Executive Summaries

Putting Supply Chain Resilience Theory into Practice.

Morris A. Cohen, The Wharton School, University of Pennsylvania; **Shiliang Cui,** McDonough School of Business, Georgetown University; **Sebastian Doetsch,** WHU–Otto Beisheim School of Management; **Ricardo Ernst,** McDonough School of Business, Georgetown University; **Arnd Huchzermeier,** WHU–Otto Beisheim School of Management; **Panos Kouvelis,** Olin Business School, Washington University in St. Louis; **Hau Lee,** Graduate School of Business, Stanford University; **Hirofumi Matsuo,** Tokyo International University; **Andy A. Tsay,** Leavey School of Business, Santa Clara University

In a time of increasingly frequent disruptions, with the COVID-19 pandemic winding down and the continuing war between Russia and Ukraine, supply chain resilience has become an even greater priority for executives. Yet, while managers generally understand the basics of supply chain resilience, implementing and executing it remains a challenge. We set out to understand exactly what makes it challenging for a company to create a resilient supply chain and how some have overcome those challenges. To do so, we interviewed top supply chain executives to understand their experiences and perspectives.

We found that some of the common challenges are the trade-offs between accentuated efficiency and resilience and the heterogeneity of supply chains. To overcome these challenges, we recommend measures including independent supply chain risk management, strong relationships with suppliers and contract manufacturers, a hierarchical approach to managing the supply chain, and using disruptions as a catalyst for change. Not surprisingly, the information we gathered suggests that a one-size-fits-all approach does not always work. Putting all your eggs in one basket location-wise is too risky for most manufacturing companies, even those that have a big basket.

Countercyclical Marketing During Recessions.

Nirmalya Kumar, Singapore Management University

Recent research has shown that during recessions, companies that pursue countercyclical marketing are more likely to succeed. Countercyclical marketing involves the increasing of spending on research and development (R&D), advertising, and launching new products, while resisting the urge to increase prices and promotions.

But data gathered from past recessions suggests that in the face of diminishing demand, managers tend to do the opposite of what is recommended by countercyclical marketing. Instead, firms enhance the cyclical effects of business cycles by increasing their marketing efforts during boom times and reducing them during lean times. Historically, two types of companies have leaned into countercyclical marketing: retailer private labels (as opposed to manufacturer brands) and family firms (as compared to non-family firms).

Despite our recommendation that firms should adopt countercyclical marketing under certain conditions, there are limiting factors. If supply chain constraints do not allow for delivery of the product, then it is futile to attempt increasing demand. Furthermore, during severe recessions, consumers may be unable or unwilling to respond to demand generation. Finally, to increase marketing and R&D outlays in the face of a recession would require both slack resources in the organization and managerial leadership.

Why Brands Grow: The Power of Differentiation and Penetration.

Koen Pauwels, D'Amore-McKim School of Business, Northeastern University; **Oliver Koll,** School of Management, University of Innsbruck

Marketing managers who want to grow their brands have many options. Some work directly to increase market penetration – the number of people who buy the brand – for example by increasing its availability. Others work indirectly to influence the attitudes of possible buyers, particularly by differentiating the brand from its competitors. While marketing textbooks emphasize the latter approach, advocates of focusing on penetration question whether perceptions, and especially brand differentiation, drive consumers' behavior at all. Using time series data for 153 brands in five countries, we examined the complex relationship between attitude and behavior, finding that they often influence one another. Perceptions, especially perceived differences, drive behavior, but behavior also builds perceptions. Marketing managers should therefore work to build brand differentiation, which had the largest benefits for small brands and in less developed markets. But marketing managers should also try to achieve greater market penetration by making it easy for people to buy their products, increasing customers' satisfaction.

How Brands Can Leverage Their Social Media Marketing.

Anatoli Colicev, University of Liverpool Management School; **Ashwin Malshe,** College of Business, University of Texas at San Antonio; **Koen Pauwels,** D'Amore-McKim School of Business, Northeastern University

With growing investments in social media, companies strive to demonstrate a positive return on social media marketing. Using data gathered daily for over a year, we analyzed how forty-five US firms' earned social media (ESM) and owned social media (OSM) affected customers' awareness, purchase intent, and satisfaction. We found that ESM, although not under the control of the companies, is more effective across the board. We also found that firm controlled OSM can increase consumers' awareness and satisfaction. Indeed, the most successful firms on social media consistently generate novel, relevant, authentic, and engaging content that attracts consumer attention. In addition, firms increase customer satisfaction by using social media to answer customer service requests and update customers on their products and services. We found, however, that OSM often harms purchase intent. We therefore explored whether increasing the credibility of OSM can help. We found that getting your house in order brings greater credibility to your OSM. Companies such as Microsoft, Burger King, and MetLife get the best OSM bang for their buck because they have a fair compensation policy and creative, regular, relevant, and authentic OSM messaging.

Responding to the Risk of Imposed Changes on the Project Budget and Deadline.

Robert F. Bordley, University of Michigan, Ann Arbor; **Jeffrey M. Keisler,** University of Massachusetts, Boston

Managers are expected to focus on achieving the goals set by their leadership. They specify all the activities required to achieve those goals and focus resources on those activities. But as experience shows, leaders frequently make late changes in the goals they've set, which can waste much of the work that has already been done. Instead of simply accepting the goals their leaders set, managers should recognize the inherent uncertainty in these goals. To address deadline and budget uncertainty, project managers can introduce a new, artificial activity whose duration and cost equals the unknown amount by which leadership might later shorten the deadline and budget. If this activity starts when all other activities finish, established project management methods will lead the manager to make the appropriate decisions when project cost and deadline are uncertain. The uncertainty in this artificial activity will be managed in the same way as all other uncertainties in the project.

Unlocking Innovative Selling.

Qing Li, School of Business and Management, Hong Kong University of Science and Technology; **Christopher Tang,** Anderson School of Management, University of California, Los Angeles

Sellers often do not know what customers are willing to pay for their products. To tease out this valuable information, online sellers, including Priceline, Panera Bread, and Amazon, have tried three innovative selling strategies: *name your own price*, *pay what you want*, and *opaque selling*. While these selling strategies can cause each customer to pay a different price for the same product or service, their reliance on concealed information can hinder their success. Sellers can reduce this effect by revealing some information and offering customers more buying options. For example, sellers can engage impatient customers of the *name your own price* strategy by allowing them to buy immediately at a set price. When using *pay what you want*, they can disclose what previous buyers actually paid to give customers a reference point. And they can allow risk-averse customers of *opaque selling* to estimate their chances of getting what they want by revealing information about inventory. Sharing these tidbits of information will help sellers to sell more at a higher price.

The Road to Failure Is Paved with Good Discounts: How Premature Discounts Hurt Entrepreneurs on Kickstarter.

Christian Schulze, Frankfurt School of Finance & Management; **Daniel Blaseg,** ESADE Business School

To successfully introduce a new product to the market, entrepreneurs must grab consumers' attention. Because young ventures typically lack large advertising budgets, many entrepreneurs use crowdfunding platforms like Kickstarter to introduce their product ideas to consumers. But how can entrepreneurs draw consumer attention when more than a hundred other projects are launched on the same day? To cut through the clutter, many entrepreneurs resort to one of the most powerful marketing instruments out there: discounts. But should they?

We conducted a large-scale empirical study involving 34,745 new ventures and discovered how the common practice of using discounts to promote new, unreleased products severely harms entrepreneurs. Discounts are systematically linked to brand damage and higher failure rates for the venture, as well as longer delays, lower quality, and lower prices for the new product. We explore the underlying causes based on 179 interviews with entrepreneurs and present two alternative strategies that will help entrepreneurs to reach more customers for their new products while avoiding the pitfalls of premature discounting.

You Move Me: Understanding and Optimizing Job Rotation.

Jeff S. Johnson, Henry W. Bloch School of Management, University of Missouri-Kansas City

Many companies encourage job rotation, moving employees laterally from one job to another within an organization. By so doing, these companies ensure that their employees build diverse skills and perspectives, improve their communication and collaboration, perform better, and report greater job satisfaction. Encouraging job rotations does, however, have some drawbacks for companies, including greater investment in training and more employee stress. Organizations must therefore thoroughly understand the job rotation process and know how to maximize its benefits while minimizing its drawbacks. Job rotation consists of six stages: motivation, procurement, preparation, encounter, adjustment, and stabilization. Since changing jobs can be challenging for employees, managers should know how to increase their success. They should start by selecting the employees most suited to the process: those who enjoy learning, are receptive to coaching, and communicate well. They must also establish practices throughout the company that facilitate job rotation. By providing focused training, structured mentoring, employee assistance programs, and platforms for sharing knowledge, firms can help their employees to succeed throughout these challenging moves, improving both their employees' experiences and their own outcomes.