"How do we link theory and practice in strategy?"

Martin Reeves, Richard Whittington, Zia Yusuf, JT Clark

Questions

Should theory serve practice in strategy?

Does it do so effectively?

If not, why not?

How can it do so more effectively?

Your panel

Martin Reeves

Chair, BCG Henderson Institute

Richard Whittington

Professor of Strategic Management at Saïd Business School, Oxford University

Zia Yusuf

Former SVP, Strategic and Ecosystem Solutions VMWare

JT Clark

Former mining tech & AI CEO, Veracio

A **rift** between theory and practice?

Current strategy research ...

Respondents disagreeing[1]

... focuses on **practitioner-relevant topics**
63%

... is **useful to practitioners** in addressing their key challenges
81%

... **communicates effectively** to practitioners
49%

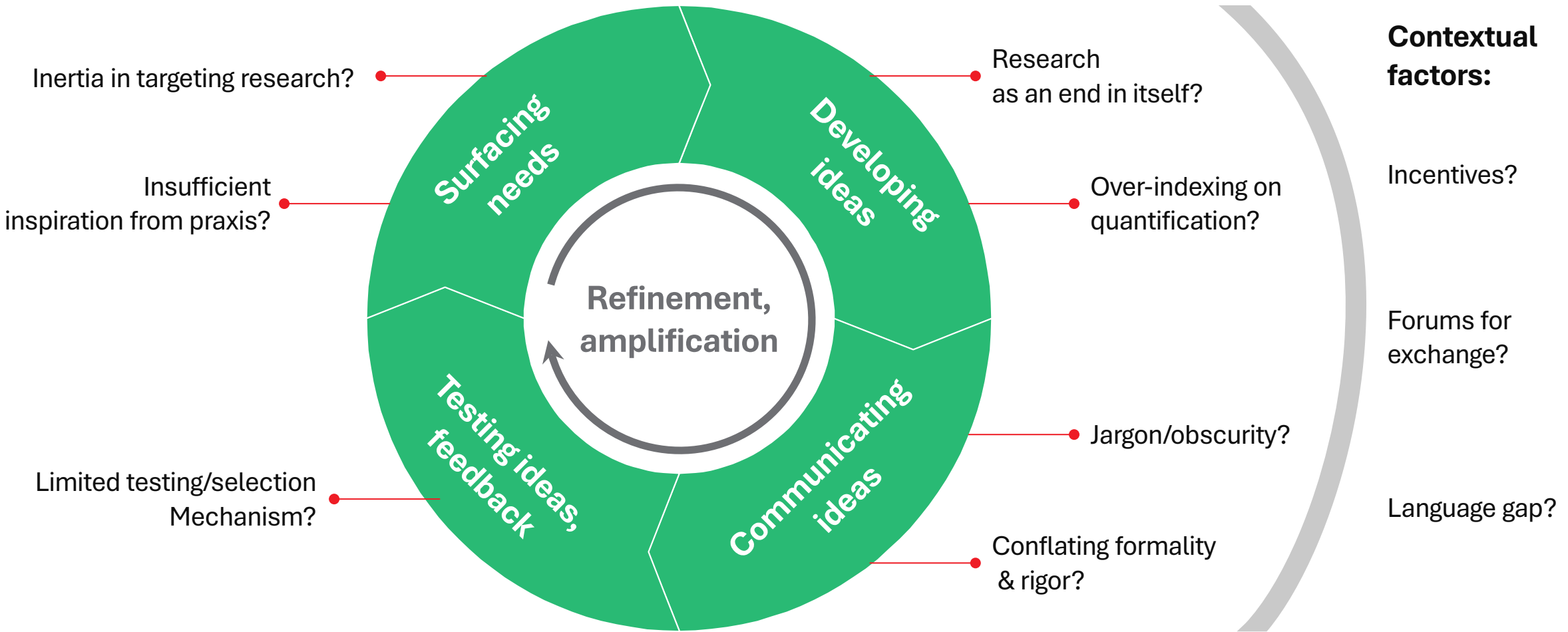... **educates effectively** to tackle today's challenges
66%

... **is based on a good interchange** between practitioners and academics
76%

Dysfunctions across knowledge cycle?

Inertia in targeting research?

Insufficient inspiration from praxis?

Limited testing/selection Mechanism?

Surfacing needs

Developing ideas

Testing ideas, feedback

Communicating ideas

Refinement, amplification

Research as an end in itself?

Over-indexing on quantification?

Jargon/obscurity?

Conflating formality & rigor?

Contextual factors:
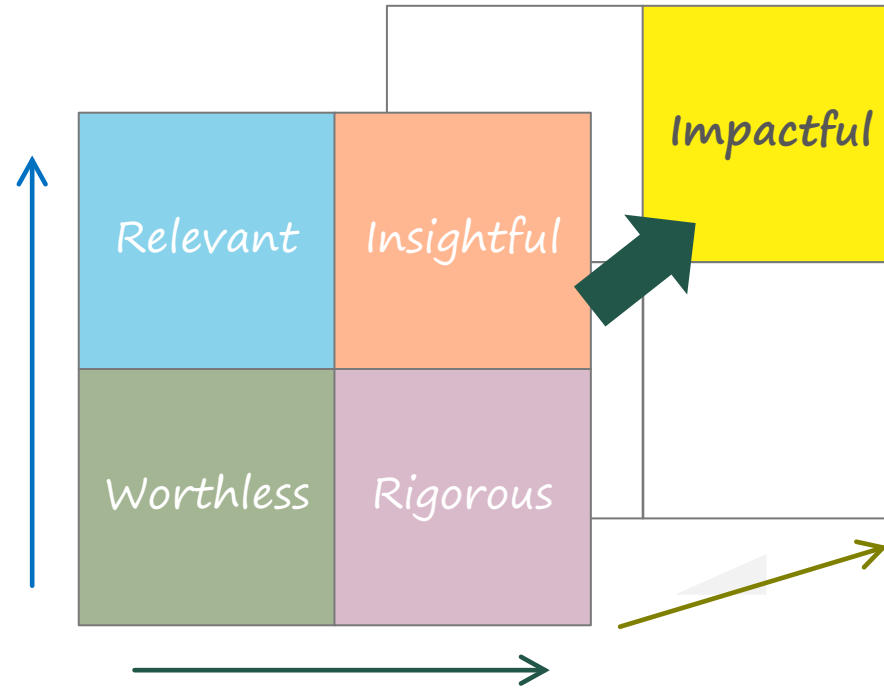
Incentives?

Forums for exchange?

Language gap?

Potential agenda to break false **trade-offs**

Relevance

Get into the world

Be phenomenon/question driven

Shift research incentives

Relevant **Insightful**

Impactful

Worthless **Rigorous**

Rigor

Accessibility

Communicate "fractally"

Create trading zones

Expanding reach

Test/select ideas through practice

Facilitate flow of people and ideas: cross over community

Two Cheers for Strategy Researchers:
Six Decades of Business School Impact on Practice

Richard Whittington
University of Oxford

Julia Hautz
University of Innsbruck

Krsto Pandza
University of Leeds

Strategy Summit 2024
Deer Valley, Utah

Founder's Remorse:
the failure of academic Strategic Management?

'The management field's drift from a real-world problem-focused, engaged and pragmatic scholarly discovery logic ... has led to a loss of relevance and managerial impact....

... Consulting entities [BCG, Bain, McKinsey etc] marshal the size and scale of teams of research workers needed .... They can do the required volume of work in a timely way to meet new challenges that are no longer possible to accomplish by the largely fragmented capabilities of academic-based research ....'

Drnevich, P. L., Mahoney, J. T., & Schendel, D. (2020). Has strategic management research lost its way?. *Strategic Management Review*, 1(1), 35-73.

Dan Schendel
Purdue University
Co-organizer of 1st
Strategy Summit 1977
Founder of SMJ and SMS
1980

See also: Hambrick (2005), Mahoney and McGahan(2007; Chen and Hitt (2021); Hamel and Birkinshaw (2023)

Out of the Ivory Tower

Drenevich et al (2020) propose:

- Phenomenon-driven doctoral programmes, guided by practitioners

- Reduced role of top journal publications, larger role for books and external grants

- Practitioners included as reviewers in top research journals

Three Research Questions

1. What has been the impact of academic strategy researchers on practice, relative to other actors such as consulting and business?

2. How has the impact of academic strategy researchers changed over time, especially in the light of academicization?

3. What roles do academic strategy researchers play in the innovations of other actors?
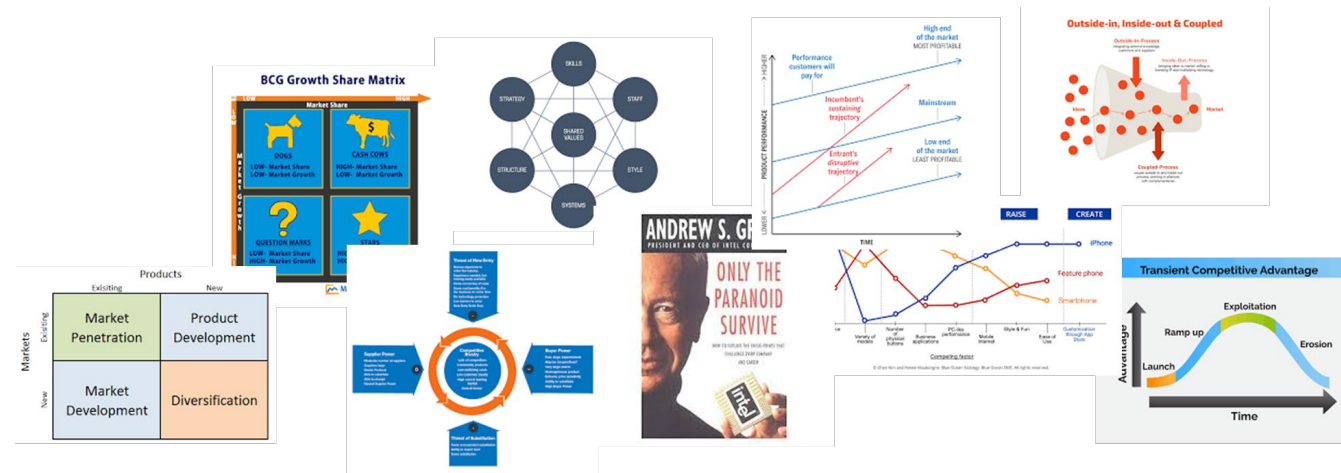
BCG on the Rate of Strategy Innovation:
Top Strategy Frameworks, 1958-2013

BCG's chronology of 81 'salient' strategic frameworks, based on:

- academic literature

- publications of major strategy consulting firms

- interviews with leading academics, CEOs and senior consultants

- attributed to originating authors

Validated by Pankaj Ghemawat and published in Ghemawat, P. (2016). Evolving ideas about business strategy. *Business History Review.* Further validating and extending work ongoing.by this author team.
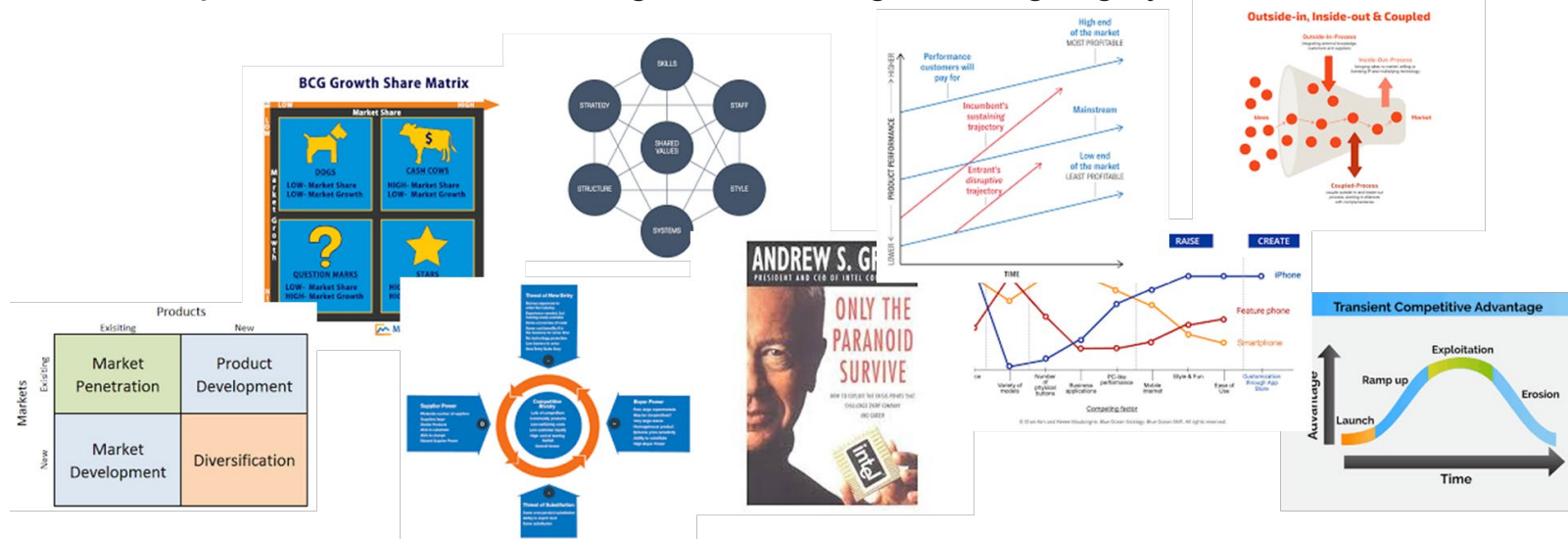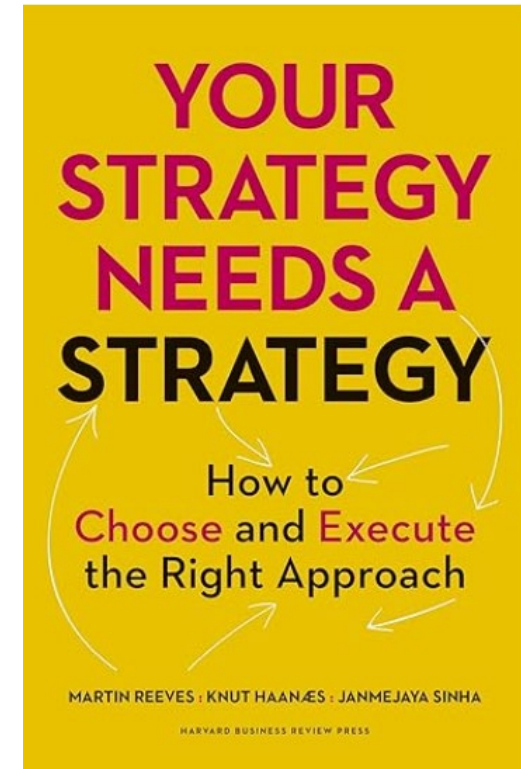
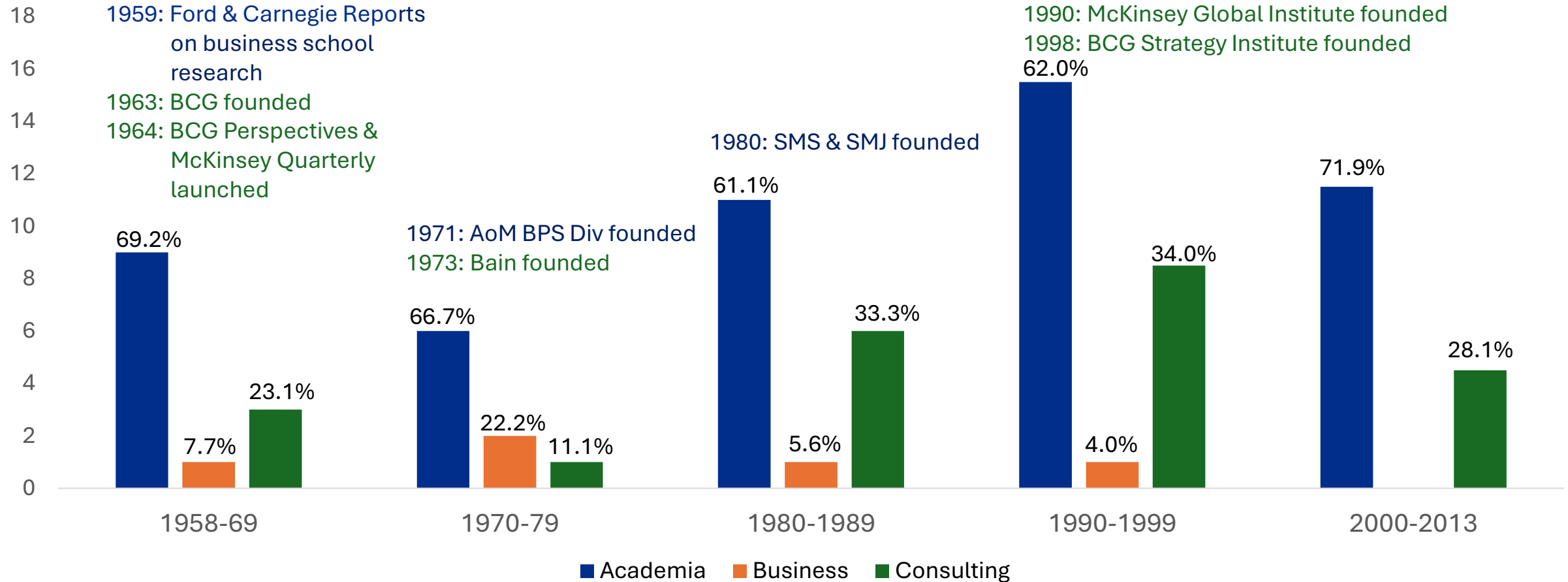# So who originated these salient frameworks?

Academics: 64.2%; Consultants: 28.4%; Business: 6.2%; Other 1.2%

Number of frameworks

Originators of Frameworks
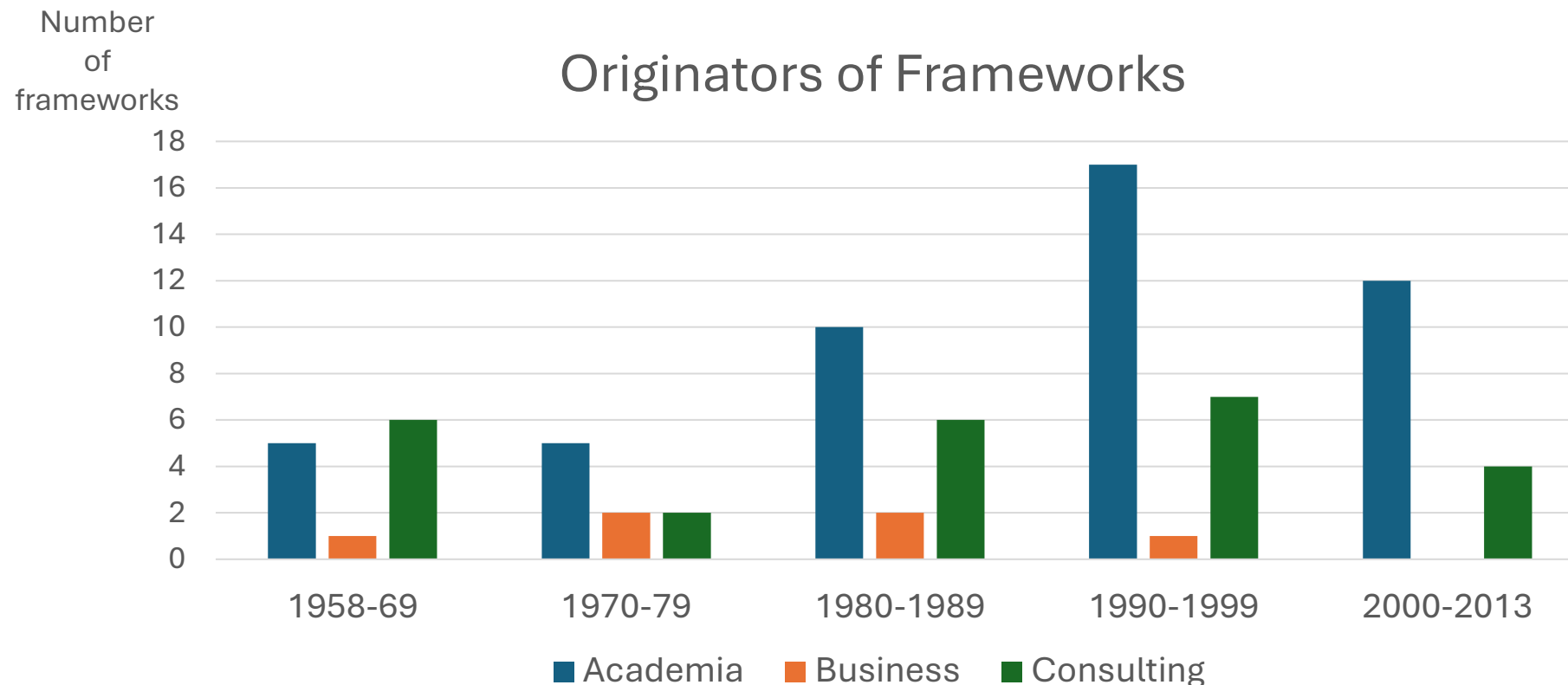
What difference did 'academicization' make?
Academics stayed consistently ahead

Number
of
frameworks

1959: Ford & Carnegie Reports
    on business school
    research
1963: BCG founded
1964: BCG Perspectives &
    McKinsey Quarterly
    launched

1971: AoM BPS Div founded
1973: Bain founded

1980: SMS & SMJ founded

1990: McKinsey Global Institute founded
1998: BCG Strategy Institute founded
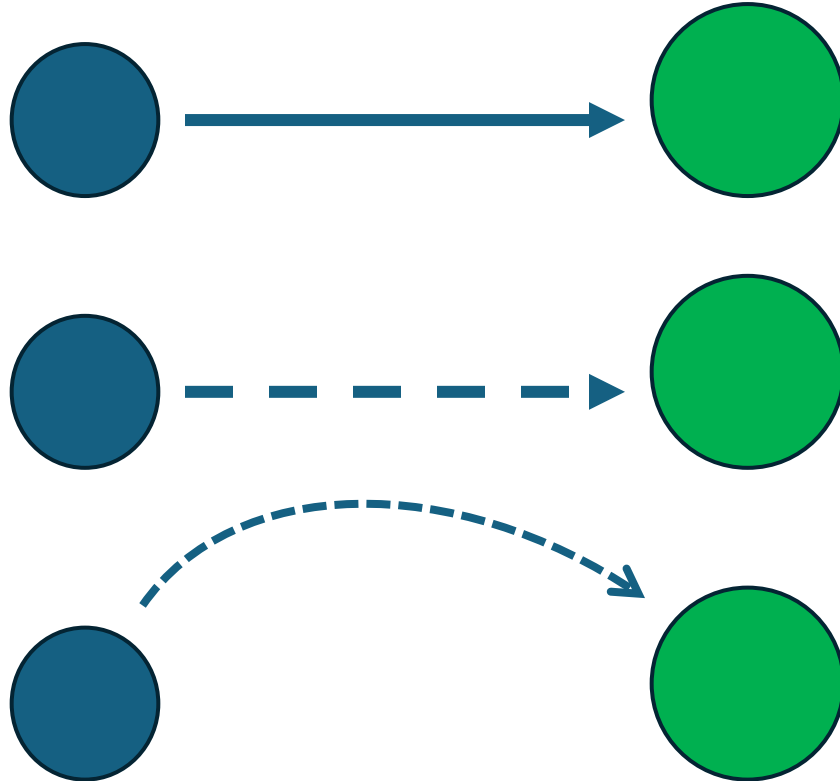

■ Academia ■ Business ■ Consulting

Provisional results, based on BCG attributions

What other roles do strategy researchers play?
Academic-Practitioner Interactions in Practitioner Innovation Processes

Academic Influencers   Practitioner Originators

Assistance: business school academics assist practitioners e.g. PIMS, 7Ss

Adaptation: practitioners adapt business school research: e.g. 4 Phases, Adaptive Strategy

Inspiration: practitioners transfer non-business school academic ideas: e.g. Tipping point, Innovation S-Curve

18 out of 29 Business, Consulting or Other Innovations

Conclusion:
Dan, don't worry... You did good.

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- Strategy researchers dominate in framework innovation, and often contribute to other innovators, against background of academicization

- Little evidence here supporting radical change in strategy research model, yet ....

- More research needed on how strategy frameworks are used in the field, understanding their affordances

- More research needed on the systems of management innovation (Mol, Birkinshaw and Foss, 2018), going beyond competitive and linear models

But just two cheers....

Most of these innovations originate from a 20th Century Innovation Model

- Managerially-controlled firms needing legitimacy of procedural rationality
- Consulting and academia attracting the smart and ambitious, with incentives to create and diffuse strategy innovations
- Wealth and cultural leadership concentrated in 'the West'

21st Century Innovation Model will need to adapt to:

- Entrepreneurially and personally-controlled firms with less need for legitimacy through procedural rationality
- Big tech etc now attracting the smart and ambitious, with low incentives to create and diffuse innovations
- Wealth and cultural leadership shifting away from just 'the West'

Strategy is being formed on the frontier, learn from the pioneers
- Codify best practices from companies operating over the horizon
- Not you traditional corporate giants – look to smaller companies
- Let practice lead theory

Speed is increasing and timeframes shrinking
- Iterative identification of strategy with parallel codification
- Adapt to shorter timeframes

AI's role in strategy
- AI as a tool is enabling new business models – from commercial to operating model
- This rapidly changes the personas and roles of market participants
- Again, look multiple horizons out – if you can observe or measure it, you are probably to late

Determine your audience at the outset
- Strategy species depends on the owner's objectives and mission
- Governance likely sets the context