

Once Upon a Time ...

introduction

Not only is the book very short, fairly interesting and reasonably cheap, but it is also quite comprehensive. In these pages we will provide an overview of what has become one of the most influential fields of management: strategy.

We begin in this chapter with an overview of strategy, discussing some of its auspices and influences, and identify some of the key issues: where strategy comes from; how it operates; its relation to competition; and why there are so many definitions of what the key terms mean.

the ubiquitousness of strategy

Strategy is everywhere. Soccer teams have strategies, as do political parties, and, more personally, people have strategies for making themselves available when they desire to create an interest in someone – and they usually have strategies for handling the inevitable rebuttals that ensue. And of course, organizations have strategies – or they are supposed to. In management and organization theory, the contemporary focus on strategy reflects significant changes in the corporate environment that have occurred in recent decades. Strategy is cast as the main job of executives in organizations, transcending the mere operational detail of finance, human resources, marketing, etc. Our colleague Stefano Harney (2007), who teaches strategy at the University of London, has characterized strategy as the queen of the management sciences, the sovereign subject. Like us, he thinks that it is time to explore the legitimacy of its claims to sovereignty.

As students of management, it is important to be able to read and understand the language of strategy. Especially if you are an ambitious

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student of management! The reason is simple: strategy occupies the commanding heights of the organization and if you aim to reach for the top this is where you will want to be.

So what is strategy? While many read the discourse of strategy as something stretching back into ancient history, strategy has an interesting duality. The idea of strategy *can* be traced back to time immemorial and often is: in the work of Sun Tzu, for instance, whose early writings on military strategy in *The Art of War* are often said to be the birth of the discipline, and are available today in various versions and translations which sustain many pages of product at Amazon.com. Sun Tzu is merely the most ancient of a long line of putative predecessors that number in their ranks the Florentine political philosopher, Niccolò Machiavelli and the Prussian general, Carl von Clausewitz. If strategy is not traced to some long-dead Chinese mandarin, Florentine diplomat or Prussian general, it is often traced to some long-dead Greek philosopher. One of the ways that academic areas seek to accrue legitimacy is through creating such genealogies. The judicious choice of ancestors is an old marketing trick. The idea that strategy may be traced in a seamless continuity of development from the ancient Greeks 500 years before the birth of Christ to the current day *is* patently absurd. Machiavelli and Clausewitz *did* strategize, but in a very different context and with different objectives in mind. There is no straightforward linear history of accumulated and progressive building of a coherent body of knowledge. In fact, whatever coherence there is, it is very much an attempt at retrospective sensemaking, an attempt to construct a legitimate intellectual pedigree for a body of knowledge that is an intellectual mongrel. Taking history a bit more seriously, we'll see how strategy changes and develops. As a conscious management discourse, strategy is a relatively recent phenomenon (with, of course, a grand teleology now invented for it!). Essentially, it is a post-Second World War, largely US invention, with undoubted roots in military thinking.

The influence of military planning on strategy cannot be emphasized enough, which is not surprising. The military has been a great source of strategic lessons, from the outset of the field. Keith Hoskin and Richard MacVe (1986, 1988), for instance, have highlighted the way in which strategy as a discipline emerged from military ideas.

In the late nineteenth and twentieth centuries American corporations grew inexorably larger and as a consequence needed to develop new means of managing. Ideas and models were borrowed from military planners.

Armies were the first rapidly moving organizations that faced an enemy which threatened them. As organizations grew bigger and competition becomes fiercer, military strategy was seen as an appropriate backdrop for talk and action in corporate boardrooms. The macho talk also suited the identities of many strategists in large corporations, who were happy to imagine themselves as warriors or field marshals directing a war. War with competitors, battles for mind- and market-share and the quest for domination evolved and shaped these conversations that are labelled 'strategic'.

War teaches Strategy. The Battle of Cannae in 216BC was a classic case of how a double envelopment/encirclement by Hannibal allowed him to beat a Roman Army of almost twice the size. In December 1805 Napoleon's greatest victory, at Austerlitz, was made with the 'Lion Leap', a flanking attack through the morning fog by the fourth corps, led by Nicolas Soult. These strategies and tactics are still taught at Sandhurst and West Point as a way of managing large static armies. They worked well until the 1914–18 war, when it was found that a couple of strategically placed machine guns could hold up foot soldiers on the move. Fully mechanized war did change the way generals thought, but it took time for their strategy to change in accordance with the new realities of technological warfare. Nowhere was this more evident than in the Battle of the Somme, a battle best remembered for its first day, 1 July 1916, on which the British suffered 57,470 casualties, including 19,240 dead – the bloodiest day in the history of the British Army. The British artillery was too light, too distant from the target, and the German fortifications were too sophisticated for much damage to be sustained by the prior bombardments that were supposed to have destroyed the German resolve. As the troops advanced, at a walking pace, they were simply mown down by the German machine guns. Those 57,470 casualties were a lesson in the inappropriateness of the strategy pursued, but it was not until the closing stages of the war, and the lessons of antipodean officers such as General Monash, that skilful planning and attention to detail led to the development of more effective strategies.

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Interestingly, elsewhere in the British Empire, rebel fighters such as Michael Collins in Ireland were showing themselves adept at military strategy. Lloyd George, the then British Prime Minister, lamented that his home grown generals – later dubbed as donkeys – had none of the military wit or imagination of Collins. The Allied generals thought only of attrition until the Spring Offensive in 1918 when the Germans adopted Storm Trooper tactics, which enabled them to burst through the lines but, in the end, they found that they had advanced too far because they had outrun their own supply lines. The Germans learned from this in the Second World War but, by this time, they enjoyed the great advances of air power and the tank technology, with which to implement *Blitzkrieg* successfully.

Strategy, not only in war but in business, is driven by technology which can wipe out or reduce competition. While the days of finance-led businesses are not over, there is a huge challenge being driven by technology as a vast amount of business is done over the Web. A firm must now have an IT strategy, something that does not always sit well with older members of a Board, who know it is essential but fear it because it can inhibit their power and decision-making if they don't understand its ramifications.

It is perhaps not surprising that military metaphors are commonplace in the strategy literature, given its historical origins and the way in which these have been used to account for it in contemporary terms. While the preoccupation with war is understandable, we argue that it is in need of revision. There is nothing heroic or glorious about war, as any old soldier will tell you – a cursory look at current events in Iraq being a sobering instance of its folly. Of course, it was a commitment to the metaphors of war, of 'shock and awe', that talked the US government into Iraq in the first place.

— competition entails strategy

While in the dim and distant past organizations might have pursued strategies, these were not articulated through the contemporary discourse of strategy, which, above all, emerged from organizations having to deal with issues of competition. If there was no

competition, there would be no need for strategy. Where there is only a monopoly provider, then the monopolist is able to sell or distribute whatever quality of goods it wishes, without regard for strategy, because, if people want what it provides, they have to accept what is on offer. Competition immediately changes the picture. Porter, one of the most influential voices in strategy, actually based his book on competitive strategy on how to get closer to a monopolistic competition by taking the viewpoint of the firm (Porter, 1980).

Competition is the key: wherever similar products are sold in the same market there will be competition. Firms that thrive competitively develop strategy as an account of how they are doing what they do and what they are proposing to do. Where competitors sell largely undifferentiated products at similar prices, then it is imperative to be able to position specific products as having a specific difference. Think of The Hard Rock Café restaurants in the USA and elsewhere. The value proposition is the same old fast-food laden with fats and cholesterol but – wait for it – there are guitars and other instruments once used by long-gone musicians on the wall: fast food + nostalgia and a strange sense of community.

The competitive picture is brought into sharper focus where the market is not just for simple burgers and processed food and drinks, but is highly uncertain and rapidly changing. In a corporate environment that has become increasingly dynamic and complex, strategy is management's response to turbulence.

There is, however, a paradox of competition: the larger the organization, the less competition it is likely to encounter. Therefore, it might be that the organization's strategy, while shrouded in rhetoric about competition, is in fact seeking to avoid competitors. A good example of this would be the Scottish Banking sector which, until comparatively recently, saw a great deal of collusion between the different 'competitors'. The banks paid the same interest rates on deposit accounts, all agreed not to pay interest rates on current accounts, and did not attempt to poach either staff or customers from 'competitors'. While the financial services industry has undoubtedly changed, it is important to be aware that competition is not always what it seems. For instance, JJB sports, a large sports retailer, were fined £6.7 million by the Office of Fair Trading for price-fixing the cost of England and Manchester United

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football shirts between 2000 and 2001. Six other firms with whom they colluded were also fined. As the Office of Fair Trading put it, 'The Office of Fair Trading considers that agreements between undertakings that fix prices are among the most serious infringements of the Competition Act 1998' (http://www.offt.gov.uk/advice_and_resources/resource_base/ca98/decisions/football-kit). At the time of writing, British Airways has just been fined a record £270 million for price-fixing its fuel surcharges on its transatlantic flights with Virgin Atlantic. In Australia, the country's third wealthiest billionaire, Richard Pratt, who owns Visy, the world's largest privately owned paper and cardboard manufacturer, has recently been charged in a cardboard box price-fixing scandal with competitors Amcor. So, strategy, at its most effective, from a short-term perspective, may well entail illegal activity. Few strategists, we suspect, are likely to recommend criminal activity to their readers, however effective it might be as a strategic gambit, but obviously, given these cases, some strategists do recommend such action!

Strategy is supposed to lead an organization through changes and shifts to secure its future growth and sustainable success. Without a clear strategy, organizations will drift, much as might a small yacht, disabled, without sails or rudder, on a storm-tossed sea. No steering capacity will be evident. Organizations in this respect are somewhat like governments: they steer not the ship of state but the fortunes of all those life chances, income and profits and losses, which are tied up in their good management. Just as, from time to time, governments appear rudderless, so do some organizations. For instance, one of the criticisms of John Major's government between 1990 and 1997 in the UK was that it lacked any strategic direction but just lurched from one crisis to the next. Before its recent renaissance the same things were being said about the doyenne of British retailers, Marks & Spencers (M&S), but then Stuart Rose reset its strategic direction by developing boutique brands within the general umbrella of M&S and hiring celebrity models for its marketing, such as Twiggy, Bryan Ferry and Take That.

As we mentioned earlier in this chapter, as a language game, strategy is everywhere. Corporations, politicians and sports teams talk of strategy. So do public sector organizations. One of the interesting developments in government organizations over the last twenty years

has been the rise of 'New Public Management'. Broadly speaking, this has seen the incorporation of private sector 'managerialist' policies into the state sector. This change in rationality helps explain why a 'hospital patient' has become a 'customer', or a train passenger has become a 'customer'. Some universities even encourage their staff to see students as customers. The ushering in of managerialism to the public sector has fuelled the growth of strategy-making in government organizations. Organizations such as hospitals, schools and councils spend inordinate amounts of effort making strategy. They articulate their strategies through private sector strategy terminology. But of course, they do not exist in markets or have competitors, although increasingly they are subject to being ranked in league tables, which have the effect of a market. An executive in a hospital might therefore spend a lot of time plotting ways to improve its ranking in a league table (Mueller et al., 2003). Mike Power (1997) has referred to the whole move towards league tables as being about the rise of the audit society. Now you see why it's hardly surprising that strategic management is increasingly understood as *the* task of top management. To be able to say 'I set strategy' has great cachet. It marks out the top managers from the also-rans.

The story of strategy is very much the story of our times. There is a complex interplay between hope and fear. It is exciting but also fraught with danger; as Stefano Harney (2007) suggests, the emergence of the discourse of strategy is a key symptom signifying that all is not well with management. What he means is that business – for all its ingenuity – to the extent that it is premised on metaphors of war, will always comprise more losers than winners, as there only ever can be one winner while there can be many losers. Strategy offers an opening or a way for managers to appear to be doing something to win. In the end it matters little if the strategy succeeds or fails. What matters is that they have a strategy with which the realities of 'success' and 'failure' can be accounted. In a similar vein, Keith Hoskin (2007) has noted that a lot of the language associated with strategy is ebullient, hopeful and death-defying whereas the stories from practitioners are far more fragmented and are tales of woe, pointlessness and despair. Strategy is a discourse that is *useful* for papering over the fearsome cracks in a firm's rationality, for it holds the manager and the firm to account.

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defining strategy

Scholars have complained that ‘strategy has become a catchall term used to mean whatever one wants it to mean’ (Hambrick and Fredrickson, 2001: 49). We agree that there is a certain vagueness associated with the notion of strategy, but also note that, to date, the imagination of strategy researchers has been rather limited. Most researchers in the field use definitions that are as little different from each other as the products of the business schools they sit in.

Etymologically, the word ‘strategy’ derives from ancient Greek and consists of two parts: *stratos* meaning army, and *agein* meaning to lead (Cummings, 2003). Cummings argues that the term ‘strategy’ became important once warfare developed a certain complexity and forced commanders to coordinate relatively large sea and land forces. As we have seen above, it is only a short step from the world of military competition to the world of competing businesses. The word started to gain traction in the world of business in the 1950s as many executives with military experience in the Second World War sought to apply the long-range planning, characterizing events such as the Normandy Landings, to their business. The first authors who developed the notion of strategy into a more consistent business concept were titans of industry, such as Chester Barnard from AT&T, Alfred Sloan from General Motors and Alfred Dupont Chandler, the business historian, also related to the DuPont Chemicals family.

There are almost as many definitions of strategy as there are strategists. Why this should be so is obvious: it’s good strategy for strategists as they all seek to position the field around their intellectual capital. It is not just a question of intellectual ego, either; strategy is big business, with a considerable capacity for consultancy earnings in the stratosphere if you find the gold at the end of the strategy rainbow. Ask Michael Porter. Let’s look at some of the most commonly used definitions:

Strategy can be defined as the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals. (Chandler, 1962: 15)

[Strategy is] the pattern of objectives, purposes or goals and major policies and plans for achieving these goals, stated in such a way as to

define what business the company is in, or is to be in and the kind of company it is or is to be. (Learned et al., 1969: 15)

Compare these definitions to a typical textbook definition. For instance, Thompson and Strickland (2006: 3) provide the following definition:

A company's strategy consists of the competitive moves and business approaches that managers employ to grow the business, stake out a market position, attract and please customers, compete successfully, conduct operations, and achieve targeted objectives.

Now look at one of the definitions from the field of International Relations:

... strategy is a process, a constant adaptation to shifting conditions and circumstances in a world where chance, uncertainty, and ambiguity dominate. Moreover, it is a world in which the actions, intentions, and purposes of other participants remain shadowy and indistinct, taxing the wisdom and intuition of the canniest policy maker. Carl von Clausewitz suggests that in such an environment, 'principles, rules, or even systems' of strategy must always fall short, undermined by the world's endless complexities. (Murray and Grimsley, 1994: 1)

Four characteristics are shared by these definitions across different disciplines:

- Strategy seems to be about the future and goals that you want to achieve in the future. It's a plan, a roadmap to the future. After all, if you don't have a goal you cannot score!
- It is somehow concerned with how to get to these goals. It talks about resources and the allocation of these that will get the organization from point A in the here and now to point B, a desired point in the future.
- It seems to be necessary to have strategies because of competition: if there was no competition, there would be no need for strategy. Because other firms fight for a slice of the same pie, you have to be smarter, better, faster than your competitors.
- It seems to be top management's business. Since strategy deals with the big picture and the future, it is very important business. And the people

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who strategize consider themselves to be very important too. Usually it is a top management privilege to spend time at expensive retreats arguing with even more expensive consultants about 'what if ...' scenarios. Even universities do these things!

Although most of these definitions are useful, we would argue that they do not capture the ways that strategy can be and has been 'made up' or put together. One reason for this is that management in general and strategy in particular are very ahistorical disciplines. The relentless quest for the new and the claim to be at the forefront of whatever the fashion of the day might be makes looking back an ostensibly useless enterprise. For instance, many strategy scholars spend only a couple of pages on the history of strategy before they launch into the contemporary canon of strategic management.

It is possible to date business strategy as a self-conscious discipline as entirely a recent, post-Second World War enterprise. It is also possible to see it as merely the most contemporary outcrop of a characteristically political activity – steering an enterprise towards future horizons. Conceived this way, it is possible to argue that strategy is really just diplomacy applied in the commercial rather than the political sphere. If one maintains this argument, then the grandfather of strategists has to be Niccolò Machiavelli, the Florentine diplomat and author who lived from 1469 to 1527. For Machiavelli, the everyday art of statecraft was war by means other than the force of arms. Indeed, a prudent Prince would not rush to achieve by war what could, with guile, diplomacy and example, be achieved more readily by politics.

alternative histories of strategy

As the Danish philosopher Søren Kierkegaard once said, history is like prophecy – just directed backwards, not forwards in time. To quote Kierkegaard (1992) again, we live our lives much as a spider spins a thread to let itself down from the ceiling to the floor: we have nothing in front of us but as we travel through space we produce a thread, a narrative behind us. Strategy is similar. It produces arguments that strive to make sense of where we have come from and where we are heading for. Narratives *are* important. Looking at

history tells us where we come from, at which point certain decisions were made, how they influenced things and, most importantly, how they could be changed, and this is as true of organizations as it is of states and individuals.

What are different historical perspectives on strategy? Why did the phenomenon become so important in our times? Where did it come from? We will argue that strategy's origins lie in what we call, for want of a better term, 'statecraft'. People such as Machiavelli implicitly strategized about how to run one of the largest organizations of their times, which were city-states. Although modern versions of strategy might look very different, we will argue that they derive from the same roots as Machiavelli's strategy. The latter is sometimes seen as a dark, misanthropic but bluntly honest account of what it means to be doing strategy. Indeed, the term 'Machiavellian' has passed into general usage as a term, mostly, of opprobrium. Machiavelli was a pragmatist and interested in *Realpolitik*, which was in contrast to romanticized notions around statecraft held by ancient philosophers such as Cicero.

Machiavelli's book *The Prince* (written around 1513) describes the forms and practices of governing a state that will be most successful. In the late 1400s, after the fall of the Medici regime, Machiavelli became a senior diplomat in the Florentine government (at a time where much of what is now Italy was divided into city-states as well as the papal state, which were often dominated by the French or Spanish). Florence was a world of shifting alliances, political intrigue and turbulence. During his period as a diplomat, Machiavelli travelled widely and met many of the important leaders of the day, including the pope, the French monarch and the king of Spain. Rubbing shoulders with the power brokers of the day increased Machiavelli's fascination with politics. An example of this is when he recalls:

I discussed this matter at Nantes with the Cardinal of Rouen. ... When the Cardinal of Rouen remarked to me that Italians did not understand warfare, I replied that the French did not understand statecraft for if they did they would not have permitted the church to acquire so much power. And experience has shown that the power of both the Church and the King of Spain, here in Italy, has been brought about by the King of France, and they have brought about his ruin. (Machiavelli, 1988: 14)

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In 1512, Machiavelli's world collapsed when the government he served capitulated to the Spanish, who then reinstalled the Medici regime. Things got worse for Machiavelli; he was arrested and tortured under suspicion of taking part in a plot against the new government. He was then exiled to his farm outside Florence, where he was to spend the rest of his life. This was a form of social death for Machiavelli, as he only returned to Florence, the place that so fascinated him, towards the end of his life. It was shortly after his exile that he wrote *The Prince*, which chronicled his observations of what made an effective ruler.

Dedicating the book to the new ruler of Florence (first, to Guilano de'Medici, who was recalled to Rome and then replaced by his nephew, Lorenzo de'Medici, to whom the book was re-dedicated!), Machiavelli probably hoped that his text would bring him back into public affairs. Indeed, he promised in the foreword that the book was a means of helping the Medici achieve greatness. However, Machiavelli did not return to the hurly burly of public affairs, so his strategy failed, yet his legacy is a text still relevant to strategy and statecraft. The book switches between ancient history, in which the literati of the day would have been schooled, and contemporary politics, which of course is now medieval history! Though he discusses issues in general terms, there can be no doubt he is thinking and writing about Florence.

Machiavelli wrote the book in times of great political turmoil, when Italy was divided into many city-states that either were conquered or were conquering one another, with shifting support (and success) from the German, the Spanish and the French rulers as well as from the Vatican. Being involved in negotiations between senior state officials, Machiavelli was less interested in the ceremony of governing than in the reality of politics. As he puts it: 'the main foundation of every state ... are good laws and good arms; and because you cannot have good laws without good arms, and where there are good arms, good laws inevitably follow, I shall not discuss laws but give my attention to arms' (1988: 77). Implicitly, Machiavelli criticizes theories on governance that are based on contracts, laws and notions of virtue. For him, it is the power to be able to implement a law that makes the law in the first place: policy follows power. For him, the two types of

engagement (law and force) correspond with human nature – the man and the beast in us. The leader must know how ‘to make nice use of the beast and the man’ (1988: 99). As we will see, strategy has as much to do with the beast, or the dark side in us, as with the more noble, civilized and human side. Machiavelli develops a deep critique of many of the established ‘statecraft’ texts, such as those by the ancient philosophers Cicero and Seneca. Both of these writers were hugely influential and espoused that a leader should rule virtuously. Their influence was found in the advice manuals produced by some of Machiavelli’s contemporaries, who again emphasized virtuous and civilized behaviour. Machiavelli pointed to a series of paradoxes around virtue. For instance, he points out the difficulties of a ruler being generous: ‘There is nothing that is so self-consuming as generosity: the more you practise it, the less you will be able to continue to practise it. You will either become poor and despised or your efforts to avoid poverty will make you rapacious and hated; and being generous will lead to both’ (Machiavelli, 1988: 57).

Machiavelli makes this point very clear: a prince ‘must have no other object or thought, nor acquire skill in anything, except war, its organization, and its discipline’ (1988: 87). Machiavelli elaborates on physical and mental exercises that shape a leader’s mind: he must engage in practical geography, studying marshes, mountains, plains, hills, rivers, etc. Intellectually, a ruler must study ‘the actions of eminent men to see how they conducted themselves during war’ (1988: 89). Think of those biographies of successful business leaders such as Jack Welch and their heroic tales of turnaround and growth!

Machiavelli developed a practical manual of strategic and tactical advice that allows leaders to govern their states effectively. Machiavelli wrote that sensing troubles is the key to successful strategy: ‘as the doctors say of a wasting disease, to start with, it is easy to cure but difficult to diagnose; after a time ... it becomes easy to diagnose but difficult to cure’ (1988: 39). Hence, one has to take counter-measures as soon as troubles are visible on the horizon. Machiavelli uses the Romans as example: they never avoided war ‘because they knew that there is no avoiding war; it can only be postponed to the advantage of others’ (1988: 40). For Machiavelli, power, conflict and war are at the centre of strategy. Power struggles cannot be avoided.

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Machiavelli portrays Cesare Borgia, son of the pope and feared prince of his times, as an example of extraordinary strategic foresight. Cesare was extremely successful in acquiring resources for and enlarging his state through wars. His major ally was his father, Pope Alexander VI. To demonstrate the strategic thinking of Cesare, Machiavelli explains how he guarded against the possibility of a hostile successor to the papacy that would not support him. First, he destroyed all the families of the rulers he had despoiled so the new pope could not develop alliances with them against him. Second, he made friends with all the patricians in Rome. Third, he controlled the College of Cardinals as far as he could (because it controlled the pope). Finally, he acquired enough power to withstand a direct attack. Machiavelli praises Cesare as a strategic mind who focused on exactly those things that allowed him to enlarge and strengthen his empire.

From an ethical perspective we might not agree with the idea of destroying families as a strategic move to secure power. Even though he was no sentimentalist, Machiavelli realized that what strategy dictated prudence might counsel against. Yet, *Realpolitik* does not allow for too much pondering. He believed that cruelty can be used well or badly: if it is employed fast, used once and for all, and one's safety depends on it, it is being used well (1988: 65). In a similar vein, he argues that it is far better to be feared than loved: 'The bond of love is one which men, wretched creatures that they are, break when it is to their advantage to do so; but fear is strengthened by a dread of punishment which is always effective' (1988: 97). A last example of the pragmatic stance that Machiavelli takes towards strategy was his perspective on how a leader should honour his word. He acknowledged that it is praiseworthy to honour one's word. He continues: 'nonetheless contemporary experience shows that princes who have achieved great things have been those who have given their word lightly, who have known how to trick men with their cunning, and who, in the end, have overcome those abiding by honest principles' (1988: 99). Therefore he concludes that a ruler 'cannot, and must not, honour his word when it places him at a disadvantage and when the reasons for which he made his promise no longer exists' (1988: 100). Think of modern politicians – how true is Machiavelli's description!

Machiavelli knows how important it is to display good qualities and hide others. For Machiavelli, the ruler must not let good qualities hinder successful rule. In fact, ethicality can be harmful. A Prince should *appear* to have good qualities, however: 'men in general judge by their eyes rather than by their hands; because everyone is in a position to watch, few are in a position to come in close touch with you. Everyone sees what you appear to be, few experience what you really are' (1988: 101). Hence representation of what a ruler is doing (in modern terms, press coverage, strategic plans, annual reports, mission statements, spin doctoring, etc.) is more important than reality. Rhetoric creates reality; appearance is more important than action.

A more recent writer, Karl von Clausewitz (1968), a Prussian who wrote explicitly on war in the early nineteenth century has also been influential. In fact, although generally less influential than Machiavelli, he has been more specifically influential on strategists. As Clausewitz (1968: 165) suggests in his book *On War*, strategy 'forms the plan of the war, and to this end it links together the series of acts which are to lead to the final decision, that is to say, it makes the plans for the separate campaigns and regulates the combats to be fought in each'. It is a simple insight that has been at the heart of much of the strategy that has been taught in business schools. Facing competition has been seen to be analogous to facing an enemy in warfare.

The metaphors of war are pervasive. Even a reflective practitioner of strategy, such as Henry Mintzberg, understands strategic positioning as 'consisting of a *launching* device, representing an organization, that sends *projectiles*, namely products and services, at a landscape of *targets*, meaning markets, faced with *rivals*, or competition, in the hope of attaining *fit*' (Mintzberg, 1998: 93). The sources of inspiration could hardly be clearer: strategy, like war, is clearly a very masculine activity. Indeed, the whole notion of competitive strategy is tricked out in ruggedly masculine metaphors, the most notable of which derive from warfare. For instance, there is the case of Stalk and Lachenauer (2004), and the 'hardball manifesto' for strategy that was published in the *Harvard Business Review*. The hardball strategy appears to have some similarities with the neo-con military strategies favoured at that time by the Bush administration. Hardball strategies should be deployed 'in bursts of ruthless intensity' to devastate rivals'

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profit sanctuaries; competitors' strategies should be 'plagiarized with pride'; the competition should be deceived about the real strategies that the hardball operator is pursuing; massive and overwhelming force should be unleashed, and the objective should be to make the competitor's response too costly by raising competitors' costs. Hardball players, of which Toyota, Dell, and Wal-Mart are singled out, are those who pursue competitive advantage ruthlessly in order to defeat their rivals in the market by doing whatever it takes, while staying, just, on the inside of the law. Although this is an extreme example, it is indicative of a certain kind of macho posturing that is almost *de jure* among the ranks of competitive strategists. Certainly, it is reminiscent of Ullman and Wade's (1996) 'shock and awe' military strategies which were used in 2003 in Operation Iraqi Freedom against Saddam's regime. Indeed, reading their account of what that military strategy entails is eerily reminiscent of a great many strategy texts, including Stalk and Lachenauer (2004). The 'shock and awe' strategy for attaining rapid dominance is introduced by the authors with the following words:

The basis for Rapid Dominance rests in the ability to affect the will, perception, and understanding of the adversary through imposing sufficient Shock and Awe to achieve the necessary political, strategic, and operational goals of the conflict or crisis that led to the use of force. War, of course, in the broadest sense has been characterized by Clausewitz to include substantial elements of 'fog, friction, and fear.' In the Clausewitzian view, 'shock and awe' were necessary effects arising from application of military power and were aimed at destroying the will of an adversary to resist. Earlier and similar observations had been made by the great Chinese military writer Sun Tzu around 500 BC. Sun Tzu observed that disarming an adversary before battle was joined was the most effective outcome a commander could achieve. Sun Tzu was well aware of the crucial importance of achieving Shock and Awe prior to, during, and in ending battle. He also observed that 'war is deception,' implying that Shock and Awe were greatly leveraged through clever, if not brilliant, employment of force. (Ullman and Wade, 1996)

The ethicality of some of the recommended strategies of deceit, plagiarism and devastation is debatable. However, from the perspective

of a commitment to hardball strategies of shock and awe, even to raise ethical questions would be seen as somewhat wimpish, as the mark of being less than a real strategy man. Strategy men (and they are mostly, but not exclusively, men) are hard, tough, fearlessly facing adversaries and devising schemes for their come-uppance. Yet, obviously, strategy is more complex than it first appears to be: it is not just the extension of the arts of war to the sales battles of commerce. For instance, the argot and terminology of strategy has spilled out from its military origins to incorporate the challenges of public service and the altruism of the voluntary organization, for which extreme prejudice may hardly be a viable option. Admittedly, all of these sectors of organizations may be said to require strategies if they are to secure their aims and objectives, but what model of strategist to be or not to be – that is the question. It is also a question of surprisingly recent provenance.

the mundane beginnings of strategy

Strategic management has a short actual history, albeit a pre-history that can be extended back to Chandler, Clausewitz, Machiavelli, or even Sun Tzu, for those who enjoy constructing pedigrees. According to Hambrick and Chen (2008), the beginnings date to the introduction of a course in business policy at Harvard in the 1920s. By March 1970, when ten professors met in Chicago to germinate the seeds of the Business Policy and Planning Division of the American Academy of Management (AoM), the idea of a capstone course in business policy and planning was well established. A social movement had developed around claims to the specific and substantial identity of a phenomenon in which labels, forums, disciples, advocates and publicity all played their part. By 1979 the field had been re-badged as ‘strategy’ rather than ‘business planning’ and in 1980 the Strategic Management Society and the *Strategic Management Journal* were established, providing a second string to the strategy bow from that already established in the AoM.

The shift from planning to strategy was due to a complex set of reasons. First, in a free enterprise model, the idea of planning was anathema to those raised on the economics of Friedman or Von Hayek.

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Central planning was what socialists did, and did disastrously, and was certainly not something that should be done by captains of industry and top management teams. Second, planning clearly wasn't what it was cracked up to be, as was indicated by the failure of the majority of oil companies' strategists to foresee the consequences of a Middle Eastern war and the formation of the OPEC cartel. Third, and perhaps most significantly, the notion of planning did not suggest a muscular and authoritative frame of reference. It sounded like something that, at worst, communists might do, or, at best, something that the hired help could graph – it certainly was not the preserve of authentic entrepreneurs and certainly wasn't the work of captains of industry. Like generals, they were concerned to conquer the terrain that they operated on and hold it in a dominant position. That competition was war by other means had long been understood. To wage war generals need strategy and captains of industry require it no less. Once strategy was born, then its market was assured – who would want to be caught in the battlefield of commerce with no strategy to speak of?

Differentiation did not stop with the creation of strategy *per se*. It continued with the development of distinct emphases and sub-fields within the general frame of strategy, as we will chart in this book. In part, the rise of these fields can be tied to the creation of a distinctive intellectual capital and kudos by strategic management gurus, such as Porter or Peters. Also, the rise of major international strategy consultancies, all of which needed to differentiate their intellectual property, contributed. It was necessary, in market terms, for McKinsey to be able to differentiate its strategy, products and models from those of the Boston Consulting Group, for example. Institutionally, the championing of a capstone course in the MBA by the American Assembly of Collegiate Schools of Business, together with the pool of executives who graduated with DBAs, meant that there was a cohort of people who could legitimately label themselves 'strategists'.

The field of strategy was constituted by those who affirmed themselves as strategists sharing a sense of being a collective entity, a collective will that was reinforced by the mobilization of resources and the construction of institutional frameworks, such as journals, chairs and courses, enabling adherents to claim legitimacy. Strategic management

was political from its inception even when, as we shall see, it often wrote the political out of those organization strategies on which it reflected. It arose as a social movement, and it rapidly evolved into several lagged and overlapping social movements, occurring in recurrent waves, which have been accommodated into the evolving fold, as we will chart in this book. As social movements go, strategy is a very conservative cocktail – take a large slug of pretty boring industrial economics, add a few generous measures of folksy homespun wisdom that reinterprets business success, throw in some hoary war stories concerning the great and the good, stir in a measure of machismo and some showmanship, top it off with a dash of conservative politics and *voilà, c'est strategy!*

conclusion

Strategy has claimed many parents. We think that if legitimacy is an issue, then Machiavelli is the best parent to adopt. War has been a matter of strategy far longer than business, so it is not surprising that many early ideas about strategy were framed by warfare. According to a Machiavellian logic, policy follows power. War also demonstrates, in its appalling costs, the ease with which strategic thinking can hang on to outmoded ideas about how to fight. The aphorism that generals usually fight the present war with the lessons learnt from the last war is apt – and nowhere is the aphorism more aptly seen in practice than in the dreadful squandering of human life in the First World War, especially that fateful July day on the Somme about which we have remarked. Yet, as we shall see, there is far more to strategy than just the art of war. And, as Machiavelli realized clearly, the gains of war can sometimes be achieved much more economically through other means. That is the insight that made Clausewitz famous – he argued that war is merely the continuation of politics by other means. Similarly, we might argue that strategy is the continuation of military planning through other means. The end is still the same – to be victorious in the field of battle – it is merely the arena that has shifted. Competition is war by other means and, so the story goes, you need strategy to win it.