

Flawless Execution – Fox, Hedgehog or Horse of a Different Color?

Or

How I Learned To Stop Mixing Metaphors and Love Uncertainty

A simple web search will reveal extremes of sycophancy and rancorous criticism of one of the most popular business books ever – Jim Collins' *Good To Great*. Its ubiquitous red dust cover has become so recognizable to me personally, that when my eyes scan the shelves of my own favorite bookstore it is the first and most recognizable sight. I am unable to avoid its intense redness; unable to avert my eyes from its success. I admit that when I first read the book I was very much impressed. The strength of the research seemed overwhelming proof of Collins' thesis. Since its publication and overwhelming popularity (some 4.5 million sold) its flaws have been exposed. I'll discuss more on those flaws later. But first, I will point out something that bothered me, deep down in my gut, about *Good To Great* – something I had a tough time rationalizing in light of Collins' research.

One of Collin's central points is that 'great' companies, whatever that may mean, exhibit hedgehog-like behavior. That is, they do one thing very well. 'Great' companies do what they are best at, what they are passionate about, and they know how to make money doing it. That makes sense intuitively and it is substantiated by his research. But, I'm not sure that we didn't already know that. What gives me pause to consider is the metaphor he uses to label this sort of company – a hedgehog. I know enough about many things other than business to know where Collins found his inspiration for this metaphor. It's no secret that he found it in the writing of the late, great, modern philosopher and intellectual historian Isaiah Berlin who, in turn, plucked it from a Greek poet named Archilochus. I'm a fan of Berlin. I've read many of his books including his essay entitled *The Hedgehog and the Fox*. Don't go out and buy it thinking it is about business management. His essay is for foxes, not hedgehogs.

Briefly, what Berlin had to say about foxes and hedgehogs was that these animals provide useful metaphors for the two kinds of thinkers. Foxes are those thinkers that know many things. Foxes are able to apply numerous strategies to achieve a goal. They are quick, agile and smart. In contrast, Hedgehogs are those thinkers that have a very narrow concept of the world and apply that concept to guide them in everything they do. Like hedgehogs, protected by porcupine-like quills and an abundance of insects to keep itself nourished, thinkers in this category can afford to reduce the world to a simple formula and thrive in it. They are able to reduce the complex to a single clarifying idea or group of ideas.

What Collins is trying to say when he uses this metaphor is that hedgehogs are successful because they have identified what works best for them and they execute according to a set of

simple rules and values. The fox fails to be ‘great’ because it is “scattered, diffused, and inconsistent (Collins quotes Berlin’s essay, *The Hedgehog and the Fox*, on pg 91).” And that is what got stuck in my intellectual craw. To suggest that the fox, a “fast, sleek, beautiful, fleet of foot and crafty (Collins pg 90)” animal that knows many things, is inferior to a slow, prickly, single-minded, bug-eating, miniature porcupine is just ridiculous. Furthermore, when Isaiah Berlin utilized the metaphor, he praised the qualities of the fox, not the hedgehog.

Alas, I have delved too deeply into this inappropriate metaphor. The point to be made is this: being agile, crafty and possessing knowledge of many things must be good qualities while being single-minded and knowing one big thing cannot always be a good quality – though sometimes it can. The simple question to ask is “How do I, my organization, act in a highly unstable and risky economic environment.” Certainly the answer has to do with being agile, crafty and utilizing broad-ranging knowledge. These qualities do not, however, preclude being the best at something you are passionate about and having a talent for making money doing it. In other words, the fox and hedgehog metaphor is woefully inadequate to express the difference between companies that thrive and those that don’t. The talents of both are required. So, in order to dispense with the confusion and misapprehensions inherent with imperfect metaphors like the fox and the hedgehog, I will reduce their combined positive qualities to a simple notation. Let’s call this new mythical beastie “*Fx*.”

The Qualities of *Fx*

In order to discuss the qualities of an *Fx*, I want to bring up one unpleasant reality. It’s hard to deny, in light of recent events, that Collins’ so-called ‘great’ companies may not be so great after all. If you’ve read the book, you will recall that Collins identified eleven ‘great’ companies. One of those companies, Fannie Mae, is the subject of billions of dollars in federal bailouts. Another, Circuit City, has filed for Chapter 11 Bankruptcy. A third, Kimberly-Clark, reported three continuous quarters of declining profits in October 2008. It seems that ‘great’ companies may have a hard time staying ‘great.’ About a third, at least, of Collins’ ‘great’ companies are far from ‘great’ just eight years after the publication of his book. They have not weathered change well. These “hedgehogs” failed to be agile and crafty. They knew one big thing that turned out to be not-so-big anymore.

Donald N. Sull, Professor of Management Practice in Strategic and International Management and Faculty Director of Executive Education at the London Business School, understands adapting to unpredictability. He understands rapid change in volatile markets. He specializes in fox-like qualities. I quote him at length from his 2005 Harvard Business Review article entitled ‘Strategy as Active Waiting’:

“To survive and thrive in volatile markets, managers can pursue a strategy of *active waiting*, which consists of anticipating, preparing for, and seizing opportunities and dealing with threats as they arise. Like an advancing army, a company proceeding into an unpredictable future can follow a general direction, probe the future for potential opportunities and threats, keep resources in reserve, remain battle ready, and, when the big opportunity or threat arises, strike hard.”

Professor Sull also understands appropriate metaphors. Actually, to be accurate, Sull uses the word ‘like’ which technically makes it a simile and not a metaphor. But, that’s splitting hairs. You’ll notice that he uses military language to describe the attributes of appropriate business strategies. Much of the language is inspired by U.S. Marine Corps tactical doctrine. For example, ‘recon pull trumps headquarters push’ and ‘pass surfaces and swarm gaps’ are concepts he adapted from combat tactics. ‘Recon pull’ means that information obtained from the organization’s agents that are closest to the action and most closely acquainted with changes in the environment should have the power to act decisively on those changes. Additionally, ‘passing surfaces and swarming gaps’ relates to actively probing the environment, tinkering with products and processes, and rushing in when an opportunity is discovered. It’s all about being ready to seize opportunity whenever and wherever it appears.

The ability to act decisively and seize opportunity requires an organization, an *Fx*, to learn continually and pass that learning into and throughout itself such that ‘headquarters push,’ direction handed down from the executive ranks, is appropriate and well-considered in light of a changing environment. For most organizations, learning requires developing the appropriate culture to manage it. I’ll discuss more on that subject later.

Sull uses the phrase “fog of the future” to describe the unpredictability of the environment. Unpredictability is good. Why? Because, if you can spot a change in the environment, even a small one, you can exploit it and thrive on it. There has been an impenetrably dense blanket of fog on us all that, very recently, ran, or threatens to run, many major corporate ships aground (oh, here come the metaphors again). If there were any means of predicting that, no one listened. But wait, perhaps someone did, someone that admits he can’t predict anything, Nassim Taleb.

Nassim Nicholas Taleb published his best seller, *The Black Swan*, in 2007. In it he challenges the notion that so-called experts can make meaningful predictions and that unpredictable events run the world, not predictable ones. He convincingly asserts that we humans suffer from an unfortunate mental condition resulting from our evolution. This condition causes us to oversimplify the highly complex and fool ourselves into believing that some experts, such as economists, can predict, with reasonable accuracy, the future. A Black Swan is the name he

gives for those events that surprise us – and there are lots of them. If ‘oversimplification of the complex’ sounds familiar that’s because it’s the trait of a hedgehog. You’ll get a chill up your spine when you read Taleb’s warning about the dangers of “interlocking fragility” in the global banking industry when you consider that he wrote the passage at least a year before the late 2008 financial crisis (Taleb, pg 225).

We have a tough time realizing our mental faults when predicting. We are by nature planners. Our evolutionary gift is a brain that can project a vast series of causes and effects. We are compelled to peer intently into Sull’s ‘fog of the future.’ Sometimes, when he have good and complete information, and we include opinions from a wide array of individuals with specialized skills and insights, we can develop a good plan that both minimizes risk and develops contingencies. But, we can never be truly certain of the future. We can never entirely eliminate risk. Like Sull, Taleb understands that, because of this uncertainty, we should be “prepared for all relevant eventualities (Taleb, pg 203).” He states, “The strategy is, then, to tinker as much as possible and try to collect as many Black Swan opportunities as you can. (Taleb, pg. xxi) ”

So, the qualities of an Fx must be that it is able to nimbly navigate volatile markets, survive exogenous shocks, and peer intensely into the “fog of the future” to quickly adapt its one big idea, the thing its best at doing, and execute . . . execute . . . execute. But there is something more. Executing good plans that align with an organization’s strategy is great, but if it can’t learn from these experiences, then it cannot remain nimble. It cannot take what it learns from each executed plan and turn that learning back into itself such that the next executed plan is better and more well-adapted to changes in the environment. What an Fx must also have is a system and culture of learning.

Toward a More Rational System of Planning – Flawless Execution

If we could stop laughing and listen to what former Secretary of Defense Donald Rumsfeld was saying in a press conference in 2002 about what we know and don’t know, we would all be much further down the path of realizing our own foolishness. If you don’t recall what Rumsfeld profoundly stated, here’s what he said:

“There are known knowns. There are things we know that we know. There are known unknowns. That is to say, there are things that we now know we don’t know. But there are also unknown unknowns. There are things we do not know we don’t know.”

When you plan anything, if you don’t know the difference between what you know and what you don’t know, you are setting yourself up for disaster. A ‘known known’ is a fact. For example, if you plan to buy a house, you know how much money you have in the bank, your

current income, and the current interest rate at any given bank. In this example, a ‘known unknown’ is how much you will make off the sale of your current home, what price you will settle for the purchase of your new home, and how much the interest rate will be when you are able to lock in your loan. The ‘unknown unknowns’ are unpredictable events (Black Swans) such as suddenly losing your job and all sources of income, or suffering a housing market crash after you buy a new home such that you fall deep into negative equity. Knowing the difference between these three types of knowledge is crucial to planning whether you are in business or the military.

Military planning is *Fx*-like. Its formal roots run deeper than business planning. The first military planning staffs originated in the French Revolution over 200 years ago. These staffs assembled information and utilized that information, tempered by their experience, to produce a strategy and the plans to execute that strategy. Therefore, militaries are well-practiced in handling risk and uncertainty. Again, I quote Taleb, “. . . only military people deal with randomness with genuine, introspective intellectual honesty – unlike academics and corporate executives using other people’s money (Taleb, pg 126).” Militaries risk more than venture capital when they plan. They risk lives and the security of nations. Hence, planning is a deliberate, sobering process.

The truth is that *Fx* is not a mythical beastie. *Fx*, or *Flex*, is the shorthand for *Flawless Executionsm*, a comprehensive yet elegantly simple model of strategic and tactical planning adapted from the military. Like the mythical *Fx*, it is nimble, adaptable, focuses upon execution, aligns the strategy with its tactical, or day-to-day, operations and develops the processes and culture of learning so critical to success in an ever-changing and unpredictable environment.

Flawless Execution In A Nutshell

You may have thought I was finished with metaphors, but I need to make one more comment to finally erase the remnants of the fox and hedgehog from our minds. Foxes and hedgehogs (that is real foxes and hedgehogs, not metaphorical ones) are individual organisms with brains, albeit small ones. So, there is a certain high level of integration between the body and its control mechanism, the brain, that aligns its higher and lower functions via a central nervous system. Wouldn’t it be great if an organization were the same way. Instead, organizations are composed of individuals with their own minds and interests. Therefore, organizations often have individuals or individual teams pursuing goals that are misaligned with the overall organizational strategy. This misalignment can slow progress toward strategic goals or even cause conflict and stymie progress. Individuals, teams, divisions and so forth are a necessary means of structuring organizations even in the more loosely structured matrix-style organizations. Regardless of how your organization is structured, coordinating effort is a major challenge. The organization’s strategy must be executed. Flawless Execution ensures that the

strategy is implemented from top to bottom and that the daily, weekly, and monthly activities carried out by the organization align with and directly support the overall strategy. To do this, Flawless Execution utilizes an array of practical tools and processes, one of the most important being *open planning*.

In the Flawless Execution Model, as in any military endeavor, there are two centrally important issues; any undertaking must be well-planned and it must also be well-executed. Open planning achieves both. In open planning, the leader calls upon a wide variety of cognitively diverse individuals representing each hierarchical level of management in the organization, to develop the organization's Strategy. This group represents the knowledge and experience of the larger organization. Their task is to assess the current and potential future environment and the risks and threats likely to be encountered. A clear, compelling, high-resolution *Future Picture* is created that depicts certain key descriptions of the organization in the not-too-distant future. All eyes peer intently into the future and discern as much as they safely can about the next few years. This Future Picture develops a sound objective to which the specific strategic actions can be directed. It embodies the 'greatness' of the organization – what it's best at, what it passionately believes in, and how it will make money doing it.

The specifics of the organization's strategy are determined, through open planning, by analyzing systems or networks. Analysis identifies Centers of Gravity. These Centers of Gravity are leverage points within any system, whether internal or external to the organization, that when energy and resources are applied to them, react in a way that forces the system to conform to the strategic goals and Future Picture. Campaign plans form the heart of the strategy in that each Center of Gravity will have an individual campaign plan focusing on it alone. The Campaign Plans' time frame is shorter than that of the Future Picture, which allows for adaptation to change. It also permits the retirement of successful campaigns in order that they may be replaced with new ones in order to advance closer and closer to the Future Picture.

But, the power of Flawless Execution, hence its name, is at the day-to-day level of execution. Campaign plans are short descriptions of *desired effects* and *measures of merit* that provide a means of assessment of the success of the campaign. Campaign plans function as the connection between the present and the future. It is in the mission plans, the plans subordinate to the campaign plan, where the real work and the real learning occur. Mission plans, because they are closest to the action, provide the "recon pull" in the form of information and lessons learned. The mission plan is where an organization may "tinker" or probe for opportunities.

Mission plans are developed and executed through a cycle of *Plan, Brief, Execute* and *Debrief* (PBED). These four activities form the Flawless Execution Cycle. In the planning component, a

clear, measurable, achievable objective is stated that aligns with the Future Picture. Resources and threats are assessed. Relevant lessons learned are considered from previous missions. A detailed step-by-step plan is developed with individual accountability and deadlines for each task. That plan is 'red teamed' by an outside group to identify possible gaps or omissions. Finally, contingency plans are developed to deal with 'known unknowns' and possible 'unknown unknowns.' All this is accomplished in an open planning format.

Open planning is not a chaotic free for all. It is both process-oriented and respectful. It is not leaderless. Mission Leaders and Campaign leaders are accountable for their successes and failures. However, the team shares in the success and failure as well. Proper open planning is conducted in such a way that everyone's knowledge or opinion is valued and heard. Groupthink is defeated and expertise is balanced with common sense. Disagreement is common, but no one fears to disagree. In the end, however, consensus is reached and all agree to execute the plan exactly as the team developed it.

Mission Leaders Brief their teams in a very structured manner. In the Brief the overall scenario, the objective, the threats, the action steps and the contingencies are covered such that everyone has clearly understood the plan and what is expected of each individual team member. The brief is not a forum to discuss or change the plan. The brief is where the team gets ready to execute.

Once a mission is well-planned and briefed, execution becomes much easier. Flawless Execution, however, utilizes many tools developed in the low-tolerance environment of military aviation to aid in execution and eliminate performance-draining task saturation. Because mission plans directly support strategy and the overall Future Picture of the organization, executing a mission as planned is a critical activity. Mission Plans are the foremost priorities within organizations. Everyone gets busy and overloaded with a long list of tasks. Flawless Execution addresses this task-saturation through tools such as mutual support, checklists, task shedding, cross checks and, above all, written standards.

In the final component of the Flawless Execution Cycle, proper Debriefing, an organization develops a culture of learning and passes lessons learned back into itself to improve future execution and provide valuable up-to-date intelligence on the current environment. Debriefing analyzes the execution and determines root causes for both failures and successes such that failures can be eliminated and successes repeated. The products of a Debrief are *Lessons Learned* that are formally written and stored in such a manner that the entire organization may retrieve them and learn from them.

The Lesson Learned is not the only means of passing information and learning back into the organization. Preserving the nimble and adaptable qualities that are so critical in an uncertain

environment is difficult particularly for larger organizations. This adaptability can only be preserved when the information gathered from all activities of the organization, including the day-to-day execution of missions, are rapidly communicated and diffused. Establishing a regular Execution Rhythm, a series of regular meetings at all levels of the organization, provides the forum for assessment of that information.

Incorporating Change Into Plans

I have described, although very briefly, a comprehensive and dynamic model for planning that incorporates the best aspects of the fox and the hedgehog. There are, however, two other concepts to discuss in order to fully demonstrate the power of Flawless Execution to deal with uncertainty. One is to accept that all things will end and to plan for that end – or stated another way, that all things will change, so plan for that change. The other is that the more rapidly an organization can react to a change, new information, or newly discovered opportunity, then the more it can profit from the change.

Planning for the inevitable end of everything is a crafty bit of irony. By planning for the end of an organization's products and services, we intend to prevent the end of the organization itself. If we know that ultimately we'll have to adapt to change, and in practice adapt a little bit at a time, then Black Swan-style exogenous shocks are less likely to be unrecoverable. They may even turn out to be serendipitous in the long run. In Flawless Execution, planning for the end of a product or service's life-cycle is called *Finishing with Finesse*. By laying out benchmarks along a product's life span we can anticipate, but not necessarily predict, its end and launch a new product plan to succeed it.

Because change can be rapid and typically unexpected, it is critical to respond to change rapidly and, hopefully in the eyes of a competitor, unexpectedly as well. In Flawless Execution, we refer to this rapid response to change as the Time Value of Action. Simply put, there is an inverse relationship between the time it takes to plan and launch a new product and the profits that can be realized from that product. So, the ability to plan quickly and then execute that plan is directly related to the potential success of the product – and the longevity of the organization.

Leading with Flawless Execution

It takes courage to change. Those that fear and resist change perish. That is why change must be led. Change will happen without you, but it won't be to your advantage. It might even kill you. If you realize the imperative need to develop a robust aptitude for weathering and thriving in a volatile environment, then you must also recognize that someone will have to assume the role as leader in the change initiative. Flawless Execution demands good leadership. But, it also develops better leaders at all levels of the organization.

Lately, there has been a good deal of excitement around a concept called *Adaptive Leadership*. Although it has been taught in some of the nation's top business schools for some time now, the current buzz stems from President Barack Obama's apparent use of some adaptive leadership principles. Succinctly, adaptive leadership defines two types of problems that organizations must solve, technical and adaptive. Technical problems may be solved by traditional, historical techniques. Adaptive problems require new approaches to problem solving that strain the capabilities of traditional leadership. Hence, adaptive leadership demands collaboration and cooperation. The open planning, debriefing and execution rhythm processes that permeate Flawless Execution from top to bottom are powerful collaborative tools that naturally develop consensus, alignment, and cooperation in the organization.

Furthermore, Flawless Execution is a whole-organization model. It is scalable such that anyone at any level of an organization can learn and apply its principles. It allows for anyone to be placed in a leadership position to identify adaptive problems and solve them. Its processes connect the hedgehog-like tenacity necessary to propel an organization forward to the future it desires while imbuing it with the fox-like agility and craftiness to solve the challenges brought about by rapid change.

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