

***Project Business Management*^{1,2}**

Project Business and Chinese Stratagems, Pt. 1: Stratagems for a Position of Strength

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*“Something comparable to the Stratagems of the
Chinese does not exist anywhere else in the world.”*

Harro von Senger



¹This is the 47th in a series of articles by Oliver Lehmann, author of the book [“Project Business Management”](#) (ISBN 9781138197503), published by Auerbach / Taylor & Francis. See full author profile at the end of this article. A list of the other articles in PM World Journal can be found at <https://pmworldlibrary.net/authors/oliver-f-lehmann>.

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Summary

The 36 Chinese stratagems (sānshíliù jì, 三十六計) are an ancient collection of war tricks to manipulate people and outmaneuver enemies. Knowing them in project business management can lead to new solutions to challenges and problems, but can also protect the project manager, the project management team, and complex project supply networks from getting outsmarted, particularly by customers, contractors, other business partners, or competitors.

This article discusses the stratagems numbered 1 to 6. More stratagems will be discussed in coming articles.

Ancient Stratagems, and Why They Matter Today

This is the first article of a series that is written for professionals in Project Management and even more in Project Business Management, which occurs when a project is performed by two or more organizations under contract. The 36 ancient Chinese Stratagems are a collection of ruses, tricks, or maneuvers that are put into action to achieve a goal that would be otherwise hard to attain. There are several reasons why managers in Project Management and Project Business should be aware of them:

1. The application of stratagems may help master difficult situations.
2. They are also a warning—someone familiar with the stratagems may try to gain a possibly unfair advantage.
3. When doing business with partners from Eastern Asia, including China, Vietnam, Korea, and some more, it may well be that these people know and implement the stratagems. One should know them to negotiate and act at eye level.

This article gives a brief introduction to the first six stratagems. Future articles will describe the other stratagems and what project managers may make of them.

The 36 Chinese Stratagems

The Chinese military has used cunning and deception for over 2,000 years, and many were written down with explanations, in what situations they had proven useful. Out of these descriptions, a collection of stratagems condensed over centuries, that describes stratagems

in the form of 36 short proverbs became. Mao Zedong reportedly used these stratagems in the Chinese civil war during the years between 1945 and 1949, in which he defeated the professionally trained and armed Kuomintang army with troops that consisted to a great portion of peasants, finally turning China into a Communist Republic.

It is reported that the stratagems were considered a secret by Mao until Swiss sinologist Harro von Senger made them known outside of China beginning in the late 1980s³. In China, the stratagems have been taught at schools over decades and are a topic of scientific discussion as much as of comic strips⁴. Outside China, they are helpful in understanding Chinese actions and behaviors, but also those of neighboring cultures, including Korea and Vietnam.

Outside their military use, they are also a great source to develop effective action plans for challenges in projects, when the traditional direct and confrontational approach may not work, or when the weak position of the project manager disallows for that, and other solutions may be needed to achieve the mission of the project. One should, in such cases, also consider that not all applications of stratagems are ethically acceptable.

Another reason to know them is avoidance of being deceived and manipulated.

Application in Project Business Management (PBM)

The stratagems are particularly interesting in Project Business Management, when two or more independent organizations, possibly distributed over different countries, time zones, legal systems, and cultures, come together under contract to jointly follow a project mission. There, we have customers, contractors, and other players, and the effective management of unifying forces and centrifugal undercurrents become the decisive factor in the dynamics of success and failure.

The core intention of a project business manager should be to develop a *Mission Success First* approach that promotes *Completing over Competing* and implements trust. Trust is the strongest booster to gain speed and effectiveness across the borders of companies and other organizations. Partners in good faith under contract are faster and more effective than competing parties.

Distrust in trustworthy people and organizations results in lost opportunities and reduced effectiveness. Trust in the wrong people will inevitably lead to getting ripped off. Effectiveness and speed that come with trust and openness come with the risk of deception. Knowledge of the stratagems helps project (business) managers know the risks.

³ (v. Senger, 1991)

⁴ (Liu, 2020)

What are the dominant causes of conflicts among players in Project Business?

A survey I made in summer 2017⁵ shows that diverging business interests are the dominant cause of conflicts, followed by incompatible cultures and clashing egos (see Figure 1). While these are not situations that can be compared with the vicious and deadly reality of war, we must accept that we often have opposing interests and personalities in our *Project Supply Networks*. These conflicts can also lead to the use of stratagems, possibly with the intention to resolve them, but maybe also by one party to gain a particular benefit on the costs of another one and the entire project.

Frequency of Causes of Conflicts between Project Contract Parties

Average values | Scale: 0 (never) - 5 (frequent) | N = 302 | Survey made: June/July-2017

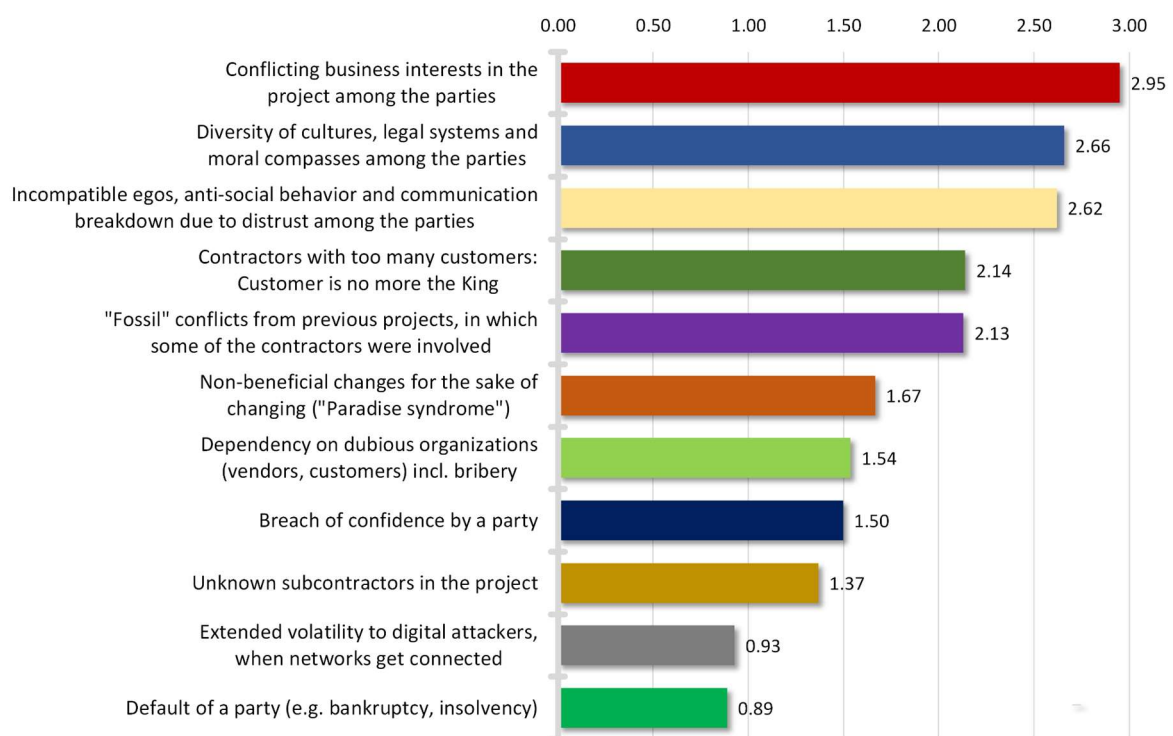


Figure 1: Responses to a survey on causes of conflicts among participating companies in project supply networks⁶

The Grouping

The stratagems are ordered in six groups:

1. Stratagems for a position of strength

⁵ Published in my book "Project Business Management" (Lehmann, 2018)

⁶ (Project Business Foundation, 2022)

2. Deceptive stratagems
3. Stratagems for attack
4. Stratagems for confusion
5. Stratagems to win ground
6. Stratagems in the moment of defeat

This grouping is rather loose but may nevertheless help identify a stratagem to be used for a given situation or identify a stratagem that another party may be applying.

In this series of articles, I will discuss the meaning of each stratagem and give an example on its use in Project Business Management (PBM). Some of them are of course also useful to internally performed projects. There is also a lot of literature available that describes the application of the stratagems in various other business contexts⁷. I will therefore keep the focus of this article narrow to the PBM topic.

Stratagems for a Position of Strength

In a position of obvious strength, one may want to avoid exhausting resources unnecessarily and taking avoidable risks. The following six stratagems can help win in such situations:

1. Deceive the Emperor and Cross the Sea

(瞞天過海 | 瞞天过海)

The stratagem seems to originate in an anecdote from the 7th century AD, when the generals of the Chinese emperor Tang Gaozong wanted to attack the North-Korean kingdom of Goguryeo, but the emperor refused to board the ships to cross the Yellow Sea. The story goes that the soldiers disguised the ships as a city and that the emperor noticed that only after departure.

Today, the stratagem recommends helping hesitant and resistant stakeholders accept major change by making it look familiar and harmless. In Project Business Management, including images and text pieces in an offer that feel well-known and undisruptive to the prospective customer can help the offer win the business.

Resistance on the customer side or user side can damage the profitability of the contractor delivering a new solution, and vice versa. Making the new solution look

⁷ (v. Senger, 2005)

familiar can reduce such resistance. A way to achieve this is to show project business stakeholders the solution repeatedly (e.g. in the form of prototypes or images) before the implementation so that it seems familiar when it is actually put into operation.

2. Lay Siege to Wei to Rescue Zhao

(圍魏救趙 | 围魏救赵)

This stratagem seems to be over a millennium older than the previous one, originating in the “Period of the Warring States”, which ended with the first unification of China in 221 BC under emperor Qin Shi Huang (秦始皇).

The kingdom of Wei attacked in 354 BC the neighboring kingdom of Zhao, which asked a third kingdom, Qi, for help⁸. In order to help Zhao, Qi did not send troops to the battlefield, but marched instead against the unprotected capital of Wei. Wei had to terminate the attack against Zhao and draw back to salvage its capital. With this stratagem, Qi could help its ally Zhao without risking losses in a battle against Wei.

In Project Business Management, as in wars, resources are limited. If a company engages them in one task, another task may remain unresolved.

Common disruptive factors in Project Supply Networks (PSNs) are players, customers, contractors, and others, that engage in non-cooperative behavior, placing *competing* over *completing* and trying to gain a benefit to the disadvantage of other players and the entire project. It may be helpful in such situations to bind their resources with tasks that they need to do to protect themselves.

In a worst-case scenario, this may include legal action, which can strongly bind management attention and remind players of the common mission of the project.

Another element of the stratagem is the common observation that the urgent is the most vicious enemy of the important. For Wei, defeating Zhao was important, but protecting its capital became urgent when Zhao attacked. Giving non-cooperative players in project business management an urgent task to resolve in their own interest may protect them from actions by these players that would damage the project.

3. Borrow a Knife to Kill a Person

(借刀殺人 | 借刀杀人)

Using proxies to do the dirty work is a common stratagem in wars to avoid becoming perceived as uncooperative and aggressive and to protect own resources. In the previous stratagem, Zhao borrowed Qi’s knife, which was very effective.

⁸ An overview map of the warring states can be found at China Highlights (China Highlights, 1998)

It is also used in Project Supply Networks to get painful jobs done by someone else. The external project manager may tell the customer's employees that the new project makes them redundant because their managers don't want to communicate this message. Other employees will learn that they will have to give up their cozy office with the children's paintings pinned to the walls and the rubber tree at the window that has grown over the years to a size that it will be impossible to take out of the office without damage. Sometimes, project managers are not only paid to do the project but also to convey such inconvenient messages.

It is not rare that managers find themselves in conflicts in Project Business Management with representatives of other players (see Figure 1). Often, it seems inappropriate to enter these conflicts personally and present oneself as quarrelsome and possibly poorly educated. Openly or secretly delegating the tasks of arguing and sparring to contractors or even the press may help keep the own perception of professionalism clean, while someone else is doing the muddy job.

In a less vicious understanding, the stratagem can simply mean delegating a difficult job to a contractor, who is specialized to "pull the chestnuts out of the fire", instead of consuming their own resources and possibly failing in the task.

4. Relax While Awaiting the Exhausted Enemy

(以逸待勞 | 以逸待勞)

The exhausted enemy can be easily overwhelmed, even by a much smaller army. Fatigued people with worn-off arms do not have the same effect as fresh and well-equipped forces and will find it more difficult to form an army when engaged.

A case story: When Hornet⁹, a European maker of automotive servicing equipment, found itself in negative press headlines for poor business results, its general manager felt an almost desperate need to bring positive news to investors and raise their attitudes towards the company. The company's share value had already dropped significantly, and his desire was to swiftly make it soar again.

He contacted the CEO of an Asian competitor here named Bumble Bee, a private enterprise, and both arranged a meeting at a "neutral" place in a third country, also in Asia. Both managers would have to fly in, but for the Asian manager, this was a four-hour flight into the neighboring time zone. For Hornet's manager, the flight took over ten hours, and he had to travel to a time zone with nine hours difference. It was obvious that the manager of Bumble Bee was aware of the despair of his European colleague to "bring something home", that gave evidence of success. The meeting then took place at a time that was normal working hours for the Asian manager, while the European's biological circadian clock said, "Time to sleep". To make things worse,

⁹ All names changed.

he had been up for over 36 hours and had difficulties staying awake during the meeting.

The result of the meeting was foreseeable: The two managers agreed to a Letter of Intent (LOI) that promised the development of a cooperation contract in which both companies would cooperate in Project Business. In order to enable the development of this contract, the European company Hornet took over a number of rigid obligations that would be enforceable at court if Hornet would not adhere to them. The obligations for Bumble Bee in return were described in vague language and did not come with any real disadvantages for the Asians.

The LOI was soon communicated to the press, but when more details became known, shareholders found that the agreement was advantageous to one party only, and Hornet was not this party.

The history of wars is full of examples when military leaders underestimated how exhaustion can weaken their forces and lead to defeat.

The same is true for business contracts.

5. Plunder the Burning House

(趁火打劫 | 趁火打劫)

The burning house is used here as an allegory for a country in upheaval.

In 1917, during the First World War, Prussian generals transported the revolutionary Vladimir Lenin, his wife, and 30 other Russians in a sealed train from their exile in Geneva, Switzerland, to the German harbor in Sassnitz, from where they further traveled to Russia to lead the Russian revolution. The idea was that Russia, in turmoil due to the revolution, would be an enemy that is easy to defeat.

The plan failed. The revolution that the Prussians wanted indeed took place, but Communist Russia remained an undefeatable enemy.

In politics, kleptocrats¹⁰ use the stratagem by bringing chaos into a country and dividing the population into followers of strongly opposing parties. While the population quarrels, the politicians line their pockets with state money. When their time is over, the population find its state overindebted and their social systems plundered.

¹⁰ Greedy politicians abusing their powerful positions.

In Project Business Management, weaknesses of other parties may be an opportunity to gain own advantages. This can take a very damaging form¹¹, that puts the survival of an organization at stake, that has deficiencies in some of its core business functions.

A rather positive example of taking advantage of a weakness of a player in Project Business Management, particularly of a customer, is Benefit Engineering, in which (mostly) a contractor has identified problems and risks on the customer side and uses them to amend the agreement between the companies in a way that both parties should benefit. Figure 2 shows how it refers to the usage lifecycle of the contractual project deliverables and how it differs from the more commonly used Cost Engineering.

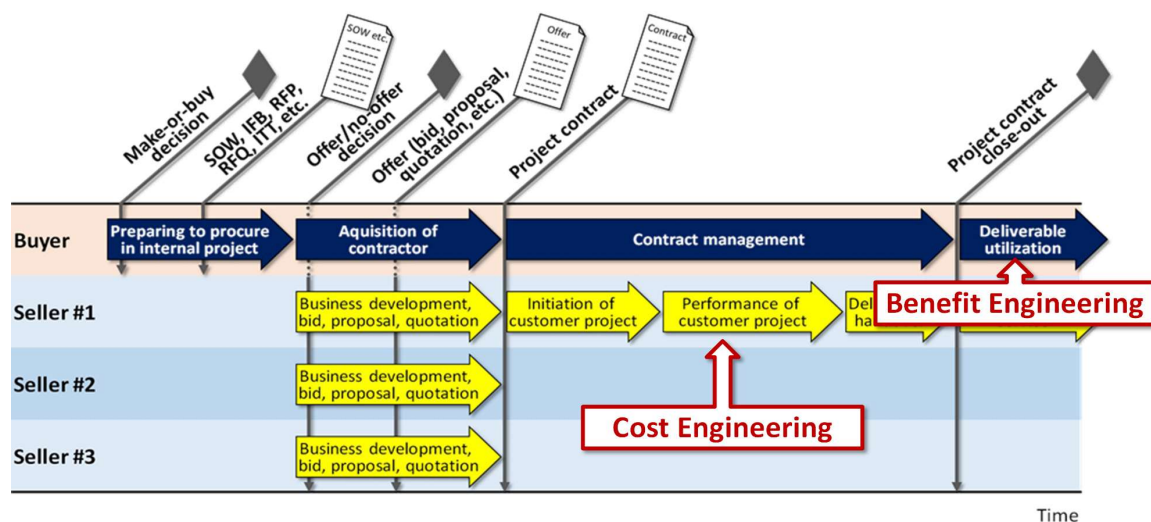


Figure 2: Benefit Engineering is an alternative to the more commonly used Cost Engineering¹²

Benefit Engineering allows the contractor to avoid a loss by helping the customer solve ignored or unknown problems or risks.

6. Make Noise in the East but Attack in the West

(聲東擊西 | 声东击西)

In a battle, the enemy is agitated with a mock attack at one location, moving the resources there so that they cannot be used to defend against the main attack that then takes place at another location.

In 1944, during World War 2, the British intelligence fed the German military with messages that the invasion into France would take place in the French province of Brittany, while the planned place was Normandy to the North-East of Brittany. This

¹¹ An anonymized real-life example of a company “looted” by its contractors like a burning house can be found in Chapter 5 of my book “Project Business Management” (Lehmann, 2018)

¹² (Lehmann, 2017)

deceptive action was called Operation Fortitude: At first glance, Brittany would seem a much less plausible place, as this is a much wider section of the British Channel to cross. However, the German army leaders were made to believe that this was just the reason to select Brittany because there, the German military would be unprepared for the invasion army. By diverting German forces, the invasion army found much less resistance, and the invasion finally succeeded.

Pickpockets often use the stratagem against their victims, and so do stage magicians with their audiences. One or more sidekicks divert people's attention by making noise or other interesting activities, while the main actor does his or her activities without being noticed.¹³

Freebie projects can be an example of the application of the stratagem.

They are a special form of Project Business, in which the customer receives the project for free, but gets bound to the contractor for ongoing business after the project has been finished. These "Freebie Projects"¹⁴ are common in the automotive industry when a contractor develops a technical component for a customer at no cost; however, when the customer orders this specific component, the contractor uses the margins from the component sales to refinance the project and make a profit.

Another example are logistics companies, that run projects to firmly connect the customer's internal logistics with their ground, sea, and air logistics. The benefit for the customer—apart from the free project—is the effectiveness of the service provided. However, the freebie project makes it hard for the customer to change the logistics company.

Of course, providers of freebie projects will turn the customer's attention to the free project and what a good service it is, away from the costs and the restraints that the subsequent product or service business will bring to the customer.

In the next article: Deceptive Stratagems

¹³ Again, the story is real, but all names are changed.

¹⁴ Also called „Razor-and-Blade“ projects

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Oliver F. Lehmann, MSc, ACE, PMP, is a project management educator, author, consultant, and speaker. In addition, he is the owner of the website Project Business Foundation, a non-profit initiative for professionals and organizations involved in cross-corporate project business.



He studied Linguistics, Literature, and History at the University of Stuttgart and Project Management at the University of Liverpool, UK, where he holds a Master of Science Degree (with Merit). Oliver has trained thousands of project managers in Europe, the USA, and Asia in methodological project management, focusing on certification preparation. In addition, he is a visiting lecturer at the Technical University of Munich.

He has been a member and volunteer at PMI, the Project Management Institute, since 1998 and served as the President of the PMI Southern Germany Chapter from 2013 to 2018. Between 2004 and 2006, he contributed to PMI's *PM Network* magazine, for which he provided a monthly editorial on page 1 called "Launch," analyzing troubled projects around the world.

Oliver believes in three driving forces for personal improvement in project management: formal learning, experience, and observations. He resides in Munich, Bavaria, Germany, and can be contacted at oliver@oliverlehmann.com.

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- ["Project Business Management"](#) (ISBN 9781138197503), published by Auerbach / Taylor & Francis in 2018.

His previous articles and papers for PM World Journal can be found here:

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