The Hardball Manifesto

This Perspective is adapted from the authors’ new book, Hardball: Are You Playing to Play or Playing to Win? (Harvard Business School Press, October 2004).

The winners in business have always played hardball. When companies play hardball, they use every legitimate resource and strategy available to them to gain advantage over their competitors. When they achieve competitive advantage, they attract more customers, gain market share, boost profits, reward their employees, and weaken their competitors’ positions. Then they reinvest their gains in their businesses to improve product quality, expand their offerings, and sharpen their processes to further strengthen their competitive advantage.

When they can continue this virtuous cycle of activity for a prolonged period, companies can transform their competitive advantage into a position even more powerful and desirable: they can achieve decisive advantage. With that, they put themselves into a far more powerful and influential position than just that of the market leader. They can use their decisive advantage to bring about fundamen-
tal change in an entire industry, put their competitors into a reactive position, cause their partners and suppliers to make adjustments, and deliver so much value to their customers that their market share grows larger still.

Winning through competitive advantage may sound like nothing more than good, serious, and sensible business practice. But hardball companies are further distinguished by their attitude and behavior. They play with such a commitment to the game, such a fierceness of execution, and such a relentless drive to maximize their strengths that they look very different from other companies that have admirable performance and sound business skills. Hardball players always play to win, in every aspect of the game. They always seek decisive victory. They don’t want to win a 2–1 squeaker. They would prefer a 9–2 rout.

Softball players have no competitive advantage or, if they have one, may not know what it is or may be unable to exploit it. Some softballers can drift along for years, finding ways to stay afloat from quarter to quarter—through trade loading, for example, or cost cutting. A few may seek to disguise their poor performance through activities that are questionable, if not illegal, such as creating shell customers. In the par-
lance of pitching, such companies are throwing junk.

**Fundamental Corporate Purpose**

We believe that the fundamental purpose of companies in our society is to compete as hard as they can against one another. In the September 13, 1970, issue of the *New York Times Magazine*, Nobel laureate Milton Friedman quoted from his book *Capitalism and Freedom*: “There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.”

Friedman’s comments sparked a debate about corporate purpose that raged in corporate suites across the United States and around the world, in the halls of academe, and in the influential “chat societies” of Washington and other power centers. The debate continues to this day.

Bruce Henderson, founder of The Boston Consulting Group, fundamentally agreed with Friedman but placed even more emphasis on the importance of competition. In 1973, troubled by the antitrust actions taken against IBM and AT&T in the name of competitive “fairness,” Henderson wrote:
“The dominant producer in every business should increase his market share steadily. Failure to do so is prima facie evidence of failure to compete.”

Henderson went on to describe the virtuous cycle that creates decisive advantage: “Competitors’ market shares should be unstable. Low-cost competitors should displace higher-cost competitors. Customers should share the benefits of lower cost with those suppliers who make it possible. Any failure to gain market share even with lower cost is self-evident restraint of trade.”

In Henderson’s view, a failure by companies to strive for decisive advantage would lead to a failure of their industry to “concentrate” (consolidate and improve), which would lead to an even larger failure—“a failure of the national economy to optimize productivity and reduce inflation.” In other words, as self-centered as playing hardball and seeking to win may appear to be, they are, in fact, essential to the health and strength of the larger economy and society.

Our book follows in the tradition of Milton Friedman, Bruce Henderson, and many others who believe that it is the function of com-

panies to compete as hard as they can to gain customers and profits, with the goal of achieving the greatest advantage they can over their competitors.

A Never-Ending Cycle

From our experience working with clients over many years, in many industries, and in many countries, we know that the leaders of the world’s most successful companies—the hardball winners—believe it is their obligation to their shareholders, customers, employees, and society to seek and exploit their competitive advantage to the fullest. And, when possible, the hardball leaders will push that advantage to the point where competitors are squeezed and even feel pain.

When competitors find themselves in this position, they have two choices. They can play softball, using nonstrategic means to get society to bend its rules to hobble their hardball opponents. Or they can look for the chinks in the armor of the hardball players to change the rules of the game in their favor. We advocate the second approach. Business, like life, goes on as a never-ending cycle of achieving advantage, facing threats from bold and innovative competitors, and adjusting to or succumbing to those challenges.

But when an organization achieves advantage, it develops a tendency to continue oper-
ating with the same strategy or model that produced the advantage. The leader’s main role, then, is to keep alive the quest for advantage. As Roger Enrico, former chairman of PepsiCo, said to us, it’s impossible for an organization to “shadowbox” its way to continued advantage building. The leader’s task is to make his or her people understand that their company’s advantage is always in peril and, if necessary, to create an opponent against which the organization can focus its efforts.

In addition to strong leaders, hardball competitors also have what is generally called “good management.” In the development of our book and in the writing of the *Harvard Business Review* article that preceded it, however, we were criticized for downplaying the importance of the “soft” issues, such as culture and employee relations.2 We do not mean to downplay them but rather to place them in the context of strategy.

Good management is a necessary but insufficient condition of business success. Differences in profitability correlate very strongly with differences in competitive advantage. We believe that a management team that can provide a hardball strategy and push the organization to use it to gain competitive advantage

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is the most likely to deliver benefits—emotional, intellectual, social, financial, and professional—to its people.

By championing hardball, we are not advocating that we discard or ignore all we have learned about how to create good relationships with people both inside and outside the organization. On the contrary, we believe that people who work for and with hardball players are exceptionally well rewarded and among the most fulfilled people you will find in business.

George Stalk Jr.
Rob Lachenauer

George Stalk Jr. is a senior vice president and director in the Toronto office of The Boston Consulting Group; he is also coauthor of Competing Against Time: How Time-Based Competition Is Reshaping Global Markets (The Free Press, 1990) and of Kaisha: The Japanese Corporation (Basic Books, 1985). Rob Lachenauer, a former vice president and director of BCG, is the chief executive officer of GEO2 Technologies.

You may contact George Stalk by e-mail at:
stalk.george@bcg.com

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