



## LICKING WOUNDS & BEATING CHESTS: WORLD WAR III LESSONS FROM THE RECENT CONFLICT IN LEBANON

*The 34-day war that raged between Israel and Hezbollah – between a nation-state and a non-governmental organization – brought forward some intriguing examples of what happens when a twentieth-century organization (Israel’s military) meets a twenty-first-century network (Hezbollah’s fighting force). The events that caught our eyes comprise three themes running through the conflict: Asymmetrical Deterrence Meets Asymmetrical Warfare; Powerful Technology Meets Networked Technology; and Goliath’s Forced March Meets David’s Public Information Officer. Through these themes, we discovered eight critical lessons from the realities of World War III. Those eight lessons apply to any enterprise trying to operate in the world of permeable borders.*

### Nations and Networks

As rockets blasted out of bunkers scattered across Lebanon, heading for cities in Israel, and as missiles screamed from fighter jets crisscrossing over Lebanon, heading into villages, John Arquilla, professor of defense analysis at the U.S. Naval Postgraduate School noted: “We are now into the first great war between nations and networks.” As the latest iteration of the Arab-Israeli conflict moved toward its surprising conclusions, P. W. Singer, senior fellow at the Brookings Institution, added: “That’s what this new twenty-first-century warfare is going to look like. We have now entered an era where

non-states or quasi-states do a lot better militarily than states do.” (*New York Times*, 7/30/06)

Together, these perspectives imply a critical insight into the recent Middle East war: twenty-first-century networks outmaneuver twentieth-century operations. Welcome to the realities of what, for nearly a decade, we have called World War III – a world of permeable borders. Transgressing borders affects not only warfare but business as well, and networking, which facilitates crossing borders, is increasingly either a nemesis or an ally of businesses everywhere. The quality that differentiates institutions aligned and comfortable with a world of permeable borders from those that are not is

how they operate – twentieth-century-operations (hierarchical, command-and-control, internally directed) versus twenty-first-century operations (networked, decentralized). The twentieth-century way of operating is simply too slow, static and ineffective to survive the realities of a permeable-border world. For that reason, the recent war in Lebanon carries some interesting lessons for enterprises of all types.



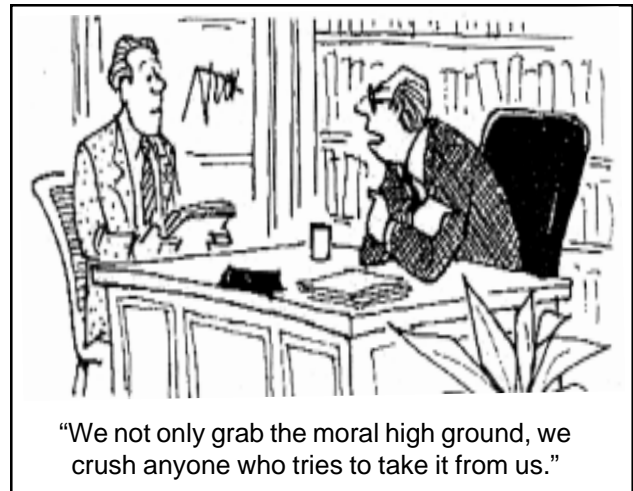
### Winning Isn't What It Used to Be

A few observations from that month-long battle highlight the relative advantages and disadvantages of the hierarchical and networked systems. Those observations also suggest some lessons on how to operate effectively in the twenty-first century.

**Asymmetrical Deterrence Meets Asymmetrical Warfare** – Ariel Sharon, the former prime minister of Israel, helped define his country's military strategy. Whenever confronted with an outside threat, he came to insist that Israel's response must be so overwhelming as to deter the opponent from ever considering such a threat again – a policy sometimes called asymmetrical deterrence. Just such an overwhelming display of force in the 1982 invasion of Lebanon, however, led to the massacres at Shabra and Shatila, which not only resulted in the forced resignation

of Prime Minister Menachim Begin but derailed Sharon's career for nearly 2 decades as well. Sharon, however, was merely adding a corollary to what military observers acknowledge has been an axiom of the Israel Defense Force (IDF): Israel cannot lose a single war. (*New York Times*, 8/6/06)

Current Prime Minister Ehud Olmert, without a long history of military and combat experience (unlike Sharon), sensed that to maintain support of a diverse constituency, he needed to be tough on security, and so he instituted a "zero tolerance" policy about kidnappings in Gaza and the northern frontier. As a result, in July, after Hamas captured two Israeli soldiers and Hezbollah crossed Israel's border and captured two more soldiers (after killing 8), Olmert reverted to Sharon's policy: Use asymmetrical deterrence.



The Israeli Air Force flew more than 3,000 sorties in the first 10 days of the conflict, put the Beirut airport out of commission, destroyed roadways leading to Damascus and did not hesitate to target any site – including civilian houses – that military officials identified as having launched a Hezbollah rocket. Israel would send more than 10,000 troops across the border into Lebanon. The attacks over the 34 days of fighting would eventually kill more than 900 Lebanese (many more civilians than Hezbollah fighters) and create more than 800,000 refugees. Asymmetrical deterrence drew strong criticism from Europe, Russia, China and elsewhere for being a "disproportionate response" to the original provocation. (*Middle East*, 8/06; *Financial Times*, 7/31/06; *Jane's Defense Weekly*, 7/26/06; *Guardian*

*Weekly*, 8/18/06; *Christian Science Monitor*, 8/18/06; *New York Times*, 8/6/06)

Worse than international condemnation, however, was the fact that this time asymmetrical deterrence did not yield the results expected. The once rag-tag aggregate of Hezbollah fighters was not only trained and ready but its fighters seemed to have an operating system that dodged Israel's most advanced tactics. Perhaps Olmert should have taken a lesson from the "Shock and Awe" campaign that the U.S. rained down on Iraq. That extensive display of military power eventually brought not an easy victory with a convincing peace but a growing insurgency and a network of fighters, leading to a rising civil war, leading to an uncertain resolution.

**Displays of awesome power no longer automatically bring victory, for two reasons: an alternative (and effective) counterstrategy is emerging, and the definition of winning is changing.** In terms of the different strategy, Israel's asymmetrical deterrence lost effectiveness when confronted with what military strategists are calling asymmetrical warfare, an operational model to confront overwhelming force and military superiority by using counterpunches, limited and quick attacks, civilian-infiltrated/non-uniformed armies, networked operations, decentralized leadership and new technologies. The dispersed, mobile guerrilla forces of Hezbollah created no real battlefield, afforded few, if any, central targets and moved about quickly, thereby obviating the effectiveness of an otherwise overpowering Israeli military.

For each strike, the massive Israeli forces required field-derived information (*e.g.*, a site from which a rocket had been fired), communications to central systems (*e.g.*, radar and navigation planes in the area), military top-down orders to respond (*e.g.*, send fighter planes) and an attack on the identified site (*e.g.*, missiles fired). By the time Israel attacked, Hezbollah fighters had moved elsewhere, and since the jets' targets were often launching sites situated near or even inside a civilian's home, results were not always beneficial to Israel's international image. Major Svika Golan, a spokesman for the Israeli Army's Northern Command, explained the problem, "If you see a terrorist moving around a village, you cannot shoot him from the air." (*Washington Post*, 8/1/06; *New York Times*, 7/30/06)

At the start of the incursions, an Israeli military spokesman noted with some confidence, "We need two

weeks to end the operation..." Confounded by Hezbollah's operations, however, Israel soon started modifying its stated objectives, from disarming Hezbollah, repatriating its soldiers and stopping cross-border attacks to simply "degrading" Hezbollah's capabilities, an illustration of the frustrations that an ineffective operating model caused. In the middle of the war, Israel replaced its field commander, the first time the country had done so since 1973, when Ariel Sharon was sent to replace the field commander at the Egyptian front. (*Middle East*, 8/06)

When the forces on both sides finally acceded to a cease-fire, more than a month after Hezbollah captured the two Israeli soldiers, Tel Aviv still did not have the soldiers back and insurgents were still firing rockets into Israeli cities, ostensibly the reasons for launching the war. Moreover, during the fighting, Hezbollah never deployed more than 1,000 fighters to the "front line" battle, a fraction of its actual available forces and an even smaller fraction of the forces Israel had committed to the fight. (*USA Today*, 8/9/06)

In the end, Hezbollah did not "defeat" the Israeli army; rather, the Islamic insurgents merely kept the powerful nation-state from reaching its objectives. Nonetheless, such a "hold" on Israel's formidable power brought the insurgents great admiration across the region, prompting Hezbollah's leader, Sheik Hasan Nasrallah, to declare "a strategic, historic victory" and leaving Olmert to admit "deficiencies" in the IDF's operations. (*Associated Press*, 8/14/06)

Even though Olmert described the results as a limited victory – because Israel's actions would keep Hezbollah from acting like a "state within a state as an arm of the axis of evil" – another take on who won surfaced. "Even if Hezbollah is broken up militarily in the end," explained one Lebanese citizen, "it wins [for battling Israel so long]."

Many Israeli citizens seemed to agree. Surveying the situation, Reuven Perhatzur, professor of political science at Tel Aviv University, admitted, "Israel's image [in the region] is not so good for our point of view. The biggest army in the Middle East couldn't deal with a small organization." Moshe Maoz, a political scientist at Hebrew University of Jerusalem, added: "The achievements on paper look nice, but in fact they're not. The main goals were not achieved." Immediately after the ceasefire began, Israeli citizens started calling for the

resignation of several officials, from military officers to cabinet members to Olmert himself. (*Washington Post*, 8/2/06; *Guardian Weekly*, 8/18/06; *Middle East*, 8/06; *Christian Science Monitor*, 8/14/06)

**Lesson Number One:** Big and powerful are not the same as effective.

**Lesson Number Two:** Decentralized, networked operations can outmaneuver centralized, hierarchical operations.

**Lesson Number Three:** Effectiveness trumps power and efficiency.



**Powerful Technology Meets Networked Technology**—Partway through the battle with Hezbollah, Israel asked the U.S. to accelerate delivery of air-fired missiles, something the U.S. did. Israeli planes were firing missiles more often than they had anticipated at the war's onset, and based on the way things were going, they were going to need them for a longer period of time than anticipated. Of course, Hezbollah does not even have an air force, let alone missiles to fire from them. But

they do have different operating procedures than Israel had seen at any time prior.

Hezbollah, however, did fire weapons it had not used in earlier confrontations, weapons such as the laser-guided Kornet-E anti-tank missile (Russian technology), the Raad 2 and 3 rockets (Syrian technology) that reached cities deeper into Israel and the FL-10 naval missile (Chinese technology) that hit an Israeli Saar 5-class naval vessel off Beirut and sank a Cambodian freighter. Hezbollah never fired its Zelzal 1, 2 and 3 rockets (Iranian technology) with ranges up to 400 kilometers, far enough to reach southern Israel. For the most part, Hezbollah lobbed Katyusha rockets (Soviet technology) into Israel. With roughly 12,000 rockets stored in various places across southern Lebanon and with a large number of launching pads dotting the countryside, Hezbollah could fire rockets from a site and escape before Israel managed to fire one of its diminishing supply of missiles at the site. This way, Hezbollah kept its casualty figures low. For example, after 2 weeks of fighting, the IDF estimated that it had killed just "a few dozen" Hezbollah fighters, even as Lebanese civilian deaths were reaching several hundred. (*Jane's Defense Weekly*, 7/26/06; *Middle East*, 8/06)



Hezbollah's lower-level technology managed to create huge problems for the Israeli's cutting-edge technology. One example highlights this issue. Israel

has deployed what is thought to be the world's only fully operational anti-missile shield, which can detect incoming missiles and with Arrow 2 and Patriot missiles (U.S. technology) destroy them. But Hezbollah's low-tech (and old-tech) rockets do not even fly high enough to be seen by the shield's sensors. Thus, they flew across Israel's northern border unintercepted, and IDF had to locate the launchers with radar planes and then pass commands through the system to dispatch jet fighters. (*Middle East*, 8/06; *Christian Science Monitor*, 8/11/06)

Hezbollah housed its rockets and launchers in a massive network of tunnels and bunkers, all constructed since Israel left southern Lebanon in May 2000. Mobile systems of communication linked operators, who moved in and out of local villages at will. Not only did Hezbollah fighters fire their rockets and depart the site, they also accessed their weapons only at the last moment before using them, allowing them to walk around as "unarmed civilians." As a result, Hezbollah fighters were firing roughly 100 rockets per day when the conflict started, and they were still firing that many rockets per day weeks later, actually upping their output in the hours before the ceasefire. (*Christian Science Monitor*, 8/14/06; *New York Times*, 7/30/06)

The other part of a networked operation that cannot always be understood is how far the network reaches. Western intelligence officials have shown that Hezbollah's network extends to Latin America and Southeast Asia. Beyond that, the network includes allied organizations not nominally associated with Hezbollah. For instance, in July, just a few weeks before British officials disrupted an alleged plot to bomb U.S. international airline flights, German authorities discovered failed bomb attempts on commuter trains, when the explosive devices, which were already planted, failed to detonate. German police arrested a Lebanese suspect and are looking for another. The timing of these events encourages thoughts of a network link of some kind.

Yet the decentralized nature of the whole organization makes it possible that the attacks occurred at roughly the same time almost by coincidence. (*New York Times*, 7/30/06 and 8/22/06)



**Lesson Number Four:** Agility, flexibility and mobility add to an operation's effectiveness.

**Lesson Number Five:** Cutting-edge technology does not necessarily yield cutting-edge results.

**Lesson Number Six:** Networks add leverage to any level of operation.

**Goliath's Forced March Meets David's Public Information Officer**—Israel's image "is not so good" according to the Tel Aviv professor. The overpowering Middle East military Goliath, which, given the biblical origins of the David-Goliath story, became an ironic designation, also met its match in David's public-relations tactics. Once images of dead women

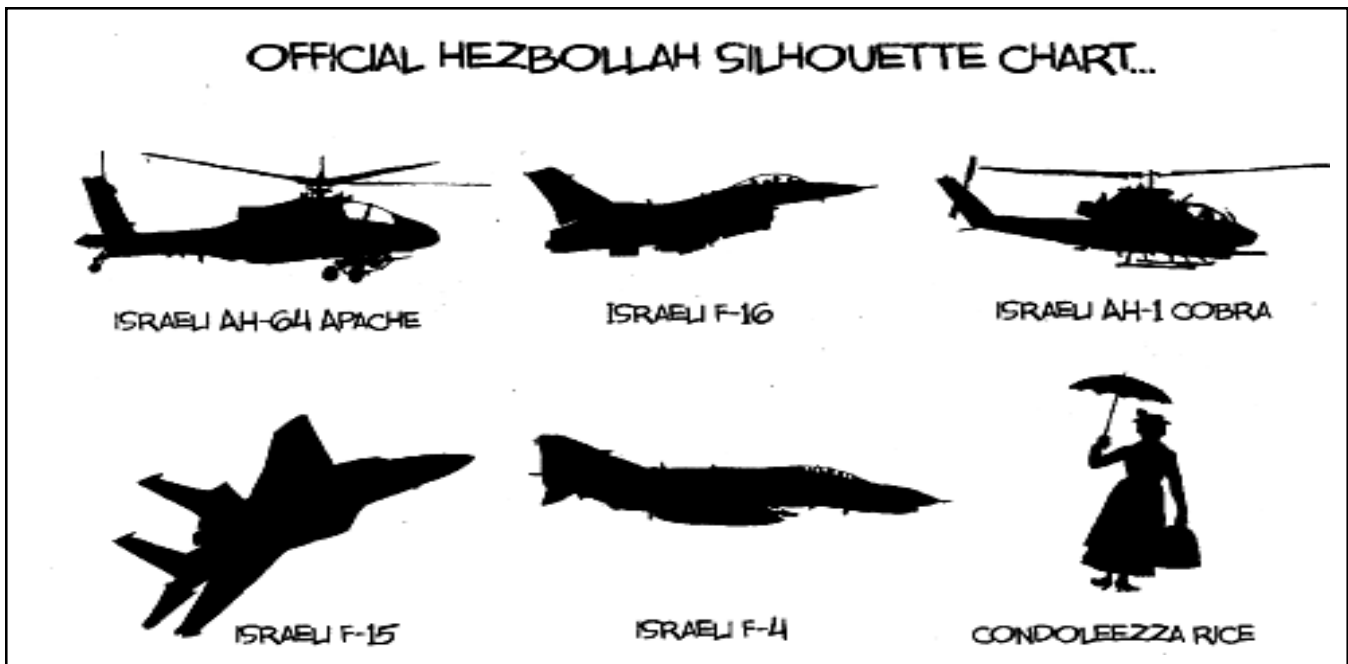
and children on the ground in Lebanon started surfacing, very little time passed before those images were being seen across the region and the world via the Internet and were being talked about extensively on the growing number of Middle East blog sites (1,000 in Egypt alone). Digitization and its communications network, the Internet, have greatly reduced the ability of official government information officers to control information from the battlefield. When Secretary of State Rice traveled to the Middle East to initiate a conversation about a ceasefire, she brought three key advisors, one of them was Karen Hughes, whose job it has become to elevate the image of America and Americans in the world. Rice's decision to take public relations professional on a diplomatic mission suggests how problematic electronic communications have made international diplomacy. (*Washington Post*, 7/31/06)

**Lesson Number Seven:** Control is flowing away from former centers of power.

**Lesson Number Eight:** Collaboration is an effective response to sliding control.

### Network Versus Network

The U.S. military is starting to grasp the lessons that surfaced in Lebanon. "Some of our most advanced weapon systems," explained one Army official, "are in danger of being defeated by networks of low-technology sensors and systems. A network maximizes the strengths of these systems far beyond what [each system] can achieve individually." From that perspective, the U.S. military has decided: "It will take a network to defeat a network." (*Aviation Week & Space Technology*, 10/24/05)



The PR battle brought the David and Goliath context to the war. The longer the Hezbollah David stayed around as a viable military threat, the larger its image grew, and the more the Israeli Goliath tried to eliminate the insurgents, the more vulnerable it seemed. When the U.S. did not (or chose not to try to) stop the fighting with an enforced ceasefire, the less in control it seemed. When European nations, Russia and others in the United Nations became involved, the situation changed.

But old habits die hard. Recent news stories have revealed that Israeli and U.S. officials met in Washington last May to discuss the "takedown" of Hezbollah as a means of clearing away risks to Israel should the U.S. choose to attack Iran. For one thing, that would suggest Hezbollah's capturing of Israeli soldiers on July 12 was not the pretext for Israel's launching the war. For another, it would explain why the U.S. did not intervene more emphatically to push a ceasefire. But from a larger perspective—that of the conventional versus networked

warfare—those meetings indicate that U.S. officials are still trying to trace networks back to nation-states (e.g., Iran) rather than deploy “a network to defeat a network,” as England’s MI5 did when successfully averting terrorist strikes on U.S. airliners crossing the Atlantic Ocean. (*Guardian Weekly*, 8/18/06)



Whether or not the U.S. government understands the realities of World War III, we can say that the lessons on exhibit in Lebanon this summer are applicable beyond the battlefield. Anywhere World War III’s permeable borders abound, these lessons can be useful. Here are a few examples from the business world.

**One:** Big and powerful are not the same as effective—Proctor & Gamble learned that in the new marketplace, overwhelming power can still result in the company’s losing 28 percent of its market capitalization in one day. P&G learned that strategic reorganization to align with new market realities is essential for survival.

**Two:** Decentralized, networked operations can outmaneuver centralized, hierarchical operations – At last count, Craig’s List, which has played havoc with large newspaper organizations by taking away their classified advertising revenues, has just 18 employees, even though it has successful operations in more than 200 cities worldwide.

**Three:** Effectiveness trumps power and efficiency – Media companies can become as efficient as they

can, and they will still have trouble competing with entities such as YouTube, which provides video entertainment for free, created by amateurs who are just having “fun” and presented to people who want to watch them having fun.

**Four:** Agility, flexibility and mobility add to an operation’s effectiveness—Handheld devices have expanded networked communications across enterprises, and the ability to deliver entertainment and data to those devices is becoming a critical capability for content providers. Individuals are becoming increasingly agile, flexible and mobile. The question becomes: How fast are institutions—as employers and as marketers—learning?

**Five:** Cutting-edge technology does not necessarily yield cutting-edge results – When companies deploy technology to save themselves money yet by doing so alienate customers, they have not learned this lesson. Flight check-in kiosks at airports can help consumers save time and online banking can help consumers become more effective, but phone-tree answering devices and minimally communicative outsourced, customer-service operators fail this lesson.

**Six:** Networks add leverage to any level of operation—Network computing allows those trying to solve large, computer-centric problems access to the computing power they need. Individual computer owners “loan” their computer power to enterprises, such as the project to search the solar system for extraterrestrial life (SETI), which integrate each of those small pieces of computing power into a large network of power that gives them the capacity to digest data what would otherwise be beyond their abilities. In a different example, Tata, the Indian consulting firm, has a “follow the sun” operation. A project starts in Mumbai, and as the day recedes, the programmers forward the job to colleagues in Eastern Europe, who at day’s end, send it along to fellow workers in Latin America, and thence to China and back to India as the next day dawns. One more example might be InnoCentive, the worldwide network of independent researchers. A company seeking a solution to a problem or looking for a new way to do something, posts the problem online to the network’s more than 75,000 researchers, an

then awaits their suggestions. Companies thus have access to a huge resource – one they could not afford to employ on their own – and pay only for accepted solutions.

**Seven:** Control is flowing away from former centers of power – Huge enterprises, from Dell and Wal-Mart to Sony and Microsoft, are coming to grips with the reality that marketplace control is slipping away, not because another behemoth is elbowing them aside but because more and more smaller (and sometimes “free”) enterprises are grabbing market share.

**Eight:** Collaboration is an effective response to sliding control – Mitsubishi, Daimler-Chrysler and Hyundai Motors have created a joint enterprise to build engines in Detroit. P&G joined with competitor Clorox to make and market Glad Press ’n Seal wrap.

Revolution. Together, they have altered the context of markets and are forcing changes in the way enterprises must organize and operate to be effective (see “Give Up Control to Gain Control,” Parts I and II, **IF 2705** and **2707**, 3/10/06 and 3/31/06).

Grasping the context and applying it to organizations and markets activates the lessons learned from the recent battlefields in Lebanon. The business equivalents of the non-state organizations that are causing so much trouble for the business equivalents of the large nation states are everywhere on the Web. They are undermining the “traditions” of global business practice: Size no longer matters; market leverage does not depend on shelf space; selling has less and less impact and “sale” signs need to offer deeper price cuts; margins are not determined by producers; technology does not automatically confer market power; alternatives are everywhere and gain market share quickly; access to information is nearly ubiquitous; professionalism is losing impact; and brands no longer carry the product. In that world, hierarchical organizations with a command and control leadership models cannot operate with sufficient speed and flexibility to be effective.

Those licking their wounds and beating their chests from some recent war or from some past success or failure in an old marketplace might be missing changes under way. In a networked world, even the definition of winning is changing from a definitive end with recognized results to a momentary lull with transitory, relative “ends.” Such an ongoing moving target makes decision-making even more difficult and the lessons from Lebanon even more critical to learn.



## Context for Operations

“It’s not that we didn’t collect the information,” explained a concerned veteran of computer network operations for the Pentagon, “it’s that we don’t understand the context that it’s in.” All the massive overload of information that companies collect on consumers, markets and competitors means very little if those sifting through the data do not understand the context that surrounds, envelops and shapes those consumers, markets and competitors. We have highlighted the permeable-border revolution by discussing three types of enablers: digitization, globalization and the New Industrial

