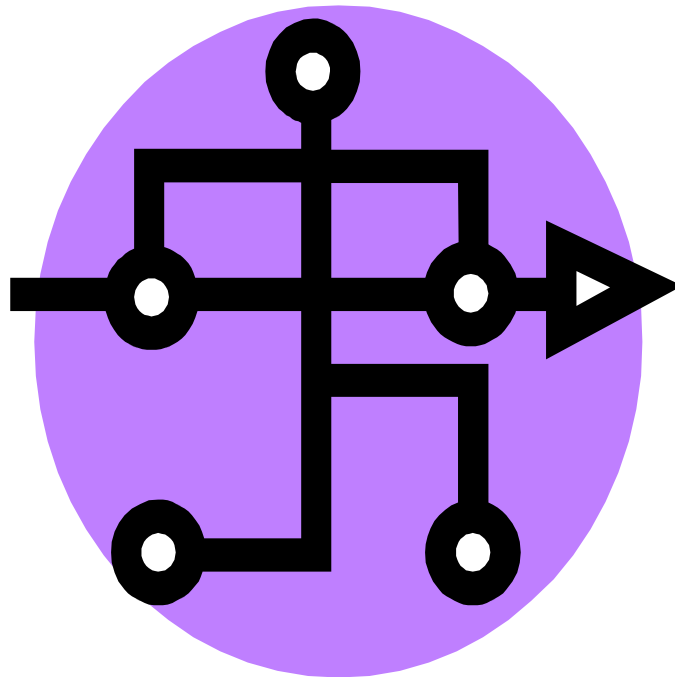


## **THE ART OF WAR**

### **On HR Strategy: Waging War, Selling and Working with People**





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## Synopsis

Some 2000 years ago Sun Tzu wrote about armies in conflict. His writings are still extremely pertinent today and provide powerful insight into the management of current day organisations.

Adopting his philosophy, this paper reviews the importance of achieving excellence in human resources management within an organisation. The paper firstly develops the art of war into the world of sales as a well understood analogy. It then develops the art into HR management, showing clearly that poor employee relations and ineffective HR practices result in opportunity cost for the firm.

The paper invites the reader to choose his or her HR strategy from four options, each scored for their attractiveness. It concludes that the Sun Tzu strategy of winning without fighting is always preferred. War should be a last resort. In war there are no winners. In a firm, excellence in HR can be achieved and HR issues resolved before they develop to hostility.



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## Introduction

According to an old story, a lord in ancient China once asked his physician, a member of a family of healers, which of them was the most skilled in the art.

The physician, whose reputation was such that his name had become synonymous with medical science in China, replied, “My eldest brother sees the spirit of sickness and removes it before it takes shape, so his name does not get out of the house. My elder brother cures sickness when it is still extremely minute, so his name does not get out of the neighbourhood. As for me, I puncture veins, prescribe potions, and massage skin, so from time to time my name gets out and is heard among the lords.”<sup>1</sup>

So which brother is really the most skilled? You might view that the modest elder brother is most effective since he apparently inputs least but gets the most in return. On the other hand you might conclude that the youngest is most skilled because he has the widest and deepest engagement with his patients. One clue that is hugely relevant to the present paper is that to be effective (or to be skilled) requires deep understanding of the problem and significant knowledge of solutions. Without these, no strategy, whether passive or invasive, can be implemented. This simple truism is as relevant to business today as it was to ancient Chinese medicine.

This paper links Sun Tzu’s philosophy to business and provides a model for understanding and developing preferred strategies. Two domains are used as example: sales and human resource management. The sales domain is used here as a well understood analogy for the less well-understood science of HR management. The strategies suggested in sales by applying the art of war are self-speaking. Perhaps by using this, the parallel domain of HR will likewise be so.

## The Art of War

According to Sun Tzu there are four states of war, with varying levels of attractiveness and success of outcome.

### 1<sup>st</sup> Ideal – Foil the enemies’ plots

By attacking strategically and using unusual tactics one can win by using intelligence and guile. In this case enemy alliances (and hence development of strategic advantages) never occur<sup>2</sup>. Skirmishes are the favoured tactic with low casualties.

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<sup>1</sup> Tzu, S (2003) The Art of War; translated by Thomas Cleary, Shambhala, London

<sup>2</sup> One should remember that ancient China was ruled by many warlords commanding regions. They needed to join forces to win any war.



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## **2<sup>nd</sup> Ideal – Ruin enemy alliances**

This requires knowledge of the key players. It requires attacks on their alliances to ensure they fall apart. It requires the building of one's own alliances with strong regions and war lords. Minor battles ensue.

## **3<sup>rd</sup> Ideal – Attack their armed forces**

Here one wins by all out fighting. There will be many casualties on both sides and one may not actually win.

## **4<sup>th</sup> Ideal – Besiege their cities**

The war turns to attrition. This takes a lot of time, effort and resources. Even though there may be acceptable casualties in the short term, troops are committed and unavailable for battle elsewhere. In the end, once siege ends, there are likely to be many casualties in the besieged city and possibly for one's own troops too.

Wise Sun Tzu suggested that wherever possible one should win without fighting. War should be a last resort. In war there are no winners. Everyone loses.

## **The Art of Business**

The military strategies discussed by Sun Tzu are equally applicable to any business scenario. For him, understanding leads to strategy and the emergence of a logical, preferred strategy.

So far, we've talked of strategies of the physician and of the general. But how does the art of war relate to a sales strategy or a strategy for human resources management? Let us look first at a situation that is quite well understood by many businessmen and women – the firm engaged in tendering.

### **Sales – the art of success**

The table below discusses the four stages of sales war. The table has three main columns – the first describes the state aimed for, the second the likely outcome and most importantly the third describes the chance of success of that sale. Further description on the table is provided below.



Four ideals of a sales war and the describing state resulting (1 <sup>st</sup> is most preferable)		Outcome	Chance of successful sale
1 <sup>st</sup> Ideal	The single action tender – you are the only company considered.	Customers wouldn't dream of going anywhere else.	100%
2nd Ideal	You have full customer knowledge though the customer still goes out to several firms for tender.	Full understanding of customer requirements allows an informed bid to be offered.	50%
3rd Ideal	Full competitive tender where you are one of several equal bidders.	Little knowledge of customer. Little knowledge of competition.	20%
4 <sup>th</sup> Ideal	Using online tender finder and bid for anything going.	Bidding for a tender with no knowledge of the customer nor his real requirement.	10%

The first 'ideal' is where customers would not contemplate going elsewhere. They will even bend competition rules to place an order. Customer loyalty is assured. This requires serious effort to understand the customer, knowledge of options and significant competence in the sales game. It involves gaining customer trust. It is every firm's dream and it does happen! Frequently!

The second ideal requires a strong relationship with the customer. You give knowledge to the customer, such that he is able to use the knowledge effectively. The customer comes back to you repeatedly for more information and whilst loyalty is not guaranteed the likelihood is high. This is probably the normal case when you are the incumbent supplier but you have not gone the extra mile to serve.

The third ideal requires a basic knowledge of the customer but as it suggests, there will be others in talking to him too. There are likely to be several bidders in the process. It may not even be clear if you have been asked as a serious contender, or simply to make up numbers and demonstrate to management that a competition has taken place.

And finally the fourth ideal. This is not an effective use of resources and time. A huge amount of time will be spent developing a bid for a customer about whom you have no real knowledge.

The first ideal is like foiling the enemies' plots in war. Knowledge of the customer and competence in the sales game mean minimal competition and maximum success. And so we could describe the other ideals in reducing attractiveness until there is all out sales war and much reduced chance of success.



## Human Resources Management – the art of success

There are huge parallels between the management and motivation of people in firms and both war and sales. We only have to look back a relatively short time to see all out war – miners on Yorkshire picket lines and police charging Wapping print workers. Employee relations have risen a long way since the 70s and 80s but nonetheless employee relations can and do still end in court with major financial casualties and in attrition with resulting productivity loss. Recent legislation has also made it much easier to take cases to tribunal.

The following table again shows the ideals and the associated outcomes. The first column is the state of employee relations, the second the likely outcome of that state and the third a measure of the effort available for normal business. This last metric is effectively 1 minus the opportunity cost<sup>3</sup> on a percentage scale.

Four ideals of an employee relations war		Outcome	Effort available for normal business
1 <sup>st</sup> Ideal	People problems are dealt with sensitively before they become an issue.	A harmonious and well motivated team. Staff believe they are valued stakeholders. They value their working life in the firm and believe that management care.	99.9%
2nd Ideal	Often problems are efficiently resolved. There are however issues that blow up but they are dealt with informally.	Everyone basically works together well.	99%
3rd Ideal	Many employee relations issues appear and are dealt with using formal processes.	Issues are constantly appearing and being resolved by grievance and disciplinary procedures – but at least they are resolved.	90%
4 <sup>th</sup> Ideal	There are many employee relations issues and some are resolved by meeting the employee in an employment tribunal.	Life for the manager is one long battle with several issues dealt with externally and at considerable cost to the firm.	75%

In the same way as it is unwise to fight your enemies or end up having to compete for tenders, it is folly to resolve human resources issues formally. The more formal the resulting action, the more costly in management time

<sup>3</sup> Opportunity cost is the cost of the lost effort. Instead of expending effort in its mainstream business, the firm must divert management effort and cash funds to resolving avoidable human resources issues. A low opportunity cost is ideal since it shows most of the firm's effort being applied to the business thus giving a high percentage score in the table.



and the more costly (potentially) in settlement fees to persuade the employee with the grievance to leave. In all cases it is most effective to maximise the leverage – to put minimum, continuous action in to get maximum success out. After all, no firm wants less than 99.9% output from its employee resource and the more bloody the war, the lower the productivity gets.

## So what do you have to do?

There are three themes from the above stories that give a clue about what to do practically.

The first is understanding. The physician who cured before the malady appeared needed huge understanding. Likewise the salesman who manages to get a single action tender needs to put in effort with the customer and have great empathy and understanding with that customer. Understanding in HR comes from the leadership practices<sup>4</sup> and communications in the firm. Improve the leadership practices and communications and employees and managers all increase their understanding of themselves and others.

The second is knowledge. Knowledge leads to strategy. The better the manager knows his employees and the wider his knowledge of HR options, the better the HR strategy that he or she can put in place. Knowledge comes from deliberate objective action to find out how well the HR management works in the firm. This begins with HR audit and then includes all the organisation development plans and actions such as appraisals and staff development.

The last theme is competence. Competence equals skill times knowledge – the application of knowledge through skills. In this instance it is HR competence. Senior managers need to be good HR generalists with competence across the HR domain. Most are not. Most have a business to run and that is their focus. This is where the HR consultant comes in. Firms such as TimelessTime employ consultants who each have over 25 years HR experience and the academic achievement to go with it. Working in partnership, the Senior Manager and consultant can have the understanding, the knowledge and the competence and can together achieve HR excellence.

## Conclusion

Remember the story at the outset of this paper? The opportunity cost index showed that it is well worth striving to be like the eldest brother – remove the problems before they take shape. The art of war is to have no war. That is most cost effective. It is easy to take a very hard approach to employing people but it rarely is best for the business.

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<sup>4</sup> See <http://www.timelesstime.co.uk/tiki-index.php?page=Achieving%2026%%20increase%20in%20your%20firm%27s%20returns%20to%20shareholders> for further information. This web page gives further references for those inclined to learn more about how HR adds to profits through nineteen individual HR practices.



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By increasing understanding and knowledge and exploiting the consultant and Senior Manager's competences a suitable HR strategy can be put in place such that wars are won using the 1<sup>st</sup> and occasionally the 2<sup>nd</sup> ideal.



## The Author



Sue Berry is a Director with TimelessTime, and has over 25 years of HR experience across many industry sectors in large multinationals and smaller enterprises, with the last six years being spent as the head HR practitioner in each establishment. With a BEd(Hons) in sociology and environmental science she is a qualified teacher, holds a Masters degree in Human Resource Management and is Chartered Fellow of the Chartered Institute of Personnel and Development.

Prior to founding TimelessTime she gained operational HR experience in a wide variety of niche markets including aerospace, electronics, chemicals, service industries, the Health Service, academia, non-for-profit NGO's and the charity sector. She has published two books and written several papers related to various aspects of HR.

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## TimelessTime

TimelessTime is a limited company, based in Sussex and was founded by Sue Berry. With over 25 personal experience she has teamed with other like-minded professionals who can support the work of TimelessTime offering an extended portfolio of support for organisations of all sizes.

Unlike large organisations TimelessTime can be extremely versatile and nimble with the support service offered to all our clients. We understand that managers don't work in a 9-5 manner anymore. TimelessTime is a fact of life as is flexible working for senior business professionals. TimelessTime can help you redress your work-life balance by providing the support you need when you need it.

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