

Adaptive America

The tragedy of September 11 brings into sharp relief the leadership challenges of dealing with the unexpected. In an environment of rapid, discontinuous, and unpredictable change, a radical rethinking of strategy, structure and governance is required. Speed, speed, speed is not sufficient; *adaptiveness* is the survival trait.

The principles of adaptive management are very different from those we learned in business school: strategy as plan; structure as vertical hierarchies of authority linked by repeatable horizontal processes; and governance as command and control. The 20th century management paradigm is captured in its mantras and epigrams: we control our destiny; structure follows strategy; plan your work and work your plan, be accountable for your actions. This paradigm worked very well for the first several decades of the last century, and still does for those organizations fortunate enough to operate in relatively stable environments. But when change is unpredicted and discontinuous, the organization must be able to respond adaptively to what IS happening, rather than efficiently execute the plans it had made based on what it EXPECTED to happen. Making adaptive behavior systematic and coherent at large scale is a leadership challenge requiring adherence to the following principles:

- Get everyone on the same page about organizational purpose, boundaries and requisite structure. Then empower them to improvise as long as they stay within this context.
- Drive operational responses from the *event back*, rather than from the plan forward.
- Replace strategic plans with adaptive organizational designs that specify the interactions between roles, rather than the actions of them. These interactions are defined in terms of outcomes and deliverables, not the processes that produce them.
- *Know earlier* than your competitor and your customer the implications of what is happening NOW.
- Decompose your organization's "value chain" into modular capabilities, so that they can be rapidly reconfigured and dispatched as responses, rather than tightly integrated and efficiently scheduled as offerings..
- Understand how to seamlessly incorporate external capabilities to deliver your value proposition more effectively
- Provide a mechanism for managing the commitments that "go sideways," rather than up a chain of command.

Many of these principles were followed by America's leaders as they responded to the previously unthinkable events of September 11th. But some of the ones they couldn't

or didn't follow now loom large, and suggest trouble ahead. Consider President Bush's response:

He recognized very shortly after the second plane plowed into the second tower that the defining purpose of his administration must change, and he articulated that new purpose unambiguously: Rid the world of terrorist networks. He was clear about both the outcome and the primary stakeholder: American citizens. His choice was given legitimacy by the US Constitution's declaration that providing for the common defense is a primary function of government. The Constitution itself is a major contributor to coherency, because it provides universal boundaries on what actions are acceptable.

Because existing plans and processes were grossly inadequate to deal with the new reality, he and his cabinet went immediately into project mode, dispatching government capabilities, and re-dispatching them rapidly as new discontinuities arose. Innovation and improvisation were needed to form an effective international coalition; to fight a totally different kind of war in a country that successfully thwarted the ambitions of the Mongol hordes, the British Empire, and the Soviet Union; and to deal with the unexpected demonstration that anthrax can be effectively disseminated through the mail.

The American response incorporates the special capabilities and assets of many nations that joined the international coalition. The fact that most of these nations have fundamentally different governance models and priorities was not a show-stopper, because their relationship to American capabilities is defined in terms of outcomes (overflight permissions, intelligence, military bases, military missions, and so on), not in terms of activities. Negotiations with these countries were both rapid and successful because the purpose was clear and shared, and because the terms of reference were accountability for results, rather than for executing tasks.

But there are two areas where, for reasons of law, siloed structures, or deeply ingrained custom, the principles of adaptiveness are not being followed: *knowing earlier*, and *coordinating dynamic lateral commitments*. These omissions are most pronounced in the domestic agencies of the United States, which are a welter of independent and quasi-autonomous federal, state and local agencies whose inter-relationships are either poorly or not at all established, and whose intelligence systems are highly fragmented – often purposefully -- to maintain the checks and balances called for by the Constitution, or to limit the number of eyes that can see the bigger pictures. As a result, effecting coordinated responses is extremely difficult. Those on the firing line need to be able to make and dynamically change commitments to one another, but must often wait for information and decisions to travel vertically up and down multiple chains of authority. To make matters worse, the gaps and inconsistencies in intelligence make it extremely difficult to see the crucial patterns that would enable the Department of Homeland Defense, like Wayne Gretzky, to know earlier where the puck is going to be so that we can start skating toward it earlier than anyone else.

Governor Tom Ridge must have the single most difficult job of anyone in government. He has recently been given responsibility for a group of previously

independent, traditionally structured departments and agencies, many of which were afflicted with major internal coordination problems that exacerbated the inter-departmental information sharing issues now widely reported in the press. If traditional vertical hierarchical structures are maintained in the new Department of Homeland Security, the sub-optimization, collaboration and sharing issues that characterize siloed organizations will require sustained heroics to overcome. Now is perhaps the best opportunity this new cabinet level function will ever have to structure itself as a system of front line capabilities that can be rapidly dispatched and configured to deal with the unpredictably changing demands it will have to confront.

Or better yet, given the nature of the conflict with terrorism, structure Homeland Defense and the Department of Defense as a single National Defense system. The premise for the preemptive war against Iraq was that there was or soon will be a coalition of a rogue nation-state with Al Qaeda. There are no battle plans on the shelf for this kind of war. An adaptive structure, along with fundamentally different strategy and governance concepts, will be imperative in order to produce coherent, system-level responses to battles fought both here and abroad against a rapidly morphing enemy unconstrained by the Geneva Convention or International Law.

The political and legislative issues may seem formidable, but we are at war, and America has a history of overcoming such obstacles when it is clearly in the national interest. National and local leadership were very effective and even inspiring in the first months after the terrorist attacks, but it will be very difficult to sustain progress without an organizational design that is predicated on the unexpected happening, and structured to anticipate and respond adaptively.

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