The Principles of War Applied to Business

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Abstract

The search for excellence in business is not enough. First a company has to survive before it can become excellent. Competition in the marketplace is a form of warfare. Twenty centuries of military history have produced principles of warfare that business executives can adapt for use in today's competitive environment. The Chinese have a "Society for the Study of Ancient Management Thinking." Japan's success after World War II, they explain "a little bitterly", owes much to its study of ancient Chinese wisdom, particularly Sun Tzu's The Art of War, which the Japanese use as a treatise on market strategy. Businessmen must use all the tools available to them to survive and prosper.

The search for excellence in business is not enough. First a company has to survive before it can become excellent. Competition selects those who survive and prosper. This is a form of warfare. Business is warfare on a different battlefield, using different means from military warfare; but the basic principles and the lessons of experience are the same. The business general's objective is to focus on the market and capture market share instead of killing the competitor.

Achieving surprise is the first goal of every military operation. Given ample warning, a well-prepared defending army can defeat an attacking force many times its own size. An alerted defender may have time to move units, call up reserves, or use other tactics to alter the odds in an upcoming battle. Surprise prevents that. It guarantees an attacker the initiative, allowing him to set the pace of combat, forcing his victim to react, often in a predictable manner.

Surprise also has one other effect. When a commander confronts an unexpected situation, he naturally takes more time to react because he has to discard all the preconceptions and prejudices that allowed him to be surprised in the first place. And if he delays too long, his enemy is able to attack a disorganized, leaderless force, presenting the defending
commander with yet another set of problems before he has even begun to solve the first. The result is command paralysis, a sense of shock and helplessness that has lost many battles.

Commodore used well-timed surprise some years ago when it announced a $160 price cut in its home computer. This action was timed for the most disruptive possible moment, a press conference at the beginning of the year's most important trade show. Competitors were caught unaware just when they were making their biggest sales presentations. The attack occurred at the most opportune moment in the product life cycle for Commodore. You can imagine the chaos among Commodore's competitors as the rumors started to be picked up, then the confirmation, and finally the mental struggle of the competition to regroup.

At one time Lever was the leader in the laundry and toothpaste wars; then Proctor and Gamble launched Tide as the first synthetic laundry detergent and Crest as a cavity preventative toothpaste. A former Lever division manager says that the beating Lever took from P&G created "a lurking lack of confidence. . . . The company's executives were always trying to play catch-up and an inferiority complex permeated decision making." Now P&G finds itself in the "Lever position" as competitors have learned how to get inside its time cycles. Standard procedure at P&G when bringing a new product to market was a highly structured test marketing period to evaluate product viability. Competitors launching their new products while P&G was still conducting market tests has forced P&G to change its strategy so it is not playing the "me too" game. Losing the initiative either in the marketplace or on the battlefield has an insidious effect on morale.

Using surprise to gain advantage is a tactic every child knows. Yet, as business people, how many of us have thought through the psychological implications of surprise so that we may use it to its fullest effect for our benefit?

We have all heard of using strategy and tactics in business, but what sources of information are available to help hone our skills. English dictionaries define the word strategy only in the narrow military sense. Business schools use the case study approach to teach problem solving, but there are few classes for strategy. Considering that conglomerates were the wave of the future in the sixties and core business the watch word of the eighties, there may not be a solid foundation of contemporary business history from which to draw business lessons. There are, however, over twenty centuries of military history from which to draw references, see parallels, and apply to competition in business. For military leaders, between wars, there was little to do except review the lessons of the last war. For most business executives, there is little time "between wars" to step back and review the lessons, much less publish their findings for others to study.

Since the military and business share a common language (strategy, tactics, campaigns, objectives), military lessons can readily be trans-