

## About *Positioning*

Though simply called *Positioning* or, in the original, *Form*, this chapter describes a dance with the competition. In this dance, we try to gain a relative advantage in position over our competition. They move. Then in response we move. As in all dances, the key element is timing. Timing is derived from the key element Heaven or Weather (from Chapter One). The weather or timing of the dance is beyond our control. What we control is our reaction to the situation. We can control how we position ourselves while looking for an advantage.

What do we do when we first go into competition? Are our first moves aggressive or defensive? What does an opportunity look like? How can we be certain that an opportunity is real?

When we are on the offense, how do we act? What do we do when we must defend? What is the goal of defense? When we see an opportunity, what must we do? How important is courage to success?

How does positioning assure our success? How can we be certain that we will find an opportunity? What calculations do we make to find the right position?

These are the questions that this chapter addresses. This chapter takes us in a logical circle. It starts with how we are controlled by our situation and have to accept its limitations, but ends with how we can eventually control that situation and change it.

## Lesson 50

### **What should your first action accomplish in competition?**

- A. Deceive your opponent.**
- B. Enable you to win.**
- C. Prevent your defeat.**
- D. Test your opponent's resolve.**

*Learn from the history of successful battles.*

*Your first actions should deny victory to the enemy.*

*You pay attention to your enemy to find the way to win.*

*You alone can deny victory to the enemy.*

*Only your enemy can allow you to win.*

**From *The Art of War***

Answer:

- C. Prevent your defeat.

When Sun Tzu refers to history, he means what works statistically or what works over a span of time. Usually, the best first move of the competitive dance is defensive. The movements described in this chapter are the interplay between defensive and offensive actions.

When we start, we don't know enough about our relationship to our enemy. We do not know if the time is right for attack. We therefore must assume that we are in an inferior position and defend ourselves. In a competitive dance, we eliminate ourselves if we attack at the wrong time. So we begin shyly and carefully.

While protecting ourselves, we watch the competition. We want to see what moves he makes. Like a good dance partner, we respond to his moves. We will not get the opportunity to move to the offensive unless our opponent gives it to us.

When starting a new business in a new industry such as the Internet, our first moves have to assure that we are not put out of business. We must give ourselves time to watch and learn. We must wait to learn the trends of the business.

## Lesson 51

### What is the basic ‘fight’ in any competition?

- A. The fight for superiority.
- B. The fight for knowledge.
- C. The fight for position.
- D. The fight for survival.

*You must fight well.*

*You can prevent the enemy's victory.*

*You cannot win unless the enemy enables your victory.*

**From *The Art of War***

Answer:

- D. The fight for survival.

Earlier Sun Tzu redefines strength as unity and focus. Now, he redefines the term “fight.” We fight for survival. When we fight, we use all our efforts to stay in the game. Fighting is very important in his competitive system, but he doesn’t use the term to mean an invitation to conflict. Fighting is using all our abilities. Such dedication is always a matter of survival. It doesn’t guarantee victory.

Where does victory come from? Sun Tzu considers victory a gift given by one participant in the competition to the other. We can’t take victory unless it is first offered.

Think of this as the “permission system” of competition. We take what our competitors give us. The need for permission in business is even more obvious. All actions in free markets are voluntary. “Permission marketing” means advertising our products only when we are invited to, but in a larger sense it means cultivating the voluntary aspects of our business relationships. We take what our customers and competitors give us.

Electronic commerce on the Internet makes permission and voluntary action even more important. The relationship between businesses and customers depends more than ever upon getting permission. We have to fight for that permission.

## Lesson 52

### How do you create opportunities to win?

- A. By planning a series of logical steps.
- B. By creating weaknesses in your enemy's position.
- C. By knowing your position's strengths.
- D. You don't create opportunities; you see them.

*We say:*

*You see the opportunity for victory; you don't create it.*

**From *The Art of War***

Answer:

- D. You don't create opportunities; you see them.

Seeing is the focal skill in this chapter. The key element we are exploring is the weather, or trends. Weather includes the seasons and timing. We don't control the weather. We can *see* the seasons, that is, tendencies and trends. These trends tell us what to *look* for at any given time. We are not creating the opportunity that we need. We are on watch for it.

The limitations on what we can do is an important element in Sun Tzu's system. We are in a dance. We control our movements but not those of our competitors or the trends of the time. We must take our cues from our competition. We must keep time with the music. We must study the signs of competitive activity. We must sense the trends. The situation is fluid around us. We respond to what the situation dictates. We must watch carefully and forget about trying to control the dance. We must see into the future.

Every great idea that has come along on the Internet has come from this type of insight. Yahoo didn't create the need for its directory. It saw the need for it. Amazon didn't create the desire to buy books on-line. It saw how well book sales fit into what the Web does well. These businesses weren't created by great acts of inventiveness. They were created by great acts of vision. The situation created the opportunity. The founders of these companies were the first to see it.

## Lesson 53

**What basic situations must you watch for in competition?**

- A. Whether or not you can beat the competition.**
- B. The attitude of your and your competition's troops.**
- C. The size of your and your opposition's armies.**
- D. The conditions of the weather and battlefield.**

*You are sometimes unable to win.*

*You must then defend.*

*You will eventually be able to win.*

*You must then attack.*

*Defend when you have insufficient strength to win.*

*Attack when you have more strength than you need to win.*

*From The Art of War*

Answer:

- A. Whether or not you can beat the competition.

In the competitive dance, we only have two possible moves. We can defend or we can attack. These moves depend entirely on the situation. When we sum up all factors, there are only two possible situations. Either we will win or we will lose. If we will win, we must attack. If we will lose, we must defend.

By this time, we already know how to calculate our local strength. We are looking for situations in which we completely overpower the enemy, minimally by a factor of five to one. All other factors are unimportant to our decision. Unless our actions have made our local superiority possible, we must defend.

We control our moves in the competitive dance, but, at any given time, we are limited to either defensive or offensive moves. Both defense and offense are forms of active competition. If we stay competitive, we will eventually have an opportunity to attack. We don't have to force or invent that opportunity; it will come to us if we survive long enough. We simply must see it when it presents itself. We must believe in the inevitability of our competitive opportunity.

## Lesson 54

**How does your situation at any given time determine your movements?**

- A. You must always keep moving in every situation.**
- B. You must move to defend and stop to attack.**
- C. You must stop to defend and move to attack.**
- D. You must minimize movement in every situation.**

*You must defend yourself well.*

*Save your forces and dig in.*

*You must attack well.*

*Move your forces when you have a clear advantage.*

From *The Art of War*

Answer:

- C. You must stop to defend and move to attack.

Defensive action means shoring up our existing position. We don't want to weary ourselves by changing our location. This doesn't mean that we aren't working, however. We must dig in. We must take advantage of our position and strengthen it. In business terms, we stay with our current products but improve them. We keep with our existing customers but deepen the relationships.

When we see that we have a clear advantage, we must move. We must attack. This is when we offer new products and go after new customers. Movement is costly in terms of defense. We must only move when we know that defense is unnecessary. Our current markets and customers are safe. When we can overpower the competition, we must take advantage of the situation and move.

In competition on the Internet, our first moves are always defensive. We must solidify and build up our existing position. We shouldn't go after new markets until we are certain we can overpower the competition. Amazon has done this extremely well. They first made sure that they built up a dominant, safe position in their book business. Then they went after CDs and videos against much smaller competitors.

## Lesson 55

**How do you define success when the situation demands that you defend?**

- A. Success comes from weakening the competition as they attack you.**
- B. Success comes from growing your forces while you await opportunity.**
- C. Success comes from taking resources away from your competition.**
- D. Success comes from preserving your forces until you see an opportunity for victory.**

*You must protect your forces until you can completely triumph.*

*From The Art of War*

Answer:

- D. Success comes from preserving your forces until you see an opportunity for victory.

Again, we must recognize what we can control and what we can't. In a defensive position, we must limit our expectations. Defense means preservation. We minimize our actions when we are defending to preserve our strength. We may not be able to get any stronger when we are defending. We simply don't want to grow any weaker.

We must take care not to overstep the limitations of our situation. If we are attacked, we may weaken the enemy, but we should not invite attack. In business, this is usually clear. We never want someone to come after our existing markets. Defense is a waiting condition. We are waiting to see the situation change. We trust that conditions will change. Opportunity is always coming.

In today's business, few organizations show the necessary patience and focus when they are defending their territory. Unless we are actively attacked, we tend to take our existing position for granted. We don't wait and watch for our opportunities. We waste resources trying to find ways to expand when expansion is uncalled for.

## Lesson 56

**What two things do you need to attack successfully?**

- A. You must preserve your men and wait.**
- B. You must wait and see the opportunity.**
- C. You must see the opportunity and move your men.**
- D. You must move your men and willingly sacrifice them.**

*Some may see how to win.*

*However, they cannot position their forces where they must.*

*This demonstrates limited ability.*

**From *The Art of War***

Answer:

- C. You must see the opportunity and move your men.

We have already explained how important “seeing” or the ability to recognize an opportunity is to our ability to attack. Seeing an opportunity isn’t enough. We must also be able to move to take advantage of that opportunity. Action is required.

Sun Tzu defines our competitive ability by the various skills we must master. The ability to see an opportunity is one of these skills. The ability to move to the right position at the right time is another, separate skill. To win a new position, we need to develop both skills.

We have all known people who can see opportunity. They tell us about it. Their predictions prove quite accurate. Still, they never seem to be able to take advantage of opportunity. They can spot a hot stock, but they never have the money to invest in it. They hear about a good job, but they can’t get to the interview. They are sure they are right, but they never have enough courage in their convictions to make a commitment to necessary action. In other words, they are really defending when they should attack..

Success requires action. To be successful in beating the competition, we must be prepared to act. We must be willing to act. We must have the courage to act.

## Lesson 57

**How should you think about a leader that finds success despite meeting more resistance than expected?**

- A. They should be praised for their perseverance.**
- B. They should be praised for beating the odds.**
- C. They should be praised for always winning.**
- D. They have limited skills in mastering war.**

*Some can struggle to a victory and the whole world may praise their winning.*

*This also demonstrates a limited ability.*

**From *The Art of War***

Answer:

- D. They have limited skills in mastering war.

Attacking requires two skills: seeing the opportunity and acting to take advantage of it. When we meet more resistance than we expect, we have a problem in seeing and picking the right opportunities. If we can struggle to success, we show that we know how to act. The fact that we get into problems and have to struggle shows that we have much to learn about “seeing.”

People see success and admire it. Success against odds seems heroic. Outsiders (and sometimes insiders) don't see the cost of success. If we have to struggle to succeed, success is costing us more than we planned. In war, our struggles can be measured in dead bodies. In business, our struggles are measured in spent dollars. The longer we struggle, the more costly and less profitable victory is. The goal in Sun Tzu's system is to make victory pay.

People may think that a competitor that can overcome great odds is terrific. This is not what Sun Tzu thinks. He thinks that someone who goes to battle against great odds is a fool who doesn't understand the true nature of victory. A master of war is someone who knows how to slant the odds in his or her favor. We may get lucky and win a few lopsided battles, but we cannot make a career of doing so.

## Lesson 58

**When you are trained in the art of competition, how hard is it to spot an opportunity to attack?**

- A. It takes a great deal of analysis and time.**
- B. Opportunities are hidden and subtle.**
- C. Opportunities are obvious and easy to spot.**
- D. Some opportunities are obvious; others are hidden.**

*Win as easily as picking up a fallen hair.*

*Don't use all of your forces.*

*See the time to move.*

*Don't try to find something clever.*

*Hear the clap of thunder.*

*Don't try to hear something subtle.*

From *The Art of War*

Answer:

- C. Opportunities are obvious and easy to spot.

If we are struggling to find an opportunity, we are looking in the wrong place. Situations in which we can win are obvious once we are trained in competition. The whole point of taking this training course is to learn how to see these opportunities easily.

We have powerful imaginations. We have an inborn skill at seeing patterns. This skill is so powerful that people can see patterns even where none exist. Stellar constellations are imaginary. Yet, once we have been taught to see them, their pictures stand out clearly. When looking for opportunities, we have to be certain that we don't imagine them. Looking for subtle patterns can be extremely costly. We must be patient.

When a real opportunity appears, it is obvious. We see a situation in which we can succeed with one hand tied behind our back. When we see this type of opportunity, we know exactly what we should do about it. Every builder of a successful organization must have this clear foresight.

## Lesson 59

**If you study the history of successful battles, what does it teach you?**

- A. You have to fight hard to win.**
- B. You have to be intelligent to win a reputation.**
- C. You have to be courageous to achieve success.**
- D. You have to make winning easy to be victorious.**

*Learn from the history of successful battles.*

*Victory goes to those who make winning easy.*

*A good battle is one that you will obviously win.*

*It doesn't take intelligence to win a reputation.*

*It doesn't take courage to achieve success.*

From *The Art of War*

Answer:

- D. You have to make winning easy to be victorious.

We study history to discover what happens over time. Bravery may win one battle. Intelligence may win another, but, over the course of time, we can only be successful if we avoid difficult battles. If we keep picking difficult battles, we will eventually lose. If we keep picking easy battles, we will not only win all of our battles; eventually we will win the war.

Sun Tzu recognizes two types of courage. He respects people who have the courage of their convictions. In this vein, he praises courage as a necessary element of leadership. He has less respect for mere physical courage, which can lead us into foolhardy behavior. When courage leads us into battles in which the odds are against us, he considers it a dangerous state of mind.

Sun Tzu has no respect at all for reputation or fame. He thinks that the crowd is foolish in judging the quality of people's accomplishments. Is this any less true in our day? Wait six months. Ninety percent of the hot, new, high-tech companies that are so highly praised today will be forgotten by then.

## Lesson 60

### **What type of battles should you always avoid?**

- A. You avoid any battle that you are not certain to win easily.**
- B. You avoid any battle that you are not certain to win.**
- C. You avoid any battle in which you don't have an advantage.**
- D. You avoid any battle that you might not win.**

*You must win your battles without effort.*

*Avoid difficult struggles.*

*Fight when your position must win.*

*You always win by preventing your defeat.*

*From The Art of War*

Answer:

- A. You avoid any battle that you are not certain to win.

Sun Tzu considered competition very dangerous and very risky. We must even avoid winning if winning costs us too much. Winning a competitive battle that leaves our organization poorer and weaker is foolish. Winning must make us stronger.

We must put ourselves in a position or situation where we are so dominant that conflict is completely safe. Our first responsibility is to protect what we have. In business, we must protect the livelihoods of those who work for us. We must protect the interests of customers who depend on us.

The central theme of this chapter is the weather. This idea covers the changes in the seasons and the passage of time. When Sun Tzu says that we “always” win by avoiding defeat, he is telling us that opportunity will present itself over time. The passage of time brings with it many surprises. We cannot know what form opportunity will take. We can be certain that, if we survive, we will discover a winning opportunity.

The challenge of time is survival. What happens over time is not important if we don't survive. Our job now, therefore, is survival. If we survive, an opportunity to win will come.

## Lesson 61

**How do you assure yourself that an opportunity for success will come eventually?**

- A. You simply have to wait until the right time.**
- B. You have to position yourself where you can't lose.**
- C. You have to position yourself where you can win.**
- D. You have to be careful about seizing opportunity.**

*You must engage only in winning battles.*

*Position yourself where you cannot lose.*

*Never waste an opportunity to defeat your enemy.*

From *The Art of War*

Answer:

- B. You have to position yourself where you can't lose.

This stanza focuses on the active part we play in assuring our success. We don't just wait for opportunity. We must position ourselves for it. Then, when opportunity comes, we must engage it. Opportunities are rare. We cannot afford to waste a single one. If we delay action, we lengthen the contest, raising its costs.

We should take special note of how Sun Tzu phrases how we must act when we "engage" or confront the enemy. In a confrontation, we are not acting to win. Our actions should prevent our losing. If we don't lose a confrontation, we will win it. If we don't lose, the enemy eventually will.

This idea echoes the opening lesson of the chapter. The enemy gives us the win. We can't take it. We see the opportunity and then we move to engage the enemy. When we engage the enemy, we avoid any missteps. The situation itself will defeat the enemy. We won't have to.

Opportunity comes eventually, and, when it does, we must act. Our actions put us in a position to win. We do not actually fight for the win; we fight for the position that wins for us.

## Lesson 62

**When does the real struggle for victory take place?**

- A. Before you confront the competition.**
- B. When you move to confront the competition.**
- C. After you confront the competition.**
- D. Before the end of the battle.**

*You win a war by first assuring yourself of victory.*

*Only afterward do you look for a fight.*

*Outmaneuver the enemy before the battle and then fight to win.*

**From *The Art of War***

Answer:

- A. Before you confront the competition.

We must have a winning position before we enter a confrontation. We must think of competition like a chess game. To win in chess, we must position our pieces correctly long before we challenge our opponent's king. Simply checking our opponent's king accomplishes nothing. We must first put our pieces into proper alignment so that we can assure a checkmate. This is the real struggle. We only move in for the kill.

Earlier, Sun Tzu criticized leaders who can see an opportunity but not put their people into position to take advantage of it. Here, he suggests that we do just the opposite. We must position our resources and then reposition them again. We create "power points," areas in which we have all the advantages. We avoid any conflict that risks our resources outside our "power points." We keep our moves a secret. Eventually, our opponents put themselves into one of our power points. At that point, we cannot be shy. We must crush the competition.

We create our "power points" in areas that we control. We put them in places where the competition is likely to make contact with us. We avoid contact everywhere but at those places.

## Lesson 63

### **In war, what can we control?**

- A. We can control the timing of opportunities.**
- B. We can control our victory or our defeat.**
- C. We can control when we make our attack.**
- D. We can control where we make our attack.**

*You must make good use of war.*

*Study military philosophy and the art of defense.*

*You can control your victory or defeat.*

**From *The Art of War***

Answer:

- B. We can control our victory or our defeat.

In this chapter, the general focus is on our lack of control over our ability to attack. We must not attack if we are not certain to win easily. We must attack when an opportunity to win easily presents itself. Meanwhile, we must defend and survive long enough for an opportunity for an easy win to arise.

By surrendering control over when and where to attack, we take control of our larger destiny. We determine our success or failure. By controlling ourselves, we put ourselves in control of the larger situation.

Sun Tzu makes a clear bridge between this type of behavior and his military philosophy of putting people first. In war, defending means protecting people's lives. In business, it means protecting their livelihoods. His people-oriented philosophy fits naturally with his opportunistic approach to confrontation. We must wait for safe, easy confrontations in which our success is assured.

Whenever Sun Tzu writes "make good use of war," he is reminding us not to forget our larger goals in competition. We compete for a larger purpose. We don't compete just to win battles. We must win only battles that serve our larger purpose. We must win battle that make winning the war profitable. We must make victory pay.

## Lesson 64

**How can you position and reposition your people to create “power points” where you cannot lose?**

- A. You take advantage of trends over time.**
- B. You cannot calculate exactly where to move.**
- C. You must calculate exactly where to move.**
- D. You must go to places that are known as easily defended.**

*This is the art of war.*

- 1. Discuss the distances.*
- 2. Discuss your numbers.*
- 3. Discuss your calculations.*
- 4. Discuss your decisions.*
- 5. Discuss victory.*

*The ground determines the distance.*

*The distance determines your numbers.*

*Your numbers determine your calculations.*

*Your calculations determine your decisions.*

*Your decisions determine your victory.*

**From *The Art of War***

Answer:

- C. You must calculate exactly where to move.

**This is one of the most important passages in Sun Tzu.**

Its says that the ground (or your competitive arena or marketplace) determines the distance (or difficulty in getting into a specific position). This distance determines the number of men (or amount of resources) we can move to a specific position. We must calculate or compare the weight of resources we can put in that position versus what the competition can put in that position. If we can put many more resources there than the competition can, we must decide to move there. If we can't, we must not move there. By moving to areas where we always have the advantage in terms of resources, we can assure ourselves of victory even if the competition chooses to meet us. We can make similar calculations for any position we might want to take.

## Lesson 65

**What is the most important consideration in deciding where you should invest your resources?**

- A. The likelihood of a competitive mismatch.**
- B. The advantages that you have.**
- C. The barriers that your opponents face.**
- D. The quality of your resources.**

*Creating a winning war is like balancing a coin of gold against a coin of silver.*

*Creating a losing war is like balancing a coin of silver against a coin of gold.*

From *The Art of War*

Answer:

- A. The likelihood of a competitive mismatch.

We are looking for competitive mismatches. We can assume that in Sun Tzu's time, gold was five to ten times more valuable than silver. Ideally, we want to tackle areas that the competition completely overlooks. However, if they don't overlook them, we must be assured that we can beat any competition that we face easily.

We may have advantages. The competition may have barriers to entry. Given an equal investment of resources, we would probably beat the competition. Still, this isn't good enough. This still means we might have a battle. We need more than an advantage. We need an overwhelming advantage. Or lacking that, our competitors must have huge barriers of entry. In either case, our success must be so certain that no one will even challenge us.

We can move in any direction. We have more possible movements in business than Sun Tzu had in war. In calculating our movements, we can determine the likelihood that we will meet competition. We can calculate the likelihood that we can beat that competition easily. These aren't difficult calculations because the battle shouldn't be close. We are looking for competitive mismatches.

## Lesson 66

**Using Sun Tzu victory calculation method, what does victory depend upon?**

- A. Your decisions.**
- B. Your numbers.**
- C. The distance.**
- D. The ground.**

*Winning a battle is always a matter of people.*

*You pour them into battle like a flood of water pouring into a deep gorge.*

*This is a matter of positioning.*

*Your decisions determine your victory.*

**From *The Art of War***

Answer:

- A. Your decisions.

The victory formula begins with the ground and its distances, but in the end, your success depends directly upon your decisions.

This chapter began by emphasizing our lack of control. We must initially defend ourselves and watch the enemy. We cannot create a winning situation; we can only see it. The chapter ends by explaining what we can control: our decisions about where to move.

We move to where we have all the advantages. We want to create an imbalance, that is, a waterfall. We want to be so high above the competition that they cannot challenge us. We want to have such a dominant position that we can easily win any competitive threat.

For Sun Tzu, winning is always a matter of people. Organizations, markets, business, and armies are made up of people. We create the power of our position by organizing people. We build it largely in people's minds.