Business Wargaming

Securing Corporate Value

Friday, May 22, 2009 - Daniel F. Orie sek and Jan Oliver Schwarz present a book on business wargaming. The book is full of cases and very interesting to read.

Daniel F. Orie sek and Jan Oliver Schwarz
«Business Wargaming: Securing Corporate Value»

Industry consolidation, mergers, changes to business models, the emergence of new threats all require managers to understand highly complex situations, assess risk and opportunity and make informed decisions. How can senior managers do this effectively when so often they are wrestling with brand new scenarios or futures that they have not yet conceived? One of the emerging solutions is business wargaming. This is a role-playing simulation of a dynamic business situation. It involves several teams, each assigned to play a different stakeholder (competitor, customer, governing bodies) role in a particular business situation. Typically a business wargame evolves over several moves. Each move represents a defined period of time. A business wargame should always be prefaced by extensive research and include a review of trends and hypotheses for the particular industry in which the wargames is taking place.

Daniel F. Orie sek and Jan Oliver Schwarz provide the first comprehensive look at wargaming as a business tool in a book that explores the anatomy and success factors of a typical wargame. The authors explain how and when wargaming can be used to test strategies, plan and prepare for crises, manage change or increase the organization’s ability to anticipate and adapt for the future. Creating imaginative and credible scenarios and testing them against smart opponents who are eager to find holes and counter your strategy, allows you to learn about a plan or a new venture in the security of the conference room rather than learning the hard way when you go live.

Business wargames are sophisticated but they are also very demanding in terms of time and resources. This book will enable the reader to assess the potential value of the technique for his/her own organization, to understand what is committed to and develop an informed business case and brief for working with the organization that will facilitate the game.

The book is divided in several Parts.

Part 1 opens by summarizing the history and the background to business wargaming. Business wargaming evolved from military wargaming. This latter methodology was developed during the Prussian era and, subsequently, after World War II, in the United States military. This Part also explains the mechanics of wargaming and its use for testing and simulating strategy formulation.

The aim of Part 2 is to present a variety of specific applications of business wargaming. Whilst not seeking to cover the entire field of possible applications, this overview provides the reader with a good grounding in the most common applications of the technique. There are a certain number of case studies from the private and public sectors. Interesting enough, the authors host also a chapter by Pero Micic which describes a different approach to designing and executing a business wargame on respect to the approach which the authors describe in the rest of the book.

Part 3 discusses a number of issues around the design and execution of a business wargame drawing on the authors’ experience. This is not intended to be a “How to” chapter, but should rather provide food for thought, so that the reader will be in a position to think creatively how business wargaming could help his/her organization as a starting point to commissioning an actual game.

The book has a very extensive bibliography on the subject.

This book is good, interesting and useful. It should be of interest to managers in turbulent industry faced with increasingly challenging tasks to take decisions in ever more complex and instable environments, while the magnitude of the consequences triggered by their decisions are, for the most part, ever increasing. Some of the decisions made today are literally “bet your company” types of decisions: the decision to opt for a particular technology which may generate significant revenue or may be obsolete before its implementation has been completed.

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