

Business Analysis

Sun Tzu's initial chapter is most commonly entitled "Planning," but his idea of planning was not how we think of it today. Today, we think of planning as putting together a list of tasks that we intend to perform. Sun Tzu's "planning" doesn't involve putting together a plan of action. It was an objective analysis of the competitive situation before you plan specific actions.

Before going into any competitive situation, Sun Tzu wants us to look at the overall situation and understand what is going to determine our success or failure. In Sun Tzu's method, this is the first vital step in avoiding failure and discovering success.

In this step, he wants us to look at the basic issues that will determine success or failure of our organization. This is a high-level, strategic look at our situation. He begins this discussion by giving you a framework within which you can understand the nature of competition.

A manager must make a series of decisions. Our decision-making is only as good as the information we have, but that information depends in turn upon asking the right questions. We must know which factors really determine the outcome of the competition. That is what Sun Tzu tries to teach us here.

You use Sun Tzu's analysis to identify the key components of the organization. This method is scalable; that is, it works equally well for both large and small decisions. You can use this analysis to decide which company you should work for, but you can also use it to decide on the importance of a given activity.

Because these analytical skills are so useful, you want them to become almost a habit. They should come to mind whenever you are thinking about organizations. Many of Sun Tzu's lessons are tactical, that is, appropriate only to certain situations, but his basic analysis is universally valuable.

Lesson 2

What role does management play in an organization?

- A. Management is one of the easiest jobs in most businesses.
- B. Everyone serves the needs of management.
- C. It is management's job to oversee the organization.
- D. Management creates the organization.

This is management.

It is the skill that creates an organization.

From The Art of Management

Answer:

- D. Management creates the organization.

Let us start by putting the importance of the management role into perspective. Management is certainly not the easiest role in a business. Employees in a business do not serve management's needs. They serve customers. Managers may act as supervisors, but that is just one of their roles in creating the organization. An organization needs management even if there is no one to supervise. An organization of one still needs management. If we can't manage ourselves, we need someone to manage us in order to be productive.

Management creates the organization by making decisions. These decisions determine the purpose of the organization: what people to hire, what resources to buy, and so on. Management makes the decisions by which an organization earns the description "organized."

This doesn't mean that the management decision-making must be restricted to one group of people or a certain management structure. People think of management occurring in a hierarchically structure, but management distributes decision-making many different ways. Even in a one-person business, the individual has to spend some of his or her time making the management decisions. Lack of management results in lack of organization. The lack of organization leads directly to failure.

Lesson 3

Why should you study management?

- A. Because organizations depend upon learning management.
- B. Because management jobs pay well.
- C. Because good management assures fewer problems.
- D. Because it is easier managing than being managed.

It is the basis of start-ups and shutdowns.
Its is the theory of endurance and elimination.
You can learn management.

From The Art of Management

Answer:

- A. Because organizations depend upon learning management.

Sun Tzu saw competition as a matter of survival. In a competitive environment, competition eliminates organizations that are poorly managed. Management creates organizations. The learning of management determines which organizations survive and which do not.

Businesses fail everyday. In Sun Tzu's mind, luck or chance never determine success or failure in competition. The quality of your decisions shape the future.

You can learn the art of management. Some people are naturally more organized than others, but you must study and learn the skills necessary to be a successful decision-maker.

Management jobs don't necessarily pay better than other jobs. Nor does "good" management necessarily reduce the number of problems that the organization identifies. Sometimes good management means recognizing problems that others would overlook.

Management jobs are difficult. It is more difficult to manage others than it is to take direction. Management jobs are pressure jobs. Management has to make the tough decisions that determine everyone's future.

Lesson 4

How many factors do you need to analyze an organization?

- A. You need only master the analysis of people.**
- B. Five factors determine your success.**
- C. Dozens or hundreds of different factors determine management success.**
- D. Every organization is different in what factors determine management success.**

Five elements determine your ability to manage.
Analyze these elements when you plan an organization.

You must understand:

1. Management philosophy,
2. The use of time,
3. The contribution to value,
4. Your leadership,
5. And the decision-making process.

From The Art of Management

Answer:

B. Five factors determine success.

For the purpose of strategic business analysis, these five factors determine the eventual outcome of any business competition. You must consider these five factors in every competitive situation.

All five of these factors are important. You have to question each of them in order to analyze your organization. These five factors determine its success or failure.

The good news is that you don't have to analyze dozens or hundreds of issues. High-level business analysis is simple. You have only a handful of relevant issues to analyze.

In a given sale, one of these elements may present more of an obstacle than the others, but all must be present. Every sales situation may be unique, but success always arises from strength in all five of these five areas.

Lesson 5

Why is a management philosophy important?

- A. Its maintains a focus on your customers.**
- B. You and your people need a shared goal.**
- C. It allows you to foresee the future.**
- D. Customers need to understand your company.**

Management begins with a philosophy.

When you manage people, you must give them a shared mission.

You can end their current jobs.

You can give them new work to do.

They will not feel threatened or betrayed.

From The Art of Management

Answer:

- B. You and your employees need a shared goal.**

As a general, Sun Tzu knew that you work your will by means of your people. People don't work for you to make you successful. They follow you to fulfill their own goals.

The organization's mission isn't for your customers. It is for your people. It defines what you are working for and why you are working together. It defines how you are going succeed together. Your philosophy is the glue that holds the organization together. Without a mission, you cannot build an organization.

Your shared goal can help guide your decisions. Your people have to see that you are faithful to the group's mission. They have to see the connection between your decisions, their jobs, and the organization's goals.

If you tie your people to your philosophy, management becomes much easier. People no longer work at a job. They work toward a purpose. Their job can change. You can change your plans. The details matter less because they share in the big picture.

Lesson 6

What is the most important affect of the management of time on the business?

- A. Management of productivity controls the use of time.**
- B. The tracking of time measures organization costs.**
- C. People's time is the most important resource that they bring to the organization**
- D. Management increases the productivity of time.**

Next is the use of time.

It can be tracked closely or disappear.

It can be productive or wasted.

It requires perpetually controlling your time.

From The Art of Management

Answer:

- D. Management increases the productivity of time.

The first thing that you must manage is your own use of time. Sun Tzu makes the point that your use of time can work for you or against you. Knowing how to use time productively, starting with your own time, is the heart of good management.

Time is easily wasted. Even highly productive people waste a tremendous amount of time. The only way in which we can see how we spend our time is to track it. Otherwise, our use of time is invisible.

Notice that this doesn't mean that we can successfully track other people's use of time. Much of the way other people spend their time is beyond our control. We should recognize that some of their time is going to be wasted and much of the waste will be invisible. People can easily defeat any outside time tracking scheme.

Time is the most personal of commodities. If we don't track our own use of time, we will never know where it goes. As managers, we are responsible first for our own use of time.

Lesson 7

How do people fulfill the needs of the organization?

- A. People need to do the job the managers assigns them.**
- B. People should do whatever supports the company's mission.**
- C. People need to contribute to the value created by the organization.**
- D. People need to be creative and inventive.**

Next is everyone's contribution to value.

It can be eventual or immediate.

It can be arduous or effortless.

It can be broad or limited.

Creating value determines your organization's existence.

From The Art of Management

Answer:

- C. People need to contribute to the value created by the organization.

The role of the organization and the people in it are both the same. Both the organization and its employees depend upon creating value in order to survive. They create value in competition with all the other people and organizations in the marketplace. The creation of value is the battleground upon which market competition takes place.

“Value” can take many different forms, but is always concrete. People are willing to pay money for it. Everyday we all make choices about what we find valuable.

All organizations are formulas creating value in the marketplace. People are hired as part of that formula. The roles that they play are the ingredients of value recipe of the organization.

Management means making decisions about the value recipe of the organization. Each organization has its own unique recipe for creating value. Once an organization discovers a recipe that works, it tries to increase it to increase the value it creates.

Lesson 8

What characteristics does management leadership require?

- A. You must be quick, forceful, persuasive, forthright, and flexible.**
- B. You encourage understanding, obedience, and dedication.**
- C. You must be unswerving, dedicated, single-minded, focused, and commanding.**
- D. You must encourage everyone's foresight, self-reliance, and courage.**

Next is your leadership.

Develop everyone's foresight, self-reliance, and courage.

From The Art of Management

Answer:

- D. You must encourage everyone's foresight, self-reliance, and courage.**

First, you need to train people to understand the consequences of their actions. They need to be able to see how their actions affect others in the organization.

Next, you need to encourage self-reliance. You don't want to tell them everything that they need to do. You want them to take ownership of their jobs and make their own decisions about how to do that job well.

Finally, you must inspire courage in your people. They must feel confident in taking chances. They must understand that failure in a good cause is expected. They cannot be so afraid of failure that they don't feel free to experiment.

As a management, you inspire these qualities by demonstrating them yourself. You must demonstrate the value of foresight, self-reliance, and courage in the decisions you make. Challenge and trust your people. Accept that people make mistakes. Use mistakes as a learning experience for you and your people.

Lesson 9

What is important about how you make decisions?

- A. You must consistently use the same decision-making process to get the same results.**
- B. You must let customer needs determine your decisions.**
- C. Your decisions must be consistent with your organization and your philosophy.**
- D. You must consult with others about your decisions.**

Finally, you have your decision-making process. It determines how you build your organization. Your management philosophy creates it. You must master decision-making.

From The Art of Management

Answer:

- C. Your decisions must be consistent with your organization and your philosophy.**

The central function of an executive is decision-making. In today's organization's, more and more people are charged with decision-making responsibility. Today, many people who wouldn't consider themselves "managers" make decisions that affects others other people and organization resources.

In an organization, management decision-making must follow the organization structure. The structure of the organization determines areas of responsibility as much as the chain of command. If you want people to understand and believe in the organization, your decision-making process must reinforce these areas of responsibility. If decision-making does not follow the organization's structure, that structure becomes a fiction.

Management decision-making directly must also be consistent with your management philosophy and organizational mission. Each decision sends a message. If your decisions inconsistent with your stated philosophy, you loosen the bonds of rust that hold the organization together.

Lesson 10:

How do you know which of these five factors are critical in a given situation?

- A. You must understand your organization and do the analysis.**
- B. All five factors are always equally important.**
- C. Philosophy is always the most important and process the least important.**
- D. You learn by experience in your industry and products.**

You must educate yourself by analysis.
You must understand your organization.

From The Art of Management

Answer:

- A. You must understand your organization and do the analysis.

Analysis helps you understand how to balance philosophy, time-management, value creation, leadership, and decision-making. All five of these factors are critical to understanding your organization. In any given situation, however, some of these areas will pose more of a challenge than in the others. In some situations, maintaining the right philosophy can be difficult. In others, time management can be a problem.

Experience is very useful at developing management instincts, but each situation is different. You can never assume that all management situations are the same. They never are. Experience teaches us that we can't take anything for granted.

As Sun Tzu emphasizes, you always have weaknesses and strengths. The secret to success is knowing where you are strong and where you are weak. In some situations, your mission or philosophy may give you an advantage. In others, it may limit your options dramatically. Analysis balances philosophy, value creation, time-management, leadership, and decision-making issues.

Lesson 11:

In a given competitive situation, should you ever question your organization?

- A. You should question everything.**
- B. You cannot question your philosophy.**
- C. You must not question your management skills.**
- D. You cannot question your system of compensation.**

You must ask:

What is the right management philosophy?

Which managers are skillful?

Which uses of time and resources are valuable?

Which kind of management structure will work?

What are your organization's strengths?

Which managers and workers are trained?

What salaries and incentives make sense?

From The Art of Management

Answer:

- A. You should always question everything.

Sun Tzu based his entire system of competition on keeping in close touch with what is really happening at every given moment. In his method, your decisions depend on the particular situation that you are in. The greatest skill is recognizing that situation. The greatest failing, ignoring it.

Even the best management philosophy can get outdated. "Good" is always a relative term. In any given situation, the competition may have the advantage. You must question the relative strengths of your organization in every competitive situation. You have to believe that *generally* your philosophy, time-management, value creation, leadership, and decision-making are competitive. If not, you must change them.

You can always meet a competitive organization that is superior to your own. You must recognize when this is the case. You then must copy the best practices of that organization.

Lesson 12:

What do some organization work while others don't?

- A. Because some managers don't have the right philosophy.**
- B. Because some managers aren't focused on creating value.**
- C. Because some managers don't analyze.**
- D. Because some managers fail to lead.**

This is why some organizations work and others don't.
Some managers do this analysis.
If you employ them, you will be successful.
Keep them.
Too many managers never perform this analysis.
If you hire these managers, your organization will fail.
Get rid of them.

From The Art of Management

Answer:

- C. Because some managers don't analyze.

Philosophy, value, time-management, leadership, and decision-making are all elements of analysis. Sun Tzu didn't teach perfection in any of these areas. He taught comparative superiority. Your organization doesn't have to be perfect in any of these areas. It simply has to be better than your competition. Analysis is the ability to compare objectively your organization with the competition.

People that perform this analysis are going to be successful. Those that fail to perform this analysis are going to fail. It is as simple as that. From the perspective of a leader who directs other managers, you have to make sure that everyone with decision-making responsibility knows how to perform this type of comparative analysis.

If you want your organization to succeed, you want to surround yourself with people who are constantly comparing themselves to the competition in these critical areas. You want people who can be objective. They can't sell the organization short nor they can look at everything through rose-colored lenses.

Lesson 13:

How does analysis help make an organization successful?

- A. By overcoming your fear of failure**
- B. By helping you see your strengths and opportunities.**
- C. By allowing you to broaden decision-making.**
- D. By helping you eliminate your weaknesses.**

Analysis creates opportunities by forcing you to look.
Analysis makes managers successful.
It makes it easy to outstrip the competition.
Analysis is power.
Analysis discovers opportunities and focuses your energy.

From The Art of Management

Answer:

- B. By helping you see your strengths and opportunities.**

For Sun Tzu, competition is the art of seeing. Every situation has strengths and weaknesses. The difficult part is seeing where they are.

Sun Tzu taught that success comes from identifying your strengths and capitalizing on them. You don't beat the competition by having the fewest weaknesses. You beat the competition by taking advantage of your opportunities.

As Sun Tzu explains in more detail in a later chapter, guarding against weakness keeps you in the game. However, you don't build success by eliminating weaknesses. You build success by leveraging your strengths, ideally against the competition's weaknesses.

Fear of failure is a good thing when it prevents you from making the kind of mistakes that destroys the organization. It is a bad thing when it prevents you from acting at all. You cannot be successful without taking a risk on your strengths. At some point, you have to decide where you are going to focus your organization's efforts to excel.

Lesson 14:

If you were to describe management as one thing, how would you describe it?

- A. Helping customers see the value of your product.**
- B. Inspiring your people to succeed .**
- C. Overcoming the competition.**
- D. Demonstrating the value of your products.**

Management has one key.
It is a system of inspiration.

From The Art of Management

Answer:

- B. Inspiring your people to succeed.

In the original *Art of War*, Sun Tzu said this much more strongly. He said that war was one thing: a philosophy of deception. To beat the competition, you must force your opponents into making the wrong decisions by misleading them.

In management, success is more complicated. You don't just mislead the competition through deception. You must lead through inspiration. Your ability to control people's perceptions is still the heart of the matter.

You want to people see the value of your mission, the value that they create, the importance of their work time, the need for taking responsibility, and the need for good decisions. To do this, you have to break through the clutter of everyday concerns and preconceptions that clutter their minds. In other words, you have to take control of their perceptions. You have to inspire them.

Today's managers lead a different type of worker. You can't just tell them what to do. The job isn't just doing anymore. Increasingly, the job is thinking. Knowledge work has replace manual labor. How do you manage knowledge work? How do you direct it? There is only one way: you must inspire.

Lesson 15:

How do you use the situation to inspire your people?

- A. You should intensify the situation.**
- B. You should find positives in the situation.**
- C. You should reverse the situation.**
- D. You should idealize the situation.**

When you expect success, make it seem unlikely.
When everyone is busy, make their workload seem light.
When deadlines are near, make it clear that you have time.
When deadlines are distant, make them appear immanent.

From The Art of Management

Answer:

- C. You should reverse the situation.

Inspiring people requires controlling how they feel. You start this process by learning to control your own emotions or at least people's perceptions of them. People know the true situation as well as you do. You don't need to intensify it. Instead, you must reverse it.

If people expect a big success, you should downplay the possibility of success. This accomplishes a number of goals. It will inspire them keep working. It will cushion the blow if they fail. And it makes success all the sweeter when it comes.

People don't do their best work under pressure. You have to take some of the pressure out the situation when people are working as hard as they can and facing deadlines. You have to show them that you are confident and composed. You must assure them that they have nothing to worry about.

You must do just the opposite is true when the pressure is off. People tend to slack off when they think that they have plenty of time until a deadline. In this situation, you must increase the pressure. You make them seem behind. You must make them worry about the time.

Lesson 16:

How do you use people's feeling in order to manage them?

- A. You should find a way to leverage their emotions.**
- B. You should try to counter their emotions.**
- C. You should ignore people's emotions.**
- D. You should ignore negative emotions and reinforce positive ones.**

If the organization is comfortable, challenge it.
When people are confused, make decisions for them.
When times are good, prepare for the bad.
If the organizational structure is working, don't change it.
If people are upset, focus their frustrations.
If workers are insecure, give them confidence.
If employees are easygoing, work them hard.
If groups are too dependent, break them apart.
Challenge people when they seem unready.
Celebrate when they least expect it.

From The Art of Management

Answer:

- A. You should find a way to leverage their emotions.

Sun Tzu's advice on dealing with your people's emotions is very detailed. Sometime you counter the emotion. Other times, you encourage it. Just how you react depends totally on the state of mind. In every case, you use that emotional state to move the organization forward and keep it on target.

The question is: given a certain emotional attitude, what will move people? You must make comfortable people uncomfortable. Confused people are looking for leadership. Unhappy people need to focus their frustrations on something. You don't want people to be too dependent or too independent.

The point is that you use people's emotions for the good of the organization. You can't ignore them. Emotion is what inspires people to action.

Lesson 17:

How often do you want use emotion in the organization?

- A. You never want people to get emotional at work.**
- B. You should use emotional stimulus sparingly.**
- C. You should prod people's emotions when an opportunity arises.**
- D. You must always look for way to get people emotionally involved.**

You must find ways to excite and inspire people.
Never pass up an opportunity.

From The Art of Management

Answer:

- D. You must always look for way to get people emotionally involved.

Emotional involvement is a good thing. It makes work fun, interesting, and important. People spend most of their lives at work. It is the primary way that they serve the needs of others in society. They deserve and need to have strong feelings about what they do.

Sun Tzu wants you inspire emotions in people whenever you find the opportunity. A workplace where people simply do their jobs without any feeling or emotional connection is a dead organization. Dead organizations are never successful.

People want and deserve to feel alive. This is what we mean when we say that management is primarily the job of inspiration. People need and deserve to be challenge. They need and deserve to be surprised with unexpected rewards. If you want to be successful, you must constantly work to keep your people interested and excited to come to work every morning.

Managers work through people. People act based upon their emotions. A big part of a manager's responsibility is finding ways to make people care about the work that they do.

Lesson 18:

How do you pick an organization to work for?

- A. You look for an organization with many strengths.**
- B. You look for an organization with few weaknesses.**
- C. You look for an organization with emotional commitment.**
- D. You look for an organization that excites you.**

Before you take control of any organization, you must know how you can make it successful.

You must appreciate its strengths.

Before taking control, you must avoid organizations that you will fail.

You can see only their weaknesses.

From The Art of Management

Answer:

- A. You look for an organization with many strengths.

The most important decision you make as a manager is your choice of organizations. If you aren't building your own organization from scratch, you must pick an organization that you can make successful.

Your job as a manager is to leverage people's emotions, but that doesn't mean that you can always afford to be emotional yourself. The title of this chapter is "Analysis" because you must do careful analysis before you make critical decisions.

As you look at different organizations, some will seem like fun and interesting places to work. This doesn't mean that you should work for them. Others will seem to have obvious problems that you can correct. This also doesn't assure that you can make them successful. These organizations may need you, but you don't need them.

The right organization is the one that is strong relative to its in all the key areas. You should be able to see these strengths clearly and know just how to leverage them in the marketplace.

Lesson 19:

What is the ultimate value of doing analysis?

- A. It allows you to identify organizational strength.**
- B. It allows you to make timely decisions.**
- C. It prevents you from making mistakes.**
- D. It simplifies communication within the organization.**

Feeding strength makes you successful.
Combating weakness leads to failure.
How can you understand strength without analysis?
You must study the organization by observing it.
You can foresee success or failure by analysis.

From The Art of Sales

Answer:

- A. It allows you to identify organizational strength.

In Sun Tzu's system, success comes from strength. In later chapters, he talks about how to build up strength and how to focus it, but the purpose of this chapter is to learn how to identify it.

An organization can be strong in its philosophy, its value, its time management, its leadership, or its decision-making. If it is going to succeed in a competitive market, it will succeed because it does some or all of these things better than the competitive.

The job of a manager is identify and building these areas of strength. One of the most important ways that you do this is by managing people's feeling about their work. However, before you can get them to care about their jobs, you must identify the organization's potential. As a manager, you must be the first to see why they should care about being part of that organization.

Most organizations are indifferent workplaces at best. They are poor competitors. Their people are uninspired. Their missions are uninspired. A few special organizations find huge success because they discover a mission, a value proposition, a time, a leader or a decision that has meaning and power.