Index

access-based positioning, 132
accessible terrain, 210, 232
alliance relationships, 155–156
Apple, 72, 78–84, 85–86
army-building principle, 190–191, 197–198
art of deception, 149. see also deception in warfare
The Art of War (Sun Tzu). see also military/war strategy; Sun Tzu
avoiding enemy’s strengths, 126, 127–131
avoiding enemy’s strengths, 126
broadening strategy, 192, 204
broadening without diluting strategy, 193–194, 197–198
business strategy
bargaining power of buyers, 67, 80–81
bargaining power of suppliers, 67, 80
bottom of pyramid (BOP) market, 152, 194–196
brand building strategy, 179
Porter, Michael, 1
principle vs. business context, 21–22
Silicon Valley competitiveness, 223–227
Sony’s Walkman, 30–33
Southwest Airlines, unique positioning, 141–144
spyng activities, 271–276, 281–283
Starbucks’ success in China, 245–249
strategic flexibility, 172–174
Sun Tzu and, 4–7, 5f
system vs., 24–25
Tata Motors of India, 195, 202–206, 205f
threat of new entrants, 67, 79–80
threat of substitutes, 68, 80
Toyota Motor Corporation, 102–105
trade-offs and strategic fit, 131–134
Walmart’s cost leadership strategy, 120–123, 125
broadening strategy, 192, 204
broadening without diluting strategy, 193–194, 197–198
business strategy
bargaining power of buyers, 67, 80–81
bargaining power of suppliers, 67, 80
bottom of pyramid (BOP) market, 152, 194–196
brand building strategy, 179
Porter, Michael, 1
principle vs. business context, 21–22
Silicon Valley competitiveness, 223–227
Sony’s Walkman, 30–33
Southwest Airlines, unique positioning, 141–144
spyng activities, 271–276, 281–283
Starbucks’ success in China, 245–249
strategic flexibility, 172–174
Sun Tzu and, 4–7, 5f
system vs., 24–25
Tata Motors of India, 195, 202–206, 205f
threat of new entrants, 67, 79–80
threat of substitutes, 68, 80
Toyota Motor Corporation, 102–105
trade-offs and strategic fit, 131–134
Walmart’s cost leadership strategy, 120–123, 125
broadening strategy, 192, 204
broadening without diluting strategy, 193–194, 197–198
business strategy
bargaining power of buyers, 67, 80–81
bargaining power of suppliers, 67, 80
bottom of pyramid (BOP) market, 152, 194–196
brand building strategy, 179
Porter, Michael, 1
principle vs. business context, 21–22
Silicon Valley competitiveness, 223–227
Sony’s Walkman, 30–33
Southwest Airlines, unique positioning, 141–144
spyng activities, 271–276, 281–283
Starbucks’ success in China, 245–249
strategic flexibility, 172–174
Sun Tzu and, 4–7, 5f
system vs., 24–25
Tata Motors of India, 195, 202–206, 205f
threat of new entrants, 67, 79–80
threat of substitutes, 68, 80
Toyota Motor Corporation, 102–105
trade-offs and strategic fit, 131–134
Walmart’s cost leadership strategy, 120–123, 125
buyers, bargaining power, 67
buyers vs. general public, 75–76
Cannae, Italy, 137–141, 138
Cao Cao, 168, 255, 264–266
capacity assessment, 61
capturing the core, 193–194
Carmike Cinemas, 132
chance in competitiveness, 19–20
changing conditions, responsiveness to, 150
Chí strategy, 108–112, 109t, 116–118, 124–125, 201
Chiang Kai-shek, 156
China, 245–249, 286–290
Chinese Communist Party, 128
Chinese market, 180
Chinese Red Army, Long March, 156–159
Churchill, Winston, 73
Clausewitz, Carl von
economics of military action, 36
goal of war, 61
intelligence reports, 271
variation of tactics, 167
war, defined, 66
warfare as politics, 172
commitment strategy, 247–249
comparative advantage, 257
competition avoidance
buyers vs. general public, 75–76
complete victory principle, 63–64, 71–72, 84, 85
entering attractive industry principle, 71–72
existing competitor vs. existing enemy, 73
five forces model for industry selection, 67–71, 85
Genghis Khan’s Terror Strategy, 76–78, 85
integration of Sun Tzu and Porter, 71–76
introduction to, 61–62
knowing the enemy and yourself, 65–66
mobile phone industry, 72, 78–84, 82f, 85–86
potential entrants vs. potential enemy, 73
substitutes vs. alternative solutions, 75
summary of, 84–86
suppliers vs. soldiers and generals, 75
victory through strategic attack, 63–67
war vs. business, 72–76, 74f
winning without fighting, 63–64, 71–72
competition in business, 34, 72–76, 74f
competition in war, 72–76, 74f
competitive advantage
disposition of offense vs., 97–98
factor endowment, 236
foreknowledge on rivals, 280–281
of Hyundai, 56
information technology, 276–278
Internet and, 278–280
role of location on, 216–217
scope and target, 193
spying activities, 271–276, 281–283
sustainable competitive advantage, 134, 253
in war and business, 261–264
The Competitive Advantage of Nations
(Porter), 41, 213
competitive positioning
battle of Stalingrad, 98–101
competitive advantage, 97–98
defense and offense in tactical disposition, 96
generic strategy for, 91–95, 94t, 95f, 96
integration of Sun Tzu and Porter, 95–98
introduction to, 87–88
summary of, 105–106
tactical positioning, 88–91
Toyota Motor Corporation, 102–105
competitive target, 191–192, 193f
complete victory principle, 63–64, 71–72, 84, 85
concealing one’s disposition, 130–131, 136–137
concentrated configuration options, 237
concentration of forces, 129–130, 144–145
concentration of resources, 135–136
configuration-coordination model for internationalization, 236–238, 237f, 244, 250
conflict and warfare, 3–4
connectivity vs. swift victory, 49–51
constricted terrain, 233
construictiveness over destruction, 6
contentious terrain, 232
Continental Airlines, 143
INDEX 309

converted spies, 274
coordination importance, 240–242
core competence, 276–280
corporate social responsibility (CSR), 150–153
cost drivers, 45–49, 48t, 49f
cost focus, 92, 191–191
cost leadership, 92
country-centered strategy, 237
courage aspect of generalship, 23
creating shared value (CSV), 7, 147–148, 150–153, 159–162
customer-based strategy, 192

Daoism principle, 2
Darwin, Charles, 165
defense in tactical disposition, 89–90, 96
defensive positioning, 87
deliberation over warfare, 17
demand conditions variable, 19, 25–26, 27f, 31, 33
devious [disadvantage], 148–150
di Xi, defined, 208
diamond model for analyzing competitiveness, 10, 19–21, 26, 30–33, 257–259
differentiation focus, 92
differentiation, 92, 98
difficult first, easy later, 180
direct [advantage], 148–150
dispersed configuration options, 237
dispersive terrain, 232
distant terrain, 211
diversification strategy, 179–180
dividing enemy’s forces, 129–130, 144–145
domineering disposition, 88
doomed spies, 274
double diamond model, 20
Du Mu, 150
dual double diamond model, 20
Dutch disease, 258
dynamic model of Porter’s generic strategies, 95
economic consideration
Hyundai Motor’s global strategy, 55–59
integration of Sun Tzu and Porter, 36–37, 44–52, 48t
local procurement, 37, 39–41

Napoleon’s invasion of Russia, 53–55, 60
summary of, 59–60
swift victory, 6, 37–39
value chain analysis, 36–37, 41–44

Economist, 236
ecosystem aggregators, 70
effect [difference], 153–154
eliminating mistakes, 105
enemy investigation, 187–190, 188–189t
enemy resources, 39–41, 51–52
enemy territory, 230–236, 231t
enhanced advantage
integration of Sun Tzu and Porter, 116–118
introduction to, 107–108
operational effectiveness and strategic positioning, 107, 112–118, 114–115f, 124–125
summary of, 124–125
Vietnam War, 118–120, 124–125
Walmart’s cost leadership strategy, 120–123, 125
entangling terrain, 210
entering attractive industry principle, 71–72

Euromonitor International, 178
European Aeronautic Defense and Space Company (EADS), 238
existing competitor vs. existing enemy, 73
existing players, 68
expeditionary strategy in enemy territory, 230–236, 231t
export-based strategy, 238
extended strategies
army-building principle, 190–191
enemy investigation, 188–189t
generic strategies, 191–196, 193f
Han Xin and battle of Jingxing, 198–201, 200f
integration of Sun Tzu and Porter, 196–198
introduction to, 185–186
situation vs. competitive target, 196–197
summary of, 206–207

Tata Motors of India, 195, 202–206, 205f
troop deployment, 186–191
face-to-face competition, 71
factor conditions variable, 19, 23–24, 31
factor endowment and comparative advantage, 236
fatal terrain, 233
favorable factors, 177, 183, 217–218, 268
fire attack, 253–256
firm infrastructures, 42–43, 47, 49f
firm strategy, structure, and rivalry, 19, 24
fit, defined, 133–134, 136–137, 171
five elements for laying plans (Sun Tzu), 17–19
five forces model for industry selection, 67–71, 85, 170
five specific situations of varying the tactics, 167–168
focal terrain, 232
fog of war, 273
Ford, Henry, 113
foreknowledge by using spies, 272–276
foreknowledge on rivals, 280–281
foreseen gain, 149
fundamental principle (similarity), 153–154
General Electric, 173
generalized double diamond model, 20
generalship element in warfare
introduction to, 18, 23–24
Japanese attack on Pearl Harbor, 28–29
location advantage, 208
Sony’s Walkman and, 32
generic strategies, 91–95, 94t, 95f, 96, 191–196, 193f
Genghis Khan’s Terror Strategy, 76–78, 85
governmental proximity, 213–214
Germany’s invasion of the Soviet Union, 98–101
global brand strategy, 181
global platform, 239
global value chains, 51–52
globalization of business, 212
GLOVIS America, 57
go abroad policy, 180
Google, 195, 286–290
government in competitiveness, 19–20
Greek victory in Trojan War, 175–178
Gwon Yul, 220
Haier Group
brand building strategy, 179
business strategy, 178–183
diversification strategy, 179–180
global brand strategy, 181
internationalization strategy, 180
introduction to, 178–179
networking strategy, 181–183
Han Dynasty, 264
Han Xin and battle of Jingxing, 22–23, 198–201, 200f, 216, 250
Hannibal’s victory at Cannae, 137–141, 138
Hart, Liddell, 64, 111
heaven element in warfare
competitive advantage, 262
complete victory and, 66
introduction to, 18, 22–23
Japanese attack on Pearl Harbor, 28, 29–30, 33
heavy terrain, 233
help concept, 241
high coordination, 238
Homer, 175–178
Hsing, 88, 108–112
Huang Gai, 265
human resource management, 42–43, 46–47
Hyundai Motor Company, 55–59, 60, 173
IKEA, 191–191
The Iliad [Homer], 175–178
inbound logistics, 41–42, 45
India, Moga Milk District, 159–162
Indirect Approach [Hart], 64
industrial cluster, 224, 225
industrial organization theory, 9
industrial structure change, 171
industry structure, 68–71
information advantage
core competence vs., 276–280
foreknowledge by using spies, 272–276
Google’s failure in China, 286–290
introduction of Sun Tzu and Porter,
280–283
summary of, 290–291
innovation and sustainable competitive advantage, 253, 257–261
inside spies, 274
integration of Sun Tzu and Porter
INDEX 311

competition avoidance, 71–76
competitive positioning, 95–98
cost drivers, 45–49, 48t, 49f
economic consideration, 36–37, 44–52, 48t
enhanced advantage, 116–118
extended strategies, 196–198
generalship vs. factor conditions, 23–24
heaven and terrain vs. related and supporting industries, 22–23
information advantage, 280–283
international strategy, 238–242
introduction to, 7–15, 11–14t
Japanese attack on Pearl Harbor, 26–30
knowing the enemy vs. demand conditions, 25–26, 27f
location advantage, 216–220
overall assessment, 16–17
overcoming disadvantages, 153–156
principle vs. business context, 21–22
situation vs. competitive target, 196–197
Sony’s Walkman, 30–33
strategic flexibility, 172–175
summary of, 33–35
superior power, 261–264
system vs. business context, 24–25
unique positioning, 134–137
intelligence aspect of generalship, 23, 28
intelligence reports, 271
interconnectivity, 133
interfirm relationship, 43
international strategy
battle of Incheon, 242–245
branding strategy, 246–247
configuration-coordination model, 236–238, 237f, 244, 250
coordination importance, 240–242
expeditionary strategy in enemy territory, 230–236, 231t
importance of location advantage, 238–240
integration of Sun Tzu and Porter, 238–242
introduction to, 229–230
local partner strategy, 247
long-term commitment strategy, 247–249
operational tactics in nine situations, 230–233, 231t
positioning strategy, 246
Starbucks’ success in China, 245–249
summary of, 250–251
internationalization strategy, 180, 236–238, 237f
Internet and competitive advantage, 278–280
iPhone, 72, 79, 81–84
Iraq War, 38
Japanese attack on Pearl Harbor, 26–30
Jiffy Lube, 191–191
JIT [just-in-time] technique, 103, 113
Jiu Bian, defined, 165
Jiu Di, defined, 229, 250
Jun Zheng, defined, 146–148
Kelly, Gary, 143
knowing the enemy and yourself, 9, 25–26, 27f, 65–66
Kuomintang [Chinese Nationalist Party], 156–159
Ladoux, Georges, 284
Laying Plans principle, 149
leader’s capability of using spies, 275–276
Li Quan, 146
Li Zuojun, 199
light terrain, 232
Liu Bei, 264
local partner strategy, 247
local procurement, 37, 39–41
local spies, 273
location advantage
competitive advantage, 216–217
importance of, 238–240
integration of Sun Tzu and Porter, 216–220
introduction, 208–209
Silicon Valley competitiveness, 223–227
summary of, 227–228
terrain element in warfare, 209–212, 210t, 218–220
Yi Sun-shin victory in Myeongnyang, 220–223
Long March of Red Army, 156–159
long-term commitment strategy, 247–249
low coordination, 237–238
MacArthur, Douglas, 242–245
maneuvering, 147, 148–149, 154–155, 163

© in this web service Cambridge University Press www.cambridge.org
Mao Zedong, 39, 128, 156, 157–158
marketing and sales activities, 41–42, 46
Marshall, Alfred, 212
Mata Hari, 272, 283–286. see also spying activities
“me-too” strategy, 170–171
means (difference), 154–155
mercantilism, 5–6
military value chain, 47, 51–52
military/war strategy
attacking enemy’s weaknesses, 126, 127–131
avoiding enemy’s strengths, 126, 127–131
battle of Incheon, 242–245
battle of Jingxing, 198–201, 200/
battle of Myeongnyang, 220–223
battle of Red Cliffs, 264–266, 269
battle of Stalingrad, 98–101
competitive advantage in, 261–264
cost drivers, 45–49, 48f, 49/
five elements for laying plans [Sun Tzu], 17–19
foreknowledge on rivals, 280–281
Genghis Khan’s Terror Strategy, 76–78
Greek victory in Trojan War, 175–178
Hannibal’s victory at Cannae, 137–141, 138f/
Japanese attack on Pearl Harbor, 26–30
Long March of Chinese Red Army, 156–159
maneuvering, 147, 148–149, 154–155, 163
postwar considerations, 256
spying activities, 271–276, 281–283
strategic flexibility, 172–174
Vietnam War, 39, 66, 118–120, 124–125
of winning, 87
Ming Dynasty, 252
mobile phone industry, 72, 78–84, 82f, 85–86
Moga Milk District in India, 159–162
Mongol Empire, 76–78, 85
Monsanto, 260
moral integrity, 168
narrow strategy, 192
narrow terrain, 211, 222
National Liberation Front [NLF], 118
needs-based positioning, 132
Nestlé company, 159–162
network economy, 43
networking strategy, 181–183
new entrants threat, 67
9/11 terrorist attacks, 38
Nobel, Alfred, 266–269
Nobel, Ludvig, 266–269
Nobel, Robert, 266–269
Nobel Brothers’ business in Azerbaijan, 266–269
objective (similarity), 154–155
objective of war, 4
offense in tactical disposition, 89–90, 96
oil production in Azerbaijan, 266–269
On Competition [Porter], 213
On War [Clausewitz], 66
operational effectiveness [OE], 107, 112–118, 114–115f, 124–125, 131
operational tactics in nine situations, 230–233, 231f
operations, defined, 45–46
Origin of the Species [Darwin], 165
outbound logistics, 41–42, 46
outsourcing, 57
overcoming disadvantages
corporate social responsibility, 150–153
creating shared value, 150–153, 159–162
devious the straight, 148–150
fundamental principle and effect, 153–154
integration of Sun Tzu and Porter, 153–156
introduction to, 146–148
Long March of Chinese Red Army, 156–159
Nestlé company, 159–162
objective and means, 154–155
relationships with alliances, 155–156
summary of, 163–164
paradigm shift, 115
Pearl Harbor attack by Japanese, 26–30
physical support in tactical disposition, 90–91
Porter, Michael. see also business strategy;
integration of Sun Tzu and Porter;
value chain analysis
business strategy, 1
cluster development for improving location advantage, 212–216
competitive advantage, 56, 97–98, 134
configuration-coordination model for internationalization, 236–238, 237f, 244, 250
consistency and changes in business strategy, 170–172
corporate social responsibility, 150–153
creating shared value, 7, 147–148, 150–153
diamond model for analyzing competitiveness, 10, 19–21, 26
extended generic strategies, 191–196, 193f
five forces model for industry selection, 67–71, 85, 170
generic strategy for advantageous positioning, 91–95, 94f, 95f
information advantage vs. core competence, 276–280
operational effectiveness and strategic positioning, 112–118, 114–115f/overall assessment, 16–17, 21
principle vs. business context, 21–22
sustainable competitive advantage, 253, 257–261
value chain analysis, 36–37, 41–44
positioning strategy, 246
positive-sum competition, 114
postwar considerations, 256
potential entrants vs. potential enemy, 73
precipitous terrain, 211
preparation for uncertain future, 169
primary activities, 41–42
principle element in warfare
expeditionary operations, 233–236
impact of, 34
introduction to, 17–18, 21–22
Japanese attack on Pearl Harbor, 28
Sony’s Walkman and, 32
use of spies, 275–276
varying tactics, 168–170
Principles of Economies (Marshall), 212
procurement, 46
producer-centered product selling mode, 181
product-based strategy, 192
productivity frontier, 133
productivity in value chain, 152
Qualcomm, 261
quality inflation, 50
radical innovation, 260
raid strategy, 233–234
R&D expenditure, 49
reconceiving products and markets, 152
related and supporting industries, 19, 22–23, 31, 33
relationships with alliances, 155–156
resource-based view, 259
rivalry among existing players, 68
Samsung, 79
Schirmann, Leon, 286
Schmidt, Eric, 287
Second Sino-Japanese War, 39
seizing initiative, 128–129, 134–135, 144
self-reinforcing system, 142
service activities, 41–42, 46
Shi, defined, 126
Shih and enhanced advantage, 107–112
shuai ran, defined, 234, 240
Silicon Valley competitiveness, 223–227
Simon, Bill, 123
single-industry analysis unit, 70
situation vs. competitive target, 196–197
Smith, Adam, 5, 257
Sony’s Walkman, 30–33
spying activities, 271–276, 281–283. see also Mata Hari
standardization strategy, 245
Starbucks’ success in China, 245–249
sternness aspect of generalship, 23, 28
strategic fit, 131–134, 171
strategic flexibility
consistency and changes in business strategy, 170–172
essence of, 174–175
Greek victory in Trojan War, 175–178
Haier Group, 178–183
integration of Sun Tzu and Porter, 172–175
introduction to, 165–166
military vs. business strategy, 172–174
summary of, 183–184
variation of tactics, 166–170, 183–184
strategy, defined by Porter, 170–171
strategy formulation, 61
stuck in the middle, 193–194
substitutes vs. alternative solutions, 75
Sun Quan, see also The Art of War, integration of Sun Tzu and Porter; military/war strategy
army-building principle, 190–191, 197–198
broadening without diluting strategy, 193–194, 197–198
business strategy, 4–7, 5f
changing conditions, responsiveness to, 150
devious into the straight, 148–150
eliminating mistakes, 105
expedientary strategy in enemy territory, 230–236, 231f
fire attack, 253–256
five elements for laying plans, 17–19
foreknowledge by using spies, 272–276
foreseen gain, 149
Laying Plans principle, 149
local procurement, 39–41
overall assessment, 16–17
tactical positioning, 88–91
terrain element in warfare, 209–212, 210t
troop deployment strategies, 186–191
variation of tactics, 166–170, 183–184
victory through strategic attack, 63–67
war strategy, 1–4, 3f
winning without fighting, 63–64
superior power
battle of Red Cliffs, 264–266, 269
fire attack, 253–256
integration of Sun Tzu and Porter, 261–264
introduction to, 252–253
Nobel Brothers’ business in Azerbaijan, 266–269
summary of, 269–270
sustainable competitive advantage, 253, 257–261
suppliers, bargaining power, 67
suppliers vs. soldiers and generals, 75
supply chain crisis, 241
support activities, 41, 42–43
surviving spies, 274
sustainable competitive advantage, 253, 257–261
swift victory, 6, 37–39, 49–51
system element in warfare, 18, 24–25, 29
system of internal coordination, 32–33
tactical positioning, 88–91
Tang Tai Tsung, 111
Tata Motors of India, 195, 202–206, 205f
technology development, 42–43
temporizing terrain, 211
terrain element in warfare
cluster development for improving, 212–216
complete victory and, 66
introduction to, 18, 22–23
Japanese attack on Pearl Harbor, 28, 29–30, 33
location advantage, 209–212, 210t,
217–218
terror strategy of Genghis Khan, 76–78, 85
Tesla Motors, 113
threat of new entrants, 67, 79–80
threat of substitutes, 68, 80
Toyota Motor Corporation, 102–105, 113
Toyota’s JIT (just-in-time) system, 50
trade-offs
concentration of resources, 135–136
defined, 132–133
for strategic fit, 131–134, 171
treachery terrain, 233
treatment of spies, 275
Trojan War, 175–178
troop cohesion/commitment, 234–236
troop deployment strategies, 186–191
trustworthiness aspect of generalship, 23, 28
UN forces and battle of Incheon, 242–245
unfavorable factors, 177, 183
unique positioning
attacking enemy’s weaknesses, 126, 127–131
avoiding enemy’s strengths, 126, 127–131
concealing one’s disposition, 130–131, 136–137
concentrating forces and dividing enemy’s forces, 129–130, 144–145
concentration of resources, 135–136
Hannibal’s victory at Cannae, 137–141, 138
integration of Sun Tzu and Porter, 134–137
introduction to, 126–127
seizing initiative, 128–129, 134–135, 144
Southwest Airlines, 141–144
summary of, 144–145
trade-offs and strategic fit, 131–134
universal strategic guideline, 173
urbanization, 246
US attacks on Iraq/Afghanistan, 238
US defense budget, 38

value chain analysis
enemy’s resources, 39–41, 51–52
extension of, 43–44
firm vs military, 45–49, 48t, 49f
Hyundai Motor’s global strategy, 55–59
introduction to, 36–37, 41–44
Napoleon’s invasion of Russia, 53–55, 60
primary activities, 41–42
summary of, 59–60
support activities, 41, 42–43
swift victory vs. connectivity, 49–51
value creation, 34–35
variation of tactics, 166–170, 183–184
variety-based positioning, 132
venture capital, 224, 226
victory through strategic attack, 63–67
Viet Cong, 118–120
Vietnam War, 39, 66, 118–120, 124–125, 235
Walgreens pharmacy, 279
Walmart’s cost leadership strategy, 120–123, 125
Wang Xi, 146
warfare/war strategy. see also generalship
element in warfare; heaven element in warfare; military/war strategy;
principle element in warfare; terrain element in warfare
conflict and, 3–4
deception in, 4, 187
deliberation over, 17
as politics, 172
postwar considerations, 256
system element in, 18, 24–25, 29

The Wealth of Nations
(Smith), 5
weapon systems, 47–49
winning without fighting, 63–64, 71–72
World War I, 61, 283
World War II, 242–245
Xing Jun, defined, 185
Xu, defined, 126
Yamamoto Isoroku, 27, 29
Yi Sun-shin victory in Myeongnyang, 220–223
Zhang Wenmu, 185
Zhao Benxue, 252
Zhu Geliang, 111