Preface: A New Approach to Leadership and Strategy

By

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A consideration of the state of strategic thinking in America can usefully begin with two observations. The first observation derives from famed management thinker Peter Senge who once noted that "*few large corporations live even half as long as a person*" and he added as a corollary that "*in most companies that fail, there is abundant evidence in advance that the firm is in trouble.*" Senge's insight into the prevalence of dysfunctional strategic thinking is reinforced by a quick glance at the fifty largest American companies on the 2001 Fortune 500 list. A comparison with the 2020 list reveals that, in less than two decades, twenty-four percent of these companies no longer existed as independent companies and several more had had near-death experiences. It would seem that effective strategic thinking in the corporate world is as rare as it is valuable.

The second observation on the state of American strategic thinking derives from the recently released official history of the Iraq war that was written by U.S. Army officers and published by the U.S. Army War College. Given its pedigree, cynics might be tempted to assume that the authors, if anything, weighted their history to show U.S. political and military leaders in as favorable a light as possible. If so, their conclusions are all the more heartbreaking because reading both volumes of this history is like watching a slow-motion strategic train wreck unfold in grim and bloody detail. Their sobering conclusion is that U.S. political and military leaders created a strategy that was not adequately resourced and lacked an understanding of the operational environment in Iraq. The result of spending years of effort, billions of dollars and thousands of lives was a "strategic failure" that ultimately caused the collapse of the Iraqi state and encouraged instability throughout the region.

How do we account for this dismal level of strategic thinking that comes with such a human and financial cost? One answer is that there are two worlds of strategy and most people are only aware of one. There are two worlds of leadership and most people are only aware of one. In both cases, one of these worlds is the corporate world buttressed by the business schools that supply the management foot soldiers for the corporate world. The other world is the military world which has existed in various forms for thousands of years. Because these two worlds are kept separate, many leaders have a distressingly limited perspective of strategy and leadership. As a result, many organizations die from having incompetent leaders making bad strategic decisions.

In the United States, the vast majority of people who formally study strategy and leadership do so in business schools. This is the world of corporate strategy and one sign of its popularity is that far more undergraduates choose business-related degrees than any other field of study. But while the field of management is widely popular, we should note that, as a tree of knowledge, it has very shallow roots. Peter Drucker described his book *The Practice of Management* as "the first true management book" and if we date the origin of the field of management from the publication of this book in 1954, we find that the field of management is younger than Bob Dylan. The sub-field of management known as strategic management is younger still, as it only began to organize and develop in the 1970s. A comparison of the field of management to related schools of thought yields startling results. Founders in the field of political science (such as Thucydides and the Greek philosophers) were writing thousands of years ago. Founders in the field of economics (such as Adam Smith) were writing hundreds of years ago. Founding thinkers in the field of strategic management, in contrast, are still writing and teaching today. Even though the field of strategic management, as an organized body of knowledge, is still getting started, strategic thinkers such as Michael Porter and Clayton Christensen have become astonishingly influential. Concepts such as "core competency," "disruptive innovations" and "competitive advantage" have become common intellectual currency. So, one of the worlds of strategy is the corporate world - enormously popular but astonishingly young.

The second world of strategy and leadership is the military world and its first true classic was Sun Tzu's *The Art of War*, which was written about 2,500 years ago. The idea of "strategy" first occurred to leaders thousands of years ago as they sought an organized approach to warfighting. In fact, the word "strategy" comes directly from the classical Greek word "στρατια (*stratia*)" which meant "army." It is easy to see that examples of military strategy have been accumulating for millennia. One of the books on military strategy that is most commonly read by U.S. Army officers is entitled "*Makers of Modern Strategy*." The subtitle of this book is "From Machiavelli to the Nuclear Age." Notice that the field of military strategy is so old that Machiavelli (writing in the early 1500s) is considered a maker of <u>modern</u> strategy. People have been studying military organizations and military conflict for thousands of years in the hopes of gaining insight into the challenge of achieving strategic success in a competitive, uncertain and risky world.

Most people consider military strategy and corporate strategy to be incompatible fields of thought, but there really is no reason why these two perspectives should be kept in separate compartments. We live in a dynamic and complex world; a reality that unpredictably veers from structure to chaos and back. The best way to develop a robust understanding of strategy in today's world is to combine a variety of intellectual approaches and obtain a diversified view.

Most people don't realize the degree of overlap between these two worlds of strategy and leadership. Both are interested in the process by which organizations achieve competitive advantage in a risky, uncertain and complex world. Both use the "ends, ways, means" model of strategy. Both look at strategy "from the outside in" as they focus on the external environment for unexpected threats and opportunities. Both worlds look at strategy "from the inside out" in which they seek to develop and maintain core competencies that will provide sustained competitive advantage. There are many strategic and leadership challenges that are common to both worlds and what most people don't realize is that these challenges can be most effectively solved by using the complementary knowledge of both worlds.

For more than two thousand years, military strategic thinkers have struggled to develop insights of value into the nature of strategic decisions and even today many of these ancient perspectives of strategy are relevant. Consider the famous saying of Sun Tzu in chapter 3 of The Art of War, *"Know the enemy and know yourself; in a hundred battles you will never be in peril."* At a very basic level, Sun Tzu is identifying competencies that are required of leaders who live in a competitive world. One of these competencies is organizational analysis- the ability to accurately assess the strengths, weaknesses and tendencies of organizations. Thousands of years ago, Sun Tzu provided valuable insights into the nature of leader competencies- and organizational analysis is one that is relevant to leaders of the 21st century.

Hundreds of years ago, Carl von Clausewitz provided fundamental insights into the effects of human behavior on strategy because he understood that human behavior changes when placed in circumstances of risk, uncertainty and stress. Accordingly, Clausewitz realized that the behavior and emotions of people must be taken into account when leaders develop and implement strategy. This anomaly in human behavior (which Clausewitz called "friction") has profound consequences for strategy and leadership- whether in the corporate or the military world. Clausewitz wrote in an unparalleled way about the nature of strategy and leadership and he provides valuable insights that have been treasured by military strategists ever since.

The development of military strategic thought continues to the present day. One of the most influential military thinkers of recent times is John Boyd. The value of obtaining the initiative in war has been recognized for centuries. Sun Tzu recognized the value of possessing the initiative in war when he wrote "*those skilled in war bring the enemy to the field of battle and are not brought there by him*." Boyd is distinctive because of his extreme focus on the value of the initiative in wartime. If we look at an "ends, ways, means" model of strategy, we can see that each of the three components of this model come about as a result of interconnected decision cycles. The goals that organizations choose, the resources

that they develop and the courses of action that they adopt are all products of discrete decision cycles. One of Boyd's most influential insights was that whoever is quicker at working their way through all of these cycles of strategic decisions will have a decisive advantage in wartime. Decision cycles that are consistently faster than those of the competition generate powerful advantages. Organizations that have the strategic initiative are unpredictable and can frequently force their opponent to react to their plan. In 2021, the spate of ransomware attacks by hacker gangs illustrate the power of gaining the initiative in a competitive world. Over the course of this book, it will become apparent that these landmark concepts of military strategy- organizational analysis (from Sun Tzu), organizational friction (from Clausewitz) and organizational initiative (from Boyd) belong in business schools as much as they belong in war colleges. Yet if these three thinkers are mentioned in any mainstream strategic management textbook with so much as a paragraph, I would be surprised.

The reverse argument is equally true - concepts from the world of corporate strategy have relevance to the military world. Although the field of military strategy is old, it is a narrowly defined field and it could readily be broadened by contributions from the field of strategic management. As I mentioned, *Makers of Modern Strategy* is a well-known history of military strategy that has long been required reading for Army officers and one of its chapters is entitled "*Voices from the Central Blue: The Air Power Theorists.*" It traces the development of the technology, tactics, doctrine and strategic implementation of air power. Interestingly, there is no discussion in the article (or even a mention in its lengthy bibliography) of strategic management topics that would be relevant to the topic of air power. For example, the article does not consider the implications of air power being a disruptive technology even though the development of air power was surprisingly rapid (only sixty-six years elapsed between the first powered flight at Kitty Hawk and the first lunar landing). The article also does not address the challenge of aligning organizational strategy with organizational structure, which is one of the most fundamental issues of strategic management. This omission is significant because the most appropriate organizational structure for air forces was a very contentious issue for decades. For example, the Royal Air Force became an independent armed service during World War I in 1918 while, in stark contrast, the U.S. Air Force did not come into being until 1947. Just as military strategy could enrich the study of corporate strategy, we will see that corporate strategy could enrich the related field of military strategy.

The field of strategic management focuses on the challenges and choices faced by organizations seeking to achieve their goals in a dangerous, competitive and resource-constrained world. Based on this description, strategic management should be as helpful to military leaders as it is to leaders in the corporate world. You might think that this academic discipline would be attractive to military leaders but you would be wrong. The

fact that the study of strategic management has little traction in the military can be attributed to two separate groups of people.

The first source of opposition to strategic management comes from the military itself because the military mindset and military culture produces leaders who often look dismissively at the field of management. Think of the animosity that existed between the Joint Chiefs of Staff and Secretary of Defense McNamara with his "whiz kids." In his groundbreaking book on military sociology, Morris Janowitz noted that the U.S. Army is widely and erroneously thought of as an authoritarian military organization full of people who simply salute and do as they are told. He makes an observation that is directly relevant to military perceptions of the field of management when he notes, "*the history of the modern military establishment can be described as a struggle between heroic leaders, who embody traditionalism and glory, and military "managers," who are concerned with the scientific and rational conduct of war. This distinction is fundamental.*"

Historically, military leaders value the idea of heroic leadership far more than they value the idea of management. They associate the concept of management with narrowly defined technical functions such as *logistics is management* or *weapons procurement is management*. When I would tell cadets that the study of leadership is considered by management scholars to be a subset of the field of management, they were always surprised and frequently dubious about this assertion. In their minds, it should be the other way around. Given the choice of being considered as the greatest *leader* in their battalion or the greatest *manager*, not one officer in a thousand would prefer to be described as a great manager. They don't realize that *managing* (the entire spectrum of activities that take an organization from initial strategic thought to mission accomplished) encompasses a much broader range of competencies than leadership.

So why does the Army dismiss management and exalt leadership? One answer to that question comes from John Keegan who points out in his book *The Mask of Command*, that warrior societies throughout history have always placed great emphasis on leadership. Evidence of this mindset is wide-spread. In the summer of 2017, the U.S. Army Chief of Staff issued a gargantuan reading list of 115 books. Such reading lists are created to serve as tools that contribute to the professional development of Army soldiers. One might think that the field of study that focuses on how organizations go about planning, organizing, leading and controlling their activities would be of interest to leaders of the U.S. Army but one would be wrong. None of the books on the 2017 professional reading list were written by a management author. Nor is this particular list an anomaly. An examination of the professional reading lists issued by the three previous Army Chiefs of Staff shows that they also routinely ignore the world of corporate strategy and leadership.

Beyond the cultural bias in favor of leadership, Army leaders also tend to associate the idea of management with business schools- and this connection leads them to the perception that the study of management is not directly relevant to the challenges of military life. This attitude is not surprising- after all, the reputations of Bonaparte, Grant or Patton do not rest on their ability to plan, organize and control great military organizations. It rests on the perception that "*men would follow them where they would not follow others and soldiers would accept orders from them that they would not accept from others.*" Leadership is considered by soldiers as far more heroic than management and, as the old saying goes, "*No one ever managed soldiers into battle.*"

Another reason why military professionals tend to disregard the field of strategic management is because scholars from the field of management have made it easy for them to do so. For the most part, the field of management ignores the military world. I once took a detailed look at every footnote in every article published in a year's worth of *Academy of Management Review* (AMR is one of the most academically prominent management journals).   During the course of one year, AMR published fifty-nine different articles on a broad variety of management topics and these articles cumulatively contained more than five thousand footnotes that were derived from a wide range of academic fields. In order to support their research or develop their theories, the management scholars who had written these articles had used knowledge from almost a dozen different academic fields such as economics, sociology, and psychology- even philosophy. Classifying the academic origin of every footnote was the equivalent of developing an intellectual x-ray of every article. What I found interesting is that *not one single one* of these five thousand footnotes derived from the field of military strategy. I found this conclusion to be interesting, in part, because history clearly shows that the concept of strategy was first developed by leaders who were using armies to achieve their goals. In other words, the very first organizations that were run according to strategic principles were military organizations and, furthermore, this linkage was recognized and developed thousands of years ago. Regardless of this fact, management scholars rarely apply their concepts to military examples. It is as if strategic management scholars are not interested in showing the general relevance of management concepts. Those who teach strategic management neglect obvious opportunities to show that management concepts are relevant outside of the corporate world.

Military cases, military leaders, military strategy- all of these elements make up detailed tapestries of strategy and leadership that were painstakingly woven over the course of millennia. They provide a rich and nuanced perspective on aspects of the human condition that is invaluable to strategic leaders. The emphasis on strategy in the military world should be no surprise because, as prominent military historians have noted, "*mistakes in operations and tactics (in war) can be corrected, but political and strategic mistakes live forever.*" Military strategists and military thinkers provide insights rarely encountered

elsewhere; they are insights built on a foundation of centuries of strategic activity in the military world. But they are routinely ignored in academe and in the business world.

Teaching corporate strategy to cadets at West Point for seven years led to the realization that the corporate world of strategy/leadership and the military world of strategy/leadership are thought of as separate worlds when, in fact, they both represent two sides of the same coin. The subsequent realization was that these disparate worlds require bridges. The purpose of these essays is to serve as a bridge between the corporate and military worlds.

These essays is designed for two purposes. The general purpose is to provide a resource for people who are interested in strategy and leadership. An examination of history, whether it is political history, military history or corporate history, reveals far too many examples of strategic leaders who were incompetent. This conclusion forcefully reminds us that the tasks of understanding strategic challenges and making sound strategic decisions are astonishingly difficult.

We will see that examples of strategy and leadership from one world add layers of understanding and theoretical richness to the other world. For example, corporate leaders and MBA students are always interested in the concept of "core competencies" and they seek to understand the exact nature of these resources and the implications that arise in the pursuit of these competencies. To gain insight into this concept, MBA programs often study examples of core competencies such as marketing at Nike or logistics at Walmart. These are both fine examples but an equally useful example of understanding the implications of pursuing a core competency is the French military decision to build the Maginot Line.

As Clausewitz points out, strategic choices and consequences are limitless in number and, as a result, strategic challenges rarely have clear-cut solutions. The field of strategic management should be structured to help educate the judgment of strategic leaders by presenting general principles of strategy that can guide effective strategic thinking. If we accept this view, the contribution of these essays is to look at strategy and leadership from a unique and holistic perspective. The essays provide insights into the concepts of strategy and leadership by combining the corporate and the military worlds. They are designed to show that there are close and useful connections between the fields of strategic management and military strategy. Strategic events, decisions and concepts from the military world are as relevant to corporate leaders as they are to military leaders.

There are three essays on leadership that draw from both the military and corporate worlds of leadership. The introductory leadership essay ("*Leadership Lessons from General*

George Marshall") is designed to be a "proof of concept" essay. It was written to demonstrate the value of bridging the two worlds of military and corporate leadership. In a military career that spanned the first half of the 20th century, General George C. Marshall exercised leadership at a time when his decisions affected the entire world. He exemplifies remarkable strategic leadership. This essay, however, is not a military case study of a battlefield commander. It says nothing about Marshall's views on tactics or military campaigns. This is a leadership case study of a world-class leader who happened to wear a uniform and he is just as relevant to 21st century entrepreneurs and managers as he is to young military officers. Leaders in the corporate world should be able to recognize many of the circumstances and challenges faced by Marshall because these are the same issues that have been faced by leaders from all sorts of organizations throughout history.

The second leadership essay ("*Riverboat Pilots, Riverboat Captains: A Meditation on Leadership*") is more general in nature and is designed to counteract two annoying myths about leadership. The first myth concerns the "one magic ingredient" approach to leadership. The study of leadership is made difficult by the tendency of many people to focus on small facets of leadership as if they were the key to the entire leadership puzzle (e.g. the key to effective leadership is emotional intelligence or charisma or grit or a good game of golf or whatever). This essay on leadership provides a solid foundation for the study of leadership by presenting leadership as a social contract that requires leaders to display a complex mix of competence, character and behavior. The second myth of leadership is that organizations can make someone a leader. They can't. Leaders develop themselves- they aren't made leaders by appointment. There is a big difference between the *authority* your organization can give you and the *influence* you develop as a leader. Remember, coaches can name anyone they want as a team captain, but that doesn't mean that these captains will be considered to be leaders by their teammates.

The third leadership essay ("*Why Soldiers Should Read Shakespeare*") looks at one of the most challenging aspects of leadership and that is the process of developing oneself as a leader. There are several techniques that are worthwhile as one travels down the leadership development path and this essay exemplifies two of them. The first technique consists of *reading* about great leaders. The usefulness of this technique is heightened when it is combined with the second technique of actively *reflecting* on lessons learned from reading about great leaders. Countless authors have written about countless leaders so, if we are going to read about leaders, why not start with the greatest author in the English language? Shakespeare must have been interested in leadership because more than half of his plays are named for leaders (Julius Caesar, Othello, Macbeth, etc). In fact, he wrote more lines for King Henry V (known as Prince Hal in his younger days) than he wrote for any other character- more than Hamlet, more than Prospero, more than King Lear. To be fair, it is possible that Shakespeare might not have been interested in leadership per se.

He might have just been attracted to the dramatic possibilities that develop by examining leaders who existed, struggled and died in their worlds of war and politics. Either way, he provides insights into leadership that are useful to any 21st century leader.

After three leadership essays, there are several essays that examine various dimensions of strategy. The first of these essays ("*Ahab's Crew: A Meditation on Strategy*") takes a general look at the concept of strategy. There are two general perspectives that inform our understanding of strategy. Unlike the physical sciences, the nature of strategy is encased in human circumstances. Authors as diverse as Herman Melville and Carl von Clausewitz provide insight into the human aspects of strategy. The second perspective of strategy considers the rules of logic that influence strategy. Strategy is influenced by the rules of horizontal logic that should exist *between* its three fundamental components of ends, ways and means. In simple terms, an example of horizontal logic is- don't pursue a goal that is beyond your resources. The validity of this idea becomes apparent as the essay considers examples ranging from the dawn of history (Sun Tzu) to recent times (the Pacific War). What is even more interesting is that abiding by horizontal logic is not sufficient for great strategy. This is so because strategy is also governed by the vertical logic that should exist *within* each of these components of ends, ways and means. Again, in simple terms, organizations never have just one resource and the development of a set of resources is a logical process that should generate some sort of synergy. In this essay, the idea of vertical logic is illustrated by aspects of the Cuban Missile Crisis.

The next essay on strategy *(The Fortress of Broken Dreams: Dien Bien Phu and Strategic Complexity*") is designed to provide an appreciation of the overwhelming complexity inherent in the tasks of building and implementing strategy. It is unlikely that the reader will ever encounter another essay on strategy that develops comparisons between the battle of Dien Bien Phu and the Disney-Pixar partnership but there are recognizable patterns of strategic thinking that emerge time and again in history and these two cases share similar patterns. In this essay, these seemingly disparate cases both exemplify strategic complexity by presenting the related concepts of strategic co-dependency and strategic recklessness.

After a consideration of the general concept of strategy and its complexity, the two most common perspectives of strategy will be presented in two successive essays. The first of these essays ("*Strategy from the Outside In*") makes the point that strategic thinking should be embedded in a well-judged consideration of the external environment. The strategic trainwreck known as the U.S. invasion of Iraq is an example of the consequences of being unaware of significant aspects of one's external environment. Strategy, therefore, must be flexible and innovative in order to respond to newly-developing external threats and opportunities. But, as we will see, organizations that embrace innovative strategic thinking

must be prepared for the disruptive consequences. After World War II, the United States adopted an innovative military strategy for a postwar world and one of the immediate consequences was the shockingly disruptive historical episode that came to be known as "The Revolt of the Admirals."

Having an essay entitled "*Strategy from the Outside In*" leads inevitably to a subsequent essay entitled "*Strategy from the Inside Out.*" While some strategies are guided by the vicissitudes of the external environment, other strategies are guided by an organization's characteristics- its strengths and weaknesses. This is a widely influential strategic perspective that has existed for millennia. It was the strategic approach used thousands of years ago when Sparta fought all comers and it is the strategic approach used in recent corporate rivalries such as that between Walmart and Kmart. As we will see, there are noticeable leadership challenges embedded in this strategic perspective. The first is that strategic decision-makers are often tempted to base their strategy on strengths that were effective in the past rather than on those that will provide competitive advantage for the future. It will also become evident in this essay that one of the most rewarding (and most difficult) means of developing resources is by networking them in an effective manner. The reward of being able to effectively network resources lies in its inherent difficulty. Building long-term networks is a leadership challenge of such difficulty that those who can do it well find they often have a long-lasting resource that competitors can't imitate.

Note: several additional essays will be posted as they are completed.