In This Issue

A belated happy new year to you all for this, the first ISBM newsletter of 2013. Our feature article is a provocative piece from Nirmalya Kumar, “Made in India vs. India Inside: two paths to global impact.” Nirmalya’s views on the geo-economics of B2B innovation, focusing on the case of India, provides a challenge for marketing academics attempting to identify major business trends that call for research. Many of you will find Nirmalya’s comments provocative and we hope to see your responses in the research proposals you submit to the ISBM.

Fred Wiersema provides an update on the activities and initiatives of the B2B Leadership Board. If the issues he cites are of interest, please contact Fred so he can involve you in the exciting activities he cites.

We report on the recipients of the 2012 ISBM Doctoral Competition support awards to three worthy recipients, Jeffrey P. Boichuk of the University of Houston, Jeff S. Johnson of the University of Nebraska-Lincoln and Yingge Qu of Georgia State University. Congratulations on the excellent work!

Ralph Oliva provides a preview of the very exciting upcoming ISBM Winter meeting in Tampa, February 27-28. The topic, “From Data, to Insight, to Action: Mobilizing Customer and Market Insight to Drive Profitable Growth in B2B” is one of central interest both to academics and practitioners. There is still time for academics to register and attend—the interaction should provide great value to all.

Raj Grewal provides an update on current and upcoming IPSS offerings. Please watch for the next newsletter when the Fall 2013 offerings will be announced.

Do enjoy the newsletter and keep in close touch!

Gary and Raj
Popular thinking considers a nation to be innovative when products bearing the nation’s brand achieve success in global markets. This is how the U.S., Japan and Korea have come to be accepted worldwide as countries whose innovations have had global impact. However, this thinking ignores the reality of how industrial innovation, particularly product development for global markets in multi-national companies—occurs today.

In our book *India Inside* we described what we learnt from our research—that innovation and product development activities are increasingly organized in a globally segmented manner among some of the most technologically sophisticated corporations today. Segmenting R&D activities means breaking activities down into smaller parts that can be performed in different geographies. An obvious segmentation of R&D is vertical, into processes that capture customers’ requirements, generate product specifications, search out technological solutions to meet the desired specifications, prototype the results, and then manufacture and sell the results of the process. This type of segmentation creates a strong sense of sequence: one process requires the preceding processes to have been conducted, if not completed. Another method is horizontal—a kind of segmentation that often arises in complex, multicomponent technologies, such as engines, IT hardware, or even complex software. The various components involved, in principle, could be developed in parallel, as long as the component interfaces support eventual assembly and interoperability.

With vertical segmentation, which most people find intuitive, the Indian R&D unit of an MNC might work to the specifications that another R&D or marketing unit in the United States designed. With horizontal segmentation, the Indian unit might contribute its specialist expertise to the development of one of the subsystems that constitute the final product. But because no country unit is solely responsible for the final result, it is difficult to associate any particular country with the innovation.

Indeed, either type of segmentation of R&D activities would make Indian contributions invisible to end consumers.

Thus, Guillermo Wille who used to lead GE’s R&D unit in Bengaluru would take great pains to state clearly that he could not take sole credit for the aircraft engines and wind turbines that provide classic examples of complex products with multiple subsystems and component technologies. But equally important, no other R&D unit in the GE network can claim sole credit, either! The segmentation of R&D efforts thus effectively wraps a cloak of invisibility around the innovation taking place in the more than 750 R&D units of MNCs in India today, of which the units of Texas Instruments, Intel, Cisco, Microsoft, Astra Zeneca and EMI are just a few.

Further, it is increasingly likely that some parts of an MNC’s product innovation work may be segmented beyond the firm’s boundaries, and find their way into the R&D outsourcing businesses of Indian firms like DRL, Wipro, HCL or Biocon, even if their names never appear in the final product’s branding and marketing communications. When global companies outsource parts of their product development processes to Indian companies, the innovative work being done in India becomes doubly invisible, cloaked by (at least) two corporate boundaries. The global segmentation of R&D, with or without outsourcing, thus makes the question “Where was it really innovated?” difficult to answer, if not outright irrelevant. Claims that something was “Made in ___” must increasingly be treated with some scepticism, particularly in sectors where the global segmentation of R&D is taking off. Against this backdrop, when some of our Indian students ask us wistfully when we expect to see a “Made in India” high-technology product hit the global market, we are forced to wonder if this is akin to wishing for a Henry Ford in a world dominated by the Toyota Production System.

Despite touching the daily lives of consumers around the globe, the increasingly segmented nature of product innovation activities ensures that many Indian innovations are not conspicuous as being Indian. Intel ensures that end consumers know they are using a personal computer powered by “Intel Inside,” but there is no “India Inside” label on products that embed innovations originating in India, hence the title for our book. Even if no single Google, iPod, or Viagra like product were to emerge with a “Made in India” label, invisible innovations representing “India Inside” have already had significant global impact. There are implications for many stakeholders. Clearly, many
**Made In India vs. India Inside: Two Paths To Global Impact**  
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MNCs see India today as able to move from the localization of products for domestic market to contributing to developing products for regional and global markets. Policy makers in the developed world confident of keeping highly paid innovation jobs at home should take note. But perhaps most important, India’s future innovators and entrepreneurs should draw confidence from the fact that there already exist several “existence proofs” of their capacity to contribute to innovations for global markets, whether they chose the “India Inside” or the more conventional “Made in India” route to global impact.


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**2012 ISBM Doctoral Support Awards Competition Winners Announced**

The Institute for the Study of Business Markets (ISBM) is pleased to announce the winning entries in its 2012 Dissertation Support Award Competition, selected from a total of thirty-one entries. Each are named ISBM Business Marketing Doctoral Fellows:

Jeffrey P. Boichuk, University of Houston  
Earnings Management Practices in Sales and Strategic Accounts  
*PhD Advisors: Professors Michael J. Ahearne and Thomas J. Steenburgh*

Jeff S. Johnson, University of Nebraska-Lincoln  
The Implementation of New Marketing Strategies By Business-To-Business Salespeople: The Constraining Factor Model  
*PhD Advisor: Professor Ravipreet S. Sobi*

Yingge Qu, Georgia State University  
Modeling the Dynamic Decision of a Contractual Adoption of a Continuous Innovation in B2B Markets  
*PhD Advisor: Professor V. Kumar*

Dissertation competition entries are judged on the rigor of the proposed work and the relevance of that work to B-to-B marketing practice. Each winner will each receive grants of $7500 to support their research. This ISBM award has supported outstanding B-to-B dissertation work since its inception in 1991. For information about the competition or to see a list of past winners see [http://isbm.smeal.psu.edu/research/doctoral-awards](http://isbm.smeal.psu.edu/research/doctoral-awards).

Congratulations to all!
B2B Leadership Board Update:  
**The Spotlight on Innovation and Marketing’s Role**

Innovation in business markets is one of the top priorities on the new ISBM research agenda, as noted in the November 2012 issue of this newsletter. To underscore its importance, we found that B2B practitioners keep bringing up innovation as a key determinant of their companies’ prospects in years to come, yet express concern about the effectiveness of their practices. In addition, it is disconcerting to find that a large body of pertinent knowledge and insights about better innovation practices has either been ignored or substantially under-utilized in many B2B companies.

With B2B marketplaces in flux and with marketing’s role evolving (as suggested by the findings of our B2B Agenda exploration), there is a need to bring the key issues and challenges into sharper focus, both for researchers and managers. Innovation is a loosely defined and vast topic, involving numerous constituents and dimensions. To provide focus, the B2B Leadership Board is concentrating on where and how marketing can perform a pivotal customer perspective in the innovation process: what is marketing’s distinctive knowledge, and how can that be better leveraged in the innovation process? The B2B Leadership Board is moving on two fronts to address these questions.

**FRONT 1: RESEARCH THEMES**

These and related questions were addressed in an ISBM-sponsored workshop in August 2012, orchestrated by Abbie Griffin and involved key senior academics and research-oriented practitioners, to help set directions for research. The previous ISBM Newsletter highlighted four main themes that emerged from that workshop, along with a call for proposals that was very well received. The themes are: 1. Understanding B2B customer needs and customer involvement in new product development; 2. Innovating beyond the lab; 3. Dissemination of research findings in firms; and 4. Marketing’s overall role in B2B innovation. We are in the process of selecting several of the submitted proposals for funding. Those proposals will also be explored further in an Innovation-Marketing Symposium that the B2B Board is planning, to be hosted at MIT in June. That Symposium will be attended by the researchers involved in the chosen topics along with selected practitioners for whom the issues are of central interest. The funded research proposals along with the findings from the symposium should put the spotlight on, and deepen our knowledge about these pertinent issues.

In parallel, the August 2012 workshop participants, with Abbie as lead author, are finalizing a paper discussing the four innovation-related themes more fully and offering the B2B research community a further set of research questions.
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FRONT 2: THE CURRENT STATE OF PRACTICE

The B2B Board’s other activity aims at assessing the current state of B2B practice concerning firms’ use of customer knowledge and voice-of-the-customer and related methods in their innovation processes. This effort will be exploratory in nature, providing managers with an informed perspective on prevailing conditions, with a maturity model detailing the formal stages of sophistication of practice being an anticipated outcome. This exploration will also serve to provide context for researchers addressing one or more of the four themes mentioned above, complementing those inquiries into specific research themes.

BRIDGING THE RESEARCH-PRACTICE DIVIDE

B2B Board activities continue to seek synergies between B2B academic research and what is of value to B2B practice. Our belief is that to bridge the research-practice divide, there are certain conditions that need nurturing:

• a shared sense of urgency with respect to customers’ importance in innovation
• a tangible set of themes that appeal to both academics and managers, where deepening our insights can enrich knowledge and theory while advancing B2B practice
• a delineation of how marketing can best fit in the innovation space, and how this fit affects marketing’s interface with other academic disciplines and functions in firms
• a focus on the kinds of managers most amenable to value the contributions emerging from a closer research-practice engagement.

We appreciate your ongoing interest and involvement, and encourage any feedback or ideas to move these joint efforts along.

* The B2B Agenda was published by the ISBM in the fall of 2012. Researchers who did not receive a hard copy and would like one should send an e-mail showing their postal address to lnicolini@psu.edu to obtain a complimentary copy. The document can also be purchased on Amazon.com.

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From the Membership:
From Data to Insight to Action:
Mobilizing Customer and Market Insight to Drive Profitable Growth in B-to-B

Insight. What is it? Where does it come from? How can our firm get more, and act on it? What can we learn from research? And… What additional research should we be doing in this area?

At our upcoming ISBM Winter Meeting, February 27-28, 2013 at the Renaissance International Plaza Hotel in Tampa, we will be exploring how firms can or should move from “data, to insight, to action.”

Many ISBM member firms are striving to get better market-connected and to make better use of the tools and techniques of market research. Many firms are getting serious about learning and applying the true “Voice of the Customer” technique pioneered by Abbie Griffin and John Hauser and. But even as ISBM member firms work to get better market connected, questions arise on how to best mobilize the data, how to understand what customers and markets are saying and to use those data and those insights to inform marketing strategy, value propositions, and selling plans. These questions form the core of our February ISBM Winter Members Meeting, which we hope will lead to

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better uses of such information for B2B firms and point to some pathways for future research by academics.

Larry Prusak, founding director of the IBM Institute for Knowledge Management, will kick off our meeting. Together with Tom Davenport, Larry has written extensively on how firms can better acquire, manage, and mobilize market knowledge. Larry will frame some fundamental questions: What is insight? Where does it come from? And how can firms use and profit from it? As the ISBM team works with member firms, we often find the practice of Knowledge Management – extracting insight from data and knowledge a firm gathers – to be primitive. Academic research would be very beneficial here – especially in identifying the relative effectiveness of different processes for deploying knowledge in strategy and action planning.

Next we will hear from Paulo Costa, Director of Advanced Analytics at Cisco, who will discuss what Cisco has coined the “Wallet, Acquisition and Retention (WAR)” Program. CISCO is mobilizing data both to acquire attractive customers and to retain their best customers. As Cisco is more advanced in this area and has amassed more data than most other ISBM member companies, it might serve as a research partner for an interested academic.

Reza Soudagar, author of The Customer Experience Edge, will be talking about what is needed in the B2B world to deliver a great customer experience that builds loyalty and turns it into real, measurable profits. Reza is currently Senior Director, Database and Technology Lines with SAP and will draw on his work in previous positions with Accenture and Oracle.

Next, ISBM Fellow Dr. Abbie Griffin will report on some exciting work captured in her new book Serial Innovators. She will be reviewing another interesting pathway for research – tapping into those people in larger firms who find a way to innovate again and again – and have their own “special methods” of gathering customer insight.

Rounding out our first day, we will hear a case study on customer insight derived from segmentation from George Parr, Executive VP, Optimal Strategix (and former CMO of Diversey). Following George, Pam Brown, Global Manager of Customer and Market Insight at DuPont, will discuss an effort she’s leading to develop a “strategic information resource” for use across the entire firm.

Jean Angus, Director of Innovation Processes, Saint-Gobain and Dan Adams, President, Advanced Industrial Marketing will kick off the second day of our meeting. Saint-Gobain is working with Dan Adams on a special customer need tracking program using Dan’s “New Product BluePrinting” process, a process gaining traction with many ISBM member firms. Dan is gathering a mass of data – which could become a rich resource for academic research.

Philip Fracassa, Senior VP, Planning and Development at Timken, has been implementing segmentation in business-to-business markets. Timken developed and presented an important segmentation case at the AMA “MPlanet” Marketing Summit in 2009. The segmentation story reported there has continued, and Philip will be reviewing a “segmentation-driven transformation” under way at Timken.

Dr. George Brown, CEO of BlueCanyon Partners, will conclude our meeting, talking about the impact of customer insight at “Stage/Gate Zero.” He will review several cases from his practice on how data has been mobilized on the “fuzzy front end” of the innovation process. This is an area of perennial interest for ISBM members, and an area which would bear additional research – especially as market connectivity and behavior continues to change with the growth of social media.

From Data to Insight to Action. Better understanding and improving this process represents an important opportunity across ISBM member firms, and an area that would certainly bear fruit for researchers helping navigate this process more successfully. I hope you will join us Tampa in February!

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