
The Way to Victory-Using Military Strategies in Business Situations

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As military strategy preceded firm strategy, it is natural to state that firm strategy took the majority of its main concepts from the military. Nowadays, the business environment plays an important role in adopting strategic decisions. This implies that in the center of a company's view, competition stands for one of the important factors. The interactions between economic agents become more and more intense, leading to firm cooperation, strategic partnerships, firm cluster and firm networks. However, there are also many ways for companies to engage in conflict. For some companies the most suitable approach to conflict is the attack. I considered a company from the mobile telecommunication sector in Romania and showed how applied military techniques can improve the company's performance.

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1. Rationale

The roots of the word “strategy” can be found in antiquity when the title of “strategos” was given to ancient Greek City-States’ army generals. The term strategy quickly entered mundane vocabulary and after a period of refinement, military strategy became an army leader’s art through which he could control the total amount of armed forces and technical resources needed to obtain victory. Even in those days a series of concepts and military ideas emerged and formed a coherent

core of strategic principles and even though at the time, the elaboration of a universal codex was out of the question, because the high degree of army heterogeneity. The modern signification of the concept derives from a Chinese thesis dated 500 BC “Sun Tzu - The Art of War”, considered to be the first treaty on strategy.

Today a vast number of approaches exist on firm and corporate strategy, famous economist like George Steiner, Henry Mintzberg, Kenneth Andrews, Michael Porter, Michel Robert and B.H Liddell Hart, each capture various core elements of a coherent business strategy. So basically, one has to wonder what a strategy is really. Is it a plan? Does it refer to the ways one can achieve its goals? Does it represent a solid attitude that a company adopts? Or does strategy refer to the perspective, on the approach of a company regarding its objectives, general decisions and actions? Does a strategy represent a pattern of a company’s actions, by example mimicking the behavior of another company in a series of “I can do that too” actions?

Some might argue that to some degree all the before mentioned are true, that strategy represents a perspective, a position, a plan and a pattern. Others might say that the strategy represents the connecting bridge between a company’s policies, tactical objectives and concrete actions to be followed. In a simple manner the strategy is the link between an objective’s end and the exact means to achieve that goal. So simplifying things, one can say that a series of ideas and experiences that ensure the achievement of a unique single goal, given unique set of restrictions (reality), can be called a strategy. So strategy represents both “the planning” of a route and “walking” the path.

Properly defining the concept of strategy will further aid us in the adoption of the correct set of decisions. One must note that the structure and sequence of decisions will differ in various strategic approaches on the same matter. Also taking a correct decision at any given time isn’t nearly as important as making a correct series of decisions that have logical continuity.

In essence every manager prior to elaborating a strategy must ask himself some questions whose answers will guide him towards answers to the problems at hand:

- What is the current strategy?
- Which are the hypotheses on which the current strategy is based upon?
- What is happening with the economic sector in which the company activates?
- What is happening with the competitors?
- What kind of technology does the company possess?
- What products and services will the company offer?

2. A brief example

In order to better understand how military strategies can be used in business situations, one can study the innovations of Napoleon Bonaparte and how these can be implemented in real situations. Napoleon developed four key techniques: he increased the speed of movement of his army, he organized his army into self sufficient platoons, he used supplies only from conquered territories and he attacked enemy supply lines. All these innovations can be found incorporated in real business cases.

1. By increasing the speed which his army traveled, Napoleon generated for himself a strategic advantage. He could use his tactics and deploy his troops faster than his adversary. Hitler used the same strategy in his “Blitzkrieg” campaign. The adversary was overwhelmed not by the use of sheer power but due to the fact that he could not organize and deploy all the required resources in order to mount a successful defensive. Just like an army, an organization, must operate in a rhythm that outmatches its competitors in order to achieve competitive advantages that lead to increased performance. Companies must de-

ploy their products faster, they must implement their strategies faster, they must ascend quicker in the international market and have to react faster to environmental factors faster than their competitors. Of course one may say that these things are totally evident due to the fact that being better overall than a competitor is a fundamental law of free markets. But in economy, just as in physics for example, the hard thing is to establish a benchmark. Being better than the established benchmark company or having better results than average market indicators is no solution. Often in traditional economic analysis the benchmark is more or less an average market indicator. As a benchmark, an average value is a safe choice but it is definitely not the best choice. If a company decides that having better results than the given market average is sufficient, it will rule out the possibility to establish higher goals than the best known competitor.

2. Napoleon organized his army in the old Greek phalanx manner, self sufficient combatant units formed from citizens from the same town, making them both flexible enough to deal with various threats and strong enough to hold well on their own. The ancient Roman Empire had a similar army organization, the famed roman legions were formed into cohorts- archer cohorts, infantry cohorts, and engineer corps. About two hundred years ago, Adam Smith elaborated a theory in which he stated that the labor division is the most efficient way to organize workers. A hundred years ago, companies used the model by organizing a company according to functional criteria. There are accountants that work in financial departments and technicians that work in operational departments etc. Just like the roman legions of old, 70-30 years ago a company would organize its activities. But as the development speed of a company rises, as more and more actions are performed outside national borders and as the globalization phenomena manifests itself more and more, new organization systems are required, more flexible sys-

tems and the Adam Smith model becomes obsolete. Multifunctional units are required in order to meet the demands of the ever-changing business environment. Napoleon used such multifunctional, multitasking units, units that had enough know-how to see the bigger picture, objective enough to have a rigid perspective upon the tasks at hand and flexible enough act as fast as it was required.

3. Napoleon obtained supplies for his army from his immediate surroundings instead of bringing supplies along. This fact contributed to the fast movement pace of his army. The disadvantage consists in the fact that his soldiers were forced to steal from the local population, which in turn caused unrest. But the manifestation of these problems was in the long run and he could deal with these in due time. The short term advantage surpassed by far the long term disadvantages. Today companies rely less and less on the classic “optimum supply quantity” model. The usefulness of the “Just in time” (JIT) method is sustained by reduced inventory costs. Of course the disadvantage that a company now depends on its suppliers makes this method unsuitable for some companies but just like Napoleon that had to maintain constant pressure upon the local inhabitants, a company must use every possible economic and juridical mean to maintain ties to its suppliers. Today, supply chain management is a critical part of a company’s activity portfolio, international and national suppliers alike form a complex network which must be properly managed.
4. Striking at an enemy’s supply lines represents a basic flanking maneuver. It is efficient because it eliminates the need for a direct confrontation. A successful attack on a poorly defended supply line means most of the time, the enemy’s annihilation. Today, this is done in business situation through the introduction of exclusivity contracts. By example, “Pepsi” has an exclu-

sivity contract with “Pizza Hut”, which means that “Coca Cola” is automatically removed as a competitor for the given segment.

3. Main principles

As military strategy preceded firm strategy, it is natural to state that firm strategy took the majority of its main concepts from military strategy. Because the two had an independent evolution, an orientation demarcation took place regarding the concrete applicability. Albeit in passing years the problem of adapting a series of mainly military techniques for business use was raised, the time’s economists quickly undermined those ideas. They stated that war and conflict, in general, lead to a decrease in economic value of activities and that the only way to obtain prosperity is to develop a company and direct its financial and human resources towards production and internal development.

Nowadays, we consider things in a different manner. Even though the main objective of every company remained the same – to obtain profit, it is well recognized the importance of the business environment. This implied that in the center of a company’s view, competition became one of the most important factors. Today, the interactions between economic agents became more and more intense, leading to firm cooperation, strategic partnerships, firm clusters and firm networks. These partnerships share much with military alliances, both from operational and functional points of view (alliances confer psychological safety, ensure easy access to resources and information shared between group members, and provide an overall economic strength).

However, these alliances created a new favorable context for the development and application of aggressive military strategies. The fact that peaceful strategies had worked, implied that there is a possibility that offensive strategies could be used successfully. Thus, military strategies were successfully applied in marketing situations, the managers that adopted this aggressive way to run their business had results

that exceeded expectations regarding market share. If we take into consideration the simple aggressive human nature, we can explain the aggressive behavior of companies. An alliance is able to provide a whole lot of opportunities, but it cannot provide the power possessed by a market leader. Using aggressive military strategies aimed towards the competition, some formidable competitive advantages could be obtained by firms that decide it is best to defend their market share, and by companies that consider the attack the only solution. Considering the free market, using military strategies does not represent a time consuming process because the concepts taken into consideration are clear-cut. The manner of employment these concepts stand for the *innovative* matter.

In the late 80's, experts from the firm strategy field, realized that there was a vast knowledge "database" dating some thousand years that they barely analyzed. They turned their attention towards military in order to find a series of principles that could be used in order to elaborate firm strategies. A series of well-known works like "The art of war" by Sun Tzu and "On war" by Carl von Clausewitz became instant classic business books. From Sun Tzu we can learn the tactical part of military strategy. On the classical principle of strategy "the advantage of the first move", Sun Tzu said "In general, the one that occupies the field of battle first and awaits the enemy is tranquil, and the last to arrive, rushes to the fight and is both mentally and physically tired". From von Clausewitz we can learn the unpredictable dynamic nature of military situations. Von Clausewitz considered that in chaos and confusion situations, the strategy should be based on flexible principles. The strategy does not derive from a formula or rule of thumb, but from adapting current actions. He called this concept "friction" (events that unfolded minute by minute).

Basically there are three types of military strategies that can be applied in business scenarios: 1. Offensive strategies, 2. Defensive strategies and 3. Guerrilla strategies.

Offensive strategies represent that kind of business applicable strategies that are designed to allow a company to reach an objective usually in spite of its competitors. There are four basic principles to follow in order to launch a successful attack:

- a. The adversary's strength must be assessed, by analyzing the amount of resources a defender can mount. Only one target at a time must be attacked at any given moment.
- b. Weaknesses in the enemy's position must be identified and attacked. Always take into consideration how much time it would take the defender to close the gaps.
- c. The attack must be launched on a narrow front as possible. While a defender must spread resources to defend its entire territory, the attacker may choose to attack any point.
- d. The attack must be carried out swiftly. The surprise element weights more than brute force.

The main offensive strategies can be categorized in three groups:

- A. Frontal assaults – it implies a head on attack in which all the attacker's available resources must be mobilized. In business situations this involves that all the company's departments must be made ready for the next course of actions, the use of extensive re-engineering is advised. Usually such attacks are being started by extensive marketing campaigns with the end goal of stabilizing a large market sector. In practical terms frontal assaults would be difficult to execute because of the high level of financial resources involved in the process and its success is conditioned by a series of market factors like: market homogeneity, low customer loyalty, low product differentiation and the fact that the targeted company must have limited resources at its disposal at the time of attack.
- B. Dispersed attack – it represents a more subtle approach on attacks. It means that the defender's position is surrounded and attacks are made in selected weak spots. By releasing a set of products similar

to the defender's products. The products should be placed on different market niches, thus making the market share the target and not the products themselves. The attacker actually would attack market sectors that are not under the defender's control but are very similar. This form of attack can work if the market is very divided and several market sectors are poorly disputed. Although the amount of involved resources is far less than in the case of frontal assaults, the attacker must still muster enough resources in order to operate on several segments and have superior organizing ability.

- C. Flanking maneuvers- it means applying pressure on the sides of an enemy line in order to modify its orientation. The gains of the attacker materialize through the chaos caused in the enemy lines. Thus direct confrontation is avoided and casualty count is low. The main disadvantage of a flanking maneuver is that the attacker himself becomes vulnerable leaving his centre exposed. In marketing such a maneuver can be performed on a market that the competition doesn't consider critical. Techniques like subtle advertising public relations and direct advertising.

Defensive strategies represent a kind of strategy designed to protect one's interest, maintain profitability in order to sustain other related activities. There are five basic rules to be followed when mounting a defense:

- a. An attack must be countered, whenever possible, with the same amount of strength.
- b. Every important asset must be defended.
- c. Always evaluate the strength of possible competitors.
- d. The best defense resides in the courage to attack your own positions.

The last of the four principles, refers to the fact that in any market products and services have a decent degree of similarity. A company

that decides to constantly improve its products/services, knowing that new products will replace older ones, will obsolete its previous products/services but also all the products similar to those offered by the competition.

Types of defensive strategies:

- A. Fixed defense – it implies the fortification of a defendable location. This defense isn't very efficient due to the fact that the defender is highly immobile and thus his position is known. A fortified defender will often just wait for an attack to happen. In business situations, a company that focuses on customer service, customer loyalty, determining repeated buyouts, is using fixed defenses. This strategy can be used if the market is homogenous.
- B. Mobile defenses – it represents moving resources from one place to another and the constant change of used tactics. A mobile defense is difficult to attack due to the fact that it has a flexible mechanism and it becomes active only in case of an attack. In business this form of strategy can be implemented by modifying existing products, repositioning products, changing the advertisement orientation. On a managerial level it implies a flexible organization on highly developed functional divisions.

Guerrilla warfare represents a distinct way on war approach. This type of war means weakening the enemy through a series of minor attacks. The guerrilla forces, instead of organizing themselves in compact groups, which are divided into small taskforces that attack in a selective manner enemy weak spots. The general frame in which the strategy progresses is represented by a succession of attacks and withdrawals. It is a well-known fact that guerrillas do not win wars; instead, it determines the adversary to loose it. The efficiency of guerrilla warfare resides in the series of strong points, as follows: a) due to the fact that a full confrontation with the enemy will never take place, the guerrilla will conserve its resources; b) a guerrilla force is very flexible and can

be adapted both for offensive and defensive operations; c) a guerrilla is hard to counter using classical means.

In business, guerrilla warfare could be used in various ways: 1) advertising that compare own products with those of the competitors, 2) short term alliances 3) selective reductions in price 4) negative publicity.

Guerrilla tactics are very easy to use by small firms that naturally have high flexibility and have limited resources. A small firm can easily abandon market sectors, can easily change their product range, and from a managerial point of view, can easily change its objectives. If we consider a large company that runs mainly on efficiency principles, it will be unproductive for that company to make efforts to remove a small company that tries to expand, because the expenses involved in the process will surmount by far the short and medium term potential revenues. Small firms also have a major advantage over large companies regarding client proximity. A small firm is far closer to its clients and can interact with them on a human level. This in turn creates opportunities to make low cost advertising and even zero cost advertising.

4. Brief explanatory case study

A very important economic sector stands for the mobile telecommunication market. After 1997, this sector developed into a significant part of the Romanian economy by the entering on the market of large international mobile telecommunication companies. This study will consider a company from this sector – Vodafone, which is a serious contender for the market leader position.

Vodafone is the second largest mobile telecommunications company in Romania. It has at its disposal sufficient financial resources in order to launch strong attacks on the market currently occupied by Orange and sufficient specialized know-how in order to perform flanking manoeuvres on the more vulnerable segments controlled by its competitor. Considering the current possibilities, it is normal to present two

types of military doctrines that would be appropriate in the given scenarios. There are two ancient Chinese doctrines that could be applied successfully: The “killing blow” and the “patient hunter”. The first doctrine will be assimilated to the frontal attack and the second one will be assimilated to flanking manoeuvres.

By having at its disposal a large array of possibilities, Vodafone can adopt versatile courses of action that will make for its competitors that much harder to anticipate its next move, making very difficult for Orange to predict when the next offensive will start and with what strength. On the other hand, having such a great arsenal of possible actions implies some disadvantages tied to it. Firstly, the sheer fact of having multiple choices lengthens the time of identifying the best option, and because time is the most important resource an attacking company has at its disposal, it represents a serious disadvantage. Secondly, another inconvenience resides in the fact that in order to decide upon the best course of action the criteria upon decisions will be taken, must be kept to a minimum. In every case the only two criteria considered must be efficiency and effectiveness. Taking into consideration more criteria than the before mentioned two, will lead to a different selection and a hard implementation from an operational point of view.

The “killing blow” doctrine implies attacking the adversary by super concentrating all available resources into one destructive mass. From a military point of view, this form of approach is highly cost-inefficient; the waste of resources and time is very high in the planning phase, and the total amount of resources involved in the attack process is often indeterminably high in real terms. The only short term advantage presented by this approach is the reduced time of the conflict itself, having perhaps the shortest duration possible. The attack is violent and directed towards all key points held by the adversary. Long term advantages of using this method reside in the fact that if the attack is successful, the defender may not recover the inflicted losses. This type of strategy can only be used only by large companies that can spare the

necessary resources. For a large company the ratio between the importance of time as a resource versus the importance of financial resources is greater than one, meaning that time becomes more important as a company gets larger. A smaller company values money higher than a larger one. Wasting precious resources in a decisive attack can have dire repercussions, and the company may even go bankrupt.

In order to perform a successful “killing blow”, Vodafone must make several small alterations to the designated plan without forgetting the number one rule” attacking in a focused manner”. Orange is a formidable defender; it has large financial resources in order to mount a great defence, it has sufficient know-how in order to efficiently manage involved processes, and has a great number of specialised experts in different fields capable of making plans and forecasts. This is why a single massive attack does not fare well. But if a series of fake attacks will be performed in order to hide the true intention the odds of success will be improved. Let’s assume that the objective of the attack is to obtain supremacy in the post pay segment of the market. It is a vast and difficult market. It represents a good target but odds are that as soon as Vodafone will launch a new offer in order to attract consumers, Orange will be ready to make a counteroffer that is more consistent, designed to protect its customers. Thus all the work directed towards advertising, planning, human resources, finding and allocating funds will be in vain. But if Vodafone launches offers towards the prepay sector of the market, for example, benefits for students, or the possibility for senior citizen to make instalment payments, without trying to best Orange offers, they would manage to make a decent diversion. With these minor attack aimed towards Orange products, the true large attack against the post pay market is more likely to succeed.

There are several particularities of the “killing blow” doctrine that must be taken into account. First of all one must have a concentrated vision upon the objective. It is necessary to follow through only the main objective, everything else goes to second place. The effectiveness of this approach is critical because the objective must be fulfilled at all

costs. The main attack must be launched only towards the designated market. If during the operational stage, other opportunities become visible, they must be ignored. Through a decisive attack either products or entire market segments must be conquered. If the defender loses in the battle important products or loses an entire market sector then his profit will be reduced significantly. Also, when Vodafone decides to undertake decisive actions against Orange, then any attempt from other competitors to attack Vodafone's positions must be again ignored. Given the reduced time of a decisive attack, Vodafone can focus later to counter eventual raids made by other competitors.

Another doctrine that can be applied in the case on Vodafone is the "patient hunter". The doctrine represents a more elaborate version of a classical flanking attack. The doctrine maintains the advantage of a flanking manoeuvre – the low consumption of resources, both in the planning phase and operational processes. Also the planning phase has low time consumption attributed. The flanking attack has high opportunistic characteristics and it's based on efficiency. But as the name of the doctrine suggests, it is very time consuming. Basically the attacker adopts a passive stance, maintaining a low profile and waiting for the defender to commit a mistake. On a conceptual level, by using this strategy, the aim of the attacker is not to kill the prey but to injure it and by doing so this will cause the victim to commit more mistakes leading to more injuries. On a long run the defender will eventually give in and surrender.

However there is one flaw in the use of this strategy that resides in the fact that the prey must commit exploitable mistakes. The attacker cannot determine the defender to commit mistakes but he can lure him into a trap, thus encouraging the defender to take a course of actions favourable for the hunter.

When using this strategy, an attacker must consider the specifics of the doctrine; Vodafone must survey the entire mobile telecommunications market, not only the sectors controlled by Orange. The overall market

vision will provide more sources of opportunities. Finding weak spots in an enemy defences is not the easiest thing to do, but it's the "test of fire" that every army or company tactician must pass. An aggressor cannot establish to attack the vulnerable "X" area of the defender because the point it is not visible. The best thing to do is to wait for an opportune moment and seize all he can get. Even though the flanking attack is characterised by high efficiency and opportunity, given that Vodafone is a large company, it can establish more precise and elaborate objectives in the way that some areas can be considered more important than others.

If frontal attacks are aimed towards products and market segments, the flanking attack is more discreet and aimed towards the defenders customers. If we consider that Vodafone intends to attract a series of large corporate consumers without the use of discretion, its efforts will thwarted promptly by Orange. A subtle attack carried out with low resource consumption can succeed where large shows of force fail. There are two characteristics that a patient hunter must have. First he must have all the required patience to wait for the victim to fall into the trap and second, he must elaborate a trap that doesn't raise suspicion. What trap should Vodafone use? What possible mistake could Orange commit? It's pretty simple – it's the mistake that no defender should commit – to come out of the defended position and attack. About important corporate clients it is easy to see that Vodafone also has some important customers that Orange would most definitely like to call their own. By making Orange believe that Vodafone is not paying attention as it should to their own customers, Orange will fall into the trap believing it has a chance of attracting some customers. Meanwhile by preparing a complex offer for Orange's customers who should include lower prices, custom products and dedicated assistance, a trap is set. If the plan succeeds, Vodafone will have a small window of opportunity to launch its offers. Even if no Orange customer is persuaded by the offer, at least there is a greater certainty that future attempts will have greater odds of success due to the fact that from

that moment on, Vodafone services will represent a solid alternative for Orange products.

5. Conclusion

Applying military strategies in business can materialize in the future as a new economic discipline, having its own methodology and using its own concepts. The possibilities of applying military strategies in a company are limitless, just as there are infinite ways of elaborating a battle plan, an infinity of ways to organize an attack, all of these based on a series of fundamental rules. A good military strategy starts from the proper use of tactics; a company's strategy should always start from the real market conditions; in this way F.E. Adcock stated "wars are sometimes won by generals but battles are always fought by soldiers and lieutenants".

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