

AGILITY IN THE MOMENT

LESSONS YOUR COMPANY CAN LEARN FROM THE MILITARY
IN THE BATTLE FOR AGILITY



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Agility in the moment

Lessons your company can learn from the military in the battle for agility

The military is good in a crisis, or so accepted wisdom has it. So, if your business is facing a critical period, who better to take lessons from than those who have been on the real front line? It sounds an attractive idea, but does it hold up under scrutiny and can companies apply military lessons on agility?

To help answer this question, I interviewed former members of the US, UK, and Israeli military who are now working in the private sector. They ranged from ex-lieutenants to generals, ex-regular army to special forces, current employees of large corporations to entrepreneurs running their own businesses.

Their insights pointed to a structured and surprisingly consistent approach to organizations achieving high levels of agility during periods of volatile change. Their approach – which many have taken into the private sector – centers on extensive preparation, training and practice to achieve what one interviewee called “agility in the moment.”

This paper summarizes the interrelated components that interviewees and research indicate help drive agility in the moment. They reflect interviewees’ experience of when the military performed at its best – which they would be the first to admit is often not the case – and provide a potential source of inspiration for businesses looking to achieve equivalent levels of speed, adaptability, and innovation.

Research suggests there is merit in learning from the military when your business is experiencing turbulent times:

- CEOs who've served in the military are better leaders of organizations operating in industries experiencing distress, offsetting up to 70 percent of the decline of the sector as a whole¹
- Veterans are overrepresented as CEOs of S&P 500 companies by a factor of almost two
- Ex-military CEOs are significantly less likely to commit corporate fraud than CEOs without military experience¹
- According to the Small Business Administration, ex-military in the US are 45 percent more likely to start their own businesses than their civilian counterparts; they don't just work for businesses – they create them

The people I spoke to almost unanimously believed that military experience was beneficial to a subsequent business career. The leadership and organizational practices they learned that enabled them to display “agility in the moment” in operational military situations were in many cases directly transferable to the private sector.

It was clear from their accounts that agility in the moment in the military does not happen by chance. In operational situations, their units responded effectively to unexpected events not because of inspirational leadership but because they had been prepared to make imperfect decisions with incomplete data, adapting their plans in real time. It wasn't luck that brought consistency of response; it was the environment they had been a part of for years. Agility in the moment came from extensive preparation built into their DNA just as much as physical fitness.

From Oliver Wyman's wider work in this space and the interviews conducted, this article highlights five factors observed in best-practice military organizations, which in combination increase levels of organizational agility and may prove helpful to businesses experiencing fast-changing and highly uncertain external environments:

- Shared purpose and mutual trust
- Operational jazz: learn the basics then improvise
- Train for your next job, learn for your whole career
- Practice, practice, practice
- Harnessing existential risk

¹ Efraim Benmelech and Carola Frydman, Military CEOs, 2013 www.kellogg.northwestern.edu/faculty/benmelech/html/BenmelechPapers/MilitaryCEOs.pdf

1

Shared purpose and mutual trust

The military does not leave culture to chance. It defines it, trains it in, and reinforces it at every turn. But it isn't the culture we might always imagine.

Almost all interviewees wanted to correct the perception that the modern military was just about command, control and hierarchy. "You can't order someone to run at a machine gun," one told me. "If you must resort to a formal order, you've basically failed," said another. The desired results – getting people to put themselves in harm's way – come less from telling people what to do and more from a culture that emphasizes a clear shared purpose and sense of mutual trust.

Shared purpose is central to how effective military organizations operate. The people I talked to left the military years before but recalled with precision the core purpose of their role, unit, and organization. Such clarity meant they linked specific mission objectives back to their overarching purpose, which served in turn to reinforce their commitment to the mission itself. Compare this to what research tells us about the private sector:

- Fewer than half of executives believe their company articulates a clear sense of purpose²
- About half of employees are unclear about their near-term objectives³
- Fewer than half of employees know what their company stands for⁴
- More than 60 percent of North American employees do not know their company's mission⁵

Despite Larry Fink, Chairman and CEO of Blackrock, saying in his letter to shareholders that "without a sense of purpose, no company either public or private, can achieve its full potential"⁶ it would seem all too few organizations are able to create the galvanizing sense of shared purpose of the likes of Walmart, where it is seen by some as a cornerstone of their success⁷.

2 Harvard Business Review, Analytic Services report in conjunction with EY Beacon Institute, 2015; survey of 474 executives less than half of whom said their company articulated a strong sense of purpose (46 percent), and only 37 percent saying their business model and operations were well aligned with that purpose

3 "Many Employees Don't Know What's Expected of Them at Work", Marco Nink, Gallup, October 13th, 2015

4 "Many Employees Don't Know What's Expected of Them at Work", Gallup Business Journal, October 13th, 2015

5 www.achievers.com; "The Current State of Employee Engagement and How to Make it Better", Kellie Wong, August 10th, 2016

6 Open letter to shareholders from Larry Fink Chairman of Blackrock, Blackrock public website, 16th January 2018

7 "Why Wal-mart is winning in a losing industry", Louis Efron contributor, Forbes May 31st, 2017 www.forbes.com

Inextricably linked to shared purpose is a pervasive sense of mutual trust, which every interviewee cited as central to their subsequent agility. Interviewees talked about colleagues at all levels “having their back” to an extent rarely seen subsequently in corporate life. “Military treat each other like family,” said one. Others talked about a genuine sense of love when referring to those under their command. They trusted their teams on an adult-to-adult basis, empowering them to make decisions. They also embraced their feedback, however challenging it might be, if it helped them deliver a particular mission.

In the military, one told me, “It’s team first, you as an individual second.” In the corporate world, he added, it’s the other way around. He’s not alone in such thinking. In a 2013 survey of 31,000 people, 82 percent said they didn’t trust their boss to tell the truth⁸. In a survey for the World Economic forum, only 65 percent of people said they trust the company they work for⁹.

Trust must be two-way; you trust others and you are trusted in return. Interviewees recalled being empowered with high levels of responsibility when still at a low level in the organization: dealing with national political figures while in their twenties, responsible for significant operations without any recourse to “head office,” being encouraged to, in the words of one when describing a battlefield situation, “pursue all options until death or incarceration ensues.”

In the language of modern business, they were empowered and pushed the boundaries of that empowerment, up to and including the point of failure. “I want you to make mistakes,” a battalion commander told one interviewee. “If you don’t make mistakes, I won’t know if you’re really doing anything.”

Empowerment has been the subject of much study, with research indicating it is particularly effective at fostering more creative employees – a key aspect of the innovation required in more agile organizations¹⁰. Trust-based empowerment contrasts sharply with many private sector approaches, which in turn is a source of significant employee complaint¹¹. One study measuring stress even indicated that employees with less control in their work had a 15 percent greater chance of dying¹². Trust and empowerment contribute not only to increased agility but to employee well-being at the same time.

In the experience of the interviewees, there is no reason why the private sector can’t create a similar environment. Build your organization around shared purpose and mutual trust and, interviewees indicate, you will have some of the key foundations of a highly agile organization.

8 Edelman Trust Barometer 2013 of 31,000 respondents in 26 global markets, quoted in Forbes Article January 13th, 2013

9 World Economic Forum “Why Don’t Employees Trust Their Businesses” Edelman Survey of 33,000 people, April 12th, 2016

10 “When Empowering Employees Works, and When It Doesn’t,” Harvard Business Review, March 2nd, 2018, Allan Lee, Sara Willis, Amy Wei Tian

11 www.thebalance.com; 26th March 2018 article highlighting “Over-Management” as the 4th most complained about topic by employees, based on research by HR solutions inc.

12 “Worked to Death: The Relationships of Job Demands and Job Control with Mortality”, September 2nd, 2016 (Erik Gonzalez, Bethany Cockburn, Indiana University Kelley School of Business), sample of 2,363 respondents from the Wisconsin Longitudinal Study (Wiley Online Library)

2

Operational jazz: learn the basics then improvise

In his memoir “To Be, or Not... to Bop,” the great jazz trumpeter Dizzy Gillespie described the six essential skills a jazz musician must have. First on the list was mastery of instrument. It’s important, he says, “because when you think of something to play, you must say it quickly, because you don’t have time to figure how, chords changing so quickly”¹³.

The same principle applies on the battlefield where something akin to muscle memory needs to kick in, giving you that extra moment to consider your next move. To that end, processes are comprehensively defined and exhaustively trained in. “It allows you to operate at times of high stress,” one commented. “You can fall back on a drill when your mind is shutting down,” said another.

As with culture, military basics are not left to chance. In the British Army, the “bible” of military doctrine is more than 200 pages long¹⁴. The US Army until recently had more than 500 field manuals. Contrast this with the private sector, where companies often have ill-defined ways of working, particularly regarding leadership. As one interviewee with extensive human resource experience told me, corporations often have “frameworks that deal with numbers, but no structure, template, or format for thinking”.

Crucially, however, despite this focus on the basics, military personnel are expected to think for themselves and not blindly follow instructions. What came through strongly in the interviews was how much people take the initiative and adapt the basics to changing conditions or new information.

In the experience of interviewees, the difference from the private sector is marked. Corporate processes are often ill defined, poorly trained, and yet rigidly enforced. Command-and-control cultures encourage people to follow rules to the letter. Over time, “parent-child” relationships develop leading to people “waiting to be told” or following processes even when they know it is not the most effective way because it’s perceived as less risky. Compliance is high, initiative is muted and agility is low.

¹³ “To Be, or Not... to Bop” Memoirs of Dizzy Gillespie, 1979

¹⁴ British Army, Land Operations, Land Warfare Development Centre, Army Doctrine Publication AC 71940

Conversely, in leading military units, the goal is to create teams willing and able to improvise when the need arises. Eventually, today's improvisation becomes tomorrow's best practice as, by leveraging modern learning tools, organizations capture improvements and update "the basics" in turn. In 2008, the US Department of Defense, for example, launched milWiki, an online military encyclopedia; by 2016, it had more than 7,000 categories, 20,000 articles, and 400,000 users¹⁵.

Without the basics, improvisation is chaotic. Without on-the-ground improvisation, an organization is only as agile as its weakest, and slowest, central team. The military knows this and creates space for both. Consider the words of General Martin Dempsey, then chairman of the US Joint Chiefs of Staff, in 2014: "We're challenging ourselves to see just how agile we are, and if we're not as agile as we need to be, what are we going to do about it?"¹⁶

The result? Operational military units are more like a jazz band than you might think.

¹⁵ BlueSpice MediaWiki article June 9th, 2016, "Military Wiki: Standard Profile, Article Rating and Gamification"

¹⁶ Atlantic Council, transcript of General Martin Dempsey at Disrupting Defence, May 14th, 2014

3

Train for your next job, learn for your whole career

To be fully effective, processes need to be ingrained so deeply they are almost beyond memory. That's where training comes in.

The military takes training to extremes rarely seen in the corporate world. Interviewees without exception praised the training and education they received and the impact it had on their ability to lead in uncertain environments. This shouldn't be surprising; training is one of the main things military personnel do when not on operations. Institutions like West Point, Sandhurst, Annapolis, and Marine Corps University are respected seats of learning for a reason – they get results. Again, however, the reality is not necessarily what you might expect.

Firstly, the military focuses on training people for the next job (or even the one after that) rather than purely the one they are currently doing. As part of that training, there is a strong focus on leadership at future levels in the organization, such as the "two up" concept in the British Army. Attending courses of eight months, one year, even two years is common, with individuals prepared not just for the technical aspects of their future roles but also for the challenge of future leadership.

In recent years, this has included a focus on new leadership models, notably Mission Command and Commander's Intent, which seek to inculcate much greater levels of empowerment and distributed decision-making than the historical command-and-control model. Leadership models are trained in and reinforced at every level

In the experience of interviewees, the business world places less value than the military on training in general and often in particular often fails to train people before they take up a new position. Research bears this out, with studies indicating that up to two-fifths of international organizations have no global strategy for learning¹⁷, while more than one-third of employed learners say they received no training from their employer in the past 12 months¹⁸.

Beyond process, leadership, and role-specific training, there is another aspect of military training that is markedly different from the corporate world's. The military

17 Survey of 200 learning and development senior decision-makers by Open University Business School, and www.forbes.com article May 5th, 2017, by Karen Higginbottom

18 "Can MOOCs solve your training problem?", Monika Hamori, HBR January – February 2018, sample size of survey quoted 1,481

places great importance on “learning beyond the job” across an individual’s entire career, believing that it has great value in stimulating non-traditional thinking.

The seven current US Chiefs of Staff have 17 degrees between them, 10 of which are second/master’s degrees or beyond, and five of which could reasonably be categorized as beyond or outside of the chief’s military day job. The British Army has started introducing non-military elements into its learning plans, including secondments out of the military as part of the career path of senior personnel. Even at more junior levels, the British Army is trying to stimulate people’s thinking with non-traditional learning, including English literature and poetry¹⁹.

The value is in the long-term act of learning not just in the short-term content, not least because it helps the military minimize the inevitable risk of group-think that can emerge within organizations that have very limited – if any – horizontal external recruitment at senior levels. Learning, and the exposure to “different worlds,” increases the cognitive diversity of the organization and, in turn, provides different perspectives to bring back to the “day job”.

Learning for its own sake has become an approach many ex-military take with them into the private sector. One ex-Israel Defense Forces CEO I interviewed emphasized how important he saw taking learning into his organization as a mindset, not just in the form of a corporate training program but also by providing employees with the flexibility to work from home and even relocate if it helps them study and work in parallel.

The military might be able to invest more time in training than the average company, but the mindset of continual learning is open to everyone. As General Martin Dempsey, former chairman of the Joint Chiefs of Staff – and himself the holder of four degrees, including one in English literature – said: “Part of being a leader is a deep dedication to lifelong learning. If you don’t continue to learn, you’re stagnant, and you get left behind”²⁰.

That’s applicable if you’re a soldier and equally applicable if you are a leader in business.

¹⁹ Robert Crampton, The Times newspaper (UK), April 2nd, 2018 article “The Squaddies who study blank verse”

²⁰ www.jcs.mil, article by Amaani Lyle, US Department of Defense “Dempsey: Education Provides Foundation of Democracy”, July 5th, 2014

4

Practice, practice, practice

As Vince Lombardi, the legendary American football coach, once said, “Practice does not make perfect. Only perfect practice makes perfect.” No discussion of a military career is complete without recollections of operational exercises (and exercises, and more exercises) in which skills, mindsets, and behaviors were tested, fine-tuned and practiced. Practice, the inseparable twin of training in the military, is the ingredient that interviewees consistently said was not only less visible in the corporate world, but all too frequently simply absent.

In the military when personnel emerge from training programs they spend time practicing those new skills in “safe spaces” before being deployed in live operations. These environments have defined goals, simulated conditions, instructors, and observers on hand to give feedback and to provide rules of engagement that minimize risk. They are designed to test and stretch teams and individuals while providing the psychological safety necessary to encourage resilience, experimentation, and learning.

Many people have encountered the idea that it takes 10,000 hours of practice to achieve mastery of a skill thanks to Malcolm Gladwell’s book “Outliers.” The reality, according to psychologist Anders Ericsson, whose work Gladwell drew on, is more complex. Ericsson focuses on what he calls deliberate practice: intense practice, concentrated on weaknesses and skills that have not yet been mastered, with clearly defined goals and regular feedback from a coach²¹. By this standard, virtually all military practice is deliberate and in contrast to the type of practice that is seen – or rather often not seen – in the corporate world.

A key feature of the military approach is to design practice for unpredictable change. “In all my time in the military,” one interviewee told me, “I can think of only one exercise where the plan (for an exercise) didn’t have to change.” It’s a cliché but true: No plan survives first contact with the enemy. As a result, the military trains people to expect change and how to cope with that reality – how to plan an operation and have the mental resilience for when the plan goes out the window. Practice means a seven-day combat estimate process can be applied in 45 minutes or even 45 seconds in extremis. The military, at its best, creates space to develop new mindsets and behaviors rather than purely technical skills; namely behaviors that are conditioned for unexpected change.

21 K. Anders Ericsson; see his latest book “Peak: The New Science of Expertise” co-authored with Robert Poole

Many businesses are committed to the idea of practicing for potential future scenarios. Shell, for instance, has employed its version of scenario planning since the 1970s. But deliberate practice is still relatively rare on a systematic basis. For example, a 2014 Economist Intelligence Unit and Arbor Networks report showed that only 17 percent of companies are fully prepared (in the opinion of the companies completing the survey) for a cyberattack²². To put it in another way, the other 83 percent haven't practiced to the point of full preparedness for that eventuality.

In the absence of practice, training is quickly forgotten, processes become concepts not habits, and agility deteriorates. Organizations invest in training but often go directly to the "battlefield," skipping the critical step of practice and failing to embed new ways of working in the process.

Companies would do well to consider how they can create safe spaces to practice in a similar way to the military. Innovation units, for example, where a recent joint Oliver Wyman and IESE Business School survey showed 70 percent of organizations were increasing their investment²³, provide the perfect opportunity for teams to practice new skills and ways of working away from the front line.

Agility in the moment when it comes to the military on the battlefield is less a matter of luck or individual leadership and more a matter of training combined with extensive practice. Businesses take note.

²² "Cyber Incident Response: Are Business Leaders Ready?" EIU and Arbor Networks, 2014

²³ "Organizational Agility: why large corporations often struggle to adopt the inventions created by their innovation units and how to improve success rates in a rapidly changing environment", Oliver Wyman and IESE Business School, April 2018

5

Harnessing existential risk

Everyone we interviewed was at great pains to emphasize the importance of existential risk in increasing agility. As one person said, “When you have the chance of dying, it tends to focus the mind.” Battlefield situations by their nature require rapid, often innovative responses. Story after story brought into sharp focus the personal risks military personnel take daily and how this creates an environment demanding speed, adaptability, and innovation. One interviewee explained, “The person who makes order out of chaos quickest is the person who wins.”

Tellingly, almost all the examples interviewees gave of high levels of agility were from operational situations. Remove the existential threat of battle and military organizations, despite all their training and practice, can themselves become slow and bureaucratic. Urgency is reduced, internal politics are exaggerated, and organizational turf wars develop. Suddenly distributing decisions as far down as they will go is a nice-to-do not a necessity; time becomes the enemy and inter-service rivalry creeps in. Harnessing existential risk is in many ways the hidden multiplier to agility in the moment.

One interviewee powerfully brought the effect of existential risk to life when describing how British medical teams in Afghanistan took the initiative to adapt standard procedures in response to high battlefield mortality rates. Faced with a challenging environment, they collated and analyzed data in the field to drive unprecedented levels of innovation. Through a range of innovations, including one known memorably as “magic pixie dust,” the survival rate of people classified as “unexpected survivors” on the battlefield increased to more than four times that achieved, for comparable injuries, in civilian peacetime hospitals²⁴.

Harnessing existential risk has long been seen as valuable to business. Jeffrey Immelt, on the eve of stepping down as CEO of GE, wrote in a Harvard Business Review article about the importance of “getting yourself to the point of profoundly believing the world is changing and that the survival of your company depends on either anticipating the change or being in the vanguard of those reacting to it”²⁵. In a study of 32 private equity firms, Jeffrey Cohn

²⁴ See Brigadier Tim Hodgett’s Doctoral thesis 2012 “A Revolutionary Approach to Improve Combat Casualty Care”; 2006 and 2009, 25% of seriously injured patients were categorized as “unexpected survivors” in comparison with only 6% British state-run hospitals faced with similar conditions

²⁵ “How I Remade GE” by Jeff Immelt, September – October 2017, HBR

concluded that for private equity firms “urgency trumps empathy”²⁶. It’s no wonder that John Kotter listed “not establishing a great enough sense of urgency”²⁷ as the number-one reason why transformation efforts fail.

Yet in the modern age, it is the risk of cyberattacks that perhaps represent the most pressing danger. Robert Mueller stated in 2012, that cyber would overtake terrorism as the US’s top concern. Six years on, research indicates companies are more likely to experience a data breach than a person will catch the flu in a given year²⁸. The impact of cyberattacks can be rapid and existential. The US National Cyber Security Alliance found that 60 percent of small companies were unable to sustain their business within six months of an attack.

It’s no wonder Jamie Dimon stated in his recent letter to JP Morgan shareholders “I cannot overemphasize the importance of cybersecurity.” The question is not whether companies face existential risks but whether they can harness them to galvanize the organization.

No interviewee made a comparison between the risk to individuals on a battlefield and corporate risks. But when the chance that a public company will be delisted in the next five years could be as high as one in three²⁹, the need harness that reality to increase agility in the moment is not an abstract concept but a daily priority.

26 “How Private Equity Firms Hire CEOs”, June 2016, HBR

27 “Leading Change: Why Transformation Efforts Fail” by John P. Kotter, January 2007, HBR

28 Ponemon Institute Cost of a Data Breach Study 2018; sponsored by IBM Security and independently conducted by the team at the Ponemon Institute, the 13th – annual Cost of Data Breach Study

29 “The Biology of Corporate Survival” by Martin Reeves, Simon Levin and Daichi Ueda, January 2016, HBR

Taking lessons from the military on agility

The military and the private sector are worlds apart but, when it comes to the need for increased agility, they share many of the same goals. In the past two decades, necessity has forced military organizations to change their leadership and organizational models. Private sector organizations are increasingly having to do the same in the face of an unprecedented external environment and its daunting rate of change.

How well companies respond often depends on how effectively they have prepared. You can hope that inspirational leadership will get you out of a crisis but the insights of interviewees indicate you would be better off implementing structured and aligned changes to how the company operates well ahead of time.

No one I spoke to claimed the military was agile all the time – far from it, especially away from live operations. However, the consistency of agile responses from best practice units and the common underlying factors was telling. Agility in the moment does not just happen by chance, and the modern military might just be a useful source of inspiration to ensure your company responds effectively when it matters most.

Oliver Wyman is a global leader in management consulting that combines deep industry knowledge with specialized expertise in strategy, operations, risk management, and organization transformation.

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