

## **Introduction to Strategy Seminar**

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### **Abstract**

If I were to teach the first few weeks of Strategy Seminar, what would I do?

The purpose of this paper is to examine the major themes presented in seminar over the first few weeks, to analyze the central messages, and to provide insights that may lead to improvement of the initial strategic topics. In order to maximize parchment, a discussion of each central message (CM) will include: effect size (ES) of certain readings as validation of central message, readings that may be outliers from the central message (O), readings that are related to the central message but should not be included (Type I), readings that are related but were not included (Type II), and suggested strategic extensions (SSE) to the central message appropriately contextualized.

The first readings serve as a road map of strategy with a 'you are here' indicator with detailed evidence of the current bearing (CM): moving forward a paradigm shift needs to occur from the static to the dynamic. Varadarajan and Jayachandran (1999) describe the current terrain with a much generalized discussion of what's missing; Jacobson (1992) discusses the philosophical rationale behind roads traveled and modes to travel in the future (largest ES); Vargo and Lusch (2004) create logical premises of future modes of travel; Mintzberg and Lampel (1999) labels the various modes and suggest an abstracted supra-process as an interaction of all modes; finally, Vargo and Lusch (2004) adds a relativist element (large ES) based on the cognition of the driver at a given time (similar to Einstein's perspective of someone driving a car at the speed of light and turning on the headlights).

Although co-creation and social network theories are important, (Achrol and Kotler 1999), this topic would be better served as a seminal paper in its specific, applied sub-domain (O). Further, the intricately detailed and comprehensive landscape described by Varadarajan and Jayachandran (1999) distracts attention away from the central message (Type I). Also, an article

(Type II) addressing the implications associated with fixating on stoic, classical thought for so long and how it has and will effect business and strategic thought in the new global age. Finally, more basically, an article (Type II) that correlates that all marketing is strategy (e.g., Marketing Productivity Chain by Rust, et al 2004) as a clear foundation for conceptualization of all of the readings.

**SSE**: Without question, this theme serves as the important first in a seminar course. Moving forward, any article can be described by its philosophical undertones, its domain focus (economics, psychology, sociology, etc.), its implied perception of strategy and its applied activities. Such a strong theme also has very applicable implications to a seminar in a PhD preparing-context, and challenges institutional friction related to academia: that is, there is an inherent conflict between static barriers and dynamic tinkering, and that paradox will need to be managed throughout. Digesting the body of thought (much of it being incremental) may detract from the ability to create and contribute in a disruptive manner.

The second readings describe the explosion of the importance of strategy in business as simple mathematic models relating profitability and market share captivated the business world which later generalized into measuring marketing's productivity (CM). Farris and Farley (2004) provide a summary explanation of the first significant *firm-level* dataset PIMS; Day (2004) kindly relates PIMS enduring contribution to strategy, discussing the controversial correlation between market share and profitability (large ES); Rust and colleagues (2004) describe the interrelatedness of the strategy at the firm level and marketing at a functional level (largest ES); with this linked framework, Luo and Donthu (2006) demonstrate correlation between *Tactical Activities* and *Value of the Firm* (Tobin's q). A secondary theme (CM<sub>2</sub>) relates to the functional

importance of marketing; that is, if the marketing concept is embedded in cross-functional teams, is it necessary to have a separate, siloed, marketing function (Moorman and Rust 1999).

Homburg and Jensen (2007) consider the internal dynamics within a marketing department, between salesman and marketers, discussing how the dynamics influence collaboration and financial performance; Griffith and Lusch (2007) discuss *golden handcuff* implications of a marketer's knowledge within the department and appropriate governance by management.

**SSE:** Due to the emergent of two unique themes, discussion of outliers, omissions, etc. is not appropriate; however, such an emergent helps extend the discussion for improvement. The first readings establish the importance of being dynamic thinkers; the second readings should put further context to the strategy-marketing relationship, give historical context to both marketing and strategy, and focus on the difference between a silo and an embedded function. This also requires a historical perspective on organizational structures (Theory X vs. Theory Y). As such, readings that relate to the historical beginnings of marketing, strategy (PIMS), and hierarchal organizations should be included (e.g, Bartel or Hunt). A taste of the *marketing is everything* readings might also be valuable (referenced in the first paragraph of Moorman and Rust 1999: Greyser, McKenna, Haeckel). The PIMS specific readings and limitations should move into the third group of readings as an introduction to performance measures.

The third readings describe the growing demand to address fiduciary accountability: the relationship between the costs of any given marketing or strategic activity and the value it provides the firm. Like described above, a PIMS overview can nicely introduced this evolution, with the meta-analysis done by Szymanski and colleagues (1993) serving as PIMS' extinction; Srivastava and colleagues (1998), from the ashes of the extinction, introduce a new concept

(Market-based Assets) that will serve as a framework for RBV in future readings; they also discuss motion dynamics of marketing: velocity and acceleration. Maintaining a financial fiduciary lens (NPV of cash flows), Srivastava and colleagues (1999) extend the concept of intangible assets to specific types of processes that have embedded marketing influence: product development (PDM), supply chain management (SCM), and customer relationship management (CRM). Vorhies and Morgan (2003) relate a firm's strategic processes given its organization structure to define an optimal fit, and measure how that fit effects performance; Olson and colleagues (2005) extends this causal model to include tendencies (they label behavior) of strategic orientation; O'Sullivan and Abela (2007) dismiss a global causal model and further extend the question by focusing on how the ability for a firm to measure marketing performance (locally and internally) improves performance, specific to high-tech firms.

**SSE**: Although *strategic fit* may be extracted to be its own theme, the evolution from PIMS to other methods discussed, is a strong message. An introduction to meta-analysis with necessary precautions would enhance the extinction of PIMS; Jacobson's non-causal explanation of PIMS should be included in the readings (why PIMS died). The meta-analysis includes large probabilities of *file drawer bias* insignificance, but fails to address the implications of Jacobson's arguments, which may invalidate most of the data collected, because it was founded on PIMS' premises. The fiduciary need, from a financial perspective (that means NPVs), to justify marketing and strategic expenses is a real need and needs to be amplified in the larger business context. Finally, the classic typology of Miles and Snow (Type II) could be a nice addition to the reading, especially in context of the two papers that anchor to the categories (and can lead to extending the typology to include low-cost and differentiated as well as upstream views).

In conclusion, the first sets of readings have been very useful in giving a general overview, before diving into the details of specifics within modern strategic thought. A final suggestion, might be to anchor these three themes (creative destructions, marketing-strategy unity, marketing productivity) as a basis for the entire seminar. The special millennial issue of the *Journal of Marketing* has many of these articles, and might be a good contextual spring board to begin the entire discussion.

The first session (before readings and themes are fully discussed), the Varadarajan and Jayachandran (1999) would serve as a good first taste of the seminar. Then, follow the three themes in the same order, with the refinements suggested.

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