

## Marketing as an engine of business growth: a cross-functional perspective

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### Abstract

While the development of rigorous business disciplines has created deep insights, frameworks and powerful tools, this disciplinary focus also creates blinders that limit creativity in developing holistic solutions to business problems. The author discusses neuroscience research that shows how mental models, such as those implicit in specific disciplines, shape and limit insight and action. He notes that in a rapidly changing world, these models are more likely to be out of synch with the environment. As an example of the potential for applying a cross-functional perspective, he examines opportunities to use marketing insights across the organization to drive growth, including creating a market-driven vision and value proposition, using market insights to drive innovation, leveraging technology and marketing to create convergence, and rethinking the customer experience and relationships. To support these shifts in perspective, he identifies several enablers of interdisciplinary approaches, such as models and dashboards, organizational architecture, and integrative processes. Finally, he examines implications for practice, research, and education.

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### 1. Introduction

One of the great modern advances in business research and practice has been the establishment of depth in specific disciplines, such as marketing, finance or operations. Organizations have functional leaders with deep expertise in these areas. Academic communities, supported by specialized journals and disciplinary departments, have made substantial progress in developing concepts, frameworks, perspectives and methods through this intensive focus. Yet, in the process, this dissection of management decisions into increasingly small pieces has sometimes caused managers and researchers to lose sight of the bigger picture and the fact that a business is a system and one cannot focus only on one of its subsystems (Ackoff, 1999). There is a need now to increase cross-functional perspectives in management research and practice.

CEOs recognize the value of this broader view. At a panel on cross-functional perspectives for MBA students at the Wharton School, Joseph Neubauer, Chairman of ARAMARK, commented, “My experience has been that you’ll develop the best solutions for any business problem only when you are able to integrate the perspectives of a broad range of disciplines. I’ve had the great good fortune to get to know hundreds of CEOs around the world, and I can absolutely assure you that being focused is critical, but being functionally narrow is a mistake” (“Banking on Breadth: CEOs Stress Need for Cross-Functional Perspectives,” Knowledge@Wharton, 2003).

Leaders of individual disciplines are also recognizing the need for a broader scope of thinking and action. At the 2003 CMO Summit, marketing leaders from diverse firms stressed that marketing should be an engine of growth and profitability for the organization. It should link the insights from the market with the strategies of the firm to drive the creation of value through developing relationships with customers. Marketing should create and build leadership brands that consumers love and it should lead the continued transformation of the company. A McKinsey study presented at the Summit noted three

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primary opportunities for driving growth: integrating customer insights more broadly into business functions, integrating business strategies with brand strategies and integrating marketing and go-to-market execution. The common theme is integration.

To achieve this goal of driving growth, marketing cannot be left to the marketers alone. There is a need to integrate marketing perspectives across the organization. There is still debate about whether the organization needs a marketing department as a center of expertise or the work should be more thoroughly diffused, but there is a clear need to apply marketing insights more broadly, particularly in a time when there are fewer opportunities for growth through acquisitions or margin improvements through greater efficiencies.

At the same time, marketing sometimes has been left out of important decisions where its perspectives are crucial. Many major decisions, such as mergers and acquisitions, have been financially driven with limited involvement by marketing, although their success is dependent upon marketing strategies. The AOL/Time Warner merger was driven by assumptions about advertising and marketing across different channels and its costly failure was, at least in part, due to weaknesses in these assumptions.

The need for marketing perspectives is not limited to making strategic decisions but also is important for the development and use of concepts and tools, such as total quality and data mining. These were developed outside of marketing although they have significant marketing involvement and implications. Quality was driven by operations and data mining was driven by information technology (IT). Marketing has not typically had a “place at the table” in these decisions and many of these initiatives were not as successful as they might have been as a result.

Even when marketing is invited to the table, the narrow definition of the discipline can make it hard to see innovative solutions. There is a need for a broader, multidisciplinary approach to marketing challenges. Shifting to a broader view can also lead to new strategies. For example, marketers at pharmaceutical firms might be faced with the challenge of pricing a new drug. The traditional marketing perspective would be to focus on the product and its pricing, applying pricing models to set the optimum price based on analysis of customers and competitors. This is, however, a very narrow view of the broader problem. Customers care about more than this particular product and their pricing decisions occur in a much broader context. By starting with the customer, the problem is no longer a pricing problem, as shown in Fig. 1.

Customers are looking for a way to secure wellness and the pill is just one means to that end. If managers recognize this, the pill is not a starting point in this process of creating wellness. The broader solution would combine medicine with fitness, nutrition and prevention to promote wellness instead of just treating illnesses through medication. Pills would be part of this overall wellness solution, but would not be the sole focus.

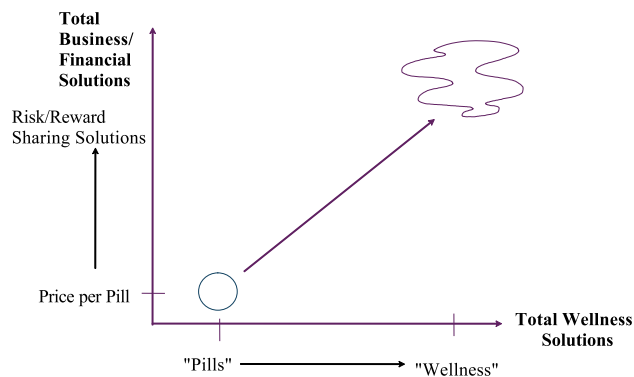


Fig. 1. Illustrative marketing driven business paradigm: a pharmaceutical example.

To create a wellness solution, the company needs to rethink its pricing model to fit this broader perspective. If the company provides more services to promote wellness but still derives its revenue through sales of its pills, it will not be able to sustain the new strategy and will likely lose money. The company has to take a more holistic approach to pricing as well, addressing the concerns of patients, physicians, hospitals, insurance companies and other players.

Similar opportunities to move from selling discrete products to offering integrated product and service solutions, and moving from price per product to a total financial/economic solution were found in other industries including computers, financial services, telecom, trading companies and advertising. By looking beyond the narrow view of a product-focused perspective, companies can develop offerings that add value for customers and capture that value through new pricing strategies. This requires a fundamental shift in how to view this challenge and deliver on the promise of an integrated solution. It is not a solution that would be created by most marketing departments left to their own devices. It requires a cross-functional involvement of marketing, R&D, medical education, finance, operations and other aspects of the firm considered as a whole.

This is just one example of companies that develop creative solutions for building value by bridging or breaking the narrow disciplinary boundaries that limit thinking in organizations. In this article, we will explore the ways that “mental models” limit thinking and how changing these models can open new insights and opportunities for action. We consider how an environment of rapid change makes it more likely that our models could be out of synch with the environment, and thus no longer an effective guide for action. As an illustration, we consider specific ways that marketing perspectives can serve as an engine for growth through several approaches: (1) creating market-driven vision and value proposition, (2) using market insights to drive innovation, (3) leveraging technology and marketing to create convergence and (4) rethinking customer experience and relationships. We will then examine several enablers that can help to build these market-driven, cross-

functional initiatives, including marketing models and dashboards, reshaping the organizational architecture and creating processes for cross-functional integration. Finally, we will explore implications for research and practice.

## 2. The limits and potential of mental models

As this example shows, business disciplines have created blinders for managers and organizations. The focus on a specific area of the world and a certain set of frameworks for looking at the world tends to shut out other possibilities. Managers and researchers are limited by their mental models and this filters out the solutions that they can see (Wind et al., 2004).

The problem is that it is very hard to see these limitations. The human mind is very adept at creating the impression of a complete picture. As one example of the power of the mind to fabricate coherent images, the human eye has a natural blind spot where the optic nerve is attached to the retina. This creates a spot where there are no sensory data coming in from the environment, yet people are usually not at all aware of this missing “hole” in their vision (except for an experiment in which two dots are brought close to the eye until one dot disappears). Most of the time, the mind fills in this missing piece and we are none the wiser. In a less dramatic fashion, we are constantly filtering external images and information, shaping what we see through our internal mental models.

Recent research in neuroscience has confirmed that we ignore the world, by and large. For example, neurologist Walter Freeman discovered that the neural activity due to sensory stimuli disappears in the cortex (Freeman, 1995). This stimulation flows into the brain, and it appears to evoke in its place an internal pattern, which the brain uses to represent the external situation—a mental model. External reality is sensed and processed by a phenomenal number of processes and activities, although we are completely unaware of most of them. The brain, based upon its knowledge of the world, fills in the broad detail, thus creating a complete picture or context (Freeman, 1995).

As an extreme example of how these models allow people to miss important parts of the environment, test participants were asked by researchers to count the number of times basketball players with white shirts pitched a ball back and forth in a video. Most participants were so thoroughly engaged in watching white shirts that they failed to notice a black gorilla that wandered across the scene and paused in the middle to beat its chest. They had their noses so buried in their work that they did not even see the gorilla (Taylor, 2002).

This is equivalent to the marketing manager working in the depths of the organization to market a product that has no chance of strategic success in the market. The market may have shifted, the market needs changed or a new competitor may have come in while managers were inter-

nally focused on propelling forward the project. This was the problem for Kodak, which focused too long on its chemical film strategy while the rest of the world was turning to digital. An internally driven marketing campaign may be stunning and effective in achieving its stated goals, but it may be a brilliant solution to the wrong problem. The challenge is to get the questions right before answering them, and the current fragmented approach to business problem solving makes it more likely the right questions will not be asked. This creates the possibility for gorillas to wander through the organization unnoticed as managers are buried in their important disciplinary work. Is this the explanation for the high rate of marketing failures?

Mental models prevent the organization from seeing past its own blinders or the blinders of its industry. This may be why many rule-breaking great ideas have come from industry outsiders. Coke and Pepsi did not introduce diet soft drinks or caffeine-free drinks. NCR was not the originator of electronic cash registers. Nike, Reebok and other companies jogged past incumbents Converse and Keds to create the hot new market for running shoes. Kendall missed out on disposable diapers, Fed Ex delivered on the idea of overnight service right under the noses of UPS and the US Postal Service, Swiss watchmakers lost time to digital watch upstarts and Levis had its seams ripped out by designer jeans (Schnaars, 1992).

Breaking through current mental models has tremendous power. The 4-minute mile was an unthinkable barrier until British runner Roger Bannister broke it on an Oxford track in 1954. Two months later, another runner also broke this magical threshold that had seemed beyond human achievement. Within 3 years, 16 runners had turned in times of less than 4 minutes for the mile. Had there been some breakthrough in human evolution that allowed this achievement? No. The runners were the same. They had changed their mental model and this opened up the possibilities for new achievements.

While breakthroughs, such as the 4-minute mile require intensive training in a specific area, they rarely come solely from within a discipline. They are a result of people thinking more broadly, of recognizing the limits of their mental models and challenging them.

### 2.1. *The power of interdisciplinary approaches*

Original insights often come from interdisciplinary approaches. For example, mathematician Benoit Mandelbrot, known as “the father of fractals,” invented fractal geometry to describe patterns in which the shape of a larger object is repeated in its smaller fragments. These patterns are seen in nature in ferns, cauliflower heads or river beds, and fractals have been used to generate swirling computer-generated images as well as to describe the clustering of galaxies, stock market fluctuations and fluid turbulence.

Mandelbrot credits his breakthrough to the eclectic environment in which he worked at IBM Research, where,

*The Economist* notes, “unlike university departments, it was not rigidly divided into departmental ‘guilds’ such as physics, mathematics, and so on. He was free to move from subject to subject, developing what would emerge as his theory of fractal geometry” (“The Father of Fractals,” *The Economist*, December 4, 2003). His early exposure to both mathematics and painting also influenced his later work.

The value of outsiders is seen in many scientific breakthroughs. Raymond Damadian, the developer of magnetic resonance imaging (MRI) in medicine, noted that he developed this breakthrough as an outsider to the field. In an interview, he also cited a research study that reported that “60% of new great discoveries were made by an outsider to the field within the first year he was in the field” (Speed Wood, 2003). Let us not misconstrue this finding as an argument for filling an organization full of superficial generalists. Mandelbrot developed deep expertise in mathematics that was critical in making his breakthroughs. A manager who is a “jack of all trades and master of none” often has little concrete to contribute to the value and success of the organization. Instead, we need managers who have functional depth and broader perspectives. The important thing is to achieve a balance between the specialized disciplinary depth and the ability to work across disciplines. This prevents managers and the organization from being locked in a view of the forest from 30,000 feet or looking so closely at the details of a specific tree so as to lose all perspective. The challenge is to achieve a balance between disciplinary strength and interdisciplinary insight, not to sacrifice one for the other.

### 2.2. An environment of rapid change calls for different models

The ability to shift models and think more broadly becomes more important in an environment of rapid change. Because models are a shorthand for reality, they work reasonably well when the environment is stable. The model is a fairly accurate reflection of reality. The biggest problems come in when the world changes quickly. Then, it is quite likely that the models are out of synch with the world—or something appears in the blind spot of the individual or organization that cannot be seen.

The current business environment is filled with unprecedented uncertainty, change and complexity. Globalization is shifting work and markets to areas that were once outliers, such as India and China. The economy moves rapidly up and down. There are terrorist threats and innovations in technology, such as biotechnology and nanotechnology. There are shifting demographics, with more unmarried households, new attitudes among young consumers and new definitions of families. There is mounting pressure from Wall Street and expectations for growth. Business models and practices are also being transformed rapidly.

All these interrelated forces make it highly likely that the models a manager learned at the start of his career are now

less relevant. In a changed environment, these models may not allow the manager to see and act on the real business challenges at hand. Like the saying about old generals, these managers are “fighting the last war” rather than engaging in the reality of the current one. And one area where companies and researchers need to reexamine their traditional thinking concerns the role of marketing itself and the balance between functional specialization and multidisciplinary, cross-functional perspectives.

While this article focuses on opportunities for marketing as an illustration, it is not intended to overemphasize the importance of marketing. This is just one angle on the broader challenge of cross-functional integration. A similar discussion could be advanced from the perspective of R&D, operations, finance or other functional areas of the organization.

### 3. Marketing as an engine of growth

Marketing, at the interface between the organization and the environment, can provide new opportunities for value creation and growth. It should be a concern to the entire organization. Marketing provides opportunities by identifying opportunities to serve unmet needs of current customers or new customers for the company’s current and new products and services. A focus on growth requires an integrated approach, cutting across the organizational functions and activities.

In general, organizations have several different options for growth, as illustrated in the left-hand side of Fig. 2. Moving from the lower left quadrant, where they offer their current products and services to current customers, they can either expand their market by offering their products and services to a wider set of customers (moving to the right in the figure) or expand the set of offerings to existing markets (moving up in the figure), or new products for new markets, which is the riskiest strategy. These strategies also change dynamically over time, creating a new set of possibilities for growth, as illustrated in the right-hand side of Fig. 2.

All of these options depend upon marketing insights into unmet needs of current customers or the needs of other market segments that could be met with the company’s current set of products and services or new product and service offerings. These strategies for growth also require the involvement of many different disciplines. New product development engages R&D, operations, finance and other areas, in addition to marketing. Moving into new market segments involves IT in gathering information, operations, finance and other areas in addition to marketing.

As the business environment changes, existing markets may be eroded and new opportunities for growth may emerge. If the organization is trapped in its current mental model of the industry and business, it may be hard for managers to see emerging competitive attacks or market possibilities. And if the organization is not able to think and

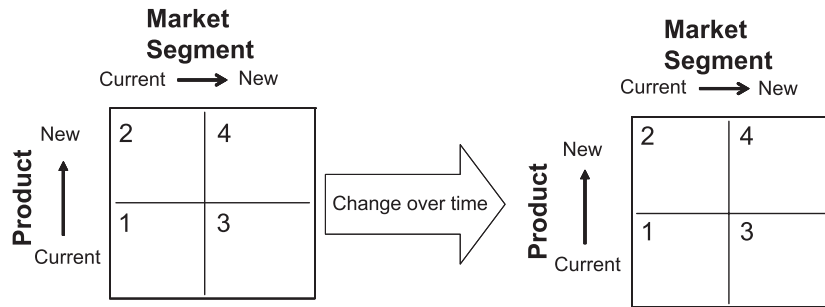


Fig. 2. Patterns of growth.

act across disciplinary lines—with a market-driven approach—it may be very hard to act upon these new insights into strategies for growth.

How can current thinking about marketing be challenged to make it an engine for growth? Among the strategies for using marketing perspectives to drive growth are the following:

- creating a market-driven vision and value proposition,
- using market insights to drive innovation,
- leveraging technology and marketing to create convergence,
- rethinking the customer experience and relationships.

3.1. Creating a market-driven vision and value proposition

Companies need to strengthen the market focus of strategic decisions across functional areas of the firm. This market focus begins with strategies that are built around customer wants and needs, as shown in Fig. 3. While companies, particularly technology-driven firms, have tended to build markets around products, the market-driven company begins with customers, then develops products and services offerings and finally creates the infrastructure and processes to deliver them. The entire organization is thus organized around this perspective,

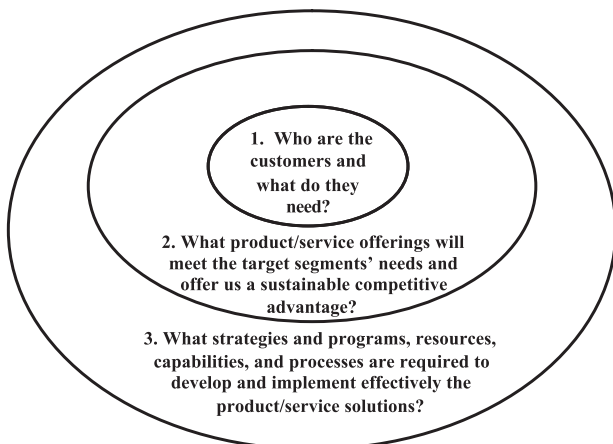


Fig. 3. A marketing perspective.

affecting every aspect of the organization. Instead of seeing the customer as the last point in the company’s organization and processes, the customer is the genesis and organizing principle for all the work of the organization in diverse functional areas. This is the perspective Peter Drucker emphasized when he said that “There is only one valid definition of business purpose: *to create a customer*” (Drucker, 1954/1993). This market-driven strategy has implications for the organization’s strategic planning and organizational design to build capabilities such as market sensing, market relating, shared knowledge, and collaborative partnering (Day, 1999).

Starting with the customer can offer an opportunity to rethink the definition of the market and industry. For example, Coca-Cola, which had long seen itself locked in fierce but narrowly defined cola wars with rival Pepsi, redefined the playing field from the customer’s perspective in its 1999 annual report. In the report, the company reported that it sold 1 billion servings of Coke daily, but had “47 billion to go.” The report notes, “This year, even as we sell 1 billion servings of our products daily, the world will still consume 47 billion servings of other beverages *every day*. We’re just getting started” (Coca-Cola, 1999). Instead of competing against other sodas, Coke redefined its market as all beverages, putting it head-to-head with tea and coffee and water.

The shift to the customer’s perspective also allowed Crest to reconceive its business from selling toothpaste to focus on meeting the customer need for “creating happy smiles for life.” This is what the market really cared about; toothpaste was just a means to an end. It does not seem like a major shift, but this shift in thinking from the customer’s perspective helped open up the possibility of whitening strips and the SpinBrush that were not *toothpaste* but were built around the needs and wants of customers. These and other innovations helped to jumpstart the brand’s growth in what was considered a “mature” market.

The customer now at the center, moves from passive audience to active coproducer. Marketing strategy becomes focused on creating, delivering, sustaining and continuously enhancing value. Companies can also expand this focus from customers to all stakeholders—looking at employees, for example, in the same way.

### 3.2. Using market insights to drive innovation

By taking a broader perspective on marketing, companies can drive innovations in marketing itself, but these innovations also require changes in other functional areas. For example, instead of limiting product positioning to product features, companies have used the concept of emotionally based positioning to move the battle from fighting for the minds of customers to fighting for their hearts. Guerrilla marketing and creating buzz have taken marketing out of the mass media and into the streets. Companies such as Red Bull have had great success in building their brands through the power of buzz. These strategies require a rethinking not only of marketing organizations but also sales forces and product and service design. For example, to build buzz about a new product, a company might see its entire set of employees and partners—and even customer “evangelists”—as an extended sales force rather than restricting this work to the designated marketing and sales force. This has significant implications for the design of the sales force and incentives as well as the design of the entire organization.

New business models, such as those used by Southwest Airlines, are reshaping competition, with innovations such as new service offerings and revenue models. Ryanair has taken this low pricing to an extreme through zero-fare pricing, with destination cities picking up the tab for airfare instead of passengers. Companies, such as Costco, Amazon and Home Depot, have rethought distribution by inviting the customer into the warehouse or delivering products online. Commerce Bank rethought the traditional model of banking to create “a retail chain that happened to be a bank” (Hill, 2003), offering extended hours, free coin changing and other services that helped propel its 26% compound average growth between 1993 and 2003.

To deliver on these innovations, however, these companies have had to redesign their retail outlets, locations, revenue models and operations. Southwest moved to a no-frills approach based on point-to-point “bus” service rather than traditional hub-and-spoke and full-service flights. Costco built warehouse style stores outside of urban areas and based its revenue model on membership fees rather than margins on goods sold. Commerce Bank had to change its approach to staffing, ATMs and setting rates to deliver on its new model. To create substantial innovations in marketing, companies have to rethink their entire operations.

### 3.3. Leveraging technology and marketing to create convergence

While IT and marketing are treated as separate worlds in many organizations, companies that can draw these functions together can realize powerful models for building value and driving growth. For example, with the rise of the Internet, companies that took a narrow view of technology and marketing saw e-business as a separate entity to be either embraced as an independent business that might

ultimately replace the existing business or a fad to be ignored. In contrast, companies that could integrate marketing and technology perspectives were able to build value through the 5 Cs of “convergence marketing” (Wind et al., 2001):

- *Customerization*: Combining the manufacturing capability to customize products with interactive customer interfaces allows companies to invite customers into the laboratory or factory to design their own products. This “customerization” goes beyond selling off-the-shelf products and services to mass markets and even company-driven customization to allow customers to “make it mine.”
- *Communities*: Combining the interactions in physical and online communities allows customers to “let me be a part of it.” Customers can choose to interact with other people and with the company through the type of community that works best for them.
- *Channels*: Drawing together diverse channels into a seamless fabric allows customers to interact where and how they choose. This convergence approach allows customers to “call, click or visit.”
- *Choice*: Giving customers a combination of personal advice and powerful technological tools to make decisions can help them make better choices. Instead of offering ready-made solutions or experts, these tools allow customers to find the information they need to make their own decisions. In addition to planning tools, these include rating services such as BizRate or eBay’s customer feedback rankings that give potential customers direct information about the reliability and quality of the seller.
- *Competitive value*: New models for pricing, such as eBay’s online auctions or Priceline’s name-your-own price system, are redefining the way value is determined and divided between producers and consumers. By rethinking operations, marketing and revenue models, companies are redefining competitive value to give customers more for their money. A consumer expectation for 24/7 accessibility, facilitated by technology, has also changed the definition of convenience and other value drivers, and companies have had to change many parts of the organization to deliver on this new expectation.

The power of this convergence is that it helps companies avoid being blinded by either the technology or the marketplace. It offers a balanced approach to innovation that incorporates the old and new, recognizing that while technology may change at blazingly fast rates, people are slower to adapt, and they continue to combine the old and the new. Rather than giving up the mental models of the past, these companies create portfolios of models, in the same way that we use fountain pens and paper, voice mail or e-mail, depending on the occasion. In contrast, some companies

took a more limited view. Webvan, for example, a promising online shopping service that went bust during the dot-com rout, pursued a solution that the market was not willing to pay for. In fact, it turned out that many people *like* to shop. In contrast, a company such as UK retailer Tesco, which integrated the new online channel into its existing network of stores and branding, was highly successful in building a strong online market.

These convergence marketing strategies require redefining the business—not just marketing, but IT, operations, finance and other parts of the business. None of these strategies is possible to see or to realize if one focuses on traditional disciplinary functions.

#### 3.4. Rethinking the customer experience and relationships

Another cross-functional strategy that can drive growth is focusing on the total interactive experience of customers rather than a simple, one-way transaction. Initially, companies focused on transactions around products, then moved to products and services, and finally to product and service solutions. The interactive experience is the next step. Instead of a one-way transaction with customers, it is an ongoing interaction. An example of this is the example of the pharmaceutical company discussed above that shifts from the transaction of selling pills to a continuous interaction with customers to promote wellness. This, in turn, changes revenue models and many other strategic decisions of the organization.

These interactive relationships are the first step to changing the role of the customer. Instead of passive “consumers,” these customers become active stakeholders and advocates. Instead of passively monitoring customer satisfaction, companies are looking at active customer “reference-ability,” the likelihood that customers will refer another person to the company. Recent studies have found that it is not customer satisfaction that drives loyalty and repeat purchases, but rather this reference-ability. It does not take much commitment to circle a “highly satisfied” choice on a customer satisfaction form, but it takes a lot more to put your reputation on the line in making a recommendation to others.

Companies are also creating more interactive relationships with customers. Instead of focusing on customer relationship management (CRM), which manipulates data to allow the company to best reach customers, firms are developing systems to put customers in charge of customer-managed relationships (CMRs). As a simple example, this might be the difference between offering customers a Web page to view or modify their statement versus giving customers the tools to modify their own page or work with the company on designing innovations. Companies, such as Texas Instruments, which allowed teachers to offer feedback on its calculators for high school students, found that these active “partners” in development became evangelists for the product. (Not only this, but it can save the company

money in the process. Michael Schrage, author of *Serious Play*, estimates that Microsoft beta testers contributed an estimated US\$1 billion to the effort of launching Windows 95. These customers spent hours working out bugs and improving the software at no cost to Microsoft. As Schrage (2000), notes, “Microsoft spent less on development of Windows 95 than its customers did.”)

Building these interactive relationships with customers requires changes throughout the organization. Any employee who has contact with the customer is involved in the interaction. Systems need to be in place to facilitate the knowledge-sharing needed to effectively interact with customers when and where they choose. And there need to be effective financial systems and revenue models to ensure that these increased interactions continue to be profitable for the company while delivering value to the customer.

## 4. Requirements for implementation

Because these approaches to driving marketing growth are based on cross-functional perspectives, they also require a set of cross-functional enablers to carry out. These enablers include marketing models and dashboards to guide progress, the right architecture for the organization and processes to ensure cross-functional integration.

### 4.1. Using marketing models and dashboards to guide progress

Marketing models and dashboards can help draw together different parts of the company to drive a marketing perspective across the organization. Marketing tools, such as conjoint analysis, have been applied to new product design to quickly, efficiently and deeply gain an understanding of customer needs and wants, and design optimal products and services to meet these needs. This approach has proven its worth in a wide range of applications, including the design of new products, such as the Courtyard by Marriott or the E-Z Pass automated toll systems (Wind and Green, 2004). These applications show how these models can have far-reaching implications for diverse areas of the organization. These tools represent the fruits of marketing specialization, but there are opportunities to apply these models to other organizational challenges outside of marketing. For example, these tools can be used with employees within the firm or to design relationships with partners.

Another powerful way to integrate marketing insights and information into decision making is through the use of decision support systems (DSS) and dashboards. Marketing dashboards, like the dashboard of a car, link key metrics (such as the speed, remaining fuel or distance traveled in a car) with the drivers (the accelerator) and the underlying processes (the combustion engine or braking systems). These company dashboards similarly link a metric, such

as demand generation, to drivers, such as increased awareness and increasing willingness to try, and to underlying processes, such as marketing initiatives. Like an automobile dashboard, these organizational dashboards convey critical information in real time to allow managers to make decisions and midcourse corrections.

The dashboard makes explicit links between key metrics and the drivers and processes that affect them. By identifying these underlying drivers and processes, the organization can better understand the cross-functional capabilities and activities that lead to profitable growth. The dashboard can also give the organization objective feedback on these outcomes that allows managers to improve the drivers and processes. Just as the automobile dashboard draws together the separate systems of the car (electrical, fuel, braking, climate control, etc.) the organizational dashboard can help to integrate the diverse systems of the company into a coherent picture of where the organization is headed and what needs to be done to improve its progress. A core process, such as demand generation, involves many functions of the organization in addition to marketing. Without a coherent set of dashboards, however, it may be very difficult for the organization to recognize the many interactions that lead to positive results and to change these complex drivers to make improvements. Properly created dashboards provide the mechanism to drive effective management and resource allocation decisions.

Companies also need to use dynamic resource allocation to put their resources where they can have the most impact. Answering the questions of what investment produces the most impact—across the entire organization—necessarily requires a cross-functional view. Managers also need to engage in adaptive experimentation. Through continuous experiments, the company can learn about the environment and test new strategies. At its best, this creates what Steve

Haeckel has called a “sense and respond” organization (Haeckel, 1999), an organization tuned to the market.

4.2. Reshaping organizational architecture

A market-driven strategy for growth is supported by changes in complex aspects of organizational architecture. Without addressing this broader architecture, which cuts across many functional areas of the organization, few change initiatives have a chance of success. The architecture is designed around an understanding of changing needs of organizational stakeholders, including customers, employees, investors and others, as shown in Fig. 4. This understanding informs the vision, objectives, business paradigm, value proposition and strategy of the organization. The organization’s vision and values embody a stakeholder focus, with an emphasis on values, such as exceeding consumer expectations, entrepreneurship and ownership. Finally, the organizational architecture acts to ensure the implementation of this vision and strategy. Thus, organizational design begins with an understanding of the customers and other stakeholders. Metrics, performance measures and incentives should reinforce the vision, objectives and other aspects of the organizational architecture. For example, a decision about people and resources—whether to outsource customer service to India, for example—has implications for diverse aspects of the organizational architecture. This broader view of organizational architecture as an enabler of transformation requires an interdisciplinary perspective.

4.3. Processes to ensure cross-functional integration

Finally, the last enabler in making marketing an engine for growth are processes to ensure cross-functional integration. In general, marketers often see almost every

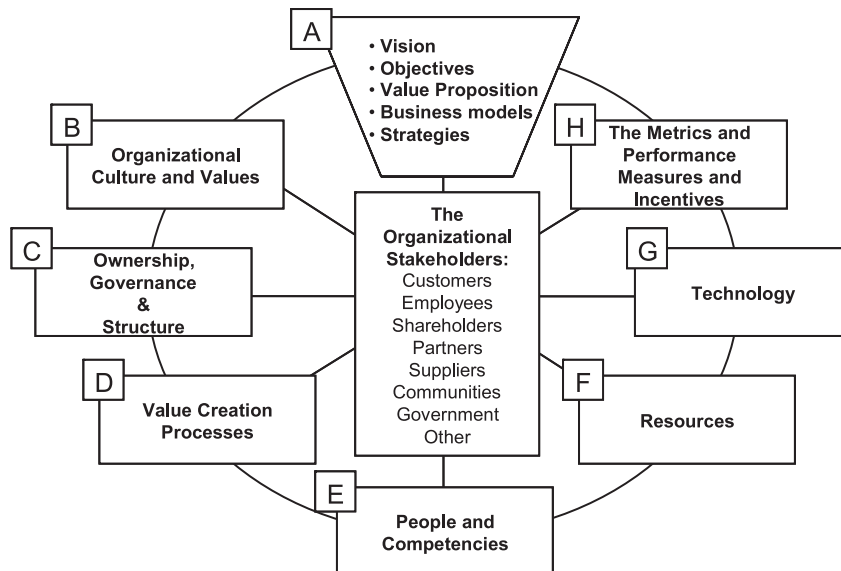


Fig. 4. The organizational architecture of business renewal.



problem as a marketing problem, operations managers see every problem as an operations problem, the CIO will focus on technology and the CFO will look at finance. In a very real sense, however, there are no marketing, operations, IT or finance problems. There are only business problems, the solutions of which are facilitated by insights and knowledge from marketing, operations, finance, human resources and other disciplines. The organization needs processes to ensure this interdisciplinary approach to its business challenges.

These integrative processes are already being seen in initiatives, such as enterprise resource planning, CRM and integrated supply chains. Different parts of the organization—particularly marketing and R&D—are coming together to work collectively to develop new products, markets and business development. The emphasis on service across the life of the product is forcing a closer cooperation of any part of the organization that touches the product throughout its life cycle.

For example, Citigroup is turning its customer service into a profitable sales engine by training customer service representatives to use the deep customer knowledge of the organization to make *relevant* offers to callers. The key word is relevant. Many companies are taking a less sophisticated approach that actually damages relationships with customers who are looking for a solution but receive a sales pitch for whatever the company is *pushing* instead of an offer relevant to their needs. Creating these relevant pitches requires a close collaboration between marketing, IT, operations, sales, customer service and credit risk assessment. This approach has transformed customer service from a cost center to a successful profit center at the same time that customer satisfaction has increased.

## 5. Implications for research and practice

### 5.1. Implications for practice

For managers, the implications are to cultivate a broader view of business challenges to counter the limits of the traditional strong disciplinary focus. Focus on customers, not just the blockbuster brands inside the company. Focus on an integrated stakeholder strategy, integrated marketing strategy and integrated customer experience.

For example, an integrated strategy for a financial services company would focus on serving the customers across diverse financial needs, including savings, credit, retirement and insurance. Beyond integrating these lines of business into more coherent offerings, companies (such as SEI Investments) that have taken the next step to design services around customer needs have recognized that financial needs are just one aspect of a broader set of life needs of individuals. Financial decisions are inextricably intertwined with decisions about security, health and quality of life for the individuals, their families and communities. Based on

this insight, SEI Investments structured a financial wellness offering that combines investment, insurance, estate planning and philanthropic decisions into a coherent offering tailored to the needs of the individual.

Similarly, a pharmaceutical company that takes a market-centered view of its work would recognize that patients often have more than one illness. Instead of seeing customers for its drugs for diabetes as a separate market from its customers for drugs for high cholesterol, the company recognizes that an individual patient might have both diseases. By starting with the needs of the customer instead of the company's product line, the company could better serve these needs through products and information (such as tailored newsletters) that address both illnesses. The company will not recognize this opportunity unless it begins with a customer perspective in designing its strategies. As discussed at the opening of this article, the company also needs to design revenue models that are aligned with this broader perspective.

An integrated stakeholder strategy draws upon many parts of the organization. An integrated brand promise encompasses product design, packaging, advertising, direct mail, online marketing, collateral, sales force, trade shows, public relations, sponsorships, point-of-sale promotion, cause-related marketing, word of mouth and a whole host of other initiatives. An integrated customer experience would meet the customer across brands, products and services. It would integrate the product, service and information.

### 5.2. Implications for research and education

Our academic institutions, tenure tracks and research journals are all built upon microscopic depth in a given field. There is a need for new journals, centers and initiatives that focus on cross-functional integration. There will always be pioneering researchers who are willing to look beyond the limits of the models of their own disciplines. These leaps into other fields can offer new directions to the field. For example, Paul Green's application of new statistical and mathematical psychology models and methods to the field of marketing led to powerful new tools. Daniel Kahneman's application of behavioral research to economics led to richer understanding of economic systems. Will the next innovations come from within a discipline or from researchers courageous enough to recognize the limits of their own models and look outside? While there will always be a few individuals willing to push the envelope, these experiments will remain small unless there are more systemic changes that support the development of cross-functional perspectives.

To achieve effective cross-functional integration, academic institutions may need to change their organizational architectures. This might include changing the culture to create a more interdisciplinary focus, encouraging more joint appointments across departments, sponsoring interdis-

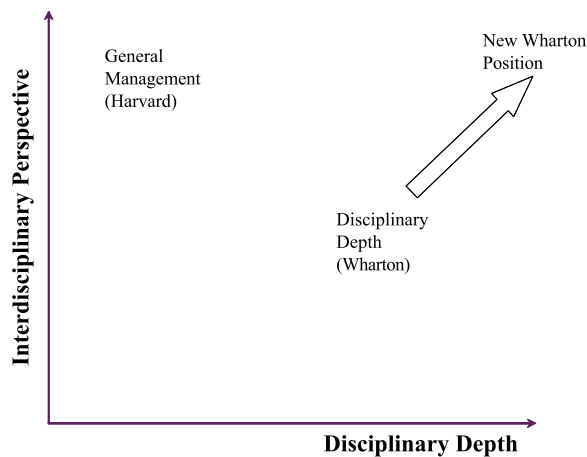


Fig. 5. The need for balance.

disciplinary research, or developing school or university professorships for those making cross-functional contributions.

Business schools, in particular, need to strike a balance between the “general management” focus of interdisciplinary perspective and depth within a specific business discipline. As shown in Fig. 5, schools can move in both directions toward this balance. For example, Wharton has created a set of initiatives to strengthen the cross-functional focus of its academic programs and research without sacrificing its traditional disciplinary depth. By bringing a more disciplinary focus, schools may actually strengthen their interdisciplinary perspective because grounding in a giving functional area can form a platform for interdisciplinary learning. The reverse is also true. A greater cross-functional focus can enhance the understanding of a specific discipline by allowing students and researchers to see it from a fresh perspective.

## 6. Conclusions

While these examples illustrate the power of cross-functional strategies in driving growth, there are many ways to achieve a balance between disciplinary depth and the ability to operate effectively across disciplines. Forging these broader perspectives does not always require dismantling the existing organizational silos built around specific disciplines. Organizations might maintain a disciplinary structure but create linking processes, developing a matrix structure, or engage in creative reengineering and restructuring of the entire organization.

As a first step, organizations can build linking processes among the different functional areas to bridge the silos. For example, when the Wharton School strengthened the interdisciplinary focus of its MBA program, the school did not start by dismantling departments. The departments are as strong as ever, but the school built a set of linkages and cross-references among the different disciplines—including a “curriculum navigator” that allows students to see the

links among different disciplines and allows faculty to strengthen them. There is also a whole structure to increase the interdisciplinary focus, including shared cases across courses in different disciplines. There are also specific projects that are designed to form an integrative experience for students to help them apply perspectives from different fields to a single project. There are also initiatives to encourage interdisciplinary approaches to research, involving teams of researchers from multiple perspectives.

Building bridges across the current departmental structure may be an interim solution. While the ideal approach might be to form more of a matrix structure that involves researchers from different backgrounds in solving common problems or addressing decision areas, these types of structural changes take a long time and a lot of effort to implement. For example, at Wharton, individual departments are housed on separate floors, a physical structure that reinforces a disciplinary focus. Changing such physical structures and organizational structures is difficult. As a first step, building bridges to create a more networked organization can achieve a cross-functional perspective without having to change the underlying architecture.

These bridges preserve the inherent strength for a school or an organization in having strong depth in a specific area. Few innovations and deep insights can arise without this kind of deep knowledge. Dismantling these disciplinary advances in favor of an organization of broad generalists would be to sacrifice many of the most significant advances in management, marketing and other business disciplines. As Henry David Thoreau said of “castles in the air,” we need to keep these disciplinary tools and insights but now build a foundation of cross-functional integration and perspectives beneath them so they can be more directly connect with the true business problems facing the organization. This foundation helps avoid the blinders of narrow mental models that can apply this deep expertise to the wrong problem. In research and in practice, creating this common foundation can help cultivate a market perspective across the organization and develop more creative solutions to business challenges.

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