

Neither a War, nor a Game

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Hardly ever do we find miracle cures to a profession's deep malaises. For instance, there is little that marketers can do to change the perception that marketing is a fluff discipline, with more hype than substance. (Save your e-mails; deep inside you know I am right!) And accounting carries the stigma that its financial reporting has more flexibility than the rubber man in the circus.

INFORMATION PIGEONHOLING SYNDROME

But none of these negative perceptions is as serious as the malaise of our profession, and none carries as severe a consequence to its practitioners' careers than ours. Our profession suffers from IPS — information pigeonholing syndrome. Management sees competitive intelligence (CI) as an information field. By implication, competitive intelligence managers are *information* professionals.

Information is the original domain of information centers. Nothing wrong with providing information— a noble profession! But information professionals are not expected to get involved with providing *content alteration*. They collect and they distribute, end of job. Any discussion, debate, perspective, and insight are the exclusive domain of

the individuals who receive the information. What additional expertise do information professionals bring to the table aside from their ability to get the information?

To add insult to a congenital heart failure, the attempt to rescue us from the black hole of IPS by emphasizing the intelligence aspect of our profession, as in competitive intelligence, has done more harm than good. The branding effect of the term competitive *intelligence* was (maybe) valuable twenty-five years ago when the few of us tried to convince the many of them to adopt this strange new discipline as a corporate practice. Today this issue is seriously detrimental to practitioners' health.

For the average executive, the connotation of the word intelligence is "secrets" as in secret information to be stolen from the enemy. Are we about secrets? Covert ops? Safe houses? Can you sincerely see any added value to the business of your company from someone with a background in the CIA or KGB or MI5]? (Readers who know and admire Jan Herring, the former chief technology officer at the CIA, and recognize his profound achievements at Motorola and NutraSweet, also know it was never due to his background in government intelligence, but to his towering and unique intellect.)

The pigeonholing of competitive intelligence managers as information professionals (with or without the added “benefit” of secrets) has had severe implications for CI managers’ career paths. Most will never get out of the information hole. Many accept IPS and just look forward to early retirement, company picnics, or merely reasonably good health benefits. Some rebel.

For those who rebel, the news is good. Hardly ever do we find a miracle cure for a profession’s deep malaise, but in the case of competitive intelligence, we actually do. It is called a war game.

THE MIRACLE DRUG

A war game is neither a war nor a game. It is a rigorously structured, analytical role play of selected players in one’s industry, aimed at creating a strategy based on expected moves and countermoves of these players. Every business war game is played against a backdrop of the industry’s underlying structure and the change drivers that are going to shift it — so-called industry evolution.

Disclosure: Before I continue to describe the power of war games for the CI manager, let me state my self-interest up front. I teach war gaming methodology at the Fuld-Gilad-Herring Academy of Competitive Intelligence. I have been running the so-called “blind spots” war games based on my methodology in every conceivable industry and every corner of the globe for more than fifteen years. (See Gilad, 1994 for additional information.) But this is not why I chose war games as the subject of this article. I write about war games — which are neither war nor games — because they can do miracles. I said miracles, and anyone who knows me knows I am not prone to a sentimental and positive new-age look on life.

A war game can be crucial and powerful to the career of the competitive intelligence manager. If done properly, a war game is the one and only occasion in which the CI manager comes out of the passive information-provider role and steps right into the limelight as an active member of the strategy formation team. (The only other occasion with similar potential to change one’s life is an interview with Oprah.)

NOT WAR, NOR GAME

War games are not new, but until about ten years ago they were rare. Today they are quite the rage. This delayed blossoming can be traced to the influence of macho military/intelligence/covert ops types who think war games are simulations of war, slightly modified to fit business needs. In a story about war gaming at Chevron that was published around 1991 in *Focus Chevron*, a war gaming “expert” stated that business is part war and part sports. Another expert said the difference between wars and business is that in business “we don’t take prisoners.” With such farm animal pollution, is there any wonder war games fell out of favor?

War, to those who read about it in papers, has a clear objective of destroying the opposition — killing its people and annihilating its infrastructure so it cannot fight again. Business is about finding what customers need and are willing to pay for it, above and beyond your cost. A slight, but not insignificant difference.

Furthermore, to all those fond of sports analogies, the objective of business is not an arousing “win.” Winning in business is far from a simple score on a huge lighted board and dating the prettiest cheerleader. Did AMD “win” the ten-year battle with Intel? Has Intel “lost” the chip war? If Pfizer “won” the race to being the largest pharmaceutical company in the world, how come Bayer is so much more profitable? And so on.

Befitting the new mentality, which distances business war games from their violent military cousins, Chevron renewed the use of war games in 2006, with a trained competitive intelligence professional leading the way. Of course, its war games are neither wars nor games. Perhaps a more apt name should be Competitor Appreciation Day (CAD).

WHY PLAY WAR GAMES?

If war games are not as challenging as wars or as simple as games, why play them? Because management must form a strategy to reach its goals. War games are about strategy. Any other purpose is a waste of money and time. This strategy formation exercise can be applied to:

- A single product
- A multi-product brand
- A portfolio of related brands
- A business unit
- A corporation (except an unrelated conglomerate)
- A country or region or globally
- The whole solar system.

Any way one looks at it, there are only two possible purposes to a war game: to test a proposed strategy or to formulate a new strategy. The difference between these two types of games may look trivial, but only if you are new to the exercise. The difference is reflected in:

- The game’s structure.
- Choice of players to role play.
- Extent and mode of participation of senior executives.
- The role the brand team plays.
- The handling of defensive politics before, during, and after the contemplated business initiative.

If your war gaming consultant assures you defensive politics is not a problem, fire him right then and there. This is the clearest sign of someone with little real war gaming experience.

THE DOS AND DON'TS OF WAR GAMING

In recent years I have seen several articles in *Competitive Intelligence* magazine on the mechanics of war gaming. A game can be structured and played in several ways, and each has its pro's and con's. This article is not about these mechanics, but about the finer points — those you learn after running dozens and dozens of real-life games, and occasionally making a good impression.

The following is intended as an exhaustive list of the most critical elements for running a successful game. Ignore these elements, and your war game could be a complete and utter disaster. They are intimately related to the effect of war games on the competitive intelligence manager's life. Take this list or leave it, but if you take it, you better pay attention.

1. War games are about strategy.

Yes, of course, we know that. But *do you?* Many managers and consultants think war games are a form of brainstorming. Throw together thirty or forty managers in a room, tell them to “think like the competition,” and voila, here comes a blizzard of strategic ideas, right? Wrong. War games are the *antibody* to brainstorming. If you want to brainstorm, bring in De Bono and play Six Hats.

War games provide a reality test for strategy, not free-for-all creativity workshops. Strategy requires strategic *discipline*, as in not every idea is good strategy and not every strategy must be “out of the box.” Sometimes, just finding the box is a real challenge!

2. War games are about strategy.

Did I say that already? But strategy is far from a trivial concept. Ask 100 managers what strategy is and you get 112 opinions. War games must be structured along the lines of sound strategy analytics. That means using a clear definition of strategy and proven strategy analysis frames. I personally favor using Michael Porter's three strategic frameworks and (I know this may come as a sheer surprise) my blind spot model.

Different games require different framework applications. It takes skill to determine which frameworks fit better with the game's objectives and the participants' previous exposure, and which will take too long and detract from the game's objectives. *Without* the frameworks, though, games tend toward a chaotic tug of war between coalitions that come to the game with preconceived pet strategies. Some of those preconceived ideas have been circulating and heating up the water coolers of the company for years. No good can come from rehashing undisciplined old debates.

3. War games are about strategy.

The role of the facilitator is to ensure strategic focus. The game must at the end produce realistic and effective strategic options, or down the road it will be a failure. What should your brand team, business unit management, or corporate

leadership do in the next months or years? What are the risks associated with the different strategic options?

The best compliment I ever received was from a president of a manufacturing company who told me a few years back, “Without you we would have never kept our focus.” What he did not realize was that I spent most of my time trying to keep him from destroying that focus. Keeping focus is an especially vexing issue in research or engineering-intensive companies, where bad strategy is hidden behind technical issues. You can get sucked into a technical discussion and spend the whole game debating the finer points of technology. Technology is not an excuse for a bad strategy. It is just an enabler.

4. War games are about ... intelligence.

(Got you there!). Why? Because they are about strategy. Think about it. Strategy can be debated in many forums: executive meetings, executive retreats, conference calls, and PowerPoint presentations during executive strategy reviews. These are all legitimate and useful methods of strategy discussions, and they *cost much less than a war game*. When running a war game, remember the difference (which justifies the price) is using intelligence to form perspectives from the other players in the industry.

Most war games role play the big, bad, and ugly major competitors (the choice of which is another trap I would warn you about). But the most successful games actually drop a few competitors in favor of an intelligence-based “conglomeration profile” of important customers, an intelligence-based analysis of an influencing agency (for example, regulations, route to market, or complementary product producers), or a viable substitute.

In good war games, intelligence replaces intuition, rumors, preconceptions, individual experience, and collective myths with enough “meat” to enable the players to get in character. Otherwise, how is a game helpful to strategy? (See sidebar, Test Yourself.)

5. War games are about blind spots.

These blind spots are your company's own and hopefully your competitors' as well. (See chapter 6 in Gilad, 2004 for a more complete discussion of blind spots focus in a war game.) Do not confuse blind spots with weaknesses. Everyone knows weaknesses, as in SWOT. (For those deprived souls who spent the last decade on an island, SWOT stands for Strengths, Weaknesses, Opportunities, and Total Waste of Time.)

Everyone plays the stimulating exercise of SWOT at least once during a career, especially if you are unlucky enough to share a floor with fresh MBAs. However, the host's strengths discussed in a war game are at best a grocery list of unmeasured qualities, and its weaknesses are just plain vanilla.

War games are probably the only environment in which blind spots (a.k.a. white elephants) can be put on the table

SIDEBAR 1: TEST YOURSELF: WHAT'S WRONG WITH THIS PLAY?

In 2002, The U.S. Defense Department played a war game preparing for the war in Iraq. The Millennium '02 game was the costliest in history at \$250 million and included 13,000 American soldiers playing U.S. troops and Iraqi forces.

The Red (Iraqi) Team was led by a retired marine, Lt. General Paul Van Riper. Van Riper knew his forces had no standing against the technologically superior Americans. As a result, he made some surprisingly good moves. As the U.S. Navy streamed into Iraqi waters, Van Riper surrounded it with small civilian boats and planes. Before the Americans launched their offensive, Van Riper ordered his rag-tag fleet through the morning call for prayer to commit suicide attacks. The American Navy was sunk. Following the land invasion, Van Riper initiated a guerilla war, mobilizing his forces quickly from place to place, never stopping to present a coherent target. To further overcome the technological gap, he used motorcycled messengers to carry his commands, confounding the omnipotent eavesdropping American intelligence services.

Van Riper's tactics were so successful that the U.S. military planners had to intervene to save the game. They refloated the U.S. Navy, and at one point even ordered Van Riper to turn off his anti-aircraft defense so that the Blue Team could fly in for targeted bombing. The Blue Team won the war game.

If your instinctive sympathy is with Van Riper, you are not alone. He was a genius in fighting a superior enemy and taking advantage of the low-tech war we see in Iraq today. He was a visionary. There was only one problem: he was not playing Saddam's regular forces. As David Hartman, a former war gaming expert from Israel, points out, the secular Iraqi regime was no friend to the suicide crowd. Furthermore, regular forces do not wage guerilla war and cannot disappear so easily into the civilian population. That comes later. As far as role playing the regular Iraqi forces, Van Riper was a total failure.

This story is extremely relevant to anyone playing a business war game. The essence of a war game is in accurately characterizing the other players one is likely to face in the market so that strategy is based on the most educated guess as to their intended moves and countermoves. Making the competitors more, or less, capable than they truly are is not a good role play. Accurate characterization requires different intelligence than is typically provided by vendors. That is why I insist on using the analytical frameworks to guide collection of intelligence and preparation of the intelligence briefing book for the game.

[Author's note: Michael Sperger from IBM brought this wonderful example to my attention. David Hartman of Strategic Surprise consultancy pointed out its special meaning.]

with relative impunity. Blind spots are not weaknesses. If a company has already identified its weaknesses, then these are not blind spots. Blind spots require an insightful analysis of the industry structure and the consistency of strategy with its changing balance of power.

I know I've identified a blind spot when everyone agrees with the conventional wisdom without a moment's hesitation. The effective facilitator asks those innocent questions, starting with, "Why don't you ...?" and ending with a long, uncomfortable silence. (I am a great believer in dramatic effects). If you ask pharmaceutical managers why they test their drugs against placebos rather than their competitors' products, you get this silence, followed by feeble "ethical" excuses that make no sense. If you ask a large, confident, market leader in financial services that is launching an expensive service into a crowded market, "Why would anyone switch to your product?" you hear the elephant trumpet. Industry leaders assume automatically that people just love to go with them.

6. War games are not about being nice.

When Carly Fiorina arrived at Hewlett Packard, she described the culture as avoiding conflicts and confrontations

at all cost. We know the results. War games are about bringing conflicts into the open and managing them with an iron hand. Reaching a polite compromise or taking heated debates off line may be more comfortable for everyone, but it will not accomplish the objective of a war game: test strategy or formulate strategy that has a chance of success in a competitive market.

Using competitors' perspectives is a relatively safe way to bring conflict out in the open. To manage tension and conflict, you should stick to clear and objective tests of strategy. Jan Rivkin's internal consistency, external consistency, and dynamic consistency tests, or Porter's nine bases of strategic positioning are a good start. They will keep the participants focused on finding the best strategy and minimize the wallowing in self-pity when their pet ideas are rejected.

Remember, not every idea that seems to be an opportunity to make money is good strategy. The long-term damage to strategic position, and its associated profitability, can be substantial. As a classic example, Porter is fond of pointing out the decline of profitability at Neutrogena when the company moved from its traditional dermatology-based positioning into mass markets and indiscriminate cosmetic applications.

7. War games are not psychotherapy.

In most large companies, middle management feels decisions are made too slowly, top management does not communicate its vision clearly, opportunities are missed, politics gets in the way of good decisions, and saying what you think leads to repercussions. Furthermore, middle managers truly believe their company is unique in how bad things are. They are wrong.

All large bureaucracies look alike, whether in North America, Europe, or Japan. While letting these complaints bubble up in a war game is healthy, one should not turn the game into a whining session. Whining sessions do not lead to sound strategy.

8. War games are about mood changing.

The most successful war games involve changing the mood in the room. That can go both ways: from lifting the mood of a defeated group to dumping the glee in an overconfident, partying bunch. Changing moods can lead to great victories.

One European consumer-product giant concluded at the end of a game that it was not ready to face the more aggressive U.S. competitor. The team playing the competitor was hammering the proposed strategy of the host team. Then, at a certain point in the game, an analysis of the competitor's potential blind spot (a monolithic global model) and a relatively underplayed strength of the host unveiled an exciting potential strategy. Five years later the company is on a tear and the competitor is in trouble. The beginning of the turning point was that 2001 war game. It helped that the CEO was in the game, playing with the competitor team. He galvanized the people around the new strategy.

WAR GAMES AND THE CI MANAGER

Even though I have nicknamed war games CAD (Competitor Appreciation Day), I believe a war game is primarily about the host company, and competitors are just the background. This is the philosophy I convey to the competitive intelligence manager as well, a part of my crusade to make CI managers escape the IPS (information pigeonholing syndrome, remember?).

Competitors are not going to change the industry structure. They are not even going to cause great hardship to your company. The real damage to great companies comes from their own executives, their own turf wars, their own layers of redundant vice presidents pursuing undisciplined opportunities and blocking good strategic moves.

Successful war games are about your own company, about refocusing, about finding the direction that has been lost after decades of success and the resulting strategy "decadence." That is especially and painfully true at large, leading companies. Through it all, war games are about self-discovery for the competitive intelligence manager.

SIDEBAR 2: ENOUGH IS ENOUGH

Mrs. S, a feisty, bright, and insightful (my greatest compliment) competitive intelligence analyst, had been prodding her company to do something about an evolving strategic risk for more than two years. She saw it coming when it was small; she saw it grow into a huge threat as a new competitor entered the company's market; and she also saw the company's conservative, comfortable, overconfident leadership denying, ignoring, and dismissing it out of hand.

Using the occasion of a new product introduction (after a previous launch failed), Mrs. S organized a war game. During the war game, her company's blind spot was placed on the table, served to the participants in my typically polite and diplomatic way. It immediately became the center of the day's deliberations. The participants, mostly midlevel marketing and sales people, were actually terrific in finding a new strategy to attempt a differentiation position vis a vis the bigger new entrant.

The results of that terrific war game were then mostly suppressed. The head of Mrs. S's department, who was very skillful at managing up, decided not to confuse top management with the disturbing findings and recommendations from the game. Mrs. S had suffered under this culture for more than three years. She decided after the game she just could not take it any longer. She left the company to start her own consulting business.

Sometimes that self-discovery is agonizing. It may lead to a decision to leave the company, a decision that often was just waiting for a trigger. (See sidebar, Enough Is Enough.)

Sometimes the passive information pigeonholing of the competitive intelligence manager is just impossible to break, and a war game will be the last straw. If you shine through a war game, and it still fails to open management eyes to your value, the decision to hunker down and hope the Christmas party this year will make up for all your suffering may lose its initial appeal. If you are a rebellious type, the outcome of the war game may be just the spur you need to move on to greener pastures.

On the other hand, every competitive intelligence manager I ever worked with who made it out and up into the strategy hierarchy (which I regard as a natural route for the career of intelligence professionals) ran successful war games. In these games, the CI manager clearly and forcefully manifested expertise not in providing the data, but in using it to impact strategic thinking. Three prerequisites are required for this to happen:

1. The CI manager must know the briefing book by heart, all 345 pages of it.

2. The CI manager must know how to turn that briefing intelligence into a test for strategy.
3. The CI manager must be willing to stick his or her neck out and comment, question, respectfully disagree, politely point out, and dramatically suggest. Staying on the sideline and serving coffee during team breaks do not constitute sticking your neck out.

War games are the coming-out party for competitive intelligence managers. CI managers push for them, organize them, help select many of the participants, and debrief them. Briefing books alone set the initial tone for the whole game. *War games are basically a celebration of the CI manager's work.* That's why they can be such an enormous lever for a CI manager's career.

And if you heed the advice of this old and cranky former strategy professor, in your spare time — what spare time?! — you study strategy. This is a life-long journey, but strategy is the underlying discipline of our field, not information. This is how you get out from under the IPS and become an active contributor to the company's bottom line.

May the force of strategic thinking be with you.

REFERENCES

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