

Alright everyone, welcome! Today, we're going to dive into some really fascinating strategic thinking, drawing insights from two very different, yet surprisingly complementary, sources: the ancient Chinese military strategist Sun Tzu and modern business gurus Porter and Kramer. Our main theme for today, you know, is all about **Overcoming Disadvantages** (p. 1).

Introduction: Turning the Devious into the Straight, and CSR into CSV

So, what are we really talking about here? Well, Sun Tzu, in his famous work *The Art of War*, talks about "turning the devious (which is a disadvantage) into the straight (an advantage)" (p. 1). And then we have Porter and Kramer, who discuss "turning Corporate Social Responsibility, or CSR, into Creating Shared Value, or CSV" (p. 1). You might be thinking, "What do these two have in common?" And that's exactly what we're going to explore today.

The seventh chapter of *The Art of War*, which is right in the middle of Sun Tzu's book, is titled "Jun Zheng" (p. 1). Now, this title, "Jun Zheng," has actually sparked quite a bit of debate among scholars about its exact meaning. The first character, "Jun," is pretty straightforward; it means "military" (p. 1). But "Zheng" is where it gets interesting. Cao Cao, a really famous strategist from China's Three Kingdoms period, interpreted "Zheng" as fighting for victory (p. 1). On the other hand, Wang Xi and Li Quan argued that Sun Tzu meant fighting to gain advantages or benefits, not just a nominal victory (p. 1). And then, Guo Hua-ruo took a middle-ground position, suggesting that "Zheng" actually conveys both meanings, because, let's be honest, gaining advantages and achieving victory are very closely related, aren't they? (p. 1)

After looking at all these interpretations, I've concluded that the best modern English term to capture the essence of "Jun Zheng" is **maneuvering** (pp. 1–2). And what does maneuvering mean in this context? It refers to the skillful and deliberate movement of troops specifically to gain advantages for victory (pp. 1–2). In warfare, maneuvering is absolutely crucial for seizing the initiative, for getting into a favorable position, which then, of course, makes achieving victory much, much easier (pp. 1–2).

Now, it's important to understand that the first six chapters of *The Art of War* lay out the general strategy and principles of warfare (pp. 1–2). But starting with this chapter, "Jun Zheng," the second half of the book really delves into more specific military tactics for practical situations (pp. 1–2). However, these tactics aren't just random; they're deeply rooted in the principles that Sun Tzu established in those first six chapters (pp. 1–2). For instance, the idea of securing a favorable time and place for a battle, which is introduced in "Maneuvering," aligns perfectly with the concept of "easy victory," a key theme from "Tactical Disposition," which is chapter 4 of Sun Tzu's book (pp. 1–2).

What's really cool is that some of Sun Tzu's maneuvering tactics, especially those related to communication and unifying an army, can actually offer guidelines for improving Porter and Kramer's CSV strategy (pp. 2–3). And conversely, Porter and Kramer's win-win or shared value perspective of CSV can help us understand the success behind military maneuvers, like, for example, the Long March of the Chinese Red Army (pp. 2–3).

So, today, we're going to start by doing an in-depth analysis of the advantages and disadvantages of maneuvering, and then we'll look at Sun Tzu's three principles for turning the devious into the straight (pp. 2–3). After that, we'll examine the similarities and differences between Sun Tzu's maneuvering strategy and Porter and Kramer's CSV strategy (pp. 2–3). And finally, we'll look at a business case study involving Nestlé's operations in India to really demonstrate these strategic linkages between war and business (pp. 2–3).

7.1 Sun Tzu: Turning the Devious (Disadvantage) into the Straight (Advantage)

Let's kick things off by really digging into Sun Tzu's core idea here: **turning the devious (disadvantage) into the straight (advantage)** (p. 3).

7.1.1 Advantages and Disadvantages of Maneuvering

Sun Tzu's claim that one must maneuver by "turning the devious route into the straight" is fundamentally about securing a favorable position (p. 3). Now, common sense, right, would tell us that a straight route is always shorter than a devious one, assuming all other conditions are the same (p. 3). But in war, the time it takes to get to a destination isn't just about physical distance. It's also heavily influenced by other factors, like road conditions, the size of your troops, and, crucially, the strength of the enemy forces camped along the way (p. 3).

Think about it: there might be a really strong enemy presence on the shorter, "straight" route, but relatively few enemy troops along a more "devious" path (p. 3). In that scenario, it would actually be safer and more time-efficient to take the devious route rather than the straight one (p. 3). The military historian B.H. Liddell Hart, back in 1954, really emphasized this idea of indirect strategy when he famously said, "In strategy, the longest way around is often the shortest way home" (p. 3). That's a powerful thought, isn't it?

However, it's not all sunshine and roses with the devious route. There are inherent dangers too (p. 3). Sun Tzu himself warned that if your entire army, including all your supplies and provisions, has to travel a longer distance to gain advantages, you run the risk of arriving at your destination past your desired schedule (p. 3). And in war, timing is everything.

7.1.2 Principles of Turning the Devious into the Straight

So, how do you successfully pull off this trick of turning a disadvantage into an advantage? Sun Tzu recommended three key principles (p. 4).

The **first principle** is actually introduced much earlier in his chapter "Laying Plans," where Sun Tzu states that all warfare is based on the art of deception (p. 4). To successfully deceive the enemy, you need to be able to command a "shock or surprise factor" (p. 4). And how do you achieve that? Well, there are three ways: you can deceive the enemy, you can confuse the enemy, or you can keep the enemy ignorant (p. 4). Of these three, deception is considered the most effective, but it's also the most difficult (p. 4). Why? Because you have to actually convince the enemy of your deception, which is much harder than just hiding the truth from them (p. 4). So, to safely get to your desired location, you really need to be able to lead the enemy's attention in the wrong direction (p. 4). You want them looking one way while you're going another.

The **second principle** is that an army should only be mobilized when a gain is foreseen (p. 4). The ultimate objective of any war is always to secure the nation's interests through military victories (p. 4). The winner, of course, gets to secure their interests, while the loser has to make concessions (p. 4). So, Sun Tzu wisely advised that one should only go to war if it's truly in the interest of the nation (p. 4). And the same logic applies to maneuvering: you only maneuver if you foresee a clear advantage or gain (p. 4). To get that advantageous position, you might distract the enemy or entice them in the wrong direction, but you always have to remember that they can try the same trick on you (pp. 4–5). So, vigilance is key to avoid being deceived yourself (pp. 4–5).

And the **third principle** is that an army should be responsive to changing conditions (pp. 4–5). This means your army needs to be flexible and well-coordinated, ready to either disperse or concentrate its forces depending on the enemy's movements and the terrain (pp. 4–5). These flexible changes in your disposition not only help with effective movement but can also help conceal your movements or even confuse the enemy (pp. 4–5). Du Mu, a Tang Dynasty poet, once commented that by dispersing and re-concentrating forces, you can confuse the enemy and observe how they react to your changes (pp. 4–5). We'll actually talk more about Sun Tzu's tactics for variation in detail in a later chapter of this book (pp. 4–5).

Beyond these three general principles, Sun Tzu also highlighted the potential assistance you can get from neighboring countries or local guides for successful maneuvering (pp. 4–5). This is a crucial point, as local knowledge can be invaluable.

7.2 Porter: Turning Corporate Social Responsibility (CSR) to Creating Shared Value (CSV)

Now, let's shift gears from ancient warfare to modern business strategy and talk about **Porter's concept of turning Corporate Social Responsibility (CSR) into Creating Shared Value (CSV)** (p. 5).

In recent times, businesses have really faced a common problem: a growing distrust from consumers and society at large (pp. 5–6). You know, in the past, it was pretty common for companies to just ignore environmental and social concerns. And, as a result, business practices, despite their huge contributions to increasing societal wealth, have unfortunately gained a bit of a negative reputation (pp. 5–6). In response to this, companies have tried to improve their often-perceived unethical and selfish images through Corporate Social Responsibility, or CSR, activities (pp. 5–6).

However, CSR, as it's often practiced, has proven to be somewhat inadequate (pp. 5–6). These corporate responses haven't always been effective, nor have they been truly sustainable (pp. 5–6). Porter and Kramer, back in 2011, really pointed out that value creation needs to be seen from a much broader perspective (pp. 5–6). They argued that businesses need to reconceive the very essence of opportunities within social agendas (pp. 5–6). And one powerful way to do this is to pursue a strategy of **Creating Shared Value, or CSV** (pp. 5–6).

So, what exactly is CSV? Well, it refers to corporate practices that enhance a company's competitiveness while, at the very same time, advancing the social and economic conditions of the communities in which it operates (pp. 5–6). The central premise behind CSV is a really profound one: the competitiveness of a company and the health of its communities are mutually dependent (pp. 5–6). They're not separate; they're intertwined.

Porter and Kramer argue that the key to the next wave of economic growth and, frankly, redefining capitalism, lies in capitalizing on these deep connections between societal progress and economic growth (p. 6). They made a very clear distinction: CSV, they said, is a method of *value creation*, whereas CSR is more of a method of *redistribution* between the firm and society (p. 6).

Let me explain that a bit more. Firms engaging in traditional CSR often use a portion of their profits to deal with some social issues (p. 6). It's like, "Here's some money we made, let's give some back." But through CSV, firms actually create *new business opportunities*, and society, in turn, also obtains related benefits by engaging in activities with these firms (p. 6). This is why Porter and Kramer suggested that CSV could transform the relationship between business and society from a trade-off – where one gains at the expense of the other – to a truly win-win or coevolutionary situation (p. 6).

Let's use an example to really highlight the difference between CSR and CSV. Think about fair trade (p. 6). Fair trade is a good example of CSR. Firms involved in fair trade offer higher prices to poor farmers, which is great, but the benefits to these farmers often come at the expense of the firm's profits, rather than from increased value creation (p. 6). On the other hand, CSV occurs when firms support farmers in improving their farming techniques and efficiency to enhance productivity (pp. 6–7). This increase in farmers' productivity, along with a corresponding improvement in product quality, eventually leads to higher income levels for them (pp. 6–7). So, as you can see, CSV is about sharing production processes, not just sharing the outputs like profit (pp. 6–7).

So, how do you create shared value? Porter and Kramer introduced several distinctive strategies. One of the most important is **Reconceiving Products and Markets** (p. 7). To meet neglected social needs, firms really have to rethink their products (p. 7). These neglected social needs often represent the needs of low-income communities, especially in less developed countries. This aligns perfectly with the concept of the "bottom of the pyramid" that Prahalad talked about (p. 7).

A fantastic example of this is the Swiss company Nestlé (p. 7). When Nestlé discovered that children in less developed regions were not getting healthy amounts of iodine, they introduced iodized salt into their products for those markets (p. 7). That's reconceiving a product to meet a social need. Porter and Kramer also argued that new methods of product development can be applied to serve existing markets (p. 7). For instance, companies might shift their focus in food product development from just optimizing taste and quantity to maximizing nutrition and quality (p. 7). It's a different mindset, isn't it?

Ultimately, firms should look beyond just a one-time promotional effect (p. 8). They need to incorporate social issues directly into their value chain and their overall corporate strategy to increase long-term profitability (p. 8). The goal is to gain real, sustainable competitiveness, not just offer short-run, one-time solutions to social problems (p. 8).

7.3 The Integration of Sun Tzu and Porter

Now, this is where it gets really interesting: **how do we integrate the wisdom of Sun Tzu with the modern strategies of Porter and Kramer?** (p. 8) There are some fascinating similarities and crucial differences.

7.3.1 Fundamental Principle (Similarity) and Effect (Difference)

Common sense, as we discussed, tells us that a straight route is shorter than a devious one, right? (p. 8) But, as we've seen, this isn't always the case, because many factors other than just distance come into play (p. 8). It might be far more advantageous to take that devious route if, for example, enemy forces have set up an ambush on the straight path, or if the terrain is simply too difficult to traverse directly (p. 8).

This fundamental idea – that the seemingly inefficient or indirect path can actually be the most effective – is a core similarity between Sun Tzu's maneuvering and Porter and Kramer's CSV. Both strategies recognize that the obvious, "straight" approach isn't always the best way to achieve your goals. Sometimes, you have to go around to get ahead.

7.3.2 Objective (Similarity) and Means (Difference)

Let's talk about objectives. Sun Tzu clearly stated that military maneuvering should only be conducted when there's an advantage to be gained (p. 9). The bottom line is that the gains from taking the devious route must be greater than the costs involved (p. 9).

For CSV, Porter and Kramer make a very similar claim: the guiding principle isn't philanthropy; it's the self-interested act of creating economic value by addressing social issues (p. 9). So, firms are motivated to engage in CSV only when the benefits of dealing with social activities outweigh the costs (p. 9). In both cases, the objective is to secure an advantage or gain, whether it's military victory or economic value.

However, there's a really significant difference between the two in terms of the *means* of achieving these advantages (p. 9). In military maneuvering, deception is absolutely necessary to achieve the goal (p. 9). The successful use of deception can misguide the enemy, forcing them away from the true reality of the situation (p. 9). With the enemy's combat power diverted, you can then strike a surprise attack on their weak points, thereby achieving a strategic advantage (p. 9).

In business, though, CSV is about achieving competitive advantage in a much more sustainable way in the long run (pp. 9–10). Therefore, unlike maneuvering in war, firms should *not* deceive society (p. 10). Instead, they need to find genuine connections between corporate and social benefits to meet neglected social needs, all while ultimately gaining strategic advantages for their businesses (p. 10). It's about transparency and mutual benefit, not trickery.

7.3.3 Relationship with Other Alliances

Sun Tzu, in his discussions on maneuvering, really emphasized the importance of making alliances with neighbors and consulting with local guides to take advantage of local terrain (p. 10). This idea of leveraging external relationships and local knowledge is incredibly powerful.

Similarly, for CSV, Porter and Kramer highlighted the importance of developing a **local cluster** (p. 10). They argued that no company is self-contained; the success of a company requires support from other companies, organizations, and institutions (p. 10). It's a whole ecosystem.

Furthermore, Sun Tzu advised knowing the real intentions of your neighbors before forming alliances with them (p. 10). This speaks to the need for trust and understanding. In a similar vein, Porter and Kramer stated that the formation of open and transparent markets is crucial for building an efficient cluster (p. 10). Why? Because a transparent market allows companies to secure reliable partners by making information equally accessible for all players (p. 10).

While Porter and Kramer's three strategies for CSV are incredibly helpful for scholars and practitioners, some of Sun Tzu's ideas on maneuvering strategy can actually further enrich the theoretical development of CSV (p. 10). For example, Sun Tzu articulated how to organize and unify the movement of soldiers while maneuvering them, even mentioning the use of gongs, drums, and other tools for effective communication (p. 10).

At first glance, these ancient military examples might seem primitive and irrelevant to today's business world, right? (pp. 10–11) But if you look beyond the superficiality of the methods, applying Sun Tzu's underlying ideas to CSV can be incredibly helpful for firms (pp. 10–11). Unlike traditional business practices, CSV involves various social communities and places a strong emphasis on long-term growth and profitability, which absolutely requires effective communication among related firms, organizations, and institutions (pp. 10–11). Porter and Kramer have articulated many benefits of building local clusters, but those benefits simply cannot be achieved without effective interorganizational communication (pp. 10–11). In the field of CSV, there's a real need for further studies, particularly on how to obtain relational advantages through effective communication (pp. 10–11).

7.5 Business Case: Nestlé's CSV Activities in India

Now, let's bring this all to life with a real-world example: **Nestlé's CSV activities in India** (p. 14). This is a fantastic illustration of how these principles can play out in a business context.

Nestlé's relationship with India actually began way back in 1912, when it started trading as the Nestlé Anglo-Swiss Condensed Milk Company Limited, importing and selling finished products in the Indian market (pp. 14–15). Nestlé, being a Swiss company, sold a range of food and health products, including baby food, bottled water, coffee, dairy products, pet food, and snacks (pp. 14–15).

After India gained independence in 1947, the Indian government implemented a policy requiring foreign firms to establish local production in certain industries (pp. 14–15). In response to this policy, Nestlé set up its first factory in 1961 in a place called Moga (pp. 14–15). The government specifically wanted Nestlé to help develop the dairy industry in India (pp. 14–15).

Now, let's paint a picture of Moga in 1962. The Northern district of Moga was incredibly poor (pp. 14–15). People lived without electricity, proper transportation, telephones, or even basic medical care (pp. 14–15). A typical farmer owned less than five acres of poorly irrigated and infertile soil (pp. 14–15). Many households kept just a single cow, which produced barely enough milk for their own consumption, and tragically, more than half of the calves died as newborns (pp. 14–15).

On top of that, the farmers didn't have access to good methods for refrigeration, transportation, or quality control (p. 15). So, the milk they did produce was often of poor quality, frequently contaminated, and couldn't be moved very far without spoiling (p. 15). It was a really challenging situation.

To improve these dire conditions in Moga, Nestlé took a comprehensive approach. They built refrigerated dairy collection centers in each town and sent trucks to collect milk regularly (p. 15). But they didn't stop there. Nestlé also sent veterinarians, nutritionists, agronomists, and other quality control experts to monitor milk production (p. 15). They provided medicines and nutritional supplements for sick animals, and they held monthly training sessions for local farmers (p. 15). Nestlé also educated farmers on basic farming and animal husbandry practices and helped them increase milk yields through improved dairy farming, irrigation, and crop management techniques (p. 15). Furthermore, the company provided assistance with cattle feed, quality fodder seeds, veterinary medicines, mineral mixtures, and even helped farmers procure bank loans (p. 15). With financing and technical assistance from Nestlé, farmers began to dig deep wells, which they previously couldn't afford (p. 15).

The impact was transformative. The improved irrigation not only fed the cows better but also significantly increased crop yields, leading to a surplus of wheat and rice and, consequently, raising the overall standard of living (pp. 15–16). Nestlé's support even extended beyond the dairy farmers themselves. The company helped construct drinking water facilities, lavatories, and village schools in the area, working in a joint effort with local schools, parent associations, and village administrations (pp. 15–16). Another project involved funding tuberculosis clinics to treat residents in Moga and other nearby villages (pp. 15–16).

When Nestlé first opened its milk factory, it was only able to collect milk from 180 local farmers (pp. 15–16). Today, Nestlé buys milk from more than 75,000 farmers in the region, collecting twice a day from over 650 village dairies (pp. 15–16). The results are staggering: the death rate of calves decreased by 75 percent, and milk production increased by a phenomenal fifty times (pp. 15–16). As the quality of milk improved, Nestlé was able to pay higher prices to farmers than those initially set by the government, and these steady biweekly payments enabled farmers to obtain credit from banks (pp. 15–16). This success even led to competing dairies and milk factories opening, and an entire industry cluster began to develop (pp. 15–16).

By working very closely with farmers and administrators in the Moga Milk District, Nestlé not only helped raise the quality of milk but also significantly improved the health and living standards of farmers and other residents (p. 16). Today, Moga boasts significantly higher standards of living than any other neighboring regions (p. 16). The majority of homes now have access to electricity, most have installed telephones, primary education is available for all villages, and secondary education for many (p. 16). Moga also has more doctors than neighboring regions (p. 16). And, crucially for Nestlé, the increased purchasing power of local farmers has, in turn, greatly expanded the market for Nestlé's products, further supporting the firm's business activities (p. 16).

This case perfectly illustrates how companies can improve the competitive context in which they operate by investing in their communities (p. 16). Nestlé's activities are a prime example of Porter and Kramer's CSV strategy, as Nestlé pursued its business development hand-in-hand with social development (p. 16). Nestlé's actions particularly reflect Porter and Kramer's second and third CSV strategies, as local farmers were directly involved in Nestlé's value chain activities, including inbound and outbound logistics, and operations (p. 16).

Now, it's worth noting that even successful companies like Nestlé can face challenges. There was an incident with Nestlé Maggi noodles in India where the company underestimated a problem and remained quiet for the first few weeks after a recall order, declaring its products safe (p. 17). Unfortunately, consumers weren't easily convinced, and the slow response escalated into a full-blown crisis, with stock prices dropping around 15 percent before a full recall was issued (p. 17). This incident serves as a powerful reminder that firms need to address critical issues with greater authenticity compared to the military situation Sun Tzu described (p. 17). In business, trust and transparency are paramount.

7.6 Conclusion and Implications

So, to wrap things up, let's bring it all together and look at the **conclusions and implications** from our discussion today (p. 18).

We've explored the strategy of turning the devious route into the straight, where a seemingly inefficient or hazardous path can actually be more effective in gaining a positional advantage in war (p. 18). While Sun Tzu emphasized speed, he taught us that it shouldn't be sought in absolute terms, but rather in terms relative to the enemy (p. 18). This advice on maneuvering is valuable not just for strong armies looking to minimize losses, but also, crucially, for armies that find themselves at a disadvantage in battles (p. 18). However, we must always recognize the corresponding dangers inherent in adopting such a strategy (p. 18).

For successful maneuvering, Sun Tzu suggested three core principles: first, use deception; second, be motivated only when a gain is foreseen; and third, be responsive to changes in the environment (p. 18).

For business, we examined the concept of Creating Shared Value, or CSV, proposed by Porter and Kramer (p. 18). The key theme of CSV is to fundamentally change both managerial and societal attitudes toward the coevolutionary relationship between business and society (p. 18). In fact, these two dimensions – business and society – are in an interdependent relationship, rather than a trade-off (p. 18).

According to this new perspective, firms can generate greater economic value by actively addressing social needs and challenges, and by finding that mutually beneficial area between the two (p. 18). Porter and Kramer have made truly significant contributions, not just to the academic world but far beyond (p. 18). Their work not only shows a path to further growth for economies and societies but also suggests how firms can regain trust and legitimacy from the society in which they operate (p. 18).

What's really exciting is that both Sun Tzu and Porter's strategies can actually be improved by incorporating useful concepts from each other (p. 18). For military strategy, Sun Tzu emphasized the help from neighboring countries and local people to achieve success when maneuvering (p. 18). However, as we saw in the military case (which we briefly touched upon earlier in the context of the Long March), the Red Army didn't just unilaterally obtain assistance from local people; it also made significant contributions to local economic and social development (p. 18). This coevolutionary approach, where both sides benefit and grow together, is a powerful lesson.

And for CSV, as we discussed, while Porter and Kramer have highlighted the benefits of local clusters, the full potential of these clusters cannot be realized without effective interorganizational communication (pp. 10–11). Sun Tzu's insights into unifying an army through clear communication tools, even if they seem ancient, offer a timeless lesson for modern businesses striving for relational advantages in their CSV initiatives (pp. 10–11).

So, in essence, whether you're maneuvering an army or a corporation, the ability to see beyond the obvious, to adapt, to seek mutual benefit, and to communicate effectively are truly universal principles for overcoming disadvantages and achieving lasting success.

Thank you.

Bibliography:

Sun Tzu: Turning the devious (disadvantage) into the straight (advantage) Porter: Turning Corporate Social Responsibility (CSR) to Creating Shared Value (CSV). (n.d.).