CCA-4P Framework (30 minutes)
Instructor cue: Encourage students to use the framework diagnostically. The goal is not to "apply all four Ps" mechanically, but to decide whether Mary's situation warrants a structured governance response.
Instructor introduces the Compound-Career Architecture (CCA-4P) framework as a tool for evaluating whether parallel leadership roles should be supported.
Students analyze the case through four lenses:

- Policy alignment
- Planning synchronization
- Performance recalibration
- Partnership governance

Students then evaluate whether Mary's situation represents:

- a strategically valuable compound career, or
- an unsustainable role conflict.

Step 6: Executive Decision (20 minutes)
Students debate possible responses available to the partner.
Common options include:

- continuing discretionary waivers
- creating conditional governance for parallel leadership cases
- tightening utilization expectations to prioritize firm commitments

The instructor should emphasize that the decision must balance economic discipline with talent strategy.

Step 7: Executive Takeaways (10 minutes)
Instructor closes the session by highlighting three lessons.

1. Parallel leadership roles are becoming increasingly common in modern careers.
2. Informal accommodations work temporarily but rarely scale across organizations.
3. Firms must decide whether to treat external leadership roles as conflicts to control or assets to govern strategically.

Likely Student Recommendations:

Students typically converge around three responses.

1. **Continue Informal Accommodation**
   - Strength: Maintains flexibility and avoids bureaucratic complexity.
   - Weakness: Creates inconsistent precedent and relies heavily on individual partner judgment.
2. **Create Conditional Governance**
   - Strength: Allows the firm to support strategically valuable cases while maintaining standards.
   - Weakness: Requires leadership oversight and new evaluation mechanisms.
3. **Reassert Firm-First Expectations**
   - Strength: Protects performance standards and organizational consistency.
   - Weakness: Risks losing valuable employees and learning opportunities.

Parallel Leadership: Context and Conceptual Frame:

Modern professional careers increasingly span institutional boundaries. Arthur and Rousseau (1996) described this shift through the concept of the boundaryless career, in which professional trajectories extend across organizational contexts rather than remaining within a single employer. Institutional logics research further shows that organizations operate under distinct value systems and performance expectations (Friedland & Alford, 1991; Thornton, Ocasio, & Lounsbury, 2012). When professionals operate across multiple institutional settings simultaneously, role conflict theory suggests that competing demands on time and attention can generate predictable strain (Kahn et al., 1964; Greenhaus & Beutell, 1985).

This case brings these dynamics together through the concept of **parallel leadership**, illustrating how individuals may hold formal leadership responsibilities across multiple institutions at the same time.

Executive Review Framework:

When evaluating parallel leadership cases, executives must assess whether the external role creates **institutional conflict or compound value**.
The review should focus on three issues:

1. **Strategic relevance:** Does the external leadership role reinforce or undermine the employee's professional expertise within the firm?
2. **Operational manageability:** Are the time demands predictable and manageable within the organization's operational model?
3. **Institutional benefit:** Does the external role strengthen the firm's strategic positioning, credibility, or learning capacity?

These questions help leaders determine whether parallel leadership roles should be treated as **strategic assets or operational liabilities**.

CCA-4P Overview:

The **Compound-Career Architecture (CCA-4P)** framework provides a practical tool for organizations managing parallel leadership roles.
The framework identifies four governance areas that determine whether external leadership roles can operate sustainably alongside internal responsibilities:

1. **Policy Alignment** – organizational policies that clarify how external leadership roles are evaluated and supported.
2. **Planning Synchronization** – advance coordination of external commitments with organizational workload planning.
3. **Performance Recalibration** – adjusting evaluation metrics when external roles create strategic value.
4. **Partnership Governance** – executive oversight to ensure fairness and consistency across cases.

A detailed description of the model appears in **Appendix A**.

Zero-Sum vs. Compound Career Conditions:

Organizations confronting parallel leadership situations must determine whether external leadership roles create **structural conflict** or **institutional complementarity**.
The distinction is rarely determined by the individual alone; it depends largely on how the organization structures its policies, evaluation systems, and leadership oversight.
Instructors may ask students to diagnose Mary's situation using the conditions in **Table 1**. The exercise helps shift discussion from individual workload to organizational design.

Table 1. Zero-Sum vs. Compound Career Conditions

Condition	Zero-Sum Career Structure	Compound Career Structure

Strategic Alignment	External role viewed as marginal to organizational objectives	External role reinforces institutional expertise or strategic positioning
Governance	Managed informally through discretionary exceptions	Managed through structured governance mechanisms
Performance Metrics	Rigid evaluation systems that assume single-institution commitment	Metrics selectively recalibrated when external leadership produces strategic value
Escalation Response	Reactive accommodations made case-by-case	Proactive systems designed to manage recurring situations
Burnout Risk	High; competing demands accumulate without structural support	Managed through coordinated expectations and planning
Institutional Benefit	Limited; organization absorbs cost without strategic return	Amplified; external leadership enhances credibility, learning, or network access

The leadership challenge is determining whether the organization should treat parallel leadership roles as **exceptions to control** or **strategic assets to govern intentionally**.

Contribution to Practice:

This case highlights a growing leadership reality: high-performing professionals increasingly operate across multiple institutional contexts.
Rather than treating such situations as isolated exceptions, organizations must decide whether to develop governance mechanisms capable of managing them strategically.
The case introduces Parallel Leadership as a managerial phenomenon and presents the CCA-4P framework as a practical tool for evaluating when external leadership commitments can produce compound institutional value.
The framework synthesizes insights from boundaryless career theory, institutional logics, and role conflict research to translate existing scholarship into executive governance design.

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Appendix A. Compound-Career Architecture (CCA-4P Model)

Definition:

Compound-Career Architecture (CCA) is a structured governance framework that enables organizations to selectively convert strategically aligned parallel leadership roles from zero-sum tradeoffs into compounding institutional assets.

CCA is activated only after successful completion of the Executive Review Framework.

1. Policy Alignment

Objective: Move from discretionary accommodation to formal classification and governance. Without policy alignment, support depends on individual partner discretion, creating inequity and unpredictability.

What This Looks Like in Practice

A. Formal Parallel Leadership Designation

- Employees approved under the Executive Review Framework receive an official designation (e.g., "Strategic Parallel Leadership Status").
- This status triggers structured oversight and metric review.
- It prevents ad hoc, case-by-case ambiguity.
- **Example:** A consulting firm formally designates reserve commanders, board-serving executives, or government advisory leaders as "Strategic External Leadership Participants."

B. Written Performance Adjustment Standards

- Define allowable utilization variance bands.
- Clarify eligibility for performance waivers.
- Specify duration of eligibility (e.g., tied to term of external leadership role).
- **Example:** Utilization target reduced by 5% during approved command tenure, subject to annual executive review.

C. Transparent Eligibility Criteria

- High performance baseline required.
- No prior performance flags.
- External role must pass Strategic Assessment Gate.

This prevents CCA from becoming a generalized flexibility program.

2. Planning Synchronization

Objective: Anticipate capacity strain before it becomes a crisis.

Most organizations react to absence. CCA requires predictive planning.

A. Forward Workload Forecasting

- Map known external obligations (e.g., board meetings, drill schedules, fundraising cycles).
- Overlay against client delivery milestones.
- **Example:** Reserve command training calendar integrated into consulting resource planning software.

B. Redundancy and Coverage Mapping

- Identify cross-trained backup leaders.

- Create shadow assignments during low-risk periods.
- **Example:** A deputy team lead is trained quarterly to assume client delivery oversight during predictable military planning conferences.

C. Structured Transition Windows

- Formalize handoff protocols before extended absence.
- Require pre- and post-leave transition memos.

This shifts burden from improvisation to design.

3. Performance Recalibration

Objective: Align evaluation systems with dual institutional reality.

Rigid metrics produce hidden penalties.

A. Utilization Normalization Bands

- Define acceptable variance ranges.
- Distinguish between elective absence and strategically approved external leadership time.
- **Example:** Command-related leave categorized separately from standard PTO in internal dashboards.

B. Promotion Neutrality Safeguards

- Require explicit documentation that external leadership participation does not disadvantage promotion consideration.
- Include executive oversight review in promotion panels.
- **Example:** Promotion evaluation form includes "Parallel Leadership Contribution Assessment" section.

C. Waiver Transparency Governance

- Track frequency of waivers.
- Review annually for systemic patterns.
- Prevent silent accumulation of inequity.

This ensures fairness across peer groups.

4. Partnership Governance

Objective: Ensure executive-level oversight and strategic value capture.

Parallel leadership cannot remain invisible to senior leadership.

A. Executive Oversight Cadence

- Biannual review of approved parallel leadership cases.
- Evaluate performance, sustainability, and institutional benefit.

B. Expectation Alignment Agreements

- Clarify anticipated time commitment.
- Define boundaries for escalation.
- Establish trigger thresholds for reassessment.
- **Example:** If external role exceeds 30 hours/week for more than 3 consecutive months, automatic review is triggered.

C. Institutional Benefit Monitoring

- Identify tangible value return (e.g., new client access, strategic insights, crisis leadership capability).
- Require periodic reporting of capability spillover.

- **Example:** Consultant briefs internal leadership on lessons learned from military command relevant to organizational resilience.

Why CCA-4P Matters:

Without architecture:

- Support becomes inconsistent.
- Waivers accumulate.
- Peer inequity perceptions rise.
- Burnout risk increases.
- Exit probability grows.

With architecture:

- Governance becomes intentional.
- Metrics reflect institutional reality.
- Parallel leadership becomes strategically evaluated rather than tolerated.
- Compounding value becomes measurable.

THUNDERBIRD
SCHOOL OF GLOBAL MANAGEMENT

Jaeyoung Jenkins

Integrity Under Pressure

Trust and Leadership in an Expatriate Assignment in Indonesia

Arrival in Semarang

Alyss Kim did not expect to spend her first night in Indonesia in an employee dormitory.

After fifteen years in South Korea's competitive textile industry, she had accepted what she believed was a promising expatriate assignment with Koryon Textiles Group, a global supplier to major athletic brands. The position in Semarang, Indonesia, appeared to offer both career advancement and her first real opportunity to lead abroad. According to the recruiter who had contacted her in Seoul, the role also included a comprehensive expatriate package, including housing support, a company vehicle with fuel allowance, and annual travel to Korea.

Yet only hours after landing, Alyss found herself dropping her luggage in a dormitory normally used by factory employees.

The company's General Manager, Jin-soo Park, had met her at the airport and casually informed her that she would stay there temporarily before attending a client dinner later that evening. Exhausted from travel and unfamiliar with the city, Alyss assumed the arrangement was temporary and decided she would clarify the details the next day. She focused instead on preparing for the dinner, where Mr. Park planned to introduce her to several important customers.

At the time, the situation seemed like a minor inconvenience. Alyss did not yet realize that the terms of the job she had accepted in Seoul were about to change.

The Opportunity

The offer from Koryon came at a moment when Alyss was beginning to think seriously about the next stage of her career. Over the previous decade, she had built a strong reputation designing textile materials for global athletic brands such as Nike, Adidas, and New Balance. Her work involved coordinating development teams, testing new materials, and ensuring that prototypes could move efficiently into large-scale production.

Professionally, she was stable and successful. She had purchased a small apartment in Seoul and established herself within the industry. Still, she believed that gaining international

leadership experience could broaden her career opportunities and expose her to a wider global network.

Clara Han was a recruiter specializing in placements within the textile and footwear manufacturing sector. She described Koryon Textiles Group as a South Korean multinational manufacturer supplying materials and products to major global sporting brands. Through its sports fashion division, the company operated production facilities across China, Vietnam, and Indonesia.

Clara explained that Koryon's manufacturing subsidiary in Semarang, Indonesia, was expanding rapidly. The role was for Textile Development Manager, a position responsible for leading textile development work at the plant and coordinating closely with production and local staff. The factory had been steadily meeting its production KPIs and corporate standards, performing well enough to satisfy headquarters but not distinguishing itself as one of Koryon's top-performing sites. It was stable, reliable, and on track to be removed from headquarters' "watch list." At the same time, the location still lacked the innovation and efficiency that characterized Koryon's strongest plants.

Clara spoke confidently about the opportunity. "This move could be a long-term role," she said. "The company sees Indonesia as key to its regional growth over the next decade."

Following Koryon's expatriate package standards, she outlined a highly competitive compensation package. In total, the offer represented roughly a 40 percent increase over Alyss's current compensation, including a housing stipend, a company vehicle with fuel allowance, an annual paid trip to Korea, and a sign-on bonus.

"This is a fast-track opportunity," Clara assured her. "If you succeed in this expatriate assignment, your future with Koryon is bright."

The offer felt like the international breakthrough Alyss had been waiting for. Within twenty-four hours, she accepted and signed the offer.

Clara explained one final administrative step. Mr. Park would sign the contract upon Alyss's arrival to confirm her physical start date. "It's just a formality," Clara said. "No one has ever had a problem with it."

What she did not know was that the position had already turned over three times in the previous year. Each of the earlier managers had resigned within a few months.

The Contract Shock

On her first official morning at the Semarang office, Alyss arrived prepared to finalize her employment paperwork. She carried the printed contract, expecting Mr. Park to sign it and confirm her start date.

Instead, after glancing at the document, he pushed it back across the desk.

"You will start with a three-month contingent contract," he said. "After that, we will decide whether to finalize your permanent position."

For a moment, Alyss thought she had misunderstood him. "But this isn't what I signed," she replied.

Mr. Park continued without hesitation. Because she had arrived alone, he explained, the housing stipend and company car would not apply. Those benefits, he said, were intended for "a family man who needs to go back and forth home." The paid trip to Korea and the sign-on bonus would also be reviewed later, depending on what she was able to accomplish during the probation period.

Alyss pointed to the contract on the desk. "This is the agreement I signed in Korea," she said.

Mr. Park waved a dismissive hand. "That paper is not valid here," Mr. Park said. "Local policy is different."

The conversation left Alyss deeply unsettled. None of these changes had been mentioned during the recruitment process, and the revised terms affected several of the benefits that had influenced her decision to relocate.

She stepped outside the office and immediately called Clara Han. The recruiter sounded surprised and apologized repeatedly. Clara insisted that headquarters had approved the full expatriate package and promised to contact Koryon's HR department to clarify the situation.

Trying to remain professional, Alyss returned to her desk and continued working while waiting for an explanation.

Early Signals

During her first week, Alyss began noticing several unusual patterns within the organization. Her only direct report, Samuel "Sam" Prasetyo, had not appeared at work since before her arrival. When she asked Production Director Min-ho Lee whether anyone had contacted him, Mr. Lee simply shrugged and explained that employees sometimes disappeared for several days without notice.

The explanation surprised her. In her previous workplaces, an absence like that would have triggered immediate follow-up from supervisors.

At lunch, Alyss tried to connect with the Indonesian staff by joining them in the cafeteria and asking about their work, families, and local food. The employees responded politely but cautiously, and the conversation soon faded. English was a second language for everyone, and

the combination of accents and formality made it difficult to connect naturally. Even so, Alyss liked the people she met and wanted to learn more about local food and traditions.

Later that week, she noticed that when Mr. Park entered the production area, employees exchanged brief remarks among themselves. One young worker giggled and said, “Mr. Cepat is coming,” and the phrase quickly spread across the floor in hushed tones. When Alyss asked what it meant, a worker explained that cepat, the Indonesian word for “hurry up,” referred to Mr. Park’s habit of walking through the factory yelling “Cepat! Cepat!” at employees to push production faster.

Production Pressure

Alyss soon began to see how production demands were handled under Mr. Park’s leadership. Deadlines often seemed aggressive, and employees rarely questioned them openly. Even when the expectations appeared difficult to meet, the Indonesian staff tended to respond quietly and focus on getting the work done.

One incident stood out. About a week before a scheduled visit from the regional manager, Mr. Park instructed Alyss to prepare a new set of textile samples for presentation. The volume he requested was far beyond what the development team could realistically complete within the available time.

When Alyss explained that the team could produce only about half of what he was asking for under normal working hours, Mr. Park dismissed the concern.

“That depends on your management ability,” he said.

Meeting the target meant asking the team to work overtime and through the weekend. When Alyss approached the Indonesian employees about the additional hours, they agreed without protest. A few quietly mentioned that similar situations had happened before.

The team worked late into the evenings and through the weekend to finish the samples before the regional manager’s visit. The presentation went smoothly, and Mr. Park appeared satisfied with the result.

For Alyss, however, the experience left an uneasy impression about how expectations were set and how difficult it seemed for employees to push back.

The Hidden History

About ten days after Alyss arrived, Sam finally returned to work. During a private conversation, he explained that he had hesitated to come back because he did not want to deal with another new supervisor.

When Alyss asked what he meant, Sam told her that she was the fourth manager to hold the Textile Development Manager role within the past year. Several Korean managers had arrived with similar expectations, he said, but left after only a few months.

Sam then shared a story that unsettled her even more. Three years earlier, a local newspaper had named Mr. Park "the worst international boss in Semarang," citing repeated incidents of shouting at employees and throwing documents at staff. The story had reached Seoul, and Mr. Park had been required to issue a public apology. Even so, the company kept him in place.

"Everyone knows about Mr. Park," Sam said. "He's been here since the factory opened. He started in Seoul twenty years ago, then moved here to set up the plant. He's powerful. Headquarters doesn't want to lose him."

Alyss later met privately with Mr. Lee to confirm what she had heard. He admitted that the story was true.

"Mr. Park is difficult," Mr. Lee said. "But my family is happy here. My sons go to international school. My wife loves the community. I can't afford to make him angry. So I keep my head down."

Alyss left the conversation disappointed. It was becoming clear that people in the office knew the history, but no one seemed willing to challenge it.

Escalation

As Alyss was settling into the role, she received an update from Clara three days after their initial call. "Seoul says there's no record of any local contract," Clara explained. "They're contacting the regional office in Vietnam to investigate."

Nearly two weeks later, Alyss received another call, this time from Sun-hee Ahn, the regional HR manager based in Vietnam. Ms. Ahn apologized for the confusion surrounding the contract and confirmed that headquarters had not authorized the contingent arrangement described by Mr. Park.

"We are investigating the situation," she said. "Please give us some time to resolve it."

For the first time since arriving in Semarang, Alyss felt cautiously optimistic that the issue might be resolved.

The Confrontation

A few days later, Mr. Park summoned Alyss into his office. He was furious.

"HR called me because of you!" he shouted. "They are questioning my authority!"

He slammed his hand on the desk and continued. "You will call them back and say you agreed to the contingent contract. You will also confirm that you're fine living in the dormitory. Do it now."

Alyss hesitated. "That would not be accurate," she said.

Mr. Park's expression hardened. If she refused to make the call, he said, he would terminate her employment. Because Mr. Park had not yet signed the contract locally, he said it was not valid and she would not receive payment for the time she had worked. He also said that she would have to pay for her own return flight to Korea.

Alyss asked for time to think. Mr. Park gave her two days.

Over the next forty-eight hours, Mr. Park stopped by her desk again and again. Sometimes he smiled as if nothing were wrong. Other times he reminded her of the consequences if she refused to make the call. Each visit ended with the same question: had she contacted HR? The pressure felt suffocating, and that night Alyss could not sleep.

Decision Point

By the end of the month, Alyss faced a difficult choice. She could comply with Mr. Park's request and protect her position while the company investigated the dispute internally. She could refuse and escalate the issue further to headquarters. Or she could walk away from the assignment entirely.

What should Alyss do?

THUNDERBIRD
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Integrity Under Pressure

Trust and Leadership in an Expatriate Assignment in Indonesia

Teaching Note

Case Synopsis:

This case examines the leadership and trust challenges faced by Alyss Kim, a South Korean textile professional who accepts an expatriate assignment with Koryon Textiles Group in Semarang, Indonesia. Recruited for a managerial role in the company's Sports Fashion division, Alyss relocates expecting a competitive expatriate package and a long-term international leadership opportunity. Shortly after arriving, however, she discovers that the employment terms she accepted in Korea have been altered. The local general manager, Mr. Jin-soo Park, informs her that several benefits, including housing support and transportation, no longer apply and that she must instead begin on a contingent contract. As Alyss begins working at the plant, she encounters additional warning signs, including high managerial turnover, employee disengagement, and a workplace climate shaped by fear and silence. When regional HR begins investigating the contract discrepancy, Mr. Park pressures Alyss to falsely confirm that she agreed to the new terms and threatens to terminate her if she refuses. The case culminates in a trust-based leadership dilemma: should Alyss comply, escalate, or walk away? More broadly, it invites discussion of how trust is created, damaged, and tolerated in multinational organizations operating across hierarchical and cross-cultural environments.

Teaching Objectives:

This case enables students to:

1. Diagnose how trust breaks down across individuals, teams, and organizational levels.
2. Evaluate how leadership behavior strengthens or undermines trust within cross-cultural work environments.
3. Examine how hierarchy, power distance, and conflict avoidance shape employee voice and organizational silence.
4. Assess how multinational firms manage trust, accountability, and governance in expatriate assignments.
5. Develop a leadership recommendation in response to a trust failure involving ethical pressure, weak oversight, and cross-cultural complexity.

Intended Audience:

This case is appropriate for undergraduate/graduate-level courses in:

- Trust and Leadership
- Global Leadership and Management
- Cross-Cultural Management
- Organizational Behavior
- International Human Resource Management

- Ethics and Leadership

Pre-Class Reflection Assignment (Optional):

Students may be asked to prepare a short written reflection before class addressing the following questions:

1. At what point in the case does trust first begin to break down, and why?
2. What warning signs suggest that Alyss's challenge is not only a contract issue, but a broader organizational problem?
3. If you were Alyss, how would you respond to Mr. Park's demand?

Students may prepare a brief reflection of one to two pages summarizing their analysis and initial recommendation.

Suggested Discussion Flow:

1. Opening the Case: The Arrival and Contract Shock (10 to 15 minutes)
Begin by asking students to identify the first signs that something is wrong.
Possible opening questions:

- Why is the dormitory arrival significant?
- What assumptions did Alyss bring into the assignment?
- At what moment does the case shift from inconvenience to trust breakdown?
- Why is the contract issue more serious than a simple HR misunderstanding?

The purpose of this opening is to move students from the surface event—a changed contract—to the deeper issue of broken organizational trust.

2. Understanding the Context: The Opportunity and the Organization (10 to 15 minutes)
Shift the discussion to the organizational and professional context.
Possible questions:

- Why did Alyss accept the assignment?
- What made the opportunity attractive?
- What does the Semarang plant represent for Koryon strategically?
- Why might headquarters tolerate instability at the local level?

This section helps students understand why Alyss viewed the move as a rational career decision and why the role mattered within Koryon's broader international growth strategy.

3. Reading the Signals: Employee Behavior and Leadership Climate (15 to 20 minutes)
Examine the organizational atmosphere and early warning signs.
Possible questions:

- What do Sam's absence and the cafeteria interactions reveal about the workplace?
- What does the nickname "Mr. Cepat" suggest about Mr. Park's leadership?
- Why do employees comply without openly pushing back?
- How do local cultural norms shape trust and silence in this setting?

This section helps students identify how trust is communicated indirectly through behavior, language, and avoidance.

4. Trust, Pressure, and Organizational Silence (15 to 20 minutes)

Focus discussion on the production pressure example and the hidden history.
Possible questions:

- What does the overtime/weekend incident reveal about how power operates in the plant?
- Why does no one appear willing to challenge Mr. Park?
- What does Mr. Lee's response reveal about complicity, self-protection, and trust?
- How do repeated patterns become normalized inside organizations?

This discussion should move students from individual conduct to systemic trust failure.

5. The Confrontation and Ethical Pressure (10 to 15 minutes)
Introduce the coercive moment with Mr. Park.
Possible questions:

- Why is Mr. Park's demand such a pivotal moment?
- What kind of trust conflict does Alyss now face?
- Is this primarily a legal issue, a leadership issue, or a trust issue?
- What alternatives does Alyss realistically have at this point?

This section helps students examine how trust, ethics, authority, and vulnerability intersect in expatriate settings.

6. Decision Point: What Should Alyss Do? (15 to 20 minutes)
Conclude with the central decision.
Possible questions:

- Should Alyss comply, escalate further, or resign?
- If she stays, what risks does she face?
- If she leaves, what does that mean for her leadership and career?
- What responsibility does headquarters have in this situation?

Encourage students to move beyond diagnosis and propose a concrete course of action.

Key Themes for Analysis:

Several themes may emerge during discussion:

- Trust formation and erosion
- Psychological safety and organizational silence
- Leadership behavior and moral authority
- Power distance and employee voice
- Expatriate management and cross-cultural expectations
- Contractual trust versus relational trust
- Governance failures in multinational organizations
- Ethical pressure under hierarchical leadership

Likely Student Recommendations:

Students will typically gravitate toward one of three recommendation paths.
1. Stay and escalate internally
Some students may argue that Alyss should remain in the role, refuse to comply with Mr. Park's directive, and escalate the issue further through HR or headquarters.
Typical reasoning may include:

- the company has already begun investigating
- Alyss has evidence that the contract terms were changed improperly
- leaving too early allows the problem to continue unchecked
- trust repair requires confronting leadership abuse, not only leaving it

Students taking this position may argue that Alyss has an opportunity to trigger organizational accountability.

2. Resign immediately

Other students may argue that Alyss should leave the organization as soon as possible. Typical reasoning may include:

- the trust breach is already too deep to repair
- Mr. Park has direct operational control and immediate leverage
- the local climate is unsafe and structurally hostile
- headquarters responded too slowly to protect her effectively

Students taking this position may view resignation as the most ethical and self-protective choice.

3. Seek an intermediate path

A third group may recommend a conditional response, such as escalating while requesting temporary reassignment, formal written protection, or immediate intervention from headquarters. Typical reasoning may include:

- Alyss should not comply with false reporting
- resignation may be premature if an alternative role exists
- the company should be forced to clarify its position formally
- trust cannot be rebuilt without visible structural action

Students taking this position often try to balance integrity with organizational due process.

After Story:

After the events described in the case, Alyss chose to resign rather than comply with Mr. Park's demand. Regional HR offered her an opportunity to transfer to the Vietnam office, but she declined because she believed Mr. Park would still remain influential within the regional structure and she wanted a complete break from the environment.

In later reflection, Alyss continued to question whether she should have waited longer for headquarters to resolve the issue. At the same time, she remained convinced that staying would have required her to compromise either her integrity or her sense of personal safety. For instructors, this after story is useful not as a "correct answer," but as a way to compare students' recommendations with the path the protagonist ultimately chose.

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THUNDERBIRD
SCHOOL OF GLOBAL MANAGEMENT

Jaeyoung Jenkins

Leadership Without Leverage

A Case on Accountability, Structural Constraint, and Managerial Endurance

Arrival and Familiar Ground

By the time Tara understood how little control she had over Klara's position, her department had already learned to operate without it.

When Tara returned to Germany, she was coming back to a professional environment that felt familiar. Earlier in her career, she had completed an overseas assignment in Germany with the same broader U.S. government organization and had worked closely with multiple offices and support units there. During that first tour, she served in a technical role and developed a strong understanding of the mission, the systems, and the informal rhythms through which work was accomplished. When she came back several years later, much of that environment still felt recognizable. The mission remained largely unchanged, and many of the routines she remembered were still in place.

What was different was her position.

Between her two assignments in Germany, Tara completed a Master of Business Administration. The degree broadened her exposure to organizational behavior, performance management, and leadership frameworks. By the time she accepted her return assignment to Germany, she had a clearer sense of what effective management was supposed to look like and greater confidence in her ability to lead.

She now assumed responsibility for an IT department composed of ten personnel: U.S. government civilians, contractors managed through contracting officer representatives, and one German employee, Klara, whose position existed under the terms of German employment agreements. Tara already knew several members of the department. Some had been peers during her earlier tour, while others had worked with her intermittently in the intervening years. That familiarity created continuity rather than disruption. She did not arrive expecting to diagnose a broken system or impose immediate change. She expected existing processes to function as they had before.

What Tara was stepping into, however, was more complex than a familiar office in a familiar country. U.S. government organizations operating overseas function within governance arrangements shaped by bilateral agreements with host nations. These arrangements frequently require the employment of local national personnel and mandate compliance with host-nation labor laws, union protections, and employment norms. Such structures support diplomatic,

political, and economic objectives and are rarely questioned at the operational level. For supervisors working within them, however, they can create a persistent disconnect between accountability and control. Leaders remain responsible for outcomes even when authority over the mechanisms producing those outcomes rests elsewhere.

A Pattern Without an Incident

During her first weeks in the role, Tara focused on maintaining stability. She reviewed operational dashboards, requested routine status updates, and observed meetings without intervening heavily. Service metrics were within acceptable ranges, and no concerns were raised directly. Klara was absent when Tara arrived, out on medically certified sick leave, but returned several weeks later. When present, Klara was polite, responsive, and professional. She acknowledged assigned tasks and asked clarifying questions. There was no confrontation and no refusal to work. When Klara went out on sick leave again shortly thereafter, the absence was explained matter-of-factly. Documentation was submitted, and work was redistributed informally among the rest of the team. The department continued to function.

By the third month, Tara began to notice something that was difficult to define. Klara's absences were frequent, but none were long enough to trigger formal action. Each absence was supported by medical documentation, and each return seemed to reset expectations without resolving the underlying disruption. There was no incident to address, only repetition.

As the pattern persisted, Tara sought clarity and consulted a labor advisor to better understand how sick leave operated for German employees. She learned that, for the first three weeks of medically certified sick leave, an employee's salary was paid in full by the U.S. government. If the absence extended beyond that period, responsibility for wage replacement shifted to the German social insurance system, which provided compensation at approximately seventy-five percent of the employee's regular pay. Extended absences also fell under the oversight of German authorities responsible for administering social benefits. A return to duty, regardless of duration, concluded a sick-leave period, and any subsequent medically certified absence initiated a new period under the same rules. The arrangement was lawful, established, and applied consistently.

As Tara continued to navigate the recurring absences, she encountered an additional procedural complexity. While Klara was on medically certified sick leave, she continued to accrue regular leave under standard employment rules. On one occasion, shortly after returning from an extended period of sick leave, Klara submitted a request for two weeks of regular leave. The request was processed and approved. Klara explained that the leave was "use or lose" under applicable policy and needed to be taken before the end of the leave year. Procedurally, there was no basis to deny the request.

For Tara, the significance of the system lay not in its procedural correctness, but in how its components interacted operationally. Even when absences formally concluded, predictable availability could not be assumed. Sick leave, regular leave, and external oversight each functioned as intended, yet together they produced prolonged uncertainty in staffing availability. Each transition from sick leave to return, and from return to regular leave, reset administrative

expectations without restoring operational continuity. While Tara remained accountable for service delivery and staffing stability, the mechanisms governing absence, compensation, and review operated beyond her supervisory control, limiting her ability to plan, intervene, or resolve the disruption.

Tara responded as she was expected to. She documented attendance, tracked unresolved service requests, and formalized task assignments through email rather than informal conversations. When Klara returned from sick leave, Tara met with her briefly. The conversations were cordial and procedural. Expectations were reviewed and acknowledged. Within days, Klara was out again.

Adaptation Inside the Department

As the pattern continued, the department adjusted gradually and largely without explicit discussion. Work was redistributed informally through habit rather than directive. Senior technicians absorbed help desk requests when they surfaced. Contractors filled gaps within the scope of existing task orders. Over time, the team stopped planning around Klara's availability. When she returned, tasks were assigned cautiously, often with parallel coverage. When she was absent, the department no longer paused to ask how her responsibilities would be covered. Coverage had already been absorbed into routine operations.

During routine staff meetings, Tara asked generally about workload distribution and capacity. Discussions focused on competing priorities and external demand, but no one referenced Klara's position as a source of relief or concern. The omission stood out to Tara. It was not avoidance. It reflected how the team had come to conceptualize its work. In subsequent weeks, the pattern repeated. New tasks were assigned based on availability among the nine consistently present staff. When Tara reviewed task tracking, Klara's name appeared less frequently, not because of formal reassignment, but because the department had adapted to a version of itself that no longer relied on her role.

Tara began to recognize that the department was operating effectively as a nine-person team with an additional administrative burden. The tenth position remained on the roster and required documentation, coordination, and explanation, but it no longer shaped operational decisions. This realization accumulated gradually, reinforced by planning discussions that proceeded without reference to the role.

Even as the department adapted operationally, Tara still had to manage the position administratively.

Throughout this period, Tara met with labor advisors multiple times. These interactions were rarely framed as crises or escalations. They occurred as brief check-ins, scheduled discussions, and follow-up emails prompted by recurring absence cycles. Tara asked whether frequency could warrant different action, whether responsibilities could be redefined, and whether thresholds existed beyond which alternative processes might apply. Each time, the guidance remained consistent. Tara was advised to continue documenting, comply with

established procedures, and avoid actions that could be interpreted as punitive. The guidance provided clarity without leverage.

As a supervisor, Tara remained fully accountable for departmental performance and professional standards, but the levers available to her were uneven. U.S. government civilians were subject to U.S. performance plan mechanisms. Contractors were managed through contractual arrangements coordinated with contracting officer representatives. Klara, as a host-nation employee governed by German labor law and union representation, fell outside those frameworks. Tara could not place Klara on a U.S. performance plan, impose corrective action related to attendance, or redefine the position without triggering procedural complications beyond her authority.

The Visibility Problem

The situation shifted when Tara's supervisor forwarded an email from the director of a sister organization supported by Tara's IT department. The message was measured and professional, but it conveyed concern regarding unresolved technical issues affecting operations. Attached was a lengthy email chain written entirely in German.

As Tara reviewed the correspondence, it became clear that the exchange spanned several weeks and reflected repeated communication between Klara and staff from the sister organization. Requests were directed to Klara informally, acknowledged promptly, and addressed through direct communication rather than through the department's formal help desk system. The tone of the exchanges suggested familiarity and routine rather than exception.

This pattern had developed over time. The sister organization employed several local nationals, and communicating in German with Klara was convenient and culturally familiar. Klara had become a trusted point of contact, often reassuring staff that she could address issues directly without the need to submit a ticket.

The difficulty emerged as Klara's absences became more frequent. Issues were acknowledged but not resolved before she went out on sick leave. In some cases, staff waited for her return rather than escalating concerns through formal channels. When Klara returned, she resumed contact and addressed outstanding requests, only to be absent again shortly thereafter. Over time, unresolved issues accumulated, and the lack of continuity began to disrupt the sister organization's operations.

What stood out to Tara was not the content of the communication, but what it bypassed. There were no help desk ticket numbers and no indication that the issues had entered her department's tracking systems. Whatever work had occurred had unfolded entirely outside the mechanisms through which Tara exercised oversight.

The concerns ultimately surfaced not because the informal practice was improper, but because it had become unsustainable. When the disruption reached a threshold that affected operations, the issue was reported upward, first within the sister organization and then to Tara's

supervisor. The episode did not introduce a new problem. It sharpened Tara's understanding of the one she had been managing all along.

At the same time, Tara's assessment of the role itself hardened. In theory, a tenth position should have reduced workload and increased resilience. In practice, the department functioned effectively without relying on it. The recurring disruption associated with the role consumed time and attention without contributing predictably to output. Removing the position would have simplified operations and eliminated a recurring source of uncertainty. That option was unavailable. The slot existed under German employment agreements and could not be removed, repurposed, or left unfilled without violating external commitments. The structure was fixed.

Tara now faced a question that had no obvious operational answer. She could continue managing within the existing system, documenting, adapting, and accepting the persistence of a role she could not meaningfully control. Or she could escalate the issue beyond her level, even though she lacked both a clear request and the authority to change the underlying structure.

Neither path promised resolution.

A year passed.

Tara reflected on her first year as a supervisor. She had continued to lead the department within the constraints she faced. The team continued to perform. The role continued to exist. Nothing broke. Nothing improved. The situation endured.

When Tara reviewed the documentation she had collected over the year, she counted Klara's attendance.

Klara had been present for work **36 days in the calendar year**.

THUNDERBIRD
SCHOOL OF GLOBAL MANAGEMENT

Leadership Without Leverage

A Case on Accountability, Structural Constraint, and Managerial Endurance

Teaching Note

Case Synopsis:

This case examines a U.S. government supervisor managing an overseas IT department under host-nation employment arrangements. The protagonist, Tara, returns to Germany in 2017 to lead a mixed workforce of U.S. civilians, contractors, and a German employee whose position is governed by local labor agreements. Over time, Tara observes a recurring pattern of medically certified absences by the German employee, Klara; each absence is procedurally valid, yet the cumulative effect creates staffing uncertainty and limits Tara's ability to plan and manage workload. As Tara seeks to understand the system, she learns that key elements of compensation, oversight, and review operate outside her authority. Meanwhile, the department adapts by redistributing work and effectively functioning without relying on the position. The issue becomes more visible when unresolved technical problems surface through a sister organization that had been coordinating informally with Klara outside formal systems. The case concludes with Tara confronting a structural dilemma: she remains accountable for outcomes while the mechanisms shaping the situation remain largely beyond her control.

Teaching Objectives:

This case helps students examine leadership challenges that emerge when organizational accountability and managerial authority are misaligned. After discussing the case, students should be able to:

1. Distinguish between accountability and authority in complex governance environments.
2. Analyze how lawful organizational systems can interact to create operational disruption.
3. Recognize how informal practices and cultural norms influence organizational visibility and coordination.
4. Evaluate the limits of managerial intervention when key mechanisms fall outside the supervisor's control.
5. Reflect on the role of managerial endurance and adaptation when problems cannot be immediately resolved.

Intended Audience:

This case is appropriate for graduate-level courses in:

- Executive MBA programs
- Global leadership and management courses
- Organizational behavior
- Cross-cultural management
- Public-sector leadership
- Global governance and institutions

The case is particularly appropriate for students whose professional experience often involves managing across national boundaries, governance systems, and organizational constraints.

Suggested Discussion Flow (75 minutes):

1. Opening the Case: Diagnosing the Problem (10 minutes)
Key opening question: What problem is Tara actually facing?
Many students initially focus on Klara's absences. Encourage them to examine whether the issue is primarily an employee problem or something embedded in the organizational structure.

2. Understanding the Structural Context (20 minutes)
Shift the discussion to the governance structure surrounding Tara's department.
Students should analyze:

- the host-nation employment framework
- the division of authority between U.S. administrative oversight and German labor systems
- the different supervisory authority Tara holds over U.S. personnel, contractors, and local national employees

This stage often helps students recognize that Tara's authority varies depending on the employment structure governing each role.

3. Informal Systems and Organizational Visibility (15 minutes)
Introduce the email chain involving the sister organization.
Discussion questions:

- Why did staff prefer contacting Klara directly rather than using the help desk system?
- How did language and cultural familiarity shape the informal work practice?
- Why did the arrangement function initially but later become problematic?

Students often recognize that informal systems can increase efficiency while simultaneously reducing managerial visibility.

4. Organizational Adaptation (15 minutes)
Ask students to analyze how the department responded to the recurring absences.
Key discussion points:

- Why did the team gradually stop relying on Klara's role?
- Does adaptation represent a solution or merely a coping mechanism?
- What does this reveal about organizational resilience?

This phase highlights how organizations often adapt operationally even when structural constraints remain unchanged.

5. Leadership Reflection and Decision Point (15 minutes)
Conclude by asking students what Tara should realistically do.
Possible options include:

- continuing to operate within the existing system
- escalating the issue to higher leadership
- documenting the structural limitations for organizational awareness

Students should consider the limits of managerial authority when the underlying structure cannot easily be changed.

Key Themes for Analysis:

Several themes typically emerge during discussion:

- **Accountability without authority:** Tara remains responsible for departmental performance even though key mechanisms shaping employee availability fall outside her control.
- **Structural constraint:** Host-nation employment agreements impose limitations that cannot be altered at the supervisory level.
- **Interaction of lawful systems:** The challenge arises not from procedural violations but from how legitimate systems interact.
- **Informal coordination and visibility gaps:** Direct communication between Klara and the sister organization initially improved efficiency but reduced oversight.
- **Organizational adaptation:** The department gradually adjusts to function without relying on the mandated position.
- **Managerial endurance:** Leadership sometimes requires maintaining operational stability within systems that cannot be immediately changed.

Likely Student Recommendations:

Students typically gravitate toward one of three responses.

- **Continue operating within the system:** Some students conclude that Tara should continue documenting absences and maintaining departmental performance while working within existing procedures.
    - Strength: Recognizes the structural constraints realistically.
    - Weakness: May overlook the importance of making structural problems visible to leadership.
- **Escalate the issue to higher leadership:** Other students argue that Tara should escalate the issue to ensure that senior leaders understand the operational implications of the position.
    - Strength: Highlights the importance of organizational awareness.
    - Weakness: Escalation may not immediately change host-nation agreements.
- **Hybrid approach:** A third group suggests maintaining operational adaptation while documenting the issue for future organizational review.
    - Strength: Balances operational continuity with institutional awareness.
    - Weakness: May leave the underlying constraint unresolved.

After Story:

After the events described in the case, Tara compiled the documentation she had been maintaining throughout the year. She printed a twelve-month calendar and highlighted every day Klara had been absent, whether for sick leave or regular leave.

The result showed that Klara had been physically present at work for **36 days** during the entire calendar year.

Tara brought this documentation to a labor advisor, who reviewed the materials and recommended raising the matter with the German union. During their review, union representatives noticed that every medical certificate had been issued by the same physician, regardless of the condition cited.

Based on this pattern, the union initiated an investigation and summoned Klara for review. Following the investigation, Klara was given the option to leave the organization within thirty days.

She accepted a position with another U.S. government organization in the same area and departed.

Because the position existed under host-nation agreements, the organization could not eliminate the local-national billet. Instead, the position was reassigned to another department within the organization.

Tara's department experienced no operational disruption during this transition because the team had already adapted to operating without relying on the role.

THUNDERBIRD
SCHOOL OF GLOBAL MANAGEMENT

Jaeyoung Jenkins

Should I Pour Soju?

Cross-Cultural Identity and Leadership in a U.S.–ROK Military Partnership

Part A – The Decision

Specialist (SPC) Grace Kim, a 25-year-old soldier, grew up in South Korea and moved to the United States after graduating from university with a bachelor's degree in Elementary Education. Six months after immigrating, she realized she did not want to pursue teaching. Wanting a career that would help her integrate into her new country more quickly and build a new professional path, she enlisted in the U.S. Army.

Grace was young and had limited professional experience. The Army was her first full-time job. What distinguished her, however, was that she was bilingual—fluent in both Korean and English—and comfortable navigating both cultures. She was conscientious, eager to prove herself, and respectful of authority, yet still learning the unwritten rules of professional life.

In early 2010, Grace arrived at her new unit at Fort Hood, Texas. Within her first week, she was informed that she would be joining the brigade[1] command team on a month-long exercise in South Korea. Although she was new to the unit and had not participated in the brigade's preparatory training, there was no one else in the organization who spoke Korean. Senior leaders believed Grace could serve as a translator, assist with daily logistics, and help explain cultural norms as they engaged with their Republic of Korea (ROK) Army counterparts.

The exercise itself was a major undertaking, involving thousands of U.S. and ROK soldiers. At the senior level, the U.S. brigade was represented by a Colonel (the brigade commander) and a Command Sergeant Major (CSM) (the senior enlisted advisor). Across the table, the ROK Army was represented by a Brigadier General and his CSM. Each of these four leaders had more than 20 years of military service—some close to 30—together representing over a century of leadership experience.

By contrast, Grace was a junior enlisted soldier holding the rank of Specialist (E-4)[2], only a few steps above the lowest enlisted ranks. Between her and the CSM stood five enlisted grades, and the ROK Brigadier General commanded thousands of soldiers. Grace was, by every

[1] A brigade is a large U.S. Army unit of roughly 3,000–5,000 soldiers led by a Colonel and responsible for major training exercises or military operations.
[2] Specialist (E-4) is a junior enlisted rank in the U.S. Army typically held by soldiers early in their careers.

measure, at the bottom of the hierarchy, asked to operate in the presence of leaders at the very top.

The U.S. team had prepared through tactical training exercises, but most of that preparation focused on operations rather than cultural understanding. They knew the history of the U.S.–ROK alliance, but they had received little formal training in Korean customs. Grace's presence quickly became an informal safety net: she could explain norms, translate conversations, and smooth interactions where cultural differences might otherwise create friction.

The ROK team came from a different military culture. In the United States, all soldiers are volunteers, and even junior enlisted members are viewed as professionals with rights and responsibilities. In South Korea, however, most young men serve through mandatory conscription for about two years. As a result, senior ROK leaders sometimes viewed junior enlisted personnel less as career professionals and more as temporary subordinates. This difference in military culture may have shaped how the ROK CSM perceived Grace—not as a peer representing another professional force, but as a young Korean woman expected to follow traditional social norms.

The exercise unfolded successfully. Both U.S. and ROK leaders praised the results and emphasized the strength of the alliance. On the final evening, a celebratory dinner was organized to recognize the partnership and mark the successful completion of the exercise.

Senior leaders dined together in a private room at a restaurant, while junior staff—including Grace—ate in the main hall. Midway through the evening, the staff were invited into the private room to be recognized. Each member was introduced, thanked for their contributions, and applauded by the senior leadership.

When her turn came, Grace introduced herself in English and then again in Korean. She explained that she had grown up in Korea until the age of 23 before immigrating to the United States. This caught the attention of the ROK leaders, who asked friendly questions about her hometown and education.

Grace answered politely. But as the introductions ended and the staff began preparing to leave the room, the atmosphere shifted.

The ROK CSM leaned slightly toward Grace and, in Korean, made a quiet request:

"Pour me a soju[3] before you go."

The words stopped her cold.

[3] Soju is a traditional Korean distilled alcoholic beverage commonly consumed during social meals and professional gatherings.

In Korean culture, juniors often pour drinks for seniors as a sign of respect during social gatherings. Yet in this context, the request carried more complicated implications. Because Grace was the only woman present, the act could also be interpreted as reinforcing a gender hierarchy—suggesting that a woman's role was to serve a man. In the professional culture of the U.S. Army, such behavior could conflict with expectations of equality and professionalism.

Grace immediately recognized that either response could carry consequences. If she refused, she might embarrass her U.S. leaders or risk damaging the relationship between the two militaries. If she complied, she might reinforce a cultural expectation that conflicted with the professional values she represented as a U.S. soldier.

Her thoughts raced.

In that moment, Grace felt the weight of her multiple identities. To the ROK leader, she appeared to be a Korean woman expected to honor tradition. To the U.S. Army, she was an American soldier representing professional values of equality and respect. To herself, she was both—Korean and American, woman and soldier—trying to reconcile what each role demanded.

Surrounded by senior leaders with decades of experience, she was the least powerful person in the room. Yet the choice rested entirely on her.

What would you do if you were Grace?

Part B – After Story

As the staff began filing out of the room, Grace used the moment to stand and politely decline the request. The dinner continued without disruption, and the delegation departed shortly afterward.

Later that evening, during the ride back to the hotel, Grace shared the incident with her commander and Command Sergeant Major.

Both leaders were upset by what had happened. The U.S. CSM told her:

"Don't forget that you are an American, not a Korean. You represent the U.S. Army and should live by American values now."

He added that it was unfortunate the exchange had occurred in Korean, which prevented him from recognizing the situation in real time. He advised Grace to speak up immediately if something similar happened again and assured her that he would support her.

Instead of providing clarity, the conversation left Grace unsettled. She respected her leaders' guidance, but she also felt the weight of her heritage. As a Korean-American immigrant, she wondered whether she was expected to set aside part of her identity in order to fully represent the other.

Was she Korean? Was she American? Or could she be both?

What should Grace's leaders have done differently, if anything, in response to the incident?

Exhibit 1. U.S. Army Uniformed Service Rank Chart[4]

Enlisted									
E-1	E-2	E-3	E-4	E-5	E-6	E-7	E-8	E-9	Senior Enlisted
Private	Private (PV2)	Private First Class (PFC)	Corporal (CPL) / Specialist (SPC)	Sergeant (SGT)	Staff Sergeant (SSG)	Sergeant First Class (SFC)	Master Sergeant (MSG) / First Sergeant (1SG)	Sergeant Major (SGM) / Command Sergeant (CSM)	Sergeant Major of the Army
No Insignia									

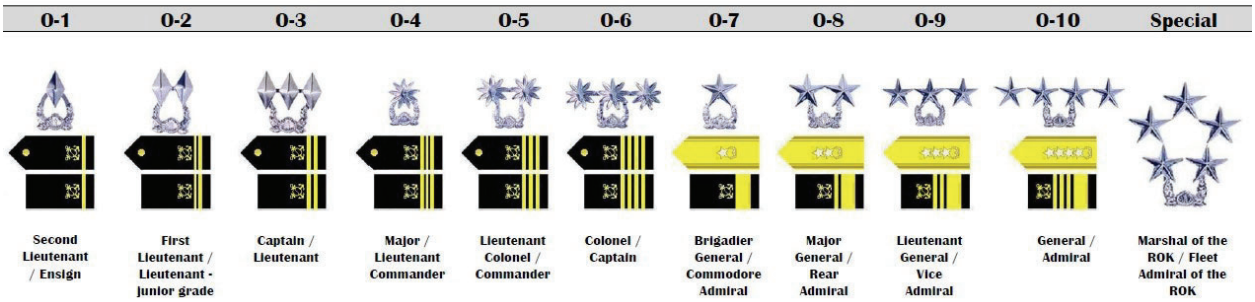
Warrant Officer				
W-1	W-2	W-3	W-4	W-5
Warrant Officer 1 (WO1)	Chief Warrant Officer 2 (CW2)	Chief Warrant Officer 3 (CW3)	Chief Warrant Officer 4 (CW4)	Chief Warrant Officer 5 (CW5)
				

Officer									
O-1	O-2	O-3	O-4	O-5	O-6	O-7	O-8	O-9	O-10
Second Lieutenant (2LT)	First Lieutenant (1LT)	Captain (CPT)	Major (MAJ)	Lieutenant Colonel (LTC)	Colonel (COL)	Brigadier General (BG)	Major General (MG)	Lieutenant General (LTG)	General (GEN)
									

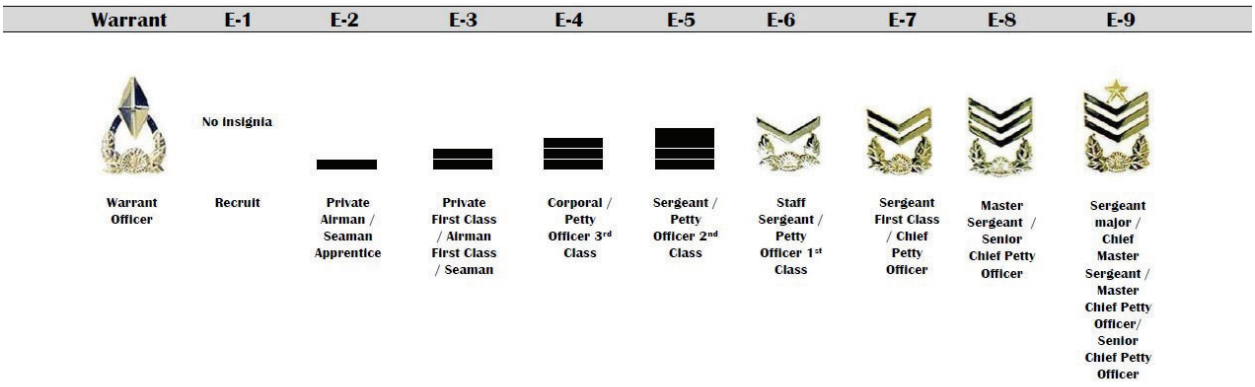
[4] Source: https://veteran.com/military-ranks-insignia-charts/

Exhibit 2. Rank Insignia of the Republic of Korea[5]

Officers



Warrant Officer / Enlisted



[5] Source: https://www.army.mil/article/181281/eighth_army_blue_book_revised_01_jan_2017

THUNDERBIRD
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Should I Pour Soju?

Cross-Cultural Identity and Leadership in a U.S.–ROK Military Partnership

Teaching Note

Case Synopsis:

This case examines a cross-cultural leadership dilemma faced by a junior U.S. Army soldier during a joint exercise between the United States and the Republic of Korea (ROK). Grace Kim, a bilingual Korean-American soldier, is assigned to support the brigade command team in South Korea, where she serves as an informal cultural bridge due to her language skills and cultural familiarity. At the conclusion of the exercise, senior leaders from both forces attend a formal dinner, during which a senior ROK Command Sergeant Major quietly asks Grace to pour him a glass of soju before she leaves the room. While pouring drinks for senior leaders can signify respect in Korean culture, Grace recognizes that, as the only woman present and a representative of the U.S. Army in a professional setting, complying may reinforce gendered expectations that conflict with American norms of professionalism and equality. She must decide whether to honor cultural expectations or uphold the professional values she represents. The case highlights tensions between cultural norms, gender expectations, organizational values, and personal identity, and raises broader questions about leadership responsibility in cross-cultural environments.

Learning Objectives:

After discussing this case, students should be able to:

1. Analyze leadership dilemmas in cross-cultural environments.
2. Apply cultural intelligence frameworks to leadership decision-making.
3. Evaluate how hierarchy and power distance influence behavior across cultures.
4. Assess how gender expectations interact with professional norms.
5. Understand identity conflict experienced by bicultural professionals.
6. Examine the responsibility of leaders to prepare and support personnel operating in multinational contexts.

Intended Audience:

This case is appropriate for undergraduate/graduate-level courses in:

- Global Leadership and Management
- Cross-Cultural Management
- International Business
- Military Leadership or Public Sector Leadership
- Ethics in Global Organizations

The case is especially relevant for students who expect to work in international environments or multicultural teams.

Teaching Plan (75–90 Minutes):

Opening Engagement (3–5 minutes)
Begin the session with a short question:
Imagine you are working abroad and a senior leader asks you to follow a local cultural custom that conflicts with your organization's professional norms. What would you do?
Allow a few students to respond briefly. This primes students for the case.

Step 1 – Cross-Cultural Framework Overview (15–20 minutes)
Introduce key frameworks students will apply during the discussion.

A. Hofstede Cultural Dimensions
Focus particularly on **power distance**, which describes how societies manage inequality and authority.

- The United States generally exhibits lower power distance.
- South Korea traditionally reflects higher power distance, where deference to senior authority is expected.

B. Cultural Intelligence (CQ)
Cultural intelligence describes an individual's ability to function effectively across cultures. It includes:

- Cognitive CQ (knowledge of cultural norms)
- Metacognitive CQ (awareness of cultural situations)
- Motivational CQ (interest in cross-cultural interaction)
- Behavioral CQ (ability to adapt behavior appropriately)

C. Bicultural Identity
Individuals who navigate multiple cultures may experience tension when cultural expectations conflict.

Step 2 – Read Case Part A (5 minutes)
Students read the case individually.
Prompt students to consider: If you were Grace, how would you respond?

Step 3 – Discussion: Grace's Decision (25–30 minutes)
Begin with a quick commitment question: If you were Grace, would you pour the soju?
Ask students to raise hands for:

- Yes
- No
- It depends

Do not judge answers yet.

A. Understanding the Situation
Discussion questions:

- What is happening in this scenario?
- What cultural norms may be influencing the ROK CSM's request?
- What organizational norms influence Grace's reaction?

Students typically identify:

- hierarchy
- gender dynamics
- cultural expectations

- diplomatic relationships
- professional identity

B. Identifying the Dilemma

Ask: What risks does Grace face if she complies?

Possible responses:

- reinforcing gender stereotypes
- undermining professional norms
- personal discomfort

Then ask: What risks does she face if she refuses?

Students may mention:

- embarrassment for senior leaders
- damage to cross-cultural relationships
- perceived disrespect

The instructor should emphasize that **both choices carry potential consequences**.

C. Applying Frameworks

Bring back the earlier frameworks.

Ask students:

- How does **power distance** influence the request?
- How does **cultural intelligence** affect Grace's options?
- How might bicultural identity shape her interpretation of the situation?

Step 4 – Reveal Part B (3 minutes)

Students read the outcome.

Ask: Were you surprised by Grace's decision?

Encourage reactions before shifting the discussion.

Step 5 – Leadership Responsibility (15–20 minutes)

Move the discussion from individual decision-making to leadership responsibility.

Questions to guide discussion:

- Did Grace's leaders respond appropriately after hearing about the incident?
- Should they have addressed the issue with the ROK leadership?
- How could leaders prepare subordinates for cross-cultural situations like this?

This discussion emphasizes leadership accountability in multinational environments.

Step 6 – Wrap-Up (5 minutes)

Summarize key insights.

Possible concluding question: What would a culturally intelligent leader do to prevent or handle situations like this?

Encourage students to think about leadership preparation, training, and cultural awareness.

Key Themes for Discussion:

Several important leadership themes emerge from the case.

- **Cross-Cultural Leadership:** Leaders operating internationally must navigate differences between cultural traditions and organizational values.

- **Power Distance:** The hierarchy between Grace and the senior leaders intensifies the pressure she experiences.
- **Gender Norms:** Gender expectations may vary across cultures and can create professional dilemmas.
- **Bicultural Identity:** Individuals who straddle multiple cultures may experience competing expectations.
- **Leadership Responsibility:** Senior leaders must anticipate cross-cultural tensions and protect junior personnel placed in sensitive roles.

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THUNDERBIRD
SCHOOL OF GLOBAL MANAGEMENT

Jaeyoung Jenkins

The Returning Executive

Authenticity and Authority in Repatriation

A Quiet Observation

Six months after returning to Singapore as Head of Global Growth and Brand Strategy – Asia at Pacific Advisory Group, Chloe Tan believed she was delivering exactly what she had been hired to deliver.

Pacific Advisory Group, an Australian-based professional certification and advisory organization operating across fifteen Asian markets, relied on its Singapore office as the regional coordination hub. When Chloe arrived, reporting processes were inconsistent, timelines frequently slipped, and cross-border coordination lacked clarity. She introduced structured reporting cadences, shortened decision cycles, and aligned performance dashboards with headquarters' expectations. Regional calls became more focused, country managers began submitting updates in advance, and decisions that once lingered now moved more quickly.

Then Daniel requested a private conversation.

Daniel Lim, Senior Director of Regional Operations, had served under three regional heads and was widely regarded as steady and discreet. Chloe trusted his judgment. They met late in the afternoon in a small conference room overlooking the Central Business District.

Daniel hesitated before speaking.

"I may be mistaken," he began, "but I thought it would be better to share this. Some of the team feel there is… a bit of distance. They're still adjusting to your style."

Chloe held his gaze.

"Distance?"

"They respect you," he clarified. "They're just not sure how to approach you yet."

The comment was neither confrontational nor dramatic, which made it harder to dismiss.

If the team no longer knew how to approach her, Chloe wondered what else might stop reaching her.

She had not anticipated that.

Foundations: Singapore

Chloe was born and raised in Singapore. She began her corporate career at BelleVie Group Singapore as Corporate Communications Manager, overseeing media strategy and brand positioning in a compact but highly visible market.

Singapore's corporate culture encouraged open discussion, yet respect for hierarchy remained important. Experience, often linked to age, carried weight. Disagreement was permitted, though many preferred to raise concerns privately rather than challenge ideas publicly in meetings.

Chloe was naturally direct. She communicated clearly and gave feedback without hesitation, whether to leadership, peers, or her team. As one of the youngest managers in the room, credibility did not come automatically. She invested time building alignment individually by meeting stakeholders before formal presentations, clarifying concerns privately, and reinforcing decisions afterward.

Her breakthrough came during the launch of an innovative at-home beauty system introduced ahead of market readiness. Cross-functional teams questioned consumer adoption. Rather than treating the launch as a conventional beauty campaign, Chloe positioned it as a consumer education effort. She coordinated marketing messages, customer guidance, and product-support information so that customers would understand how to use the product safely and confidently.

Within six months, the product became the top beauty launch in the region.

With that result, skepticism diminished. Securing alignment became easier. Her direct style, once scrutinized because of her relative youth, became associated with execution and results.

Singapore's scale accelerated visibility. By age twenty-four, Chloe was promoted into an expanded regional portfolio supporting Asia-Pacific initiatives.

Her performance did not go unnoticed. BelleVie's headquarters in Paris extended an offer that would relocate her to France and expand her scope.

Europe: Learning to Read the Room

At BelleVie's headquarters in Paris, Chloe was appointed Regional Director, Asia Zone. Her role required coordinating product strategy across Asian markets while aligning with global development teams.

In early meetings, she noticed a structural assumption: Asia was discussed as two blocks, North and South. Product launches were designed accordingly.

Chloe disagreed.

She prepared data on shade preferences, sales patterns, and consumer research to demonstrate that market variation required more nuanced segmentation. In meetings, she presented the evidence directly.

"This segmentation will affect business performance," she said plainly.

The room did not immediately agree. She sensed resistance. It was not publicly expressed, but it was visible in posture and tone. Side conversations began to circulate. She understood that persuasion in Paris did not always happen in the meeting itself.

Chloe did not escalate. She did not push for formal declarations. Instead, she continued reinforcing her case in smaller discussions. Over the next four months, product development plans began to reflect more granular shade differentiation. There was no official announcement. The change appeared gradually.

She accepted the pace.

After several years in Paris, Chloe accepted a headhunted offer from Vellari Italia, a Milan-based luxury fashion house, to become Head of Marketing, Asia-Pacific.

In Milan, the environment was different.

Meetings were expressive. Ideas were evaluated not only on strategy, but on presence. When Chloe first proposed a fashion show concept to support a product launch, she was told it was not bold enough. The proposal was considered too restrained.

She recalibrated.

For the revised launch, she proposed a theatrical runway show aligned with the brand's new animal-inspired line. Flamingoes greeted guests at the entrance. A male model walked the runway with a golden python draped across his shoulders. A female model followed carrying a baby alligator. The event was dramatic, visually striking, and unapologetically grand.

The Italian team embraced it immediately.

In Paris, influence required data and patience. In Milan, it required spectacle and confidence.

In both environments, Chloe adjusted her approach. She did not ask teams to adopt her style. She studied theirs and adapted accordingly.

After several years in Europe, she made a deliberate decision to step away from industry and pursue graduate study in the United States.

The American Recalibration

After completing her MBA in the United States during the global financial crisis, Chloe expected to continue at the executive level she had previously reached. Instead, she encountered a different reality in the U.S. market. Employers prioritized domestic experience, and visa sponsorship limited opportunities.

Rather than waiting for the right role, she accepted a position as Assistant Brand Manager at Crestwell Consumer Products in Michigan, even though it placed her several levels below her previous scope of responsibility. She treated the role as an entry point into the U.S. market and rebuilt her career from there. Within three years, she had worked her way back to director-level responsibility.

She then joined Arden Mills International in New York as Marketing Director.

The environment demanded something different.

Meetings were fast and competitive. Leaders asserted opinions early. Ideas were challenged directly. Silence was not interpreted as thoughtfulness; it was read as uncertainty.

In her early months, Chloe approached discussions the way she had in Singapore and Paris, listening first, weighing perspectives, and entering once she had assessed the room. She believed credibility was earned through preparation and delivery.

That assumption was disrupted.

During one presentation to the Chief Marketing Officer, she delivered a carefully structured strategic report. He skimmed the document, then threw it across the table.

“This is not good enough,” he said. “Redo it by tomorrow.”

The room went still.

“I don’t care if you’re up all night. I care about results.”

He leaned forward.

"And start speaking up in meetings. I want you to be the first one talking. If you don't speak up, you're fired."

The message was unambiguous.

After that moment, Chloe adjusted more than her tactics.

She stopped waiting to be invited into the discussion. She opened meetings with her position instead of reacting to others. She stated her recommendations clearly and defended them against pushback. When challenged, she did not soften her response.

She also learned that in this environment, accomplishments had to be articulated. Expertise was not assumed; it had to be asserted. She began highlighting results, quantifying impact, and positioning herself as the category authority.

The shift was uncomfortable. Speaking boldly did not come naturally. To do it convincingly, she worked harder, arriving at meetings with deeper data, stronger arguments, and clearer conclusions. If she was going to speak first, she needed to be prepared to defend her ground.

Over time, the new posture became integrated. She was no longer persuading cautiously; she was leading assertively.

The change became visible beyond work. Some of her longtime Asian friends now described her as more forceful and more argumentative. The humility they associated with her earlier self had given way to visible conviction.

Chloe did not see it as aggression. She saw it as ownership.

Leadership, in this context, was not something quietly earned over time.

It was expected.

And she stepped into it.

Negotiating Return

Years later, when Chloe considered returning to Singapore, she encountered an unexpected friction point.

In Singapore, she was considered a local hire—Singaporean by passport. Yet she had spent fifteen years building a career abroad and operating at senior executive levels.

Several organizations approached her without offering expatriate benefits. The offers assumed local status: no housing allowance, no relocation package, and no regional executive treatment.

She declined them.

Chloe insisted on an expatriate package commensurate with her international executive scope. Pacific Advisory Group ultimately agreed to housing support, mobility privileges, and executive benefits aligned with her regional responsibility.

She believed she had earned it.

Returning home did not mean returning as she had left.

Ceremony and Signals

On her first morning at Pacific Advisory Group, a company driver arrived at Chloe's residence fifteen minutes early. He stepped out to open the car door before she could reach for the handle. When they arrived at the office, a small group of staff were already waiting near the entrance. They stood in a loose line, smiling, offering brief bows and handshakes as she walked in.

Her office door was open. Fresh flowers sat on her desk. A handwritten welcome card, signed individually by team members, was placed beside a neatly arranged tray of tea and pastries.

Over the next several weeks, the gestures continued with quiet consistency.

Each morning, breakfast appeared before she arrived, sometimes local delicacies and sometimes Western options. Administrative staff stepped out mid-morning to purchase specialty drinks she had mentioned in passing. Conference rooms were prepared in advance before each meeting, with refreshments arranged neatly for participants. When regional leaders visited from neighboring markets, staff coordinated reception details carefully, escorting guests personally and ensuring Chloe was introduced formally before discussions began.

None of it was extravagant. All of it appeared deliberate. For senior leaders in Singapore, such gestures were common.

Chloe understood exactly what the rituals meant. She was born and raised in Singapore and had begun her career there. What had changed was not her understanding of the gestures, but how she now interpreted them.

Over the previous fifteen years, Chloe had worked in Europe and the United States. Over time, her expectations about what effective leadership looked like had shifted. She had grown accustomed to teams directing more of their effort toward execution than symbolic gestures.

That was the lens she now brought back to Singapore.

She noticed the effort the team was making. She also noticed how much time it required.

After several weeks, Chloe convened a staff meeting and thanked the team sincerely.

"I really appreciate all the effort you've put into welcoming me," she began. "I know exactly what these gestures mean, and I do appreciate them. But there's no need to bring food or drinks to my office every day. Please use that time for your work. That's where I want your energy."

The room was quiet.

"I've enjoyed the kindness," she added with a small smile. "But I would rather see that effort go into the work we're here to do."

No one objected.

By the next morning, the breakfast trays were gone.

Chloe assumed her message had been understood.

Distance Reconsidered

Daniel's comment unsettled Chloe because she had believed she had been clear.

After the staff meeting, the breakfast trays had disappeared and the daily gestures had largely stopped. From her perspective, she had acknowledged the team's intent, explained her own expectations, and redirected their effort toward the work itself.

Daniel, however, described something different.

Some employees, he explained, were no longer sure how to approach her. They were uncertain what kind of relationship she expected from them, or how closely they should engage.

In offices like this, the gestures had never been personal favors. They were simply part of how people showed respect.

Now those signals were gone.

After Daniel left, Chloe replayed recent interactions in her mind. She wondered whether she had misread silence as understanding and underestimated the symbolic meaning of gestures that once felt routine to her.

In New York, speaking first signaled strength. In Singapore, strength may have required something quieter.

She became more aware of how she shifted across contexts. With American headquarters, she was concise and declarative. With Australian leaders, she was collaborative and measured. In Singapore, she worked within familiar cultural norms but retained the same expectations for speed and decisiveness.

For years, adaptation had been her advantage. In Paris, she embraced nuance. In Milan, expressiveness. In New York, assertiveness.

Now she was no longer adjusting to a foreign culture. She was back where she began.

What had once felt natural now required interpretation.

The Choice

There were no formal complaints, no declining metrics, and no directive from headquarters.

Operationally, the office was stronger than when she had arrived.

Only Daniel's measured observation lingered.

If Chloe recalibrated, reintroducing more visible relational attentiveness, she might rebuild familiarity with the team's expectations of leadership. Yet doing so could feel like stepping back from the leadership identity she had developed over fifteen years abroad.

If she maintained her current approach, she could continue reinforcing the clarity and decisiveness that had defined her international career. Yet the perception of distance might persist, shaping how her leadership was interpreted within the office.

The question before her was not performance, but alignment.

As the leader of the regional office, Chloe would have to decide how she wanted to lead the organization going forward.

Was effective leadership a matter of adapting again to the cultural expectations around her?

Or remaining consistent with the leadership identity she had deliberately built?

Chloe had built her career on reading the room and adjusting with precision.

Now she was unsure which room she was standing in.

THUNDERBIRD
SCHOOL OF GLOBAL MANAGEMENT

The Returning Executive

Authenticity and Authority in Repatriation

Teaching Note

Case Synopsis:

This case examines the leadership dilemma faced by Chloe Tan, a Singaporean executive who spent fifteen years building her career across Europe and the United States before returning to Singapore to lead the Asia regional office of Pacific Advisory Group. Drawing on her extensive international experience, Chloe quickly improves operational discipline within the organization. However, subtle cultural signals begin to shift after she asks employees to discontinue ceremonial gestures that traditionally communicate respect toward senior leaders in Singaporean workplaces. Several weeks later, a senior operations director privately informs her that some employees now perceive a degree of distance in her leadership style. Chloe must decide whether to adapt her leadership approach to align more closely with local expectations or remain consistent with the leadership identity she developed through her global career. The case explores cultural intelligence, leadership identity transformation, and the challenges of repatriation after extended international experience.

Conceptual Framing:

This case connects to several concepts frequently examined in global leadership and cross-cultural management research.

First, the case illustrates **cultural intelligence in leadership behavior**. Cultural intelligence refers to an individual's ability to function effectively across different cultural environments. Throughout her career, Chloe demonstrates strong cultural intelligence by adapting her communication and leadership approach in Singapore, France, Italy, and the United States.

Second, the case highlights how **leadership identity evolves through repeated international adaptation**. Leaders operating across institutional contexts often adjust behaviors to meet local expectations. Over time, these adjustments can reshape assumptions about authority, communication, and decision-making.

Third, the case illustrates the **repatriation paradox** experienced by many globally mobile professionals. Individuals returning to their home country after extended international experience often encounter unexpected adjustment challenges because their leadership behaviors have evolved in ways that may no longer align with local norms.

Finally, the case demonstrates the role of **symbolic leadership signals** in organizations. Rituals, gestures, and informal practices often communicate authority and relational expectations in ways that formal instructions do not. When those signals change, employees may reinterpret leadership intentions.

Together, these themes allow students to analyze how leadership effectiveness depends not only on decision-making competence but also on how leadership behavior is interpreted within cultural and organizational contexts.

Teaching Objectives:

After discussing this case, students should be able to:

1. Explain how leadership signals are interpreted differently across cultural contexts.
2. Analyze how repeated international assignments reshape leadership identity.
3. Identify the challenges associated with repatriation after extended global careers.
4. Evaluate competing leadership strategies when cultural expectations and leadership identity conflict.
5. Develop a concrete leadership recommendation supported by evidence from the case.

Intended Audience:

This case is appropriate for undergraduate/graduate-level courses in:

- Global Leadership and Management
- Cross-Cultural Management
- Organizational Behavior
- Leadership Development
- International Business

The case works particularly well with students who have international work experience, as many participants will recognize the tension between global leadership practices and local cultural expectations.

Pre-Class Reflection Assignment (Optional):

Students may prepare a short written reflection addressing the following questions:

1. Why did Chloe's leadership style evolve across Singapore, Europe, and the United States?
2. Why did the ceremonial gestures in Singapore matter to employees?
3. Why did Chloe interpret those gestures differently after returning from abroad?
4. If you were Chloe, how would you respond to Daniel's observation that the team perceives distance in your leadership?

Students may submit a 1–2 page reflection summarizing their analysis and preliminary recommendation.

Core Discussion Questions:

1. Why did Chloe's leadership style work across multiple international contexts but create tension when she returned to Singapore?

Purpose: **Diagnosis**

This question forces students to analyze the case rather than immediately jump to solutions.

What it surfaces in discussion:

- leadership signals vs. explicit instructions
- cultural meaning of rituals
- identity transformation through global experience
- the difference between *knowing* a culture and *operating within it*

Strong students will begin recognizing that Chloe did not misunderstand Singapore; rather, her interpretation of leadership signals had evolved.

2. Is the problem Chloe's leadership style, the team's expectations, or a misalignment between them?

Purpose: **Interpretation**

This question typically splits the room into three camps:

Camp 1 — Chloe should adapt

- leadership signals must align with local expectations
- removing rituals unintentionally disrupted relational norms

Camp 2 — the team must adapt

- Chloe introduced a more modern leadership model
- the team must adjust to a more initiative-driven environment

Camp 3 — mutual adaptation

- the issue is signal clarity, not leadership philosophy
- Chloe must maintain decisiveness while restoring relational cues

This stage usually produces the most active debate.

3. If you were Chloe, what would you do next?

Purpose: **Decision**

This is the most important question.

Encourage students to propose specific actions, not abstract principles.

Examples students might propose:

- selectively restore relational gestures
- create structured informal engagement opportunities
- explain leadership expectations more explicitly
- maintain her approach and allow time for adjustment
- build hybrid leadership signals combining relational warmth and operational clarity

The key is forcing participants to commit to a recommendation.

Suggested Discussion Flow:

1. Opening the Case: Daniel's Observation (10–15 minutes)

Begin with the opening scene.

Possible questions:

- What did Daniel observe about Chloe's leadership style?
- Why is the comment about "distance" significant?
- What exactly did Chloe do that caused the perception of distance?
- Is this a leadership problem or simply a perception issue?

The goal is to move students from the surface observation toward identifying the behavioral signals that triggered the issue (removal of rituals, communication style, leadership expectations).

2. Understanding Chloe's Leadership Development (10–15 minutes)
Examine Chloe's career across multiple regions.
Possible questions:

- How did Chloe's leadership style develop in Singapore?
- What adjustments did she make in Paris and Milan?
- How did the American corporate environment reshape her leadership approach?

Students should begin to see how repeated adaptation shaped Chloe's professional identity.

3. Repatriation and Identity Tension (15–20 minutes)
Shift discussion toward Chloe's return to Singapore.
Possible questions:

- Why was negotiating an expatriate package important to Chloe?
- In what ways had her leadership expectations changed?
- What assumptions did she bring back to Singapore about leadership effectiveness?
- Why is returning home sometimes more difficult than working abroad?

Students should recognize the identity tension created by repatriation.

4. Ceremony and Signals (15–20 minutes)
Focus discussion on the ceremonial gestures in the office.
Possible questions:

- Why did employees perform these gestures?
- What did those gestures signal within Singaporean workplace culture?
- Why did Chloe interpret them differently?

Encourage students to examine how symbolic leadership signals influence organizational relationships.

5. The Meaning of Distance (10–15 minutes)
Return to Daniel's observation.
Possible questions:

- Why did removing the rituals create uncertainty among employees?
- What signals replaced those gestures?
- Could Chloe have communicated her expectations differently?

Students should explore how leadership communication occurs through both explicit messages and implicit signals.

6. Decision Point: What Should Chloe Do? (15–20 minutes)
Conclude with Chloe's dilemma.
Possible questions:

- Should Chloe adapt her leadership style again?
- Should she remain consistent with the leadership identity she developed abroad?
- What risks accompany each option?
- What concrete actions should she take next?

Students should develop a clear recommendation supported by evidence from the case.

Key Themes for Analysis:

Several themes typically emerge during discussion:

- Cultural intelligence in leadership behavior
- Leadership identity transformation through global careers
- Repatriation challenges for globally mobile executives
- Symbolic leadership signals and workplace rituals
- Cross-cultural interpretation of authority and respect
- Balancing authenticity and adaptation in leadership

Likely Student Recommendations:

Students generally gravitate toward three types of responses.

1. Adapt leadership to local expectations

Some students argue Chloe should reintroduce relational signals consistent with Singaporean leadership norms.

Typical reasoning may include:

- leadership authority is interpreted differently across cultures
- removing rituals unintentionally disrupted established communication signals
- rebuilding relational familiarity may restore trust and approachability

2. Maintain her current leadership style

Other students argue Chloe should remain consistent with the leadership identity she developed abroad.

Typical reasoning may include:

- her approach improved operational clarity
- encouraging initiative may modernize leadership practices
- employees may simply need time to adjust

3. Develop a hybrid leadership approach

A third group typically proposes a blended approach.

Possible elements include:

- maintaining operational discipline
- selectively restoring relational engagement signals
- explicitly communicating expectations around initiative and autonomy

This hybrid approach often produces the most balanced discussion.

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THUNDERBIRD
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Jaeyoung Jenkins

Trust, Term Sheets, and the Founder's Dilemma

Interviewee: Parker, co-founder recently removed from ArborPay, preparing to incorporate Northgate, a global payroll and HR-adjacent software venture.

Interviewer / Case Writer: Jimmy.

Opening Scene: Before Northgate Exists

The interview took place in a shared office building in Silicon Slopes, where a steady stream of venture-backed teams and relocated Bay Area talent filled the corridor signage with unfamiliar logos. Jimmy met Parker in a small conference room with a glass wall, a whiteboard still carrying fragments of another team's sprint notes, and a single carafe of lukewarm coffee.

Parker placed his laptop on the table. Incorporation documents for his new company were open in a browser tab. He had not filed them—yet. Customers had already signaled interest in moving with him. Two former employees wanted to join him. Prospective partners were calling. Market demand still existed, capital remained limited, and conflict from ArborPay persisted in the background through ongoing litigation.

He described the decision as practical, not philosophical. He needed to design Northgate's governance fast enough to preserve momentum, but carefully enough to avoid repeating ArborPay's founder conflict.

Jimmy framed the first question directly.

Jimmy: You have customers. You have prospective partners. You have scars. What exactly are you deciding?

Parker: I'm deciding how to build Northgate differently. I need to get the governance right, and I need to get the partner right.

I. The Path to ArborPay

Jimmy: Parker, begin with your path. What shaped how you think about global work?

Parker: My first meaningful international exposure came through a practicum project overseas tied to a major multinational. That led to my first role in corporate finance. One of my early assignments involved global operations analysis, comparing multiple countries and business functions to determine where work should be located. The numbers had real consequences. Offices closed, new hubs opened, and headcount shifted across regions. It taught me that decisions framed as "efficiency" are ultimately decisions about people.

Jimmy: Then you left finance for software sales. Why?

Parker: I wanted a different environment and a faster pace. I joined a technology company and sold across international markets. I learned how quickly global demand shifts when a product solves a painful operational constraint. That lesson became clear later in global payroll. Once companies begin hiring across borders, they rarely return to purely domestic operations.

Jimmy: And that positioned you for a payroll venture?

Parker: Yes. Even small companies wanted to hire one person outside their home country. The challenges were predictable: compliance uncertainty, banking friction, inconsistent worker experiences, and operational overhead. I came to believe the market needed a better system. [1]

II. Founding ArborPay: Market Timing, Cash Pressure, and Governance Blind Spots

Jimmy: What pushed you into founding ArborPay?

Parker: I had been close to the space: global hiring, entity setup, and payroll. Demand was obvious. The problem was execution. Existing offerings often felt service-heavy, slow, or difficult to use. I believed we could build something better.

I teamed with three partners: Derek, Martin, and Sean. Derek, Martin, and I had worked together at my previous software sales company. Sean came from the broader software scene, where his name already carried weight.

Derek was not just a former coworker. He was a long-standing family friend, someone I had grown up with and looked up to almost like an older brother. He was known for sales and for creating momentum. He had served in leadership roles such as global sales manager, chief operating officer, and senior global business advisor. He understood the global hiring industry and knew how to sell software in that market. When I began thinking seriously about breaking away to build something new, I felt I needed Derek. If we were going to launch a new platform, I believed we would need his commercial strength to get it into the market.

[1] Global payroll platforms operate at the intersection of finance, human resources, regulatory compliance, and workforce experience. Purchasing decisions are typically made by CFO or HR leadership, while employees experience the platform through payment reliability, support responsiveness, and transparency.

Martin had been the general counsel at my previous company. Over time, we became more than coworkers. We worked closely, and I trusted him as a lawyer and as a person. That trust made me want him as my business partner. When I began considering a breakaway, he was the first person I told. He believed in the idea and in me. He made his position clear: if I pursued it without involving him, he would take it personally. Martin followed me into the new venture and became ArborPay's general counsel and a co-founder.

Sean was new to us personally, but not by reputation. All three of us had heard his name repeatedly in the software community. He was widely regarded as one of the strongest engineers in the state, with nearly a decade of experience building software products. I met with him several times to pitch the idea for ArborPay, and eventually he agreed to join as a co-founder and Chief Technology Officer.

Jimmy: You all quit your jobs expecting funding?

Parker: Yes. Mentors told us fundraising would be straightforward and that we would raise capital quickly because we were experienced. We targeted around $1.5M. One investor initially signaled strong interest. Then market sentiment shifted overnight. The night after the meeting, I read a *Wall Street Journal* headline, *For Tech Startups, the Party Is Over*, and realized the fundraising environment had changed. Within days, the investor withdrew. Suddenly, we were building with runway pressure and personal cash-flow stress.

We eventually raised about $2M, but not cleanly. We had to stitch it together over time, and early bridge money came from personal relationships. In startup stories, people often romanticize "scrappiness." In real life, it carried persistent fatigue and pressure on families.

Jimmy: During that period before revenue stabilized, how did you cover operating expenses?

Parker: In the beginning, we simply didn't have enough capital. Payroll still had to be met, contractors had to be paid, and basic operating expenses kept appearing. So the founders covered the gap with personal funds.

Jimmy: Personally?

Parker: Yes. It was informal. There was no written agreement about it. We were building the business together and trusted each other. Some months I would cover payroll. Other months one of the others would step in.

Jimmy: So it was essentially rotating founder financing.

Parker: Exactly. It was more like, "I'll cover this month, you cover the next." Nobody tracked it formally. We assumed it would balance out later.

Jimmy: Did it?

Parker: Not really. Over roughly the first two years, I personally covered about $50K in company expenses. Because none of it was formally documented, it was never properly recorded in the company's books. When the dispute happened later, that money was never reimbursed.

Parker paused briefly.

Parker: At the time, it felt normal. Early startups run on trust. Back then, it just felt like survival.

Jimmy: Before you go further, when did you first sense misalignment among the founders?

Parker hesitated, then pointed to a story that occurred before ArborPay formally launched.

Parker: Three months before ArborPay officially launched, Derek accepted a senior role at another company. He received a $100K sign-on bonus, then exited within a few weeks. His explanation was that the actual role was very different from what had been offered, so he believed leaving was justified. He pointed out that nothing in the offer letter or employment agreement required him to stay for a specific period to keep the sign-on bonus. So, he kept the money.

Later, I learned that Martin had drafted the employment agreement for Derek. He told me he had simply mirrored the company's offer letter. His view was straightforward: if the company cared about protecting itself on that issue, it should have put that protection in writing.

At the time, I told myself it wasn't my business. I wasn't taking the money. I was a bystander. Later, I saw it differently. Not because of the money itself, but because it revealed how each of us justified decisions under pressure.

Parker did not portray the episode as determinative. He described it as a weak signal he failed to treat as a warning.

Jimmy: What did the competitive environment look like?

Parker: A capital-rich competitor, RapidEOR, spent heavily on advertising and market education. They also compressed prices. COVID-era remote work accelerated global hiring, which increased demand for everyone but also raised expectations for speed and reliability. RapidEOR could discount aggressively because of their funding. We entered a world where we were chasing, not leading.

Jimmy: Yet you grew quickly.

Parker: We did. ArborPay went from zero to roughly $165K in monthly billing within about two and a half years. Using a common SaaS heuristic of roughly ten times annual recurring revenue, that level of billing implied a company valuation near $20M at the time.[2]

III. The Fault Line: When Acquisition Pressure Met Founder Incentives

Jimmy: When did ArborPay move from "build" to "sell"?

Parker: Once we reached meaningful revenue, we began entertaining conversations about strategic investment or acquisition. We spoke with several established HR and payroll firms. Some discussions felt real: serious teams, structured diligence, and clear strategic rationale.

Then we met a potential buyer pursuing an HR-tech roll-up strategy, acquiring one company after another. He offered a headline valuation that matched what others implied, but the structure was very different.

Jimmy: What was the structure?

Parker: Limited cash, substantial equity in the roll-up, and the cash itself staged in tranches we would have to "earn" over time. To me, the offer signaled a problem: either he didn't have the cash or he wanted control without paying full value.

Jimmy: And your partners?

Parker: They wanted to move forward with the deal. Three factors drove that. First, fatigue. We had taken pay cuts for years, absorbed uncertainty, and carried the company through periods when even basic expenses were stressful. Second, they believed the roll-up story. They thought our equity would become worth much more, much faster, inside a larger platform than it would if we stayed independent. Third, psychological load. One partner described the burden of leadership in visceral terms. He wanted to share liability and reduce the feeling that everything rested on him.

Jimmy: So to them, the sale was not just attractive. It was becoming necessary.

Parker: Yes. And once they saw it that way, my questions stopped sounding like diligence. They started sounding like delay.

Jimmy: What were you asking that they didn't want to hear?

[2] Approximate valuation heuristic: Monthly billing ($165,000) x 12 months = $1.98M annual revenue. Applying a 10x revenue multiple implies a valuation of approximately $20M.

Parker: My concern wasn't the headline valuation. It was the structure. I wanted to know where the cash was coming from, what the integration plan looked like, what kind of growth engine would support the roll-up, and what governance would look like after closing.

Jimmy: And you became the obstacle.

Parker: Yes. By then, it had become two against one.

Jimmy: Two against one? Not three against one?

Parker: Sean had already left the company by then. In hindsight, I should have paid closer attention to how that ended.

Jimmy: What happened to Sean?

Parker: Sean had been with us for about eight months. He and Derek clashed in product meetings almost every week. Derek argued that he understood the industry and knew what customers wanted. Sean pushed back that Derek understood the market but not the technical realities of building the platform. Over time, the disagreements became frequent and personal.

Eventually, Sean began considering whether he wanted to stay. When Derek and Martin learned that, they ran a plan past me to force him out.

Jimmy: Force him out?

Parker: Yes. And I remember objecting. Sean was a co-founder. Under the agreement, founder removal was supposed to be tied to something serious, essentially a termination-for-cause situation. He hadn't embezzled money. He hadn't committed a felony. He hadn't done anything remotely like that. But Derek and Martin moved ahead anyway.

Parker paused.

Parker: This was another bystander moment for me. I saw it happening, and I didn't stop it.

They initially offered Sean $2,000 to leave. Then they told him that if he accepted the exit quietly, they would increase the offer to 1% of the company. Even that was less than what he would have been entitled to under the vesting structure. Sean originally held 10% of ArborPay. At the one-year cliff, 2.5% would have vested. Instead of forcing the issue, he accepted the 1% and left.

Jimmy: Why?

Parker: Sean told me later that he was so defeated he just wanted out.

IV. The Removal: Contracts, Threats, and the Pivot to Legal Conflict

Jimmy: Describe the moment it turned coercive.

Parker: They told me, "If you do not support the deal, we will push you out." Even then, I still believed there was time to keep talking, pressure-test the deal, and find a way to sell ArborPay that worked for all of us. I was struggling to convince myself that the roll-up strategy was actually a good outcome, so I kept pushing for more diligence and suggested we continue exploring other options. What I still did not fully believe was that they would actually remove me from the company. ArborPay had started as my idea, and I had brought the founding team together. In my mind, I was the reason the company existed in the first place.

Then it became formal. The tone changed. They stopped including me in discussions, and the group chat went quiet. That was when Sean came back to me. I realized I had seen this play before, and now it was happening to me. Sure enough, Martin and Derek voted to remove me from the company. The same day they did it, they contacted my clients to reassure them before I could speak with anyone.

Parker's voice tightened. He paused, eyes watering, then continued.

Parker: This part still affects me. Those clients associated the product with me. I built most of those relationships, and they received the message from someone else first.

Jimmy: What happened with customers after that?

Parker: My phone started ringing. Clients asked, "What happened?" and "How could you be removed from what you built?" Several said they would follow me. A few were blunt: they trusted ArborPay's service, but they trusted me more.

Parker described the phone calls as only the beginning.

Parker: Martin said I was bound by an airtight non-compete and that I could not compete in global hiring, recruiting, or adjacent services. He also told me the payout for my equity would be $17,000. But based on my understanding of the company's valuation, I believed my stake was worth approximately $4.4M.

Jimmy: $17K versus $4.4M, that's a huge gap. How did those numbers come about?

Parker: I later discovered that we had signed two agreements on the day ArborPay was incorporated: a Stockholders' Agreement and a Restricted Equity Purchase Agreement.

Parker turned his laptop toward Jimmy and showed excerpts from both agreements. Each document defined how the company could repurchase a founder's shares, but they used different valuation methods. (see Exhibit 1)

Parker: Under the Stockholders' Agreement, the repurchase price was based on the company's average revenue over the prior thirty-six months, or over the full operating period if the company had existed for less than three years, multiplied by the founder's ownership percentage. At the time this dispute occurred, I had been with ArborPay for about thirty months. Total revenue across those thirty months was approximately $2,316,000. Using that formula, the buyout value was roughly $17,000.[3]

Jimmy: That suggests the early months with little or no revenue pulled the average down significantly.

Parker: Exactly. The formula reflected early-stage revenue, not the company's current trajectory. So, I looked at the second agreement. The Restricted Equity Purchase Agreement stated that vested shares could be repurchased at fair market value as of the termination date. At the time, we had been discussing a company valuation around $20M. Based on my 22% ownership stake, I believed my share would be worth about $4.4M.[4]

Jimmy: When the agreements were signed, how did no one notice the conflicting provisions?

Parker: At the time, none of us focused on it closely. We trusted each other. I trusted that Martin, as the lawyer among us, knew what he was doing. He probably felt comfortable using terms from prior agreements. Looking back, it was likely a copy-and-paste situation across documents. But the larger point is that all of us missed it. No one stopped to ask whether the provisions actually aligned.

Jimmy: Which agreement controlled?

Parker: That was the problem. The paperwork itself created ambiguity. Both agreements contained controlling-language clauses, and each document claimed it superseded the other in the event of a conflict. Martin had drafted both agreements. In my understanding, courts often interpret ambiguities against the drafter. So, I quietly retained counsel, and the conflict escalated.

Parker concluded that they had threatened him with a non-compete they did not possess.[5]

V. Northgate: Choosing a Co-Founder and Designing Governance

In the weeks following his removal, Parker faced a practical decision. More clients indicated they would follow him. Former colleagues asked whether he intended to build again. Rather than

[3] Average monthly revenue ($2,316,000 ÷ 30 months) = $77,200.
Parker's ownership stake (22%) × $77,200 ≈ $17,000.
[4] Estimated fair market value calculation: $20M company valuation × 22% ownership ≈ $4.4M.
[5] The dispute described here remains subject to ongoing litigation. The case does not evaluate legal merit; it focuses on entrepreneurial governance and decision-making under conflict.

negotiate for reinstatement, he began preparing incorporation documents for a new venture, Northgate.

He did not frame the decision as retaliation. Instead, he described it as a continuation of work he believed still needed to be done.

As Parker reviewed the incorporation documents for Northgate, Jimmy returned to the governance question raised at the beginning of the interview.

Jimmy: Many founders in your position would respond by what I'd call "triple protection": tightening the documents, locking down rules and restrictions, and concentrating control so no one can force them out again. Why not build Northgate that way?

Parker: I know I need to harden the structure. I learned the cost of unclear documents. I learned that contracts do not prevent conflict; they only define how expensive conflict becomes. I also learned that governance ambiguity becomes leverage in the hands of opportunists.

But I learned something else. In our industry, trust is operational. In global payroll, you share sensitive information. You move money across borders. You depend on counterparties in different jurisdictions. If you cannot trust the people you work with, the business does not function, no matter what the contract says.

Jimmy: So, what would Northgate be?

Parker: A worker-centered platform. Most competitors design their systems primarily for the buyer, the CFO or the head of HR. I want workers across countries to prefer our platform because they get paid accurately, on time, and with real support. If workers trust the experience, they become a referral engine.

Jimmy: What comes next?

Parker: I have three people I'm considering as co-founders, and I need to decide who I want to build with. That choice will determine not only who helps build the company, but how governance inside the venture functions from the beginning.

Parker described three possible co-founder candidates.

- **Candidate A (the Builder):** technically exceptional, capable of leading product quickly; limited track record in equity partnerships.
- **Candidate B (the Trusted Partner):** high-integrity signals; strong reputation for transparency and reliability; less "resume obvious" than Candidate A, but aligned with a people-centered business.
- **Candidate C (the Rainmaker):** commercially aggressive, fast, connected; ambiguous signals on ethics under pressure.

Parker: I also need to go back through the incorporation documents and make sure I'm not repeating the same mistakes. This time, I need to get both right: the paperwork and the person.

Exhibit 1. Conflicting Share Repurchase Provisions (Excerpted)

Stockholders' Agreement
ArborPay, Inc.
Effective Date: May 1, 2022

This Stockholders' Agreement was entered into by and among ArborPay, Inc., a corporation organized and existing, and the individuals who have purchased or may purchase shares of the Corporation's stock.

Section 3.5 – Purchase Price and Settlement

3.5.2 Purchase Price Formula: The purchase price per share shall be calculated based on the Corporation's average annual gross receipts. The calculation shall be determined by averaging the Corporation's annual gross receipts for the thirty-six (36) month period immediately preceding the termination of employment or other triggering transfer event described in Section 3.4.

The resulting average shall then be divided by the total number of shares outstanding to determine the purchase price per share.

If the Corporation has operated for fewer than three (3) years, the purchase price shall be calculated by averaging the Corporation's gross receipts for all months of operation and dividing the resulting figure by the number of shares outstanding.

Restricted Equity Purchase Agreement
ArborPay, Inc.
Effective Date: May 1, 2022

This Restricted Equity Purchase Agreement was entered into between ArborPay, Inc. (the "Company") and Mr. Parker (the "Purchaser").

Section 2 – Repurchase Rights

Vested Repurchase Option: If the Purchaser's Continuous Service Period terminates for any reason, including death, disability, or termination without cause, the Company shall have the option to repurchase some or all of the Purchaser's vested equity.

The repurchase price shall be the Fair Market Value of the shares as of the termination date.

The Company must notify the Purchaser in writing during the Repurchase Period if it elects to exercise this option. The option will expire if the Company does not provide notice within that period.

Exhibit 2. Illustrative Revenue Used in Average-Revenue Buyout Formula

	Revenue		
Month	**Year 1**	**Year 2**	**Year 3**
1	$0	$55,000	$150,000
2	$0	$55,000	$151,000
3	$0	$75,000	$153,000
4	$0	$88,000	$154,000
5	$0	$90,000	$159,000
6	$3,000	$105,000	$165,000
7	$5,000	$110,000	
8	$8,000	$120,000	
9	$19,000	$130,000	
10	$28,000	$135,000	
11	$33,000	$140,000	
12	$40,000	$145,000	

Total revenue across 30 months: **$2,316,000**

Average monthly revenue: **$2,316,000 ÷ 30 = $77,200**

Parker's ownership: **22%**

Repurchase value: $**77,200 × 22% = $16,984 ≈ $17,000**

Exhibit 3. Valuation Comparison

Valuation Method	Basis of Calculation	Calculation	Estimated Value
Revenue-Average Formula (Stockholders' Agreement)	Average monthly revenue over operating period × ownership	$2,316,000 ÷ 30 × 22%	≈ $17,000
Fair Market Value (Restricted Equity Purchase Agreement)	Company valuation × ownership	$20,000,000 × 22%	≈ $4,400,000
Difference			≈ $4,383,000

THUNDERBIRD
SCHOOL OF GLOBAL MANAGEMENT

Trust, Term Sheets, and the Founder's Dilemma

Teaching Note

Case Synopsis:

This case follows Parker, a co-founder removed from ArborPay after opposing a proposed sale of the company, and examines how that dispute exposed deeper failures in founder governance, including conflicting repurchase provisions, undocumented founder-funded expenses, ambiguous control rights, and sharply diverging incentives under prolonged financial strain. The case also incorporates an earlier founder-exit episode involving Sean, a technical co-founder whose departure Parker later recognizes as a warning sign he failed to interpret at the time. After his removal, Parker begins preparing incorporation documents for Northgate, a new global payroll venture, and must decide how to design its governance architecture and what to look for in choosing a co-founder in light of ArborPay's failures. The central teaching question is how Parker should translate those failures into a stronger governance design and a more deliberate co-founder choice for Northgate, making the case a forward-looking design problem grounded in founder conflict, contract ambiguity, and the consequences of early-stage governance neglect.

Teaching Objectives:

After discussing the case, students should be able to:

1. Diagnose governance breakdown in an early-stage venture.
2. Explain how informal startup practices can create later contractual and control vulnerabilities.
3. Analyze how founder fatigue, liquidity preference, and strategic belief can alter incentives over time.
4. Evaluate conflicting repurchase formulas and their implications for founder equity and exits.
5. Recognize how precedent behavior inside a founding team can foreshadow later conflict.
6. Assess co-founder selection as a governance design decision rather than merely a talent decision.
7. Propose a governance blueprint that addresses founder exits, voting power, repurchase rights, documentation of founder contributions, and conflict resolution.
8. Recommend a co-founder candidate whose profile fits the governance design proposed for Northgate.

Intended Audience:

This case is appropriate for graduate-level courses in:

- entrepreneurship
- venture strategy
- founder governance
- startup law and term sheets
- executive leadership or private-company governance discussions

It is especially well suited for Executive MBA students because it combines founder strategy, governance design, negotiation under strain, growth-stage decision-making, and practical organizational consequences.

Optional Pre-Class Reflection:

Instructors may ask students to prepare a short written response before class. Suitable prompts include:

1. What were the most serious governance failures at ArborPay?
2. Was Parker right to resist the acquisition?
3. What specific governance provisions should Northgate include that ArborPay lacked?
4. Which co-founder candidate should Parker choose, and why?
5. What should Parker have learned from Sean's exit before his own removal?

If desired, students may also be asked to review the repurchase-value exhibits before class so they are prepared to discuss why the same ownership stake yields approximately $17,000 under one contractual interpretation and $4.4 million under another.

Suggested Discussion Flow:

1. Start with the ending
Open the discussion with Northgate, not ArborPay.
Possible opening questions:

- What should Parker do next?
- What should Northgate's governance look like?
- Which co-founder should Parker choose?

This immediately frames the case as a design problem rather than a postmortem.

2. Move backward: what failed at ArborPay?
After students surface initial recommendations, ask them to identify the governance failures that created the problem.
Push them to move beyond "bad documents" and identify multiple layers:

- conflicting repurchase provisions
- undocumented founder contributions
- weak minority protection
- no clear deadlock or founder-exit mechanisms
- informal trust substituting for structure
- shifting incentives under stress
- deteriorating founder relationships

3. Analyze why Derek and Martin pushed so strongly toward the sale
Instructors should discuss why Derek and Martin became so committed to the sale and how Parker's continued diligence came to be seen as obstruction rather than discipline.
Questions:

- Why did the sale become necessary from their perspective?
- How did reduced pay, uncertainty, and leadership burden shape their view?
- Why did Parker's diligence begin to sound like obstruction to them?

Students should see that Martin and Derek were not merely "villains"; they were also founders whose incentives and risk tolerance had changed.

4. Discuss Sean as precedent
The Sean episode should not be treated as incidental.
Questions:

- What did Sean's exit reveal about how ArborPay handled internal conflict?
- What warning did Parker fail to act on?
- Is Parker only a victim, or also a bystander who missed a clear signal?

This usually deepens the discussion by making the later rupture feel patterned rather than isolated.

5. Examine the repurchase-value conflict
Direct students to the exhibits showing:

- the revenue-average calculation
- the fair-market-value calculation
- the numerical contrast between roughly $17,000 and $4.4 million

Questions:

- Which agreement should control?
- How should such ambiguity have been prevented?
- What does this reveal about founder agreements in early-stage ventures?

6. Return to Northgate
Close the discussion by returning to the future:

- What should Northgate's governance blueprint include?
- What should Parker now screen for in a co-founder?
- Which candidate fits the governance design the class recommends?

This allows the case to end where it is strongest: not with diagnosis alone, but with design.

Key Themes for Analysis:

1. **Early-stage governance neglect:** ArborPay's founders relied heavily on speed, trust, and improvisation during the company's early months. Founder-funded expenses were not properly documented, and conflicting founder agreements were signed without careful alignment. These decisions likely felt practical at the time, but later became governance vulnerabilities.
2. **Incomplete contracting:** The case shows how founder agreements can fail when they include overlapping or conflicting provisions. Once incentives diverge, ambiguity becomes leverage. In ArborPay, the contrast between a revenue-based repurchase formula and a fair-market-value repurchase formula created dramatically different outcomes.
3. **Incentive divergence under stress:** Founders who begin aligned may diverge over time as financial strain, risk exposure, and exhaustion accumulate. The case shows how years of reduced compensation and uncertainty can push some founders toward liquidity and closure while others still prioritize control, diligence, or upside.

4. **Key-person dependence:** The customer calls Parker received after his removal show that much of ArborPay's relationship value was tied to him personally. This raises questions about founder dependence, relationship-based revenue, and the vulnerability of firms built heavily around one individual's trust capital.
5. **Precedent behavior and bystander failure:** Sean's exit matters because it shows Parker witnessing an earlier founder conflict handled through pressure and contractual leverage. Parker later realizes he had already seen the playbook once before and failed to respond. This introduces moral complexity and gives instructors a useful angle on pattern recognition and bystander responsibility.
6. **Negotiation under founder conflict:** The case also raises a negotiation question. Parker suggests that Martin and Derek escalated conflict by approaching separation through contract enforcement and leverage rather than beginning with a problem-solving conversation. Students can debate whether the legal position itself mattered most, or whether the way it was presented made the conflict irreparable.
7. **Co-founder selection as governance design:** The ending makes clear that Parker's next venture is not just about "choosing a person." It is about choosing a person whose profile fits the governance system he wants to build. Candidate selection and governance design are intertwined.

Discussion Questions:

1. What governance failures at ArborPay matter most for Northgate?
2. Was Parker right to resist the acquisition? Why or why not?
3. Why did Derek and Martin come to see the sale as necessary rather than merely attractive?
4. What does Sean's exit add to the case? Is it primarily about precedent, bystander complicity, or coercive founder exit?
5. How should founder agreements and repurchase provisions be structured during company formation to prevent later ambiguity?
6. What governance practices should founders implement at the earliest stages of a startup to avoid problems such as undocumented founder funding and conflicting agreements?
7. What should Parker now look for in a co-founder beyond résumé strength?
8. Which candidate should Parker choose, and why?
9. How should Parker's candidate choice affect Northgate's governance blueprint?
10. What would a strong founder-governance blueprint for Northgate include?

Optional Assignment:

Northgate Governance Blueprint and Candidate Recommendation (Students should prepare two outputs.)

A. Governance Blueprint

Students should propose a Northgate founder-governance design covering:

- founder equity allocation
- vesting schedules and cliffs
- voting rights and control thresholds
- founder removal procedures

- repurchase rights and valuation formula
- reimbursement and documentation of founder-funded expenses
- dispute-resolution or mediation steps
- board or advisory structure
- any restrictive covenants they believe are appropriate

B. Candidate Recommendation

Students should recommend which candidate Parker should choose and justify the choice based on:

- strategic fit
- integrity and trustworthiness
- ability to complement Parker's strengths
- governance implications
- likely effect on long-term firm stability

The strongest submissions should explain how the candidate recommendation and governance blueprint fit together.

Key Teaching Takeaways:

- Governance failure is layered, not singular.
- Informal early-stage choices can become later-stage vulnerabilities.
- Founder incentives change under financial and psychological strain.
- Contract ambiguity can produce dramatically different founder outcomes.
- Precedent behavior inside a founding team matters.
- Founder conflict is shaped by both documents and negotiation choices.
- Co-founder selection is itself a governance decision.
- The case is not about choosing trust or structure; it is about designing both well.

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