

MICHIGAN STATE
UNIVERSITY

September 12, 2007

MEMORANDUM

TO: Sekhar Chivukula, UCAP Chairperson
Mary Noel, UGC Chairperson

FROM: Jim Potchen, Chairperson
Executive Committee of Academic Council

SUBJECT: Proposal to Split the Department of Marketing and Supply
Chain Management

As a follow up to our Executive Committee meeting yesterday, I would like to formally forward the attached information with regard to the proposal to split the Department of Marketing and Supply Chain Management to your committees for review. We ask that you plan to report back to ECAC at your earliest convenience but no later than November 6, 2007.

Please forward responses in writing to Julie Harrison (harris24@msu.edu) no later than October 29, 2007 and she will include that information with the ECAC agenda for November 6.

Thank you.

JP/jh

Attachment



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MICHIGAN STATE
UNIVERSITY

September 6, 2007

To: Executive Committee of Academic Council

From: Kim A. Wilcox



Re: Proposal to split the Marketing and Supply Chain Management Department

Near the end of spring semester, 2007, the Eli Broad College of Business forwarded to me the attached proposal.

I seek the advice of ECAC and relevant standing committees regarding approval of the proposal.



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PROVOST

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MICHIGAN STATE
UNIVERSITY

March 28, 2007

MEMORANDUM

TO: Kim Wilcox, Provost

FROM: Robert B. Duncan
The Eli and Edythe L. Broad Dean



RE: Proposal to "Split" the Marketing and Supply Chain Management Department

The Eli Broad College of Business is requesting approval to split the Marketing and Supply Chain Management Department into two separate departments: (1) the Marketing Department, and (2) the Supply Chain Management Department. This proposal document is organized as follows. First, a brief history of the Marketing and Supply Chain Management Department is provided. This is followed by a detailed description of the rationale for the split. Next, the configuration of the new departments including programmatic and space considerations is outlined. In this section, assurances are given that the new organization will not affect the tenure status of faculty members and will have no effect on academic programs and curricula. A summary of the discussion and vote on this proposal by the College Advisory Council is then provided. Finally, my recommendation and request for approval are presented.

A Brief History of the Marketing and Supply Chain Management Department

In the summer of 1996, the current department (Marketing and Supply Chain Management) was formed at the initiative of the faculty. The Department of Marketing and Logistics was petitioned by the Operations and Supply Management group of the Management Department to merge into an integrated Marketing and Supply Chain Management Department. Bylaws were created for this single department that allocated faculty personnel actions (hiring and reappointment, promotion, and tenure (RPT)) to the two functional faculty areas of the department:

- Marketing
- Supply Chain Management

BROAD
THE ELI BROAD
COLLEGE OF
BUSINESS
THE ELI BROAD
GRADUATE SCHOOL
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In 2005, the department reorganized the responsibilities for faculty personnel actions (hiring, RPT) for the Supply Chain Management Group into two functional areas due to the real differences in the fields of Operations & Supply Management and Logistics regarding ways in which national leadership was achieved and maintained. This resulted in three areas within the Marketing and Supply Chain Management Department for the purposes of hiring and RPT decisions:

- Marketing
- Logistics
- Operations and Supply Management.

From 2004 to 2006, there was informal discussion within the Marketing Group regarding the desirability of separating the Marketing group into a separate department. Dean Duncan suggested the desirability of this split as the disciplines of the two groups are distinct and different. Marketing faculty members regarded the split as desirable. In fall of 2005, Dean Bob Duncan and Chair Bob Nason set up a marketing group strategic planning taskforce to look at the future of the Marketing Group. In spring 2006, the Marketing Group started meeting as a unit to deal with the issue of a split and other strategic issues. There were deviant positions regarding the possible split but the group decided to operate as a semi autonomous unit within the larger MSC Department. In July 2006, a strategic plan for the group was crafted and delivered to the Dean. This plan was modified and resubmitted to the Dean in December 2006.

On November 10, 2006 the Marketing Advisory Board (Industry executives) strongly recommended that the Marketing Group identify itself as the Marketing Department without SCM nomenclature in order to maximize its brand image in attracting students and recruiters at the MBA level. This idea was accepted by the Dean, in principle, but when presented to the Marketing group, 12/1/06, separation as a true department was seen by many as much more desirable.

On 12/7/06 and 12/14/06 Dean Bob Duncan and Associate Dean Shawnee Vickery attended meetings of the Marketing Group and the Supply Chain Management Group, respectively, to specify the conditions under which a separation could take place (i.e., no additional resources would be provided to either group for the hiring of department chairs, etc.). After thoughtful discussions and deliberations by the two groups, the outcomes were as follows:

- 12/14/06 – The SCM Group unanimously passed the following resolution: “The Supply Chain Management group values the relationship with our marketing colleagues but should the Marketing Group decide its best interest is served by forming a separate Department of Marketing, we will endeavor to continue the process of collaboration.”
- 12/17/06 – Marketing Group voted to recommend a separate department structure with 11 in favor, 3 opposed, and 1 abstention.

Rationale for the Split

A key rationale for the split is that the academic disciplines of Marketing and SCM are distinct and different. The Broad School at MSU has the only integrated department incorporating these disciplines among leading research-intensive universities. In particular, it should be noted that:

- The journals that serve each area differ in terms of audience, focus, and methods.
- The professional societies with which the two groups of faculty affiliate are largely different.
- Separate job markets exist for the graduates of the two disciplines.

Another key consideration is that the practice of marketing in industry is largely organizationally distinct as well, prompting the Marketing Advisory Board to recommend separation of the Marketing brand from the SCM brand. It is recognized that there are important interactions between the functions, but currently and in the immediate future, these functions will remain distinct in terms of decision processes and personnel.

Another important issue driving the case for the split is that while there has been extensive collaboration in the past 10 years between the groups in the combined department that has resulted in many top journal articles in SCM, there have been few such results in marketing, and only in the product innovation area. In addition, marketing faculty lost focus on core marketing journals and published in areas and topics that did little to enhance the reputation of the marketing group.

Since the combined department was large and operated as two, and then three, distinct sub-departments (Marketing, Operations & Supply Management, and Logistics), the Marketing Group felt that insufficient attention was being given to the field of Marketing and that the Marketing Group did not have the full attention of the Chairperson as intellectual leader versus administrator. The Marketing Group felt strongly that much internal cohesion had been lost in the larger department resulting in low motivation and moral among some faculty members, not as much faculty development as would be desirable, and distance from departmental governance. Also, the Marketing group felt that teaching and program development would be strengthened by a more cohesive and unified focus. Overall, the Marketing Group felt its national reputation, attractiveness to student applicants and recruiters, ability to hire top faculty talent, and interaction with industry would be strongly enhanced by establishing a separate department. Finally, another key issue was that the Marketing Group and the Supply Chain Management Group (consisting of Operations & Supply Management and Logistics) could not identify viable internal or external Chairperson candidates that they all trusted to manage and promote their functional-field interests within the combined department when the current Chairperson steps down 7/1/07. That is, the marketing faculty did not want an SCM chair and vice versa.

Proposed Alignment and Assurances

If the Department of Marketing and Supply Chain Management is split into two departments, the Department of Marketing and the Department of Supply Chain Management, the two departments would be defined as follows:

The Department of Marketing would include:

- Current faculty interested in marketing strategy/management, new product development/innovation, and international marketing. This alignment is consistent with the Marketing Group Strategic Plan.
- The group includes: 17 tenure track lines, 2 full time professors of practice/specialists, 16 doctoral students and 2.5 staff

The Department of Supply Chain Management would include:

- Current faculty interested in logistics, operations, and supply management. This configuration is both by choice of the faculty and strategically important to our mission of being the leading department in integrated supply chain management as codified in the SCM Strategic Plan.
- The SCM group includes: 18 tenure track lines, 2 Professors of Practice/specialists, 14 doctoral students and 3.5 staff (of which 1.5 is paid from non-general fund sources).

The current space allocated to the Marketing and Supply Chain Management Department would be shared. The current departmental office space would be renovated to allow for a second chairperson office with attached administrative staff office, a common staff area, and shared office machines, storage, kitchen, etc.

All Marketing and SCM academic programs would reside with the department with the corresponding name and be maintained seamlessly for students. All MSC courses will be divided by subject between the two departments and given MKT or SCM designations. Responsibility for MBA, PIM, EMB, or CMBA courses will be assigned according to content.

All faculty members will maintain their current ranks at the time of the split. The split will not change the tenure status of any of the faculty. Nor will it change the current organization of faculty responsibility for hiring and reappointment, promotion and tenure (RPT) decisions. Since faculty promotion and tenure decisions are already controlled by each group (MKT and SCM) separately, the change will have no impact on any tenure stream faculty.

Consultation with College Advisory Council

On Wednesday, February 28, 2007 the Chair of the Marketing and Supply Chain Management Department presented the proposal for a departmental split to the Broad School's College Advisory Council (CAC). There was a short discussion during which certain issues were clarified. Afterward, the CAC voted unanimously to approve the split.

Dean's Recommendation and Request for Approval

This restructuring of the MSC Department into two separate departments is strongly favored by the Marketing faculty and is accommodated by the SCM faculty in order to strengthen and enhance the national reputation of the Marketing Group. The two groups already operate somewhat autonomously to serve very different academic and institutional audiences. The two groups have majors and programs at all levels that are separate and distinct. Although there are reasons to continue some level of integration of research, the combined department structure has been a significant disadvantage for some marketing faculty in terms of (1) fostering collaborative efforts aimed at producing publications in top marketing journals, (2) the group's image as a distinct brand in the marketplace, and (3) providing impetus for developing a leading edge set of capabilities.

The SCM Group, which already is ranked number one both nationally and internationally, sees no advantage in splitting. However, it also perceives that such a split will have little or no impact on its ability to successfully pursue its strategic agenda. Furthermore, the distinctive brands of both groups should be enhanced in the marketplace. This will facilitate the attracting of top students and their placement in the very best companies and academic institutions – from undergraduates to doctoral students.

With these considerations in mind, I ask that you authorize the creation of two separate departments: (1) the Marketing Department; and (2) the Department of Supply Chain Management. The requested target date for implementation is July 1, 2007. My recommendation concerning this course of action and my request to you for approval is based on the persuasive, logical arguments for the split presented in this proposal and the strong support of the faculty for this course of action.