

Thinking Smart, Acting Smart: Some Reflections on Project Delivery

by Stephen Bungay

Stephen Bungay is a Director of the Ashridge Strategic Management Centre. A former Vice President of The Boston Consulting Group, he is the author of *The Most Dangerous Enemy*. He is currently working on a book on the value of mission command in business. In this article, he identifies four barriers to successful execution of business strategy and how they may be responsible for the patchy implementation of Smart Acquisition.

I know very little about defence acquisition. Perhaps that is a blessing. Indeed, I have only a passing acquaintance with the public sector. That is because I have worked as a business consultant in the private sector for some 25 years. Its ways are quite familiar. So are the sorts of issues faced by those organisations, whether public or private sector, engaged in defence acquisition. I am also a taxpayer and harbour a diffident but genuine affection and admiration for Britain's armed forces. So I would like to see them get the right kit at the right time for the right price. That's my right to write.

So, here's the issue. You have a policy called Smart Acquisition that looks eminently sensible. You have a process called CADMID to which it would be hard to object. Yet the application of the principles is patchy and the results are variable. It would be nice if they could work most of the time, rather than some of the time.

Even in my state of ignorance, that does not surprise me in the least. What's the problem, and how could it be addressed?

Over the past few years, I have been working on the issue of strategy execution. This issue is usually presented as the problem of bridging the gap between plans and actions; in other words, how the senior management can get the organisation to actually do what they want it to do. One conclusion I have reached is that this seriously truncates the issue. In an

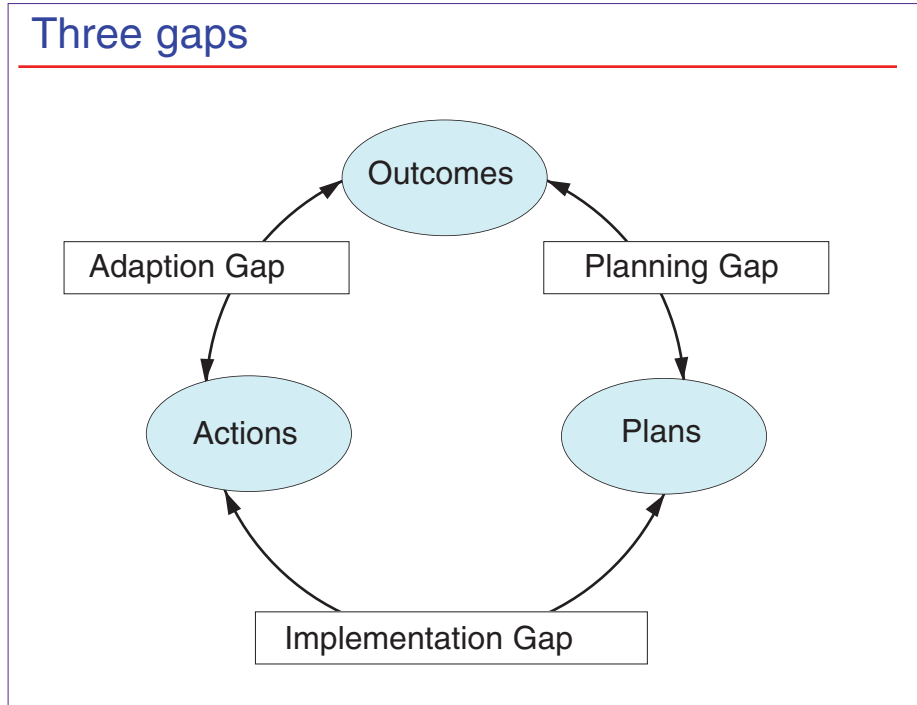


Figure 1: The Three Gaps in Strategy Execution

environment of rapid change and high uncertainty in which unpredictable future events can have a major impact on a business, closing the gap between plans and actions is only part of the problem. I believe that there are three gaps, as shown in Figure 1.

The Three Gaps

The familiar gap is the bottom one, the implementation gap in the narrow sense. However, in the modern business environment, it is inextricably linked to the other two. There is a planning gap because, given the inherent limitations to human knowledge and wisdom, there is no guarantee that a plan, even a good one, will, even if perfectly implemented, have the desired outcomes. And there is an adaptation gap because, in an environment of interlocking feedback loops in which

external agencies are taking independent actions that can affect you (and some external agencies – your competitors – are actually trying to disrupt you), there is no guarantee that the actions you take will have the outcomes you predict. A change in outcome over what you planned requires a change in action, either to contain a disadvantageous development or to exploit

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an advantageous one.

Some of you may find this view of the business environment familiar. It is an environment characterised by friction. Indeed, the first book of Clausewitz' *On War*, with its classic exposition of the nature of friction, is as good an introduction to business in the 21st Century as it proved to be to war in the 19th.

Bridging the Gaps

The generic answer to overcoming the three gaps is the same today in business as it was then in war. At the top you focus on outcomes rather than plans, keeping them broad and making the essentials clear. You push detailed planning down as far as it will go to the people who are going to take action. And you give people freedom to adapt their actions as they go, as long as they are in line with the outcomes you are seeking to achieve – or to put it another way, your intentions.

This, no doubt, also has a ring of familiarity about it. It characterises the operating model that evolved historically to enable a large, complex organisation to deal with an environment characterised by friction. The father figure of that operating model, Helmut von Moltke the elder, has left us a set of writings that make him, in my opinion, the greatest management guru before Peter Drucker. From those writings, a series of aphorisms have passed the sound-bite test to summarise his solution to the three gaps. On the planning gap: 'No plan survives first contact with the enemy' – so, reading 'reality' for 'enemy', keep plans high-level and make your intent clear. On the implementation gap: 'Do not command more than is necessary' – so do not constrain those at lower levels or try to get them to do things that in the event will not work. On the adaptation gap: 'Obedience is a principle but the individual stands above the principle' – so encourage questioning, thinking obedience, which encompasses the freedom to depart from orders or even disobey them if they are no longer relevant. Von Moltke changed the relationship between strategy and execution from one of 'plan and implement' to 'do and adapt'. The operating model developed by the Prussian Army to enable them to realise this was known as *Auftragstaktik*. It has since been developed and refined, and we know its modern avatar as mission command.¹

Mission Command

To put my cards on the table, I believe that the principles of mission command define the basic operating model needed by almost any business that seeks to succeed in the modern environment. There may be exceptions to that, but I have yet to find any systematic ones that go beyond a particular set of specific circumstances.

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That would not have been true 20 years ago. Then, it was possible in some businesses to plan everything in the centre, cascade action plans, add some incentives and everything would go like clockwork. No longer. Try it and watch it go wrong. There may, of course, be exceptions today, but I am not setting up a scientific hypothesis, just a pragmatic one. I am confident that the exceptions will be just that – exceptional – and that therefore a wise man will adopt the principles of mission command as the default. Deviating from them if circumstances require is easier than trying to adopt them in a hurry.

There is a conceptual reason why businesses find this difficult. I have referred to mission command as an 'operating model'. I use the term because mission command is a means of exercising what the military call 'operational art', which is the level between strategy and tactics. Business does not have a ready term for operational art. That is a conceptual deficit with serious consequences. It is not surprising that people find it hard to optimise something they cannot even talk about. There is all too often a missing link between strategic objectives and what actually goes on on the ground. We typically pump some 'strategic initiatives' into the gap in an attempt to plug it. What

we need is a means of converting strategic objectives into tactical actions that combine intellectual rigour and flexibility.

The defence business is unusual in that it is partly populated with people who are familiar with mission command and operational art from the inside, and in some cases have practised it in the most arduous and demanding conditions. The Smart Acquisition process has been deeply influenced by the principles of mission command. Nevertheless, its application appears to be patchy.

Cultural and Behavioural Barriers

Without carrying out any deep analysis, my guess would be that the reasons are cultural and behavioural. That guess is based on the twin observations that those are the biggest barriers to introducing mission command elsewhere in the business world, and that they are also the biggest barriers to using it well in the armed forces. Changing culture is difficult because it is amorphous, often deeply embedded and usually only half-conscious. It is a sort of corporate body language. It manifests itself in the myriad of organisational systems and sub-systems that interact to encourage or discourage certain forms of behaviour. The behaviour that actually results is often unintended. Friction rules here, too. So, in the interests of pragmatism, here are four common barriers to getting the behaviour one would like, and some suggestions about how to overcome them.

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Incentives and Promotion

The first is incentives and promotion. People want to survive and prosper. They try to act in ways that will enable them to do so. Consequently, they sometimes do what you ask them to do, and sometimes not, but they will almost always do what they are rewarded for doing, be it through a bonus or a promotion. They watch who



is promoted and draw their conclusions. Dispensing medals or money is part of corporate body language. It reveals what is really valued, whatever people say. What people are asked to do usually comes down the line, originating, sometimes in mysterious ways, with some sort of plan or strategy. What people are rewarded for is generally part of another sub-system, often run by Human Resources (HR), and dependent on the judgements of various superiors, whom it is therefore wise to please. Those superiors may or may not be the ones asking you to do things.

If, then, you are exhorted to be innovative, but the person who writes your evaluations prefers tried-and-tested methods, you will tend to follow a policy of 'steady as she goes', rather than risk his ire or possible comments to the effect that you are a loose cannon or lacking in judgement. If you are exhorted to take risks, but know that nobody who made a mistake was ever promoted, you will tend to keep your head down, for taking risks implies the acceptance of a certain rate of failure. If you are exhorted to be critical and challenging, but know that your evaluation criteria include being a 'team player', you will be careful about what and who you challenge.

Such behaviour patterns emerged quite a long time ago in the human story. Rather than re-engineer humanity, it may be worthwhile trying to tweak the performance management system. Von Moltke grasped this in the distant culture of 19th Century Prussia, and protected officers who exhibited the behaviour he sought to encourage. When Major General von der Goltz disobeyed the orders of his army commander to remain on the defensive around Metz in August 1870, von Moltke defended him. Von der Goltz seized an unexpected opportunity that set up the subsequent Prussian victory at Gravelotte – St Privat. His career flourished, while his erstwhile commander was retired. The Prussian officer corps took note.²

Target Fetishisation

The second factor is the fragmentation and fetishisation of targets. Targets fragment when they become independent of the whole that they are trying to optimise. A machine may be the sum of its parts. An organism is not. Organisations are organisms. Every element is connected to

every other, so optimising the parts will not optimise the whole. There are trade-offs. A metric becomes a fetish when it is separated from what it was intended to measure. For example, in a business which, like defence procurement, consists of long, complex projects, a target was set for the number of projects reaching a critical phase. Given that the basic objective was to maximise the number of projects reaching maturity, this seemed like a sensible thing to do. However, it led to distorted behaviour. In order to meet the annual target for the phase, projects were rushed across the phase line, only to be subsequently cancelled at considerable expense. The target optimised a fragment, and became a fetish – everybody knew it was the wrong thing to do, but the target was more important than the reason it had been set in the first place. Everybody knew the intention. But because the target was the only thing that mattered, the intention was ignored. Everybody involved acted rationally in terms of optimising what their own organisational sub-system was demanding. The organisation as a whole acted irrationally. The problem manifested itself in behaviour, but its roots were organisational.

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Von Moltke knew about this, so he emphasised the overall outcome, which we now know as 'command intent', as the guiding principle for all. The intent is broken down into individual missions, which then cascade down the organisation. A mission is simply a task plus a purpose, i.e. what to achieve and why. The system of 'back-briefing', whereby the analysis of a mission and the specific tasks it implies are repeated back upwards, helps to ensure clarity and achieve coherence, or what the military call 'unity of effort'. This works equally well in a business. In a business context, we add metrics to the mission so that mission owners know whether they are achieving it, or whether some course correction is needed. Metrics are

monitored, but the only real measure of success is achieving the mission. The mission cascade guards against the fragmentation of targets. The dominance of the mission over the metrics guards against fetishisation.

Process Tyranny

The third factor is process tyranny. Standard processes are useful. They lay an audit trail and reinforce commonality. Most armies and some businesses make use of 'standard operating procedures', or SOPs. If kept at a low level, they are great servants of the organisation. They can aid internal communication, enable an organisation to act at speed at the tactical level and embody best practice. However, they are general, whereas reality is particular. If they rise in level, they become constraining. If they become an end in themselves, the useful servants turn into oppressive tyrants. Sometimes, people need to bend the rules to make things work and achieve the desired outcomes. No process yet designed can meet the needs of every circumstance. Processes that do not serve outcomes should be overridden. However, departing from a standard process is a risk for the individual.

The Prussian Army built up a culture in which the judgement of individual officers on the spot was taken to override anything else. They systematically encouraged independent action. 'Obedience is a principle,'³ von Moltke memorably commented, 'but the man stands above the principle'. In an essay published in 1860, Prince Friedrich-Karl, the nephew of the then Kaiser Wilhelm I, tells the story of a staff officer who was about to execute an order he had received. As he was about to do so, he was rebuked by a senior general with the words: 'Sir, the King made you a staff officer because he expects you to know when you should *not* obey an order.'⁴ People will only take the risk of exercising their own judgement when they feel confident that those at the top of the organisation will support them – even if their judgement should prove to be faulty.

Fear

That brings us to the fourth factor – fear. Fear is not a word commonly used in management literature and may sound over-dramatic. It is meant quite seriously. Most people working in organisations have

a lot at stake. The stakes probably include their prosperity, their security, their reputation and their self-esteem. They tend to be risk-averse and are generally compliant. The principles of mission command disrupt this by calling for risk-taking and commitment. That can pose a problem both for those who delegate responsibility and for those who are asked to accept it.

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One of the greatest fears of senior people is of letting go and thereby losing direct control. In delegating authority for decision-making, one gives away power without giving away accountability. A lot of people find that a scary thing to do. It implies having trust in your people. If you have been brought up to believe that leadership is about knowing how to do something better than your followers, it is difficult to see the task of leaders as enabling followers to perform their jobs better than they otherwise would, and admitting that they may know how to do those jobs better than you do. Letting go is hard to do, but can have great rewards.

The answer to this type of fear is to dare to trust your people and resolve to do so in a controlled situation. Such a situation arose for one manager I know who is in charge of the property department in a company that runs several chains of pubs and restaurants. There was a fire in a pub in Wales and he received a call from his regional manager late one night to report on the incident. The regional manager had never had to deal with a serious fire before. My friend had dealt with several, and knew what to do. Instinct told him to get into the car, head off to the scene of the fire and take control. However, he had been in the Army, and his training told him to stay put and use mission command. He talked through the issues with his subordinate and asked him to fax over a brief plan the next morning. He went through the plan

for an hour on the phone and then said, 'Off you go – get back to me every evening and if you need any help in between times, call me.' So they went on, till after a few days they spoke every other day, then every week. The fallout from the fire was contained and everything sorted out. The result was not just solving the problem, but developing an individual so that in future if there is another fire, the regional manager will be able to handle it himself. He is now more valuable to his organisation, and my friend will have more time to get on with his job instead of the next one down. The most important thing he did, he said, was to stay where he was. It was also the hardest thing to do.

The other side of this is the fear felt by the more junior people who have to accept responsibility and not delegate upwards. It means feeling exposed and having to take decisions, something not to everyone's liking. It means the possibility of making mistakes, and hence the risk of punishment.

Von Moltke was familiar with all of this. The story told by Prince Friedrich-Karl is one of a senior officer admonishing a more junior one for not exercising critical judgement. Von Moltke not only did that, but was also forgiving towards mistakes. He knew that punishing one case of misjudgement would kill off every attempt to foster initiative in the officer corps for years to come. 'It is easy to pass judgement after the event,' he wrote. 'For that reason, one should be extremely careful before condemning generals.'⁵ On the other hand, he imposed some strict intellectual disciplines on senior people, following the principle, 'do not command more than is necessary.' Interference in lower levels was reprimanded, and clarity of thought and expression in formulating directives was a core skill developed in his training régime.

However, he also recognised that you cannot teach cats to bark. Some people are not suited to mission command. Von Moltke made sure that only those who were, rose to positions of major responsibility. On one of his staff rides that formed part of the examinations for admission to the General Staff, candidates had to disobey orders in order to pass. The hurdle for promotion was high.

Overcoming the Barriers

A century-and-a-half later, not many of us can summon up either the audacity or the radicalism of von Moltke, who faced plenty of opposition in his own day. That does not mean that we should give up. Addressing the four big barriers so as to weaken them, even if they are not overturned, could make a big difference. And though I would commend the wisdom of von Moltke, we do not necessarily have to turn to obscure and crusty old Prussians to find inspiration. One of the greatest proponents of mission command who has ever lived was Nelson. Looking back at the anniversary year of Trafalgar, we would do well to reflect on the leadership lessons about clarity of intent, trust and empowerment that he has to teach us. We might also reflect on the fact that, although he was a remarkable individual, he was himself the product of a remarkable organisation. If, today, we can approach the levels of operational effectiveness routinely attained by the Royal Navy in the 18th Century, we will do very nicely. ■

NOTES

- 1 See Stephen Bungay, 'The Road to Mission Command' in *British Army Review* No. 137, Summer 2005, pages 22–29.
- 2 Dirk Oetting, *Auftragstaktik – Geschichte und Gegenwart einer Führungskonzeption*, Report Verlag, 1993, page 126. For an account of the incident see pages 113–4 and more broadly the one in Michael Howard's classic work, *The Franco-Prussian War*, Rupert Hart-Davis, 1962, pages 139–144. Though tactically a French victory, the strategic consequences were to impose a vital delay on the French. Howard tellingly observes that 'no officer in the French Army had, or was supposed to have, any insight into the intentions of the commander-in-chief' (page 145). It marched blindly to disaster.
- 3 Oetting, op. cit., page 112.
- 4 Stephan Leistenschneider, *Auftragstaktik im preußisch-deutschen Heer 1871 bis 1914*, Mittler Verlag 2002, page 42.
- 5 Oetting, op. cit., page 112.