The Influence of Military Strategies on Business Planning

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Abstract

The parallels between war and business planning are numerous. The important distinctions between war and business planning involve the ultimate ends of a given conflict. War involves physical destruction and death. When a business conducts operations, economic utility is generated and employees, stakeholders and society on the whole derive some benefit. The nature of competition is generally regulated by law and if disputes arise among rivals, either market place conditions or legal systems will make a binding decision over corporate life and death, victory or defeat. Introducing the analogies of either war or sports into the business environment is complex and may arouse emotions and an ethos that is contrary to the culture of commerce. As multinational businesses expand their reach they can be engines of wealth generation and peace. However, if global corporations adopt a martial ideology, then the hopes for human progress and cultural evolution will be dashed.

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1. War planning

The fundamental objective of a war plan is the imposition of the victor's terms and conditions on the opponent, also defined as total victory. Military historians can cite exclusions to this prior definition; however, the purpose of this paper is not centered on arcane military history debates. With few exceptions, modern military conflict results in the deaths of the belligerents' armed forces and civilians as well as the physical destruction of property and economic assets. Additionally, war plans are usually carefully planned in advance of a conflict but are rarely executed exactly as projected during the engagement. The arrangements are generally redeveloped in lieu of alterations during a war.

An example of grand strategy conflict was the Pacific campaign waged between Japan and America from 1941 - 1945. Prior to engaging America and Great Britain in 1941, the Japanese created a detailed stratagem. It was designed to suddenly destroy the offensive capabilities of both the Americans (the Pacific fleet at Pearl Harbor) and the British (key military bases in Singapore and Hong Kong), the rapid seizure of economic resources and territories in Southeast Asia (present day Malaysia and Indonesia) and the Western Pacific (the Philippines, Guam, Wake and Midway Islands). The Japanese planned to achieve these objectives within six months of the start of hostilities. The ultimate goal of the Japanese was to rampage in Southeast Asia and the Pacific and then propose a peace settlement with a demoralized America and Britain to gain international recognition of the Empire of Japan as a superpower.

America anticipated war with Japan since the late 1800's and crafted and periodically revised a variety of offensive strategies culminating in "War Plan Orange." It served as the United State's Pacific war plan until the defeat of Japan in September, 1945. Fundamentally, Plan Orange called for a decisive naval engagement with the Japanese off the coast of the Philippines and then a naval blockade of the Japanese home islands to force Japan's surrender. Events (successful air and naval campaigns) and new technology (the submarine, aircraft carrier and atomic bomb) and other tactical considerations altered Plan Orange; however, its strategic goal of imposing America's will on Japan was achieved (Miller, 1991).

Many military historians, and contemporary business students, view the Chinese military strategist, Sun Tzu (ca. 500 B.C.E.) as the developer of "the Bible" of strategy. Wong, Maher, and Lee (1998) confirmed that Sun Tzu's principles are divided into basically of two components: 1) knowing oneself and 2) knowing the enemy. Although Sun Tzu recommended that war be avoided if all possible, he provided warriors with the principles of strategy if war erupted. Many of Tzu's teachings have laid the foundation for today's theory of strategic management.

Sun Tzu's strategy consisted of five elements: Tao, weather, terrain, leadership, and systems. These elements are presently thought of in terms of external and internal environmental analysis in present-day strategic management. Sun Tzu believed that close management and monitoring of the five factors would build a strong organization (pp. 22-23).

Sun Tzu's five elements constitute the basic components that comprise any war plan. The fundamentals of war planning include an assessment of one's capabilities and gathering intelligence on the enemy to determine their strengths, weaknesses, capabilities and intentions. However, the most important goal of any war plan is victory over the adversary. War involves deploying as many factors necessary to achieve triumph including the sacrifice of human lives and consuming as many physical (oil, metals, food) and economic (production plans, currency controls, etc.) assets as required to accomplish the objective.

Finally, war involves great risk. One side, such as Japan, can decide to initiate a conflict to achieve results, However if the instigator is unsuccessful it may lose control over its destiny, physical territory and be subject to physical occupation by the victor.

The current literature and business sections of many bookstores are filled with tracts touting the adaptations of military strategy and other analogies to guide businesses. Tsang (2000) for example points out how the military doctrine of C3I (command, control, communication and information) should be used as the basis for corporations to manage crises. He studied three contamination cases faced by Perrier, Vita Soy and Coca-Cola, as examples of how large corporations used C3I to effectively deal with a clear and present danger.

James (1985) enthusiastically embraces the corporate use of military doctrine. Reflecting the spirit of the times, he promoted the exploration of a deterrence strategy "because if properly devised and executed, deterrent strategies offer the highest return and…preserve intact the company's security, sovereignty and power"(p. 60). James entire presentation is laced with Cold War terms. He sounds like the President's national security advisor when he proclaims that the four key elements of a successful corporate deterrence strategy are: credibility, capability, communication and rationality. After reading James, one can almost imagine a McDonald's executive putting all of its stores on "red alert" status and scrambling its franchises to be prepared to launch a preemptive soft serve ice cream sale on Wendy's.

Besides the military comparisons, numerous other sources are cited proclaiming the discovery of the most decisive business planning technique. One unusual source is from the home kitchen. In *Isabella Beeton: Management Lessons From the Kitchen*, Wensley (2004) states that Mrs. Beeton's classic "Book of Household Management" written in 1896 provides significant guidelines for contemporary business. "Mrs. Beeton's approach can be summarized in three principles, which would certainly feature in most practical management texts: - setting an example and giving clear guidance to the staff - controlling the finances - applying the benefits of order and method in all management activities" (p. 67).

Hee (2007) takes lessons from a classic Indian epic the Bhagavad Gita, to derive management strategies. The Bhagavad Gita stresses "self-control focusing on discipline in perseverance, detachment from fruits of labour, and devotion to duty. The key components in business management are the 5Cs: capital, capability, connections, communication, and commitment" (p. 84).

While the analogies between war and business planning may superficially appear transferable, Talbot (2003) argues against not only the overt comparisons but describes the subtle damage that a military lexicon may have on businesses. He states that post industrial business are less rigid and command control oriented requiring less hierarchical structures and more independent, creative employees. Furthermore, present day leaders should have softer leadership styles because followers are less likely to tolerate orders barked at them. Even the use of martial language "remains seductive and damaging, as it subconsciously appeals to the inherent and timeless aggressive human instincts aimed at confrontation which are hidden beyond a thin veneer of civilized behaviour and convention" (p. 9).

The reverse analogy (business terminology used by the military) would also seem to be inappropriate. Frequently the military utilizes corporate terms to sanitize the reality of warfare. For example, many military briefings use the term "collateral damage" to mean civilians were killed and residential buildings were destroyed. Nuclear and chemical/biological weapons are expressed as weapons of mass destruction. A close friend of the writer who works in the Pentagon described an aircraft crash as "a negative interface with the environment." When warfare is reduced to a corporate like discussion of the return on investment the true cost of conflict is minimized or completely missed. True warriors wish to avoid war. Arm chair generals considering combat viewed in corporate terms may be tempted to venture into conflict believing that if the "investment" does not deliver sufficient returns, one can just "write it off" like a bad stock investment.

2. Business planning

After considering the above military and literary guides to developing strategy the reader may become cynical about looking at alternative realities for strategic guidance. Hellriegel, Jackson and Slocum (2005) define strategy as "the major courses of action (choices) selected and implemented to achieve one or more goals" (p. 182). This concise definition serves as introduction to a variety of strategic planning options that have emerged over the past several decades.

In *The Art and Process of Strategy Development and Deployment* (2005) nine strategic models are offered that seemingly gather the best approaches the civilian world offers. They are: 1) The Harvard Business Model defines strategy as a pattern of purposes and policies defining the company and its business; 2) Strategic Planning Systems is a system approach that makes it possible for managers to make, implement and control decisions across the organization; 3) Strategic Management is the bridge between the organization and its stakeholders; 4) Portfolio Methods analyze the prevailing market conditions for the specific business category; 5) Competitive Analysis studies the forces that shape an industry from a profitability perspective; 6) Strategic Issues Management focuses attention on the recognition and resolution of strategic issues; 7) Strategic Negotiations view strategy as the partial resolution of organizational issues through a highly political process; 8) The Framework for Innovation emphasizes the development of innovative strategies that promote creativity and entrepreneurship at a local level; and 9) Logical Incrementalism focuses on appropriately balancing an overall direction for the organization with centralized decision-making (pp. 12 – 16).

The nine strategies outlined above reveal a great deal about the process to devise a strategy. However, the question remains regardless of the method one uses to produce a strategy what makes one notable? Huffman (2001) takes a different approach to evaluating strategy creation. He argues that a shift needs to occur away from teaching and practicing of the process of strategic planning to one centered on the criteria for evaluating them and emphasizing the importance of tactics in implementation.

Huffman drives a stake into the heart of the discussion regarding which strategic planning analogy, methodology or process consistently produces a winning formula. His assertion that learners and professionals should use historical lessons not as recipes but rather as opportunities to recognize brilliant thinking makes great sense and merits immediate attention. In today's "me too but cheaper" culture of commerce, it is believed that grafting or imitating a successful strategy is a prescription for success. The difficulty in imitating is deciding what should be copied. Many motorcycle manufactures have tried to imitate the Harley – Davidson motorcycle. Most have focused on copying the physical product, including the sound of the motor. However, the unique characteristics of Harley – Davidson products cannot be captured in three dimensional objects. Harley's appeal is in its mystique of rugged independence and shared owner/driver identity. Like the Harley, corporate strategy must define a matchless plan and process to implement and sustain competitive advantage.

3. Comparisons and contrasts

The determination by a firm as to how it assesses its competitive position relative to the industry it competes in, its competition, forces in the industry and future trends are generic considerations for both military and civilian applications. When comparing war and business planning, several similarities are evident. Plans are devised to achieve victory. The definition of victory may be relative. In the military, triumph may mean imposing one nation-state's will on another, the physical seizure of certain foreign assets, deterring attack or mounting an active defense to secure the borders of a nation/state. In the business world, success may be the acquisition of a competitor, seizure of a targeted market, prevention of market share loss or the defense of proprietary technology. One of the most valuable assets that the military and businesses covet is intelligence of their opponents.

War inevitably involves taking lives, the destruction of property and environmental degradation and expending extremely expensive equipment. Most enlightened generals urge their leaders to avoid the horrors of war, risk of defeat and destruction and to seek other means to accomplish national goals.

The nature of free enterprise is taking risk. Boards of directors, greedy stockholders and other forces push corporate leaders into jeopardy. Enterprises can engage in high risk competition for the benefit of their "citizens" (stakeholders) and community at large without the massive physical dislocation caused by armed conflict. When a company "loses" to a major competitor the landscape is not littered with death, destruction and degradation. Although employees may need to find other employment, stockholders may lose their investment capital and communities experience the negative effects of job and tax losses, all parties live to try again. It is vital that business students, corporate leaders and military theorists recognize the natural borders of one another's "areas of operations." Using a mistaken strategic analogy is equivalent to hiring an attorney to provide medical services.

4. Essential internal and external environmental factors

Hellriegel et al. (2005) define strategic planning as the process of diagnosing the organization's external and internal environments, deciding on a vision and mission, developing overall goals, creating and selecting general strategies to be pursed and allocating resources to achieve the organization's goals. Many scholars have made pronouncements on what are critical internal and external environmental forces. Hellriegel et al. place the environmental analysis as the second and third steps of their strategic planning model, after the creation of the vision, mission and values.

They note that a variety of variables affect the evaluation of a firm's organic assets and liabilities including competitors, new entrants, customers, suppliers and substitution possibilities.

Hellriegel et al state that the rivalry among existing competitors varies depending on how management views its rivals. The threat of new entrants is generally in reaction to high profits earned by an established firm (ex. Rolex) or rapid growth in the industry (ex. Red Bull high energy drink). The bargaining power of customers relies on their ability to pit one company against another (Home Depot vs. Loews) to force prices down, increase higher quality (Toyota vs. General Motors), or obtain more products/services by for the same price (bundling packages including inclusive vacations, value meals and etc.).

The bargaining power of suppliers enlarges when they can raise or protect market share, boost prices or eradicate some features without worrying about the loss of customers (ex. Microsoft's new operating system Vista). The threat of substitute products or services depends on consumers' willingness to alter their buying habits for example changing traditional land line telephone service to cellular phone service.

Hellriegel et al. method of assessing an entity's strengths and weaknesses is to identify the company's core competencies and select which one/s need to be improved. An organization's core competencies "are the strengths that make an organization distinctive and competitive by providing goods or services that have a unique value to its customers" (p. 195). Core competencies sort out into three general categories: superior technological capability, reliable processes, and close relationships with external shareholders. Among the diagnosis factors includes market share, technology capacity, human resources, new product development, fiscal viability, managerial suitability and brand reputation. Hellreigel's internal and external analysis process is a sophisticated update of Sun Tzu's theorem of never fearing the outcome of 1,000 battles if one knows themselves and their opponents.

The authors of two classic strategic management textbooks offer variations of important micro and macro forces. Pearce and Robinson (2007) segment the environment into two components, remote and operating. The firm's external environment consists of economic, social, political, technological and ecological factors. Those forces that directly impact the enterprise (internal or operating environment) include the industry in which it competes, its competitive position, customer profiles, suppliers, creditors and the labor market.

Hill and Jones (2007) affirm that the purpose of the external analysis is to identify strategic opportunities and threats in an organization's operating environment and how they will affect the entity's mission. An internal analysis serves to locate the strengths and weaknesses of the firm.

The authors of all three textbooks mentioned above allude to Porter's Five Force Model of industry competition. The five forces are the threat of new entrants, the bargaining power of buyers, the bargaining power of suppliers, the threat of substitutes and the intensity of the rivalry of industry competitors. Analyzing these five forces according to Porter is an essential tool to assessing the impact that environmental forces have on the business.

Porter's Five Force Model is not an unassailable strategic planning instrument. McManus and Botten (2006) maintain that if an industry's structure completely decided how all of the firms in that sector conducted business there would be no differentiation. For example, since all competitors in the ketchup industry use fundamentally the same ingredients everyone in the business should follow the same pricing strategy. Alternatively if all companies in ketchup commerce have the same unit cost profitability the variation between these adversaries could be attributed to random events. In reality, all competition is not equal. Competitors differ in how they are organized, structured and present their products. The differentiation includes marketing practices, fiscal and operating conditions and operating techniques. Such distinctions may also be attributed to variations in market intelligence.

A crucial capability for both military and civilian planning is access to market information or put in the military parlance, intelligence. As noted by McManus and Botten (2006) an organization can diligently and precisely follow one of the many chic strategic planning models that are available and still fail because it did not conduct "strategic surveillance." It is should monitor a broad range of events inside and outside the corporation that are likely to impact the implementation of its strategy.

However, predicting the future is thought to be the realm of mystics. However, Hines (2006) a futurist, states that most business analysts have little experience or formal training in strategic foresight. Hines lists six phases to crafting strategic foresight. They are framing, scanning, forecasting, visioning, planning and acting. McManus and Botten (2006) offer six steps to guide corporate surveillance activities. 1) Sensitization to challenge the firm's existing assumptions about particular competitors; 2) Benchmarking to compare the firm with its competitors; 3) Legitimization to justify certain proposals and persuade the firm's leaders of the feasibility and desirability of a chosen course of action; 4) Inspiration to solve problems in this process by identifying what other firms had done in similar circumstances; 5) Planning by gathering information about others to assist the formal planning process and 6) Decision-making to aid the operational and tactical decision-making by managers.

Another vital micro factor that determines the success or failure of a strategy is the quality of the organization's chief executive officer. Hellreigel et al. (2005) define transformational leaders as having the ability to "inspire others with their vision, often promote this vision over opposition, and demonstrate confidence in themselves and their views" (p. 434). Transformational leadership is more than being a big picture dreamer. A transformational leader creates a vision of what the enterprise or cause can be and attracts others to the mission.

Levicki (2003) maintains that an organization can fail despite have a superb strategy and brilliant implementation steps. The reasons include the leadership a) selects the wrong strategy, b) implements the chosen strategy poorly and c) leaders ignore the strategy to concentrate on tactics. Southwest Airlines' brilliant triumph in executing its low cost business model would be inconceivable without the transformational leadership of former CEO Herb Kelleher. Southwest's model is straightforward in concept; however, leading and consistently executing Southwest's mission and shaping its culture were as crucial to its success as General Norman Schwarzkopf's leadership during Desert Shield/Storm. Both Kelleher and Schwarzkopf were icons of their organizations' missions. When one considers Kelleher's and Schwarzkopf's opponents, who by most accounts were more powerful, it is amazing that both succeeded against such formidable foes. However, their leadership, personal strength of character, strategy selection, nearly flawless tactical execution and most importantly, mastery of strategic surveillance gave them the decisive edge for recording victories.

5. Discussion

The parallels between war and business planning are numerous and well documented. The chief similarities between business and war planning include: a) understanding the nature of conflict; b) comprehension of the opponent's intentions; c) knowledge of one's capabilities and deficits as well as the challenger's; d) awareness of the battle ground; e) ability to shaping a coherent and executable strategy; f) mastery of logistics; g) belief in the righteousness of one's cause; h) intimate connection with one's suppliers, customers and staff and i) conviction to win the battle.

The important distinctions between war and business planning involve the ultimate ends of a given conflict. War involves physical destruction and death. Businesses thankfully never have to calculate their "wars" in terms of lives lost or wounded. The great Coke/Pepsi war never results in the physical destruction of bottling plants, employees, or illegal espionage. In fact, Pepsi reported to Coke an effort to sell Coke's formula to Pepsi by a Coke employee. When a business conducts operations, economic utility is generated and employees, stakeholders and society on the whole derive some benefit. The nature of competition is generally regulated by law and if disputes arise among rivals, either market place conditions or legal systems will make a binding decision over corporate life and death, victory or defeat.

As noted above, introducing the analogies of either war or sports into the business environment is complex and may arouse emotions and an ethos that is contrary to the culture of commerce. As multinational businesses expand their reach they can be engines of wealth generation and peace. If on the other hand, global corporations adopt a martial ideology, then the hopes for human progress and cultural evolution will be dashed.

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