

# **Business War Games**

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**from Advanced Competitive Strategies**

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## Why a Business War Game?

*The war game designed and facilitated by ACS delivered two game-changing results. First, we were able to arrive at a decision on a very tricky and challenging subject where such a decision had eluded us for months. Second, we created a new cross-functional internal experience that is so groundbreaking that it has unleashed new energies in our team.*

C-level executive, multi-billion-dollar global company  
(names withheld by request for competitive reasons)

Business war games sound cool. That's because they are. Business war games do more than beat the tedium of gigabyte spreadsheets and death by PowerPoint. They put your knowledge of your business to better use. They help bring market research, competitive intelligence, institutional knowledge, and personal experience to competitive life.

ACS business war games differ fundamentally from other techniques, letting your company analyze its whole market environment: its business, competitors, customers, and more. By contrast, conventional techniques make simplifying assumptions that leave you vulnerable to attack, reprisal, and disappointment.

ACS business war games produce surprising insights that have led our clients to make or save billions of dollars.

**ACS has conducted hundreds of business war games.** We have simulated both offense and defense in dozens of industries on six continents. We bring the best of several worlds: industry experience and insights from outside the box; perspectives from the upstart and the incumbent; and deep knowledge of how businesses work.

**Business war gaming is ACS' business.** We have over 30 years of experience and award-winning skill in business-simulation models, an international reputation from frequent contributions to the business-strategy literature, and perspective gained from numerous industries. We have run business war games from 10 to 600 participants.

Our expertise means you get a superior-quality war game rapidly and cost-effectively.

*For more about what's special about business war games, please see [Why Do War Games Work?](#) You'll also find many articles and essays on [ACS' website](#).*

## **WHAT ACS HAS LEARNED ABOUT BUSINESS WAR GAMING**

One can lecture with compelling brilliance and overwhelming evidence about thinking out of the strategic box. It doesn't matter. We humans simply don't get it until we experience it. The question is, do we want to experience it first in a safe, simulated marketplace, or do we want to experience it first where we're spending real money and risking real careers?

ACS business war games are highly experiential. They're not academic exercises full of detailed feel-good statistics and affirmations about our superiority. They're not the strategy equivalent of a well-meaning, inadvertent rubber stamp. They are the vigorous, rigorous strategy equivalent of training with a tough sparring partner.

**Business war games are about business.** We have found that the great insights from business war games, the success-creating breakthroughs, never come from locating the right hitherto-elusive factoid. Business war games do an excellent job of connecting strategy development to the competitive marketplace, and vice versa.

## **EFFECTIVE BUSINESS WAR GAMES**

We can design a business war game to be fun or serious; aggressively or mildly competitive; educational or decision-oriented. No matter what its style, though, you want it to be effective.

The key components of an effective business war game are competition, realism, enthusiasm, feedback and safety.

- Competition, because that's what you face and how you prosper in real life.
- Realism, to produce insights relevant to your actual business in its actual market.
- Enthusiasm, because business is not solely rational and intellectual.
- Feedback, because that's how we learn.
- Safety, because good outcomes result from people being free to make mistakes and speak openly in an environment where no real money or careers are at risk.

ACS designs business war games to have all those components. We create *competition* through teams of strategists who role-play your business and its competitors. We keep the competition *realistic* by using your knowledge of the market and by having judge teams keep teams within reasonable bounds. We instill *enthusiasm* with team decision-making and by giving teams incentives to win. We provide *feedback* through judge teams, sessions in which business teams “cross examine” each other, and analysis from quantitative tools. And we ensure *safety* through fair “rules of engagement,” anonymity where needed, and clear understanding that role-playing well is what helps you most (like having a strong sparring partner).

It works.

## What Makes ACS Business War Games Special

Since 1992 ACS has worked with dozens of the world's largest companies to design, develop, and conduct business war games. Our track record includes helping numerous strategists gain critical insights that changed the course of their businesses. (See [Case Studies](#) and [Obvious?](#).)

ACS war games are special because:

- We've developed and gained experience with techniques that help managers get new perspectives. With a better view of the market, you have better odds of out-thinking your competitors.
- We work as a complementary partner with our clients. We don't claim to have special knowledge of your industry; you know more about your industry than any consultant ever will. Rather, our war-gaming process lets you put your knowledge to new, better-than-ever use.
- We are "strategy agnostic." We don't push a favorite strategy or a simplistic formula from the latest business best-seller. We use proven techniques to help you get rigorous and creative solutions to tough problems.
- We have broad expertise across fields such as decision analysis, business and marketing strategy, quantitative simulation, event set-up and facilitation, and so on.
- We think like strategists, not accountants or forecasters.
- We have strong business backgrounds, so we understand the business, strategy, and marketing implications of what goes on during a war game. Our extensive war-gaming experience means we are attuned to nuances, comments, and behaviors, and even to what remains unsaid.

Strategists in ACS business war games often achieve major insights into their businesses, competitors, and markets, insights that help them make *much* better strategy decisions. They discover that Strategy A has a fatal flaw. They discover that Strategy B exploits a previously unsuspected weakness in a key competitor. They discover that competitors have distressingly effective resources, options, or ideas. Sometimes they even discover that none of their strategies are aggressive enough, and there's no way they can achieve their goals without bolder ideas.

Those insights come more readily and are made especially memorable by the war-game experience. Strategists experience their results with a unique emotional intensity that makes lessons more real. ACS business war games make insights more apparent, and they help strategists make and implement decisions with greater confidence and commitment.

## **CLIENTS**

ACS has conducted business war games and built simulators for these and other companies around the world:

AstraMerck	DuPont	Navistar	SBC Communications
AT&T Wireless	Gateway	Nortel	Shell
Bayer	GlaxoSmithKline	Novartis	Sprint & Sprint PCS
Bell Atlantic (Verizon)	Guidant	Petronas	Telkom (South Africa)
Boeing	Intel	Roche	Weyerhaeuser
British Airways	Methanex	Sanofi Pasteur	Wyeth

## **CASE STUDIES**

This is a sample of the achievements ACS clients have attained in ACS business war games. In addition to these specific decisions and outcomes, strategists almost always enjoy benefits such as reaching consensus about a strategy and learning new ways to think about their businesses and competitors.

After reading the case studies, please be sure to read [Obvious?](#).

- ***Pre-empting the competition.*** Working with ACS on a business war game to deal with an expected entry from a large competitor, a major pharmaceuticals company discovered a critical competitive threat that it hadn't anticipated. In the war game the company's managers developed a pre-emptive move that they implemented two weeks later. They found out later that the competitor planned to do exactly what they figured out in the war game, and that their pre-emptive move was the reason why the competitor did not make their move.

- **Change the rules?** Shell Oil worked with ACS to conduct a business war game before rolling out a change-the-rules strategy. (This case was chronicled in “Putting the Lesson Before the Test,” the final chapter in *Wharton on Dynamic Competitive Strategy*.) They discovered that their strategy, which had previously passed through multiple reviews, would almost certainly trigger a competitive war that would devastate the industry. They abandoned the strategy, and they credit ACS with saving them over \$130 million in one geographical area alone.
- **Change the rules!** A major industrial supplier did a war game with ACS in which they discovered that their “this is how we’ve always done it” strategy would lead to a loss of roughly \$500 million over 5 years. Knowing that they had to find a new approach (which they had previously resisted), they developed a paradigm-changing strategy that turned the expected loss into a strong profit...and that led to promotion for the business’s general manager.
- **Marketing 101.** A company planned to introduce a new health & beauty aid into a market dominated by a very large competitor. They created a by-the-book, Marketing-101 strategy. They were so confident in the strategy that most of their strategists questioned the value of a war game...until their strategy caused their competitor (role-played by their own colleagues) to go ballistic. Their strategy had panicked their competitor, thereby triggering a ruinous price war and out-of-control losses. The chastened team rolled back the clock, tried a less confrontational strategy, and accepted somewhat slower forecast growth in market share in return for strong profits.
- **Triple sales.** Top management at a large pharmaceutical company demanded that managers triple a product’s sales in two years. ACS developed a simulation of the business, and tested thousands of scenarios. The conclusion: trebling sales was not possible except for under unrealistically optimistic conditions. Top management agreed to more-realistic goals, and the business-unit managers were saved from what would have appeared to be failure.
- **High road or low road.** A telecommunications company facing the entry of a serious new competitor had been debating whether to follow a “live and let live” strategy or whether to go to all-out war. Neither side had been able to convince the other. An ACS business war game, using ACS simulation technology, demonstrated that the company would lose 20% market share under one strategy... and 40% under the other. End of debate.
- **Multi-market launch.** A client prepared to launch a new product into multiple geographic markets. They needed to understand its sales potential, taking into account its positioning and the positioning of a major competitor launching its own product at the same time. ACS developed a simulation model that explored the potential for the product in market segments in multiple countries where customer needs varied significantly and where the competitors had different objectives. The war game and

quantitative analysis helped the team make country-specific decisions about pricing and resource allocation, and was incorporated into the worldwide rollout.

- *Don't panic.* Strategists in a company manufacturing large vehicles suspected competitors would soon make product moves they'd find difficult to counter. They explored the implications in a series of simulations, and used the results to brief top management. When the expected moves took place, no one panicked, no one made ill-advised counter-moves, and no one lost their job as performance declined to levels they'd seen in the simulation.
- *Not good enough.* A venerable pesticides company, rooted in tradition, spent nearly two days experimenting with this and that minor variation on their current strategy. Simulations demonstrated that small adjustments would not yield the bottom-line performance they wanted. Finally convinced of the need for significant change – fortunately, before they suffered disappointing performance in real life – strategists began to generate new ideas.

## **OBVIOUS?**

The insights above may seem obvious. Maybe they are...after the fact. Before and during the war games, they weren't. **Every one of them surprised the companies' smart, experienced, motivated, well-informed, dedicated strategy teams.**

One of the most startling and most valuable characteristics of business war games is that they pierce through conventional, habitual, acculturated thinking. It's one thing to tell something to a human being; it's another thing for a human being to experience it. It's one thing to engage in comfortable fantasy about a business; it's another thing to see smart, determined attacks against it. It's one thing to ask for outside-the-box ideas in a conference room; it's another thing to feel the competitive pressure, intellectual stimulation, and necessity to think differently.

In the business war games ACS has conducted, "ah-ha" insights are the rule, not the exception. Every war game leads to at least one major surprise.

Couldn't strategists get those insights without business war games? Based on what we've seen, we conclude: apparently not.

## Questions and Next Steps

There are many ways to run a business war game, and ACS has run many business war games many ways. We create better strategies by helping strategy teams stress-test their ideas and explore opportunities and threats. We create better strategists in both business war games and our [How to Think Better](#) workshops on strategic thinking,

We welcome your inquiries, questions, and ideas.

We look forward to working with you.

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