



Business Strategy Interfaces and Frontiers

May 15-16, 2015

WELCOME!

On behalf of the PRISM (Practice and Research in Strategic Management) Foundation, we would like to welcome you to the *Business Strategy Interfaces and Frontiers* Conference featuring the following speakers and discussants:

SPEAKERS

Philip N. Johnson-Laird, Princeton University

Simon A. Levin, Princeton University

Roger Martin, Rotman School

John Sutton, London School of Economics

Lawrence J. White, NYU Stern School

DISCUSSANTS

David J. Collis, Harvard Business School

Pankaj Ghemawat, IESE/NYU Stern

Daniel A. Levinthal, The Wharton School

Jan W. Rivkin, Harvard Business School

We look forward to an extremely stimulating set of interchanges with you!

Pankaj Ghemawat and Dan Levinthal

Business Strategy Interfaces and Frontiers

May 15-16, 2015

Thursday, May 14th	
Reception for participants 5:00pm IESE Business School - 165 West 57 th Street	
Day 1: Friday, May 15th	
8:30 – 9:00	Breakfast
9:00 – 9:30	Introduction Pankaj Ghemawat, IESE/NYU Stern, and Daniel A. Levinthal, Wharton
9:30 – 11:00	Session 1 - Mental Models, Reasoning, and Decision-Making Featured Speaker: Philip N. Johnson-Laird , Stuart Professor of Psychology Emeritus, Princeton University; Visiting scholar, NYU Discussant: Jan W. Rivkin, Harvard Business School General Discussion
11:00 – 11:30	Break
11:30 – 12:30	General Discussion – continued
12:30 – 13:30	Lunch
13:30 – 15:00	Session 2. Market/Regulatory versus Management Failures Featured Speakers: Roger Martin , Director, Martin Prosperity Institute, Rotman School, University of Toronto, and Lawrence J. White , Robert Kavesh Professor of Economics, NYU Stern School Discussant: David J. Collis, Harvard Business School General Discussion
15:00 – 15:30	Break
15:30 – 16:30	General Discussion – continued
18:00 – 20:00	Dinner— Redeye Grill (890 Seventh Avenue)

Day 2: Saturday, May 16th	
8:30 – 9:00	Breakfast
9:00 – 10:30	<p>Session 3. Competing in Capabilities</p> <p>Featured Speaker: John Sutton, Sir John Hicks Professor of Economics at the London School of Economics</p> <p>Discussant: Pankaj Ghemawat, IESE/NYU Stern</p> <p>General Discussion</p>
10:30 – 11:00	Break
11:00 – 12:00	General Discussion – continued
12:00 – 13:00	Lunch
13:00 – 14:30	<p>Session 4. Evolutionary Perspectives on Strategy</p> <p>Featured Speaker: Simon A. Levin, George M. Moffet Professor, Ecology and Evolutionary Biology, and Director of the Center for BioComplexity at Princeton University</p> <p>Discussant: Daniel A. Levinthal, The Wharton School</p> <p>General Discussion</p>
14:30 – 15:00	Break
15:00 – 16:00	General Discussion—continued—and Concluding Thoughts

ABOUT THE CONFERENCE

We are inviting a select group of academics and some distinguished thought leaders from business and consulting to a two-day conference that is meant to stimulate new thinking about strategy. Compared to the typical academic strategy conference, the intent is to take an outside-in perspective by reaching beyond the set of strategy scholars, across two kinds of interfaces:

- Some outstanding scholars from the social and natural sciences will be invited to explore some of the connections of their root discipline to the concerns of business strategy.
- Some thought leaders among business practitioners and consultants will be invited as well, in line with the mission of the PRISM Foundation to improve the connectivity between them and academic strategists.¹

The hope is that interfacing with both of these groups will not only spark some new insights about strategy but also a sense of research frontiers that would benefit from additional work.

May 15

Session 1. Mental Models, Reasoning, and Decision-Making

Featured Speaker: Philip N. Johnson-Laird, Stuart Professor of Psychology, Emeritus, Princeton University; Visiting scholar, New York University

As scholars and practitioners, we tend to operate under the presumption that good decisions in business and in life should be based on logic, decision theory, and game theory. This session challenges those presumptions, both as characterizations of actual behavior and as prescriptive advice for desired behavior. Good reasoning makes for good decisions, and so this session focuses on reasoning. Mental models have a long tradition in cognitive psychology: they represent the world as an end product of perception and of understanding descriptions of situations. This session explores the degree to which such representations, rather than logic, underlie reasoning. Mental representations can be implemented in computer programs for automatic reasoning, and they can even be exploited to improve human reasoning as well. More generally, a close examination of mental representations shows how reasoning and strategic decision making often go wrong.

Session 2. Market/Regulatory versus Management Failures

Featured Speakers: Roger Martin, Director, Martin Prosperity Institute, Rotman School of Management, University of Toronto, and Lawrence J. White, Robert Kavesh Professor of Economics, Stern School of Business, New York University

The financial crisis helped turn the spotlight back on to long-standing issues about how competitive processes might lead to poor outcomes. The debate among economists has concentrated on market versus regulatory failures in explaining what happened. Management thinkers have, in contrast, stressed management failures or

¹ The PRISM (Practice and Research in Strategic Management) Foundation is a nonprofit set up explicitly to promote interchange between researchers in and practitioners of strategic management.

problems within companies rather than in the rules of the game under which they must operate. What have we learned about the roles of market/regulatory failures versus management failures in poor performance? Do they compete with or complement each other as explanations? And are there interesting points of contrast to be made across the developed capitalist economies in this respect? This session will begin with a review of lessons from the financial crisis about the U.S. governance system—and business strategies in that context—before the discussion branches out to consider other administrative contexts as well as possible remedies.

May 16

Session 3. Competing in Capabilities

Featured Speaker: John Sutton, Sir John Hicks Professor of Economics at the London School of Economics

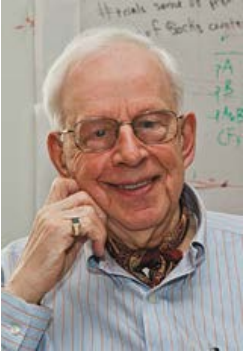
Capabilities have become an object of central interest in contemporary discussions of strategy in both academia and practice. However, this line of work tends to provide a “supply side” perspective focusing on firms in isolation of their competitive context—or take the competitive context as exogenous. The strategy field needs to develop lines of inquiry that link fully developed models of market competition with consideration of the idiosyncratic and path-dependent nature of firms’ capabilities. This session will discuss recent work in industrial organization economics that suggests a useful structure for thinking about the dynamics of competition along this dimension. In addition to providing an opportunity to review such work, this session will focus on translating it to and applying it in a business-strategic context.

Session 4. Evolutionary Perspectives on Strategy

Featured Speaker: Simon A. Levin, George M. Moffett Professor, Ecology and Evolutionary Biology, and Director of the Center for BioComplexity at Princeton University

A central question for strategic management is coping with the persistence of advantage, or at least survival, in a changing competitive context. This challenge is not unique to business organizations, but indeed in some fashion is central to the survival and proliferation of biological organisms as well. As a result, contemporary research and theorizing on evolutionary biology and, relatedly, complex adaptive systems, can offer an important perspective for strategy research and practice. Both intellectual pursuits entail the modeling of heterogeneous actors engaged in competitive, and potentially cooperative, interactions in the context of selection environments subject to endogenous and exogenous changes. While the level of intentionality may differ across the business and biological domain, there are some core commonalities regarding the dynamics of these multi-level systems that are worth exploring.

SPEAKERS



Philip N. Johnson-Laird

The Stuart Professor of Psychology, Emeritus, at Princeton University's Department of Psychology, and a Visiting Scholar at New York University.

He has taught at University College London, University of Sussex, and Cambridge University, where he was a fellow of Darwin College. He was a researcher at the MRC Applied Psychology Unit, Cambridge University, and at the Institute for Advanced Study in Princeton, New Jersey. He has held visiting professorships at Stanford University, and Princeton University. He has published over 350 papers, including 'Flying bicycles: How the Wright brothers invented the airplane,' (2005), and seven books, of which perhaps the most notable are *Mental Models* (1983) and *How We Reason* (2006).

Johnson-Laird is a member of the United States National Academy of Sciences and of the American Philosophical Society. He is a fellow of the Royal Society and the British Academy, a William James Fellow of the Association for Psychological Science, and a Fellow of the Cognitive Science Society. He has been awarded eight honorary degrees, the mind and brain prize from the University of Turin, and the International Prize from the Fyssen Foundation, Paris.



Simon A. Levin

George M. Moffett Professor, Ecology and Evolutionary Biology, and Director of the Center for BioComplexity at Princeton University.

At Cornell University 1965-1992, he was Chair of the Section of Ecology and Systematics, and then Director of the Ecosystems Research Center, the Center for Environmental Research and the Program on Theoretical and Computational Biology, as well as Charles A. Alexander Professor of Biological Sciences (1985-1992). Since 1992, he has been at Princeton University where he is currently George M. Moffett Professor of Biology and Director of the Center for BioComplexity. His research interests are in understanding how macroscopic patterns and processes are maintained at the level of ecosystems and the biosphere, in terms of ecological and evolutionary mechanisms that operate primarily at the level of organisms; in infectious diseases; and in the interface between basic and applied ecology.

Levin is a Fellow of the American Academy of Arts and Sciences and the American Association for the Advancement of Science, a Member of the National Academy of Sciences and the American Philosophical Society, and a Foreign Member of the Istituto Veneto. He is a University Fellow of Resources for the Future, a Fellow of the Beijer Institute of Ecological Economics, and a Fellow of the Society for Industrial and Applied Mathematics. He also has received honorary doctorates from Eastern Michigan University, Whittier College, and Michigan State University. He chaired the Governing Council for IIASA for more than five years and was Vice-Chair from 2009-2012. He serves on the Science Board of the Santa Fe Institute, which he co-chaired from 2007-2010. He is also Vice-Chair for Mathematics

of the Committee of Concerned Scientists. Levin is a former President of the Ecological Society of America and the Society for Mathematical Biology, and a past Chair of the Board of the Beijer Institute of Ecological Economics.

Levin won the MacArthur Award (1988), Distinguished Service Citation (1998) and the Eminent Ecologist Award (2010) of the Ecological Society of America, the Okubo Award of the Society for Mathematical Biology and the Japanese Society for Theoretical Biology, and the Distinguished Scientist Award of the American Institute for Biological Sciences. He was honored with the Dr. A.H. Heineken Prize (2004) for Environmental Sciences by the Royal Netherlands Academy of Arts and Sciences, the Kyoto Prize in Basic Sciences (2005) by the Inamori Foundation, and the Margalef Prize (2010) of the Government of Catalonia.

Levin has mentored more than 100 graduate students and postdoctoral fellows, and has published widely. He is the editor of the influential Princeton Guide to Ecology and the landmark Encyclopedia of Biodiversity.



Roger Martin

Roger Martin is Premier's Chair in Productivity & Competitiveness and Academic Director of the Martin Prosperity Institute at the Rotman School of Management. From 1998 to 2013, he served as Dean. Previously, he spent 13 years as a Director of Monitor Company, a global strategy consulting firm based in Cambridge, Massachusetts, where he served as co-head of the firm for two years.

His research work is in Integrative Thinking, Business Design, Strategy, Corporate Social Responsibility and Country Competitiveness. He writes extensively and is a regular contributor to: Harvard Business Review's The Conversation blog, the Financial Times' Judgment Call column, and Washington Post's On Leadership blog. He has written fifteen Harvard Business Review articles and published eight books: *Playing to Win* (with A.G. Lafley) (Harvard Business Review Press (HBRP), 2013), *Fixing the Game* (HBRP, 2011), *The Design of Business* (HBRP, 2009); *The Opposable Mind* (HBRP, 2007); *The Responsibility Virus* (Basic Books, 2002); *Canada: What It Is, What It Can Be* (with Jim Milway, Rotman-UTP Publishing, 2012); *Diamonds* (with Mihnea Moldoveanu, University of Toronto Press, 2009), and *The Future of the MBA* (with Mihnea Moldoveanu, Oxford University Press, 2008). In addition, he co-edited *Rotman on Design* (with Karen Christensen, Rotman-UTP Publishing, 2013).

In 2013, Roger placed 3rd on the Thinkers50 list, a biannual ranking of the most influential global business thinkers, moving up from 6th in 2011 and 32nd in 2009. In 2013, he placed behind only Clay Christensen and Chan Kim. In 2010, he was named one of the 27 most influential designers in the world by Business Week. In 2007 he was named a Business Week 'B-School All-Star' for being one of the 10 most influential business professors in the world. Business Week also named him one of seven 'Innovation Gurus' in 2005.

He serves on a number of public service boards: Skoll Foundation, Canadian Credit Management Foundation, Tennis Canada (past chair), and Ontario Task Force on Competitiveness, Productivity and Economic Progress (chair). A Canadian from Wallenstein, Ontario, Roger received his AB from Harvard College, with a concentration in Economics, in 1979 and his MBA from the Harvard Business School in 1981.



John Sutton

John Sutton is the Sir John Hicks Professor of Economics at the London School of Economics. He has been a Visiting Associate Professor at Tokyo University, a Marvin Bower Fellow at the Harvard Business School, and a Visiting Professor of Economics at Harvard University, and at the Graduate School of Business, University of Chicago. His books include *Sunk Costs and Market Structure* (MIT Press, 1981), *Technology and Market Structure* (MIT Press, 1998), *Marshall's Tendencies: What Can Economists Know?* (MIT and Leuven University Press, 2000) and *Competing in Capabilities: The Globalization Process* (Oxford University Press, 2012). He has

been a consultant for the World Bank since 2000, and served on the Advisory Committee on Access to the Japanese Market (Tokyo) from 1995 to 2002. He served as a member of the Group of Economic Advisors to the President of the European Union from 2001-2004, and of the Enterprise Strategy Group (Ireland), which reported in 2004. He is a Fellow of the Econometric Society, and of the British Academy, and was President of the Royal Economic Society from 2004 to 2007.



Lawrence J. White

Lawrence J. White is Robert Kavesh Professor of Economics at New York University's Stern School of Business and Deputy Chair of the Economics Department at Stern. During 1986-1989 he was on leave to serve as Board Member, Federal Home Loan Bank Board, in which capacity he also served as Board Member for Freddie Mac; and during 1982-1983 he was on leave to serve as Director of the Economic Policy Office, Antitrust Division, U.S. Department of Justice. He is the General Editor of *The Review of Industrial Organization* and formerly Secretary-Treasurer of the Western Economic Association International.

Prof. White received the B.A. from Harvard University (1964), the M.Sc. from the London School of Economics (1965), and the Ph.D. from Harvard University (1969). He is the author of *The Automobile Industry Since 1945* (1971); *Industrial Concentration and Economic Power in Pakistan* (1974); *Reforming Regulation: Processes and Problems* (1981); *The Regulation of Air Pollutant Emissions from Motor Vehicles* (1982); *The Public Library in the 1980s: The Problems of Choice* (1983); *International Trade in Ocean Shipping Services: The U.S. and the World* (1988); *The S&L Debacle: Public Policy Lessons for Bank and Thrift Regulation* (1991); and articles in leading economics, finance, and law journals. He is the co-author of *Guaranteed to Fail: Fannie Mae, Freddie Mac, and the Debacle of Mortgage Finance*, Princeton University Press, 2011 (with V.V. Acharya, M. Richardson, and S. Van Nieuwerburgh).

He is editor or coeditor of twelve volumes: *Deregulation of the Banking and Securities Industries* (1979); *Mergers and Acquisitions: Current Problems in Perspective* (1982); *Technology and the Regulation of Financial Markets: Securities, Futures, and Banking* (1986); *Private Antitrust Litigation: New Evidence, New Learning* (1988); *The Antitrust Revolution* (1989); *Bank Management and Regulation* (1992); *Structural Change in Banking* (1993); *The Antitrust Revolution: The Role of Economics*, 2nd edn. (1994); *The Antitrust Revolution: Economics, Competition, and Policy*, 3rd edn. (1999); *The Antitrust Revolution: Economics, Competition, and Policy*, 4th edn. (2004); *The Antitrust Revolution: Economics, Competition, and Policy*, 5th edn. (2009); and *The Antitrust Revolution:*

Economics, Competition, and Policy, 6th edn. (2014). He was the North American Editor of The Journal of Industrial Economics, 1984-1987 and 1990-1995.

Prof. White served on the Senior Staff of the President's Council of Economic Advisers during 1978-1979, and he was Chairman of the Stern School's Department of Economics, 1990-1995.

DISCUSSANTS



David J. Collis

For the past thirty years David J. Collis has been a professor at the Harvard Business School, where he is the Thomas Henry Carroll Ford Foundation Adjunct Professor of Business Administration within the Strategy Unit – only the second full-time Adjunct Professor appointed at HBS. Previously, he was the MBA Class of 1958 Senior Lecturer and an Associate Professor in the Strategy group at the Harvard Business School, having also completed five years as the Frederick Frank adjunct Professor of International Business Administration at the Yale School of Management and two years as a professor at Columbia Business School. The winner of the 50th Anniversary McKinsey Award for the best article in the Harvard Business Review in 2008, and a Harvard Business Review best-selling author, he is an expert on corporate strategy and global competition, and is the author of the recent books *International Strategy: Context, Concepts and Choices*; *Corporate Strategy* (with Cynthia Montgomery); and *Corporate Headquarters* (with Michael Goold and David Young). Professor Collis is on the faculty for several HBS Executive Education programs, including Strategy: Building and Sustaining Competitive Advantage, and chairs Corporate Level Strategy and Global. As the author of over twenty five articles and book chapters, his work has been frequently published in the Harvard Business Review, Academy of Management Journal, Strategic Management Journal, and in many books including *Managing the Multibusiness Company*, *International Competitiveness*, and *Beyond Free Trade*. The more than fifty cases he has authored have sold over 1 million copies worldwide and his articles over a quarter of a million copies, with nearly 7,000 citations.



Pankaj Ghemawat

Pankaj Ghemawat is the Global Professor of Management and Strategy and Director of the Center for the Globalization of Education and Management at the Stern School of Business at New York University, and the Anselmo Rubiralta Professor of Global Strategy at IESE Business School. Between 1983 and 2008, he was on the faculty at the Harvard Business School where, in 1991, he became the youngest person in the school's history to be appointed a full professor. His books include *Commitment* (The Free Press, 1991), *Games Businesses Play* (MIT Press, 1997), *Redefining Global Strategy* (Harvard Business Review Publishing, 2007), and *World 3.0* (Harvard Business Review Publishing, 2011). Ghemawat has been elected a Fellow of the Academy of International Business and of the Strategic Management Society. Other recent honors include the Booz Eminent Scholar Award of the International Management Division of the Academy of Management, the McKinsey Award for

the best article published in the *Harvard Business Review*, the Irwin Educator of the Year award from the Business Policy and Strategy Division Academy of Management and being ranked among the top dozen business thinkers in the world by Thinkers50. Ghemawat previously served as Editor for Business Strategy at Management Science and is the Founder-Chairman of PRISM.



Daniel A. Levinthal

Daniel A. Levinthal is the Reginald H. Jones Professor of Corporate Strategy at the Wharton School, University of Pennsylvania. He has published extensively on questions of organizational adaptation and industry evolution, particularly in the context of technological change. He is a past winner of the Strategic Management Society's Best Paper prize and is a Fellow of the Strategic Management Society. He is also a Fellow of the Academy of Management and has received the Distinguished Scholar Award from the Organization and Management Theory Division of the Academy. The Business Policy and Strategy Division of the Academy has awarded him the Irwin Educator of the Year award. Daniel Levinthal currently services as Editor-in-Chief of Strategy Science and has previously served as the Editor-in-Chief of Organization Science and Editor for Business Strategy at Management Science and is a founding officer of PRISM. He has received an honorary doctorate from the University of Southern Denmark and the University of Tilburg and has held visiting professorships at the Harvard Business School, the Sant'Anna School of Advanced Studies, University of New South Wales, and LUISS University.



Jan W. Rivkin

Jan W. Rivkin is the Senior Associate Dean for Research and a Professor in the Strategy Unit at Harvard Business School. His research, course development, and teaching efforts examine the interactions across functional and product boundaries within a firm – that is, the connections that link marketing, production, logistics, finance, human resource management, and other parts of a firm. His work analyzes, first, how such interactions constrain managerial behavior and, second, how managers use cognitive devices and organizational design to cope with decisions whose ramifications span boundaries.

Rivkin's scholarly work has appeared in journals such as *Management Science*, *Organization Science*, the *Strategic Management Journal*, the *Academy of Management Journal*, *Administrative Science Quarterly*, and *Research Policy*. Much of this work uses simulations of complex adaptive systems to examine the theoretical implications of cross-cutting interactions. His empirical work on the topic employs a mix of large-scale statistical studies, field research, and case studies.

Rivkin also co-chairs HBS's project on the competitiveness of the United States. In that role, he has worked with a faculty team to explore steps that leaders--especially business leaders--can take to improve the ability of firms in the U.S. to win in the global marketplace and support American living standards. His work in this domain focuses on (a) how managers choose to locate business activities in the United States or elsewhere and (b) how business leaders can best work with educators to improve America's schools.

Attendees at Business Strategy Interfaces and Frontiers conference (May 15-16, 2015)

Ron Adner	Tuck School of Business	Gardiner Morse	Harvard Business Review
Gautam Ahuja	Ross School of Business	Joe Porac	Stern School of Business
Steve Altman	Stern School of Business	Dan Raff	The Wharton School
Nick Argyres	Olin Business School	Evan Rawley	Columbia Business School
Rahul Basole	Georgia Institute of Technology	Joan Enric Ricart	IESE Business School
Bruce Buchanan	Stern School of Business	Jan Rivkin**	Harvard Business School
Luis Cabral	Stern School of Business	Brooke Robbins	IESE Business School
Bruno Cassiman	IESE Business School	Michael Ryall	Rotman School of Management
David Collis**	Harvard Business School	Raffaella Sadun	Harvard Business School
Felipe Csaszar	Ross School of Business	Melissa Schilling	Stern School of Business
JP Eggers	Stern School of Business	Rob Seamans	Stern School of Business
Kathy Eisenhardt	Stanford University	John Seaman	The Winthrop Group
Christina Fang	Stern School of Business	Zur Shapira	Stern School of Business
Justin Fox	Bloomberg	Myles Shaver	Carlson School of Management
Alfonso Gambardella	Università Bocconi	Daniel Simpson	Haas School of Business
Claudia Gartenberg	Stern School of Business	John Sutton*	London School of Economics and Political Science
Giovanni Gavetti	Tuck School of Business	David Teece	Haas School of Business
Pankaj Ghemawat**	IESE/Stern School of Business	Mary Tripsas	Carroll School of Management
Deepak Hegde	Stern School of Business	Eric Van den Steen	Harvard Business School
Tom Hout	The Fletcher School of Law and Diplomacy	Patrick Viguerie	Innosight and a Director Emeritus at Mckinsey
Joanne Hvala	Stern School of Business	Belen Villalonga	Stern School of Business
Michael Jacobides	London Business School	Natalya Vinukurova	The Wharton School
Philip Johnson-Laird*	Princeton University	Allen Webb	McKinsey Quarterly
Art Kleiner	Strategy&Business	Shellwyn Weston	New York University
Michael Lenox	Darden School of Business	Lawrence White*	Stern School of Business
Simon Levin*	Princeton University	Irving Wladawsky-Berger	New York University
Daniel Levinthal**	The Wharton School	Brian Wu	Ross School of Business
Sonia Marciano	Stern School of Business	Dennis Yao	Harvard Business School
Roger Martin*	Rotman School of Management	Peter Zemsky	INSEAD
Anoop Menon	The Wharton School	*Speaker	**Discussant