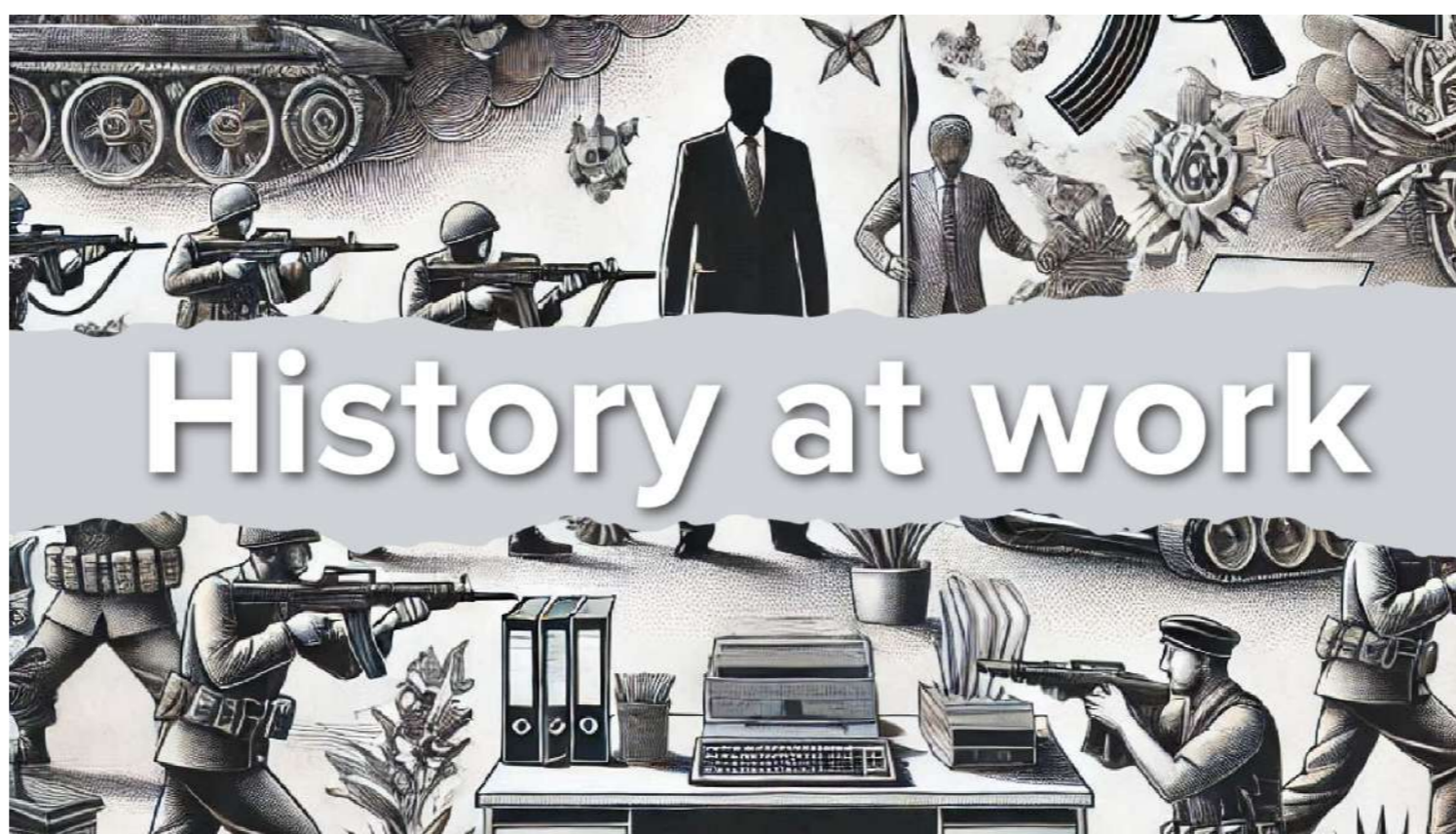


[View this email in your browser](#)



### I only did History to O level at school: British Social & Economic from 1815 to 1970. That meant lots of stuff about canals and railways.

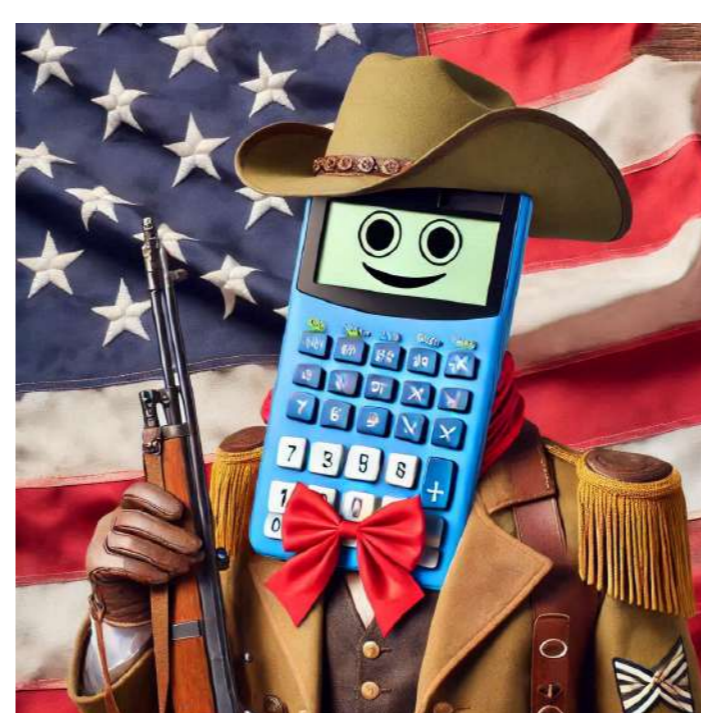
My brother did European history with impenetrable subjects like the War of the Austrian Succession. No kings and queens for me. That probably makes me a frustrated/closet historian.

However, as a result of listening to lots of podcasts, the Talent Academy has had to cope with me delivering sessions on:

- Custer's Last Stand
- Why the Allies won the Second World War

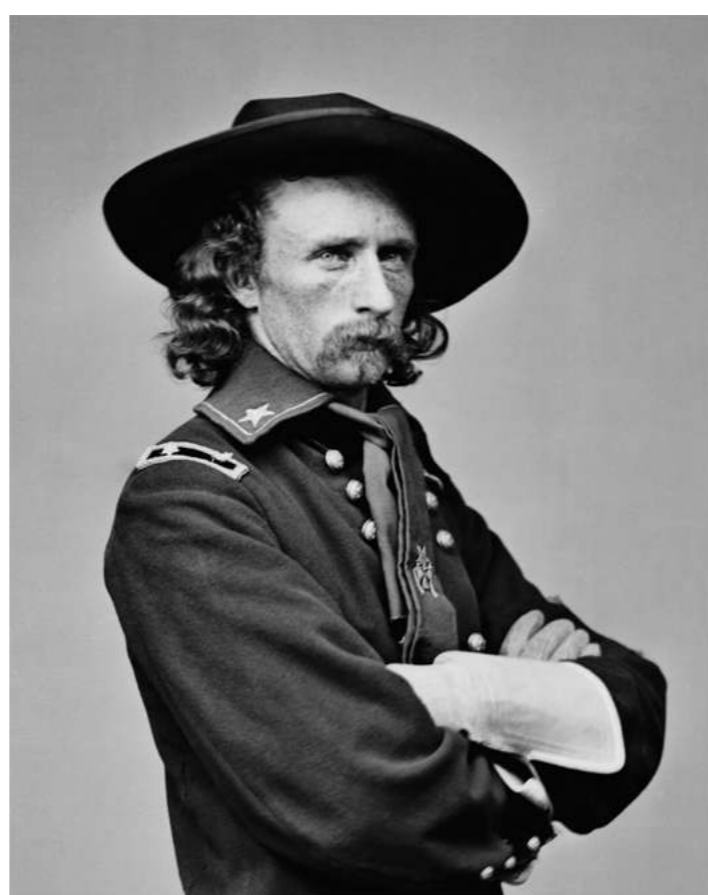
What is my business case?

I came across the concept of **Custer Accounting** on a course I attended in 2000 given by Ric Payne (an Australian). The tendency in the profession is to sacrifice speed for accuracy: accounts must be as accurate as possible even if they arrive far too late to be of any use for decision making. The rest of the world sees it differently. Custer needed to know approximately how many Indians he was up against. Not exactly.



Having routinely used the "Custer Accounting" term over the last 24 years, it came as something of a shock to realise that nobody under 35 (ish) had any idea who General Custer was. Everybody assumed I was talking about Custard Accounting, whatever that might be.

So, having listened to 8 hours on the subject from ["The Rest is History"](#) guys I launched into a very quick summary of the issues.



As a starting point, the battle took place in June 1876, 11 years after the Civil War had ended with a much scaled down US military desperately looking for a role.

Custer had made a name for himself in that war by developing the full-frontal cavalry charge as the solution to all problems and the fastest way to eternal glory.

That turned out to be true.

Anyway, by the mid-1870s, the Plains Indians were being pushed westwards by the expanding US and politicians were seeking ways to incorporate those territories into the Union so they could get more votes. The Indians were in the way and a spot of ethnic cleansing was required. The problem was finding them, which is why Custer was wandering around in the wilderness with about 750 men.

Quite by accident, he caught up with an encampment of 8,000 Indians (beside the Little Bighorn river) and, with supreme arrogance, split his column into 3 separate units and attacked. To skip the detail, the result was that Custer's column was massacred to a man.



Would he actually have taken any notice if he had understood just how many Indians he was about to attack? Probably not. Which is why Custer Accounting is a term for accountants not business owners.

As for the Indians, the military cock-up gave the politicians the excuse they needed and complete annihilation quickly followed. Sitting Bull was killed in 1890.

### Why the Allies won the Second World War

The first question from The Talent Academy, and indeed Mrs Duckett, was;

*"Why is he going on about The War again?"*

The answer, of course, is that it illustrates a whole series of strategic imperatives that we can learn from.



Jim "Good to Great" Collins pointed out that all businesses have a strategy and it's not the conceptual quality of the strategy that matters so much as the rigourousness of its implementation.

High level Allied strategy, agreed very early on, was that they would deal with Germany first, leaving the Japanese for later. That meant allocating resources accordingly, much to the dismay of those in the Pacific.

The knock on from this was:

### Working together

US and British Empire forces worked together, despite the anti-empire sentiment that is played up today.

Hitler loved to put 2 people in charge of every department and have them fight it out, thereby creating winners and losers.

Despite the occasional prima-donna, Allied command was genuinely unified.

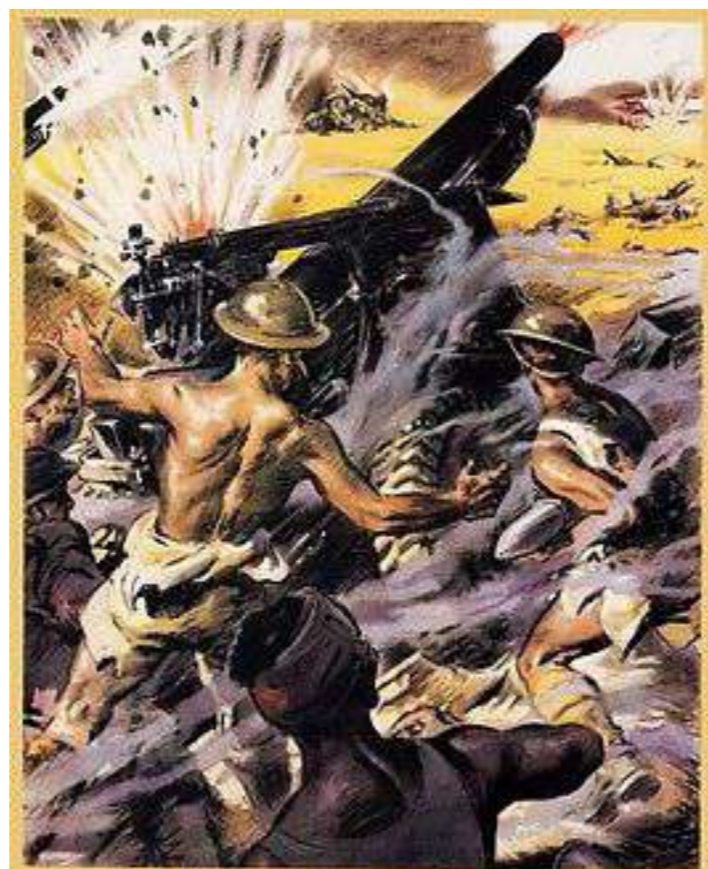


### Resource allocation

Even US manufacturing had capacity limits and not everything was possible. Famously, the Sherman tank was not as big a beast as the German Tiger, but it could be produced in large quantities and was much easier to maintain and indeed fix. The sten gun was pretty basic but took 7 hours to produce compared to 40 hours for the (superior) German equivalent.

### Using their strengths

At the start of the war, the British had the biggest navy in the world and proceeded to use it to systematically starve the Axis powers. As the war progressed, the advantages in material production became more marked. Steel not flesh was the mantra.



### Learning from failure

The British, in particular, had a habit of losing the first exchanges with the enemy and then pausing and figuring out how to win.

The concept of getting infantry, armour and aircraft working together was developed in N Africa, improved in Sicily and turned into an art form in Normandy.

Similarly, the British Indian Army took a couple of years to work out how to beat the Japanese.

Military analogies are notoriously hard to apply to business, so that brings you back round to Collins's Hedgehog concept:

- What can we be really good at that competitors find hard to replicate?
- What makes above average profit?
- What will we enjoy doing/can keep doing?

Real value is created at the intersection of those 3 points.

The takeaway for the Talent Academy was the communication/working together point: no internal empires or silos; continuity is king. I was more excited at the concept of leveraging our strengths, but that's harder.

