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THE APPLICATION OF SUN TZU'S STRATEGIC
MASTERPIECE "THE ART OF WAR" IN
MARKETING - A CASE STUDY ON WISTANA
COMPANY

BY

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A PROJECT PAPER SUBMITTED IN PARTIAL
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知彼知己
勝乃不殆
知天知地
勝乃不窮

孫子兵法

“ Know your enemy, know yourself
and victory will be undoubted.
Know Earth and Heaven and your
victory will be complete. ”

Sun Tzu's Art of War

ABSTRACT OF THE PROJECT PAPER

The aim of the case study is to find out the extent of the relevancy of the application of Sun Tzu's strategic principles in the Wistana Group of Companies. Some forms of approaches or methods based on these strategic concepts advocated by Sun Tzu have been practised but not fully realized by not only Wistana Group of Companies but also many other companies in general.

The researcher feels very strongly that, in fact this case study is an opportunity to test the extent of the relevancy regarding the concepts in question.

Three methods of data gathering are used. They are (a) the use of questionnaire, (b) personal interviews and (c) direct participant observation. The sample of this study is taken from thirty-five low to medium level management employees from the company and another five top level management interviewees for the personal interview sessions. Altogether there are forty respondents. The observation was carried out in three particular locations where the majority of the company's employees were concentrated. Questions for both the questionnaire and the personal interviews were drafted based on the seven main strategic principles advocated by Sun Tzu.

The data were collected from all these sources and later analyzed according to the seven main strategic principles mentioned. Data summary sheets were prepared for easy reference as well as for analysing the results objectively.

In the final analysis, the study has proven that the company has indeed practised these principles directly or indirectly as well as knowingly or unknowingly. In fact, there is a strong indication that shows that there is a correlation between the usage of these principles and the overall company success in its marketing operation in particular.

Finally, the objective of the study has been achieved and there is indeed relevancy of the strategic principles in the company's application of them. This case study is thus justified.

APPROVAL PAGE

TITLE OF PROJECT PAPER: THE APPLICATION OF SUN TZU'S STRATEGIC MASTERPIECE "THE ART OF WAR" IN MARKETING - A CASE STUDY ON WISTANA COMPANY.

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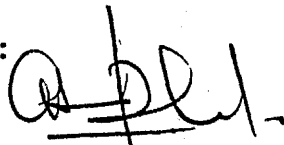
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DECLARATION

I hereby declare that this project paper is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by reference notes and a bibliography is appended.

Date...31/10/1997

Signature.....

Name: TAY BEN HWA

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I dedicate this work to my beloved wife, Flory Juliana for her strong encouragement, understanding and commitment to the family especially during my absence. My three lovely daughters; Neeta Christina Tay Sue Yin, Jasmyin Petrinna Tay Sue Lin and Kristal Diana Tay Sue Qin whose antics, laughs and adorations accompanied me during hard time, I really want to say this, girls, “ All of you have lighted up my life ”. Their true love have supported me all the way. Not forgetting my mother, brothers and sisters, whose support have helped me through this course. To all of you, I would like to say “ I love all of you.”

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To the Ministry of Education, I wish the organization greater success in whatever the ministry is undertaking. I would like to say "Thank you" for giving me this opportunity to further my study.

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TABLE OF CONTENTS

Abstract.....	2
Approval.....	3
Declaration.....	4
Copyright.....	5
Dedication.....	6
Acknowledgments.....	7
Table of Contents.....	8
List of Tables.....	11
CHAPTER 1 : INTRODUCTION	
1.1 Background to the Problem.....	14
1.2 Problem Statement.....	17
1.3 Objectives of the Case Study.....	19
1.4 Brief Information of the Company.....	20
1.5 Definition of Terms.....	22
CHAPTER 2 : LITERATURE REVIEW	
2.1 Introduction to Sun Tzu's Art of War.....	26
2.2 Chapter 1 - Planning.....	28
2.3 Chapter 2 - Waging War.....	29
2.4 Chapter 3 - Offensive Strategy.....	31
2.5 Chapter 4 - Tactics.....	33

2.6 Chapter 5 - Energy.....	34
2.7 Chapter 6 - Weak and Strong Points.....	36
2.8 Chapter 7 -Manoeuvres.....	37
2.9 Chapter 8 Tactical Variations.....	38
2.10 Chapter 9 - On the March.....	40
2.11 Chapter 10 -Terrain.....	41
2.12 Chapter 11 -The Nine Varieties of Ground.....	42
2.13 Chapter 12 - Attack by Fire.....	44
2.14 Chapter 13 - Espionage.....	44
2.15 Other Studies on Sun Tzu's Art of War.....	49

CHAPTER 3 : METHODOLOGY AND PROCEDURES

3.1 The Sample.....	57
3.2 The Instruments.....	58
3.3 Collection of Data.....	58
3.4 Analysis of Data.....	59

CHAPTER 4 : DATA ANALYSIS

4.1 Presentation of Results.....	60
4.2 Analysis by Principles.....	60
4.2.1 Analysis on the general Introductory information of the study.....	61
4.2.2 Analysis on Detailed Planning.....	62
4.2.3 Analysis on Market Intelligence.....	65
4.2.4 Analysis on the Choices of Battleground.....	66
4.2.5 Analysis on Swiftiness in Execution.....	68

4.2.6 Analysis on Adaptability in Manoeuvres.....	70
4.2.7 Analysis on Creation of Strategic Advantages.....	71
4.2.8 Analysis of Attack (If Forced to Combat).....	74
 CHAPTER 5 : CONCLUSION	
5.1 Implications of the Case Study.....	75
5.2 Recommendations and Suggestions.....	76
5.3 Conclusion.....	77
APPENDIX A : Letter from “Bahagian Perancangan dan Penyelidikan Pendidikan	78
APPENDIX B : Letter to the Managing Director of Wistana.....	79
APPENDIX C : Sample of the Questionnaire.....	80
APPENDIX D : Sample of the Interview questions.....	84
APPENDIX E : Data Summary Sheet for the Questionnaire.....	87
APPENDIX F : Data Summary Sheet for the Interviewees’ responses	88
APPENDIX G : Report on the Participant Observation..... in Wistana	91
BIBLIOGRAPHY.....	93

LIST OF TABLES

4.1 Responses to Question Five.....	63
4.2 Responses to Question Six.....	63
4.3 Responses to Question Eight.....	64
4.4 Responses to Question Twelve.....	65
4.5 Responses to Question Thirteen.....	66
4.6 Responses to Question Fifteen.....	67
4.7 Responses to Question Seventeen.....	68
4.8 Responses to Question Eighteen.....	69
4.9 Responses to Question Twenty.....	70
4.10 Responses to Question Twenty-One.....	71
4.11 Responses to Question Twenty-Three.....	72
4.12 Responses to Question Twenty-Five.....	72
4.13 Responses to Question Twenty-Six.....	73
4.14 Responses to Question Thirty.....	74

CHAPTER 1 - INTRODUCTION

In battle, there are only the direct and indirect methods of fighting but their combinations give an endless series of manoeuvres. For both forces are interlocked and using each will lead to the other; it is like moving in a circle - you will never come to an end. Who can determine where one ends and the other begins?

SUN TZU
(孫子)
The Art of War

A military classic with such a wide application in almost all spectrums of management should not go unnoticed. *Sun Tzu's Art of War* principles are highly desirable not only to the military strategists and tacticians but also to ordinary businessmen. *Sun Tzu's* work "the famous thirteen chapters"- its application and strategic significance is not only important but also able to develop one's own strengths and counter one's weaknesses besides highlighting one's responsibility in overcoming them..The writer, not only find his work interesting but truly and strongly believe that a more thorough study of his principles in relation to its application to the business world of marketing should be researched in greater depth. In today's competitive world of marketing, *Sun Tzu's* genius and analytical nature of his work

seem relevant, so impressive and so challenging though it was written in 500 B.C.!

The love of his work has inspired the writer to further the study into such an important area of knowledge. This great work which was written almost 2,500 years ago has really much to contribute in today's marketing world.

Many attempts have been implemented regarding the translation of the Art of War. Among the best so far was one that was translated by an able student of war and the Chinese language and thought that is General Sam Griffith. *Sun Tzu's Art of War* was literally translated from its original version in Mandarin known as *Sun Tzu Ping Fa* (孫子兵法). The principles behind the Art of War have many applications in many disciplines or fields of study, namely Behavioral Studies, Strategic Management, Human Resource Management, Operation and Production Management and the likes. The writer has chosen the application of *Sun Tzu's* principles in marketing partly intrigued by the relevancy of this great thesis. The Art of War is the oldest military treatise among the Chinese classic works and the wide contributions it offers to the world of marketing really fascinated me.

In order to prove that the principles have practical contributions to today's business the writer has decided to conduct the case study on a property development company which has its headquarters in Penang and other branches in both Pulau Langkawi and Cameron Highlands. The company has wide properties ownership in various places in Malaysia.

Though *Sun Tzu's Art of War* is surprisingly a small book which contains only six thousand Chinese characters, do not be deceived by its appearance alone. There are altogether thirteen chapters, the longest being chapter eleven and the shortest chapter eight. In a nutshell, if one is creative and innovative enough, the principles in the *Art of War* may be applied in every facet of one's life in a limitless ways.

1. 1 BACKGROUND TO THE PROBLEM

In the last several years there have been an upsurge in the relationship between military thinking and business thinking. The writer remembers well that during the Gulf War in the Middle East, when *General Norman Schwarzkopf* of the U.S. - the supreme commander of the *Allied Multinational Forces* which triumphed over *President Saddam Hussein* of Iraq, was made an instant war hero. When he left the U.S. Armed Forces he was swamped with numerous offers from mass media to business corporations eager to hear what he has to say about his successful military strategy during his Middle East campaign. There was never a lack of demand for such men to give their military strategic management planning talks to business people. These outstanding men know fully well what they are talking and the very eager business CEOs are ever willing to pay big sum of money just to share their experiences and the strategies to win the war with the general. The relationship and the relevancy of military thinking and strategy to that of management thinking and strategy is indeed very close. The business world has endorsed this relationship between the effectiveness and the relevancy of the above belief.

Managers who have dual experience in both military and business recognize the parallels and the transferability of lessons from the military experience to the business management side. Military strategies such as the famous Prussian's *Carl von Clausewitz's "On War"* and the United States Marine Corps manual "*Warfighting*" are to be found in the reading lists for strategy management and also published as the management texts for many senior business executives globally. Infact, the Art of War is a ' must read ' for most Japanese executives. The Art of War has remained as powerful today as it was written 2,500 years ago!

The idea to write this thesis has long eluded the writer. The writer first came to know about *Sun Tzu's Art of War* when he was serving in the Federal Volunteer Force for seven years. During this time he had attended several Army courses and it was during this time that he was exposed to this genius text. The writer has personally found the text useful and indeed can even applied in everyday life. As an ex-member of the Army, he naturally has a liking for this area of study. Besides, being part fulfillment of his degree in the master of management course, he would like to thank the course organizer for giving him this platform to do his research in this field. For one who understands the value of *Sun Tzu's* 2,500 - year - old analytical framework, this great thesis is indeed a must for reading and should be recommended as a reference text for business people in general.

As the saying goes " All business is about war " is very aptly applied to the businesses of today. In this competitive marketplace, businessmen must applied all

sorts of tactics and strategies to win this 'war'. In engaging the war, the ultimate is to win without fighting ! This principle parallels the business concept that is - " Maximum gain with minimum cost and at minimum risk " . As *General Douglas MacArthur* - the *Supreme Allied Commander of the Pacific during World War II* had stated, " ...true soldiers are not warmongers. They, more than anyone else desire peace - for soldiers pay most dearly in times of war." As the wise knows too well, there is strength in gentleness. The wise man will aim to turn the enemy into a friend.

It will be a real waste for serious businessmen not to know the fundamental aspects of *Sun Tzu's* thesis. It is widely acclaimed and recognized that the Japanese base their business strategies on the principles of war. Knowledge and the ability to act decisively, effectively and bravely will always be the hallmarks of the real champions.

Change is now truly global, it will be more rapid and complexed as we race toward the next millenium. The world is borderless so said the Japanese management guru - *Kenichi Ohmae*. Business must go to the roots of change in order to survive in this harsh world of business. The nature of competition is changing. Methods and techniques used to run yesterday's businesses might not work anymore for the businesses of tomorrow. The stakes are now higher. For business and nations to survive they must awake to reality. Companies worldwide are not only depending on each others for sourcing their supplies but also trying to sell locally produced goods abroad. They cannot do all these alone. There exist strategic alliances, joint-

ventures, partnerships in both distributions and marketing. At the same time the global markets are expanding . More customer demands and needs are being satisfied which may vary from demanding better services , higher quality merchandize, more convenience to greater value-for-money. Modern businesses and corporate battlefields are really working toward productivity, profitability and market shares, all these can be achieved if we really understand the underlying message from *Sun Tzu's* advice on timing, manuevring, flexibility, planning and the “ enemy’s ” strengths and weaknesses which are still valid to this day.

1. 2 PROBLEM STATEMENT

The proposal is going to find out the extent of the relevancy of *Sun Tzu's* strategic principles by applying a case study on *Wistana Properties Company's* management and marketing plans. This project paper consists of a detailed investigation of the company concerned regarding the various aspects of the application of the principles of the Art of War. This study will provide an insight and analysis of the context and processes involved in the phenomenon of the study.

A typical company may or may not realize that it is actually practising and following some of the Art of War principles in its daily routines. Some forms of approaches and methods must have been used in the management of the company but were not made aware of them. There is no fixed rule that can ever substitute sound business judgement. A particular manager depends on other situational variables in

order to arrive at a particular conclusion. In short, there is no fixed formula to every case but a manager should decide issues on a case to case basis. Besides there should be a mixture of old and new techniques used in the application to various problems involved. As the American say, the good businessman should use “ different strokes for different folks ! ”

Sun Tzu is in fact advocating flexibility in overcoming problems. He realized the importance of relying on the environment to make any decision. He knows the dangers of relying too much on any fixed method.

Wistana Properties Company was chosen for this study because of its flexibility in its management and marketing approaches in dealing with its businesses. The management relying on no specific or fixed methods, techniques and strategy to market its properties but takes on a more developmental view of the organization as a whole. This means involving the employees in the organization and to focus on the company's goals and objectives. To create a higher level of competence, effective implementation of the company's marketing strategy which directly or indirectly increase the company's sales. This in return will increase the company's return on investments. The company on the whole has attempted using the principles of the Art of War but most probably without really realizing the extent it has used in its approach. So this study is a very good avenue to find out the extent of the use and the relevancy it has on the company's overall management and particularly the marketing side of it.

1. 3 OBJECTIVE OF THE CASE STUDY

No particular official survey or study has been done on this area on the company concerned. Bearing this in mind, thus this outcome will surely give a clear insight to the extent and the relevancy of the use of the Art of War principles in the company's overall management and particularly its marketing approach to its business. Besides the outcome of the study will allow the company to focus on its strengths and weaknesses in the overall company policy. This will help the company to realize the advantages on the application of *Sun Tzu's* principles so that it will be in a better position in anticipating any challenges ahead. The strategic principles will help the company to have a clear direction to perform even better in its business in the future. Successful strategy is based on modifying your tactics toward circumstances. Many companies adjusted their strategy, continue to outdo their rivals and going from strength to strength. All businesses are based on ingenuity.

Besides this study will reveal many suggestions which can be used by the company on the whole. Of course, these suggestions will be in line with the great strategist's principles. Subsequently, when the company really realize the importance of *Sun Tzu's* framework it is fervently hoped that the company can and will capitalize on it and continuously apply whenever possible which ultimately will help the company to grow and become more profitable. If we agreed that the marketing mix must be integrated, none of the four P's should then be developed in isolation. It is essential that the total marketing mix is developed in congruent to the company *SWOT* (Strength, Weakness, Opportunity and Threat) analysis. All the strategies and tactics

developed and focussed on clear defined company's objectives. This can be achieved through *Sun Tzu's Art of War* principles.

1. 4 BRIEF INFORMATION ON THE COMPANY

Wistana Group of Companies include the following companies :

- i) *Wistana Holding Sdn. Bhd.* (Co. No. 238787 - T)
- ii) *Wistana Hotel Sdn. Bhd.* (Co. No. 237597 - D)
- iii) *Wistana Realty Sdn. Bhd.* (Co. No. 303403 - U)
- iv) *Wistana Equities Sdn. Bhd.* (Co. No. 269490 - T)
- v) *Wistana Villas (Cameron Highlands) Sdn. Bhd.* (Co. No. 266315 - T)
- vi) *Wistana Departmental Store Sdn. Bhd.* (Co. No. 380502 - V)
- vii) *Wistana Construction (Langkawi) Sdn. Bhd.* (Co. No.114443 - K)
- viii) *Wistana Development Sdn. Bhd.* (Co. No. 203644 - D)
- ix) *Wistana Complex Sdn. Bhd.* (Co. No. 050804 - H)
- x) *Wistana Villas (Langkawi) Sdn. Bhd.* (Co. No. 065944 - D)
- xi) *Lanjut Bersatu Sdn. Bhd.* (Co. No. 335570 - T)
- xii) *Wancorp Development Sdn. Bhd.* (Co. No. 359338 - K)
- xiii) *Topsand Tiles Sdn. Bhd.* (Co.No.61158 - W)
- xiv) *Te Lian Holdings Sdn. Bhd.* (Co. No. 411576 - H)
- xv) *Downtown Realty Sdn. Bhd.* (Co. No. 411544 - M)
- xvi) *Bandawan Sdn. Bhd.* (Co. No. 411524 - D)

The above - mentioned companies are wholly owned and managed by the Managing Director *Mr Tay Ben Chuan*. He is 45 years old and formerly from *Taiping, Perak*, He now resides in *Penang*. He is a very successful self - made businessman whose business principal activities spans from property developments, managing resort, villas and hotel to lands and properties ownership. He is a trully successful businessman who has great foresight, vision, confidence, determination and guts.

After leaving school, *Mr Tay* worked in several companies in Kuala Lumpur and Singapore. He also worked in the British *N.A.A.F.I* in *Terendak Camp Malacca* in the early 1970s when the British soldiers were still stationed in the camp. After a period of various jobs, he decided to venture into business on his own. With a little initial capital coupled with the existing know - how in the rattan business, he started the rattan business dealing generally with the import and export of the raw material for making rattan furniture. He gets his supplies of rattan from all over the country and *Thailand* too. In the course of doing the business he was also involved in the buying and building of factories in the *Parit Buntar* and *Bakar Arang, Sungai Petani* Industrial areas. This was the period of the influx of foreign investors to Malaysia. He started renting and selling the factories in these industrial areas to the Japanese, Taiwanese, American, Hong Kong, Singaporean and Malaysian investors. He was then making handsome fortunes out of these deals. By now he realized the great potentials in several other areas and invested in them. It was during this time too that he decided to acquire several pieces of land in *Langkawi Island*. So it can be seen that *Mr Tay* was indeed one of the pioneer investors in the legendary island of

Langkawi ! After a while the Malaysian government decided to develop the island into a tourist destination and thus it initiates the beginning of *Mr Tay* 's constructions and developments projects of his *Langkawi* properties. In fact in the early 1990s, he decided to build a 15 - storey (150 units) high - end condominium known as *KONDO ISTANA* in *Kuah* town targetted at the higher income market. *KONDO ISTANA* had its soft opening on 1 July 1997 managed by the *Wistana Resort Management Sdn.Bhd.*

Currently the company is busy constructing another 15-storey hotel-cum-departmental store / supermarket as well as villas in *Langkawi Island*. Besides, the company is also busy developing villas in the *Cameron Highlands*. Other current company's interests are in *Kedah, Penang, Taiping* and the *Thai* boder areas. *Mr Tay* also owns a piece of land overseas in *Southampton, England*. Thus, it is quite obvious that *Mr Tay*'s projects will easily keep the company busy till the next millenium !

1. 5 DEFINITION OF TERMS

Behavioral studies

Fields such as psychology and sociology that seek knowledge of human behavior and society through the use of scientific method.

Benchmarking

The process of seeking to improve quality by comparing one's own products or services with the best products or services of others.