



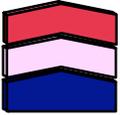
A Kappa White Paper

Business Wargaming

This white paper introduces KappaWest's Business Wargaming concept and process. Its purpose is to help readers determine if and how wargaming might be used in their organizations.

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President, KappaWest





CONTENTS

INTRODUCTION	1
SETTING THE STAGE	2
BUSINESS WARGAMING PURPOSES	4
LEVELS OF BUSINESS WARGAMING	5
ROLES IN THE WARGAME	6
TYPICAL WARGAME FORMAT	9
WARGAME DOCUMENTATION	10
WHAT DOES IT TAKES?	12
LESSONS LEARNED	13
KAPPAWEST'S ROLE	14
EXAMPLES OF BUSINESS WARGAMES.....	14
SUMMARY	16



ABOUT KAPPAWEST

Formed in 1974 as The Kappa Group, KappaWest is a strategic management consulting firm specializing in helping clients increase the effectiveness and efficiency of their corporate, marketing and sales operations. It is especially known for its application of military concepts, principles and processes - including *Business Wargaming* - to business.

KappaWest serves clients throughout the world from its Laguna Hills, California offices and has undertaken projects in more than 25 countries.

Kappa Overview - Basic Data

10 Full-time equivalent professionals

Employee owned

Office in Tustin, CA

Our Mission

To increase the effectiveness and profitability of our clients by providing customized consulting and training services in fields of planning, marketing, sales services and management development...created and delivered by experienced professionals.

Our Focus

Understanding that regardless of industry, the key to competitive business lies in the ability to identify true customer needs and service those specific needs better than the competition.



INTRODUCTION

This White Paper provides a basic introduction to KappaWest's *Business Wargaming* concept, process and applications. It has been prepared to help readers determine if, and if so, how the wargaming concept might be used within their own organizations.

KappaWest has spent more than 15 years developing and facilitating *Business Wargames* for its clients. This work has involved wargames at all levels, from corporate grand strategy to front-line tactics.

Wargames have been conducted for *Fortune 500* companies and smaller entrepreneurial ventures and for a mix of business types including telecommunications, professional services, defense/aerospace, software, and pharmaceuticals.

Many friends of KappaWest contributed useful suggestions during the preparation of this White Paper. We acknowledge their help.

Questions or comments concerning any of the ideas about *Business Wargaming* outlined in this White Paper, or about KappaWest's services in general, should be referred to KappaWest .

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**"The more you sweat in peace, the less you bleed in war."
- Chinese proverb**



SETTING THE STAGE

As shown in Figure 1, the *Business Wargaming*¹ concept is based on the recognition that an organization's success reflects three major lines of force:

1. Your company's plans and execution
2. Competitors' plans and actions
3. "Uncontrollables"

A. At the level of its *Vision and Grand Strategy*, the company defines why it exists, and what it wants to be at some point in the future. To be effective, this in turn must reflect:

- What its stakeholders *want* it to be
- What the reality of the environment within which it will operate will *allow* it to be
- What the principles of business strategy suggest it *should* be.

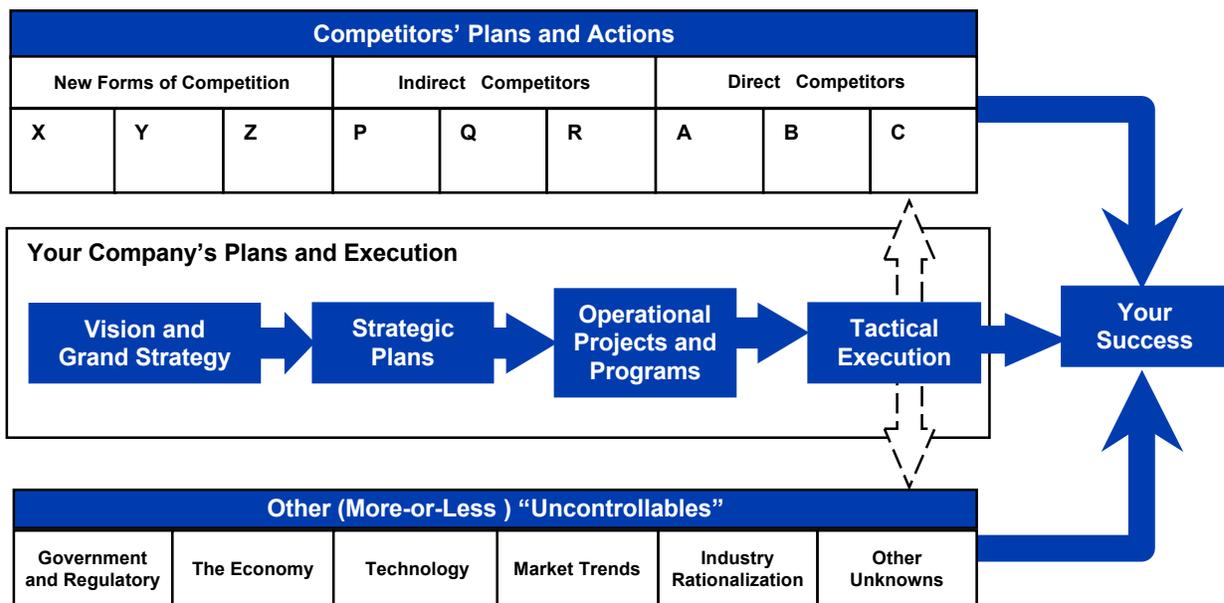


Figure 1

Because this model is important in understanding the *Business Wargaming* concept, each of these three lines is outlined in more detail below.

1. Your Company's Plans and Execution

An organization's success is determined largely, but not exclusively, by what it plans and does at four different levels:

¹ Although this paper focuses on the use of *Business Wargaming* in a competitive, business-oriented environment, the concept and process can also be used effectively by governments, institutions, and other not-for-profit organizations.

B. At the *Strategy* level, the company defines what mission and goals it wants to achieve to satisfy its vision, and what major, driving and supporting efforts or thrusts it will undertake to achieve them. For example these might relate to:

- What positions it wants to reach and in which markets
- What mix of products and services it will offer and to whom
- What channels it will use to reach its markets
- What its financial structure will be
- What key competencies it will exploit

C. The company's strategy will be implemented through a series of *Operational* level projects and programs. At this level, the organization is likely to be concerned with a series of "sub-whats", and "which, who, when and where" decisions and answers. For example:

- Which segments are critical to success in each market, and which can be ignored?
- What is the appropriate organization structure to execute the strategy?
- Who is specifically responsible for which elements of the strategy?
- When will each element of the strategy be implemented?
- Where will efforts be concentrated first, then later, and in what sequence?

D. The *Tactical* execution of plans deals primarily with *how* things are done. It is critical because nothing is ever accomplished except at this level. It applies of course to a broad range of the company's activities, including:

- Marketing and sales
- Customer service and support
- Manufacturing and operations
- Contract negotiations
- Financial

Business Wargaming can assist in the development and evaluation of plans at all four levels. However, there are two other reasons why we introduce these levels at this point:

- Planning at the first two levels determines whether or not an organization *can* succeed. Planning and execution at the latter two levels determines whether or not it *will* win. No matter how (apparently) brilliant a strategy might be, the organization will not succeed if it is poorly executed at the operational or tactical levels.
- On the other hand, the most efficiently executed tactics will not result in success if they are in support of the wrong strategy.²
- All four levels of planning must consider the other two lines of force.

2. Competitors' Plans and Actions

No military commander would try to excuse failure on the basis that the enemy had done something unexpected. Yet, we often find executives of companies "justifying" poor performance by explaining that competitors had taken some unanticipated action. Clearly, one of the primary responsibilities of the senior persons in an organization, military or business is to anticipate what the enemy or competitor *could* do, and to ensure his or her unit's plans are robust enough to ensure success under any realistic combination of competitors' actions.

In an important sense, this is more difficult to do in business than in the military. The latter is normally faced with only one enemy.³ On the other hand, a company involved in a market might be faced with many enemies. This problem is compounded in business by other factors, including:

- A plan that is superbly crafted to defeat one competitor might well create a great opportunity for another.
- A company might be impacted by the "fallout" of one competitor's actions against another, although it was not the intended target of the aggressor's plans.⁴

**"Never base your plans on what you believe the enemy *will* do. Base them on what he *could* do."
- Old military maxim**

² We can make a strong case for the argument that highly efficient tactics in support of a very ineffective strategy will lead to accelerated failure.

³ Notwithstanding the view of many field commanders that Headquarters staff represent a more deadly threat than the nominal enemy.

⁴ Consider the results of being positioned as the "Poland" in an industry ... caught in the middle between its "Germany" and "Russia" ... with no defensible borders.



BUSINESS WARGAMING PURPOSES

The situation a business executive faces is also made more difficult because “competition” comes in three major forms:

- Direct competitors: those that offer, or have the potential to offer roughly comparable products or services to satisfy a need or want
- Indirect competitors: those that offer a different way of meeting the same basic need
- New forms of competition: those that eliminate the basic needs for a company’s products or services and hence reduce the markets available to it and its direct competitors

In each case, both existing and new competitors must be considered.

Often a company is able to deal with its direct competitors. It might not always win against them, but if it is reasonably mature, it is at least comfortable fighting them. On the other hand, few large companies are adept at fighting, let alone understanding, new forms of competition.

3. “Uncontrollables”

The level of success a company achieves at any point in time is affected by more than what it and its competitors do. To a greater or lesser extent, and positively or negatively, it is impacted by a series of other factors. As suggested in Figure 1 (Page 2), these include the economy, market trends, technology, industry rationalization, social and cultural shifts, government actions and world affairs.

In most cases, neither the company nor its competitors have any significant control over these events or trends. At best, they can exploit the positive ones and minimize the impacts of the negatives ones. Some companies, like some armies, are adept at turning apparently negative situations to their advantage. Like an army using the cover provided by a violent storm to launch an attack, a company might use a downturn in the economy to improve its relative competitive position against competitors that are hunkered down.

So what?

As we shall see shortly, *Business Wargaming* can be used to help a company anticipate the potential impacts of a broad range of competitive actions and uncontrollable events against its own plans, thus helping significantly improve the probability of their success.

The primary purpose of most wargames is to increase the probability and extent of a company’s success in the face of competition and a series of uncontrollable events and trends. Depending upon the level of wargame, this purpose might involve any mix of other supporting objectives, both “hard” and “soft”. Examples of these are:

Hard Purposes

- Identify *opportunities* the company could exploit to increase its success ... and how
- Identify *obstacles* the company must overcome to achieve success ... and how
- Identify *risks* and *threats* the company must eliminate or neutralize to succeed
- Convert *data* and *information* into actionable *intelligence*
- Identify additional data and information the company must obtain
- Build risk profiles to help evaluate alternative strategies to succeed

Soft Purposes

- Increase the level of teamwork and help break down barriers among functional components of the company
- Increase the level of “strategic street smarts” among participants
- Provide insights about the company’s situation, competitors, and other factors that will help participants to make better decisions in their day-to-day work
- Place market forces in a framework to improve understanding of the “real situation”



LEVELS OF BUSINESS WARGAMING

It is especially important to select the right *level* of wargame, particularly the first time a company undertakes to plan one. If it tries to conduct one that is too advanced, the participants are likely to be ill-prepared to play their roles effectively, and will be frustrated with their inability to achieve their objectives. On the other hand, if it chooses too basic a game, it will not address real needs. In either case, the experience might turn participants off what should and could have been a very powerful tool.

Based on KappaWest's involvement in more than 100 *Business Wargames*, there are four major levels of *Business Wargames*:

Level A

This is the simplest, most basic level of wargame and usually involves a 1/2 to 1 day session, based on a generic situation. It is aimed at introducing the wargaming concept and process to help participants determine if it should be used at a higher level to deal with a specific situation within their company.

Level B

A wargame at this level is often designed to serve as a "consciousness raiser"...helping participants to understand key issues and concerns related to their own company's situation. The wargame is customized to reflect a company's specific industry, markets, accounts and competitors and typically involves one to two days.

Level C

A Level C wargame is more intensive and aimed at helping develop and/or evaluate strategies to deal with a specific situation or issue. It involves the preparation of a significant amount of background material and extensive customization to reflect as much as possible the real markets, customers, products, competitors and "uncontrollables" of the situation. Level C wargames usually require two to four days to conduct.

Level D

This is the most intensive level of business wargaming and often involves two or more separate sessions, each two to four days in duration. This wargame is usually designed to help conduct a very detailed evaluation of proposed strategies and supporting operational level plans before a company makes a final commitment to implement them.

**"How can any man say what he should do himself if he is ignorant of what his adversary is about?"
- Antoine Henri Jomini**

Competitor Team (s)

Each Competitor Team in the wargame is assigned to play the role of a specific competitor. As needed to meet the purpose of the wargame, these might include a mix of direct, indirect and new forms of competitors. Depending again on the level and purposes of the wargame, the competitors considered might be real or fictional.

It is critical to the success of the wargame that all participants assigned to a particular competitor team evaluate, decide, invest and act as they believe that competitor would, given its culture, history, organization, resources and style. They must not assume the competitor would see things the same way their own company would.

All competitor teams should be staffed with a balanced mix of participants in terms of their experience and functional specialization. No team should be stacked with a disproportionate number of participants reflecting a particular level of experience or function.

In some situations, it might be appropriate to incorporate a "wild card" competitor team into the wargame, even though all other teams represent real companies. This might be especially important when the wargame is focused on longer term strategic time horizons, and when the entry of new players who will not play by the traditional "rules" of the industry is likely. To reflect such companies, the team representing the wild card is given more flexibility than the other competitive teams in terms of what it is allowed to do.

Home Team(s)

The home team is assigned to represent the company itself throughout the wargame. As in the case of the competitor teams, it should be well-balanced in terms of the mix of its members.

There is likely to be a strong desire on the part of the home team to play its role as it believes the company *should* act, rather than as it can or will act given its starting position. During at least the first round of a wargame, the umpires should hold the home team to what it could realistically do. Later, and if the team makes a strong case for change, it may be allowed to make moves that would not be feasible at the present time.

It is often a good idea to assign *two* home teams. This allows two different strategies to be evaluated at the same time. In fact, this approach involves running two parallel wargames with all competitor teams playing in both, but against a different home team in each case.

Market or Customer Team

This team is assigned to play the role of either the market or customer throughout the wargame, and is usually responsible for:

- rationalizing the competing interests within the market or buying organization so that the relative importance of all decision/selection criteria can be determined
- evaluating how well each competitor meets its criteria
- determining how effective each competitor's strategies are in persuading it to change its opinions

The team should include participants who reflect a broad knowledge of business in general, as well as having in-depth knowledge of the marketplace or customer.

X Team

In some especially complex wargames, or ones focused on situations in which "uncontrollables" are likely to have a significant effect, it might be appropriate to assign a special "x" team to undertake a series of role-playing tasks beyond those assigned to the competitor and market customer teams. For example it might be asked to:

- play the role of third parties that might influence outcomes in real life, such as governments, regulatory bodies, and the financial community
- set scenarios involving trends and events that will affect all teams, but over which they will have little or no control, such as the economy, market trends, and geopolitical events

Umpire Team

The primary role of the Umpire Team is to determine the most likely outcomes, if the decision reached by the Market/Customer Team and the strategies selected by each of the competitor teams were in fact played out in real life.

Much of the umpire's work can be made reasonably objective through the use of some appropriate and well-tested principles and tools. It often involves the use of "maps"⁵ on which the moves and results of all other players are recorded.

However, there is almost always some degree of subjectivity involved in the umpire's work. Accordingly, it is very important that the members of the Umpire Team be individuals who have solid and relevant business credentials, and that they be credible to other participants in the game. They must *not* be executives or managers who might be assumed to have a vested interest in a particular outcome to the game.

Facilitators

Well-qualified facilitators are critical to the success of a *Business Wargame*. At least two are required for any session, and more are likely to be needed for Level C and D games, especially if the total number of playing teams is greater than four.

The primary role of the facilitators is to ensure the wargame is prepared and executed in a way that achieves its objectives as effectively as practicable.

Doing so usually involves a mix of the following functions:

- Liaison with the wargame's sponsor to confirm its purposes, scope and format
- Preparation of the *Pre-Wargame Briefing and Assignment* package
- Developing a customized *Wargaming Guide* and all other support materials needed to conduct the game.
- Anticipating and overcoming obstacles to progress throughout the game
- Helping teams to maintain a high level of intensity and creativity, and to overcome "inside the box" thinking during their discussions

- ✓ Capturing all useful insights, lessons learned, decisions reached and critical questions raised during the game
- ✓ Preparing and presenting the *After Action Report* that summarizes all output from the game.

In most cases, the facilitators will be professionals from an outside organization. However, if a company conducts wargames frequently, it might want to identify and train in-house facilitators.

Administrative/Logistical Support Team

Good administration and logistical support will not ensure a successful wargame. However, poor support will almost always guarantee its failure.

Even an apparently simple wargame can involve significant "behind the scenes" efforts to keep it running smoothly. The cost of providing two or three well-qualified secretarial or administrative support professionals is usually easily justified by the increased effectiveness of the game.

Their functions are likely to include:

- Helping the teams prepare graphics and other materials needed to support their presentations
- Ensuring "rations" are available on time
- Documenting the wargame's output "on the fly"
- Acting as liaison with the hotel or meeting facility.

In some wargames, it might also be necessary to provide computer support to each team. If pricing and cost models are critical to developing or supporting a team's strategy, it might be necessary to include someone familiar with spreadsheet processing models as part of the Administrative/Logistical Support Team.

**"In war, the only sure defense is offense, and the efficiency of the offense depends upon the warlike souls of those conducting it."
- George S. Patton, Jr.**

⁵ For example, a *Market and Competitive Map* in the case of a market-focused wargame, or a *Decision Map* in the case of a major sales opportunity wargame.



TYPICAL WARGAME FORMAT

A wargame might take any of several different formats depending upon its purposes, level, scope, number of teams involved and time available. However, the Figure 3 provides an example of the format of a typical Level C or D session.

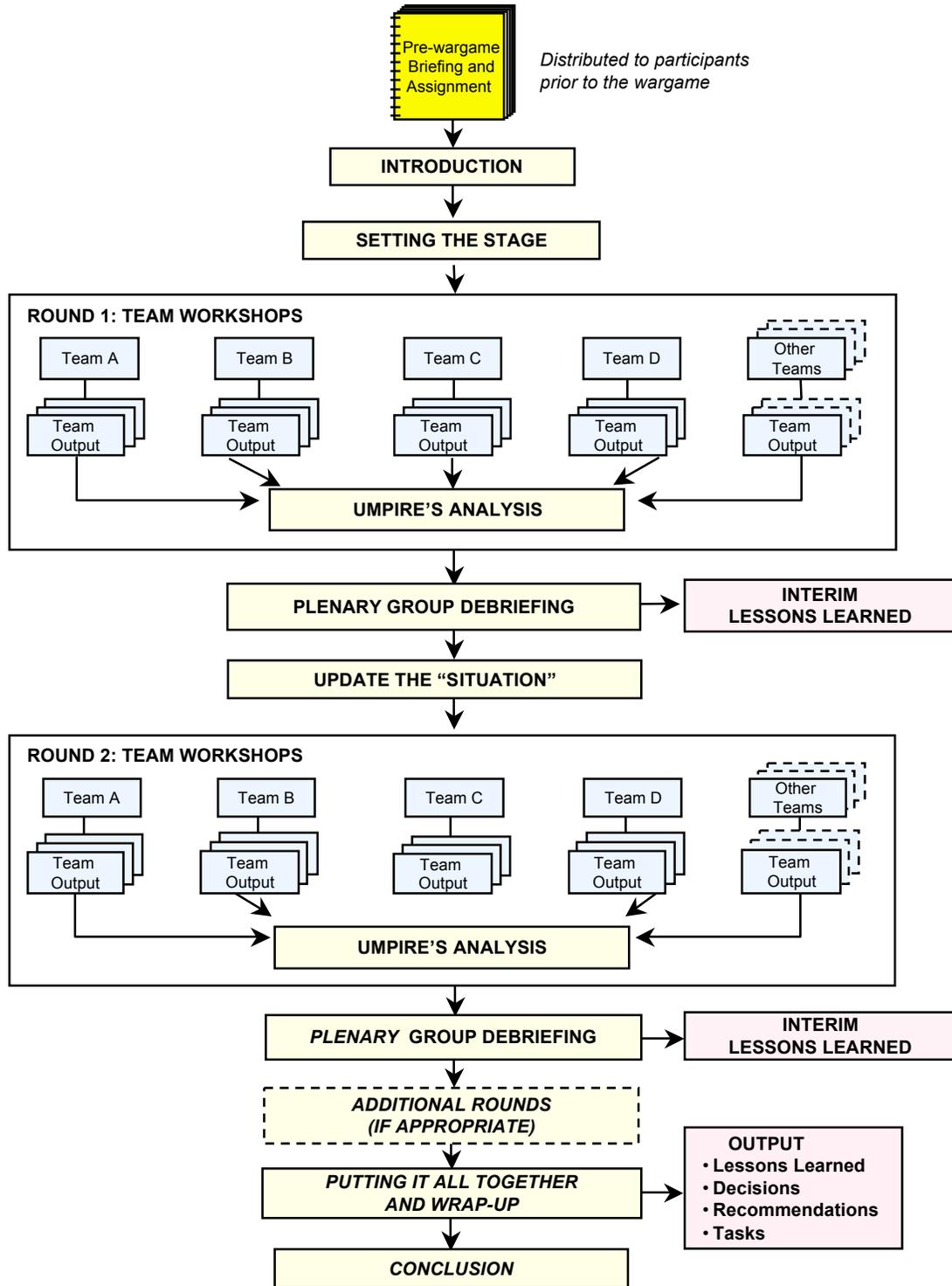


Figure 3



WARGAME DOCUMENTATION

As suggested in this example, a wargame should involve at least two, and preferably, more rounds. Each of these might represent a different time or a new set of external conditions. It is particularly important in live situations to allow teams to consider strategies that might not appear successful immediately, but which after several rounds of the game, will prove their effectiveness against those developed by teams with shorter term views. Depending upon the complexity of the game, the team workshops in each case will require two to five hours to complete.

At the conclusion of each workshop, the teams provide a copy of their decisions and other output to the umpires usually in the form of completed worksheets or templates, or on a diskette. At this point, the umpires update the overall situation and prepare their analysis for the discussions during the Plenary Group Debriefing. These debriefing sessions might be postponed during the wargame (until all competition has been completed) if the nature of the game is such that teams should not disclose any parts of their strategy until its conclusion.

Discussions held during the wargame are especially useful in helping to capture “raw” lessons learned, and in deciding what new avenues the wargame might investigate in subsequent rounds.

Again, as shown in this example and as suggested under *Roles in the Wargame*, there are several teams involved in a typical wargame. It is usually necessary to balance between incorporating all the companies and other forces at work in the real situation, and the practicality of handling a reasonable number of teams in a game. It is best to have four and eight teams.

The sessions at the bottom of Figure 3 are especially important. The “Putting It All Together” discussions capture the key lessons learned, recommendations and newly identified issues while they are still fresh in the minds of the participants, ready for subsequent documentation in the form of the *Wargame Summary*.

“To lack intelligence is to be in the ring blindfolded.”
 - General D. M. Shoup, USMC

Good documentation is critical to the efficient operation of the wargame and value of its output. The type and level of documentation involved will depend upon the purposes, level and format of the wargame.

Figure 4 below outlines the various types of documentation involved in representative wargames.

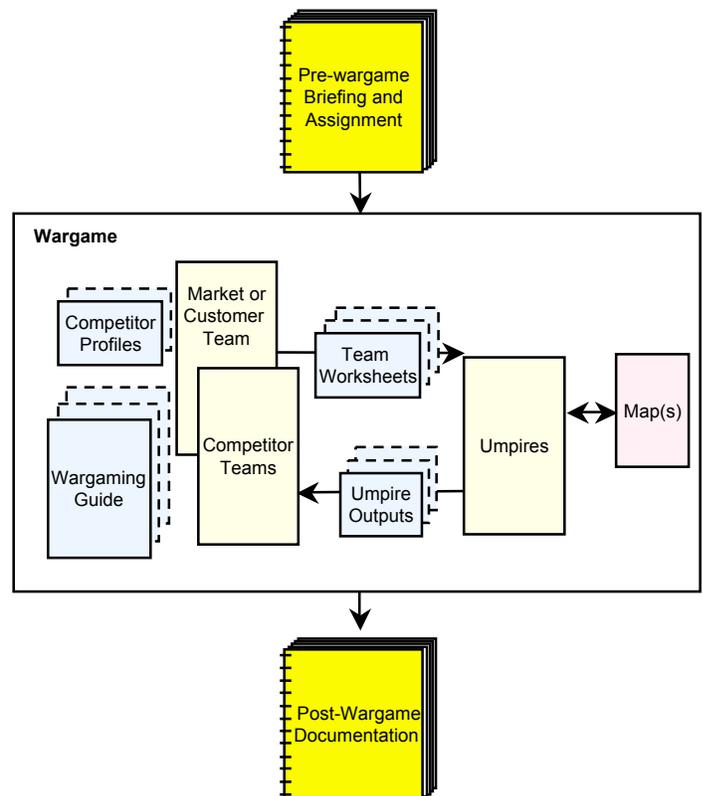


Figure 4

Brief descriptions of the purposes of each form of documentation follow.

Pre-Wargame Briefing and Assignment

This document is intended to prepare all participants to play an effective role in the wargame by ensuring each has at least a baseline level of knowledge about the background of the situation being simulated, and the process that will be followed. Depending upon the level of wargame and its complexity, it will likely range between 10 and 100 pages.

Typically, the contents of the *Briefing* include:

- The purposes, scope and format of the wargame
- An introduction to some of the key concepts, models and tools that will be used during the wargame
- An overview of the background situation such as, the industry, markets, technologies and “uncontrollables” involved
- An overview of all competitors that will be role-played during the wargame
- An assignment designed to help the participant ensure he or she has digested the key elements of the situation described in the *Briefing*.

To ensure participants have an adequate opportunity to study the package, it should be distributed two to three weeks prior to the wargame.

Participant Guide

The *Guide* is provided to all participants at the opening of the wargame. It is intended to serve as a reference throughout the game and to complement the *Pre-Wargame Briefing* by providing more detailed information. Depending upon the level and complexity of the game, it might include:

- Additional explanations of the concepts, models and tools that will be used
- More recent information about the situation
- Roles and functions of each of the teams
- Wargame guidelines and “rules of engagement”
- Team assignments and worksheets

Competitor Profiles

Basic information about all competitors being played in the wargame is provided to participants in the *Briefing* described earlier. This usually includes the level of data about a competitor that would be known by or available to a reasonably knowledgeable person in the industry.

Again depending upon the level and complexity of the game, a *Profile* might be as few as three or four pages, or up to 50 in length.

Umpire Feedback

These documents are prepared by the Umpire Team throughout the wargame, usually after each round, to provide updated information to be used by the competitor teams in the next round. A typical *Feedback* might include:

- An updated *Market and Competitive Map* or *Decision Map* showing the results of latest moves by competitors
- Recent “uncontrollable” events and trends to be considered in the next session.
- Outlines of additional issues to be addressed
- Umpire-approved “news releases” issued by Competitor Teams

Wargame Summary

Many useful ideas, insights, lessons learned and recommendations are developed throughout a wargame. Unless these are captured, evaluated and disseminated shortly after the wargame, many will be lost, especially in the case of an intensive Level C or D game.

Therefore, it is often a good idea to prepare the equivalent of a comprehensive military “After Action Report” to summarize all significant intelligence developed throughout the game. Often, this is best undertaken by either the umpires or facilitators who are likely to have the best overall view of what occurred throughout the game, and the opportunity to record it.

“In things such as war, those errors which proceed from a spirit of benevolence are the worst.”

- Karl von Clausewitz



WHAT DOES IT TAKE?

An effective *Business Wargame* doesn't happen by accident. It takes extensive, and sometimes expensive, preparation to ensure it accomplishes its purposes and is worth the time and effort of the participants.

Figure 5 provides an overview of some of the effort that is usually involved.

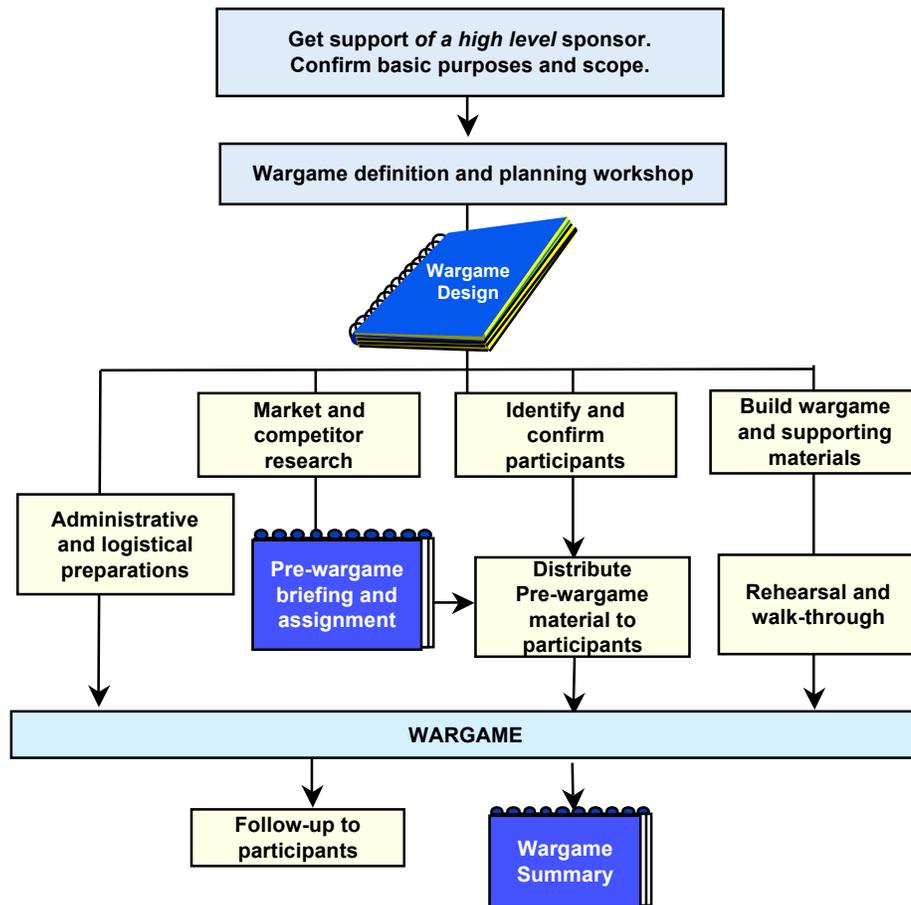


Figure 5

As shown, it is critical to identify and gain the support of a high-level sponsor early in the planning process. This executive-level backing is usually needed to:

- Confirm the purposes and scope of the wargame
- Identify key issues that executives want the wargame to consider
- Provide funding, facilities and people needed to help prepare and conduct the wargame
- Ensure the cooperation of all company resources needed to prepare background information, competitor profiles, and other documentation
- Ensure the participants needed to play the wargame are available
- Establish a high priority for the wargame



LESSONS LEARNED

With the input of the sponsor, those assigned to “make it happen” can proceed to conduct the intensive workshop required to define and plan the wargame. During this session, the planning team will, for example:

- Lock in the specific objectives to be accomplished by the game
- Set its boundaries
- Confirm the competitor teams to be role-played
- Confirm other teams to be assigned (e.g. market, customers, suppliers, X-team, etc.)
- Identify potential participating players, umpires, and support personnel
- Identify potential sources of competitive and other background information
- Prepare a list of administrative and logistical tasks
- Develop a preparation task list and a preliminary schedule

Once the design of the wargame has been completed, reviewed and approved (usually by the sponsor), four major lines of development activity can begin.

As shown in Figure 5 (Page 12), these involve:

1. Defining and preparing administrative/logistical arrangements. While even excellent facilities, refreshments, and support won't guarantee a successful wargame, poor arrangements can destroy its effectiveness.
2. Collecting, assessing and documenting all materials needed for the *Pre-Wargame Briefing and Assignment*. This activity normally dictates the critical path of all development work.
3. Identifying and gaining commitment from participants. Assigning them to teams.
4. Creating all materials, and if appropriate, developing computer support needed to conduct the wargame. In some cases, it is well worth the time and effort involved in conducting a rehearsal or walkthrough of the wargame to test all processes, instructions and forms.

After the wargame itself has been conducted, a *Wargame Summary* should be prepared to capture all lessons learned and to document the participants' recommendations. As appropriate, versions of the *summary* should be distributed to participants and presented to the sponsor and other executives.

KappaWest has developed and facilitated a broad range of *Business Wargames*, for many different types of organizations. This experience has suggested a series of lessons that apply to most wargames, especially those at the C and D Levels.

- Once it gets underway, a wargame will often get more complex than originally planned. Keep it simple to start with, but allow for increased sophistication as it progresses.
- Ensure umpires are credible, apolitical and have no vested interest in any particular outcome to the wargame.
- Participants might find the process difficult the first time through. Consider providing a facilitator for each team, and/or a detailed task list, supported by a set of well-structured templates or worksheets that will help a team to maintain its momentum and to use its time efficiently.
- Participants will probably not digest the *Pre-Wargame Briefing* unless it is complemented by an “Assignment.”
- Once the participants in a wargame begin to see how the process works and the value of the results it produces, they will want to try more ideas. Be prepared to create new assignments, worksheets, forms, etc. “on the fly” ... or to suggest a follow-up session focused on more specific issues.
- Teams are likely to become mentally fatigued by the second day of an intense wargame. Consider frequent breaks and some planned physical activity. Perpetual “energy food” is often a good idea.
- The amount of paper generated during a wargame can become overwhelming, especially as its pace accelerates. Consider using color-coded, pre-printed forms for control purposes. Or, distribute templates on diskettes to allow teams to enter decisions and other inputs directly into laptops or personal computers.

- Keep teams balanced in terms of the rank of participants, their functions and experience levels. Do not stack one team with all sales personnel, another with technologists, a third with financial staff.
- In many cases, the senior managers or executives who are briefed on the results of a wargame might not like the results and tend to denigrate the process. Be prepared to explain the many real-life situations in which “commanders” (military or business) ignored the lessons of a wargame and suffered disasters as a result.



KAPPAWEST’S ROLE

Successful *Business Wargames* require close teamwork between the sponsoring company and the facilitators. The specific roles in the development and conduct of a wargame assigned to an organization such as KappaWest are usually confirmed during the *Wargame Definition and Planning Meeting*. Depending upon the sponsoring company’s experience and resources, KappaWest’s responsibilities might involve any mix of the following:

- Conducting market, competitive and other research needed to collect the data and information needed to generate the profiles that will be incorporated into the *Pre-Wargame Briefing and Assignment*
- Conducting briefings or preparing templates for company personnel assigned to collect data and information and/or to create supporting documentation
- Creating team workshop assignments
- Preparing computer models
- Preparing any or all documentation needed to conduct the wargame
- Creating competitive profiles of fictional companies if needed

- Defining administrative and logistical requirements
- Conducting mini-seminars on “business warfare”, strategic or operational planning, market and competitive intelligence or related topics throughout the wargame
- Briefing company personnel assigned to act as umpires
- Acting as facilitators throughout the wargame
- Documenting the *After Action Report* summarizing the output from the wargame.



EXAMPLES OF BUSINESS WARGAMES

The *Business Wargaming* concept and process has been applied successfully in a broad range of situations for many different types of companies. Examples of several wargames developed and facilitated by KappaWest are outlined below:

Telecommunications Equipment Manufacturer

- A one-day Level B wargame designed to help anticipate strategies likely to be used by a major competitor expected to make a massive move into the company’s home geographic market.
- An intensive Level D session prepared to develop and evaluate alternative research and investment strategies for a major product family. The wargame involved nine major product classes within the family, five key competitors and six global markets.
- A Level C wargame aimed at identifying how a major international competitor might penetrate one of the company’s leading customers, and to help develop and evaluate the effectiveness of alternative responses.
- A three-day Level C wargame conducted to evaluate competing technological strategies aimed the cellular market.

- A Level C wargame aimed at identifying how a major international competitor might penetrate one of the company's leading customers, and to help develop and evaluate the effectiveness of alternative responses.
- A three-day Level C wargame conducted to evaluate competing technological strategies aimed the cellular market.

Regional Telephone Company 1

- A series of 25 two-day Level B wargames, each conducted for a group of 25 to 40 executives and senior managers, designed to increase their awareness of the seriousness of the inroads being made by competitors.

Regional Telephone Company 2

- A Level C wargame designed to help understand the strategic situation prior to the development of plans to increase the company's share of market in the wireless segment.

Defense Systems Contractor

- An intensive Level C wargame to evaluate the company's proposed BAFO (Best and Final Offer) strategy for a major procurement. The wargame included a team representing the several different components of the government's selection committees and others representing the two other competing consortia that had been "shortlisted".
- A Level B wargame designed to help anticipate the key issues likely to be involved in the negotiation of a joint venture with a larger international vendor to pursue a major defense systems contract.

Aerospace Manufacturer

- A three-day Level C wargame prepared to help evaluate three alternative strategies relative to the company's position in the jet engine market ... abandon it, develop a derivative of an existing engine, or develop a new centerline. The wargame involved team representing the business aviation market, several airframe manufacturers as well as competing engine companies.
- A five-day Level D wargame to help determine where a new engine should be targeted within a broad spectrum of engine sizes. The wargame required a comprehensive financial model and projected financial returns over a 20-year time horizon.

National Long Distance Carrier

- A series of two-day Level C wargames, designed to evaluate and improve key account and major opportunity plans. Each wargame was focused on specific account or opportunity and involved teams representing both the customer and several competitors.

Regional Electric Utility

- A Level B wargame to introduce the company's executives to the potential strategies of different classes of competition expected as its markets are deregulated. The wargame also identified a series of critical elements of market and competitive intelligence the company needed to collect and process.

Pharmaceutical Company

- A Level C wargame conducted to help evaluate and improve operational level plans for the launch of a major new product. The session led to the recognition that the planned current launch strategy was likely to fail in the face of a much more powerful competitor, and the rapid development of a highly successful new approach.

**"It is better to act quickly and err, than to hesitate until the time of action is past."
 - Carl von Clausewitz**

European Telecommunications Utility

- A Level B wargame designed to help the company's line and staff executives anticipate the strategies likely to be used by a broad range of competitors as the European telecomms market is opened to competition. The session also contributed significant input to the rapid reaction "Competitive Response Process" being developed by the company.

Electric Utility Conglomerate

- A Level B wargame conducted for the senior executives of each of the conglomerate's companies to help each identify how to assess and deal with the specific competitive threats to its markets and operations. The wargame also identified key "holes" in the conglomerate's overall strategy.

Supermarket Chain

- A Level B wargame to help senior management of a multi-billion dollar chain of supermarkets to identify and test creative ways to grow its market share against its traditional "shared leader" competitor.



SUMMARY

Business wargaming is not a "solves all problems" process. However, a *Business Wargame* can be highly effective and useful in the right situations and when it is well prepared and conducted.

Here are the criteria KappaWest uses when helping a client decide if a wargame is likely to be helpful:

- The company's markets are saturating or shifting
- New forces or competitors are entering the company's markets
- The company's industry is undergoing significant churn and turmoil. The old rules no longer seem to apply
- The company's industry is rationalizing or consolidating
- The company is evaluating alternative strategies and needs help in reaching a consensus as to which is best
- The company is concerned that its market position is weakening

Once it has been determined that a *Business Wargame* could help to develop or evaluate strategies, a company must ensure the right conditions are in place to allow the wargame to proceed and be successful. Again based on KappaWest's experience, these conditions are:

- A high-level sponsor is willing to fund the wargame and to "make it happen"
- The company has, or can get, enough relevant market and competitive information to allow the wargame to be reasonably realistic
- The company is open to considering significant "change"
- Enough qualified people can be made available to staff the teams needed

**"The best form of welfare for the troops is first-class training."
- Irwin Rommel**