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On the Origin of Great Strategies

Giovanni Gavetti,^a Joe Porac^b

^aTuck School of Business, Dartmouth College, Hanover, New Hampshire 03755; ^bLeonard Stern School of Business, New York University, New York, New York 10012

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Introduction

Anyone who has taught a core strategy course has faced the question that motivates this special issue of *Strategy Science* on the origins of great strategies. After the course is over, inevitably a student or two will corral the instructor and ask, “Professor, the course was excellent, and the tools and concepts you provided really help me to understand strategic management. But, tell me, where do great strategies *really* come from, and how can I develop one?” We have always found this question a bit curious because it points to a gap in how strategy is often taught, and perhaps to a broader gap in our scholarly understandings. The frameworks that are provided in a foundations of strategy course are excellent for setting the stage for strategy formulation. They help students develop the right *forma mentis* for thinking about strategy, and certainly offer a battery of tests to evaluate the soundness of strategic ideas. But, students believe there is something more, and they ask for it. They ask for guidance on how strategic management concepts can help them to make a unique, profitable difference with their strategies, a difference that provides the foundation for a successful and thriving firm. What is a *great* strategy? Where do great strategies originate? And how can a strategist formulate one, or facilitate its development? We believe these are challenging questions, and conversations with colleagues over the years suggest that others in the field find them challenging as well. These are the questions that we set out to address in organizing this special issue of *Strategy Science*.

We wrote this integrative editorial, our contribution to this special issue, with three goals in mind. First, we wish to provide the reader with background on why and how this special issue came to be. Another goal is to provide a general road map to help the reader navigate the arguments and varied perspectives that are covered by the special issue contributors. Finally, we would like to articulate a general framework that helps

to integrate these varied perspectives and hopefully gives readers a useful way to think about the questions at hand. Several times in reflecting about the contributions and how we could integrate them, we found ourselves saying, almost in unison, something along these lines: “No matter what happens with the special issue, whether it ends up changing the conversation, one thing is clear—only three months ago our own conversations and understandings of the origin of great strategies were at least an order of magnitude shallower than they are right now.” We hope our framework conveys, in a parsimonious manner, the kind of epiphanies we ourselves have had over the course of the past year.

Inspiration

The inspiration for this special issue evolved over the spring, summer, and fall of 2016. At a few different conferences, the two of us were asked to discuss, debate, and elaborate the microfoundations of creative strategies. We are both unabashedly “cognitivists” in that we are inspired by Simon’s (1947) insight that the relationship between an organization’s environmental demands and managerial choice is mediated by managerial cognitive representations. So, both of us are inclined to believe that great strategies are, at least to some degree, rooted in how strategists and top management teams think about and represent the market or competitive order in which their firms act. We discovered in our discussions and debates, however, that this fundamental commonality masks a variety of differences in our respective views on where great strategies come from and, relatedly, on the role of the strategist. Are great strategies evolutionary outcroppings produced by selection forces operating on semi-inert myopic economic actors? Or are they the product of superior foresight, informed by deep context-specific expertise? Or are they acts of constructive imagination by the actors involved, reframing and redefining large swaths of the market landscape? Are great

strategies imposed on firms by strong cues and affordances in the competitive environment? More generally, are great strategies the products of a superior ability to “figure out” the world, or are great strategies those that “enact” a unique world of opportunities as a strategist imagines them? As we discussed these and other issues, it became clear to us that one’s approach to the nature and origin of great strategies is crucially dependent on the foundational assumptions one makes about agency, rationality, reality, et cetera. As such, answers to the question, Where do great strategies come from? are likely to be as varied as the field of strategic management itself.

It was this realization that prompted us to conclude that a single approach to the origin of great strategies might be impossible, and if one *is* possible, it would be so only after understanding how the issue of great strategies crosscuts and intertwines with the many varied perspectives of the field as a whole. We agreed that this sort of overview would best be undertaken as a collective effort with other strategy and organizations scholars, and we approached Dan Levinthal about whether *Strategy Science* could be the outlet for a collective discussion on the origins of great strategies. Dan graciously agreed, and after honing a joint vision for a special issue during the early months of 2017, we invited 17 prominent strategy and organizations scholars to contribute short articles on the subject. Fifteen scholars agreed to participate: Professors Barnett, Brandenburger, Burt, Eisenhardt, Ghemawat, Levinthal, Ocasio, Podolny, Powell, Rao, Rindova, Schilling, Silverman, Whittington, and Zenger. Many of the 15 invited coauthors to join them in the project: Professors Bingham, de Figueiredo, Dutta, Felin, Fink, Joseph, Martins, and Soda, and the leader of the BCG Henderson Institute, Martin Reeves. Collectively, the 24 contributors to this special issue represent a rich cross section of the theoretical perspectives that currently define the strategy and organizations literature.

We provided the authors only broad guidelines for their contributions. We asked that they focus their efforts on the very practical student-driven question, Where do great strategies come from, and how do I develop one? We strongly encouraged them to answer the question from either their own theoretical standpoint or from a position informed by their own research. We left the definition of “great strategy” to them and urged them to take their point of view as far as they could comfortably take it in defining greatness and accounting for great strategies. Over the summer of 2017, we exchanged drafts and emails with the authors, providing feedback and advice on what they were writing, but our editorial focus was quite general and directed toward maximizing the distinctiveness of each of their voices. We conceptualized the scope of the papers as a journey through the varied

perspectives of our field and what each perspective had to say about the origins of great strategies. Authors worked in isolation of the other special issue contributors in producing drafts that were close to completion by the end of August 2017. In mid-September 2017, the two of us as well as most of the contributors convened at Apple University in Cupertino, California, for a day to exchange ideas and circulate feedback on the respective papers. This workshop was the first opportunity for the authors to hear about the other contributions to this special issue and to debate the nuances of their own perspectives with those who were making related arguments. They also confronted perspectives that were quite different from their own. Following the workshop, authors were afforded one last opportunity to revise their papers for this special issue after receiving additional editorial feedback.

Illustrative Exemplars of Strategic Greatness

Since we encouraged contributors to define great strategies on their own, some took up the invitation and worked an explicit definition of greatness into their paper. Many, however, dealt with this issue empirically by giving examples of companies and strategies that, for them, exemplified greatness through action and success. In this regard, the Apple University venue for the workshop was especially fortuitous. Apple’s history is well known in strategy circles, and various Apple cases are standard fare in strategy classrooms. By just about any qualitative or quantitative measure, it is difficult not to consider Apple one of the great success stories of modern business. Spending the day on the Apple campus in Cupertino gave us the opportunity to interact with Apple executives and to debate the nuances of great strategies among ourselves within the context of a large global enterprise currently enjoying the height of its success as the most valuable company in the world. We encouraged contributors to exploit this context in their papers, and many did. In the end, we think that this common backdrop adds to the uniqueness and informativeness of this special issue because contributors from very different theoretical perspectives found at least some support for their arguments in various aspects of Apple’s strategic history. While the inspiration for this special issue came from our conclusion that divergent perspectives in the field may have quite disparate accounts of great strategies, the Apple exemplar as interpreted by the different contributors suggests that such accounts may not be mutually exclusive. This was an important realization for us. Different perspectives may make different assumptions about the world, and as a result emphasize different key considerations. Yet, given the complex multidimensionality of organizations, strategies, and greatness, we eventually began to see that the different views expressed in this special issue were far

from mutually exclusive, with some even being complementary. This realization gave additional impetus to our desire to compare and contrast the arguments and our attempt to pull them together in a way that provides a coherent answer to the questions that motivated this special issue.

Of course, Apple is not the only exemplar company used by the contributors to illustrate various elements of great strategies. Others include Starbucks, Vanguard, Airbnb, Dropbox, Hewlett Packard, Canon, Casper, Walmart, and a host of other companies cited in passing or through pseudonyms. In our own discussions, we found the contrast between Apple and Walmart particularly generative in helping us to understand the elements of great strategies and the similarities and differences among the various contributions to this special issue. Both companies are among the largest and most valuable in the world, yet the two have very different histories and follow quite different strategies. Apple's success is rooted in high profit margins from offering cutting-edge products and services for which buyers are willing to pay more when compared to the products of competitors. Walmart's success stems largely from its efficiency, which gives it the ability to offer lower prices on common consumer goods in convenient locations with friendly service. In typical strategy classifications, the two companies are polar opposites, yet both are iconic in their own way. In our view, any account of the origins of great strategies must be robust and general enough to account for both the Apples and Walmarts of the world. As we proceed with our overview and integration of this special issue contributions, we will liberally use examples from both companies to illustrate our arguments.

Great Strategies and the Primitives of Market Order

All of the contributions to this special issue recognize that great strategies are rooted in meaningful departures from a prevailing status quo—the cognitions, practices, routines, and institutions that stabilize a market or competitive order at any given point in time.¹ The status quo is not easy to escape, but any given firm pursuing strategic greatness needs to depart from the prevailing order in some fashion. Not all departures, however, define greatness. They must lead to what Brandenburger and Stuart (1996, p. 6) called “favorable asymmetries” that advantage one firm over others in a local market context. Such asymmetries underpin added value, which, in turn, and under not-so-restrictive assumptions, is a prerequisite of value capture. This is, we think, a very powerful generalization. It frames the problem of greatness in terms of market orders and profitable departures from them. Added value, in essence, stands as a metaphorical “north star”

in the pursuit of strategic greatness. The key issue, of course, is the nature and origin of these departures. The contributors to the special issue, implicitly or explicitly, pursue this general approach and identify different origins and different kinds of departures. This commonality gives us a useful analytical anchor around which to interpret what the papers tell us about the origins of great strategies.

In this section, we explore the varied conceptions of market order that are reflected in the contributions. Similar to most of the contributors, by “order” we do not mean “equilibrium.” Equilibrium indicates a stationary state. We do not think of order as something fixed or stationary, but as a changing flux of actors, cognitions, activities, routines, and artifacts. However, any market order is characterized by a relatively sticky, well patterned, and evolving set of “givens” that affect firms’ competitive options and behavior at any given time. Within this set of givens, the challenge of greatness comes in two forms. Firms that already enjoy a favorable asymmetry that has allowed them to achieve greatness face the challenge of maintaining this asymmetry, of *maintaining their greatness*. They must figure out what has made them great and what they can do to continue their success. Established firms within the market order, or those new to the market order, that have yet to achieve greatness face the challenge of *becoming* great. They must figure out what will make them great in the market order. The contributions to this special issue, although quite varied in their perspectives, suggest that both challenges are shaped by three sets of conceptual primitives that together define market orders: material technologies and their embedded routines, cognitive representations and belief systems, and actor values and their attendant valuations. Each primitive acts as both a constraint to action within a particular competitive order and an enabler or gateway to variation that changes the market order. We emphasize the former in this section of our paper and elaborate on the latter in the section *Three Paths to Great Strategies*.

First Primitive: Material Technologies and Their Embedded Routines

Markets are underpinned by technologies and the routines that make them work in arrays of products and services. Although new technologies may start out as equivocal stimuli that are interpretively flexible (e.g., Bijker et al. 1987, Weick 1990, Nelson 2008), they develop in ways that are typically cumulative and path dependent, and thus acquire temporal consistency and paradigmatic “closure” (Dosi 1982). As they evolve and acquire the status of “facts,” they increasingly constrain and shape the evolution of products and services within them. In a recent informal exchange with a few colleagues, Winter (2017, p. 1) remarked that “Like it

or not, a firm typically faces some important circumstances that are pretty much given in the short run. . . . Those facts exist, and are key ‘strategic’ facts, independent of how or whether they are seen by a decision-maker.” Similarly, Ghemawat (1991, p. 66) observed that “[a]n organization’s ability to act upon opportunities as they present themselves is constrained by the stocks of factors that it has accumulated.” The inertial factors that are embedded in the material technologies and associated routines underlying products and services are the first set of conceptual primitives, or givens, that define a market order at any point in time.

Several of the articles in this special issue explicitly point to the “heaviness” of technologies and routines, their inertia, as a key challenge for the strategist searching for favorable asymmetries and a gateway to greatness. Some view the strategic problem in terms of firms confronting a large and complex landscape of possibilities. For instance, Levinthal (2017) (implicitly) and Podolny (2018) (explicitly) frame their contributions in terms of firms walking on a rugged “fitness landscape”—a complex mapping between all possible courses of action and some measure of performance (Levinthal 1997). Complexity means that the relevant variables of the problem—as embodied, for instance, in firms’ practices and routines—are many and interdependent. The complexity of the problem is assumed to outstrip managers’ and firms’ rationality constraints. The most immediate consequence is that rationality is of a local variety. The representative firm is thus a largely “reactive” entity. It can intelligently navigate proximate waters, reacting to local feedback, but it avoids the uncertainty that by necessity surrounds more distant ones. One key implication is that initial conditions matter a lot. Although a typical firm can intelligently climb local peaks of a rugged landscape, it has a harder time jumping onto more distant ones, or at least to do so intelligently. Its evolution—the evolution of its practices, routines, and skills—is thus heavily path-dependent. A second implication is that learning and change are most often incremental and involve trade-offs between local expediency and more distant optimality. Market order thus naturally arises with firms semistably clustering around some select peaks of the landscape.

In “Mendel in the C-Suite: Design and the Evolution of Strategies,” Levinthal (2017) depicts favorable asymmetries as evolving out of especially inspired experimental activity. Experiments need not be expensive. The Mendelian chief executive officer (CEO) distinguishes herself by her ability to create an organizational context that is congenial to the generation of cheap and meaningful variations—experiments that depart from the status quo and are tested via internal, or “artificial,” selection mechanisms. This same notion of order is also evident in the contributions of

Podolny (2018), “An Exploration of Discerning Search,” and Fink et al. (2017), “Searching for Great Strategies.” Podolny (2018, p. 295) defines a great strategy “as one that escapes the local equilibrium in which industry strategies are situated” and that leads an industry to a “greatly superior equilibrium.” Great strategies emerge when strategists with a particularly discerning eye for new and profitable combinations refuse to accept the local trade-offs other strategists might see as acceptable and keep searching for more distant, and better performing, possibilities. Similarly, Fink et al. (2017) conceptualize products as sets of components such as materials, skills, and routines. The market order at any given time is a pool of components whose individual utility depends on the other components with which they are combined to create some number of products. Fink et al. (2017) argue that the task for the strategist is to search this space and construct component bundles that optimize component usefulness. However, since component usefulness is contingent on the current pool of components and their potential combinations, strategists face a decision to optimize in the short term where the usefulness of known combinations is easier to discern, or wait until some future period where the usefulness of components might be higher but their optimal combinations are not yet foreseeable.

Other contributors agree that great strategies are generated within a very local order of routines and technological givens, but they embed this order in the practices and agendas of the firms involved rather than rationality constraints. For instance, in “Greatness Takes Practice: On Practice Theory’s Relevance to ‘Great Strategy,’” Whittington (2018, p. 344) also focuses on path dependency and stability, or what he calls the “rooted regularity” of practices driven by habit. He suggests that, “practice theory emphasizes the importance of local, everyday activity, especially as it congeals into repeated practices. Practices are gritty, rooted in the social and material reality of their contexts” (Whittington 2018, p. 344). Moreover, for Whittington (2018, p. 343), a focus on local practice and routine also calls attention to “the layers that lie behind action in the moment and beneath events on the surface.” Strategic greatness thus does not come from “heroic individuals, grand visions, and imaginative leaps” (Whittington 2018, p. 343), but, rather, from the strategist’s attention to the mundane, the trivial. According to Whittington (2018), it is the microcomplexity of the mundane that, if properly understood and unpacked, offers opportunities for favorable asymmetries in the prevailing order.

Ocasio and Joseph’s (2018) “The Attention-Based View of Great Strategies” shares a similar sensibility. Their implicit market order is comprised of routines and practices for creating value. For them as well,

favorable asymmetries from a market order are not about radically new ideas, but instead result from an evolutionary and emergent process. Indeed, from their perspective, “great strategies are not about developing great ideas, which may or may not succeed, but about how ideas become part of focused and sustained strategic agendas in the organization Great strategies typically require the development and acquisition of new organizational resources and capabilities, and are largely dependent on attentional structures and processes” (Ocasio and Joseph 2018, pp. 292–293). For Ocasio and Joseph (2018), great strategies emerge through a long and nonlinear process. Their key insight is that the proper management of this process may be more consequential than the strategic idea itself.

Second Primitive: Cognitive Representations

The constraints of materiality are strong and directive. Many of the contributors to this special issue explicitly assume, however, that the competitive order is at least partially shaped by the cognitive representations of actors within it. This argument, which holds a special place in our own conceptions of strategy (Gavetti 2012, Porac et al. 1989), has a long history among management and organizations scholars. It can be traced back to Simon’s (1947) cognitivist views of organizations and administrative decision making, early neoinstitutional approaches to organizational fields (e.g., Meyer and Rowan 1977), and the sensemaking perspective on organizing (e.g., Weick 1979). The commonality among these varied literatures is the argument that markets and industries cannot be reduced only to the material or technological substrates of action, but must also be understood as subjective fields characterized by cognitive representations that infuse markets with relatively shared meanings and knowledge. The strategy and organizations literature has identified a number of such representations over the years (e.g., Porac et al. 2002), including conceptions of firms’ identities (e.g., What kind of company are we?), theories of value generation (e.g., What kind of business model works here?), market relationships and boundaries (e.g., Who are my competitors? Who are my customers?), firm reputations (e.g., What are we known for?), and status orderings (e.g., How do we compare with our competitors?). Because competitive orders are, at least in part, defined by the cognitive representations of the actors within them, strategists in particular, has important implications (Gavetti and Menon 2016, Cattani et al. 2016). Strategists and top management teams that vary in history and experience within the focal market can bring different representations to bear when interpreting the status quo. Even if an existing status quo has a certain stability to it, similar strategists may thus view the market order differently, and their foresight or imagining of new possibilities can be quite

different. Moreover, to the extent that cognitive representations are more malleable than material technologies, they may evolve and change more quickly, leading to reframing and reconceptualizing material conditions in ways that open up previously unknown opportunities.

Consistent with cognitivist precepts, many of the contributors to this special issue argue explicitly for grounding great strategies in the cognitive representations of strategists. The contributors differ, however, in important ways. In their paper “The Theory-Based View: Economic Actors as Theorists,” Felin and Zenger (2017, p. 261) suggest a metaphorical distinction between viewing the strategic mind as a “generative organ” capable of autonomous imagination versus viewing it as a “camera” that captures elements of a “reality” being experienced. Some contributors are more inclined toward the former position (Brandenburger 2017, Schilling 2018, Felin and Zenger 2017, Rindova and Martins 2018, Barnett 2017, Eisenhardt and Bingham 2017), while others seem more inclined toward the latter (Levinthal 2017, Podolny 2018, Burt and Soda 2017, Rao and Dutta 2018, Powell 2018, Fink et al. 2017).

Felin and Zenger (2017) locate themselves squarely in the former camp. They argue that “[o]ur physical reality and environment has a large if not infinite variety of features, characteristics, and possibilities, which remain latent or dormant” (Felin and Zenger 2017, p. 260). It is a strategist’s “theory of value” that “allows for salience and unique observation” of environmental characteristics and possibilities (Felin and Zenger 2017, p. 260). For Felin and Zenger (2017, p. 260), “even mundane objects, events, occurrences or readily visible factors may take on completely new meaning and insight in light of the novel theories we possess.” Similarly, in “The Cognitive Foundations of Visionary Strategy,” Schilling (2018, p. 336) argues that because business environments are complex sets of stimuli, increasing specialization has led individual strategists to “have increasingly precise knowledge about how one part of the system works,” but decreasing opportunity or reason to think about the broader market as a whole. For Schilling (2018), great strategies are rooted in three cognitive operations. Strategists are more likely to generate great strategies when they abstract away from mundane details “to identify a reduced set of essential characteristics” (Schilling 2018, p. 335) of a problem, when they pursue an ideal “that is unconstrained by what others deem as practical” (Schilling 2018, p. 338), and when they deploy “long paths of analytical reasoning” that follow “the sequence of causal logic out further than competitors” (Schilling 2018, p. 340).

Several of the contributors build on this cognitive perspective with details about how the content of particular types of cognitive representations

underpin great strategies. In “Where Do Great Strategies Really Come From?” for example, Brandenburger (2017, p. 221) argues that while mapping and classifying the status quo market game is a useful endeavor in strategy making, “successful strategy and performance come from looking beyond what is cognitively close to the status quo (therefore, easier to think about) to what is further out (therefore, harder to think about).” Brandenburger (2017) suggests that cognitively reframing and “changing the game,” while cognitively more challenging, is also potentially more profitable. This same idea is taken up by Eisenhardt and Bingham (2017) in “Superior Strategy in Entrepreneurial Settings: Thinking, Doing, and the Logic of Opportunity.” These authors assume a “strategic playing field” of various types of relationships among firms (Eisenhardt and Bingham 2017, p. 247). In their view, great strategies emerge from firm-level variations in conceptualizing and defining these market relationships in creative ways. This generalization is quite consistent with the position taken by Barnett (2017) in his paper “Meta-competition: Competing Over the Game to Be Played.” According to Barnett (2017, p. 212), market orders are structured by “logics of competition,” which he defines as “a system of principles in a given context that determines who can compete, how they compete, on what criteria they succeed or fail, and what are the consequences of success or failure.” At times, different logics of competition are vying for dominance in a market, and true strategic innovations are valuable because they introduce a new logic of competition that reconceptualizes the actors, practices, and values around which a market coheres. Powell (2018) goes even deeper cognitively in his “Absence-Neglect and the Origins of Great Strategies.” Similar to other cognitivists, Powell (2018) argues that great strategies are rooted in how individual strategists and/or top management teams conceptualize the business environment. Yet, Powell’s (2018, p. 306) starting point is his argument that strategists tend to “neglect cognitive objects that do not make impressions on the five senses. In simple terms, people notice what is there and neglect what is not there, and regard the former as more important. I refer to this tendency as absence-neglect.” For Powell (2018), both high and low levels of absence-neglect contain pathological elements. The trade-off, and source of favorable asymmetries, in Powell’s (2018) view, is to strike a balance between focusing on absence versus presence. This balance generates superior worldviews while mitigating the risk that is typically associated with novel strategic moves.

While recognizing the important role that cognitive representations play in markets, other contributors place the source of those representations in the social environment rather than the mind of the

individual strategist. Two moves are made to distinguish their position from others in the special issue. First, rather than cognitive representations capturing or shaping market relationships, these authors are explicit about how market relationships shape cognitive representations. Second, if not a camera, strategists are conceptualized as a holding vessel for ideas that accumulate over time as strategists traverse market relationships. Burt and Soda’s (Burt and Soda 2017) “Social Origins of Great Strategies,” for example, envisions the market order as a network of actor *clusters* linked together by stronger relationships within clusters than between clusters. This clustered market structure establishes an informational environment for strategists, who search it both within and across clusters. Searching across clusters, so-called *broker* strategies, generates new insights by combining previously disjointed information that was embedded in different actor clusters. Searching within clusters, so-called *closure* strategies, builds on deep expertise to “gain advantage by [strategists] getting better at what they know” (Burt and Soda 2017, p. 227).

In “On the Genesis of Interfirm Relational Contracts,” however, de Figueiredo and Silverman (2017) remind us that it is not only the pattern of market relationships that provide a foundation for great strategies, but, rather, the depth and quality of those relationships. For them, great strategies emerge from relational contracts that they define as “noncodified understandings, that cannot be easily adjudicated by courts, and that facilitate collaboration and repeated interaction between actors, either within or across firms” (de Figueiredo and Silverman 2017, p. 234). According to de Figueiredo and Silverman (2017), relational contracts are difficult to build and maintain because they are based on deep-seated trust that takes time and effort to establish. But, once established, successful relational contracting allows strategists to reduce or eliminate the informational frictions within and between social clusters that can undermine knowledge sharing and creativity. Taking this idea even further, Rao and Dutta (2018, p. 313) claim that great strategies emanate from relationally embedded identity movements that “oppose conventional wisdom, mobilize people and inspire confidence, and are simple to understand and execute.” In “Why Great Strategies Spring from Identity Movements,” these authors suggest that such movements generate their motive force from grievances with the status quo. As grievances accumulate, actors mobilize around alternative collective ideas that disrupt and replace the status quo with new cognitive representations and models.

Third Primitive: Values and Valuations

If material technologies anchor markets in routines and commitments, and cognitive representations imbue

markets with meaning, it is the valuations of actors within markets that provide the motive force that makes some asymmetries more favorable than others. Of course, it is axiomatic that market transactions are shaped by values and valuations. Indeed, in both the academic and applied literatures, strategy is often equated with value creation and capture. Value is conceptualized as the net of benefits associated with a firm's products and services minus their costs. As such, value is embedded in transactional relationships among market actors. In Brandenburger and Stuart's (1996) framework, for example, value is defined as the willingness to pay of a firm's buyers minus the opportunity costs of the firm's suppliers. Extending this idea across a wider set of relationships, value is embedded in the broader *value net* surrounding a firm's products and services (e.g., Gans and Ryall 2017), where even a firm's competitors are value cocreators (e.g., Brandenburger and Nalebuff 1996). Given the importance of valuation in theories of markets and strategy, it is straightforward to suggest that valuation is a third primitive of market order that is complexly intertwined with notions of great strategies. For purposes of this special issue, we can simplify the complexity, as do the contributors, by focusing our attention on the valuations of strategists. The contributions to this special issue suggest that the values of strategists can and often do shape favorable asymmetries within a market order in at least two ways.

First, profit maximization is generally viewed as the *raison d'être* of corporate organizations, and market orders are structured, at least in part, around profit motivations. This said, profit and profit motivations are complex and multifaceted, and profit maximization, as a strategic value, provides only a very generic basis for action. Specifics matter in strategy formulation. Profits can be measured in various ways and in varied time periods. Different stakeholders make different claims on profits, and profits can be returned to stakeholders in different types of allocations. Thus, within a market order, each firm is a unique instantiation of profit motivations that is shaped by the salient trade-offs that a firm must make in light of its management team, ownership, and governance characteristics and underlying asset configuration. An important trade-off, in particular, is singled out in two of the contributions to this special issue: that between short-term and long-term profits. The *impatient* firms of Fink et al. (2017) attempt to maximize the value of component bundles in the short run, while "far-sighted" firms attempt to maximize component values in the long run. These authors suggest that both strategies can lead to favorable asymmetries on the path to greatness, although far-sighted strategies will outperform impatient strategies when components with lower short-term value "cross over" and become more valuable in the long-run as other

new components are acquired. In such situations, foresight in understanding and predicting these crossovers motivates strategic patience, and Fink et al. (2017) suggest that such foresight might be one source of greatness across firms. We can also add that idiosyncratic firm-level considerations that might lead a firm to prefer short- or long-term profits come into play here as well. Podolny (2018) makes exactly this same point in developing his concept of strategic "discernment" or taste by suggesting that the discerning strategist is dissatisfied with a local profit peak because she or he believes in the possibility of a more distant and higher peak and has the patience to search for a path to get there. Notably, these arguments build out a motivational foundation for several other contributors to this special issue (e.g., Schilling 2018, Brandenburger 2017, Powell 2018, Felin and Zenger 2017), who detail the *cognitive* bases for searching beyond what is obvious in a local order. Fink et al. (2017), as well as Podolny (2018), help us to understand why firms seeking profit might be *motivated* to do so.

However, profit motivations are only one class of values that channel strategists in particular directions. A long tradition in strategy and organization scholarship recognizes the crucial role that a broad array of alternative managerial values play in defining the purpose and institutional structure of organizations. Within this tradition, for example, Andrews (1971, p. 30) argued that "[t]he determination of strategy also requires consideration of what alternative is preferred by the chief executive and perhaps by his immediate associates as well, quite apart from economic considerations. Personal values, aspirations, and ideals do, and in our judgment quite properly should, influence the final choice of purposes." In this view, managerial values are quite a bit more nuanced and culturally embedded (e.g., Kornberger 2017) than typically assumed in profit maximizing treatments of strategic choice, and values define and crystallize alternative strategic paths that reflect this diversity. Similar to variations in cognitive representations, variations in managerial values are thus a potential source of variation in strategic choices and their attendant outcomes, and a crucial role of the strategist is to be "primarily an expert in the promotion and protection of values" (Selznick 1957, p. 28).

In "From Values to Value: Value Rationality and the Creation of Great Strategies," Rindova and Martins (2018) suggest that values are *conceptions* that are distinctive to individual strategists or firms that define what is desirable. Values are "complex cognitive resources" that integrate individual decisions into a coherent pattern, stabilize strategies over time, and define a firm's specific goals and standards. Compared to more routinized and/or instrumental decisions that are likely to be common across profit-motivated organizations, Rindova and Martins (2018) suggest that

values-based strategies promote distinctiveness and organizational asymmetries because they are more likely to be inner-directed and less tied to external circumstances. Values-based strategies are rooted in the idiosyncratic passions and convictions of the strategist that organize individual decisions into a coherent strategic agenda over time. These two functions of what Rindova and Martins (2018, p. 323) call “value rationality” echo Podolny’s (2018) emphasis on strategists who possess exceptional discernment, as well as Rao and Dutta’s (2018, p. 316) claim that disruptive identity movements are animated by the expression of “subjugated identities” that “foster feelings of unity and worth.”

Three Paths to Great Strategies

Our discussion of the three primitives of market order leads to the conclusion that strategic greatness comes from deviations from a status quo characterized by a particular combination of material technologies and routines, cognitive representations, and actor values. Our conclusion is the following proposition: *Great strategies are rooted in meaningful variations in one or more of the three primitives of market order. By meaningful we mean variations that eventually result in one or more “favorable asymmetries” that advantage a firm over others in a market order and over a significant period of time.*

We unpack this proposition in this section, generalizing from the arguments of the special issue contributors, and using concrete examples to buttress our points. It is our contention that, taken together, the 15 contributions suggest three broad paths to strategic greatness. The first path is what we call *deepening* of the market order. In our own informal conversations, we have referred to it as “double-clicking” or “fractal strategizing.” The idea here is that a firm can achieve greatness not by disrupting an order, but by strengthening or deepening its fundamental primitives in ways that are idiosyncratic to the firm. The second path to greatness is what we call *extensions* of the market order. The idea here is that a firm can achieve greatness by challenging some of the primitive elements on which order is premised, but not all. The third path to greatness is what we call *replacements* of the market order. This path refers to radical shifts of the status quo that challenge all three primitives of market order. It is rarer than the other two, but there are well-documented histories of companies that successfully pursued it, and some of the papers offer intriguing interpretations of these histories. These three paths naturally emerged in our discussions when we reread the papers through the lenses of the primitives of order. Although some papers might defeat this classification and straddle two categories, most of them lean toward a particular path.

Next, we offer an initial characterization of these three paths to greatness. We view this sketch, and this special issue generally, more as a port of embarkation than a point of arrival. Additional scholarship is clearly needed to continue the journey. Of particular utility for us in our exposition will be comparisons between two referent companies: Apple and Walmart. These two companies have spurred much of our own discussions of great strategies. Both of us have taught various Apple and Walmart cases in our strategy classes, and collectively we have a fair amount of knowledge about the origins and histories of the two companies. As well, various special issue contributors take note of both companies in their own papers, particularly Apple, given the special issue workshop location at Apple University. Comparisons between the two companies are thus useful touch points further embedding our insights with those of the other contributors. In the end, we will conclude that Apple and Walmart have, over their long and storied strategic histories, traveled down all three paths to greatness.

Pathway One: Deepening of a Market Order

Consider the following two episodes. The first concerns the development of the iPhone; the second portrays a young Sam Walton trying to gain market share with his first store. By late 2006, the first iPhone had been under development for years. Given the progress some competitors were making, Apple’s CEO Steve Jobs was impatient to launch it. On January 7, 2007, he presented the new iPhone at the Macworld conference in San Francisco. Observers thought it was a spectacular product ready for launch. Yet, after using a prototype for a few weeks in late 2006, Jobs believed the iPhone was not ready. It was fragile and, more importantly, Jobs did not like the prototype’s flimsy plastic screen. Although plastic was the standard material used for smartphone screens at that time, it scratches easily and, to Jobs, just looked and felt cheap. Jobs wanted the iPhone to deliver a superior tactile experience, a durable surface, and a flawless virtual keyboard. He felt that a glass screen was the only reasonable choice in this regard. So, he halted the launch process until he could find a screen with the properties he had in mind. When Jobs began looking for high-end glass manufacturers, he spoke with his friend John Seely Brown, the former director of Xerox PARC, who at that time was on Corning’s board of directors. In the distant past, Corning had developed an extremely resistant and sophisticated glass called Chemcor, a breakthrough that did not initially find market applications and thus was abandoned. But in 2005, encouraged by Motorola’s introduction of a flip phone that featured a glass screen, Corning’s engineers explored whether Chemcor could be refined and applied to current phone applications. The project was code-named

Gorilla Glass, and Brown knew of its existence. On February 2007, Jobs called Corning's CEO, Wendell Weeks, and asked him if he could manufacture a 1.3 mm thin glass screen for the iPhone that would resist scratches and deliver a refined tactile experience. He wanted the glass in industrial quantities by June of that year. Weeks knew this was a heroic challenge for a product that needed to be further developed and that had never been produced in sizes smaller than 4 mm and never in large amounts. Weeks demurred, but Jobs appealed, "Don't be afraid, you can do it" (Lashinsky 2011). And, Corning pulled it off, and the first iPhone was released on June 29, 2007. According to many pundits, absent the Gorilla Glass, the iPhone would have been seriously compromised.

In 1945, a 27-year-old Sam Walton purchased his first store in Newport, Arkansas. It was a Ben Franklin five-and-dime store, a franchise of the Butler Brothers chain, and Sam bought it with a \$20,000 loan from his father-in-law plus \$5,000 of personal savings. The store was losing money and facing tough competition from a Sterling store across the street. Elmer "Bud" Hewitt, then assistant manager of the Sterling store, when asked to describe what competing against Sam Walton was like, told this story:

One Saturday I looked out there, and Sam had moved his popcorn machine outside on the sidewalk, and you could smell his popcorn for two or three blocks, and he was selling twice as much popcorn as we would. And he was out there with his shirtsleeves rolled up and perspiration dripping all over while he was operating that popcorn machine, but it just proved to me how energetic he was. (Thompson 1997)

Sam's energy was the motive force behind the store's quick turnaround. In a small town of not even 5,000 residents, his yearly sales grew from \$80,000 to \$225,000 in just three years. Indeed, Hewitt described a variety of similar episodes that played important roles in the store's success. And, based on what we know more broadly, this episode is a good example of Walton's *modus operandi* throughout his career.

Neither Gorilla Glass nor the sidewalk popcorn machine dramatically altered the existing market order or competitive landscape. Instead, Jobs and Walton "double-clicked" their respective landscapes by driving deeper into the landscape's complex dimensionality to find or invent opportunities for microcreativity or innovation. We suggest that continual double-clicking of an existing market order is one path toward the favorable asymmetries that characterize strategic greatness. Both these examples describe small yet highly consequential actions, and in this sense are reminiscent of an evolutionary sensibility, with its emphasis on the intelligence of local, incremental action (Nelson and Winter 1982). It is precisely the small, ordinary, mundane nature of these episodes that we would like

to emphasize here. In both cases, *dis-order*, or favorable asymmetries, did not materialize through wholesale violations of the primitives of order. They occurred largely by deepening these primitives, by confronting a complex multidimensional order and making finer and finer discriminations within a few dimensions of it. In landscape terms, deepening is not about horizontal search of different locations or peaks on the landscape. It is about vertical search in one location that decomposes the existing landscape of possibilities into more microscopic alternatives that unlock nuances of value. Central to Jobs' cognitive representation of how Apple could be successful was the superior material quality of its products and their ease of use. And his discernment, to use Podolny's (2018) term, compelled him to worry about the product's aesthetic appeal. Indeed, Jobs' perfectionism famously differed from the then-dominant Silicon Valley mindset of getting it right the third time. Walton, on the other hand, was obsessed with low cost and large volumes. In line with Levinthal's (2017) Mendelian CEO, Walton distinguished himself by constantly experimenting with subtly distinctive possibilities such as locating a popcorn machine on the sidewalk rather than keeping it in the store like his rival across the street. What is the popcorn episode if not an experiment? Examples like these are clearly what Whittington (2018) and Ocasio and Joseph (2018) have in mind when suggesting that greatness comes from appreciating and attending to the mundane details of strategy practice.

Pathway Two: Extending a Market Order

Consider two more examples from Apple and Walmart. Apple was founded in 1976 with the goal of manufacturing and popularizing the idea of a personal computer. The company's first product, the Apple I, targeted enthusiasts experimenting with desktop computing devices. The Apple II was launched in 1977 and targeted the broader consumer market. The Apple II was a hit, making Steve Jobs one of the most visible entrepreneurs in the emerging personal computer industry. In December 1979, at the height of Apple's early success, the 24-year-old Jobs was invited to visit Xerox PARC. In a subsequent interview, he recollected the visit as follows:

They showed me really three things, but I was so blinded by the first one that I didn't really see the other two... [it was] the Graphical User Interface. I thought it was the best thing I've ever seen in my life. Now, remember, it was very flawed. What we saw was incomplete. They had done a bunch of things wrong, but we didn't know that at that time. But still, they had the germs of the idea... it was there and they had done it very well. And within 10 minutes it was obvious to me that all computers would work like that some day.²

Jobs' visit to PARC was a turning point. Personal computing was becoming a reality, and the Apple II was affordable. But, it was still a product for enthusiasts, hard to use and dull. The graphical user interface (GUI) Jobs encountered on Xerox's Alto computer, including Xerox's version of the mouse, opened up a whole new set of possibilities. It wasn't until 1983 that the Lisa computer, the first Apple product with a GUI, was introduced. Its hefty price doomed it to commercial failure, but it did set the stage for the wildly successful Macintosh computer that was introduced a year later. The Macintosh GUI, along with the software that operationalized it, solidified Apple's position in microcomputing in the face of an onslaught of rival IBM and IBM clone machines running Microsoft's DOS software. It took a decade for Microsoft to catch up via Windows 95.

Sam Walton's obsessive focus was on beating competitors on prices by keeping his costs low at his Newport five-and-dime store. In a key supplier move, Walton discovered a clause in his contract with the Butler Brothers corporate organization that allowed him to purchase goods directly from other suppliers at lower prices. Seeing the opportunity to eliminate a middleman, Walton began regular runs to local suppliers to load up on less expensive merchandise. His wife Helen later recalled that, "He did it at night. That was the best time to do it, too. He wanted to get back in time to get it in the store, marked and in the store, so that he could beat the Sterling store across the street." Bud Hewitt, the Sterling assistant manager, provided further color by recounting the following:

They just shipped us an order of ladies 39 cent retail panties. Sam had seen what a good buy they were and Sunday morning he got in his car and drove to Little Rock and went down to Cash Wholesale, down to the warehouse, and bought all they had. So the next Saturday *he* had a window full of 39 cent panties. I could have done the same thing, but I just wasn't that aggressive. I think that Sam was just more aggressive and it paid off. (Thompson 1997)

The strategic formula of bypassing costly middleman and transacting directly with vendors was a key strategic building block that allowed Walton to undercut his rivals and grow his five-and-dime chain successfully throughout rural Arkansas.

In our view, these two examples tell a different story about the origin of great strategies than the "deepening" examples discussed in the prior section. Steve Jobs was committed to selling small affordable personal computers for the consumer market. Xerox's GUI shifted Jobs' way of thinking about what such a machine could do. It was not only a solution to a problem, but a significant "extension" of Jobs' cognitive representation of what personal computing could be all about. This shift was heavily consequential for

Apple's business. It imprinted a series of changes in Apple's narrative, priorities, activities, practices, and relationships by quickly and dramatically extending the set of possibilities Jobs could see or foresee. As Brandenburger would say, it led Jobs to look beyond what is cognitively close to the status quo and see what is further out. Pursuing this new vision required new suppliers and partners and a "rewiring" of Apple's ecosystem (in the sense of Eisenhardt and Bingham 2017). Only two days after his Xerox visit, for example, Jobs found a new partner to help design a mouse input device. Moreover, Apple's GUI expertise and operating system quickly became the core asymmetry that underpinned Apple's competitive advantage for nearly a decade. Similarly, Walton's discovery that he was not bound to Butler Brothers for supplies led to an extension of the possibilities Walton could see. This insight opened up new alternative vendors and supply channels that provided Walton with a significant cost advantage over other five-and-dime chain stores. It enabled Walton to rewire his ecosystem and reconceptualize the variety store playing field. This was not an example of Walton probing his customers' preferences more deeply and thoroughly through Mendelian experimentation, or double-clicking. Walton's contractual insight was quickly revealing, and extended the landscape of possibilities Walton could envision literally and figuratively over night.

These examples tell stories of great strategies that originated not in small changes that deepened the status quo, but in significant modifications or extensions of one or more of the three primitives of order. These modifications enabled strategists to see, pursue, or create possibilities within an existing order that were previously unknown to them. The GUI, and the novel material technologies (e.g., the mouse) underpinning it, for Jobs and the contractual loophole for Walton were paradigmatic shifts in their cognitive representations that opened up new strategic possibilities. In contrast with the skepticism among some contributors to this special issue toward the "big idea" or the "big leap," these examples animate and support those contributors who are more sympathetic to the possibility that extensional cognitive representations, or "re-representations," can significantly alter what is considered strategically possible. For some, like Brandenburger (2017), Schilling (2018), Eisenhardt and Bingham (2017), and Felin and Zenger (2017), the source of these extensional representations is the autonomous mind of the strategist restlessly reframing the possibilities and the strategic "playing field" in creative ways. For Burt and Soda (2017), de Figueiredo and Silverman (2017), and Rao and Dutta (2018), the source of extensional representations is the agent's exposure to different ideas or viewpoints, which in turn is a function of the agent's position in a social network (Burt

and Soda 2017), relational contract (de Figueiredo and Silverman 2017), or social movement (Rao and Dutta 2018). And for Rindova and Martins (2018), representational extensions have their roots in strategists' values and value systems that structure and channel attention, and operate as valuation lenses that condition a strategist's understanding of markets.

Pathway Three: Replacing a Market Order

Consider yet a third pair of examples from Apple and Walmart. By the early 1970s, the computer industry was thriving, and IBM was the dominant player in a quasi-monopolistic status quo. "Computer" at that time meant a mainframe machine, and "computing" meant corporate computing, a system in which the individual user was partitioned off from contact with the machine, and enthusiasts and hobbyists only had controlled, or in some cases, illicit, access. As the core components of computers were increasingly commoditized and made commercially available, enthusiasts began to experiment with building their own small computing devices, and the notion of "personal computing" became a not-too-distant possibility. In the Santa Clara valley south of San Francisco, a hub for the production of microprocessors and other integrated circuits, a bimonthly newspaper was founded that gave voice to hobbyists and enthusiasts, a club was created to share their experiments with small computers, and technical books hit the market providing advice to novice tinkerers. A counter-cultural community quickly emerged that identified strongly with the ideals of democratizing computing, empowering computer users, and ultimately defeating the mainframe system embodied by IBM and other producers. Steve Jobs and Steve Wozniak were active participants in this social milieu, and as Rao and Dutta (2018) remind us in their contribution to this special issue, "the first Apple computer was put together by Wozniak to impress members of the Homebrew Computer Club. Jobs himself acknowledged, 'I feel incredibly lucky to be at exactly the right place in Silicon Valley, at exactly the right time historically where this invention has taken form.'"

To most people, the name Eugene Ferkauf does not ring a bell. And yet, Ferkauf is considered by some retail experts as a transformative merchant in American retail history. Here is how a 2012 *New York Times* article described him:

Eugene Ferkauf was "[t]he founder of the E. J. Korvette chain of discount department stores, whose 1950s strategy of low prices, quick turnover, and high volume helped shape today's retail landscape... Mr. Ferkauf was one of the first businessmen to grasp the emergence of a new breed of postwar consumer. Seeing a population of Americans financially better off, impatient to get on with their lives after World War II, and susceptible to the advertising shown on the latest new thing,

their television sets, he concluded that victory belonged to the very bold. Mr. Ferkauf would not only discount, he would discount more deeply than anyone ever had. Seeing people streaming to the suburbs, he imagined the sort of sprawling, free-standing, conveniently situated, no-frills variety store that came to define American retailing." (Martin 2012)

Korvette was successful, but it never became a mass phenomenon. At its peak, it had 54 stores, mostly in northeastern U.S. suburbs, and Ferkauf eventually sold the chain under the weight of the logistical challenges that discounting on a large scale brings with it. However, a number of imitators of Ferkauf's model quickly emerged. Some of them were unfamiliar names such as Ann & Hope, Two Guys from Harrison, GEM, and Spartan. But others were founded by some of the oldest names in retailing, companies such as S. S. Kresge (Kmart), Dayton-Hudson (Target), Woolworth (Woolco), and L. S. Ayres (Ayr-Way).

In the late 1950s, Sam Walton was aware of the emergence of discount stores. Indeed, he made several trips to the Northeast to learn about them, and during one trip he "came to New York to pick his [Mr. Ferkauf's] brain" (Martin 2012). But he was reluctant to pursue the discount path. The model was young and unproven, and discounters were all located in the suburbs of large cities, not in rural America, and largely in the Northeast. The model itself was very different from what Walton was used to, with stores several times larger, a much wider product line, a different layout and type of service, and a very different pricing scheme that heavily discounted everything in the store. Yet, sometime in 1959, a retailer that had some resemblance to a discount store opened across the street from one of Walton's five-and-dime outlets. In Walton's words:

Then closer to home, Herb Gibson—a barber from over at Berryville—started his stores with a simple philosophy: "Buy it low, stack it high, sell it cheap." He sold it cheaper than anybody ever had before, and he sold more of it... Then in 1959 he came to northwest Arkansas with a franchiser named Howard's and did so well in Fort Smith that he branched out to the square in Fayetteville and started competing with our variety stores. We knew we had to act. He was the only one discounting out this way, and, because I had made all those trips back East, I was probably one of the few out here who understood what he was up to. By then I knew the discount idea was the future... We really had two choices left: stay in the variety store business, which I knew was going to be hit hard by the discounting wave of the future; or open a discount store. Of course I wasn't about to sit there and become a target.

(Walton and Huey 1992, pp. 42–43)

In 1962, Walton opened the first Walmart store in Rogers, Arkansas.

While Jobs was a willing activist in the personal computing movement, Walton only reluctantly embraced

the discount retailing revolution for defensive purposes. However, common to both situations was the fact that the retail and computing market orders at the time of the first Walmart in 1962 and the founding of Apple Computer in 1976 were in the early stages of major disruptions to the status quo. To quote Rao and Dutta (2018, p. 317), in both cases “exogenous changes in competition, customers, and technology” provided “a window of opportunity” for entrepreneurs like Jobs and Walton to create a mobilizing frame for a new venture. Both entrepreneurs took advantage of their opportunities and helped to lead fundamental transformations of their respective market orders.

Some of the contributors to this special issue place the locus of such opportunism in the market environment itself. Rao and Dutta (2018) suggest, for example, that disruptive entrepreneurs are “intersections” of collective ideas and skills that are made salient by new identity movements. Embracing these ideas and skills allows the entrepreneur to enact and capitalize on the disruption. And Burt and Soda (2017, p. 232) argue that “the social capital of brokerage across structural holes develops human capital skills for recombinant information, skills for translating this group’s familiar practice into that group’s novel solution.” But, other contributors place the locus of disruption on the entrepreneur. Schilling (2018, p. 336), for example, suggests that disruptive entrepreneurs like Jobs and Walton, strategizing at the cusp of a new market order, are successful because they “focus on the higher-level dimensions of their products or technologies,” and “[r]ather than being trapped by the distraction of the details of current products,” they “have a better sense of where the market has been and where it is likely to head in the future.”

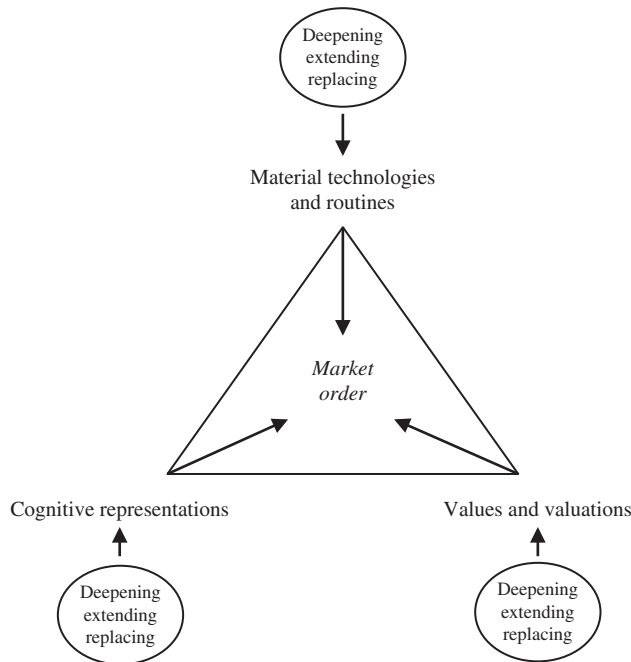
With respect to our third pathway to great strategies, it is less important whether Jobs and Walton were visionaries, opportunists, idea vectors, or information brokers than it is that both were strategizing at the cusp of a major transformation in their respective industries. These transformations touched all three market primitives and fundamentally changed the rules of value creation and capture in computing and retailing. Although Rao and Dutta’s (2018) argument that great strategies have their origins in social movements cannot account for the many discount retailers and personal computer manufacturers who started up and failed, their key point is that exogenous (and we would add endogenous) changes in competitors, customers, and technologies can be significant enough to alter wholesale the matrix of values, representations, and routines of a market status quo. It seems clear that such fundamental changes do open windows of opportunity for strategists. Whether it be route deregulation in air transport, fuel shocks or geomapping technology in the auto industry, the invention of the transistor in computing and electronics, or the post—World War II buildup of

American suburbs, we suggest that a third pathway to great strategies is through inventing, discovering, assimilating, enabling, and/or foreseeing a new and transformative market order.

Summary and Conclusions: “Where Do Great Strategies Come from, and How Can I Develop One?”

Taken together, the 15 contributions to this special issue paint a rich, complex, multiform picture of the origins of great strategies. The risk is to get dizzy or disoriented by the diversity of perspectives. However, our own journey through this special issue has convinced us that the threefold distinction of *deepening*, *extending*, and *replacing* a market order represents a strong generalization from the contributions, as well as a robust answer to the student question that motivated this special issue to begin with. Figure 1 summarizes this answer in schematic form. At any given time, markets are characterized by a “sticky” competitive order underpinned by sets of material technologies and their routines, cognitive representations, and values and valuations. A strategist is on the hunt for greatness when she or he is dissatisfied with this competitive order and seeks to probe it more deeply, introduce a change into one of its primitives, or radically transform it. Two variety store retailers can be competing across the street from one another, but the obsessive “double clicker” who drives more deeply into the psyche of his customers and places his popcorn machine on the sidewalk is on the path to greatness. Two computer manufacturers may sell similar off-white machines, but the one who implements an entirely new and more natural way for users to interact with his machine is on the path to greatness. And the young electronics tinkerer or small regional variety store owner who capitalizes and helps to lead a market transformation is on the path to greatness.

Figure 1 suggests why some students still search for the origins of great strategies after having just completed a core strategy class. As Brandenburger (2017, p. 221) notes in his contribution, the field of strategic management has done an outstanding job of describing market orders, of measuring positions within them, and of characterizing and classifying the strategies that have been successful in the past. The “missing ingredient,” as he puts it, is the recognition that making great strategies is a creative act, one based on seeing, inventing, and/or borrowing possibilities that *deviate* from the market orders that scholars and consultants have dimensionalized and described so well. We believe that, collectively, the contributions to this special issue set down a sound platform for confronting this gap in strategy scholarship and pedagogy. In effect, the papers suggest that three sets of primitives underpin competitive orders, and three classes of creative acts operating on these primitives open up gateways to great strategies.

Figure 1. Market Primitives and the Three Pathways to Greatness

We would like to close by discussing pedagogical implications. If we were to teach a core strategy course next week, what would our syllabus look like?³ Would it be any different? This is the question we asked ourselves right after completing this editorial. Our answer is that yes, it would. And the narrative of the course would likely gravitate around Figure 1. The first part of the course would deal with what is inside the triangle—markets, competition, positions, niches. This part corresponds to a conventional MBA business strategy class—the concepts of value and added value, the centrality of distinctiveness from the status quo, trade-offs, the importance of thinking about the network of players with which a firm creates value and against which it competes for value, et cetera. The new content would make its appearance in the second part of the course. Here we would first introduce the three primitives as both sources of order and sources of variation, of *meaningful deviations*, together with concrete examples animating each one. We would then entertain the three pathways to greatness in Figure 1. Here we would discuss specific cases and what they tell us about the three pathways. We would discuss, for example, Toyota double-clicking its way to greatness through vehicle reliability, Progressive extending the dominant paradigm of U.S. auto insurance by introducing a system of “rapid response” to policyholder accidents, and Merrill Lynch or Safeway riding the waves of transformative new retail models. If the first part of the course gave students a structured way to think about “the game” and what conditions have to be met to win, this second

part would breathe creative life into this structure and introduce patterned, and content-specific, ways of creating novel and profitable deviations from the existing market primitives.

As a final thought, this special issue, and its implications for strategy pedagogy, opens up many unanswered questions. For example, are deepening, extending, and replacing market primitives singularly necessary, sufficient, or necessary and sufficient pathways to greatness? Jobs and Walton deployed all three, but how far can “pure play” double-clicking or extending or replacing, for example, go along the path to success? Are combinations of the three particularly powerful? If there are powerful combinations of the three, is the sequencing among them relevant or irrelevant? As we noted earlier, we view this special issue as a point of embarkation rather than arrival. We do not have answers to these important questions, but we are convinced that this special issue and our generalizations from the 15 papers within it are a good basis for continuing the journey.

Acknowledgments

The authors thank Dan Levinthal for his ongoing support of the special issue, as well as all of the contributors for their ideas and encouragement. Joel Podolny was particularly helpful in arranging the Apple University venue for our special issue workshop.

Endnotes

¹In this paper, we use the terms “market order” and “competitive order” interchangeably to denote this assumed status quo.

²<https://www.youtube.com/watch?v=J33pVRdxWbw>.

³The irony is that both of us started teaching a core strategy course the week following our submission of this paper.

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Giovanni Gavetti is associate professor of business administration at the Tuck School of Business at Dartmouth, which he joined in 2012. From 2000 to 2012, he was an associate professor at Harvard Business School. He holds a PhD in management from the Wharton School at the University of Pennsylvania and a BA in economics from Bocconi University. Professor Gavetti's research focuses on the cognitive foundations of strategic leadership. His teaching and consulting have focused on a broad range of strategy topics such as strategic innovation and inertia, behavioral strategy, competitive strategy, and strategy process. He teaches Tuck's core strategy course Competitive and Corporate Strategy.

Joe Porac is the George Daly Professor of Business Leadership at the Stern School of Business, New York University. Prior to joining NYU, he served on the faculties of the Goizueta School of Business at Emory University, and the Gies College of Business at the University of Illinois at Urbana-Champaign. His research interests concern the cognitive basis of strategy and organization.