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## JOURNAL

## The Art of Tailoring Competitive Strategies

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### The Art of Tailoring Competitive Strategies

*SWJ discussion with Dr. Andrew D. May, Associate Director, Office of the Director, Net Assessment, Department of Defense. The views expressed here are the interviewee's personal opinions and do not reflect the views of the U.S. Government, the Department of Defense, or the Office of Net Assessment.*

Octavian Manea

**SWJ: When we talk about the history of the Cold War we tend to focus on pivotal personalities like George Kennan or Paul H. Nitze. But how do you see the role of Andrew Marshall and the Office of Net Assessment in shaping the history of the Cold War and the strategic decision-making framework in the competition with the Soviet Union?**

Dr. Andrew D. May: At least during its initial period, one of the real contributions of the office was structuring comparative analysis and doing it in a particular way that highlighted opportunities for the officials responsible for managing the US side of the competition with the Soviet Union. It wasn't only about threats, problems and weaknesses, it was in a very structured way an attempt to draw attention on opportunities we had to improve our position and complicate life for our competitors. That was unusually rare and exceptionally helpful. The office has been especially useful in the last 40 years partly in the analytic products that it produced but also in the generations of officers (who come in 2-3 year rotations) that through exposure to Mr. Marshall and working for someone like him and the kinds of problems he sets for them have come out from the experience better officers and better strategists. The historical record speaks a lot about the success that Mr. Marshall has had in identifying promising officers, setting them on a path for future success that has helped not just them but the DOD and the country.

**SWJ: What in the strategic environment of the mid 1970s pushed the US in searching for a new strategic framework in the competition with the Soviet Union?**

Dr. Andrew D. May: There were I think two things that were related. In the early part of the 1970s there was a sense among a lot of people, including Mr. Marshall, that the trends in the strategic competition with the Soviet Union were not favorable to the United States. The Soviets were catching up in a lot of areas, particularly in the strategic nuclear arms, which had been a very prominent advantage for the U.S. In many other areas there was a growing sense that we were not faring very well in the competition. And this was a particular problem because our strategy, since the '50s, was predicated on the notion that if we could just not lose, we could eventually win. So doing well in the peacetime competition was an essential component of our strategy and watching that position deteriorate was really worrisome to a lot of people. That context created a general sense that we needed to start having a more informed, intelligent, calibrated strategy rather than buying the best of everything which was no longer a viable option. Shortly after that, this movement received an impetus because the US presence in Vietnam drew down and the attention

returned to the Central Front and there was a broad realization that we had lost a lot of position relative to the Soviets while we were focused on Vietnam. In the meantime, the Soviets had made a lot of improvements and advances and we really needed to return our attention to that competition. This coupled with the earlier sense pushed things along.

**SWJ: A key concept that Andrew Marshall and ONA developed and shaped starting in the mid 1970s is that of competitive strategy. What is a competitive strategy?**

Dr. Andrew D. May: A competitive strategy is nothing more than trying to identify your own enduring competitive strengths and looking for opportunities where those match up against particular weaknesses of your competitor and finding ways in which you can exploit those. Ideally you are looking for situations where those strengths and weaknesses are deeply rooted in the fundamental characteristics of the two competitors so that they are not circumstances that your competitor can really realistically change in any rapid way.

**SWJ: What is the relation between a competitive strategy and a competitor's choices and calculus?**

Dr. Andrew D. May: My own view is that a competitive strategy, to be effective, is really rooted in a sound understanding of your competitor's choices and his strategic calculus. Obviously, if you knew your enemy perfectly you could have a field day with competitive strategies, but that level of understanding is never going to happen. Instead, you look for instances or opportunities in which you can uncover some insight, some firm understanding of how they make choices or why they have made some strategic decision, and then try to develop a strategy that exploits this insight.

**SWJ: How important is it in developing a competitive strategy the insight of the competitor's "bounded rationality"? More largely, how important is it in developing your own competitive strategy by understanding what is happening in the black box of the competitor's mind (acquiring granular insight in what is shaping most its decision making-strategic culture, operational code of the leadership, bureaucratic politics)?**

Dr. Andrew D. May: There are three parts to this question that matter. My own view of good competitive strategy opportunities is that they are rooted more in empirical observations about things that your competitor is already doing or already shows a proclivity to engage in, or fears or concerns already demonstrated, rather than the idea of generating some new concerns in other areas. It is more efficient to look for dispositions that the competitor is already demonstrated and identify interactions that are already working in your favor and then try to amplify that effect rather than starting with some aspirational notions of driving up spending in this area or that area. It begins more with an empirical observation than a blank sheet.

From that it is absolutely critical to understand your opponent, how they are thinking and why they are doing this. One way to think about this is starting at the intelligence level and operational level where you are interacting with this competitor and looking for anomalies-spending patterns that don't make sense to you and other sorts of behaviors that seem very striking and try to understand what it is about that competitor's history, culture, society, leadership that are driving them to behave them in that way. If you think it is a sustainable reason you might find you've got an opportunity to begin to structure a part of the competition that is going to continue to work in your favor over the long time.

"Bounded rationality" is absolutely the way to look at this. Early on, with the Soviet Union, it was an initial resistance to the idea of cost imposing or competitive strategies against the Soviet Union, rooted in the sense that it was a country without those kinds of irrationalities. A country with strong centralized leadership wouldn't make mistakes like that and if they start doing a mistake like that it would be

recognized by the senior leadership and adjusted instantly. Obviously this was a completely misguided notion, especially of the USSR but really of any human enterprise. But I absolutely think that going in and accepting the notion that humans have very limited rationality, that organizations have very limited rationality is a much more appropriate framework than any sort of rational actor model which really limits your ability to understand the world as it is.

**SWJ: Is the competitive strategy the ideal framework for managing a great power competition?**

Dr. Andrew D. May: A competitive strategy framework is about peacetime competition. In some kinds of circumstances, and perhaps we are more in these kind of circumstances today, it will be useful to think about costs much more broadly than just financial and economic costs. There is a tendency when we talk about this to automatically think that we try to bankrupt a competitor the way we supposedly bankrupted the Soviet Union. Regardless of the historical accuracy of the Soviet Union case, I think that looking at the present and in the future, we need to think about costs in terms of all kinds of scarce resources--attention, quality personnel, time. We could begin thinking about imposing costs on a competitor the way of reinforcing the deterrent effect of our force posture. Every day that you compel a possible competitor to decide that now is not the time for action, but to take time to think, to shore up the positions that he came to believe that now he is weak, you have just preserved the peace time confrontation, rather than let the things get into conflict.

**SWJ: Should we see the Air Land battle concept developed and institutionalized in late 1970 early 1980s, but also the RMA, as products of a competitive strategy framework?**

Dr. Andrew D. May: I don't think they necessarily qualify as products of competitive strategies in any direct sense. Definitely looking back to some of the people that were writing about precision-guided munitions in the 70s, they recognized that this was an area in which the US held or had the potential to hold a particular advantage compared to the Soviets. We were going to be better in producing and using this kind of systems than the Soviets were going to be. This seemed to be the direction where the war was heading anyway, but it was an inherent advantage of the US in this part of the competition. That said, the impetus behind talking about RMA was generated by the sense that the Soviet Union was going to find some way to exploit these changes in military technology themselves and that it will be not exactly a symmetrical contest, but both sides will be doing what they could to exploit the sensing and the precision guidance revolutions. I don't think most people in the '80s were thinking about the kind of circumstances that actually came up in the mid/late '90s where the US had almost a monopoly on these kind of systems.

**SWJ: How do you see the role of technology in the larger framework of the Cold War's competitive strategy?**

Dr. Andrew D. May: The technology part was critical. It is clear that the US as a country has a strong science and technology foundation and a culture that allows innovation in ways that promote rapid technological advances. It has been an enduring advantage of ours. At the same time, I think that there are other parts of the story that tend to be missed as people do tend to focus too much on the technology part. For the same reasons that we were very good at the technological innovation, we are also very willing to engage in organizational innovation even in the midst of conflict in ways that I am not sure every other culture is able to do, to change the way we organize and fight, to make technological advances more militarily useful. Another part of the change, one of the big gains that we made over the Soviet Union, had to do with the training revolution that took place in the middle of the Vietnam War. That was really about making the commitment to conduct realistic combat training, drawing into the military a caliber of personnel that is unavailable to a lot of others and certainly not available to the Soviet Union, and training them appropriately to be really prepared to fight. It was an absolutely transformational advantage, a

foundational strength relative to the Soviet Union that had nothing to do with technology.

**SWJ: So in the end we might say that the core/raw material of a competitive strategy is the innovation culture that a society like the US nurtures.**

Dr. Andrew D. May: For us that was one of the key advantages. We have enduring systemic weaknesses of our own as well and it would be possible, I hope not to see this happen, that a very intelligent and dedicated competitor could begin to elaborate a strategy that plays against the weaknesses that are difficult to fix rapidly and cheaply.

**SWJ: What was the effect of the Air Land Battle Concept on reassuring European allies about US commitment to European security?**

Dr. Andrew D. May: In the most immediate sense, I think it was reassuring because it looked like a serious, effective response to the Soviet military threat and seemed to have the potential to deal effectively with the prospect of a Soviet or Warsaw Pact offensive. It was a demonstration of the US commitment that was very reassuring. One of the questions of that period was that if you really wanted to understand your allies you needed to understand how they evaluated the balance of power. In that context we could find that they were reassured by things that for us were not important. As with deterrence, it is not a question of what you would find deterring, but what our competitor finds deterring.

**SWJ: What was the effect of the Air Land Battle concept on the Soviet Union perceptions of the military balance?**

Dr. Andrew D. May: My sense is that the ALB was transformational. It was discouraging for the Soviets in what it meant for their long-term competitive prospects. It amounted to a fundamental change in the way we were going to wage war in Europe and it was game-changing because they were going to find it immensely challenging to counter, for a variety of cultural and military reasons. It was not at all evident that there was anything that they could turn to in order to offset new innovation on our part.

**SWJ: Which were the mistakes the Soviet made in this long-term peace-time competition with the US?**

Dr. Andrew D. May: Their real weaknesses were rooted in their system of government and their economy. But also they just had deep systemic cultural problems. The economic system was going to doom them in the end, but also the ethnic problems they had which were the natural consequences of the size of the Empire, especially the pieces they tried to conquer and assimilate, the cultures that they had brought in and everything that by its structure created weaknesses. What really doomed them were the options that were not on the table. Competing at that level with the economy, the people and the culture they had, they were just not going to be able to hang in that game. I am sure that they could have managed their side more intelligently and going back they did things that they shouldn't have done and didn't do things that they should have done in order to hang in a bit longer, and I don't want to be dismissive about a very serious competitor or to suggest that it was evident in the '80s that we were inevitably going to win. But ultimately, the things that brought their run to an end, they were very deeply rooted, structural things that really outside their ability to change.

**SWJ: What role does "net assessment" play in shaping a competitive strategy?**

Dr. Andrew D. May: In a perfect world it would be a sort of symbiotic with the National Security Strategy and the DOD strategy where you begin to derive from that strategy a sense of the military areas of special importance for the United States and then you can focus your net assessments on those areas. Net assessments don't make policy programmatic recommendations of any kind but they do identify strategic

opportunities and emerging problems appropriate for the people who were responsible for the long-term management of the Department. The role of the net assessments is to surface opportunities and problems appropriate to the managers and identify some of these places where opportunities would exist to exploit national strengths of the United States relative to the competitors and would give to the people executing the strategy something to implement. In a perfect world these features and levels would be very closely tied together.

**SWJ: To what extent did competitive strategy provide an intellectual construct for winning the Cold War?**

Dr. Andrew D. May: It was a kind of codification of a way of thinking that a lot of people already had. What this provided was a framework of sustaining that sort of thinking and also a way for promoting not only in the Defense Department, but in the country as a whole, a sense that we could do this. Particularly in early and mid '70s, there was a sense that the momentum was with the Soviets, that they didn't have the kind of competitive weaknesses that we did, that they were a stronger, more efficient competitor over the long term. It was relatively a small group of people that had a much more positive set of goals for the US and believed that we were much stronger competitor than the Soviets were and that we can do this. The competitive strategy was a way for them to begin systematically find and exploit opportunities that the US had and helped explaining to others and to bring the focus away from trying to fix our weaknesses on exploiting our strengths and take the initiative in the competition. In that sense, the framework was critical.

**SWJ: Are there other examples of effectively implemented competitive strategies?**

Dr. Andrew D. May: Yes, I think there are many, though there remains a lot of good historical work to be done. A history professor, a man named Cliff Rogers, has just written an absolutely terrific study of the strategy Edward I pursued in his conquest of Wales. The work done by Dr. Rogers suggests that Edward based his strategy on an analysis undertaken by Geraldus, or Gerald of Wales, who was himself Welsh and who prepared a stunningly good assessment of the strengths and weaknesses of the Welsh and the sort of strategy that would be required to subjugate them. It is an excellent case study of a strategy designed to exploit enduring, systemic features of an opponent.

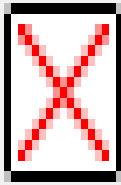
**SWJ: As we move forward, in a multipolar world in which genuine peace-time competition is a constant, what lessons and principles should we take from the whole historical experience of implementing a competitive strategy against the Soviet Union?**

Dr. Andrew D. May: The first, most basic insight is that strategy is possible. There is a sizable contingent of people who believe that something about the current world makes strategy impossible (the world is too complicated, there are too many problems, things change too fast). But strategy is genuinely still possible. Another basic kind of truth is that there is a tendency to look at a competitor and focus on his strengths and your own weaknesses. One of the real lessons coming out from the whole experience of implementing a competitive strategy against the Soviet Union is that the competitor is going to have major weaknesses. It is inevitable. Through sustained study and real expertise you can begin to identify those weaknesses and those comparative assessments done well should by their nature begin to point to those places where you yourself have enduring strengths and the competitor has real major weaknesses.

**SWJ: The competition in Central Europe with the Soviet Union, the focus on finding always technological comparative advantages, generated a preponderance of focus on conventional conflict. Did the US lose its balance remaining unprepared for Vietnam kind of contingencies (nation building and fighting insurgencies)? Is this also one of the lessons that we should keep in mind as we move forward?**

Dr. Andrew D. May: I don't have a tremendous amount of sympathy for this argument. It is clear in retrospect that that is true, we did invest much more, more heavily in conventional capabilities than we did in COIN capabilities. On the other hand, that was a very serious situation, it wasn't at all clear that we had any resources to spare. I don't think it was a prevailing sense that we were overinvesting in any way in keeping up our half of the Cold War. In the end strategy is about choices and in those particular circumstances it was the only responsible choice to make. There is a tendency among people to exaggerate the degree to which the outcome of the Cold War was predetermined. It was very far from clear at that time and it was only right to concentrate on investment on that problem.

### About the Author



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Octavian Manea was a Fulbright Junior Scholar at Maxwell School of Citizenship and Public Affairs (Syracuse University) where he received an MA in International Relations and a Certificate of Advanced Studies in Security Studies.

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