



# Sun Tzu's "The Art of War"

Lessons for Home Equity Lending

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# Today's Agenda


- Introduction – Wisemar, Inc. “The Wise Consulting Choice”
- Sun Tzu’s “The Art of War”
- Applications for Home Equity Lending
  - illusion and reality
  - situational positioning
  - use of intelligence
- Questions and Discussion





# Wisemar Introduction

## Who We Are

- 
- Management consulting focused exclusively on financial services industry.
  - Experienced senior consultants providing analysis, design, and implementation to reduce costs, increase revenue, and improve customer satisfaction.
  - Wisemar was founded on one simple principle – client satisfaction.

Process  
Improvement

Change  
Management

Corporate  
Strategy

Vendor  
Support

# What We Do

Wisemar provides the following types of services:

## Cost Management

- Business Process Improvement
- Expense Reduction

## Increasing Revenue

- New Product Introduction
- White Paper Development

## Operational Excellence

- Technology Evaluation
- Business Case Development
- Project Management
- Feature Functionality Review
- Implementation & Project Services
- Mergers, Acquisition, & Integration
- Scorecard Design
- Staffing & Capacity Models

## Focus Areas

### Lending

Consumer

Mortgage

Small Business

Commercial

### Retail Banking

Branch Delivery

Deposit Services

### Insurance



## Sun Tzu's "The Art of War"

***“If you know the enemy and know  
yourself you need not fear the results  
of a hundred battles.”***

**SunTzu**



# Getting to Know Sun Tzu

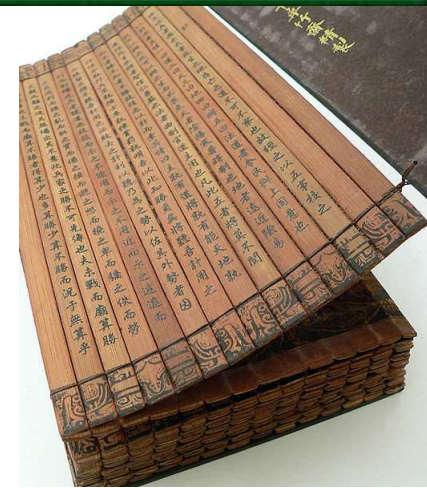
- born 544 BC
- died 496 BC
- occupation: Military General, Strategist, Author
- successfully led many military battles
- key military leader for the king of King Helü of Wu



# “Art of War” background

*“It is only the enlightened ruler and the wise general who will use the highest intelligence of the army...”*

*Sun Tzu*

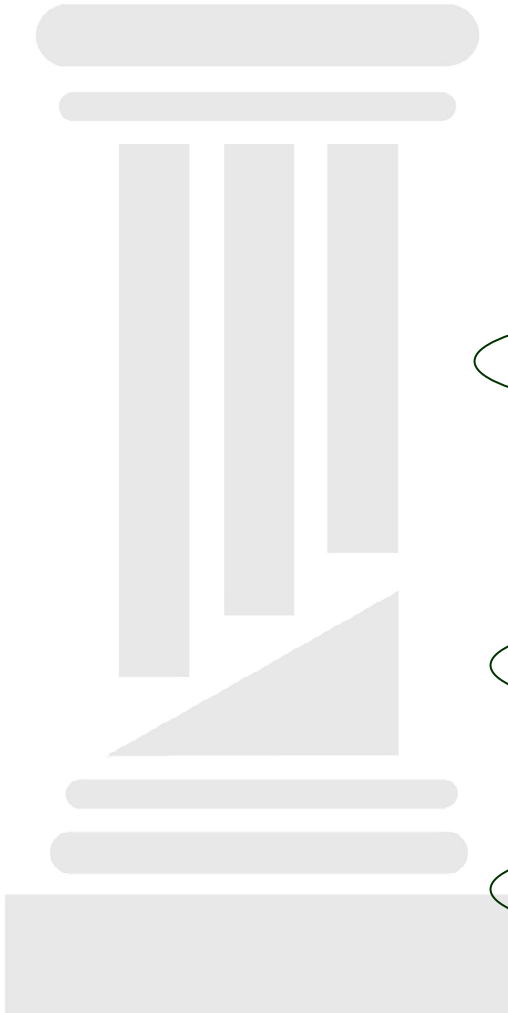


## General Themes

- While conflict is often unavoidable, pure aggression and retaliation lead to destruction.
- Strategic planning and rational analysis are critical, especially examining one's own strengths and weaknesses.
- Importance of information, knowledge, & wisdom.

# “Art of War” Chapters

(R.L. Wing version)

- 
- The Calculations
  - The Challenge
  - The Plan of Attack
  - Positioning
  - Directing
  - Illusion and Reality
  - Engaging The Force
  - The Nine Variations
  - Moving The Force
  - Situational Positioning
  - The Nine Situations
  - The Fiery Attack
  - The Use of Intelligence



# Sun Tzu's "The Art of War"

## Chapter 6 Illusion and Reality

# Illusion and Reality

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“Thus with one skilled at attack, the enemy does not know where to defend.

With one skilled at defense, the enemy does not know where to attack.”

Sun Tzu, “The Art of War”


# Illusion and Reality application



Reviewing typical types of attack and defense in Consumer Lending, and also some potential strategies.

- Attack
  - take-away competitor prospects or applicants
  - take-away competitor existing customers
  - take-away competitor employees
- Defense
  - protect your prospects or applicants
  - protect your existing customers
  - protect your employees

# Illusion and Reality thoughts



To maximize your efforts in this section, carefully plan your defenses and also your attacks. Some considerations should include:

- **Research and self-reflection**

Since you cannot control where an enemy will attack, you must have a strong overall defense with the ability to redirect resources as required. Additionally, if you know the enemy's objectives and with some business intelligence, you may be able to predict their point of attack.

- **When, where, and how?**


In terms of your attack, some use the motto of attacking quickly and often. Instead attacks should target unguarded or uncontested areas. Focus on strategic moves to develop and sustain momentum with key “battle” victories.



# Sun Tzu's "The Art of War"

## Chapter 10 Situational Positioning

# Situational Positioning




“Now shih is equal and he uses one to strike ten.  
This is called ‘driven off.’

The troops are strong and the officers weak.  
This is called ‘the bow unstrung.’

The officers are strong and the troops weak.  
This is called ‘dragged down.’”

Sun Tzu, “The Art of War”

## Situational Positioning - continued




“A great officer is wrathful and does not submit...  
This is called ‘the mountain collapsing’

The general is weak and not strict.  
His training and leadership are not clear...  
The is called ‘chaos.’

The general cannot assess the enemy...  
This is called ‘routed.’”

Sun Tzu, “The Art of War”

# Situational Positioning application




These factors are generally internally focused and are common risks faced by all armies, and all companies.

Situations in Consumer Lending that mirror these factors:

- Weak executive leadership
- Weak senior management and management
- Weak team leaders, staff, analysts, and individual contributors
- Lack of knowledge of your competitors
- Lack of focus and purpose

# Situational Positioning thoughts



As a consultant firm, we often are able to quickly identify themes and recurring issues. It is common for banks to “carry” ineffective staff members, as well as “ineffective” leaders who simply cannot get the job done.

## Tools to help improve situational positioning:

- Conducting routine employee performance evaluations, not just annual reviews.
- Leveraging 360 degree feedback for management and senior management. Take action based upon the results.
- Work to build effective communication and incorporate routine check-points.
- Provide ongoing coaching and mentoring within organization.
- Maximize use of competitive intelligence, avoid lack of focus.




## Sun Tzu's "The Art of War"

### Chapter 13 The Use of Intelligence

# The Use of Intelligence

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“Only if the enlightened ruler and wise general can use people of superior knowledge as spies will they surely achieve great merit.”

Sun Tzu, “The Art of War”

## The Use of Intelligence - continued


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“The living spy returns and reports.  
Employ the native spy from among the local people.  
Employ the inner spy from among their officials.  
Employ the turned spy from among enemy spies.  
The dead spy spreads false information abroad...”

Sun Tzu, “The Art of War”


# The Use of Intelligence application



A wise leader will leverage competitive intelligence to better prepare and better execute strategy. There are various types of intelligence available which can include:

- Sources of data
  - Public data
  - Private data (surveys, industry data, subscriptions)
  - Peer benchmarking data (facilitated by neutral third-party, focused on normalizing data and anecdotal observations)
- Processing data
  - Goal is transforming data into information
  - Use information to drive positive change

# The Use of Intelligence thoughts



Multiple sources are available for ethical and legal competitive intelligence. According to the book, “superior knowledge will assure victory.” Some potential pitfalls to avoid can include the following:

## Potential Pitfalls:

- Under appreciation for competitive intelligence.
- Limited sources of data – or relying only on partial information.
- Unintentionally relying on misinformation.
- Overly self-confident – “I don’t need anything, we already know we are the best.”
- Comparison only against budget or plan, versus against the industry best-in-class or what is possible.



## **Closing Thoughts and Key Themes**

# Key Thoughts and Themes

- 
- Know when to attack and when to defend.

*View each competitor in the light of warfare, and determine what you need to win the battle.*

- Weak leadership, managers, and team members each present challenges.

*Tactically identify your weaknesses and take corrective action. Avoid situations where a competitor identifies your weaknesses and exploits them.*

- Leveraging intelligence.

*Consider potential sources of intelligence, how to appropriately use intelligence, and the importance to identify and remedy misinformation.*



## Questions, Comments, Discussion?

# Thank You

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