INTRODUCTION
Focusing on tactics without persistently checking their alignment with the mission, goals, and strategy can result in missing one’s target (getting lost), misdirecting the organization, and a failure to leverage resources, strengths, and opportunities. However, in the “heat of the moment” it is all too easy to focus on the task at hand, whether it is seizing an opportunity or dealing with a threat, losing sight of the intended final outcome is all too easy. To paraphrase the Cheshire Cat, “If you don’t know where you’re going, any road will get you there” (Carroll, 1865).

There are multiple ongoing challenges in business education. These are neither new nor specific to business, but represent the need to produce graduates having both subject area knowledge and necessary life skills to be able to put their education into practice. In particular, integration of the discipline-specific concepts into a cohesive knowledge base allows the student to function at a higher level than students who learn information in “silos” (Porter and McKibbin, 1988, AACSB 2013a). Often, it is the Capstone course which integrates knowledge for the first time despite efforts at multidisciplinary integration and encouragement from accrediting bodies such as AACSB, recruiters, and academics.

This overall need to integrate business knowledge across disciplines parallels the need to integrate all areas of strategic decisions. An educator’s responsibility becomes not just to teach strategy but to reinforce the interactive, dependent nature of strategic decision.

As in much of business education, the challenges in teaching strategy include steering students toward understanding the long-term implications of their decisions and the relationships and dependencies between different business functions. In this case, the objective is to help students to understand both the connections among goals, strategy and tactics, and why the overall goals must lead the way.

This paper uses a case study to describe the way a simulation in a senior level Marketing class was used to teach and reinforce strategic alignment. A brief literature review will be followed by a description of the simulation used, and an account of the professor/student interactions. Preliminary results from assessing this class and a control group will be presented along with suggestion for both educators and practitioners.

LITERATURE REVIEW
Michael Porter (1988), both an educator and practitioner, and often referred to as the Godfather of strategy, continues to teach his philosophy to business schools today. His most notable contribution to the advancement of strategy is the idea of competitive advantage, or the way strategic activities are differentiated from the competition. The key to a successful competitive advantage is sustainability. Any organization can have a unique selling proposition in the short-term, however, it is the companies that uniquely fit multiple strategic activities together so imitation is difficult or unattainable in the long run that are successful. Furthermore, Porter (1988) points out opportunity costs should be considered when deciding on a course of strategy. Collis and Rukstad (2008) continue to substantiate Porter’s emphasis on finding the sweet spot, or meeting its customers’ needs in a way that rivals cannot (p. 89). Chen and Hsieh (2008) further confirm a firm’s survival depends on its competitive advantage and resulting unique strategy.

Gershon (2008) posits a company’s strategy can be described from answering two questions; where are we competing and how are we competing? Characteristics of successful strategies include realistic goals and objectives, understanding of the competitive environment and effective tactical execution. Steiner (1979) provides a classic example from General Robert E. Wood, then CEO of Sears, Roebuck and Company,
“Business is like a war in one respect, if its grand strategy is correct, any number of tactical errors can be made and yet the enterprise [still] proves successful. [However], it is not likely to overcome its wrong strategy even with the best of tactical performance. The ideal situation, of course, is for an organization to design brilliant strategies and to implement them efficiently and effectively” (p. 5).

Organizations continuously adapt their strategy to match their dynamic external environment (Gershon, 2008). They use strategic planning to change those strategies as necessitated by their competitors and industry. The methods for change are outlined by many authors (Courtney, Marnoch and Williamson, 2007; Gershon, 2000, Yip and Johnson, 2007) and are diverse. However, most agree the need to evolve corporate strategy over time. The days of (Peters and Waterman, 1982) “stick to the knitting” are over. Post-2008 recession, companies need to closely monitor their market environment and ensure they are ahead of the competition. Dess, Lumpkin and Eisner (2010) concur environmental scanning, monitoring and competitive intelligence efforts are necessary for strategic planning. This necessary adaption to the environment and subsequent change in strategy is best completed through a blueprint or framework that strategic planning provides (Manzini, Accorsi and Bortolini, 2014).

Strategy experts, Yip and Johnson (2007) define strategic planning simply, “… it merely helps determine where an organization is going over a predetermined amount of time and how to get there” (p. 12). Key benefits of strategic planning include helping an organization establish goals and objectives consistent with its mission. Furthermore, planning builds alignment among functional departments and strategic business units. This collaborative effort ensures goals are communicated effectively and everyone is working toward a common strategy. Courtney, Marnoch and Williamson (2009) further corroborate these views affirming strategic planning promotes communication across the organization which ensures tactical activities line up with the strategic goals of the organization. Schaap (2006) completed a study on the relationship between effective leadership behavior and successful strategy implementation. The study’s findings agreed with past findings on this topic that the concept of strategy implementation reaffirm the role that strategic consensus plays in the implementation process. Ascertaining buy-in from top management and lower-level employees increases the likelihood of implementation success. The study also reinforces findings that frequent communication horizontally and vertically across the organizational structure enhances buy-in through the fostering of shared attitudes and values.

Collis and Rukstad (2008) contend organizational strategy must be clearly defined and communicated to employees at every level of the company. The goals of the company, when articulated, should guide employees to own and fully complete the tactical activities necessary to achieve overarching goals. If done correctly, this clearly communicated strategy will align behavior with organizational goals. As employees internalize and embrace the organization’s mission, they will understand how their role contributes to organizational success.

From a tactical or execution stand-point, the strategic planning process provides a blueprint to changing one’s strategy when necessary (Yip and Johnson, 2007). A specific framework is created and then followed consistently every time a change is needed. The outcome is a consistent process anyone can follow. The resulting strategy becomes relatively easy to change and therefore a dynamic, not static, strategy ready to thwart changing external conditions. Case in point, Finland’s Nokia morphed from a rubber boots manufacturer, to now, one of the world’s leading producers of mobile telephones. They consistently monitored both macro and micro trends and evolved their strategy based on these changing environmental conditions.

Company X1, with its name disguised to protect its privacy, presents a case study in strategic misalignment. Company X is a national health insurance provider with a premium-priced go-to-market strategy, and subsequently a premium-priced product line. This company’s marketing department was led by a Vice President who reported to the Chief Operating Officer (COO). Under the VP of Marketing, were the following functions;

1 A large, national health insurance company located on the west coast.
market intelligence, advertising, internal communications, public relations/external communications and product management. Once a year, during the last quarter of the year (Q4), all functional managers were required to create the annual goals for their respective department and its employees. What transpired next is further evidence of the need for goal/strategy/tactical alignment.

Each manager began to create their own goals by department. They typically used either the high-level company goals or their personal goals from last year. When the VP was asked to share the Marketing department goals with the managers, she declined. The result was a disjointed perspective at the functional level. Since there was no alignment vertically, there was minimal alignment horizontally between the functions. Each area operated as a silo with their own goals top of mind. This is particularly surprising as the Marketing Concept holds that cross functional coordination is necessary to fully satisfy customers (Narver and Slater 1990).

The result of this lack of communication between the functions impeded knowledge-share, decreased department productivity, caused stress among employees and most importantly, poor responsiveness to the internal clients. Eventually, the marketing department began to generate a reputation for poor communication and responsiveness and ultimately high employee turnover.

Kodak is a keen example of consequences to strategic misalignment, so much so, they filed for bankruptcy in 2012. Kodak resisted change and failed to connect with a changing digital marketplace. Management’s inability to see digital photography as a disruptive technology and then communicate and act on that macro trend sealed their fate. Key to their demise is the lack of skill around strategic planning and goal alignment throughout the organization. Separating, and then managing functions differently typically creates silos that may not communicate effectively. In Kodak’s case, management did a reasonable job of understanding how the parts of the enterprise (including its photo finishing partners) interacted within the framework of the existing technology. There was, however, little appreciation or acknowledgment for the Research Lab that identified new insights around digital technology. Kodak’s lack of acknowledgement of current digital trends coupled with poor inter-departmental communication created strategic misalignment. Therefore, the corporate goals were not adjusted to reflect changing macro trends. In short, Kodak missed sizable product innovation and market opportunities resulting in their need for bankruptcy and a massive reorganization of the company. These historical lessons-learned must be passed on to corporate executives and students and certainly have their place in the classroom today.

The notion of teaching strategy is an ancient one, often rooted in military history. As educators teach strategy to business students, it is important the lessons are rooted in practice. No better place to learn and deploy strategy is the military battlefield. *The Art of War* by Sun Tzu was written around 500 BC and has influenced generals all over Asia (Sun-tzu, and Griffith, 1964). The Little Red Book of Mao Tse-Tung (1954) draws heavily on it. As he discusses the allocation of resources, there is a logical connection from the military origins to the civilian use of strategy. *The Prince* written by Niccolò Machiavelli in 1513 (translation by Thomson 2001), is a book of advice to the ruler of an Italian city state. It was so influential, the adjective ‘machiavellian’ resulted. Carl von Clausewitz, a Prussian general who fought Napoleon, published *On War* in 1830. One of the famous lines from the book is “War is the continuation of politics by other means.”

Instrumental in the American Revolution was Friedrich Von Stueben who trained American militia in organized strategy taking them from farmers and merchants to worthy (and victorious) troops. He wrote *Regulations for the Order and Discipline of the Troops of the United States* in 1778. The lessons learned from these early teachers are still with us as much of strategy is transferable from the battlefield to the playing field to industry. The planning process also remains the same.

Management should establish top-level goals and then share those goals across the organization through a collaborative, systematic, strategic planning process. This blueprint for change, or conduit for communication, should be used consistently as the changing market environment dictates. This is even more critical in today’s
environment, where technology has been a major force of disruption in markets, enabling innovation, lowering competitive barriers to entry and shortening traditional product lifecycles. The corporate goals should then be translated into corporate strategy driving those goals to completion. Lastly, tactics should be considered as follow through action items of the given strategy. When goals, strategy and tactical implementation are all precisely planned and executed in a methodical manner, the top-level goals will be reached with seemingly effortless fluidity resulting in organizational success.

SIMULATION
This case analysis is taken primarily from the experiences of a senior level marketing course, Marketing Policies & Problems, taught at a medium sized, private college. The first author structures this class as Marketing Strategy integrating many of the other business classes students have already taken. Students take Management Strategy immediately before, after, or concurrently with this class. The format of the class combines lecture, simulation, and individual assignments.

The use of a simulation was chosen to both integrate knowledge and to create an active learning environment. Active learning uses higher-order tasks, suggested by Bloom (1956) such as analysis, synthesis and evaluation (Bonwell and Eison, 1991). It tends to lead to greater motivation, understanding, and retention (Michael 2006). Large scale integrative business simulations challenge students to apply their business education, solve problems, and adapt to changing environmental conditions (Riley et al 2013).

In this class (at both undergraduate and graduate level), the Marketplace® Strategic Marketing simulation was used. (Author’s note: The creator and CEO of Marketplace® was informed of this paper, in advance, and has given his permission for the name of the simulation to be used.) This simulation is not a requirement of this technique of instructor/student interaction but is described because it was the platform used. This company provides many different simulations including Capstone, Operations, and Conscious Capitalism.

The Strategic Marketing simulation incorporates analysis of marketplace data, design products, pricing, advertising and selling the product (opening sales offices and hiring salespeople). The simulation includes a Balanced Scorecard and evaluates teams on financial performance, market share, marketing effectiveness, creation of wealth (namely ROI) and investment in the future. The simulation takes place over eight decision periods or quarters, whereupon the students turn their “company” back to Headquarters and justify how they have used HQ’s money. Activities include a full strategic marketing plan, a final report, and multiple peer evaluations. Students work in teams to form companies and compete against each other. Team formation is by a sports-type draft which attempts to diversify the skill set of each team and to prevent students from forming teams with friends or familiar classmates.

The simulation decisions are distributed throughout the semester, most often with each quarter’s decisions about two weeks apart. This schedule allows time to cover topics throughout the semester, linking them to the upcoming decisions.

Decisions include (but are not limited to): goals and overall strategy, design/modification of brands (which requires analysis of market data given), design/modification of advertising as well as purchasing advertising spots, opening and staffing of sales offices, pricing of brands, forecasting of sales, and management of finances including cash flow. When the simulation runs each quarter, groups are given their performance indicators including brand, ad and price judgment, demand per salesperson, financial information including Income Statement, Cash Flow and profitability by brand and sales office, in addition to a wealth of competitive intelligence. It is then the responsibility of the group to analyze the data provided to make the best strategic and tactical decisions for the next quarter.

One of the key features of the simulation is the use of marketplace data for decision making. Students must analyze and synthesize multiple types of data and create their own Marketing Dashboard. It is being faced with
a seemingly overwhelming amount of data that creates the attraction of concentrating on tactical decisions. It is these decisions which are due at each quarter’s deadline and so, appear to have the greatest urgency. After each quarter’s decisions, the entire team meets with the instructor in her office. These meetings, usually 30 minutes long, called Executive Briefings, are designed to coach the teams through their analytical and decisions making process. It is vital that the instructor step away from the role of educator and maintain the role of coach/mentor.

Each student is queried on his/her functional area (typically: Leader, Brand Manager, Sales Manager, and Ad Manager) as well as overall group performance and alignment of tactical decisions to overall strategy and long-term goals. This process reveals which students are prepared and which ones appreciate the role of their functional areas in attaining corporate goals and aligning with strategy.

The temptation for each student, particularly when presented with an overwhelming amount of data, is to focus on his/her tactical area. It is both more manageable and more convenient to take on a small piece of the big picture. It often requires continual reminders from the coach to help the students gain perspective of how their decisions will impact overall strategy and goals. The management at Company X, the insurance provider described earlier, would have benefited from such reminders.

This “holding their feet to the fire” demonstrates, very quickly, that a superficial tactical focus is insufficient for survival in the simulation. At this point, the group will usually recognize the coordination necessary between the goals and strategies and the functional tactical decisions.

Exam question was asked in all sections of the class in order to explore differences in outcomes. In the most recent semester, two sections of the class were taught by the first author using the simulation described above (n = 40 coded answers). A third section was taught by the third author using a different simulation and teaching techniques (n = 30 coded answers). The same question asked of each section was:

“Your role is strategist/visionary/leader. One of your ongoing tasks is to align the tactical decisions to the strategy to the goals. What does this mean and why is it important?”

Answers from all sections were gathered and coded according to the following standards: Was the student able to make the connection among goals, strategy and tactics (beyond the use of the words already given to him/her in the question)? Did the student demonstrate an appreciation that goals come before strategy which comes before tactics? Coding was done on a three point scale (0 = no evidence of understanding, 1 = some evidence of understanding, 2 = evidence of clear understanding) as is common practice of Outcomes Assessment. To minimize confounding, the second and third author coded the answers given by the first author’s students and the first and second author coded the answers given by the third author’s students.

While answers ran the same gamut of articulate and accurate to vague and questionable, there was a pronounced difference between the two instructional approaches. While this represents a very small sample and cannot be generalized, the results are presented here.

Among students who participated in the described simulation with the first author, 87.5% showed some evidence (coded as 1 or 2) of understanding both the connection among goals, strategy, and tactics 62% showed clear evidence (coded as 2), and the importance of goals rather than tactics driving decisions. Only 22% of the students using the alternative simulation and pedagogy showed clear evidence of understanding while 70% showed some evidence.

As is common, answers varied from precise and accurate to vaguely correct. Some of the better answers included:

To align the tactical decisions to the strategy to the goals means that you must look at every decision made each quarter and ask yourself, does this align with what with strategized at the
beginning of the year. If you answer yes, then you have to make sure it all aligns with your corporate goals of being either market share leader or profit margin leader etc. This is important because it keeps your team on track to meet your ultimate goals at the beginning of the year. If no one is watching over your tactical decisions, strategy, or goals, then the team may wind up off track and not meet those goals.

A simple, but concise answer was:

It is easy for companies to get caught up in the day to day decisions of the business in the pursuit of expanding the business. The company’s strategic goods serve to give decision makers an idea of which direction they should go. All tactical decisions should align with overall strategic goals, so that resources are not wasted on bad decisions that do not reinforce the company’s core competencies.

As was the custom by the first author, a survey was distributed to explore the students’ perceived value of the simulation, suggestions for the software developers, suggestions for teaching the class, and satisfaction with the amount learned in the class. In order to further explore strategic alignment, questions were included regarding whether groups retained the same overall goals throughout the simulation, adapted their goals and/or mission, or considered their goals while making tactical decisions. There were 46 returned surveys.

In general, students responded that they did not have the same goals at the end of simulation as at the beginning (mean = 2.3 where 1 = Strongly Disagree), but adapted their goals nearly every quarter according to business conditions (median = 4). A complete summary of the results of exam answer coding and survey can be seen in the Table.

**ASSESSMENT, SUGGESTIONS, FUTURE RESEARCH**
This paper has described a technique to strengthen the ability of students to recognize and practice strategic alignment. By placing greater emphasis on the bigger picture and providing students with continual reinforcement, greater understanding of the value of strategic alignment was achieved. This concept provides multiple avenues for future research with the caveat that different situations (undergraduate versus graduate, level and discipline of class, etc.) will require different techniques.

**TABLE**
**SUMMARY OF RESULTS**

<table>
<thead>
<tr>
<th>Treatment group</th>
<th>Control Group</th>
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</thead>
<tbody>
<tr>
<td>Some understanding of strategic alignment</td>
<td>87.5%</td>
</tr>
<tr>
<td>Clear understanding of strategic alignment</td>
<td>62.5%</td>
</tr>
<tr>
<td>Some understanding of goals driving strategy driving tactics</td>
<td>87.5%</td>
</tr>
<tr>
<td>Clear understanding of goals driving strategy driving tactics</td>
<td>60%</td>
</tr>
<tr>
<td>“My group always knew what our end goal was and kept it in mind.”</td>
<td>Mean =3.384615385</td>
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<tr>
<td></td>
<td>Median = 4</td>
</tr>
<tr>
<td>“I understand the importance of matching small decisions to final desired outcomes.”</td>
<td>Mean =4.307692308</td>
</tr>
<tr>
<td></td>
<td>Median = 4</td>
</tr>
</tbody>
</table>
While exploring the area of strategic alignment in research, there are also some suggestions to be made for implementation in the classroom. These include:

- Cross functional discussion among faculty to integrate across disciplines earlier in the curriculum than the senior level capstone courses.
- Provide students with a framework for strategy which lays out the justification for why a “top down” approach (mission to goals to strategy to tactics) is vital.
- Encourage instructors of marketing and business strategy classes to help students understand the multidisciplinary implications of how one business function impacts other areas of the organization and the importance of using data to “model” the financial relationships between disciplines in decision making.
- Revisit this framework throughout the semester.
- Create opportunities for students to articulate the value of this bigger picture vision so they are reinforcing the concept within their own minds.
- Provide examples, such as the Kodak case, of what happens when organizations do not adjust strategy to meet the end goals.

The results of this case study, together with the literature, can provide recommendations for improving strategic alignment within organizations. Some of these suggestions include:

- Ensuring that the senior officers of an organization continually and relentlessly articulate the strategic goals in a manner that all employees understand. This includes establishing employee performance measurements, budgeting and annual execution plans that contribute to and reinforce the strategic plan and underlying execution tactics. The failure of achieving long term strategic goals is most often due to the inability of the organization to stay focused.
- Physically pinning the mission statement to employee’s workstations as a reminder of organizational goals. A simple infographic can clarify how the employee’s department and tasks relate to the overall goals and the employee’s contribution to the success of the organization. See Figure for an example.
- It is the department manager’s responsibility to create goals that will drive the organization forward. Each department manager should create their goals from an interactive worksheet comprised of the company’s goals and strategy.
- New employee orientation should communicate organizational goals (educating employees as to how they fit into the larger picture)
- Quarterly “executive briefs” with front-line/department managers focused on alignment of tactical operations with strategic organizational goals
- Strategic alignment should be part of the standard meeting agenda in order to reinforce the importance
- Temporal implications of strategic planning. Organizational goals and mission must be created first to allow functional strategic plans to dovetail.
The infographic shown in the Figure is an example of a physical reminder to employees as to how their daily work fits into the larger strategic plan. Here, a single goal, in this case, “Be an environmentally responsible organization”, is highlighted to follow it through to the strategy and tactics. By breaking down the goals and strategy to tactics, or even action items, one can see the connection between everyday tasks and higher-level goals. While this is not critical to corporate success, helping employees to see the connection can make a difference when day-to-day decisions are made. Simply reminding employees of the goals can direct them to make better decisions and guide the organization toward greater strategic alignment.

Here, we have attempted to highlight the value of teaching strategic alignment in the business team. We have described both the theoretical background and provided a practical application.

Creating strategy without connected tactical execution is pure fantasy. Tactical execution without a strategy is chaos at best. It is highly important to teach tomorrow’s business leaders how to align the strategic planning process with tactical execution and this methodology is an important step in that direction.

REFERENCES


**Keywords:** Strategic alignment, simulation, marketing education, active learning

**Relevance to Marketing Educators, Researchers and Practitioners:** This paper describes a technique to strengthen the ability of students to recognize and practice strategic alignment. Meetings with the team and the professor/coach were used to drill down into ascertain the degree of strategic alignment in the group’s decisions as well as the group’s data analysis and performance.

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**TRACK: Marketing Education**