The Art of War: The Strategic Use of Ploys and Falsehoods in Business

Prof Niamh Brennan, Michael MacCormac Professor of Management, University College Dublin

Irish Vincentians’ Business Ethics Conference, Dublin, 1 November 2014
1. Training for Company Directors

- Director Development Programme – short courses on various aspects of corporate governance
- In-house, customised courses for individual company boards
- Diploma in Corporate Governance

2. Promote Research in Corporate Governance
1. Introduction
2. Do organisations conceptualise business as war?
3. How do ethical standards change in war?
4. Is there evidence of different ethical standards in organisations that conceptualise business as war?
5. What evidence is there of the use of ploys and falsehoods in business?
6. Concluding comment
Sources


1. Introduction
1. Introduction

“Appearance and intention are fundamental to the Art of War. Appearance and intention mean the strategic use of ploys, the use of falsehoods to gain what is real.”

(Yagyu Munenori (1632) The Book of Family Traditions on The Art of War)

1. Introduction

Issue for Research

If business is “war”, does that conceptualisation allow for different ethical standards just as in war?
1. Introduction

Research questions

RQ1: Do organisations conceptualise business as war?

RQ2: How do ethical standards change in war?

RQ3: Is there evidence of different ethical standards in organisations that conceptualise business as war?

RQ4: What evidence is there of the use of ploys and falsehoods in business?
2. Do organisations conceptualise business as war?
2. Do organisations conceptualise business as war?

Metaphoric expressions of war emotionalise a subject by demarcating an ‘enemy’ (Küster, 1978, p. 74)
2. Do organisations conceptualise business as war?

War is itself not a uniform domain, comprising as it does a blend of both physical violence and military strategy (Koller, 2004: 3)

- **Physical violence**
  - Bruising battle
  - Cutthroat killer
  - Brutal Internet price war

- **Military strategy**
  - Target group
  - Manoeuvre
  - Strategic alliance
2. Do organisations conceptualise business as war?

Some organisations use metaphors that reflect the warlike nature of the business environment. Managers speak of “fighting” competitive battles, “capturing” market share, “recruiting and training” workers, “firing” employees, developing “strategies and tactics” (Shrivastava, 1985: 105).

2. Do organisations conceptualise business as war?

the WAR metaphor may very well help ‘the top levels of business [to] provide a fairly convincing corporate display of masculinity’ (Connell, 1995, p. 77).

2. Do organisations conceptualise business as war?

War metaphors played a great part in [the seminars]: by definition, we lived in a hostile environment and it was my task to bring forth in the participants that natural aggressiveness which can make them more committed, more efficient and thus eventually more productive. (Emmanuel, 2000, p. 10)

2. Do organisations conceptualise business as war?

From hardball pricing tactics that have knocked rivals back on their heels to a capital-spending war chest that’s the largest in telecom, he’s determined to transform what was once just another sleepy phone company into the pacesetter for the industry.

2. Do organisations conceptualise business as war?

- Hostile takeover
- Takeover battle
- Target firm
- White knights
- Black knights
- Scorched earth defence

2. Do organisations conceptualise business as war?

Dog-eat-dog competitive world of business

A letter from Rupert Murdoch, News Corporations’ 2010 Annual report:

- ...in a market where selling quality content increasingly depends on a killer app
- So, far from killing us off,...

2. Do organisations conceptualise business as war?

Dog-eat-dog competitive world of business

- Goodwin talked openly of ‘mercy killing’ competitors.

2. Do organisations conceptualise business as war?

Drumm: Ah, you’re abusing that guarantee. Paying too much in Germany I heard now as well. F***ing ridiculous, John

Bowe: Deutschland, Deutschland Uber Alles

(both burst out laughing)
3. How do ethical standards change in war?
3. How do ethical standards change in war?

What is a Just War?

Six conditions:
- Must be for a just cause
- Must be lawfully declared by a lawful authority
- Intention behind the war must be good
- All other ways of resolving the problem should have been tried first
- Reasonable chance of success
- Means used must be in proportion to the end that the war seeks to achieve
3. How do ethical standards change in war?

How should a Just War be fought?

- A war that starts as a Just War may stop being a Just War if the means used to wage it are inappropriate.
- Innocent people and non-combatants should not be harmed.
- Only appropriate force should be used.
  - This applies to both the sort of force, and how much force is used.
- Internationally agreed conventions regulating war must be obeyed.
4. Is there evidence of different ethical standards in organisations that conceptualise business as war?
4. Is there evidence of different ethical standards in organisations that conceptualise business as war?

Indeed, after it was revealed that CINAR had committed tax fraud, Micheline Charest made a luncheon presentation in which she said that “CINAR only did what everybody else was doing. CINAR needed to do it to survive and succeed in the business”.

(Source: Francine Pelletier. 2008. La femme qui ne se voyait plus aller [“The woman who lost touch with reality”]. TV Documentary. Radio-Canada.)
5. What evidence is there of the use of ploys and falsehoods in business?
5. What evidence is there of the use of ploys and falsehoods in business?

CIA

And then we found the line that divided the truth and the lies. We crossed it so many times it became obscured and faded and eventually disappeared altogether. Perhaps the worst lies were those we told for the best. Perhaps the worst lies were those we told ourselves.

5. What evidence is there of the use of ploys and falsehoods in business?

Weasel words

This figure [Michael Fingleton’s defined benefit pension pot of €27 million] had been declared in the society’s annual report that year, but it was heavily disguised. It was referred to as ‘one of the groups defined benefit pension schemes’ that had not been settled for the ‘members of the scheme.’ This gave the reader the false impression that the €27 million scheme was for more than one person, when in fact it was for just one: Michael Fingleton.

5. What evidence is there of the use of ploys and falsehoods in business?

Weasel words

There was also a little jiggery-pokery in the RBS figures – or ‘spin and bullshit’, as one of Goodwin’s team calls it. The manufacturing costs – of the vast centralised machine that Goodwin and Fisher had build to service RBS – were never properly broken down or adequately explained. The suspicion was that it obscured empire-building and costs that should be lower.

5. What evidence is there of the use of ploys and falsehoods in business?

Weasel words

We operate to the highest ethical and governance standards as we aspire to be a model corporate citizen. For this reason we invest heavily in the development and training of our staff, as well as maintaining the highest levels of integrity.

The Directors of the Bank are committed to maintaining the highest standards of corporate governance.

Except where stated, the Directors believe that the Group has complied fully with the provisions of the Combined Code throughout the financial year ended 30 September 2007.

The Chairman promotes continuing high standards of corporate governance.

(Source: Anglo Irish Bank, Annual report & accounts, 2007, p.23, p. 33)
5. What evidence is there of the use of ploys and falsehoods in business?

**Linguistic euphemisms**

- “aggressive” [not illegal] accounting / tax practices
- “creative” [false, deceptive] accounting
- “facilitator fee” [not bribery]
- “proforma” [false, deceptive] earnings
- “collateral damage” [not civilian deaths]
- Catholic Church’s “mental reservations” [not lying]
6. Concluding comment
6. Concluding comment

This is what is taught in some business schools!

The manifesto
1. Focus relentlessly on competitive advantage
2. Strive for "extreme" competitive advantage
3. Avoid attacking directly
4. Exploit people's will to win
5. Know the caution zone

The strategies
Deploy these in bursts of ruthless intensity:
1. Devastate rivals' profit sanctuaries.
2. Plagiarize with pride
3. Deceive the competition
4. Unleash massive and overwhelming force.
5. Raise competitors’ costs

An alternative perspective

- Business is not war
- People don’t die (although work can feel like life or death)
- Business adversaries will never be defeated – there will always be competition
- War has a vast human and economic cost; Business is supposed to benefit society
- Societies can flourish without war but not without business

(Source: Heffernan, Margaret 2011. Debunking the myth that business is war, CBS Moneywatch, 24 January 2011).
THANK YOU!

QUESTIONS?