

SUN TZU
AND THE
ART OF
BUSINESS



SIX STRATEGIC
PRINCIPLES
FOR MANAGERS

MARK MCNEILLY

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MARK McNEILLY

New York ■ Oxford ■ Oxford University Press ■ 1996

To my parents, James and Esperanza, for their love,
To my wife Sandy, for her help and support in all things,
To my children, Alex, Logan and Kenzie, for being themselves,
And to God, who makes all things possible.

OXFORD UNIVERSITY PRESS

Oxford New York
Athens Auckland Bangkok Bogotá Bombay
Buenos Aires Calcutta Cape Town Dar es Salaam
Delhi Florence Hong Kong Istanbul Karachi
Kuala Lumpur Madras Madrid Melbourne
Mexico City Nairobi Paris Singapore
Taipei Tokyo Toronto
and associated companies in
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Published by Oxford University Press, Inc.
198 Madison Avenue, New York, New York 10016

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Library of Congress Cataloging-in-Publication Data
McNeilly, Mark.

Sun Tzu and the art of business :
six strategic principles for managers / Mark McNeilly.
p. cm. Includes bibliographical references and index.

ISBN 0-19-509996-6

1. Strategic planning. 2. Sun-tzu, 6th cent. B.C.—
Views on management. I. Title.

HD30.28.M3857 1996 658.4'012—dc20 96-26080

1 3 5 7 9 8 6 4 2

Printed in the United States of America
on acid-free paper

PREFACE

Sun Tzu's *The Art of War* has proved to be a classic work on strategy, applicable to both military and business situations. While it has been relatively easy to apply the military concepts to wars, both past and current, it has proved much more difficult to translate Sun Tzu's strategic concepts into successful business strategies. The purpose of this book is to crystalize the concepts and ideas put forth in *The Art of War* into six strategic principles that can be more easily understood and applied in the world of business. These principles are then illustrated by business examples, which explicitly describe how the principles can have a direct impact on the strategies of real companies around the world.

My interest in writing this book resulted from the combination of insights I gained working as a business strategist for a major global corporation, the thoughts I'd compiled from my readings as an amateur military historian, and my interest in Sun Tzu's strategic philosophy. These three forces led me to begin work on *Sun Tzu and the Art of Business* five years ago.

It should be of comfort to the reader that, in the process of researching this book, I found more and more evidence of the soundness of its principles. For example, when I started writing, I began by using business examples that were still in the process of sorting themselves out. Many of the companies I followed were involved in situations that only came to closure as the book neared its final draft. It was very reassuring that the examples I had chosen of good and bad implementation of strategy turned out as the principles of Sun Tzu had predicted. The problems of Kmart, AT&T Global Information Systems, and Philip

PREFACE

Morris as well as the effectiveness of Southwest Airlines, to name a few, proved that the principles are extremely useful in predicting business success or failure and implementing strategy. I believe that if you understand and use the principles of *Sun Tzu and the Art of Business* appropriately, you too will see their effectiveness.

Zumbrota, Minnesota
May 1996

M.R.M.

ACKNOWLEDGMENTS

This book has been several years in the making, and through that time I've had the opportunity to have my strategic thinking influenced by a number of people. Their insights and actions have made a significant impact on me and have made this book better.

Joe Pine, author of *Mass Customization: The New Frontier in Business Competition*, has been a great friend and advisor. Julie and Tom Furey, Bill Zeitler, Vic Tang, Emilio Collar, Roy Bauer, and Larry Osterwise were all instrumental in introducing me to business strategy and sharing their wisdom. Jack Scheetz, Bruce Jawer, Bill Meinhardt, Don Mitchell, Pete Hanson, Michael Cheng, Niall Coughlin, Nelson Martel, Steve Gessner, and Bill Leskee were great sounding boards for ideas and each in their own unique way helped me develop my thinking further. All my good friends and co-workers throughout IBM, especially those in the AS/400 Division, have helped me personally and professionally. The faculty of the Carlson Business School, University of Minnesota, gave me an excellent academic base on which to build, and my classmates from the Carlson MBA program broadened my horizons.

I am also very grateful to my editor Herb Addison for his excellent insights on improving this book and the reviewers, James Blandin, Dean of Management and Security Studies at the U. S. Naval Postgraduate School, Ming-Jer Chen, Associate Professor of Strategic Management at the Columbia Business School, and Weijian Shan, the Chinese Business Representative for J. P. Morgan in Hong Kong whose ideas added value to this work. I would also like to thank the heirs of Samuel B. Griffith, who graciously allowed Griffith's translation to be a major part

ACKNOWLEDGMENTS

of this book. Thanks are due as well to Terry McManus, Deb Benson and Deb Garry for cheering me on to finish.

Lastly, I want to thank my wife, Sandy. She read and reread each chapter, gave honest and insightful feedback, and provided me the time and support necessary for completing the book. Most important, she shared the dream.

Although I have written this during my employment at IBM and some of the examples are from the computer industry, I have taken great care to be objective and factual in my analysis in those instances. Furthermore, IBM has neither supported nor hindered my writing of this book and all comments, interpretations, and errors of fact are my own.

CONTENTS

<i>Introduction</i>	3
1. <i>Win All Without Fighting: Capturing Your Market Without Destroying It</i>	9
2. <i>Avoid Strength, Attack Weakness: Striking Where They Least Expect It</i>	23
3. <i>Deception and Foreknowledge: Maximizing the Power of Market Information</i>	40
4. <i>Speed and Preparation: Moving Swiftly To Overcome Your Competitors</i>	59
5. <i>Shape Your Opponent: Employing Strategy To Master the Competition</i>	90
6. <i>Character-Based Leadership: Providing Effective Leadership in Turbulent Times</i>	117
7. <i>Putting The Art of Business into Practice</i>	141
<i>Notes</i>	155
<i>Suggested Readings of The Art of War</i>	165
<i>Original Translation by Samuel B. Griffith</i>	167
<i>Bibliography</i>	251
<i>Index</i>	257