

SUMMARIES

5 The Flattened Firm: Not as Advertised

Julie Wulf

For decades, management consultants and the popular business press have urged large firms to flatten their hierarchies. Flattening (or delayering) typically refers to the elimination of layers in a firm's hierarchy and the broadening of managers' spans of control. The alleged benefits flow primarily from pushing decisions downward to enhance market responsiveness and improve accountability and morale. Has flattening delivered on its promise? This article demonstrates that flattening management layers can have the opposite effect from their intention. In fact, flattened firms typically exhibit more control and decision making at the top.

24 Ecosystem Advantage: How to Successfully Harness the Power of Partners

Peter James Williamson and Arnoud De Meyer

Changes in the global environment are generating opportunities for companies to build advantage by creating loosely coupled networks or ecosystems. Ecosystems are larger, more diverse, and more fluid than a traditional set of bilateral partnerships or complementors. By leveraging ecosystems, companies can deliver complex solutions while maintaining corporate focus. This article describes six keys to unlock ecosystem advantage: pinpointing where value is created, defining an architecture of differentiated partner roles, stimulating complementary partner investments, reducing the transaction costs, facilitating joint learning across the network, and engineering effective ways to capture profit.

47 A Fat Debate on Big Food? Unraveling Blogosphere Reactions

Ans Kolk, Hsin-Hsuan Meg Lee, and Willemijn Van Dolen

Confronted with public concerns about health and obesity, food companies are taking several initiatives. However, it is unclear to what extent they should communicate these policies. This article explores reactions in the blogosphere to health-related announcements by large food companies. Results show that taste-related announcements generate not only more reactions, but also more positive buzz than knowledge-related announcements. Valence is influenced by issue association per company type: those with highest obesity associations generate more negative blog posts. In case of low issue association, there are only limited blogosphere reactions. This analysis has important implications for managing interaction with social media.

74 Sustainability: How Stakeholder Perceptions Differ from Corporate Reality

John Peloza, Moritz Loock, James Cerruti, and Michael Muyot

A strong reputation is widely acknowledged to be the most valuable asset of a firm, and sustainability has become an important component of corporate reputation. Many stakeholders, from customers to investors to employees to purchasing managers, report that sustainability is an important factor in their decision-making processes. However, sustainability messages have become ubiquitous—almost table stakes—for most large firms. In such an active marketplace, especially for firms who have not pursued leadership positions, it is difficult for companies to use sustainability to create meaningful differentiation from competitors and thus benefit from their investments. There is often a major gap between stakeholder perceptions and firm performance. Firms that integrate sustainability into their culture and business practices are better able to integrate sustainability messaging into mainstream communications.

98 Enhanced Market Practices: Poverty Alleviation for Poor Producers in Developing Countries

Kevin McKague and Christine Oliver

Interest in market-based solutions to reduce poverty has grown substantially in the last decade. However, missing from the core of the management conversation has been an adequate understanding of the poor as producers. Drawing on an in-depth study of market-based poverty alleviation initiatives for smallholder farmers by a non-governmental organization in a least developed economy, this article explains how a non-state organization can reduce poverty for poor producers and improve overall market functioning. It suggests that meaningful improvements in income can be explained by the enhancement of market practices that redistribute social control toward poor producers and reduce the constraining effects of market and governance failures.

130 Environmental Regulation and Innovation Dynamics in the Oil Tanker Industry

Zoran Perunovic and Jelena Vidic-Perunovic

The maritime industry is widely seen as less permeable to innovation than other industries. However, the industry is now recognizing that demands for increased environment protection can only be achieved by more innovation. This study demonstrates that environmental innovation has played a significant role in changing the industry's innovation paradigm. It has also been transformed over time.

149 Alphabet Energy: Thermoelectrics and Market Entry

Beverly Alexander, Adam Boscoe, Mason Cabot, Philip Dawsey, Luc Emmanuel Barreau, and Russell Griffith

Alphabet Energy was founded in 2009 with a new thermoelectric technology that had the potential to advance energy efficiency by recovering heat wasted in combustion and mechanical processes. Matt Scullin, Alphabet's founder, and his team were convinced that their product was cheaper to produce, and therefore had more than 80 different potential applications. By 2010, Alphabet was facing its biggest challenge yet—how to select its initial market. After receiving seed funding in early 2010, Alphabet was choosing among four markets: Automotive, Aerospace and Defense, Power Generation, and Manufacturing.