

RESEARCH PAPER

Unconventional competition – drawing lessons from the military

Udechukwu Ojiako*, Johnnie Johnson, Maxwell Chipulu and Alasdair Marshall

School of Management, University of Southampton, UK

We explore aspects of unconventional competition between firms. In particular, we address two critical questions. The first is: what happens when firms decide to compete outside the rules and frameworks of conventional competition? In other words, how should firms react to competitors who employ unconventional means of competition that differ from recognised Western ethical and legal norms? Secondly, we examine whether current warfare models provide guidance to firms facing such unconventional competition. To address these two questions, we seek to draw lessons from decision-making approaches adopted by the military. We come to the conclusion that businesses can learn a great deal from how the military deals with unconventional competition.

Introduction

The objective of this paper is to examine approaches that business managers can adopt in seeking to gain competitive advantage in business environments where some firms are prepared to employ unconventional means of competition. Those companies which adopt this form of competition may have a number of objectives, ranging from influencing customer perception of brand image, to damaging the profit margins or reputation of a company. Such companies do not play by what we may loosely term the ‘rules’. Instead, they embrace the doctrine that the end justifies the means. They seek advantage over competitors through their preparedness to contemplate a broader, more ethically ambiguous range of strategies for achieving business objectives. We use the term ‘unconventional competition’ to refer to competitive behaviour which contravenes a broad range of both prescriptions and proscriptions, such as laws, formal and informal rules, norms, traditions and conventions. These may be both social and moral in nature, as well as both written and unwritten (see Elster, 1989). Contraventions may well be complex and multilayered. For example, competitive behaviour which contravenes what many would consider minimum ethical standards for business practice, may also constitute legal brinkmanship, and may go hand-in-hand with a strategy of ‘creative compliance’ with regulation. Such behaviour may subvert some convention or mutual understanding by challenging its existence, by seeking to alter it in some way, or by questioning its continued relevance to modern business practice. Arguably, however, unconventional competition will not usually seek to justify itself in any such terms. Where its morality is publicly questionable, unconventional competition will shun the limelight and leave others guessing as to its true nature and intent. As its objective will often be market repositioning against competitors, it sometimes takes the form of private rumour mongering, but it can also

*Corresponding author. Email: udechukwu.ojiako@southampton.ac.uk

be very much in the public domain in the form of an aggressive advertising strategy. In all such cases, however, it is likely that its true purpose will remain opaque. Its targets are likely to be products or services provided by competitors with stronger market positions.

There may be specific reasons why companies may deviate from conventional or traditional business norms. New companies with young management teams may lack exposure to traditional norms. New, fast-paced markets may not grant such norms sufficient time to emerge. Globalised markets may bring cultural misunderstandings over what constitutes acceptable business practice. These environments create opportunities for unconventional competition because they disrupt level playing fields. Some competitors may derive advantage from being offshore (beyond the reach of regulatory bodies), or from being based in countries with lax corporate laws (and means of enforcement). Opportunities for unconventional competition have also increased with the arrival of the Internet (as we show later in our discussion of V-mobile).

Ultimately though, companies which embark upon strategies of unconventional competition may be motivated by simple desperation and exasperation in tough business circumstances. Unsurprisingly, in a study conducted by PricewaterhouseCoopers (2009), 44% of executives surveyed suggested that a focus on business survival served as one of the main motivations for business fraud. Clearly, desperate times call for desperate measures, and it is likely that unconventional competition will come before fraud as a palatable option for dealing with threats to business survival. Arguably, smaller firms may have stronger motivation to take this route. To understand why, we need to consider the sense of exasperation felt by small firms which perceive markets as operating and being regulated in ways that give larger competitors unfair advantages. Small firms may be more prone to unconventional competition because they perceive legal redress against larger players as doomed to fail. Larger firms can always afford better legal counsel, just as they are always in a stronger position to influence law and regulation.

Taking these factors into consideration, this study seeks to explore the notion of unconventional competition between firms. Based on theories of requisite variety (see Ashby, 1956), lessons on dealing with unconventional forms of competition are drawn from an examination of the approach that Western military forces have adopted in their fight against unconventional forces. To support this exploration, two research questions are raised:

- What happens when firms decide to compete outside the 'rules' and frameworks of conventional competition?
- Do current warfare models provide guidance to firms facing such unconventional competition?

Results from this study are expected to contribute to the development of theoretical foundations of unconventional competition specific to warfare models of competition. The study outcomes are expected to provide guidance to managers and strategy practitioners operating in business environments that may be vulnerable to irregular competitors. To support the achievement of these aims, the paper is structured as follows. In the next section, we appraise warfare models of competition and their origins. This is followed in the third section of the paper by the articulation of possible limitations of warfare models, especially within the context of unconventional competition. This section also examines seven possible forms of unconventional competition

that firms may employ. In the fourth section of the paper, we examine limitations of the current competitive outlook by theorising on the basic strategies of unconventional competition. This is achieved by focusing on the limitations of the Centre of Gravity (CoG) concept, which is a key aspect of some warfare models. In the penultimate section of the paper, two specific approaches that Western military forces have adopted to counter the activities of unconventional forces are examined. The final section reflects on challenges associated with business managers embracing approaches which military commanders have adopted to counter unconventional competition.

Warfare models of competition

Warfare models of competition are primarily based on classical works of military strategy, including those by the German strategist, von Clausewitz, and the Chinese General, Sun-Tzu. Also significant here are more recent strategists, such as Bayo, who wrote extensively on guerrilla warfare, and Lind (1985), who published ideas on the manoeuvre model of war. Von Clausewitz's warfare model (*Vom Kriege*), for example, advocates a political concept of war that not only stresses the interaction between opposing forces (nation states), but also emphasises war as a systematic process. It also discusses concepts such as 'the offensive' and 'points of victory', where, for example, the culminating point of the offensive refers to the point at which a combat unit is unable to complete its mission. There may be various reasons for this, including supply problems or the need to rest. In business terms, this translates into the strategic capability depth of the firm. Von Clausewitz's main thesis resides in the use of overwhelming force and a focus on key vulnerabilities of the opposition. However, scholars (e.g. Anastaplo, 1989), have highlighted limitations in his works, ignoring the need for information gathering and exploitation, for instance. Despite such criticisms, von Clausewitz's work is regarded as relevant today in both military and business strategy, largely because he perceives war as a socio-political phenomenon (Roxborough, 1994).

Bayo (1996) discusses guerrilla warfare by emphasising mobility and short engagement with the enemy. This is the fundamental difference between Bayo's work and that of von Clausewitz, best illustrated by exploring similarities between the two war models that emerge from von Clausewitz's work and contrasting these with Bayo's ideas. Von Clausewitz identifies both *totalekrieg* (total war) and *blitzkrieg* (lightning war). The notion of *totalekrieg*, proposed by the German First World War commander, von Ludendorff (1936), conceives war as unlimited in scope. A nation at war is expected to mobilise and employ all its available resources to support the war effort. The principle of total war also means that every feasible effort should be expended to deny the enemy an ability to utilise its resources, including people to resist. For this reason, total war attempts to legitimise the destruction of all resources available to the opposition (Nurick, 1945; Kunz, 1956). *Blitzkrieg* (Powaski, 2008), on the other hand, is the form of war employed by Germany during the Second World War (see Fanning, 1997). It refers to the use of mechanised units employing rapid speed to overrun enemy lines. Provisions are, however, made in *blitzkrieg* for prolonged and sustained engagement in order to achieve this objective. By contrast, while a critical element of Bayo's work is that he advocates that enemy engagement should be constant, he argues this should involve only *short skirmishes*.

Another relevant warfare model is the manoeuvre warfare. According to Pech and Durden (2003) and Pech and Slade (2004), manoeuvre warfare is a concept of war that involves an integrated form of air and land warfare. It again emphasises flexibility, but differs from other concepts, such as *blitzkrieg* and guerrilla warfare, by focusing on the superiority of aircraft. Manoeuvre warfare provides for pilots to adjust their attack approach based on their observations, and also allows for sudden and unexpected changes, to which the opposition find reaction difficult, resulting in defeat. Manoeuvre warfare is based on an ability to cause panic among the opposition, which will lead to a monumental paralysis of action. In manoeuvre warfare, the focus remains on the opposition (in marked contrast to other warfare models), and not on gaining ground. Operational plans are not elaborate, but depend on the ability of a few trained professionals (predominantly pilots), to assess, create and implement tactical actions constantly, generally at a pace surpassing that of the enemy. This warfare model completely neutralises operational intelligence as the enemy is often focused on reacting to an unfolding operational scenario, and is allowed little time to gather intelligence. A typical example of such tactics is the use of Junkers 87 ground-attack aircraft by German forces during the Second World War (as part of the *blitzkrieg* warfare model). These aircraft incorporated wailing sirens designed to disorient ground forces being attacked (Vanags-Baginskis, 1982; Weal, 1997).

Positioning the new face of competition

The limitation of some warfare models, such as *Vom Kriege*, is their inability to provide guidance on how organisations can articulate the complex and unconventional nature of today's business environment (Thomas and Pollock, 1999; Furrer and Thomas, 2000). They are rooted in a philosophy which regards action as predictable rather than contingent. The predictability of these models means that competitors are able to anticipate action and implement responses. For this reason, it is questionable whether these warfare models can actually deliver sustainable competitive advantage in business environments characterised by unconventional competition.

Our research is positioned in a way that assumes that differences exist between military organisations and businesses, but that both exhibit substantial similarities in terms of their adaptability (Lampel and Shapira, 2001; Siggelkow and Levinthal, 2003), their nature as political entities (Ring *et al.*, 1990; Wong *et al.*, 2003) and learning organisms (van Creveld, 1988; Baird *et al.*, 1997; Warne, 1999; Darling *et al.*, 2005). Both seek (using different means) to secure competitive advantage, which they then sustain by optimising operational capabilities. However, because the military primarily utilises violence, or threats of violence, to effect *immediate* behavioural change among competitors, scholars such as Darling *et al.* (2005), Bousquet (2008) and Trewin *et al.* (2010) suggest that businesses operating in fast-paced environments have substantial lessons to learn from the military. One of the major developments of this new competitive outlook has been the growth of unconventional forms of business competition (Pech and Slade, 2003).

The term 'asymmetry' was initially used in military circles to describe combat operations that involved rival forces of unequal strength and resources. Specifically, the idea of symmetry in combat was extended to help provide an understanding of why well-equipped, dominant national armies have been unable on many occasions to defeat comprehensively lightly-armed and poorly-equipped irregular forces. A large part of the explanation may well be that these irregular forces are often differentiated

by a strong ideology which is not seen as a primary motivational factor for most modern Western military forces (see Wessely, 2006). However, there are military forces, such as the German Army (the *Wehrmacht*) during the Second World War, which continued to fight even when defeat seemed inevitable, and despite the fact that it was not ideological in the sense of being subject to a specific form of indoctrination (Gurfein and Janowitz, 1946). A probable explanation for the ideological dimension of 'irregular' forces is perhaps best presented in the work of Cragin (2007), who suggests in a testimony to the US Senate Select Committee on Intelligence that the ideology of irregular forces is sustained by a worldview of extreme dissatisfaction with the existing political and economic situation. Furthermore, Watson and Porter (2010) and Atran (2010) point out that the ideology of many irregular forces (certainly in the case of the Taliban) is based on the perceived need to defend communities and the values that unite them when their survival is threatened. Such ideology is therefore valued for its protective role. Essentially, it provides a self-justifying reason for military engagement. There are interesting parallels here with unconventional competitive practice in business. Studies (e.g. Scholtz, 1984), appear to suggest that firms will generally conform to regulatory obligations when the cost or risk of non-compliance exceeds the cost or risk of compliance. However, some firms (especially small firms) may perceive the competitive or regulatory environment as totally stacked against them (see Cornelissen, 2004; Wolkoff, 2005). This perception, one might argue, may serve as a justification to engage in unconventional competitive activity, which in turn may lead to calls for tougher regulation to curb such practices.

There is no generally agreed conceptualisation of unconventional competition. Some scholars (Janos, 1963; Pech and Slade, 2003, 2004; Pech and Durden, 2004) associate the notion with the concept of rapid manoeuvrability. Others (Hamel and Valikangas, 2003) conceive unconventional competition as revolutionary business strategy. The adaptation of the notion of unconventional competition within theories of the firm suggests that contemporary and competing Western schools of thought (including planning, learning, positioning and resource based approaches) originate from a variety of sources, of which the military is but one (Salveson, 1974; Bracker, 1980; McKiernan, 1997). The result, according to Shleifer (2004), is that firms which are suddenly faced with intense competition are rediscovering a number of schools of thought which all provide prisms through which unconventional forms of competition can be viewed. Research suggests that unconventional competition can take various forms.

Periodic, focused and short skirmishes directed at the opposition

There is much evidence to suggest that over many years scholars have examined how smaller firms seek to compete against larger rivals; the general conclusion being that they should emphasise speed and retention of competitive advantage by mounting guerrilla attacks (see MacMillan, 1980). However, we note with particular interest that these lessons, based on the earlier discussed principles of Bayo (1996), appear to have been adopted in some instances by larger firms. Theory also appears to support the notion that competitive intensity in the form of constant and repeated attack is a viable form for pre-empting competitive positioning by rivals (D'Aveni, 1994; Chen and Miller, 1994). Such action is also seen as a viable means of weakening the desire and ability of competitors to initiate a response. Ferrier (2001; see also Ferrier and Lee, 2002) has shown that: (1) firms subjected to repeated and constant attack are likely to

lose market share; and (2) firms that conduct these attacks are likely to gain market share. The US telecoms giant, Verizon, has over the last few years continued to file targeted legal challenges and complaints against rival companies for making false claims in adverts. For example, in March 2010, it won a legal ruling with the National Advertising Division of the Council of Better Business Bureaus against its rival, Sprint, for claiming that it provided 'America's most dependable 3G network'. Over the last few years, Verizon has successfully challenged misleading advertisements placed by other rivals, such as AT&T and Comcast (Edwards, 2010). Another case worth mentioning is that of football's international governing body, FIFA. In the run up to the FIFA World Cup competition hosted by South Africa, in June 2010, the organisation filed more than 2500 global cases against firms it claimed were marketing goods and services around the World Cup but had not paid sponsorship fees to the governing body.

Unethical competition

According to Baucus (1994) and Shleifer (2004), firms are increasingly becoming involved in unethical and illegal competitive behaviour. This is illustrated by the recent fines imposed by British, French and European regulators on various firms for a range of reasons, including anti-competitive practice, collusion and contract price inflation. In September 2009, the UK Office of Fair Trading issued fines totalling nearly £180 million to over 100 UK construction firms for engaging in cover pricing, which involved groups of contractors colluding to submit inflated bids to clients. Similarly, total fines of over £330 million have been imposed by the French regulator, *Conseil de la Concurrence*, against 22 SMEs for price fixing. Falsification of financial data is also common (for example, total fines of over £40 million were recently imposed by British regulators upon two water companies), as is illegal marketing (one US pharmaceutical company being fined over £1.5 billion for this practice).

Product hampering and tampering

In January 2009, numerous Chinese officials, including Yu Bing (then director of Internet Surveillance within China's Public Security Agency and responsible for monitoring e-mail and web usage in China), were arrested following bribery allegations made by anti-virus manufacturer, Micropoint Technology. According to Micropoint, its products were being unfairly prevented from reaching the local Chinese market by the agency following bribes paid by a competitor (Rising Software) to China's Public Security Agency officials. The implications for Chinese national security are particularly poignant since there is no evidence that Rising's anti-virus software was superior to Micropoint's products. More serious cases of unethical competitive strategies may involve the deliberate destruction or contamination of competitor products. For instance, in 2003, brewer Michael Hancocks was jailed for conspiring to contaminate HP Bulmer cider drinks after losing a supply contract to a rival company.

Use of intelligence (spying)

Samli and Jacobs (2003) report that industrial espionage is costing businesses over US\$300 billion per annum. A recent example involves Mattel, the world's largest toy

company and maker of Barbie dolls, which recently filed a counter suit against rival MGA Entertainment (makers of Bratz dolls), accusing it of gaining access to its private showrooms by utilising fraudulent business cards.

Another form of exploitation of intelligence relates to ‘fleeting’ of information, usually by venture partners. According to Hamel (1991), fleeting of information occurs when organisations engage in partnership agreements, such as joint ventures, to gain access to information which in a normal competitive business environment would be protected. Evidence of such practice was identified in a series of joint ventures between American and Japanese firms in the late 1980s. In most cases, it was found that the Japanese firms’ primary objective in joint venture initiatives was to gain competitive information. American firms appeared to focus more on product development. According to Gorman and Thomas (1997), once the Japanese firm believed this learning process was complete (i.e. they had gained the information they sought), they lost interest in the partnership.

Feints

A feint is a manoeuvre which is implemented primarily to mislead or in some other cases distract the opposition from the true intention of a firm (Hendricks and McAfee, 2006). The aim of feinting is to encourage a competitor to divert its resources to an effort which actually benefits the feint’s initiator. According to McGrath *et al.* (1998), feints usually involve a gambit, whereby the initiator of the feint sacrifices entities (for example, resources, customers, strategic position) with the ‘express intention of enticing the competitor to divert resources’.

A critical element of feinting is secrecy. McGrath *et al.* (1998) cite two cases of feints in business which illustrate this. The first is the (now defunct) pet food producer, Ralston Corporation (now part of the Nestlé group). Facing intense competition from rivals, including Hill’s, who were concentrating their distribution effort on speciality pet shops, Ralston identified traditional supermarkets as the most viable outlet for their products. However, they were concerned that their efforts to switch distribution from pet shops to supermarkets would also result in a switch by competitors. Although the company recognised that such a switch by its competitors was inevitable, it did not want this to occur before it had consolidated its supermarket supply chain. The company initiated a series of elaborate feints to disguise its true intention. The first stage of its feint included launching a Pet Pro Plan product line that was to be distributed in pet shops. According to McGrath *et al.* (1998), this product was slightly cheaper than competing products (such as Hill’s Science Diet), thus giving the impression that it was being launched to compete with the Hill’s Science Diet brand. As expected, Hill’s responded to the feint by introducing an even higher speciality food brand. The diversion had been created. Ralston’s then executed their major plan, which was to introduce its Purina O.N.E. brand at a lower price than the Hill’s Science Diet brand. Crucially, noting that Hill’s had expended considerable resources focusing on its supply chain within pet shops, the Purina O.N.E. brand was introduced in supermarkets (not in pet shops). Another, earlier example is given by the now defunct oil company, Tidewater. Recognising the need to engage in less direct attacks against a dominant market player, Tidewater attempted to outmanoeuvre the oil giant, Standard Oil (also now defunct), by creating a misinformation plan, involving the public commissioning of an exploration survey. Standard Oil assumed that the surveys represented future plans for a proposed Tidewater oil pipeline. Not knowing

that this was an elaborate deception, Standard became focused on disrupting the proposed route, thus giving Tidewater the opportunity to go about quietly constructing another pipeline (its real objective).

Use of disinformation and rumours

Another example of unconventional competitive behaviour is the use of disinformation and rumours. Disinformation refers to the intentional and deliberate dissemination of inaccurate information about competitors (Dishman and Nitse, 1999). Rumour mongering involves the transmission of information which has no factual basis or no discernable source (Oyewo, 2007). This may generate negative emotions and loss of trust (Burlew *et al.*, 1994). A good example of the use of rumours as a form of unconventional competition involved the distributors of the Mexican beer company, Corona, which successfully sued Luce & Sons, a distributor for Heineken (a rival brewer and competitor), for spreading rumours in 1987 that its Corona Extra brand contained urine.¹ Similarly, consumer goods manufacturer Procter & Gamble appears to have been a target of numerous rumours. For instance, in 1997 the company filed a suit against direct marketing firm Amway Corporation for spreading rumours of its affiliation with the Church of Satan. In 2001, Procter & Gamble faced rumours circulated by local competitors (suspected, but never proven) in Nigeria, that its Always sanitary towel brand was laced with the HIV/AIDS virus. This allegation generated major health hysteria and loss of customer confidence in parts of Nigeria, especially in the North-eastern city of Maiduguri.² These allegations were dismissed only after lengthy and costly investigations and customer awareness campaigns conducted by Procter & Gamble, and by the Nigerian National Agency for Food and Drugs Administration and Control. A further example involved the defunct Nigerian mobile operator, V-mobile. In 2005, in a series of events which led to its eventual bankruptcy, V-mobile found itself at the centre of a fantastic series of occult rumours which, it alleged, were spread by competitors. At the centre of these rumours was an allegation of rituals involving customer sacrifice; it was intimated that the company had sold its customer database to witches who would use the customer database to select sacrificial victims at random. Customers receiving phone calls from specified mobile numbers ending with 999 were to die within 24 hours. The effect of this rumour was devastating for the company. V-mobile customers simply disconnected their V-mobile numbers and bought SIM cards from other mobile phone providers. The Nigerian mobile phone market is largely pay-as-you-go.

Advocacy and activism

This form of unconventional competition is often pursued by non-governmental organisations (NGOs). These organisations, in seeking to promote a social agenda, may be exposed to businesses who feel threatened by their activities, and respond robustly to the perceived threat of the NGO. The most notorious example is the accusation against Shell Corporation of its involvement in the series of events that led to the eventual hanging of Nigerian Environmentalist Ken Saro-Wiwa for eco-terrorism in November 1995 (see Mirvis, 2000; Wheeler *et al.*, 2002). The Ogoni environmentalist group, led by Saro-Wiwa, had over a period of four decades, employed various unconventional forms of competition that targeted Shell's brand image. The strategy, which included a sustained media campaign showing the environmental impact of

Shell's operations in the Ogoni area of Nigeria, was to call for a boycott of Shell's products.³

Limitations of the current strategic outlook

We suggest that all the basic strategies of unconventional competition indicated above can be better theorised in terms of their purposes, through re-examination of the warfare model of strategy. The warfare model has its foundations in *Vom Kriege*, first published in 1832 (von Clausewitz, 1976). Although the treatise addresses numerous aspects of military strategy (Lowther, 2005), the focus of our interest is on the notion of the Centre of Gravity (CoG). The major idea behind the CoG, according to Echevarria (2003a,b), is that military endeavour depends on the following systematic actions being carried out successfully: (i) identification of a single objective for the campaign; (ii) ensuring this single objective represents the weakest point of the opposition; and (iii) possessing capability to take a series of actions against this weakest point with a view to degrading the opposition's ability to compete.

There is no doubt that, with its later application to a large number of disciplines ranging from sociology (Roxborough, 1994), to complexity theory (Fruhling, 2006; Holmes, 2007), ethics (Gibbs, 1975), business strategy (Wee, 1994; Boar, 1995; Chen, 1996) and, of course, military strategy itself (Montgomery, 1968; Smith, 2006), CoG stands as one of the most enduring and versatile contributions of von Clausewitz's work. However, the idea does have the following limitations, which may have implications for businesses. The first is the existence of varying subjective opinions concerning what the CoG is, or where it resides. It is well noted that during the first war in Iraq, the two principal Allied commanders, General Norman Schwarzkopf, the overall operational commander, and General Charles Horner, who commanded the air operations, did not agree on the CoG. Biddle (2003) reports the same differences occurring between US forces and the Afghan government throughout the Afghan campaign (Capstick, 2007).⁴ Another challenge faced when trying to apply the CoG, is its incorrect identification from an objective standpoint. This scenario emerged during the Pakistani army's 2009 offensive against the Taliban in Waziristan. During this conflict, the Pakistani army incorrectly identified the killing or capture of the Tehrik-i-Taliban commander, Baitullah Mehsud, as the CoG for the campaign. His eventual death proved that this assessment was incorrect, as this event did not halt the fighting. In fact, according to Echevarria (2003b), this failure to halt the fighting highlighted ideologically-based difficulties in identifying CoGs.

The third and main difficulty with the application of CoGs is that different units of the same organisation may develop different perceptions on how best to deal with the CoG (even though they may agree where it resides (James and Izzo, 1987; Echevarria, 2003a,b)). A typical example is given by the doctrinal differences between two key elements of the United States Armed Forces, the United States Marine Corps and the United States Army (Romjue, 1984; Bassford, 1998). Being an expeditionary force, the US Marines are more attuned to quick but limited fighting. Hence, they seek to attack the CoG of an opposition force immediately. Their instinct and training lead them to seek opportunities to use guile and lightening speed to deliver victory. The US Army, on the other hand, is a less mobile force. Their predisposition will be to attack the CoG with more caution, following extremely detailed planning, and with the weight of large numbers and logistical advantage.

The concept of CoG is representative of what Galbraith and Kazanjian (1986) perceive to be the core capability of any firm. According to Zook and Allen (2001), these core capabilities may include five assets: (i) most potentially profitable customers; (ii) most differentiated and strategic capabilities; (iii) most critical product offerings; (iv) most important channels; and (v) other critical strategic assets that contribute to the above (such as patents, brands). Companies, however, can have numerous CoGs because managers at different seniority levels have different operational responsibilities and focus on different challenges. At the same time, a firm may have other CoGs defined by the diversification of business operations (for example, subsidiaries). For this reason, Galbraith and Kazanjian (1986) see CoGs as being critical to business competition. They argue that an appreciation of competitors' CoGs provides the necessary information on what and where competitive efforts should be directed, and in particular, what capabilities should be developed to exploit competitor vulnerabilities.

An exploration of possible implications

In this section we specifically address our two research questions: (1) how should firms react to competitors who employ unconventional means of competition?; and (2) do current warfare models provide guidance to firms facing unconventional competitors?

We posit that because von Clausewitz's work is steeped in an ideology of success that emphasises complete, comprehensive and total dominance of the opposition (Rosinski, 1976), it is unlikely that wholesale application of von Clausewitz's ideology will be acceptable in today's society. There are reasons why this is the case. One such reason concerns the role of intelligence, which is not only critical to businesses, but also to military combat. Often, good intelligence may be the ingredient which differentiates between a successful and a disastrous operation. It is well documented (see Wirtz, 1991) that US Army Intelligence was generally aware that North Vietnamese forces had begun a major build-up that would eventually precede the near disastrous Tet offensive, which started on 31 January 1968. However, US Army Intelligence ignored all warnings of a massive build-up of Viet Cong forces, choosing instead to base its assessment of the Viet Cong on perceived capabilities and not on how willing the Viet Cong was to fight (in effect, downplaying the role of ideology in combat morale). The same events occurred in combat involving the Israeli Defence Forces (IDF) and the Lebanese guerrilla group, Hezbollah, in 2006. IDF Intelligence also downplayed the role of ideology in combat morale thereby erroneously mixing up capabilities and intentions, leading to the misjudgement of Hezbollah's intention to fight (Inbar, 2007). In the business world, it has been suggested that firms still struggle to address the challenges associated with corporate intelligence (Sandow-Quirk, 2002; Maguire *et al.*, 2009).

For companies to develop an understanding of how to address challenges associated with the unconventional competition, the work of Freckleton and Watkinson (2001) is important, although primarily concerned with competition between plant species within biological ecosystems. They find that in order to survive in competition between entities within different hierarchies, lower placed entities adopt three major behaviours. First, they can become extremely efficient in their use of resources. Second, in order to ensure that dominant entities cannot predict their behaviour, they adopt near-random ways of behaving. Finally, they exploit information to find

weaknesses in the behaviour of the dominant entity. To extrapolate from this biological example, the notion of randomness (Hammond, 2004; Trewin *et al.*, 2010) and the exploitation of information coming from intelligence (Maguire *et al.*, 2009) need to become core to unconventional competition. This also has much relevance to today's combat environment, which has radically changed from the era of massed armour, and predictability (where the largest formations were more likely to win). This has now been replaced by the rise of non-state enemy combatants, characterised by ideologically glued hierarchical structures which are open, decentralised and constantly evolving (Matinuddin, 1999; Rashid, 2001).⁵ For business managers, gaining an understanding of how military commanders have dealt with the dynamics of an ever-changing combat environment may involve an examination of new military configurations in the light of learning from recent unconventional combat experiences (see Petraeus, 2006; Petraeus and Amos, 2007).

This shift in military approach seems to accord with what the cybernetics literature has long advocated to enable organisations to deal with complex and shifting system environments. One influential strand of this literature begins with Ross Ashby's (1956) now widely-cited law of requisite variety. This states that for an organisation to be able to respond effectively to all the possible changes that may occur in its environment, it must develop capacity to mimic the complexity and speed of this environment. As Ashby puts it, 'only variety can destroy variety'. Correspondingly, the Western military has now widely accepted that unconventional forces are best confronted by new military configurations, able to deal with speed and complexity.

These smaller groups have two main advantages (Hoffman, 2006). They are highly mobile, agile teams whose members have been cross-trained in two or more specialities. Their mobility and flexibility creates capacity to evolve in line with unfolding changes on the battlefield. The implication, according to Hammond (2004), is that military establishments are undergoing an involuntary role reversal in doctrine, which now sees conventional combat units being formed to support special operations forces (SOFs), in contrast to the tradition of having SOFs serving in support of conventional units. Hammond (2004, p.23) supports this notion by pointing out that SOFs are no longer simply 'a force multiplier, or a tributary feeding into a larger conventional campaign'; they are 'the campaign'. These changes have not come easily. Certainly in the case of the British Army, it is only with the commencement of operations in Afghanistan that an increased focus on SOFs was emphasised (Farrell and Gordon, 2009). This is in marked contrast to the limited (but vital) role SOFs played during the Falklands conflict (Finlan, 2002). To emphasise this doctrinal transformation further, the British Army has not only rapidly increased the strength of its special forces (by creating a new regiment), but has also established a new support group for special forces.

The second major change which has occurred within Western military configurations is the recognition that capabilities must be built from the bottom-up. Like Freckleton and Watkinson (2001) looking at competition between plant species, Bousquet (2008) draws on lessons from ecology (this time the observation of termites) to highlight how distributed intelligence enhances competitive positioning. For example, this means that intelligence from contact with the opposition is gleaned from every soldier, whatever the level of combat experience (Kerr *et al.*, 2008).

The primary lesson business managers need to learn from this is that, although strategic management in an uncertain and turbulent environment is a challenging

exercise, military commanders have recognised one important fact that characterises combat situations. This is that combat cannot be represented as a constant state of disarray. There are always brief islands of calm or inactivity. What military commanders are exceptionally good at doing is anticipating these points, and then exploiting them once they occur for various activities, including re-grouping, rest and re-supply (Kaempf *et al.*, 1996; Wong *et al.*, 2003).

Conclusion

The primary objective of this paper is to facilitate a new focus on unconventional forms of business competition, illuminated by the experience of the military. Over the last few years, empirical evidence has shown that firms have responded to ever more fierce competition with a willingness to push the boundaries of both law and ethics. Our study sought to examine lessons to be drawn from popular Western warfare models of competition. Two research questions were raised; the first focused on what happens when firms decide to compete outside the rules of conventional competition, and the second explored whether current warfare models provide guidance to firms facing unconventional competitors. To address these two questions, we not only examined specific concepts within dominant warfare models such as *Vom Kriege*, but we also reviewed cognate business examples by addressing challenges associated with these models. By highlighting how the military has, over recent years, faced unconventional competitors, we were able to examine how businesses may deal with more difficult challenges.

We found that the military has sought to combat unconventional competition by engaging the services of Special Operations Forces (SOFs), trained to operate in combat environments where 'there is no broad conventional force requirement' (Hammond, 2004, p.18). In today's firms, this implies the creation of non-hierarchical compact teams that are function driven and made up of specialists who are assigned to specific roles and empowered to make decisions. These teams must have information gathering as a key skill, and they must be authorised to improvise when the need arises. These teams are likely to comprise small numbers of carefully-matched, highly-trained professionals, cross-trained in two or more skill sets to facilitate swift communication and problem solving (see Hopp and Oyen, 2004). However, within this kind of team, the advantages associated with the delegation of responsibility may be offset by disadvantages associated with the permissible means by which designated business objectives can be pursued. There may be much ambiguity in what is permissible. Criteria set by senior managers are bound to lead to problems of interpretation for the teams. There will be ethical challenges, both for senior management, who must consider appropriate levels of scrutiny and control, and for the teams themselves. The classic solution is for managers to provide a light principles-based framework which constrains action yet still permits considerable freedom and innovation (and rapid response).

We have considered applications of warfare strategy in business to explore both limitations of existing competitive frameworks and also the challenges associated with switching towards greater reliance upon military models of unconventional combat. In particular, we have drawn lessons for unconventional business competition by exploring military strategy, and we have highlighted important limitations associated with moving towards greater use of core warfare concepts. Our study is limited by lack of empirical evidence to explore what happens when firms consciously try to develop

small non-hierarchical compact teams along military lines. We suggest that case study research, perhaps involving the testimonies of business managers with previous military experience, would be useful in this regard.

Notes

1. The case later ended with an out-of-court settlement. Luce & Sons, as part of the out-of-court settlement, made a public statement confirming that the accusation was incorrect and malicious.
2. This should not be a surprise as the Always brand of sanitary towels had been distributed to a large number of female students at the University of Maiduguri as part of a marketing campaign.
3. Following Ken Saro-Wiwa's execution by the late Nigerian dictator, General Sanni Abacha, a group of human rights lawyers filed a series of cases against Shell for alleged violations of human rights. In June 2009, Shell agreed an out-of-court settlement of about £11 million with families of Ogoni activists executed by the Nigerian government.
4. US forces regard the capture of Osama bin Laden as the CoG, while the Afghan government considers power consolidation, primarily in regional capitals, such as Kabul, Mazar and Kandahar, as the CoG.
5. Both Matinuddin (1999) and Rashid (2001) point out that the Taliban includes fighters from a range of backgrounds, nationalities, and political and ideological agendas.

References

- Anastaplo, G. (1989) 'Clausewitz and intelligence: some preliminary observations', *Teaching Political Science*, 16, 2, pp.77–84.
- Ashby, W. (1956) *An Introduction to Cybernetics*, Chapman & Hall, London.
- Atran, S. (2010) 'A question of honour: why the Taliban fight and what to do about it', *Asian Journal of Social Science*, 38, pp.341–61.
- Baird, L., Henderson, J. and Watts, S. (1997) 'Learning from action: an analysis of the Center for Army Lessons Learned (CALL)', *Human Resource Management*, 36, pp.385–95.
- Bassford, C. (1998) 'Doctrinal complexity: nonlinearity in Marine Corps doctrine' in Hoffman, F. and Horne, G. (eds) *Maneuver Warfare Science*, United States Marine Corps Combat Development Command, Quantico, VA.
- Baucus, M. (1994) 'Pressure, opportunity and predisposition: a multivariate model of corporate illegality', *Journal of Management*, 20, 4, pp.699–721.
- Bayo, A. (1996) *150 Questions for a Guerrilla*, Paladin Press.
- Biddle, S. (2003) 'Afghanistan and the future of warfare', *Foreign Affairs*, 82, 2, pp.31–46.
- Boar, B. (1995) 'Sun Tzu and Machiavelli on strategy', *Journal of Business Strategy*, 16, 1, pp.16–18.
- Bousquet, A. (2008) 'Chaoplex warfare or the future of military organization', *International Affairs*, 84, 5, pp.915–29.
- Bracker, J. (1980) 'The historical development of the strategic management concept', *Academy of Management Review*, 5, 2, pp.219–24.
- Burlew, L., Pederson, J. and Bradley, B. (1994) 'The reaction of managers to the pre-acquisition stage of a corporate merger: a qualitative study', *Journal of Career Development*, 21, 1, pp.11–22.
- Capstick, M. (2007) 'The civil–military effort in Afghanistan', *Strategic Perspective*, 10, 1, pp.1–27.
- Chen, M. (1996) 'Competitor analysis and interfirm rivalry: toward a theoretical integration', *Academy of Management Review*, 21, 1, pp.100–34.
- Chen, M. and Miller, D. (1994) 'Competitive attack, retaliation and performance: an expectancy-valence framework', *Strategic Management Journal*, 15, 2, pp.85–102.
- Cornelissen, F. (2004) *Justifying Non-compliance – A Case Study of a Norwegian Biotech Firm*, CARR, Discussion Paper 20, London School of Economics and Political Science, London.
- Cragin, K. (2007) 'Understanding terrorist ideology', testimony presented before the US Senate Select Committee on Intelligence, Washington, DC, 12 June 2007.

- D'Aveni, R. (1994) *Hypercompetition: Managing the Dynamics of Strategic Maneuvering*, Free Press, New York.
- Darling, M., Perry, C. and Moore, J. (2005) 'Learning in the thick of it', *Harvard Business Review*, 83,7, pp.84–93.
- Dishman, P. and Nitse, P. (1999) 'Disinformation usage in corporate communications: CI'ers beware', *Competitive Intelligence Review*, 10, 4, pp.20–29.
- Echevarria, A. (2003a) 'Clausewitz's center of gravity: it's not what we thought', *Naval War College Review*, Winter, pp.108–23.
- Echevarria, A. (2003b) 'Reining in the centre of gravity concept', *Air & Space Power Journal*, 17, 2, p.91.
- Edwards, J. (2010) *Verizon's Latest Legal Win: How to Thrive by Suing Your Rivals*, available from <http://www.bnet.com/blog/advertising-business/verizon-8217s-latest-legal-win-how-to-thrive-by-suing-your-rivals-8217-ads/4575> [accessed August 2010].
- Elster, J. (1989) *The Cement of Society: A Study of Social Order*, Cambridge University Press, Cambridge.
- Fanning, W. (1997) 'The origin of the term "blitzkrieg": another view', *Journal of Military History*, 61, 2, pp.283–302.
- Farrell, T. and Gordon, S. (2009) 'COIN machine: the British military in Afghanistan', *Orbis*, 53, 4, pp.665–83.
- Ferrier, W. (2001) 'Navigating the competitive landscape: the drivers and consequences of competitive aggressiveness', *Academy of Management Journal*, 44, 4, pp.858–77.
- Ferrier, W. and Lee, H. (2002) 'Strategic aggressiveness, variation, and surprise: how the sequential pattern of competitive rivalry influences stock market returns', *Journal of Managerial Issues*, 14, 2, pp.162–80.
- Finlan, A. (2002) 'British special forces and the Falkland conflict: twenty years on', *Defense & Security Analysis*, 18, 4, pp.319–32.
- Freckleton, R. and Watkinson, A. (2001) 'Asymmetric competition between plant species', *Functional Ecology*, 15, 5, pp.615–23.
- Fruhling, S. (2006) 'Uncertainty, forecasting and the difficulty of strategy', *Comparative Strategy*, 25, 1, pp.19–31.
- Furrer, O. and Thomas, H. (2000) 'The rivalry matrix: understanding rivalry and competitive dynamics', *European Management Journal*, 18, 6, pp.619–37.
- Galbraith, J. and Kazanjian, R. (1986) *Strategy Implementation: Structure, Systems and Process*, West, St Paul, MN.
- Gibbs, N. (1975) 'Clausewitz on the moral forces in war', *Naval War College Review*, January–February, pp.15–22.
- Gorman, P. and Thomas, H. (1997) 'The theory and practice of competence-based competition', *Long Range Planning*, 30, 4, pp.615–20.
- Gurfein, M. and Janowitz, M. (1946) 'Trends in Wehrmacht morale', *Public Opinion Quarterly*, 10, 1, pp.78–84.
- Hamel, G. (1991) 'Competition for competence and inter-partner learning within international strategic alliances', *Strategic Management Journal*, 12, pp.83–103.
- Hamel, G. and Valikangas, L. (2003) 'The quest for resilience', *Harvard Business Review*, September, pp.1–13.
- Hammond, J. (2004) 'Special operations forces: relevant, ready and precise', *Canadian Military Journal*, pp.17–28.
- Hendricks, K. and McAfee, R. (2006) 'Feints', *Journal of Economics & Management Strategy*, 15, 2, pp.431–56.
- Hoffman, F. (2006) 'Complex irregular warfare: the next revolution in military affairs', *Orbis*, 50, 3, pp.395–411.
- Holmes, T. (2007) 'Planning versus chaos in Clausewitz's *On War*', *Journal of Strategic Studies*, 30, 1, pp.129–51.
- Hopp, R. and Oyen, M. (2004) 'Agile workforce evaluation: a framework for cross-training and coordination', *IIE Transactions*, 36,10, pp.919–40.
- Inbar, E. (2007) 'How Israel bungled the second Lebanon war', *Middle East Quarterly*, 14, 3, pp.57–65.
- James, J. and Izzo, L. (1987) 'Clausewitz's elusive centre of gravity', *Parameters*, 17, 3, pp.46–57.

- Janos, A. (1963) 'Unconventional warfare: framework and analysis', *World Politics*, 15, 4, pp.636–46.
- Kaempf, G., Klein, G., Thordsen, M. and Wolf, S. (1996) 'Decision making in complex command-and-control environments', *Human Factors*, 38, 2, pp.220–31.
- Kerr, C., Phaal, R. and Probert, D. (2008) 'A strategic capabilities-based representation of the future British armed forces', *International Journal of Intelligent Defence Support Systems*, 1, 1, pp.27–42.
- Kunz, J. (1956) 'The laws of war', *American Journal of International Law*, 50, 2, pp.313–37.
- Lampel, J. and Shapira, Z. (2001) 'Judgmental errors, interactive norms, and the difficulty of detecting strategic surprises', *Organization Science*, 12, pp.599–611.
- Lind, W. (1985) *Manoeuvre Warfare Handbook*, Westview Press, Boulder, CO.
- Lowther, A. (2005) 'Asymmetric warfare and military thought', *Proceedings of the Combat Studies Institute 2005 Military History Symposium*, pp.111–64.
- MacMillan, I. (1980) 'How business strategists can use guerrilla warfare tactics', *Journal of Business Strategy*, 1, 3, pp.63–65.
- Maguire, S., Ojiako, G. and Robson, I. (2009) 'The intelligence alchemy', *Strategic Change*, 18, 3–4, pp.125–39.
- Matinuddin, K. (1999) *The Taliban Phenomenon: Afghanistan 1994–1997*, Oxford University Press, Oxford.
- McGrath, R., Chen, M. and MacMillan, I. (1998) 'Multimarket maneuvering in uncertain spheres of influence: resource diversion strategies', *Academy of Management Review*, 23, 4, pp.724–40.
- McKiernan, P. (1997) 'Strategy past; strategy futures', *Long Range Planning*, 30, 5, pp.790–98.
- Mirvis, P. (2000) 'Transformation at Shell: commerce and citizenship', *Business and Society Review*, 105, 1, pp.63–84.
- Montgomery, B. (1968) *A History of Warfare*, World Publishing Company, New York.
- Nurick, L. (1945) 'The distinction between combatant and noncombatant in the law of war', *American Journal of International Law*, 39, 4, pp.680–97.
- Oyewo, O. (2007) 'Rumour: an alternative means of communication in a developing nation: the Nigerian example', *International Journal of African and African American Studies*, 6, 1, pp.1–15.
- Pech, R. and Durden, G. (2003) 'Manoeuvre warfare: a new military paradigm for business decision making', *Management Decision*, 41, 2, pp.168–79.
- Pech, R. and Slade, B. (2003) 'Asymmetric competition: decision processes shaping the future', *Management Decision*, 41, 9, pp.883–92.
- Pech, R. and Slade, B. (2004) 'Manoeuvre theory: business mission analysis process for high intensity conflict', *Management Decision*, 42, 8, pp.987–1000.
- Petraeus, D. (2006) 'Learning counterinsurgency: observations from soldiering in Iraq', *Military Review*, January/February, pp.2–12.
- Petraeus, D. and Amos, J. (2007) *The US Army/Marine Corps Counterinsurgency Field Manual*, University of Chicago Press, Chicago, IL.
- Powaski, R. (2008) *Lightning War: Blitzkrieg in the West*, Book Sales Inc., New York.
- PricewaterhouseCoopers (2009) *The 5th Global Economic Crime Survey – US Supplement*, November.
- Rashid, A. (2001) *Taliban*, Pan Books, London.
- Ring, R., Lenway, S. and Govekar, M. (1990) 'Management of the political imperative in international business', *Strategic Management Journal*, 11, 2, pp.141–51.
- Romjue, J. (1984) *From Active Defense to AirLand Battle: The Development of Army Doctrine, 1973–1982*, Historical Office, US Army Training and Doctrine Command, Fort Monroe, VA.
- Rosinski, H. (1976) 'Scharnhorst to Schlieffen: the rise and decline of German military thought', *United States Naval War College Review*, Summer, pp.83–103.
- Roxborough, I. (1994) 'Clausewitz and the sociology of war', *British Journal of Sociology*, 45, pp.619–36.
- Salveson, M. (1974) 'The management of strategy', *Long Range Planning*, 7, 1, pp.19–26.
- Samli, A. and Jacobs, L. (2003) 'Counteracting global industrial espionage: a damage control strategy', *Business and Society Review*, 108, 1, pp.95–113.

- Sandow-Quirk, S. (2002) 'A failure of intelligence', *Prometheus*, 20, 2, pp.131–42.
- Scholtz, J. (1984) 'Voluntary compliance and regulatory policy', *Law and Policy*, 6, pp.385–404.
- Shleifer, A. (2004) 'Does competition destroy ethical behaviour?', *American Economic Review Papers and Proceedings*, 94, pp.414–18.
- Siggelkow, N. and Levinthal, D. (2003) 'Temporarily divide to conquer: centralized, decentralized, and reintegrated organizational approaches to exploration and adaptation', *Organization Science*, 14, pp.650–69.
- Smith, R. (2006) *The Utility of Force. The Art of War in the Modern World*, Penguin, London.
- Thomas, H. and Pollock, T. (1999) 'From I–O economics S–C–P paradigm through strategic groups to competence based competition: reflections on the puzzle of competitive strategy', *British Journal of Management*, 10, pp.127–40.
- Trewin, N., Ojiako, G. and Johnson, J. (2010) 'Risk management and its practical application: lessons from the British army', *Journal of Risk Research*, 13, 5, pp.669–86.
- van Creveld, M. (1988) 'On learning from the Wehrmacht and other things', *Military Review*, 68, 1, pp.62–71.
- Vanags-Baginskis, A. (1982) *Ju 87 Stuka*, Jane's Publishing Company, London.
- von Clausewitz, C. (Ed. and Trans. Howard, M. and Paret, P.) (1976) *On War*, Princeton University Press, Princeton, NJ.
- von Ludendorff, E. (1936) *The Nation at War*, Hutchinson, London.
- Warne, L. (1999) 'Understanding organisational learning in military headquarters: findings from a pilot study', *Proceedings of the 10th Australasian Conference on Information Systems*, Wellington, New Zealand.
- Watson, A. and Porter, P. (2010) 'Bereaved and aggrieved: combat motivation and the ideology of sacrifice in the First World War', *Historical Research*, 83, 219, pp.146–64.
- Weal, J. (1997) *Junkers Ju 87 Stukageschwader 1937–41*, Osprey, Oxford.
- Wee, C. (1994) 'Managing change: perspectives from Sun Tzu's *Art of War*', *Strategic Change*, 3, 4, pp.189–99.
- Wessely, S. (2006) 'Twentieth-century theories on combat motivation and breakdown', *Journal of Contemporary History*, 41, 2, pp.269–86.
- Wheeler, D., Fabig, H. and Boele, R. (2002) 'Paradoxes and dilemmas for stakeholder responsive firms in the extractive sector: lessons from the case of Shell and the Ogoni', *Journal of Business Ethics*, 39, pp.297–318.
- Wirtz, J. (1991) *The Tet Offensive: Intelligence Failure in War*, Cornell University Press, Ithaca, NY.
- Wolkoff, N. (2005) 'Sarbanes–Oxley is a curse for small-cap companies', *Wall Street Journal*, 15 August, available from http://www.amex.com/atamex/news/WSJ_Sarbox_081505.pdf.
- Wong, L., Bliese, P. and McGurk, D. (2003) 'Military leadership: a context specific review', *Leadership Quarterly*, 14, 6, pp.657–92.
- Zook, C. and Allen, J. (2001) *Profit from the Core*, Harvard Business School Press, Cambridge, MA.