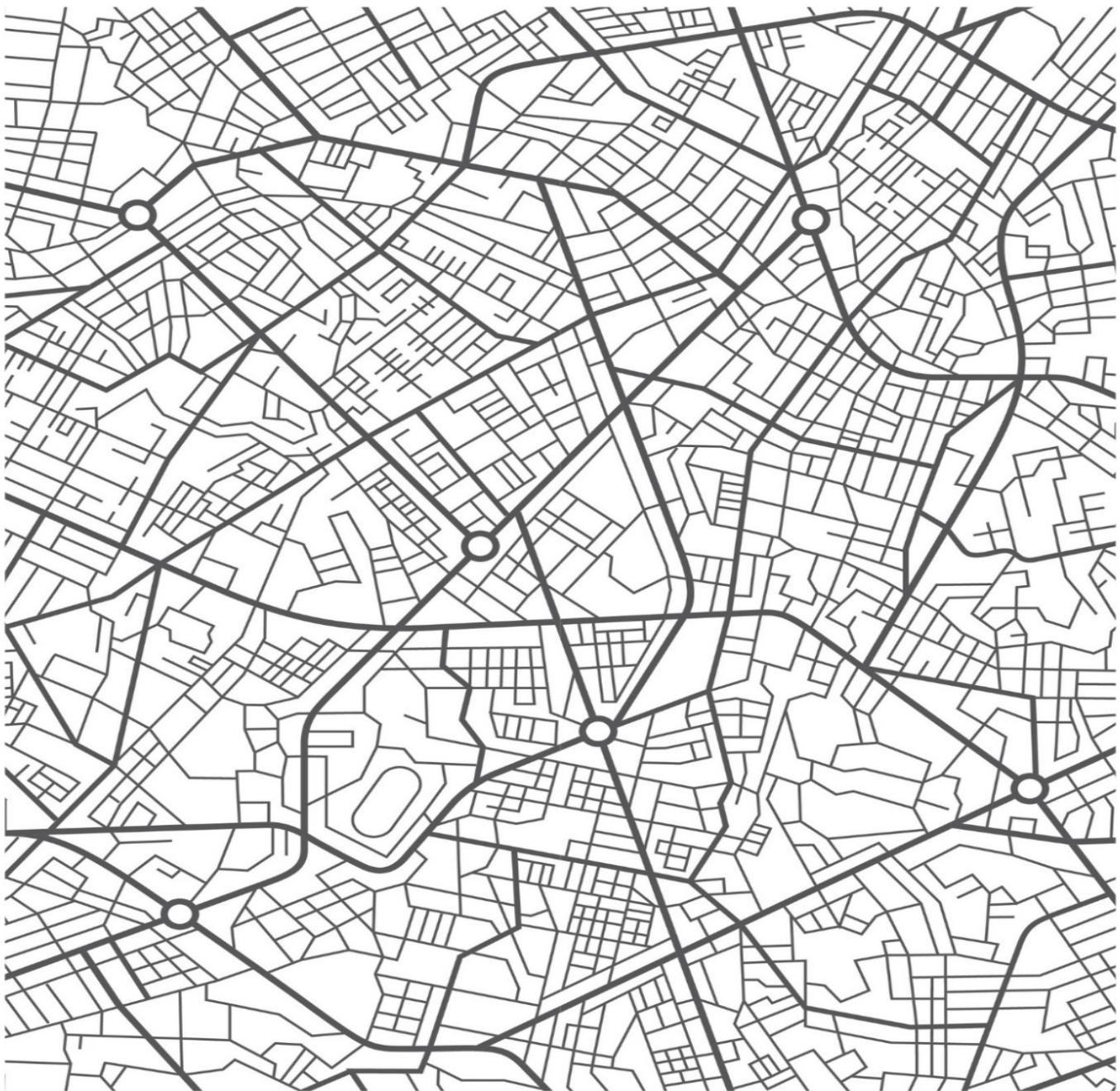


TOPOGRAPHICAL INTELLIGENCE IN BUSINESS



WARDLEY MAPS

SIMON WARDLEY

About the Author



Simon Wardley is a researcher for the Leading Edge forum, former Manager of Software Services at Canonical, and former CEO of Fotango. He has written this book Creative Commons Attribution Share-Alike 4.0 to share his experiences learning the untold lessons of business strategy. The license for this book can be found at <https://creativecommons.org/licenses/by-sa/4.0/>. You can follow Simon on Twitter [@swardley](https://twitter.com/swardley).

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A SMORGASBORD OF THE SLIGHTLY USEFUL

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On being lost

Chapter 1

28 min read

This is the story of my journey, from a bumbling and confused CEO lost in the headlights of change to having a vague idea of what I was doing. I say vague because I'm not going to make grand claims to the techniques that I discuss in this book. It is enough to say that I have found them useful over the last decade whether in finding opportunity, removing waste, helping to organise a team of people or determining the strategy for a company. Will they help you? That depends upon the context that you're operating in but since the techniques don't take long to learn then I'll leave it up to the reader to discover whether they are helpful to them or not. Remember, all models are wrong but some are useful.

In the first part of this book, I'm going to talk about my journey in order to introduce the techniques. In later chapters, we will switch gear and dive into a more formal examination of the practice. One thing I am mindful of is we rarely learn from past experience especially when it belongs to others or when it conflicts with our perception of how things are. However, if you are like I once was, lost at sea than this might just help you find your path. For me this journey begins two decades ago in the lift of the Arts hotel in Barcelona. It started when a senior executive handed me a short document and asked "Does this strategy makes sense?"

To be honest, I hadn't a clue whether it did or not. I had no idea what a real strategy was, let alone any concept of how to evaluate the document. I leafed through the pages, it all seemed to make sense, the diagrams looked good and I didn't know what I was looking for anyway. So I responded "seems fine to me". However, the reason why I had chosen those words was more to do with the strategy looking familiar than anything else. I had seen the same words used in other documents, some of the same diagrams in other presentations and I had been to a conference where an industry thought leader had told me about the stuff that mattered. That stuff — "innovation", "efficiency", "alignment" and "culture" — had all been highlighted in the strategy document.

It was the comfort of familiar words and images that had given me the confidence to proclaim it was fine. My internal logic was a sort of herd mentality, a "backward causality" that since it had been right there then it must be right here. I was also young and had convinced myself that the senior executive was bound to know the answer and they were only asking me to test my abilities. I didn't want to show my inexperience. This moment however continued to irritate me over the years because I knew I had been false and I was just covering up my tracks, hiding from my own inability.

A decade later, I had risen through the ranks to become the CEO of another company. I was that most senior of executives. The company would live or die by the strategic choices I made, or so I thought. I wrote the strategy or at least variations were presented to me and I would decide. But, something had gone terribly wrong in my journey.

Somehow along the path to becoming a CEO, I had missed those all important lessons that told me how to evaluate a strategy. I still had no means to understand what a good strategy was and it was no longer enough for me to think it “seems fine”. I needed more than that as I was the experienced executive that the less experienced took guidance from.

I asked one of my juniors what they thought of our strategy. They responded “seems fine to me”. My heart sank. Unlike that confident executive in the lift of the Arts hotel who was testing some junior, I still hadn’t a clue. I was an imposter CEO! I needed to learn fast before anyone found out. But how?

In 2004, I sat down in my boardroom with our strategy documents and started to dissect them. There were lots of familiar and comfortable terms. We had to be innovative, efficient, customer centric, web 2.0 and all that this entailed. Alas, I suspected these common “memes” were repeated in the strategy documents of other companies because I was pretty sure I had copied them. I had heard the thought leaders at various conferences and read analyst reports that proclaimed these same lines over and over as the new truth. Well, at least we were following the herd I thought. However, someone must have started these memes and how did they know if these memes were right? How did I become like that confident executive that I remember?

Frustrated with my own natural inability, I started to trawl through books on strategy. I was looking for some way of understanding, a framework or a reference point to compare against. More brutally, I

was lost at sea and looking for something to grab hold off, an executive lifeboat. I found little that gave me comfort and after talking with my peers, I became convinced that our strategy was almost identical to competitors in our industry. I was beginning to feel as though the entire field of strategy was either a cosmic joke played by management consultants or that there was some secret tome everyone was hiding from me. I was getting a bit desperate, despondent even. Someone would rumble that I was faking it.

I started using 2x2s, SWOTS, Porter's forces and all manner of instruments. Everything felt lacking, nothing satisfied. I knew the company to the outside world was doing well but internally we had communication issues and frustration over direction and organisation. To improve matters, I had arranged for one of those management courses which bring the entire team together. I had been seduced by a simple idea that with better communication then a strategy would become clear, as if by magic. We just needed to talk more.

I rapidly discovered that despite all of our talking, daily status meetings and our weekly Town hall that beyond the very senior management, no-one really understood our strategy. I also doubted whether the senior management did. I certainly was unsure of it. I turned inward, the problem was me! There would come a reckoning when everyone would realise that behind the success, the profits, the bold pronouncements and confident exterior lurked a mass of doubt. They would rumble that I was making it up. I shouldn't be the CEO. At that point in time, in mid 2004, I was drowning in uncertainty and an

easy mark for any would be consultant peddling snake oil. I would have gladly bought it. An entire crate of the stuff.

Serendipity

By chance, I had picked up a copy of the “Art of War” by Sun Tzu. Truth be told I picked up several different translations as the bookseller had advised that none of them were quite the same. That was serendipity and I owe that bookseller a debt of thanks because it was whilst reading through my second translation that I noticed something that I had been missing in my understanding of strategy. Sun Tzu had described five factors that matter in competition between two opponents. Loosely speaking, these are: — purpose, landscape, climate, doctrine and leadership. I’ve drawn them as a circle in figure 1.

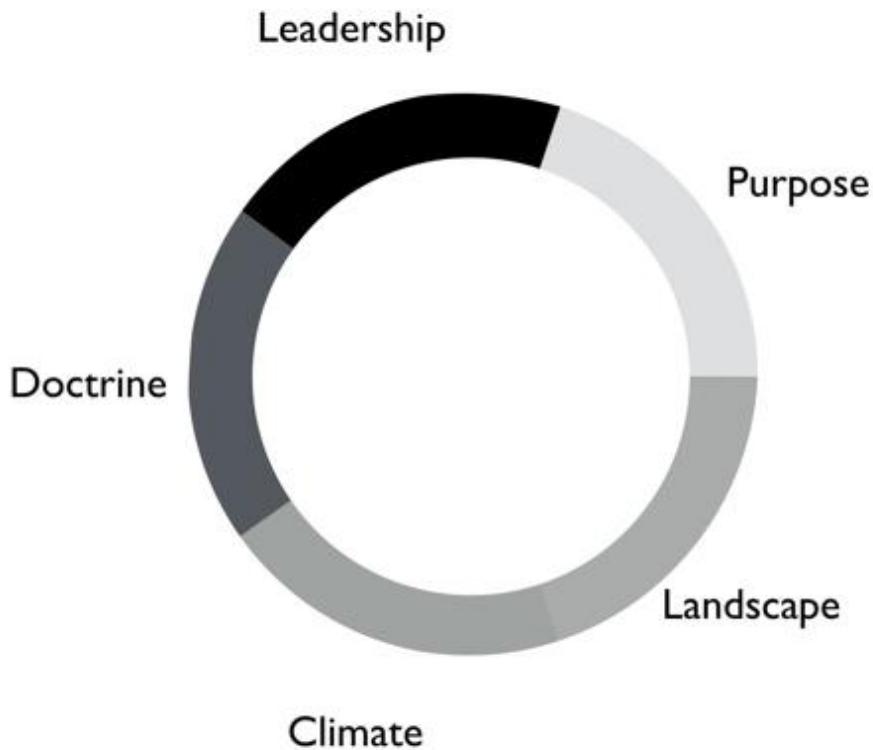


Figure 1 — The five factors

When I looked at my strategy document, I could see a purpose and then a huge jump into leadership and the strategic choices we had made. But where was landscape, climate and doctrine? I started to think back to every business book that I had read. Everything seemed to do this jump from purpose to leadership.

For reference, Sun Tzu's five factors are: -

Purpose is your moral imperative, it is the scope of what you are doing and why you are doing it. It is the reason why others follow you.

Landscape is a description of the environment that you're competing in. It includes the position of troops, the features of the landscape and any obstacles in your way.

Climate describes the forces that act upon the environment. It is the patterns of the seasons and the rules of the game. These impact the landscape and you don't get to choose them but you can discover them. It includes your competitors actions.

Doctrine is the training of your forces, the standard ways of operating and the techniques that you almost always apply. These are the universal principles, the set of beliefs that appear to work regardless of the landscape that is faced.

Leadership is about the strategy that you choose considering your purpose, the landscape, the climate and your capabilities. It is to “the battle at hand”. It is context specific i.e. these techniques are known to depend upon the landscape and your purpose.

I started to consider strategy in terms of these five factors. I understood our purpose, or at least I thought I did, but what about landscape? Normally in military conflicts or even in games like chess we have some means of visualising the landscape through a map, whether it's the more geographical kind that we are familiar with or an image of the board. These maps are not only visual but context specific i.e. to the game or battle at hand. A map allows me to see the position of pieces and where they can move to.

This last point struck a chord with me. When playing a game of chess there was usually multiple moves that I could make and I would determine and adjust my strategy from this. A mistake by the opponent could allow me to switch from a defensive to an attacking play or to consolidate control over part of the board. I would determine one course of action over another because of experience, of context and my understanding of the opponent. Why did this strike me? Well, it's all to do with the question of "Why?"

There is not one but two questions of why in chess. I have the why of purpose such as the desire to win the game but I also have the why of movement as in "why this move over that?"

Strategy in chess is all about the why of movement i.e. why you should move here over there. This was different from all the business strategy books that I had read. They tend to focus on the goal or the why of purpose as the all important factor in business. But the purpose of winning the game was not the same as the strategic choices I made during the game. I started to think more on this topic. Though I was quite a reasonable chess player this had come from experience and obviously I had started as a novice a long time beforehand. In those youthful days I spent a lot of time losing especially to my father. But how did I learn, how did I get better at the game? I would see the board, I would move a piece and I would learn that sometimes a particular move was more beneficial than another. I would refine my craft based upon my gameplay on the board.

It was through understanding the landscape, the rules of the game and context specific play that I had started to master chess. But this was not what I was doing in business. I had no way to visualise the environment, no means to determine why here over there and no obvious mechanism of learning from one game to another. I've added these two types of "why" into figure 2 building upon Sun Tzu's five factors.

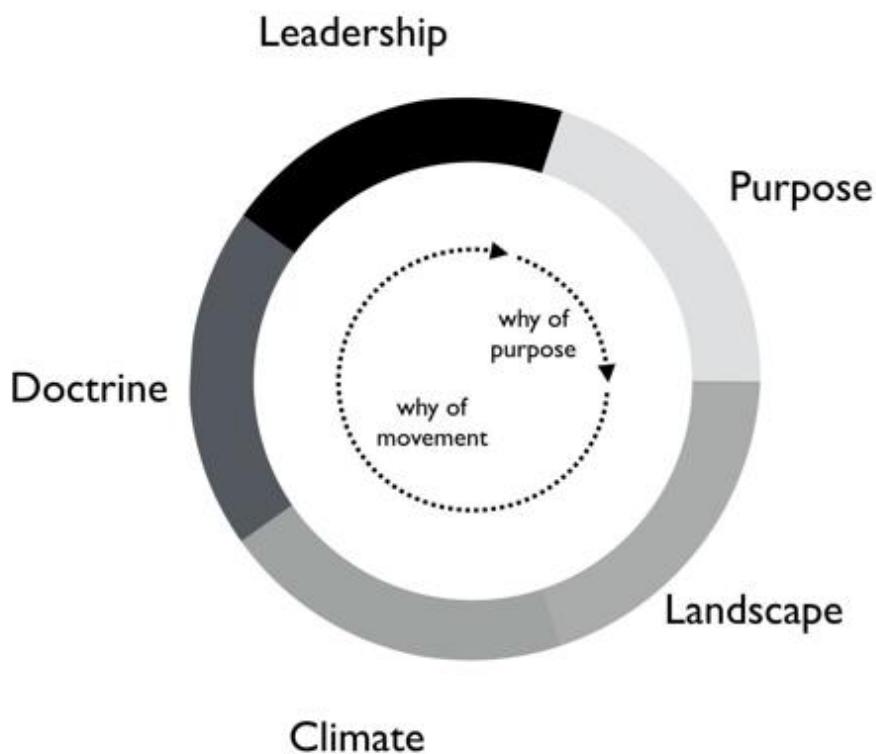


Figure 2 — The two types of why

My company had a "why of purpose" which was to be the best "creative solutions group in the world". It sucked. It was actually a botch job because we had multiple lines of business which didn't quite

fit together. We were an online photo service, a consultancy, a European CRM, an Identity web service, a fulfilment engine and an assortment of special projects around 3D printing and the use of mobile phones as cameras. I had no real way of determining which we should focus on and hence the purpose was a compromise of doing everything.

When I had taken over the company a few years earlier, we were losing money hand over fist, we had to borrow significant sums to stay afloat because we were on our way out. In reality our purpose had been simply “to survive”. In the next few years we had turned this around, we had become highly profitable, we had paid back the loans and had a million or so in the bank and we were growing. But we had done so not through any deliberate focus on the landscape but instead by just grabbing opportunities and cost cutting where we could. The team were already exhausted.

We weren’t heading in a particular direction; we were just opportunists. Deng Xiaoping once said that managing the economy was like “Crossing the river by feeling the stones”. Well, we were feeling the stones and being adaptive but beyond simple metrics such as being more profitable than last quarter we had no real direction. We lacked this whole “why of movement” that I had seen in Chess.

But I kept on coming back to whether it really mattered. I felt instinctively as though I needed to pick one or two areas for the company to focus on but since we were doing well in all and in the past we have failed with just one focus then I was unsure whether it

made sense. So, how do I choose? Should I choose? Why here over there? I was still lost.

I started to think about how we had made past decisions. In our board meetings, the way we decided upon action was to look at different proposals, the financial state of the company and decide whether a set of actions fitted in with our purpose, one which admittedly was a compromise of past decisions. The chess equivalent of “my purpose is we’re here” and “will this move bring immediate benefits”. Unlike the game, we had no chessboard for business nor any long term play. The more I examined this, the more I realized that our choice was often based upon gut feel and opinion though we had created arcane language to justify our haphazard actions — this project was “core” and another lacked a reasonable ROI (return on investment). This didn’t feel right and there was no pattern of learning that I could distinguish.

I became convinced that whilst we had a purpose of sorts, we had no real direction nor any mechanism of learning nor any means to determine the why of movement which is at the heart of strategy. We were successful in that we stumbled from one opportunity to another but we could just as easily be walking further out to sea as much as crossing the river.

I started to think that maybe it didn’t matter but I continued to pursue this line of enquiry. Since Sun Tzu had principally written about military combat, I started diving into military history in the hope of finding other lessons. I became obsessively fascinated by the extensive

use of maps in battle and for learning throughout history.

Topographical intelligence became a hugely important and decisive factor in numerous battles of the American Civil War. I could think of no equivalent tool in business. I had no equivalent lessons to learn such as flanking moves, pinning a piece or standard plays such as fool's mate. All I had were endless books giving secrets of other people's success and extolling the virtues of copying great companies such as Fannie Mae, Nokia and Blockbuster. I questioned how did anyone know if any of this was right?

I met up with a few of my peers from other companies and floated this idea of topographical intelligence and the use of mapping in business. How did they learn from one battle to another? To say I was disheartened by the response would be an underestimation. Beyond the blank stares, I was royally lectured on the importance of culture, of purpose, of technology, of building the right team and of execution. However, I had built a great team from around the world. We were agile, we used and wrote open source technology, we had the modern equivalent of a private cloud, we were API driven and had developed advanced techniques for continuous deployment of technology. This was 2004.

In the technology desert that was Old Street in London, we dominated the computing language of Perl. We had remarkable rates of execution, outstanding technology, an exceptional team and a strong development culture. This stuff was fine. The problem was the CEO i.e. me. I sucked at strategy or at best I was making it up and we weren't learning. I reasoned that none of my peers were going to tell me how

they did this, it probably wasn't in their interests to do so. But I believed that this was somehow important and so I kept on digging.

The importance of maps in military history

It was about this time that I read the story of Ball's Bluff. It is not commonly cited as one of the major engagements of the American Civil War but it was not only one of the largest in 1861, it involved the utter rout of Union forces. Most saliently Ball's Bluff is an abject lesson in the importance of maps and situational awareness. Through misinformation and miscalculation, 1,700 Union troops were caught in disadvantageous terrain and in effect slaughtered (with an 8 to 1 kill ratio) by Confederates. A thousand men were lost because the Union Generals had no awareness of the landscape and marched soldiers blindly to their deaths on vague ideas of "because the Confederates are somewhere over there".

The more I read into history, the clearer it became that understanding and exploiting the landscape had been vital in battle. Probably the most famously cited example is the ancient battle of the pass of Thermopylae. In 480 BC, the Athenian general Themistocles faced a significant foe in Xerxes and the Persian army. He had choices; he could defend around Thebes or Athens itself. However, Themistocles understood the environment and decided to block off the straits of Artemisium forcing the Persian army along the coastal road into the narrow pass of Thermopylae known as the "Hot Gates". In this terrain 4,000 odd Greeks would be able to hold back a Persian Army of 170,000 for many days enabling time for the rest of Greek city states to