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Making and Evaluating Strategy: Learning from the Military

Abstract

Use of military analogy is rampant and considered an acceptable part of business vernacular. However, analogies only illustrate, and bad analogies make bad strategy. There are important lessons to be learned from military strategy, though. This article identifies "the ten principles of strategy" that corporate strategists could utilize in testing their strategic theories, concepts, and plans.

Keywords

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Making and Evaluating Strategy: Learning from the Military

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Use of military analogy is rampant and considered an acceptable part of business vernacular. However, analogies only illustrate, and bad analogies make bad strategy. There are important lessons to be learned from military strategy, though. This article identifies "the ten principles of strategy" that corporate strategists could utilize in testing their strategic theories, concepts, and plans.

In an industry where services are often associated with being "kinder and gentler," corporate lingo among hospitality executives suggests otherwise. Talk in boardrooms and office corridors is peppered with militaristic terms – wars, battles, offensive and defensive positions. Certainly the competitiveness of the marketplace favors military metaphors. The success of books such as Ries and Trout's *Marketing Warfare*¹ is in large part due to the search for the ultimate corporate weapon and the desire to win the battle against competitors for customers.

The Burger Wars have become a classic textbook case, and vestiges of a warlike state exist. *Business Week*, in its "Industry 1990 Outlook" issue, began an article on the food service industry as follows:

"Fast Food Joints Are Getting Fried — The Chains Wage War for Market Share." Grueling times lie ahead for restaurants and fast-food joints. Troubled by labor shortages and a glut of outlets, they face a bruising price war in 1990. The first signs of battle already have arrived in the form of margin-crunching price specials and promotional pyrotechnics. Says Kentucky Fried Chicken Corp. CEO John Cranor: In the next 12 months, we'll all be fighting tooth and tongue.²

Military terminology appears to add to an understanding of the young science of strategy and creates an element of excitement in what otherwise may be considered a dull subject. However, use of

such terms and analogies does not prove anything. At best they only, illustrate and may indeed be misleading.

Of all the analogies which have been politically significant in the past decade, none has been more important than the attempt to liken the Soviet threat with that of Nazi Germany. Both regions have been described as warlike; both are said to share a commitment to territorial acquisition by means of military expansion, and both are totalitarian dictatorships. This analogy was propounded by important members of the Reagan Administration, and therefore presumably played some part in how the United States thought of dealing with the Soviet Union. However, as we now know, the analogy was flawed. According to Michael Howard, a "militarist" state such as the Soviet Union invests in huge military efforts, but does so in order to avoid war, not because it is planning to bring one about. There is no "cultural" disposition to go to war in the Soviet Union as there was in the "bellicose" state and hyperviolent culture of Nazi Germany.³ However, to those who have what Kissinger calls an "inherent bad faith" model of the Soviet Union, there is no attempt to understand such actions from the Soviet point of view; instead, such behavior is simply categorized according to favored demonic analogies.

Analogies are one way in which people try to comprehend complex affairs; however, bad analogies make bad strategy. In the corporate world, as in the military, devising the best response will not be assisted by imputing false motives. Strategists can, however, move beyond military analogies and focus upon "the 10 principles of strategy" that have been gleaned from studies of the campaigns of the greatest military commanders. These principles can be used as a practical checklist to assist sound judgment by the architects and appraisers of strategic theories, concepts, and plans. However, users should recognize that no two situations are quite alike, and so the principles must be applied accordingly.

Ten Principles of Strategy Stand Out

A compelling Darwinian force shapes military strategy. While those who win battles live and are emulated, losers are only buried. The military attaches supreme importance to strategy and has evolved an ethos around it. Officers, during their education and training, have the 10 principles etched forever in their brains, and are expected to have read the military classics. In later staff appointments officers are expected to know the questions and how to think about them. Strategy becomes their way of life.

The 10 principles that guide officers are used to help identify as many angles to grandiose schemes purported to solve obstinate offense and defense problems. They are as follows:⁴

1. maintenance of morale and commitment
2. maintenance of the aim
3. flexibility

4. logistic support
5. administration
6. concentration
7. economy of effort
8. offensive action
9. surprise
10. security

It is easy to translate these principles into a corporate context. In fact, since 1965 a literature on non-military strategy has appeared in the planning of every institution. However, in universities, where strategic management is taught, and in businesses, where strategic management is implemented, the strategic ethos is not always evident. Professors and managers use the word "strategy," but do not seem to know what it means. There are many specific problems, but the most important is rejection of the systematic method for analysis. Kenichi Ohmae, in his book *The Mind of the Strategist: The Art of Japanese Business*, argues:

Analysis is the critical starting point of strategic thinking. Faced with problems, trends, events or situations that appear to constitute a harmonious whole or came packaged as a whole by the common sense of the day, the strategic thinker dissects them into their constituent parts. Then, having discovered the significance of these constituents, he reassembles them in a way calculated to maximize his advantage.⁵

Any failure to participate in this habit of analysis and the 10 principles of strategy became tainted.

Morale and Commitment Must be Maintained

If business and corporate life is anything, it is a political endeavor in which leadership is the essence of success. Politics are about people in institutions struggling against opponents, and war is politics by other means. In the final analysis, war, whether hot or cold, resolves itself in a test of wills, not just of armed forces, but of entire peoples. When the urge to compete is lost, all is lost.

Leadership, discipline, comradeship, self-respect, and unflagging belief in a cause all help build morale; indeed, tradition holds military officers solely responsible for it. Unfortunately today, many hospitality leaders come from backgrounds and institutions in which morale is not highly regarded. At many universities there is an indifference to morale.

Morale and commitment of the troops do matter. The military seldom asks why, but if the idea needs support, the literature is

vast. During the Vietnam war, for example, military and government leaders so focused on the illusion of winning the war that political deception and its attendant cynical revelations became widespread. For example, just before the Tet offensive in 1968, top military officers and their civilian representatives deliberately distorted intelligence estimates of enemy troops in order to gain political goals. The troops in the field were unaware of these deceptions, as apparently were many high ranking military officers. Consequently, the military was caught off guard by the fury and success of the Vietcong offensive. Such situations hardly instill rank-and-file confidence in leadership.

In the military, as in business, the challenge is to get everybody to identify and adopt the values and goals of the organization. This requires involvement; that is, everybody must be immersed psychologically in the activities of individual roles at work. Moreover, employees must feel a sense of loyalty or affection for and attachment to the organization.

Strategic excellence is based on an organization's ability to affect its employees favorably, to enhance their intellectual and skill-related abilities, and to make a positive difference in their lives. Just as businesses work hard to build value into the products and services produced and sold, value must be added to employees if they are to be effective in their work and in providing service to customers. This philosophy of caring demands that organizations focus their energies and that all internal constituencies work toward a common goal – the development of human resources.

Maintenance of the Aim is Paramount

All men can see the tactics where I conquer, but what none can see is the strategy out of which great victory is evolved: Sun-tzu.⁶

Strategic aim from a military point of view refers to some measure or some degree of control over the enemy, either in terms of overcoming their forces or their will to fight. With political, economic, and social factors impinging on military strategy, however, it is necessary to provide a common and basic frame of reference for armed forces personnel, politicians, economists, and philosophers in their common efforts toward a common aim. Effective military strategies, therefore, state an unambiguous one-sentence aim, the brevity of which conceals an agony of subjective analysis. It is a single-minded statement of values which subsumes all tactical choices. The aim is not an object; it is an image. Explicitly it says what the military is endeavoring to do. Implicitly it defines the game. Unless the aim is maintained in planning and tactical execution, the strategy will crumble. As most military people will admit, the essence of a general's job is to assist in developing a clear sense of purpose, to keep the junk from getting in the way of important things.

Contrary to the beliefs of the noted war historian Karl von Clausewitz, that strategy simply is “the use of engagements to attain the object of war”; the situation today is different. “The true aim is not so much to seek battle as to seek a strategic situation so advantageous that if it does not of itself produce the decision, its continuation by a battle is sure to achieve this.”⁷ This idea is not new. Sun-tzu recognized that “to subdue the enemy without fighting is the acme of skill.”⁸

Developing a single-minded aim for a corporate strategy is a vital necessity, stemming from the fundamental yet evolutionary threat of being crowded out by competitors, and unsuspectedly by non-traditional competitors utilizing new technology. In the biological world, survival of the fittest has always focused on differentiation. Strategic theorists, such as Michael Porter, are of a similar mind.⁹ Differentiation on the basis of price, product function, time or place utility, or simply the creation of an image that effects customer perceptions is important. However, creating value for customers and developing a compelling competitive advantage is insufficient to ensure long-term organizational survival. There must be a sharing of and commitment to specific corporate values and dominant beliefs.

Disney Specifies Values

Disney Corporation is a prime example of a company with a strong culture which, through its legendary president, specifies its beliefs and values for all its employees. Disney’s beliefs can be found not only in its orientation booklets, but in the hearts and minds of its devoted employees. There are three strong beliefs: respect for the individual, customer service, and excellence. Beyond these beliefs, Disney also issues a set of fundamental principles to guide employee conduct. These principles deal with such issues as managerial talent, technological development, employee development, stockholder return, and social responsibility. In fact, Walt Disney suggested that these beliefs and principles were more responsible for the company’s success than its technological and economic resources or its organizational structure, innovation, and timing. They also constitute absolutes in the sense that whatever else may change, they remain constant.

In the military as in business, shared values and beliefs must be reinforced. Disney employees daily learn what is appropriate and what is not. Through their actions and decisions, they know how much autonomy they can carve out within the confines of the corporate value system, one that is intent on capturing the essence of winning, one that in its stability over time provides consistency to short-term action and sets a target that deserves personal effort and commitment.

A good strategy is rigid in its values, and flexible in its expression. Purposes, policies, plans, and procedures inevitably change. This leads to the basic promise enunciated by Admiral Joseph Wylie: “No one can predict with certainty the pattern war will take.”¹⁰

There is a need for alternate solutions to potential problems, which must be addressed according to their character, immanency, importance, and probability of occurrence:

The player who plans for only one strategy runs a great risk simply because his opponent soon detects the (deficiency) – and counters it. The requirement is for a spectrum of strategies that are flexible and noncommittal, a theory that by intent and design can be applied in unforeseen situations. Planning for uncertainty is not as dangerous as it might seem; there is, after all, some order in military as well as other human affairs. But planning for certitude is the greatest of all mistakes.¹¹

In the hospitality industry, physical facilities afford less margin for flexibility than intellectual ideas. Deciding where to place material emphasis is a matter of considerable consequence, determined by assigning priorities. Whatever the verdict, it should be imaginative. Triteness in the field of strategy is a deadly sin.

Experience and observation suggest an unhealthy rigidity among many corporate strategists. Failing to realize that neither opportunities nor crises can be commanded, they dwell too much on strategic plans. Failures in corporate planning are puzzling, for a corporate or a business plan has much in common with a military operation order. Once an operation begins, its plan rapidly disintegrates as opportunities and misfortunes emerge. So a corporate or business plan should disintegrate, but in a different time frame. The military commander expects this, and soon abandons the plan, but not its underlying strategy.

In business as on the battlefield, the object of strategy is to bring about the conditions most favorable to one's own side, judging precisely the right moment to attack or withdraw and always assessing the limits of compromise correctly. Besides the habit of analysis what marks the mind of the strategist is an intellectual elasticity or flexibility that enables him to come up with realistic responses to changing situations not simply to discriminate with great precision among different shades of grey.¹²

Logistic Support and Administration Provide Resource

Napolean Bonaparte is reputed to have said, "An army marches on its stomach." Logistics and administration are the principles that provide many of the resources that strategy puts to work. As any top commander will admit, no battles can be won unless soldiers can hold and gain ground in war. During World War II this meant a ground Army supported by tactical aviation with supply lines guarded by the Navy. Logistics – the provision, movement, and maintenance of all services and resources necessary to sustain military forces – is, therefore, inseparable from administration, the

management of all services and resources necessary to sustain military forces.

Strategy must be activated, not just preached. In other words, nothing happens until resources are committed, and for an ongoing strategy, disintegration may occur unless there is continuity in the commitment of resources. Resource allocation, however, is of immense complexity. It faces three dilemmas: deciding what criteria to use, matching resource needs with resource availability, and scheduling resource commitment over time. Moreover, as technical innovation continues to improve the capability for waging war, the challenge to political and military command in resolving these dilemmas intensifies. According to one U.S. official:

Decisions will be made by computers that have been taught (i.e., programmed) all that humans know about war as they hypothesize it will be fought with modern weapons. The computer will perhaps have expanded upon that knowledge. Humans will oversee and override rather than execute. War will not only be come as you are but will also be pre-programmed.¹³

While perhaps excessively sanguine about the use of computers in the larger direction and management of combat, the big question facing both the military and business is whether current or foreseeable systems (human, institutional, and technological) for the management of operations will be equal to the growing challenges in information and management systems.

Information Determines Strategy

What makes information systems of supreme importance is primarily the fact that the effectiveness of strategy is now determined by information.¹⁴ Whether the problem relates to allocating resources, improving the conduct of operation, or handling management crises, competitive battles are won or lost on the basis of the adequacy of information. What is changing is that the stakes in many of these strategic issues are now much higher. Also the scope and tempo of these issues may be such that neither the commander or manager will have an opportunity to remedy errors they make due to poor information.

The information revolution in both business and military spheres leaves the erroneous impression, though, that information technology has solved the age-old problems of fog of decision making which arise when tactical or strategic information is disregarded, incomplete, unconfirmed, deceptive, untimely, unavailable, contradictory, or misinterpreted. To the contrary, however, in the potentially information-soaked environment of the modern battlefield or corporation, fog of decision making is often an even greater problem. Information overload, dysfunctional information, internal failure modes, and availability of people to operate and maintain the equipment suggest that attention be increasingly focused on both the

protection of information systems at the tactical and strategic levels and on ways of countering such protection.

The challenges posed by the information revolution and the advent of information warfare are vexing indeed, compounded by how management systems operate in the context of ongoing competition for influence or market domination. Of particular importance in the military are questions regarding the ability to escalate use of force or threat of force as distinct from launching or repelling an attack. In such situations there is a recognized need to move beyond technology to look at human and institutional questions. For example, the following framework which applies equally to the military and to business suggests that when evaluating strategic decisions, attention should be paid to the following aspects of the management of operations:

- **Interactions:** corporate unit interactions, functional interactions, service interactions, alliance interactions, competitor interactions
- **Functional elements:** marketing and sales, customer service, operational control, financing and accounting, communications and data transmission, surveillance and intelligence collection
- **Components:** institutional, human, technical, procedural
- **Dimensions:** regional, national, international
- **Scenarios and contingencies:** type of attack or strategic problem, length of encounter – limited, episodic, prolonged
- **Phases:** pre-conflict, onset, peak, and resolution of conflict
- **Substantive:** decision making, decision execution
- **System qualities:** adaptability, reliability, responsiveness, resistance, survivability, durability, capacity and comprehensiveness
- **Areas of concern:** Same as system qualities but dependent on scenario and contingencies within scenario, as well as vulnerabilities to external disruption or internal failure mode
- **Idiosyncratic factors:** Impact of individual, institutional or national culture, tradition, experience and technological or strategic styles on the design and operation of management systems

While each of these aspects merits attention, there is no suggestion that they are of equal importance. Although there is clearly room for refinement, most of the basic aspects mentioned are sufficiently commonplace or self-explanatory as to need little justification; however, the role each plays in the management of strategy implementation is perhaps less obvious.

Economy of Effort and Concentration Complete Strategy

To engage the typical military or business organization's fragmented approach to the identification and implementation of strategy, logistical support and administration must be associated with two more principles, economy of effort and concentration. Together these four principles provide a framework for priority setting, commitment of resources, alliance building, and political trade-offs. Furthermore, they demand a perspective reaching beyond purely internal organizational issues.

Successful execution of strategy in business as well as war demands concentrating the proper combination of effort and resources at the proper time and place to accomplish decisive aims. In war proper, application of this principle in conjunction with the other principles may permit numerically inferior forces to achieve decisive combat superiority. However, primary stress must be devoted to top priority projects and the most serious threats, external or internal. The side with the initiative enjoys a huge advantage, since it can focus its energy on known objectives, while the opposition must dissipate its power in preparing for contingencies.

Available resources, whether human, material, or monetary, never are unlimited. Concentration at points of decision, however, implies the need for economy elsewhere. This can be achieved in two ways: by allotting minimum essential efforts and resources to those endeavors that require least emphasis, or by temporarily diverting strengths from selected high-priority areas, recognizing that this involves calculated risks. In the military, the former method is most frequently used, but both call for canny judgment.

The risks associated with economy of force place a premium on flexibility of thought and action. Economy of force missions may require limited attack, defense, cover and deception, or retrograde actions. In other words, a reserve of strategies is required if the situation changes or when a war fails to proceed in accordance with the plan in use.

For the military or corporate strategist, specific encounters or situations should be taken up only after logistic, material, and other resource requirements have been ascertained. This is a process in which the estimation of needs and costs should be based on less favorable situations and tempered by judgments as to probabilities as well as hazards.

Game theory is of particular value in this regard and has helped sharpen preparedness plans. For example, the business that plans for only one strategy runs a great risk simply because its competitors may detect the single strategy and counter it. The requirement is for a spectrum of strategies that are flexible and non-committal, a theory that by intent and design can be applied in unforeseen situations. Planning for uncertainty is not as dangerous as it might seem; there is, after all, some order in military and business affairs. And, as any military historian will tell you, planning for certitude is the greatest of all military mistakes.

Offensive Action Is Critical

Most hospitality firms have never looked beyond a purely defensive posture, which at best can only gain time to organize a counter-move. Without offense, defense is incremental failure because it only comprises a response or reaction to the move of and the terms set by the competitor. Offensive operations, on the other hand, are the most effective way to seize, retain, and exploit the initiative, and with it the freedom of action to pursue prescribed aims. In war, offensive action permits the commander to exercise initiative and impose his will on the opposition to engage them at times and places of his choosing and in manners he desires, to exploit enemy weakness and rapidly-changing situations, and to react to unexpected developments.

Defensive action may be forced on a commander as a temporary expedient while awaiting an opportunity for offensive action, or may be adopted deliberately for the purpose of economizing forces on a front when a decision is not sought. Even on the defensive, the commander must seek opportunities to seize the initiative and achieve decisive results through offensive action. The defense must be active, not passive.

Military strategy places a premium on intellectual offensives as well as physical action. This applies particularly to business. Active striving for innovative ideas, diplomatic assaults, incessant searches for technological break-throughs, and concerted efforts to capture people's minds are a few alternative but highly effective initiatives — initiatives that will force competitors to react rather than act.

Surprise Means Not Being Surprised

To companies like Holiday Inn, the principle of surprise means not being surprised. To the military, not being surprised means vigilance and reserves. Businesses translate vigilance into research and information, but the need for resources violates the principle of efficiency, a basic tenet of economics.

From a more offensive posture, surprise results from striking a competitor at a time and/or place and in a manner for which he is unprepared, or fails to grasp the full significance too late to react effectively. Surprise, aided and abetted by various combinations of secrecy, effective intelligence, speed, cover, deception, originality, and audacity, can shift the balance of power decisively, paving the way for victories far out of proportion to the efforts expended.

Strategic surprise can assume many forms; conventional military or corporate surprise involving recognizable forces and well-understood procedures may worry competitors the least. Other approaches can have even greater strategic consequence if conditions are ripe. Militarily, the psychological surprise of Hanoi's 1968 Tet offensive unseated President Johnson and precipitated widespread pacifism in the United States. Technological surprise can be equally devastating. The strategic implications of Sputnik I, for example, were unsurpassed. With regard to all these

surprises, however, strategic success is not ensured, but they vastly increase the odds in favor of those who utilize them.

Security Involves Protecting Management

The last strategic principle is security, the imperative to protect the core from catastrophe at the perimeter. The vital core in businesses varies, though it contains the institutional structures and human resources that enhance the corporate entity. Security, therefore, results from the measures taken by management to protect itself from espionage, observation, sabotage, harassment, or surprise. It is a condition that results from the establishment and maintenance of protective measures against hostile acts or influences.¹⁵

Counter-intelligence contributes to that goal by pinpointing possible sabotage and subversion and diluting enemy espionage efforts. Positive intelligence programs provide critical information concerning competitors' capabilities and intentions, thereby guarding against surprise. Security, therefore, preserves power and reduces the probability that competitor activity, direct or indirect, might interfere unduly with vital friendly interests, assets, plans, or operations. By reducing vulnerabilities, security increases freedom of action. Since risk is inherent in war, application of the principle of security does not imply undue caution or the avoidance of calculated risk. A good offense often is an outstanding defense. Seizing and retaining the initiative can interrupt inimical activity.

Utilization of the 10 principles of strategy implies that the making of strategy is a natural process. Yet no strategic decision maker is usually natural all the time. This conundrum can be explained by suggesting that strategy is pursued at two levels. First, it is pursued at the purely natural level at which attention is focused on reasonable and conscious behavior by the cold calculations of interests, and, second, it is pursued at a level which examines the participants in competition or conflict with regard to conscious and unconscious behavior, and with regard to psychological motivations as well as logical calculations.

The first kind of analysis assumes a strategic person who evaluates every conceivable action in terms of a cost/gain analysis. That is typical of a kind of strategic reasoning which assumes both rationality and complete knowledge of the value systems of all parties in conflict. The 10 strategic principles are part of this assumption because they highlight the logic of situations and strategies. But when it comes to deciding strategy, the intellectual constraint of the strategic person is forced to make way for a more human individual, and strategies have to be designed to take account of this human unreasonableness. With luck and good judgment, military and corporate power can be successfully managed. Application of these principles is a step forward in realizing this dream.

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