History Of Strategy

Idea In Short

> Those who cannot remember the past are condemned to repeat it. George Santayana, The Life of Reason

Santayana's quote has strong implications for strategic management. The history of strategic management can be traced back several thousand years. Great wisdom about strategy can be acquired by understanding the past, but ignoring the lessons of history can lead to costly strategic mistakes that could have been avoided.

The origins of the term - Strategy - dates back in history. Strategy sprung from the need for people to defeat their enemies. Key military conflicts and events have shaped the understanding of strategic management. Indeed, the word strategy has its roots in warfare.

Biblical origins

One of the earliest-known discussion of strategy is offered in the Old Testament of the Bible. Approximately 3,500 years ago, Moses faced quite a challenge after leading his fellow Hebrews out of enslavement in Egypt. As the lone strategist at the helm of a nation that may have exceeded one million people, Moses was overwhelmed. Based on advice from his father-in-law, Moses began delegating authority to other leaders, each of whom oversaw a group of people. This hierarchical delegation of authority created a command structure that freed Moses to concentrate on the biggest decisions and helped him implement his strategies

Chinese origins

The first treatises that discuss strategy are from the Chinese during the period of 400 – 200 B.C.

Sun Tzu

Many consider Sun Tzu one of the greatest military strategists. His documentation of the best ancient strategies are studied in boardrooms and war rooms alike. Sun Tzu's The Art of War, written in 400 B.C. has received critical acclaim as the best work on military strategy, including those that have followed it centuries later. The Art of War comprises of 13 chapters, which address the general definition of a strategy, up to the usage of tactics, such as employing spies. Sun Tzu postulated two forces:

1. **the Zheng element**, which fixes the enemy in place, and
2. **the Qi element**, which flanks or encircles the enemy, either actually or psychologically.

The Zheng [ordinary] force is direct and more obvious, while the Qi [extraordinary] is indirect, unexpected, distracting, or unorthodox. Using both elements ensures that the enemy does not anticipate where the decisive blows will fall:

> If you know the enemy and know yourself, you need not fear the result of a hundred battles

But,

> If you know yourself but not the enemy, for every victory gained you will also suffer a defeat

Finally,

> If you know neither the enemy nor yourself, you will succumb in every battle
>
> Sun Tzu, The Art of War

Lao Tzu

However, unlike the theoretical treatises that followed, the Chinese works took the form of

narratives, including poems and prose accounts. An example of this prose form of strategy can be seen in the poem by Lao Tzu, the father of Taoism:

> Once grasp the great form without a form and you will roam where you will with no evil to fear, calm, peaceful, at ease. The hub of the wheel runs upon the axle. In a jar, it is the hole that holds water. So advantage is had from whatever there is; but usefulness rises from whatever is not.

While at first glance, you may find it difficult to identify an element of strategy. A key principle here is the importance as business strategy demands trade-offs.

Greek origins

The term strategy is derived indirectly from the Classic and Byzantine (330 A.D.) Greek strategos, which means general. Historians credit the Greeks for this term, though no Greek ever used the word. The Greek equivalent for the modern word strategy would have been strategike episteme or (general's knowledge) strategon sophia (general's wisdom). Perhaps the most famous example of strategy in ancient times revolves around the Trojan horse. According to legend, Greek soldiers wanted to find a way to enter the gates of Troy and attack the city from the inside. They devised a ploy that involved creating a giant wooden horse, hiding soldiers inside the horse, and offering the horse to the Trojans as a gift. The Trojans took the bait and brought the horse inside their city. When night arrived, the hidden Greek soldiers opened the gates for their army, leading to a Greek victory.

Roman origins

The Roman Senator Frontius wrote one of the most famous Latin works in the area of military strategy. This work has a Greek title - Strategemata. Strategemata describes a compilation of strategema, or strategems. Literally, this translates to tricks of war. The Roman historians also introduced the term strategia to refer to territories under control of a strategus, a military commander in ancient Athens and a member of the Council of War. Frontitus's writings, including possibly his lost work, influenced Flavius Vegetius Rematus of the late 4th century. Vegetius's De Re Militari (The Military Institutions of the Romans) never lost its popularity. A study of the reading habits of British officers during the course of the 18th century confirms the predominant role for these Roman classics.

French origins

The word strategy retained this narrow, geographic meaning until Count Guibert, a French military thinker, introduced the term La Strategique in 1799, in the sense that is understood today. Consequently, neither the military community before Count Guibert nor the business community before H. Igor Ansoff, could see the strategic element in their domains clearly enough to give it a name.

Medieval England

A far more noble approach to strategy than the Greeks' is attributed to King Arthur of Britain. Unlike the hierarchical approach to organizing Moses used, Arthur allegedly considered himself and each of his knights to have an equal say in plotting the group's strategy. Indeed, the group is thought to have held its meetings at a round table so that no voice, including Arthur's, would be seen as more important than the others. The choice of furniture in modern executive suites is perhaps revealing. Most feature rectangular meeting tables, perhaps signaling that one person—the chief executive officer—is in charge. Another implication for strategic management offered by King Arthur and his Knights of the Round Table involves the concept of mission. Their vigorous search to find the Holy Grail (the legendary cup used by Jesus and his disciples at the Last Supper) serves as an exemplar for the importance of a central mission to guide organizational strategy and actions.

German origins

Perhaps, the military figure with the most impact on strategy is Carl von Clausewitz (1780-1831). Clausewitz was a Prussian General whose work entitled, On War, focused on two questions:

- What is war?, and
- What purpose does it serve?

Military experts consider On War the definitive study of warfare. Military schools widely teach his ideas. Increasingly, these concepts are relevant, even to the modern strategist. The Prussian General viewed war as a duel between two independent minds. Clausewitz' key to strategy was to always be strong, first overall and then at the decisive point. The term fog of war is attributed to Clausewitz. However, he never actually used that term. He spoke

of fog as a metaphor for war's ambiguities. Once the battle begins, information that is tactically relevant can be confusing and even distorted by events. This fog can be lifted through the optimal use of competitive intelligence and insight – the ability to glean relevant knowledge out of ambiguity. The business parallel is the need for disciplined focus that comes from making strategic trade-offs. As Meg Whitman, former CEO of eBay proclaimed:

> Our strategy is as much the art of exclusion as it is the art of inclusion

Strategy and Tactics

The complementary nature of strategy and tactics has defined their intertwined existence. In the military realm, tactics teach the use of armed forces in engagements, while strategy teaches the use of engagements to achieve the objectives of the war. Just as the term strategy originated with the Greeks, so too did the term tactics. The original meaning of tactics is order—literally the ordering of formations on the battlefield. However, the current use of strategic and tactical stems from World War II. World War II strategists associated long-range aircraft and missiles with strategy, while they referred shorter-range aircraft and missiles to tactics. Since, the term strategic is associated with the completely incidental quality of long range. In the WWII context, bombers attacked industrial targets in some geographic areas. This, in turn, caused tactical to take on the aura of short range. From a business perspective, a more accurate and useful distinction than time for strategy and tactics is the following:

> Strategy is how generally to achieve a goal while tactics are how specifically to achieve a goal

Context of war

Strategy originated from the necessity of peoples to defeat their enemies. Without enemies, the need for military strategy is non-existent. Keniche Ohmae, acclaimed Japanese business strategist and author of The Mind of the Strategist, has said that the sole purpose of strategy is to enable a company to gain, as efficiently as possible, a sustainable edge over its competitors. When no competition exists, there is no need to strategize. In business, the activities executed in an environment that lack competition are operational. Five levels of

military strategy help understand the aspects of warfare. A commander and his forces need to addressed these aspects:

1. **Technical:** weapon interaction
2. **Tactical:** forces directly opposed fight one another; nature of terrain is pivotal
3. **Operational:** struggle of minds; combat encounters
4. **Theater:** relates military strength to territorial space; the satellite view
5. **Grand:** confluence of interactions that flow up and down the levels of strategy to determine outcomes

These five levels give military personnel a common framework of understanding in discussing their goals, objectives, and means of attainment. While it's important to develop plans to be effective at each level, a realization that successful military strategy depends on the coalescing of thought and activity at each level is the true key to military victory. In business, research has shown that not having a strategy process and framework to communicate it is the most common route to business failure, accounting for 80 percent of bankruptcies. Once the strategy process and framework are in place, they must then be cascaded throughout the levels and functions of a company to ensure everyone is working towards the same goals.

Paradox of Strategy

There are very few areas where the use of paradox is as valuable as it is in military strategy. A bad road is good. A rocky shore is a safe place to land. A nighttime attack presents the best opportunity for victory. Paradoxes abound in the realm of military strategy. Very often, paradox shrouds the much sought after elements of surprise.

> A bad road that is difficult to traverse may be the best choice because the enemy least expects an attack from that avenue. A rocky shore is a safe place to land troops because the enemy will have the fewest number of troops available to defend it. A nighttime attack may be the riskiest for the attacker; but, the cover of darkness allows the attacker to take the enemy by surprise.

Paradox in business strategy offers some interesting parallels. The easiest channel to reach a customer is often the most crowded. Therefore, they may not be as effective. The most

difficult and complex sales are often the most financially rewarding. The differentiation and grit required to achieve sales make them intrinsically rewarding. In the long run, a challenging customer may prove highly valuable. The new processes or services you're forced to create may increase your customer lifetime value [CLV].

Embracing Uncertainty

The development of strategy requires the courage to accept uncertainty. As the French have said, strategy is the art of conducting war not by means of coup d'oeil (glance or look) from behind a horse's ears, not in an office on a map. Strategists must accept that they will not have all of the information and not see the spectrum of events. Yet, they should committ to create and implement the strategy. In business, a lack of data is often the culprit for not developing or committing to a new strategy. Moving forward with determination will not fill the gap left by a lack of data but it's preferred to the remaining option of sitting in the middle of the highway waiting to become your competitor's road kill.

Summary

Strategy's military roots have had a decided impact on the adoption and adaptation of the concept in the business arena. Dating back to the Chinese poems and narratives in the period of 400 – 200 B.C., strategy has been an important determinant of the shaping of the world's political, sociological and commercial landscape. The distinction between strategy and tactics, the comprehension of the paradoxes of strategy and the inherent uncertainty of strategy all add to the military arena's unmistakable impact on the concept of strategy as we know it today.