BUSINESS WARGAMING FOR FUTURES

— APPROACHES TO ADDRESSING STRATEGIC BLIND SPOTS —

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SUMMARY

- Wargaming, originally developed in the military domain, has been applied to corporate strategy and is now practiced as business wargaming.
- Business wargaming is a role-play simulation in which participants assume the roles of competitors or customers, enabling them to experience alternative perspectives and behavioral drivers that are difficult to grasp through conventional desk analysis. It helps integrate knowledge dispersed across the organization and uncover blind spots or faulty assumptions; however, it requires the participation of knowledgeable stakeholders.
- While the extent of business wargaming adoption in Japanese companies remains unclear, business wargaming, as a form of role-play simulation, can encourage discussion beyond conventional frameworks and has the potential to generate new perspectives and strategic insights by addressing blind spots.

1. WHAT IS WARGAMING?

1-1. INTRODUCTION

Wargaming (WG) is a methodology that originated in the military context and has since been applied in areas such as politics, public policy, and corporate strategy. WG simulates how stakeholders might act in a given situation and assesses the potential outcomes of those actions.

A commonly used framework for preparing for future uncertainty is scenario planning (SP).[1] SP is effective in organizing multiple future possibilities based on an external environmental analysis; however, on its own, it may not be sufficient to fully consider how stakeholders might act or what actions the focal organization should take.

In contrast, WG examines stakeholder actions and interactions under each scenario envisioned in SP while testing the organization's own responses, serving as a complementary process to SP. This paper introduces business wargaming (BW), which applies WG to corporate activities.

1-2. ORIGINS AND BASIC CONCEPTS

The basic approach of WG can be traced back to ancient civilizations, but its modern form was introduced by

Note: The last date of access to internet information cited in this paper was Nov. 7, 2025.

[1] For further details, see Akiko Fujii, "Scenario Planning for Futures", Nov. 2024. https://www.mitsui.com/mgssi/ja/report/detail/__icsFiles/afieldfile/2024/11/20/20241121_fujii.pdf

an artillery officer in the Prussian Army during the Napoleonic era.[2] It later spread across Europe and beyond. In the US around 1900, WG came into use mainly within the navy and eventually grew influential enough to shape budgeting and policy decisions.[3] In Japan, a well-known early example is the wartime simulation conducted by the Total War Research Institute[4] during World War II. The institute's analysis concluded that Japan lacked the national strength required for a prolonged conflict and that defeat was unavoidable. Nevertheless, this assessment was not meaningfully reflected in decision-making, and Japan went to war, ultimately experiencing defeat.[5]

NATO defines WG as "representations of conflict or competition in a safe-to-fail environment, in which people make decisions and respond to the consequences of those decisions." It further categorizes WG into two types: learning and analytical. The learning type is intended to help participants build experience through simulation. The analytical type derives insights from participants' hypothetical decision-making for use in subsequent analysis.[6]

Although WG originally developed within the military domain in this way, its concepts have also been applied in the corporate sector in the form of BW, particularly in Western countries. The following chapters provide an overview of BW and examine its significance.

2. WHAT IS BUSINESS WARGAMING?

2-1. OVERVIEW

BW is a method in which competing companies are treated as enemy forces, with multiple teams organized to simulate market behavior. As noted in Section 1-1, it can serve as a complementary process to enhance the effectiveness of SP, although it does not necessarily require SP as a prerequisite. For example, BW may be conducted without SP when specific assumptions or plans are already in place, such as a new product launch, market entry, or acquisition, in order to examine how competitors or consumers might think and act under those conditions.

Professor Jan Oliver Schwarz (Technische Hochschule Ingolstadt, Germany), a leading expert on BW, classifies BW into three types based on NATO's two-category framework: (1) strategic testing, (2) crisis management, and (3) education and training.[7] (1) Strategic testing involves participants taking on the roles of stakeholders such as their own company, competitors, or customers, and verifying the effectiveness of strategies through multiple rounds of simulated decision-making. (2) Crisis management is conducted to prepare for emergencies, with the goal of improving frameworks for coordination and collaboration among stakeholders. (3) Education and training targets business school students and is conducted for educational purposes, such as increasing knowledge or enhancing creative thinking among new hires, or managerial personnel.

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[2] Raymond B. Furlong, "Clausewitz and Modern War Gaming", *Air University Review*, 35(5), July-Aug. 1984, pp.4-7. https://babel.hathitrust.org/cgi/pt?id=coo.31924106381720&seq=502&q1=Raymond+B.+Furlong,

[3] Matthew B. Caffrey Jr., "On Wargaming", *The Newport Papers.* 43, 2019, pp.22-26. https://digital-commons.usnwc.edu/newport-papers/43/

[4] The Total War Research Institute was established in 1940 under the direct authority of the Prime Minister to conduct research on war with the US.

[5] In his reflection marking the 80th anniversary of the end of the war (Oct. 10, 2025), former Prime Minister Shigeru Ishiba noted that the predictions made by the institute prior to the outbreak of war were not sufficiently reflected in decision-making. https://japan.kantei.go.jp/content/000182742.pdf

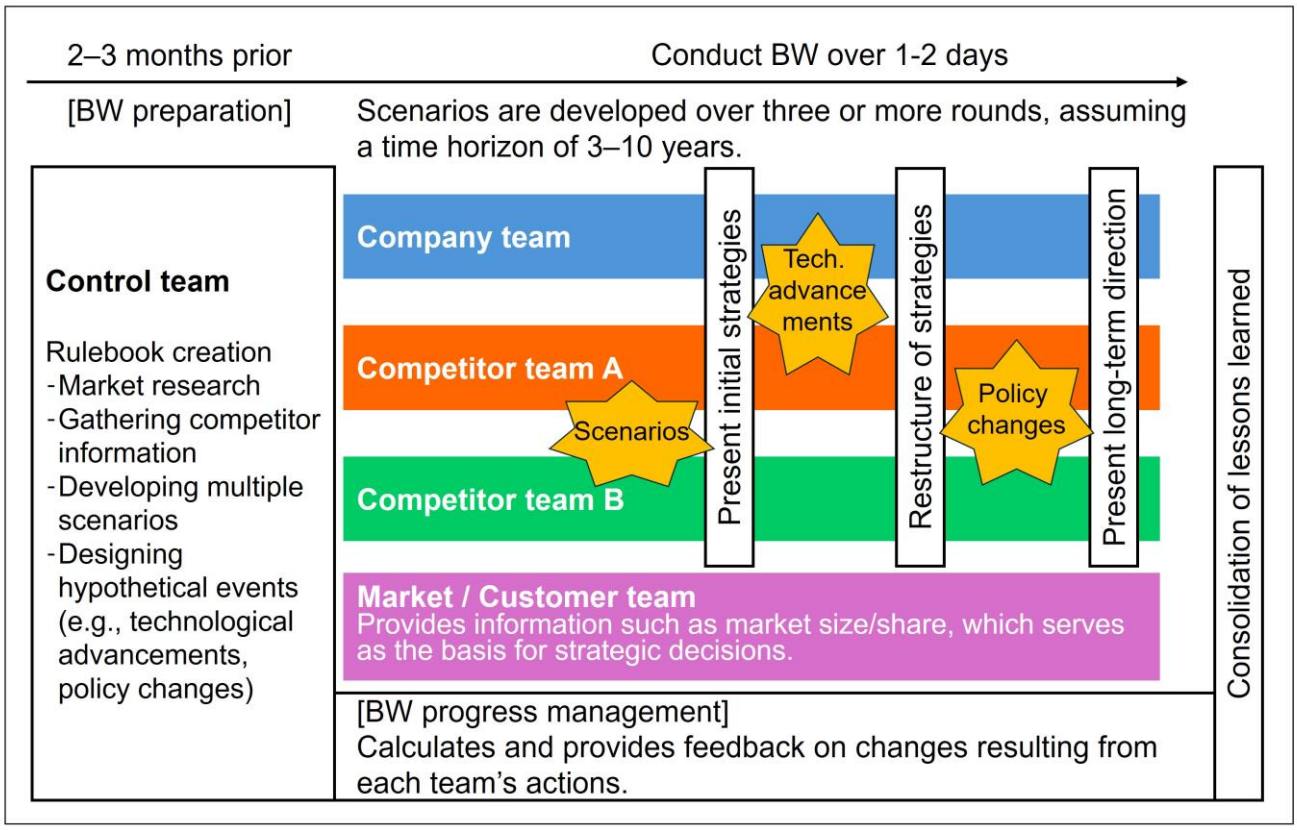
[6] NATO, *NATO Wargaming Handbook*, 2023, pp.8-12. https://paxsims.wordpress.com/wp-content/uploads/2023/09/nato-wargaming-handbook-202309.pdf

[7] Jan Oliver Schwarz, *Strategic Foresight: An Introductory Guide to Practice (1st ed.),* Routledge, 2023, p.103.

2-2. APPLICATION EXAMPLES

BW can be structured into a process as shown in the figure. While the preliminary research and preparation for BW may take several weeks or even months, the exercise itself is typically carried out intensively over one to two days. Participants assigned to the company's team play the role of its management, while those on other teams take on the roles of competitor leadership or customers.

Figure: Process example for business wargaming



Source: Compiled by MGSSI with reference to multiple sources, notably Jan Oliver Schwarz, *Strategic Foresight: An Introductory Guide to Practice*, Routledge, 2023; and Daniel F. Oriesek and Jan Oliver Schwarz, *Winning the Uncertainty Game: Turning Strategic Intent into Results with Wargaming*, Routledge, 2021.

Since BW involves sensitive information related to corporate strategy and competitor analysis, specific implementation details are rarely made public.[8] However, the following examples can be found in publicly available case studies.

A BW exercise led by a German research institute examined the responses of two competitor firms to a new strategy introduced by a major semiconductor manufacturer. Participants from divisions such as technology, sales, and marketing played the roles of the competitor companies. In addition to public financial and market data, the game design incorporated analysis of executive statements and career histories, taking into account not only the competitors' capabilities but also their intentions. These efforts reportedly enabled a more realistic and insightful understanding of competitors' behavior.[9] An Israeli home appliance company conducted BW immediately after news broke of a competitor entering the market, in order to consider a course of action. Based on detailed scenarios including the competitor's products, pricing, sales methods, and channels, the company

[8] Jan Oliver Schwarz, "Navigating Industry Challenges with Strategic War Gaming", July 2024. https://www.itonics-innovation.com/podcast/episodes/jan-oliver-schwarz

[9] Uwe M. Borghoff et al., "On the Role of Intelligence and Business Wargaming in Developing Foresight", May 2024, pp.9-11. https://arxiv.org/pdf/2405.06957v1

examined its possible responses. The exercise reportedly prompted the company to make proactive strategic adjustments, such as recognizing the need to review its own pricing strategy, rather than merely adopting a passive response.[10]

3. EFFECTS AND POTENTIAL OF BUSINESS WARGAMING

3-1. THE VALUE OF COMBINING SCENARIO PLANNING AND BUSINESS WARGAMING

Unlike purely desk-based competitor analysis or SP, BW enables participants to experience the strategies and reactions of competitors or customers first-hand by stepping into their roles, offering insights otherwise unlikely to emerge internally. By thinking from a different standpoint, participants become emotionally engaged, allowing them to connect with the drivers of human behavior.[11] As the name "game" implies, the exercise includes elements of play and competition. This mechanism helps uncover organizational blind spots or faulty assumptions from new angles and creates a memorable, vivid experience.

In many cases, the knowledge needed for strategic planning is scattered across divisions and not easily shared. BW helps bridge these gaps by bringing together participants from different functions such as sales, marketing, development, and legal, allowing their knowledge to be connected. Conversely, without the involvement of people who possess the necessary insights and information, meaningful takeaways from BW are difficult to derive.

To summarize the relationship between SP and BW, BW tests stakeholder behavior under each scenario based on the future vision depicted in SP, allowing hypotheses to be validated in a more practical way. Combined, they serve as a practical bridge linking foresight and strategy validation.

3-2. APPLICATION TO JAPANESE COMPANIES

In Japan, examples of WG can be found in the field of national security[12], but the extent to which BW is used within Japanese companies remains unclear. As in other countries, the confidential nature of such practices makes public disclosure unlikely.[13]

Nevertheless, the characteristics of BW suggest it could offer a breakthrough in situations where Japanese companies face constraints. One feature of Japanese corporate culture is the strong emphasis on hierarchy and consensus-building, in which employees are implicitly expected to speak in ways that align with their position or rank. This cultural tendency can hinder open dialogue and the expression of unconventional ideas. By requiring participants to take on the roles of competitors or customers, BW creates a setting that temporarily removes them from their usual frame of reference. This allows perspectives and ideas that normally remain unspoken to surface.

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[10] Shay Hershkovitz, "Wargame Business: Wargames in Military and Corporate Settings", *Naval War College Review*, 72(2), 2019, pp.73-74. https://digital-commons.usnwc.edu/cgi/viewcontent.cgi?article=7973&context=nwc-review

[11] For the general psychological effects of WG, see Peter P. Perla and ED McGrady, Why Wargaming Works, *Naval War College Review*, 64(3), 2011, Article 8. https://digital-commons.usnwc.edu/cgi/viewcontent.cgi?article=1578&context=nwc-review
This paper discusses how WG can simulate emotional or psychological pressures that are often difficult to experience through SP alone.

[12] Satoru Kishimoto, "Wargaming", *Air & Space Power Studies*, No. 10, Jan. 2023, provides an overview of WG conducted by the Japanese Ministry of Defense and the Air Self-Defense Force. https://www.mod.go.jp/asdf/meguro//center/aspw10/aspw06.pdf (in Japanese)
Another well-known example of WG in Japan is the Taiwan Strait Crisis Simulation undertaken by the Japan Forum for Strategic Studies since 2021, which brings together current members of the Diet, officials from the Ministry of Defense, former senior government officials, and international experts. https://www.jfss.gr.jp/taiwan_study_group/ (in Japanese)

[13] In Jun Ikeido's novel *Akira and Akira* (in Japanese), there is a scene where the protagonists participate in loan strategy training for new hires, taking on roles as companies applying for loans and as bankers deciding whether to approve them. Although fictional, similar forms of role-play-based training is also observed in actual corporate training programs.

3-3. THE POTENTIAL OF GENERATIVE AI

As generative AI continues to evolve, there is growing discussion and experimentation around its use to predict and extract individual and group response patterns for application in WG, with the aim of reducing the time and cost involved in preparing WG.[14] This idea is equally applicable to BW.

Traditionally, BW has required a significant investment of time and resources for preparatory tasks such as background research and scenario design. Another challenge is securing the availability of busy decision-makers for multiple days. The burden becomes even greater when conducting in-person sessions involving participants from different regions.

Generative AI can help reduce these burdens in several ways. It can efficiently gather and organize foundational information, such as preliminary research and industry analysis required for designing BW. It can also model the decision-making tendencies and behavioral patterns of competitors, allowing companies to run virtual BW exercises against these AI-generated models and iteratively test strategic responses. Leveraging generative AI can make BW easier to design and execute, enabling more flexible use across diverse scenarios, including trial operations.

4. CONCLUSION

The use of generative AI is significantly reducing the time and cost involved in designing and executing BW, making it easier to test strategies across diverse scenarios. This raises the question: what distinctive role do humans continue to play in BW?

Professor Ted Fuller (University of Lincoln, UK) argues that in foresight, what matters is not merely discovering knowledge, but constructing social knowledge—that is, knowledge formed inter-subjectively through social interaction. Computer-based simulations alone cannot generate such knowledge, whereas role-play-based simulations can do so.[15] From this perspective, the value of role-play is unlikely to diminish in the future. Rather, by layering the benefits of generative AI with continued human interaction, the quality of insights gained from BW can be further enhanced.

[14] Benjamin Jensen, Yasir Atalan, and Dan Tadross, "It Is Time to Democratize Wargaming Using Generative AI", Feb. 22, 2024. https://www.csis.org/analysis/it-time-democratize-wargaming-using-generative-ai and Andrew Mara, Kelly Diaz and Kevin Mather, "Wargaming is having its 'Moneyball' moment", July 30, 2025. https://www.defensenews.com/opinion/2025/07/29/wargaming-is-having-its-moneyball-moment/

[15] Ted Fuller and Krista Loogma, "Constructing futures: A social constructionist perspective on foresight methodology", *Futures*, 41(2), 2009, pp.71-79.

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