

The Art of Strategy

50 MAXIMS

for War, Politics, Business
and Everyday Life



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THE TIME FACTOR OPERATES AT EVERY LEVEL OF STRATEGY

Utere, non numera (Use the hours, don't count them.)

Latin motto written on Medieval sundials¹

In the natural sciences, time is an especially complex concept that is not yet completely understood.² In the realm of Greek mythology, the figure of Saturn is one of the allegories used to embody the concept of time. After he was defeated and sidelined by Jupiter, Saturn remained consigned to the background, living a private life and foretelling the future.³ His role in mythology symbolizes the influence of time on human affairs: silent, yet ever-present and decisive. Time indeed operates to this effect in strategy; hence it is a subject that is well worth elaborating upon here.

One of the fundamental lessons we humans learn about time, is that we should not waste it. Relevant expressions, testaments to this near-universal imperative, abound: the Delphic commandment “spare time” is a famous edict; Caliph Omar stressed that one of the things that does not come back is the time lost; while the Prussian Field-Marshal Gneisenau declared that he was keener to exploit time than exploit space, because lost ground can be recovered, but lost time, never.⁴ Time’s peculiar attribute

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of moving forward and only forward means that it is the most unforgiving dimension of strategy.⁵ In the context of a strategic contest, it is often advantageous to sacrifice other assets (numerical strength, armament quality, intelligence collection, etc.) in order to gain precious time. This recognition of trade-offs motivated the thinking behind General Patton's motto that it is better to execute a good plan now, than a perfect plan next week.⁶ However, there are also many other ways in which time operates within strategy.

On a first ("tactical") level, the time factor appears in strategy in the form of speed. Speed allows you to strike at opponents, either before they have time to react, or within the short timeframe in which they remain vulnerable. Such is the logic of the "time-sensitive target" (TST) designation, namely, a target that can only be struck within a limited time; after that, the chance is gone. A similar logic operates in the case of "launch-on-warning" (LOW), a procedure which refers to nuclear weapons that are vulnerable to an enemy first strike (e.g., land-based missiles that are not stationed in special protective silos): as soon as a warning of an enemy attack is received, these weapons must be launched—otherwise they will be destroyed ("use them or lose them") in the impending onslaught. In sport, the influence of time is demonstrated very simply with the rapid movements of athletes that leave their opponents with no time to react; footballers who run so fast with the ball that they can only be stopped with a desperate foul; basketball players that counterattack so rapidly that they dash down the court to score unopposed; boxers who can deftly avoid stronger opponents, thanks to their quick feet, while simultaneously throwing punches on them—this was exactly how Floyd Mayweather prevailed in his great victory over Diego Corrales in 2001.⁷

The above may also apply on a higher ("operational") level, in that designing and executing strategy faster than your opponent during while conducting operations gives you a possibly decisive advantage. Speed was the hallmark of Alexander the Great's tactical operations, and it was his operational agility that proved decisive for both the immediate reimposition of Macedonian supremacy over the rest of the Greeks after the death of Alexander's father Philip II and the subsequent crushing of the Theban and Athenian

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revolts.⁸ Similarly, in the domain of business strategy, a firm can move faster than its competitors and either innovate a new product before they do, or penetrate a new market before them (“first-mover advantage”), thereby capturing the lion’s share of the market or even all of it. A typical example is Uber, a leader in the ride-sharing economy, which managed to dominate the relevant market before the later emergence of serious competition. All these cases constitute clear examples of the so-called “window of opportunity.”

What has been said so far about the effect of time is obvious and well-known. But the influence of the time factor on strategy takes even more subtle forms. A key issue facing military planners is choosing the right time horizon of military operations and waging war. At first glance, a quick-win strategy seems to be the most attractive option, and it is indeed supported by the leading strategic thinkers. Characteristically, Sun Tzu’s *The Art of War* strongly urges the avoidance of prolonged campaigns and long wars.⁹ Clausewitz approaches the issue more comprehensively, taking into account also the side that faces the prospect of defeat, but his basic conclusion is the same: quick victories are best for the winner, and the longest possible delay of defeat works as compensation for the loser.¹⁰ Indeed, modern *blitzkrieg* strategies, aimed at executing a rapid and overwhelming wave of force, began to be employed in a primitive form during the First World War, reached their apogee with the stunning Fall of France (1940) and the great German victories against the Soviet Union (1941-1942) in the Eastern front, were then employed by the Allies, especially against the Japanese in 1945 (by the British in Burma and by the Soviets in Manchuria), and later on led to great military triumphs in wars in the Middle East by both the Israelis (Sinai 1956, Six Day War 1967) and the Americans (Kuwait War 1990-91).¹¹

However, a strategy of quick victory is neither the only way to success nor the only possible management of the time factor by a belligerent. First, a quick victory may not be materially possible. Prolonging operations and the larger war itself can be used not only for avoiding defeat, but also as a tool for achieving victory. Arguably the most well-known example is Mao’s strategy in the

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Chinese Civil War (1927-1949) and then in the war against the Japanese who had invaded China (1937-1945). Mao was very clear regarding the time horizon of the operations and the wider war.¹² The latter would be protracted, simply because the Communists could not win quickly against either of their opponents. On the other hand, operations had to be rapid and decisive, given they lacked the means to support a prolonged campaign, which would expose them to inordinate danger. Especially regarding the strategy for dealing with the invading Japanese, Mao stated explicitly that the Chinese ought to concede ground to gain time.¹³

On a still higher level, the time factor refers to the time horizon of the grand strategy of a state. Designing and applying a long-term strategy, often over decades, are very difficult things, especially in democratic polities where changes in political leaderships through periodic elections limits the time horizon of strategy. Moreover, international conditions change, at times radically, thereby rendering any long-term strategic design obsolete. Yet, despite the above limitations, international politics has indeed witnessed examples of long-term strategic design. Among the modern states, the one with arguably the longest time horizon in its grand strategy is China. In respect of the unification of Taiwan with mainland China, both Mao Tse-tung and Deng Xiaoping have stated that Beijing is prepared to wait for 100 or even 1,000 years for unification to take place.¹⁴ The Chinese have behaved in a similar fashion regarding the development of Sino-American relations from the late 1970s onwards, namely since their country began its rapid economic growth. Initially, they adopted a strategy called "hide your strength and wait." However, in the last few years, believing that they have become strong enough, the Chinese have employed a much more assertive and intransigent foreign policy, and no longer hesitate openly to confront the USA.¹⁵ They may have even sped up their strategic tempo in the process; their actions, especially regarding Taiwan, do display a certain sense of urgency.¹⁶

Here it should be noted that long-term strategic planning is surely not an exclusive prerogative of authoritarian regimes that do not have to deal with contested elections. Democracies like

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the United Kingdom and France have also demonstrated high-quality long-term strategic planning.¹⁷ In any case, Eisenhower's motto "plans are worthless, but planning is everything" that we encountered in Maxim 3 reminds us of the value of long-term planning, even in view of the constraints.

Moving on to other domains of strategic behavior, individuals, sports clubs, and businesses, even the biggest ones, by necessity operate within a time horizon shorter than that of most states. However, the concept of short-, mid-, and long-term strategy exists, by analogy and in proportion, in those domains as well. For example, top trainers of the former Soviet chess school followed (and probably still follow) exactly this approach regarding their chess players' development. For every player, the coach sets immediate objectives (a concrete training program for the improvement of the player's chess abilities), mid-term objectives (achievement of positive results at an international level within 1.5-2 years), and long-term objectives (making of a truly great chess player).¹⁸ In football, it has been convincingly argued that the amazing results of the Liverpool Football Club during the 1970s and the 1980s were due to the then groundbreaking long-term strategy designed and employed by the coaches of the English team.¹⁹

Effective time management has become a source of competitive advantage for certain firms such as Toyota and Harley Davidson, and indeed, emerged as a science of operations research. By adopting a groundbreaking system of production (see the analysis in MAXIM 3), spare parts arrived at the factory precisely when they were needed in the production process. With this impressive synchronization, they reduced spare parts inventory, saved storage space, and reduced cash flow, while minimizing the production time of their products, thus increasing their productivity and profitability.²⁰ Another example is the low-cost airline Southwest, which has based its entire business model on efficient time management. More specifically, the main issue for Southwest was how to reduce the time its planes remained on the ground (turnaround time) and accordingly increase the time that they remained in the air. To achieve this time advantage, the airline made a series of specific

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moves such as: (i) operating from regional airports (which had less traffic and therefore avoided delays), (ii) the simplification of passenger embarkation and disembarkation procedures (e.g., doing away with seat numbers and adopting electronic check-in) so as to reduce time spent at the airport, (iii) the removal of all non-travel-related services, such as meals that “wasted” time at the airport gate by requiring being loaded and unloaded on the plane, and (iv) the simplification of operations by the adoption of new aircraft of a single type (Boeing 737), which reduced the turnaround time for aircraft maintenance. By making the most of its aircraft utilization (as they could fly more per day than the competition), Southwest increased its profit margin while keeping costs steady. This efficiency in turn enabled it to offer extremely low prices on its tickets, thereby attracting huge numbers of passengers. As a result, Southwest has now managed (2023 data) to carry more passengers than any other airline in the US, and its business model (limited turnaround time) has been attempted by many low-cost airlines around the world, such as EasyJet in Europe.²¹

It is also worth mentioning how the e-commerce giant Amazon has created a serious competitive advantage which, among other things, consists of the rapid execution of its orders. In 2004, Amazon began offering the Amazon Prime delivery service in the United States, a service which consists of shipping products at courier speed and at a negligible cost (\$79 per year for an unlimited number of orders). This service entailed that consumers who placed an order in the largest online store on the planet would receive their goods within 48 hours at the door of their house. This level of service was something new and magical for millions upon millions of consumers, changing the way they shopped and making them “addicted” to shopping on Amazon. None of its competitors could offer a similar service that satisfied impatient customers—as most consumers tend to be nowadays. Thus, Amazon, by offering a wide range of products at competitive prices with unparalleled speed of delivery, became the leading e-commerce company in the world. In December 2024, its valuation amounted \$2,352 trillion, while its founder Jeff Bezos is currently the second richest man in the world.²²

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A special distinguishing feature of sports strategy, as opposed to strategic contests in other domains, is that in many sports the duration of a match or a championship season is strictly defined by the rules. This finite design sets obvious constraints on athletes and teams—there is no unlimited time for overcoming a low score or a low position at the score table. On the other hand, the strict time delimitation allows for the optimal distribution of athletes' and teams' strength during a match or a championship. Some football coaches have occasionally held in reserve venerable but past-their-prime center-forwards, using them only for the last minutes of a match; these players can no longer last a whole 90-minute match, but they may still wreak havoc on the opponent's defense for 15-20 minutes. The 38-year-old Cameroonian Roger Milla became an international legend for precisely these kinds of feats in the 1990 World Cup.

In concluding the discussion on the operation of the time factor in strategy, we observe that time is not a neutral element. The question "for whom time works?" is one of the fundamental questions that strategic planning needs to answer (see also Maxim 50).²³ Within this question we encounter the logic of preventive and preemptive war. Preventive and preemptive wars are launched after an assessment that an enemy attack is forthcoming, which the preemptive attack seeks to foil. Both types of proactive war refer to the destruction of a potential source of threat before this threat materializes, though they differ as to the expected maturation time of the threat. Whereas in preemptive war the enemy attack is to strike within a matter of weeks, days, or even hours, preventive war is more concerned with long-term considerations. By way of illustration, a preventive war is launched when state A discerns that the balance of power vis a vis another state B will shift against state A in the long run. Not wanting to find itself in a position inferior to state B, which it regards as a potential opponent (irrespective of the actual intentions of state B), state A launches an attack on state B while the balance of power is still relatively favorable for state A. Thus, preventive war thwarts an attack that would come—if it indeed ever came—after several years. Consequently, preemptive war is generally considered more justifiable than preventive war.

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A classic example of a preventive war is the Peloponnesian War, launched by Sparta for fear of the rise of Athenian power.²⁴ In the same vein, the most famous example of a preemptive war has been the Six Day War of 1967, when the Israelis attacked the Arabs, preempting the Arabs' forthcoming attack.²⁵

HELP YOURSELF SHAPE THE ENVIRONMENT

"I shall either find a way or make one."

Hannibal, shortly before crossing the Alps
to attack Rome, 218 BCE

Environment-shaping means using your power to create conditions that make it unnecessary for you to fight to protect your interests.¹ The logic behind environment-shaping as a strategic move is to avoid passively following developments, to shun waiting around for them to take a positive turn on their own accord or by luck. Henry Kissinger has even claimed that the physical and moral inability to shape the environment is one of two factors (together with internal rigidity) bringing about the collapse of nations.²

American grand strategy in the aftermath of the Second World War offers an unparalleled example of international environmental shaping.³ Already in 1944, the US promoted the creation of several international institutions, both political (the United Nations) and economic (the International Monetary Fund and the World Bank), in an attempt to make international politics more peaceful, cooperative, and prosperous. Admittedly, the United Nations may

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have had even less impact on international politics than the failed interwar League of Nations.⁴ On the other hand, the postwar international economic institutions enabled the emergence of a stable international economic environment based upon the dollar as the world's reserve currency. Moreover, the United States did not passively wait for the so-called economic cycle to eventually bring about the economic recovery of the Western European countries. Instead, in 1947, it launched the celebrated Marshall Plan, a phenomenal international economic assistance program targeted toward the Western European countries (the East declined the US assistance). The Marshall Plan enabled postwar Western European economic recovery, stability, and prosperity, while also neutralizing Soviet influence in Western Europe. Finally, the US did not wait for West Germany and Japan to democratize themselves, but itself imposed a democratization process. The scope of US interventions ranged from the change of the constitution and the sidelining of the former elites of those countries (e.g., with purges of the armed forces and the civil service) to the change of national flags and anthems. As a result, the two most powerful Axis members turned into stable liberal democracies and US allies.⁵

By implementing these environment-shaping measures after 1945, the US achieved an optimal combination of prosperity for itself and its allies, the development of capitalism and democracy on a truly global scale, and the perpetuation of US economic preeminence. These mutually reinforcing combinations of achievements were crucial for the eventual American victory in the Cold War.

The above paradigm should not, however, convey the impression that international environment-shaping is easy. The resounding failure of the US to advantageously shape the environment in the Middle East through its 2003 invasion of Iraq and overthrow of Saddam Hussein's regime demonstrates the difficulties of such an endeavor.⁶

In contrast, environment-shaping is much easier in domestic politics, especially in non-democratic polities. In the most extreme instances, harsh dictatorships employ the dictator's personality cult and charisma as a very effective means of shaping the domestic

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political and social environment.⁷ Benito Mussolini was the first modern dictator to employ this strategy; it was said that Mussolini had turned Italy into a newspaper, whose front page was every day written by him. The zenith of an absolute personality cult may have been reached in the case of Stalin: in some instances, one could be working in a factory named after Stalin, living in a street named after Stalin, *and* in a city named after Stalin. This constant barrage of the dictator's name, speeches, and images conditioned the people to believe that he was all-powerful, thus thwarting the emergence of domestic adversaries.

When political leaders lack dictatorial powers, they must instead become more inventive and furtive. Advantageous changes to electoral laws and gerrymandering are tried and tested methods of domestic political environment-shaping. In addition, dangerous political rivals can be neutralized in several ways, thus saving the political leader from potential headaches. Honorary postings abroad (e.g., in an embassy or an international organization) are a harmless way of getting rid of an actual or potential rival. More drastic measures include jailing, exiling, or even assassinating that rival. Fidel Castro combined almost all the above methods to get rid of Che Guevara and remain Cuba's undisputed leader: in 1966, Castro sent him to Bolivia to organize a guerrilla force against the local government, and then left him there isolated and helpless.⁸ Che was duly killed by the Bolivian security forces in October 1967, whereafter Castro made him a hero.⁹

A classic example of environment-shaping in business was the case of the Standard Oil Company, founded by the astute businessman John Rockefeller in 1870 in Ohio. Within twenty years, Standard Oil managed to shape the US oil market according to its interests, gaining an almost monopolistic 88% market share. It is well worth examining how Rockefeller accomplished this remarkable dominance.¹⁰ As soon as Rockefeller entered the highly competitive oil market, he realized that fierce competition plummeted prices, thus creating an oversupply of oil that ultimately hurt all producers. Having built a relatively good financial base that allowed his company to withstand a price war (and freed it from bankers and other financiers), he began

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to inject huge amounts of oil into the market to the detriment of his competitors. Thus, he forced his competitors either to go bankrupt or to sell their companies to Standard Oil (usually through aggressive acquisitions). Rockefeller incorporated all of the worthy companies he bought into Standard Oil, while he shut down the rest to clear out the market. Meanwhile, Rockefeller shaped the environment in the transportation network in such a way that it worked in his favor but against his competitors. In particular, he used as a lure the fact that Standard Oil traded large quantities of oil. Leveraging Standard Oil's size, Rockefeller guaranteed annual contracts to transporters, in exchange for which Standard Oil received 71% discounts on oil transports, thus massively reducing costs. This special bargaining alone gave it a serious advantage in the price war over its competitors. Moreover, as Standard Oil's market share grew, so did its bargaining power with the railways (see Maxim 49). Therefore, Rockefeller achieved the unthinkable: for every barrel of oil that his competitors put in the railway network, a 25% freight return was given not to them... but to Standard Oil. Hence, every barrel of oil sold by a competing oil company led to an increase of Standard Oil's profits! Thus, the sales of Rockefeller's competitors were directed against them, in a way reminiscent of Japanese martial arts. This exploitation created a virtuous circle for Rockefeller's company, but a vicious circle for its competitors. Thus, Standard Oil used its dominant position in the market to create monopoly conditions through the bankruptcy or acquisition of its competitors. With this environment-shaping strategy, Rockefeller established an oil monopoly in the United States in record time and became the richest man on earth.

Such an immense concentration of power into private hands, particularly in such a critical area as energy, eventually began to annoy the powers-that-be in Washington. Thus, in 1911, an antitrust law split Standard Oil into thirty-four smaller companies. Nevertheless, this breakup not only failed to hurt Rockefeller's financial position, but on the contrary, it increased his wealth as he was now a major shareholder not in one but in thirty-four companies. The companies that emerged from the split grew over time through acquisitions and mergers and played a key role in

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the global oil market in the 20th century and do so to this day: Chevron, ExxonMobil, BP, and Marathon Petroleum. In fact, Rockefeller's business philosophy of concentration is still alive as evidenced by the recent acquisition of Pioneer Natural Resources by Exxon Mobil and Hess by Chevron.¹¹

The concept of environment-shaping also appears in sports, although supposedly a match ought to be decided on the playing field. In individual sports and games like boxing or chess, players may increase the odds in their favor by insisting on certain playing conditions favorable to them, such as the venue or the time of the match. Even when these conditions do not offer an objective advantage to the player who managed to impose them, the very fact that the player succeeded in shaping the environment according to his preferences can help him psychologically and correspondingly hurt his opponent. This was a favorite strategy of the legendary American chess player Bobby Fischer who, capitalizing on his immense popularity, almost always got what he wanted from the official organizers of chess events.¹² Such practices, though questionable, do not violate the letter of the rules. On the other hand, some sports environment-shaping strategies are definitely illegal. The most common example is the privileged access of "big" football and basketball clubs to the national and international administrative bodies of those sports, resulting in favorable refereeing for these teams. In Europe, Spanish and especially Italian football and basketball teams have traditionally been favored by the match referees (paradoxically, English football teams have faced much more hostile refereeing than one might expect). Finally, as far as world football is concerned, top honors for getting favorable refereeing must belong to the deservedly legendary Brazilian national team. An obvious incident, witnessed by billions throughout the world, occurred in the 2002 World Cup semifinal. Shortly before the end of the match and while Brazil was leading Turkey 1-0, the Brazilian captain Cafu flagrantly committed a flagrant handball (he clearly pushed it with his hand while inside the box) but no penalty was awarded. The legend of Brazilian football ensured that the national team would receive some extra external help when needed.

PART 3

STRATEGIC CONTEST WITH
SPECIFIC OPPONENTS

SUCCESSIVE TACTICAL WINS MAY OR MAY NOT LEAD TO STRATEGIC VICTORY

“Drop by drop, the pitcher fills.”

Greek proverb

American colonel: “You know you never defeated us on the battlefield.”

North Vietnamese colonel: “That may be so, but it is also irrelevant.”

Conversation in Hanoi, April 1975¹

In Maxim 41, we discussed the crucial role played by battles, actual or threatened. Indeed, tactical wins are the surest way toward the final strategic victory. Naturally, they also constitute the safest criterion for judging as to whether a war is going well; in 1914, victory at Tannenberg showed that the Germans were doing well in the East, whereas defeat at the Marne showed that something was going wrong for them in the West.

By definition, successive tactical wins lead to victory when one follows the so-called sequential strategies, namely, strategies constituting a “series of visible, discreet steps, each dependent on the one that preceded it.”² Thus, in the Second World War, the Soviet victory at Stalingrad (1943) was the prerequisite for the later victory at Kursk (1943), which was the prerequisite for the

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destruction of the German Army Group Center (1944), which was the prerequisite for the eventual fall of Berlin (1945).³ The sequential tactical (and operational) wins in each of these battles were necessary and proved sufficient for strategic victory in the war.

However, sometimes this favorable culmination does not happen—sequential tactical wins can lead to nowhere. This insufficiency of the series of tactical wins occurs through a process first analyzed by Clausewitz.⁴ Initially the attacker enjoys a superiority over the defender, due to either a surplus of power or another force-multiplying advantage, such as technological superiority or the element of surprise (see MAXIMS 13 and 44). The loss-of-strength gradient (see MAXIM 23) ensures that the attacker's initial advantage steadily decreases, however, until both attacker and defender become equal in strength. This point of convergence is the so-called “culminating point of attack” or “culminating point of victory.” However, the series of tactical wins that the attacker has thus far gained may not have been enough to win the war. This means that as the war progresses after the attack has reached its culminating point, the attacker's strength will keep decreasing, he will be fighting under increasingly deteriorating circumstances, and he will be seriously threatened with strategic defeat.

This progression was precisely Japan's fate in the Second World War (see MAXIM 17). The renowned Japanese Admiral Isoroku Yamamoto assured his leadership that he could destroy the US Pacific Fleet at Pearl Harbor and then ensure “six months of victories” for Japan. He indeed kept his promise. From December 1941 until June 1942, the Japanese forces were almost always victorious. As to Yamamoto himself, the best proof of his seamanship, his tactical dexterity, and his leadership qualities was given in December 1941, when he managed not only to cross the Pacific Ocean from Japan to Hawaii while maintaining the coherence of his naval force in the process, but also thereafter achieved a great (though not complete) victory at Pearl Harbor, and then went on to lead his force back home safely. However, Yamamoto had first-hand knowledge of US capabilities and was under no illusions as to what would likely befall Japan after the end of the initial six-

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month victorious phase.⁵ In fact, it has been correctly pointed out that precisely because of the terrible destruction wrought on the Americans at Pearl Harbor by the Japanese strategic surprise and tactical dexterity, the Japanese thereby ensured that the vengeful Americans would be outraged and would accept nothing less than Japan's unconditional surrender. In a sense, Japan would probably have been better off if Yamamoto had not been such a good admiral or if the Japanese bombs had missed their targets at Pearl Harbor!¹⁶

It may also happen that the tactical wins take place in the wrong theater of operations, and thus cannot be strategically effective. A simple example is Nelson's great victory at Trafalgar (1805).⁷ This exemplary victory, which is probably the pinnacle of naval warfare at the age of sail, *had no strategic impact whatsoever*.⁸ It did not and could not shake Napoleon's supremacy in continental Europe. A later myth claims that Trafalgar foiled Napoleon's plans for invading Great Britain, but Napoleon had long ago abandoned any thoughts of crossing the Channel. Rather, the French fleet's foray at the high seas to face the Royal Navy was not so much a prelude to an invasion but rather an attempt by the French Admiral Villeneuve to salvage his military honor.

It might not come as a complete surprise that a naval battle (even a Trafalgar) could not exert strategic influence on land. However, one cannot fault the Germans for believing that their overwhelming victory over Russia in the First World War would bring about at least some strategic result. It was Russia's greatest defeat since the 17th century, legally codified in the Brest-Litovsk treaties (February-March 1918). In those, the Russians not only recognized several newly independent states from Finland to Transcaucasia but also ceded vast territories to Germany. The Germans believed to the very end that their defeat in the Western Front would not touch their eastern booty. They were bitterly disappointed. As things turned out, the Western Front proved decisive, whereas the Eastern Front proved inconsequential. The German victories in the East were politically erased, and the Brest-Litovsk treaties were nullified as far as the German gains were concerned (though not regarding the independence of Finland and the Baltic States).⁹

SUCCESSIVE TACTICAL WINS

Finally, tactical wins may not lead to a strategic victory because they are overshadowed by other, broader, and more determinative strategic factors. In 1814, when five allied armies invaded France, Napoleon registered many tactical wins (at one point he won six battles in eight days), but even he could not avert the constant loss of territory resulting from the unceasing and concerted advance of the allies, who finally made a triumphant entry to Paris.¹⁰

The importance of tactical wins decreases when at least one of the strategic players instead opts for so-called “cumulative strategies.” In contrast to the sequential strategies mentioned above, cumulative strategies have been defined as “the less perceptive minute accumulation of little items piling one on top of the other until at some unknown point the mass of accumulated actions may be large enough to be critical.”¹¹ Sieges, economic blockades and sanctions, the bombing of urban and industrial centers, or psychological operations (which in everyday life may take the form of shouting or nagging) all constitute examples of such strategies. In all those strategies, tactical wins have but little significance and may not even occur at all—even the very concept of a tactical win may be altogether absent. What counts instead is the constant pressure on the opponent, which at some stage will overcome his endurance and grind him down or induce him to pursue a compromise.

Guerrilla warfare is a typical instance of cumulative strategy.¹² In an old and now classic treatise, guerrilla warfare has been described as “the war of the flea”: the conventional forces were compared to a dog, whereas the guerrillas to the innumerable fleas that torment the dog.¹³ We can also draw a more familiar parallel. Imagine that you go outdoors on a lovely summer afternoon. As you enjoy the sunset, the first mosquitoes start to bite you. There is still plenty of light around, so you manage to kill every mosquito you detect around or on you. Obviously, though, these tactical wins do not bring you any peace. On the contrary, as the evening sets in, the mosquito attacks increase, while you manage to kill fewer and fewer mosquitos. At a certain point, you just give up and go home. In short, this analogy was the US experience in both Vietnam and Afghanistan. The overwhelming firepower of the US

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forces ensured they would consistently win at the tactical level, but the very same were unable to eliminate the constant local pressure and thus stave off the eventual US strategic defeat (see MAXIMS 2 and 16).

In other fields of strategic rivalry, tactical wins are unquestionably important. For example, in domestic politics a tactical win is frequently so decisive that it equals overall strategic victory. As we saw in Maxim 41, in democratic polities an election win is not merely a victory in battle but more generally signifies the victorious end of a war—until the next war, a few years later. The same insight applies to other ways of gaining power.

In business, the case of the Chinese telecommunications company Huawei demonstrates how an enviable strategic result may derive from a long series of successive tactical wins that create a cumulative potential.¹⁴ Huawei was founded in 1987 by Ren Zhengfei in the Shenzhen Special Economic Zone (SEZ), one of the four SEZs created in 1979 in the post-Mao era when Deng Xiaoping sought to liberalize the economy and attract foreign investment. Huawei started with six employees and a negligible share capital of \$5,000 (24,000 Chinese renminbi). In its initial operations, it was involved in the electronics trade and the import of telecommunications items, together which yielded some profits and allowed it to strengthen its hitherto nonexistent capital base. This beginning was a small victory, a first step. However, Ren, a retired telecommunications-engineer officer, soon realized that trade in that sector was uncertain. Thus, Huawei switched to the production of telecommunication equipment such as telephone exchange switches, copying the products of others (via reverse engineering)—a practice that was extremely widespread in China at the time.

At the time, China's fast-growing telecommunications market was dominated by multinational giants such as Japan's NEC and Fujitsu, Sweden's Ericsson, Germany's Siemens, France's Alcatel, Canada's Nortel, and Lucent from the US. The Chinese government, hoping to achieve technology transfers, encouraged that situation. Against these international giants the small and insignificant Huawei was a flea that had no hope of victory. As Ren

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himself said at the time, Huawei was a weak company that “had no capital, no technology, and no ‘status’.”¹⁵ Therefore, in order to survive Huawei was forced to adopt a geographical strategy similar to the one pursued by Walmart during its initial period of weakness (see MAXIM 32). In particular, it applied Mao’s own rule of “encircling cities from the countryside.” Huawei chose to focus on the neglected rural areas of China that did not stir the interest of the multinational companies, who had instead focused on more lucrative goals: the big cities. Faced with this rural market, Huawei adapted its end-product design and production to goods that suited a rural and less savvy citizen: low-intensity technology at very low prices. This re-focusing enabled Huawei to win its first small contracts and gain a foothold in the telecommunications infrastructure and equipment market. It was a tactical win.

In 1993, Huawei faced Ericsson’s powerful competition in Zhejiang Province. There, Ren applied another principle of strategy that had also been employed by Mao in his guerrilla warfare: overwhelming local superiority (a mass campaign) at the point of contact with the enemy (see MAXIMS 29, 32, and 36). Taking advantage of the fact that Ericsson had invested little infrastructure and personnel in that province, serving it with only 3-4 employees, Huawei threw into battle 200 employees of its own who went to stay and work in the area. That level of presence and manpower made the difference, enabling Huawei to dominate Zhejiang Province. In turn, this victory over a first-class player gave Huawei recognition and fame. Another battle had been chalked up. Huawei proved that it could build telephone networks faster and cheaper than multinational companies, simultaneously offering a political solution to local governors who had adopted the slogan “every village and its telephone,” and who did not care much about high quality standards but only for cutting costs. Thus, local contracts began to accumulate, and Huawei gradually became the largest supplier of telecommunications equipment in the Chinese countryside.

The more the company grew in the countryside, the more plausible became its request to the Chinese central government that it should be included in the coveted list of domestic

technology companies that received state support to help achieve the government's goal of import substitution. At some point, this request found favor with the powers-that-be. As a result, in 1997, just ten years after its founding, Huawei entered the exclusive club of national champions in the critical Information and Communication Technology sector. After this watershed, the company's operations became relatively easier thanks to state aid and protection. Moreover, Huawei's compelling narrative of technological nationalism, namely, that it helped to rejuvenate China through the development of science and technology, was very successful and helped it win even more contracts.

The company's qualitative breakthrough came with China's transition to digital technology. When China began to move rapidly from landline to mobile telephony in the mid-1990s, this transition enabled Huawei to invest in research and development (R&D) to produce the required 2G (GSM standard) technology to compete with the European companies that dominated this demanding market. This crucial battle was won in 2008. Starting again from the rural countryside (this time in Inner Mongolia), Huawei surrounded the big cities by using its extremely low prices as its main weapon. In the end, strongholds like Shanghai and Beijing fell, and Huawei took first place in China with a market share of 30% in the market for infrastructure and mobile telephone equipment, thus displacing foreign multinationals. The original strategy, often reminiscent of Maoist guerrilla warfare, was a complete success.

Huawei had now reached a critical mass that would allow it not only to dominate within China, gradually displacing multinational competition, but also to launch its own offensive by expanding abroad. The logic of the strategy for expansion abroad was the same as the one Huawei had followed to expand within China, namely, that of Maoist guerrilla warfare: "I encircle the center having conquered the periphery." In practice, this meant "I encircle the developed markets of the North having first conquered the developing markets of the South."¹⁶ This strategy was successfully implemented. Despite fierce competition in some markets and state protectionism in others, Huawei jumped to the top: in

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2012, it overcame Ericsson as the largest telecommunications infrastructure and equipment company in the world.

Nowadays, Huawei is active in 170 countries, while more than 1,500 telecommunications companies around the world buy its products and services. Huawei has now become so powerful, that it no longer competes solely based on cost advantage (the cheapest price) but also based on its technological superiority. It holds more than 140.000 patents, while 55% of its employees (114.000 out of approximately 207.000) are engaged in research and development (2023 data). It has become the world leader, without even a serious rival, in next-generation 5G technology that constitutes the backbone of a rapidly developing technological ecosystem that hosts innumerable goods and services (telecom network equipment, IT products, cloud technology, digital power products and smart devices). In 2023, Huawei achieved almost \$100 billion in revenue and more than \$12 billion in profit.¹⁷

Huawei's pivotal position in the global digital economy has provoked a serious backlash.¹⁸ For the US and many of its allies, Huawei is a Trojan Horse that enables China to take over its opponents' nervous system: their digital infrastructure.¹⁹ Therefore, this company now finds itself at the heart of the US-China geopolitical rivalry that is already reminiscent of the Cold War. The US government has embargoed Huawei's products, while also applying pressure on its allies to overlook the economic and technological benefits offered by Huawei and instead exclude it from their digital infrastructure for national security reasons. For a modest company that began in 1987 with six employees and no capital, Huawei has gone a very long way: through exemplary strategies, it managed to take over a sector of critical importance for world politics. Thanks to its initial tactical wins, it secured a respectable strategic base, which it then exploited through a combination of further tactical wins and a successful cumulative strategy.

Turning finally to sports, we see that the sum of tactical wins inescapably leads to strategic victory. After all, this progression is the logic of championships, cups, and tournaments: you win the overall contest either by winning all the individual matches, or by

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achieving a better combination of results (wins, draws, losses) than your opponents. Football and basketball coaches constantly remind their players that the only thing they should care about is the next match, and that they do not need to think of the championship. Of course, if the team wins every next match, then it will eventually win the championship, too. However, although those coaches may claim that the only thing they care about is the next match and so urge their players to do the same, this does not mean that they do not see the broader strategic picture. On the contrary, top coaches know that they need to employ a strategic approach for the optimal distribution of resources and economy of strength during a contest, so that the team does not run out of steam. By seeing the larger picture without ignoring what is immediately before them, coaches strive to have their teams remain in the best possible shape before crucial matches such as the Champions League final or the play-offs (see MAXIM 36). In other words, although successive tactical wins do lead to strategic victory in sports, there is also a broader governing strategy behind this sum of tactical wins.

SUCCESS BREEDS SUCCESS

LEARN TO EXPLOIT THE SNOWBALL EFFECT

"It gathers strength as it goes."

Virgil¹

Success carries consequences, both material and psychological (see MAXIMS 43 and 46). Materially, it shifts, however little, the balance of power. Psychologically, it has a positive influence on the winner and a negative influence on the loser. After success, the strategic player can capitalize on the new situation by pressing *quickly* for a new success, and then another, and then another still. Consecutive successes that accumulate within a relatively short period of time create a strong dynamic in favor of the winner and against the loser—the celebrated “snowball effect.”

Whether a strategic player will indeed seek further successes depends upon the objectives he has set; if those have already been achieved, then there is no discernable reason to continue the conflict and the corresponding effort (see MAXIM 16). However, the initial successes may trigger an expansion of the player’s objectives, since the new circumstances seem to permit this (see MAXIM 21). Be that as it may, the strategic player must always remember that the loss-

of-strength gradient is bound to undercut his efforts (see MAXIM 23), and furthermore that every expansion of objectives may lead to the dreaded overextension (see MAXIM 17). As we have stressed in the Introduction, the maxims of the present volume must be employed flexibly, critically, and in combination with one another; this is especially true for the present maxim.

Alexander the Great offers the supreme historical example of how to exploit the snowball effect. Every success of his was the stepping-stone for the next—again and again. After Alexander gained three great victories over the Persian army (Granicus River, Issus, Gaugamela) in the space of three years (334-331 BCE), there followed a two-year military stroll over the territories of the Persian Empire. The Persian resistance had by then collapsed, and Alexander went through the formalities of having royal honors bestowed upon him by his new subjects—the snowball had now turned into an unstoppable avalanche. Thereafter, a further four years were devoted in securing the northeastern frontier and in searching for an eastern frontier of the Alexandrian Empire. The eastern frontier remained loose and undefined, a sure sign that Alexander had begun to suffer from a sharply declining loss-of-strength gradient. Nevertheless, Alexander founded an enormous empire in the space of only nine years—an unbelievably short time, given the scale of his achievement.²

The founder of the Persian Empire, Cyrus the Great, had achieved a similar feat two centuries before Alexander.³ In 550 BCE, when he was just a prince of an insignificant peripheral kingdom subject to the Median Empire, Cyrus began his conquests by turning on Astyages, King of the Medes. A mere eleven years later, in 539 BCE and after successive victories over the Medes, the Lydians, and the Babylonians, the Persian avalanche had overrun the whole of western Asia (except the Arabian peninsula). There followed ten more years of conquest in the east and northeast. Cyrus was killed in 529 BCE somewhere beyond the Oxus River (Amu Daria), in present-day Uzbekistan or Tajikistan. Admittedly, it can be argued that Cyrus had committed strategic overextension in this last campaign of his, but at any rate he bequeathed to his successors the greatest empire the world had seen up to then.

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Adolf Hitler was a would-be imitator of empire builders like Cyrus and Alexander. Beginning his career of conquest in 1938 with the annexation of Austria, four-and-a-half years later Hitler found himself ruling an empire stretching from the Atlantic Ocean to the Volga River, and from Cape North to the Sahara Desert. The rapidity and ease of his conquests were historically impressive.⁴ To wit, Hitler's empire-building effort was a classic instance of the snowball effect. Every one of his territorial conquests, both those achieved without a fight in 1938-39 (Austria, Sudetenland, Czechoslovakia, and Memel) and in wartime during 1939-42 (Poland, Denmark, Norway, Belgium, the Netherlands, France, Yugoslavia, Greece, the western Soviet Union, and parts of North Africa), increased not only the material resources at his disposal, but also the aura of invincibility surrounding German arms. As a result, it laid the groundwork for his next success. However, as is well-known, Hitler overstepped his limits. Even the greatest avalanche eventually stops, as did the German one, but from the autumn of 1942 onward, Hitler had to face a series of almost uninterrupted Allied victories. Thus, it was the turn of the Allies to exploit the snowball effect, creating a coordinated avalanche of their own that overwhelmed Hitler from all directions, completely wiping out Germany in 1945.⁵

In domestic politics, sometimes a surging political party gains an unstoppable momentum. Its share of the popular vote, which may initially have been very low, keeps increasing in every subsequent election. Eventually, that party's electoral performance may become so strong that it can win local elections by a landslide or become the second biggest or even the biggest party in the national parliament. At this point, both its friends and its enemies come to think it inevitable that this party will eventually come to power. This common perception becomes a self-fulfilling prophecy. In practice, there are still many imponderables, and the process is not without obstacles, surprises, and pitfalls. However, in the end the snowball effect decides: the party in question wins the national elections and comes to power—either in a coalition government, or on its own.

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This was the story of how the German Nazi Party came to power in 1929-1933.⁶ The great economic crisis of 1929 was an opportunity for the Nazis and their leader, Adolf Hitler. In the national elections of September 1930, the Nazis increased their parliamentary seats from 12 to 107. There followed two years during which the Nazis continuously improved their electoral results, rising to become the second biggest party in the Reichstag. Although in spring 1932 Hitler was defeated in the presidential elections by the elderly incumbent Paul von Hindenburg and in November of that same year the Nazis suffered a significant electoral reversal, the snowball effect continued to operate. In January 1933, the German political establishment, convinced that in the long run Hitler was bound to come to power and naively believing that it could control him within a coalition government, consented to the Nazi leader's becoming Chancellor. However, Hitler continued to capitalize on the snowball effect: no sooner had he become Chancellor, than he dissolved the Reichstag and called for elections, where his control of the state mass media was sure to come in handy. A combination of Goebbels's propaganda and a reign of terror enabled the Nazis to win the elections, albeit without securing a parliamentary majority. Hitler kept ruthlessly pressing home his advantage, and with a series of maneuvers (such as the burning down of the Reichstag building, which was conveniently blamed on the German Communists) managed in March 1933 to have the Reichstag pass a law that handed over *legislative* power to the Chancellor. The process was completed the next year, when upon Hindenburg's death Hitler took over the office of President as well (although this position was too democratic for his taste, and he never actually used it).

The snowball effect is common in business as well. An excellent example is that of the ride-sharing company Uber. Uber's founders discovered from personal experience that searching for a taxi in San Francisco during peak hours was a futile endeavor. The city had granted only 1,500 taxi licenses, which were not enough to cover even its most basic needs. Attempts by the city to grant more licenses stumbled upon the parochial interests of the city's taxi drivers. Seeking a technological solution to this problem, in mid-

2010 Uber launched a digital platform (app) that connected those in need of transportation with those who owned a car and wanted to earn an income through flexible work. For this ride sharing service, Uber charged a 25% commission. The whole idea was one of the first applications of the gig economy that had just begun to spread to other industries (e.g., Airbnb lodgings).

When Uber's founders started this business venture, they merely wanted to solve the problem of the city of San Francisco; the idea of adapting, scaling, and expanding this model elsewhere did not even cross their mind. However, things changed as soon as they noticed the enthusiasm of San Francisco's residents for this new service and the willingness with which individual drivers rushed to cooperate, utilizing their free time and their cars. They immediately realized that they had struck gold, if they could secure funding to expand their venture. The first round of money, as usual, came hard. The company was valued at just \$5.4 million at the end of 2010 and it was only with difficulty that it secured \$1.3 million from skeptical investors. (These first investors could not have imagined even in their wildest dreams that their initial investment would repay them 5,000-fold in a few years!) The first step, however, had been taken; a first small victory had been achieved. One of Uber's co-founders, Travis Kalanick, immediately took over the management of the company and set in motion the snowball mechanism on three complementary fronts: 1) rapidly expanding to other major cities around the world, 2) rapidly concentrating huge funds from highly reputable investors to finance the expansion, and 3) a meteoric rise in the value of the company, which acted as a lure to investors, all to the effect of creating a virtuous cycle of investment and growth.⁷

Specifically, in just one year (2011), Uber garnered many consecutive victories unthinkable for a small start-up company: it operated in six major cities, venturing abroad as well (San Francisco, New York, Chicago, Boston, and Paris); raised about \$60 million in new capital; and its valuation soared from \$5.4 million to \$346.5 million. The snowball became an unstoppable avalanche in the next few years: global expansion, billion-dollar inflows into its share capital from the cream of global private

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equity, and an increase of the company's value to tens of billion dollars, overtaking many a traditional business colossus.⁸

Uber's gigantic growth has been unprecedented for a start-up company. It now operates in 70 countries and more than 1,500 cities worldwide, has expanded into similar sectors while using the same operating model (e.g., distributing food, mail, and merchandise through a network of independent partners), has raised more than \$25 billion in equity, and has reached a market value of more than \$144 billion (January 2025).⁹

As we saw in the case of empire builders, the snowball effect may transmogrify into overextension. Uber itself has often faced the adverse impact of the loss-of-strength gradient. For instance, some regulating authorities have fiercely opposed its *modus operandi*, and some competitors have successfully resisted it by copying its business model. However, Uber has been prudent enough to extricate itself from "difficult" markets, limiting itself to the role of minority shareholder in joint ventures (e.g., Didi in China, Yandex in Russia and other former Soviet states, and Grab in Southeast Asia)—a status which still allows it to retain a limited presence in those markets.¹⁰ Recently, it has backed down from its efforts to develop self-driving cars exclusively on its own, in competition with technology giants such as Google and Tesla. It therefore transferred its relevant research department to a more specialized company in this field, Aurora, limiting its position to minority shareholding.¹¹ It is now trying, through alliances, to develop autonomous driving technology, which is vital for its future, all while continuing to focus on doing what it knows best: facilitating the movement of people and goods.¹²

In sports, exploiting the snowball effect takes the form of a series of wins that dishearten or strike fear in one's future opponents. In this respect, the legendary American chess player Bobby Fischer remains unsurpassed to this day. In the 1963-64 US Chess Championship, Fischer beat all his eleven opponents, something unbelievable at this level.¹³ With Fischer winning game after game, the accumulated tension and dread became unbearable for his opponents. Since Fischer himself was playing better as the tournament progressed, his opponents would sooner or later

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collapse (see MAXIM 46). The same story was repeated in 1970-71 at an even higher level, namely, against world championship contenders.¹⁴ Fischer scored a string of twenty successive wins, crushing some of the world's top players in the process. Nothing like this has ever happened at the zenith of global chess. Here, too, many of Fischer's opponents collapsed psychologically, and after a while they accepted their inevitable defeat and only wished to get the dreaded deed over as soon as possible.

We conclude with a recent example, where a football team did not rise to the occasion, did not exploit the snowball effect, missed the chance to effectively end a very important match, and finally met with a well-deserved defeat. The team in question was England during the 2021 European Championship final against Italy. Playing at home in Wembley Stadium and having had an excellent run of results till then, England was the absolute favorite to win. As if this were not enough, England were already 1-0 ahead in the second minute of the game. It was a perfect start, especially since the Italians were seemingly at a loss how to respond and froze for more than twenty minutes after the goal—the snowball effect was already under way. However, England did not even try to build on their advantage to score a second goal and effectively end the match there and then. Instead, they withdrew to their own half of the pitch and never again threatened the Italians until the end of the match. Instead, they merely covered potential gaps and waited for the referee's final whistle. When the Italians realized what was happening, they seized the initiative. Italy equalized, held their nerve, and remained threatening till the end, finally winning the match and the Championship at the penalty shout-out. Although the English coach Gareth Southgate has been criticized for his decisions during extra time and in the penalty shoot-out, the chance was missed much earlier: his team played passively, possibly on their own initiative, and the coach did nothing to change this.¹⁵

THE MARATHON-RUNNER DEFEATS THE SPRINTER

THE IMPORTANCE OF STRATEGIC RESILIENCE

*“If you wait by the river long enough,
the bodies of your enemies will float by.”*

Saying wrongly attributed to *The Art of War of Sun Tzu*¹

In Maxim 47, we saw that in the long run it is matter (or mass) that has its way. Here, we propose something else, namely that a strategic player that unflinchingly pursues a long-term objective, even with relatively limited means, has greater chances of achieving it than the player that exerts great effort and mobilizes plenty of means, but for a short time only. It is the case of the hare and the tortoise, from what is probably Aesop’s most celebrated fable. Another example is that of ocean waves, which through their constant motion and tremendous impact over time erode imposing coastal rock formations. To wit, strategic resilience is not necessarily a matter of greater power—although it is obvious that, all else being equal, the most powerful player is also the most resilient. Instead, strategic resilience is a function of two factors. First, whether time is on your side: whether the trends in the balance of power are

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significantly more favorable for you compared to the opponent. Second, whether you have the will to do what it takes to withstand a long-term strategic contest: the tortoise had that will, but the hare did not.

The present maxim refers to the concept of long-term strategic planning, dealt with in Maxim 4. However, there is a subtle difference between the concept of strategic resilience that we shall examine here and the strategies of protracted war or protracted operations that we first discussed in Maxim 4. Here, the aim is not necessarily to prolong the conflict, but rather to be able to continue the conflict for as long as needed—with prospects of a positive outcome, of course. In other words, here we do not talk about a protracted conflict in the Maoist sense, but for an *indefinite conflict*; what the American professor Hal Brands has called “the graduate level of strategy” when taking place among great powers.²

The Cold War is the most well-known, but not the only example, of long-term strategic competition.³ In Maxims 8 and 18, we saw that the US generally managed to rise to the occasion and finally overcome the USSR. This achievement did not happen by chance, nor was it solely due to superior US resources. Rather, the US resource surplus was converted to a victorious strategic outcome because the American leadership was thinking in terms of a long-term (and not an ephemeral) strategic rivalry and consciously endeavored to prove more resilient than their Soviet opponents.⁴

In the last few years, there is a growing sense that the US has been locked into a long-term competition with China—with the latter probably assisted by Russia. Academic journals of international politics contain an increasing number of articles urging US officials to develop strategies that ensure resilience in the face of long-term competition—the implication clearly being that so far, the US does not seem to have any such strategies.⁵ The literature frequently contrasts this arguable US lack of strategic foresight with Beijing’s calculated long-term strategy and the supposed impressive level of Chinese strategic resilience. Indeed, although the more extreme claims that China has been following a deliberate and well-designed anti-US strategy already since 1949 are less than convincing,⁶ we find it plausible enough that since

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the end of the Cold War, China has been systematically trying to become Asia's hegemon and drive away the US—as a prelude to eventually supplanting the US as a global hegemon.⁷ In the final analysis, this is exactly what one should expect from a great power which is on the ascendancy and feels threatened by another great power, namely, the US.⁸ The course and the outcome of this long-term Sino-American competition will determine the future configuration of the international system.

In domestic politics, strategic resilience is more difficult to achieve than in international politics. Political parties, and especially individual politicians, lack the capabilities that states possess in this respect. An added difficulty for the achievement of strategic resilience by players such as aristocratic families is the sometimes-radical redistribution of wealth that takes place because of wars, revolutions, and pandemics.⁹ Nevertheless, strategic resilience is by no means absent from domestic politics. A striking example is that of Robert Moses, who practically ran the New York Metropolitan Area for decades, both before and after the Second World War.¹⁰ Amazingly, Moses achieved this feat without ever holding elected office; instead, the source of his power and his strategic resilience was his crucial position in the public works sector.

Despite the aforementioned difficulties, several resilient political dynasties have historically emerged—even in democratic polities. Well-known cases include the Gandhi and Bhutto dynasties in India and Pakistan, as well as the Trudeau dynasty in Canada. Perhaps the most striking case is the US. Despite being a solidly democratic country with historically great social mobility, the US features several resilient political dynasties. The Kennedys and the Bushes are the best known nationally, while there are also many such dynasties at the state, county, and metropolitan level.¹¹

A classic example of resilience and long-term strategic planning in business is the legendary Rothschild family. Historian Niall Ferguson has claimed that the Rothschilds were the richest family on earth.¹² This may be so, although we will never know, since one can only speculate about that family's wealth. What is striking, however, is not only the Rothschilds' fabulous wealth—we have

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seen in *The Art of Strategy* many other cases of highly successful entrepreneurs who have amassed great wealth for their families, such as John Rockefeller and Sam Walton—but also the resilience of this business family throughout time and turbulence: *for ten generations*, i.e. from the end of the 18th c., the Rothschilds were hugely successful in the banking sector. How then did this Jewish family of humble origins manage not only to survive, but thrive amid wars, uprisings, revolutions, nationalizations, persecutions, economic crises, pandemics, and unpredictable technological change? Let us now look at seven of the principles that allowed the Rothschild family to survive in the long run.¹³

The first principle was that of secrecy as a prerequisite for survival. Family wealth had to be protected not only from the greed of all-powerful rulers, but also from popular wrath, especially in times of economic crisis and political upheaval.

The second principle was “power in unity”—or harmony, as is written on the family coat of arms. The family’s founder saw to it that his children established banks in five different commercial cities: Frankfurt, Vienna, Paris, London, and Naples. He bequeathed to his children the idea that a Europe-wide system of five banks was stronger than any individual bank. One is reminded of the classic adage: one for all and all for one. Indeed, as time went by, some of those Rothschild banks had to be rescued by the others, thus saving the banking credibility of the family. The Rothschild family remains largely united to the present day (see MAXIM 28), although individual members do compete among each other.

The third principle was the retention of banking management within the hands of the family, the establishment of decision-making procedures—to avoid polyarchy (see MAXIM 37)—and the careful grooming of the next generation for leadership, to ensure long-term continuity.

The fourth principle was avoiding splitting the family’s accumulated wealth (see MAXIM 36). Preserving this financial accumulation was achieved through either intrafamily marriages or restrictions of inheritance rights.

The fifth principle was adaptability to changing geopolitical conditions and, wherever possible, control of geopolitical

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changes to serve the family interests (see MAXIMS 21 and 15). The Rothschilds did the latter very frequently during the 19th c. By controlling government finances, they controlled government policies.¹⁴

The sixth principle was that risk-taking should be accompanied by dispersing and counterbalancing risks through several different investment activities in several different countries (e.g., government bonds, corporate bonds, stocks, foreign exchange, major project financing, gold, silver, diamonds, mines, real estate, agricultural investment, insurance, fund management, etc.). That is to say, the Rothschild family never put all its eggs in one basket (see MAXIM 27).

Finally, what gave the Rothschilds a serious competitive advantage was the creation of a Europe-wide system of intelligence collection and dissemination, which during the 19th c. was similar to—and perhaps better than—state intelligence services (see MAXIM 14). The Rothschilds were usually one step ahead of both their competitors and the governments they financed.

In sports, the importance of resilience compared to the opponent, due to better physical conditioning, is obvious both at the tactical (the single game) and the strategic (the championship) levels. It seems that in sports too, one can talk about long-term strategic resilience. In Maxim 4, we saw the case of Liverpool FC's long-term superiority at the national and European levels during the 1970s and 1980s. If we broaden our scope, we see that during those decades European football was dominated by northern European teams (English, German, Dutch). The reason was that they had devised a winning football recipe (excellent physical fitness, tight pressing, passing instead of dribbling and crossing), which they could pass on to the next generation of their players. Of course, eventually the other European teams copied that recipe, which is now followed all over the world.¹⁵

A similar situation prevailed in chess as well. The winning formulas were found in the Soviet Union after much effort was put into the game during the 1930s and 1940s (see MAXIM 40). These analytical processes laid the foundations for the decades-long Soviet domination of world chess after the Second World War.

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As we saw in Maxim 8, this domination was seriously shaken in 1972, when Bobby Fischer became world champion. However, the “Soviet Chess School” was too resilient to collapse because of a single blow. Soon, a new generation of chess players, headed by Anatoly Karpov and later Garry Kasparov, reasserted Soviet chess supremacy, which continued even after the collapse of the USSR, until finally vanishing in the early 21st c. under the impact of the computer revolution.¹⁶

Rounding off the present maxim, and with it the present book as well, we may see that everything boils down to the following question: “Do you succumb, or do you surmount?”¹⁷

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'Strategy is a practical undertaking. If you cannot do it, then it is mere vanity. Platias and Koliopoulos conjure up fifty maxims which perform three functions: they endure through time and different contexts, they allow the eternal challenges of friction to be confronted, and they are planned for a variety of situations that have not occurred and may not occur. I cannot recommend this book enough.'

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