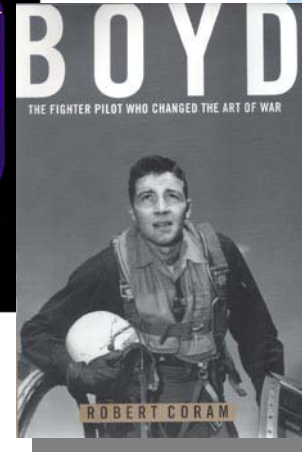




J. Addams
& Partners, Inc.

Public Relations Counsel



Certain to Win

John Boyd's Strategy in the 21st Century

Or, any position other than first is a tie for last.

Chet Richards
J. Addams & Partners, Inc.
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道

Whether it is in the personal realm of the individual warrior, or in the public domain of an entire nation or culture, the essence of the swordless art is **to make resourcefulness your resource.**

Thomas Cleary,
The Japanese Art of War, 77

Agenda

- What does it take to win?
- Maneuver conflict (not just “warfare”)
- The OODA “loop” and its components
- Operating inside their OODA “loops”
- How to have fast OODA “loops”
- Installing maneuver conflict strategies in business

Starting point: The study of conflict

To flourish and grow in the

- many-sided
- uncertain, and
- ever-changing world

that surrounds us suggests that we must make intuitive within ourselves those many practices we need to meet the exigencies of that world.

—John R. Boyd, *A Discourse on Winning & Losing*

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Wars don't always turn out as expected



Blitz results

Successful	
• Poland	1939
• France	1940
• Balkans	1941
• Russia	1941
• North Africa	1941-42
• Russia	Summer 1942
• Russia	Feb-March 1943
• Advance thru France	1944
• Manchuria	1945
• Middle East	1967
• Czechoslovakia	1968
• Middle East	1973

Unsuccessful	
• Russia	Winter 1941-42
• Russia	Fall, Winter 1942-43
• North Africa	1942
• Russia	Summer 1943
• Ardennes	Winter 1944-45

Guerrilla results

Successful	
• American Colonies	1775-81
• Spain	1808-14
• Russia	1812
• German East Africa	1914-18
• Arabia	1916-18
• China	1927-49
• Russia	1941-45
• Yugoslavia	1941-45
• Indochina	1945-54
• Algeria	1954-62
• Cuba	1956-59
• South Vietnam	1958-75

Unsuccessful	
• Philippines	1899-1902
• South Africa	1900-02
• Greece	1944-49
• Philippines*	1946-54
• Malaya*	1948-60

* Regime exercised particular care not to inflict casualties and to protect population.



Business doesn't either



But it's not inevitable

Automobiles	Toyota, Nissan
Retailing	Wal-Mart, Target
Airlines	Southwest, JetBlue, Singapore, Emirates, Ryanair, AirTran
Computers	Dell, Apple



In other words, there are many times when the side we'd pick to win, based on:

- *size/financial resources*
- *technology*
- *market share*

loses.

Why?





Some possible answers

- Luck
- Divine intervention
- Local culture
- Inspired leadership
- **Better understanding of the nature of conflict and competition**

How this works in war

And that is the business of decision cycles, **or inside the decision loop**, as people say ... if, in fact, you can deceive him with respect to what you are going to do, to cause him further confusion and make him keep his force in place one day too long, then, in fact, you find yourself all the way to Baghdad.



Gen Tommy Franks,
Commander, USCENTCOM
in Peter Boyer, "The New War Machine,"
The New Yorker, June 30, 2003

What he's talking about is "maneuver warfare"

- The essence of maneuver warfare is **taking action to generate and exploit** some kind of advantage over the enemy as a means of accomplishing our objectives as effectively as possible.

Marine Corps Doctrine Pub 1, *Warfighting*, 1997.

- If we can take the inimical aspect out of the word "enemy," we see that the primary difference is that business focuses on the customer where maneuver warfare focuses on the enemy.

Col Mike Wyly, USMC, "godfather" of maneuver warfare doctrine in the Marine Corps.

Competitors can be thought of as malignant parts of the environment, not as the focus of our efforts.

The primary advantage we want to achieve in all forms of maneuver is **time**.



Time is special

- Time is the only physical parameter with a direction (the “arrow of time.”)
- You don’t have an unlimited supply.
- Once it’s gone, it’s gone.
- **Sure sign you’re not using Boyd’s strategies:** you try to solve problems by throwing more time at them.

I may lose a battle; I will never lose a minute.

Napoleon

Using time as a weapon: The "H-Y War" 1981 - 1983

- Honda Motorcycles introduced or replaced 113 models, effectively turning over its entire product line twice.
- Yamaha, which also started with about 60 models, was only able to manage 37 changes in product line over the same 18 months.
- Observation: As a result, Honda was able to incorporate (and test in the marketplace) a much wider variety of styling & technology. But that alone would not have been decisive.

H-Y War: The Results

- **Key point:** Honda succeeded in making motorcycle design a matter of fashion, where newness and freshness are important attributes to customers.
- Next to a Honda, Yamaha's bikes looked old, unimaginative, unattractive.
- Yamaha was left with 12 months of unsold (and unsellable) inventory.

Stalk & Hout, *Competing Against Time*, 59

Comment: a classic example of
"shaping the marketplace."



A time-compressed company does the same thing as a pilot in an OODA Loop ... It's the competitor who acts on information faster who is in the best position to win.

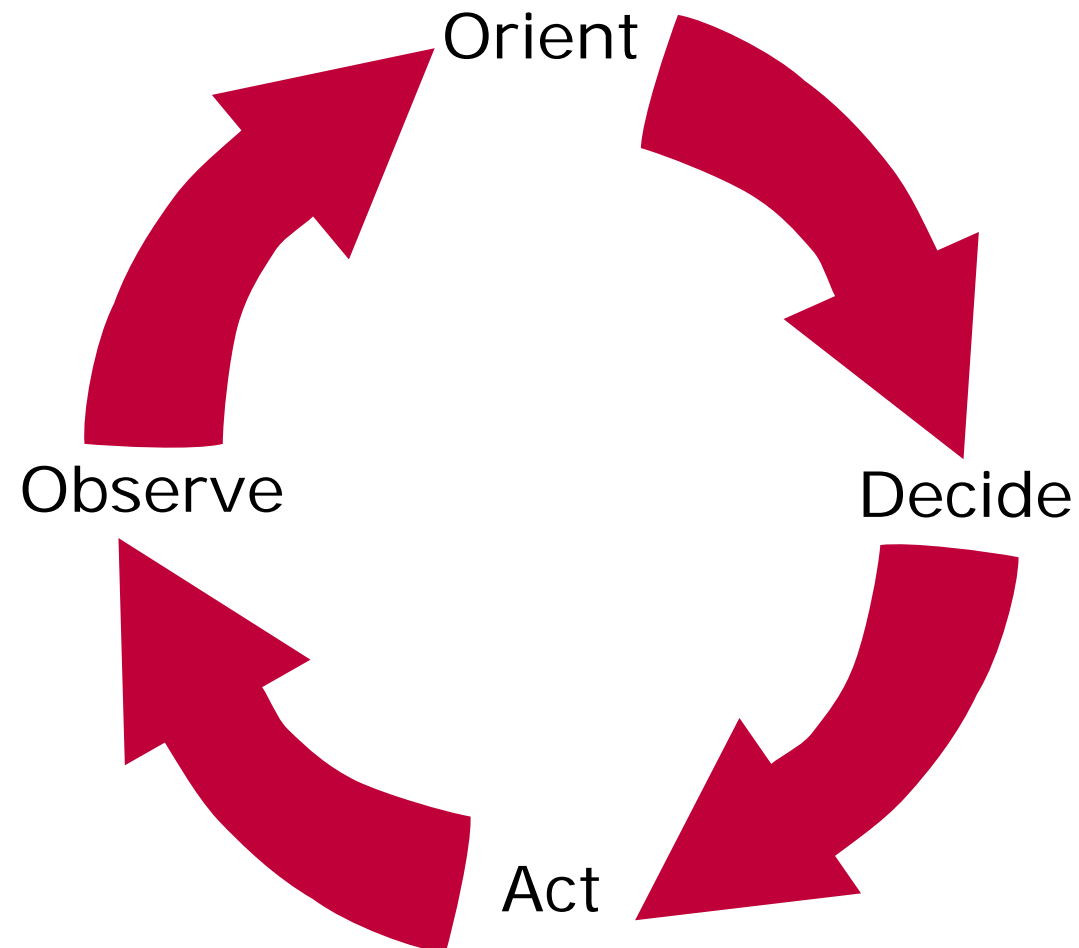
George Stalk, Jr. & Tom Hout,
Competing Against Time, 180-181.



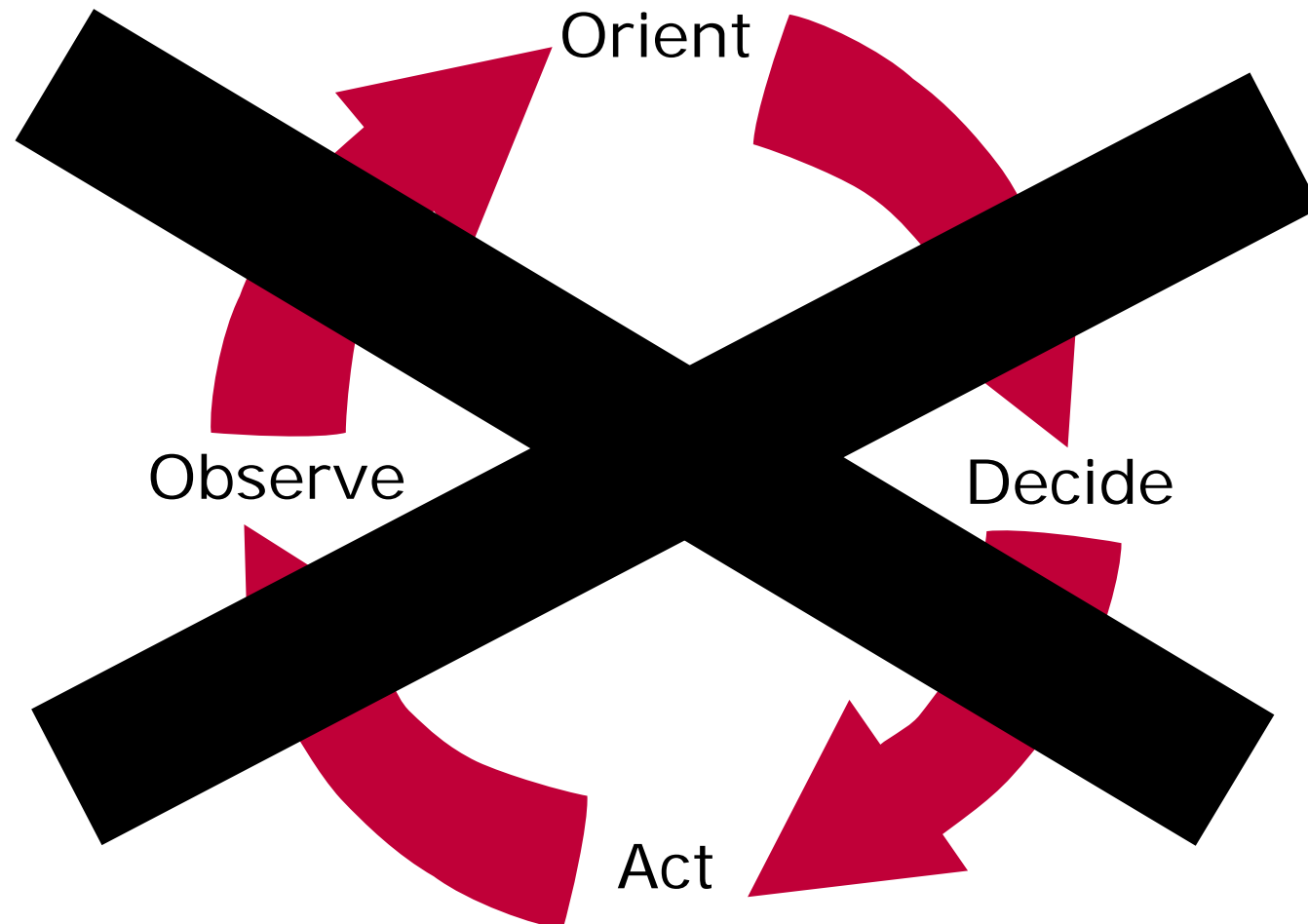
Business is a dogfight.
Your job as a leader:
Outmaneuver the competition, respond decisively to fast-changing conditions, and defeat your rivals. That's why the OODA loop, the brainchild of "40 Second" Boyd, an unconventional fighter pilot, is one of today's most important ideas in battle or in business.

Keith Hammonds, "The Strategy of the Fighter Pilot," *Fast Company*, June 2002.

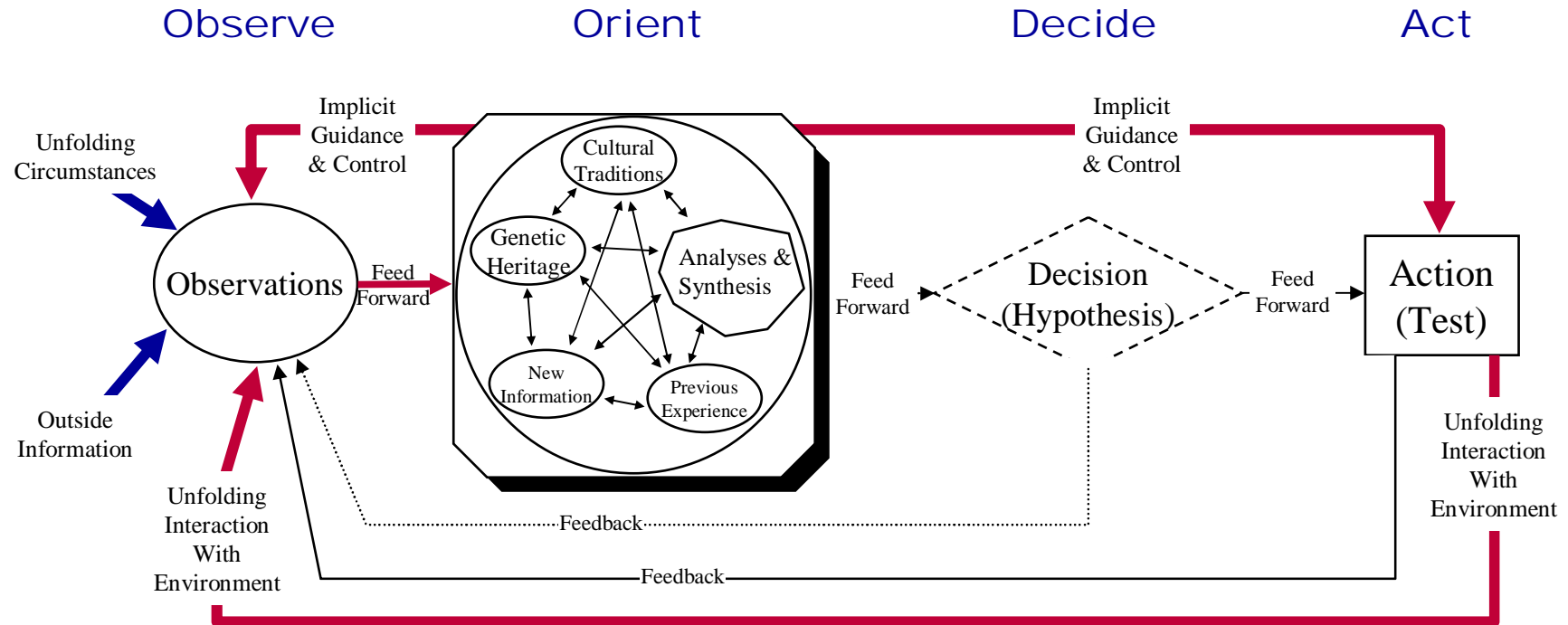
This is the OODA loop



This is **not** the OODA loop



An OODA "loop" with power



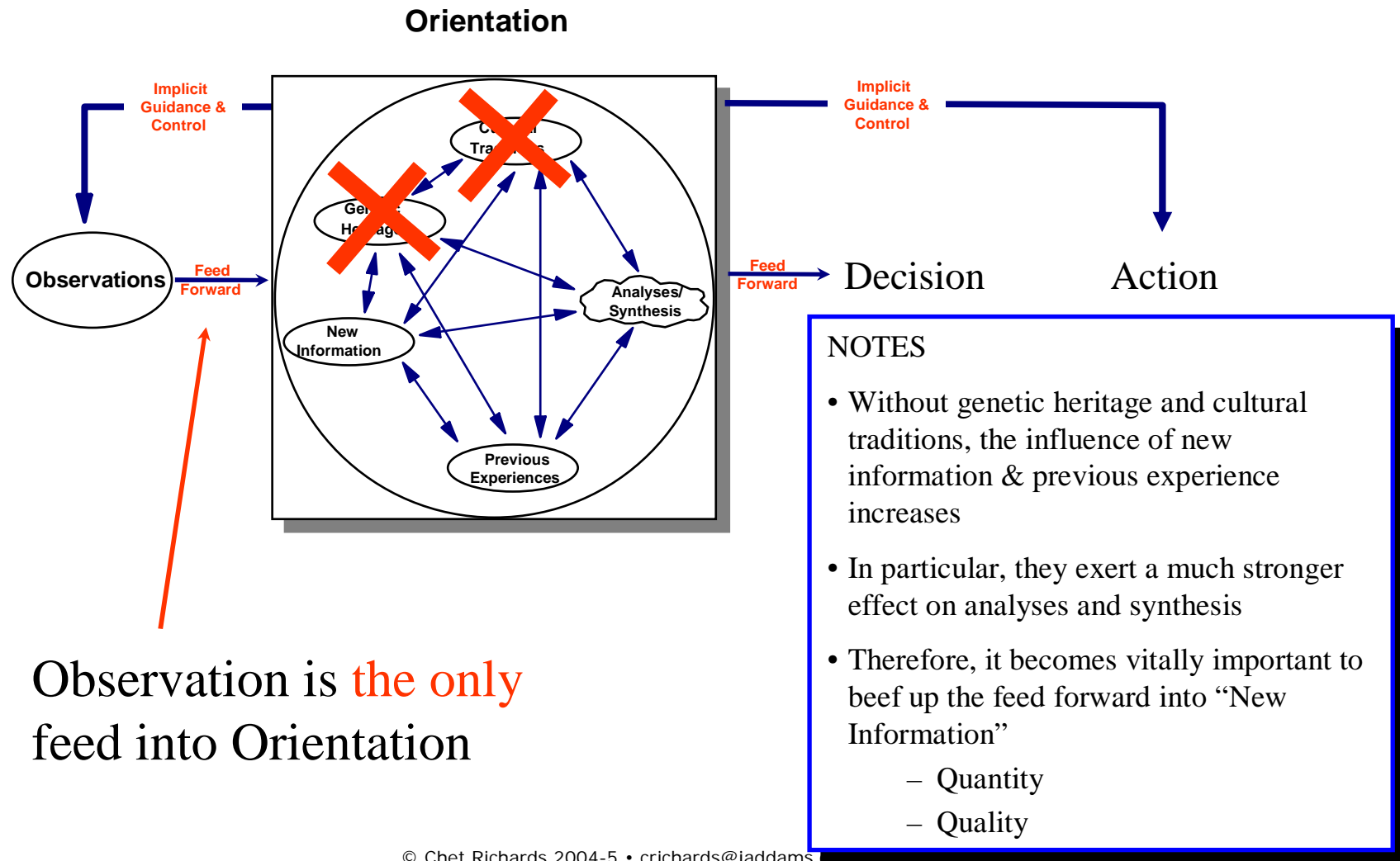
J. R. Boyd, "the Essence of Winning and Losing," 1995.

"Orientation is the *Schwerpunkt*." *Organic Design*, 16.

"Emphasize **implicit** over **explicit** in order to gain a favorable mismatch in friction and time (ours lower than any adversary's)." *Organic Design*, 22.

"Interaction permits vitality and growth, while isolation leads to decay and disintegration." *Strategic Game*, 29.

Observations on orientation for business



Orientation locked tight

The company (A&P), under pressure from Kroger, experimented with a new concept, "The Golden Key." "It sold no A&P branded products, it gave the store manager more freedom, it experimented with innovative new departments ... Customers really liked it.

"What did A&P executives do with 'The Golden Key'? **They didn't like the answers it gave, so they closed it."**

Jim Collins, *Good to Great*, 68.

Improving orientation

- Set aside specific times (e.g., at each staff meeting) to review feedback on possible mismatches ("**Reflection must be institutionalized as a business process.**")

Michael Hammer, co-author of *Reengineering the Corporation*, and Steven A. Stanton, *Fortune OnLine*, Nov 24, 1997)

- Abolish the Executive Dining Room
 - Abolish "Management Clubs"
- ← These are tubs for drinking your own bathwater

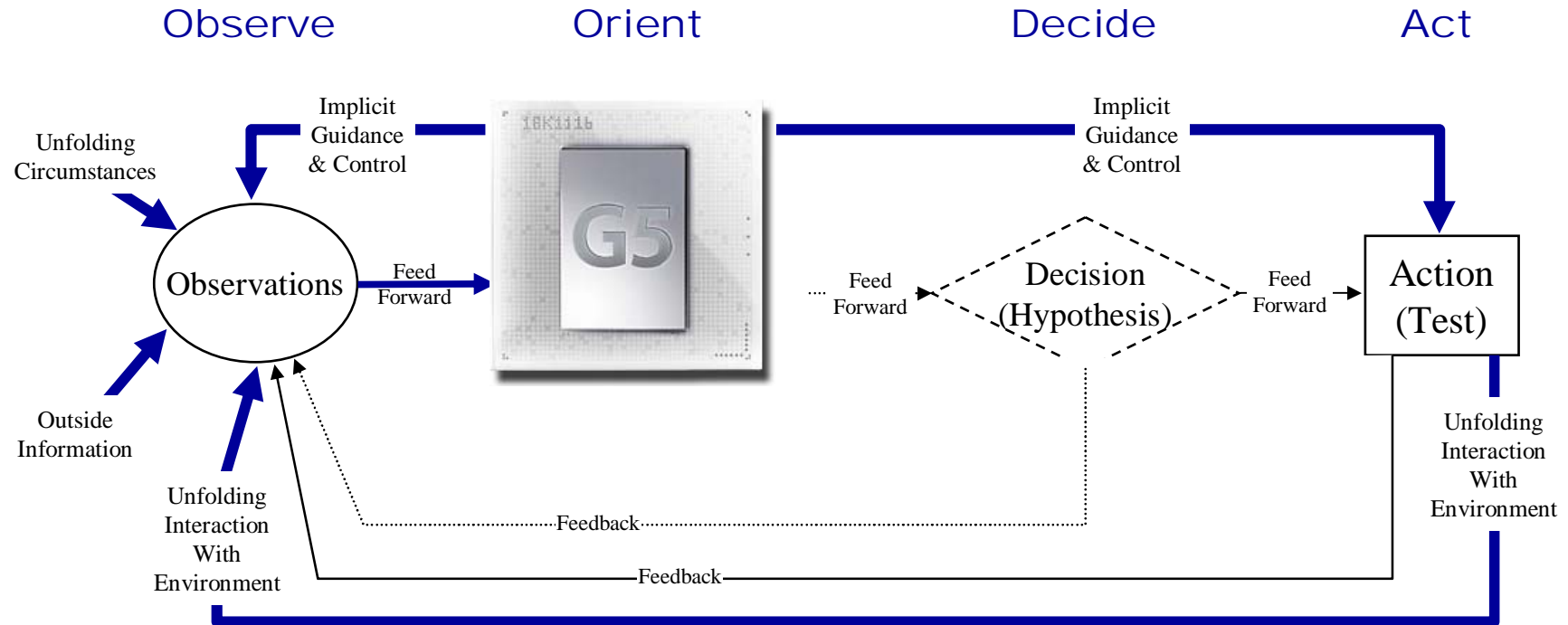
Improving orientation (II)

- Post on internal web site (& invite discussion):
 - Assessment of the current situation: customers, competitors, economy, government, our situation, etc.
 - Post-mortems (proposals, projects, etc.)
 - Specific competitor observations (esp. things they do better)
- Include a “what competitors do better” section in staff meetings

What about “action”?

- The idea is that the vast majority of the time, actions should flow smoothly from orientation via the “implicit guidance and control” link
- Thus, excellence in technique is vitally important – study, train, rehearse, practice, critique constantly, at all levels of the organization
- **To use the currently fashionable label, this is what defines a “knowledge-based” organization.**

A better way to think of OODA "loop" speed



Orientation is the *Schwerpunkt*. *Organic Design*, 16.

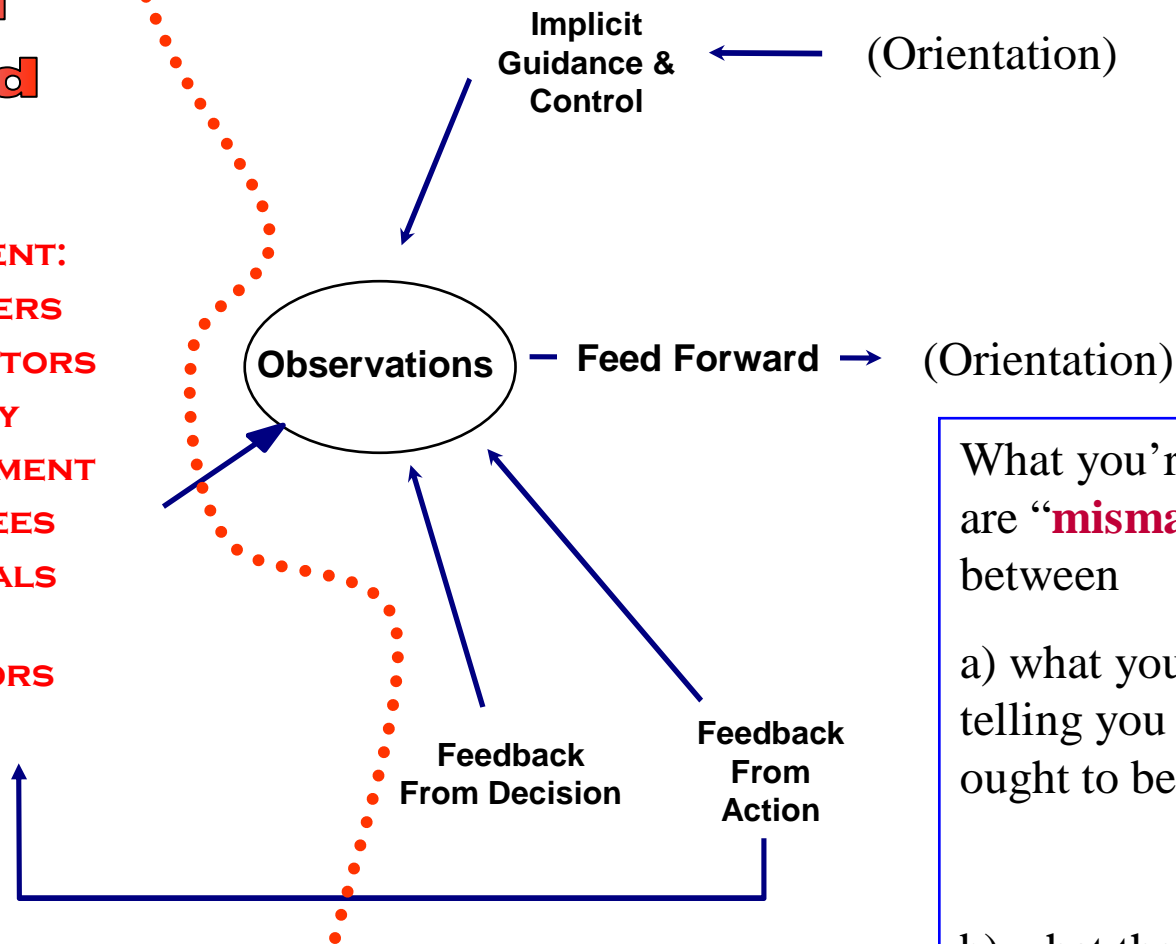
The ability to operate at a faster tempo or rhythm than an adversary enables one to fold adversary back inside himself so that he can neither appreciate nor keep up with what's going on. *Strategic Game*, 44

Observation

**Real
World**

**UNFOLDING
ENVIRONMENT:**

- CUSTOMERS
- COMPETITORS
- ECONOMY
- GOVERNMENT
- EMPLOYEES
- FINANCIALS
- OTHER INDICATORS
- ETC.



What you're looking for are **"mismatches"** between

a) what your orientation is telling you the world ought to be

and

b) what the world really is.

Put simply

- Good news is dangerous
- Bad news is the only thing that will save you, **if**:
 - You find it before it finds you
 - You correct your orientation
 - You act upon it



And “loyalty checks” are deadly.

Ideas for improving observation

- If you're GM, buy Fords & Toyotas for company cars.
- Send **everybody** on at least 2 customer visits each year (Tom Peters)
- Insist that your company newsletter (published or on your intranet) focuses outside the company (customers, competitors, the environment, etc.) and includes a "bad news" section

Be the customer

- Example: If you're a Delta Airlines VP, book your own tickets (directly, via the Web, & through travel agents). Stand in line to check bags. Fly coach. Now do the same thing on Continental. Talk to everybody while you're there. Fly Delta no more than 50% of the time.
- Distribute what you found to everybody in the company (e-mail, intranet site, internal chat /newsgroup, coffee pot, etc.)



In one of the first games he attended, [New Sacramento Kings Owner] Gavin [Malooof] missed an entire quarter waiting in a beer line. Knowing his father would have gone nuclear, Gavin arranged to have 20 minibars installed throughout the arena. Nobody waits for a beer now.

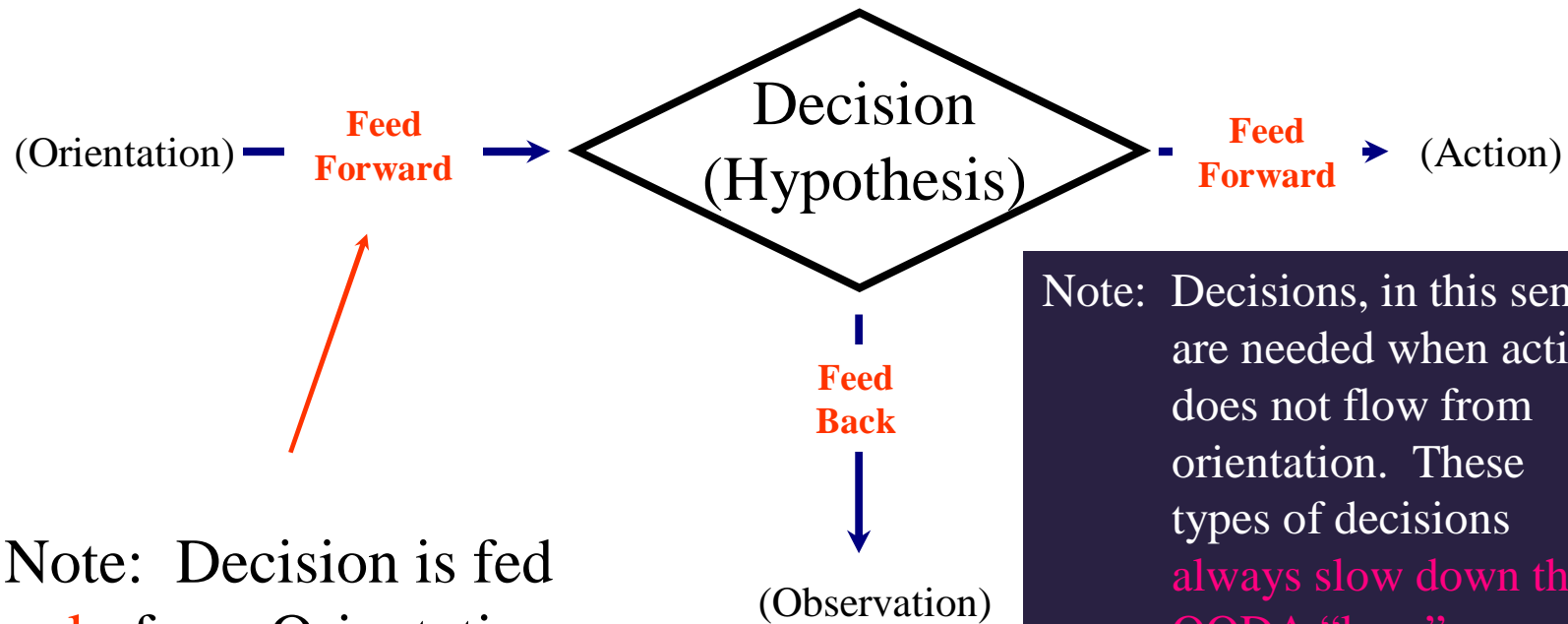


Hugo Lindgren, The Flying Maloof Brothers,
New York Times, February 15, 2004

Or at least meet the customer

- Spend a hour a week manning the company's reservation, sales, or customer service desks
- Receptionists should work for the CEO (or at least he/she should buy them a drink periodically)
- Put a "Comments?" link on your Web site. Have the **raw** responses mirrored to you. Read them.

Decision



Note: Decision is fed **only** from Orientation

Note: Decisions, in this sense, are needed when action does not flow from orientation. These types of decisions **always slow down the OODA “loop”**

They can be considered as part of the learning process.



And so you decided. Great.

“I wish I could get them to make more.”

Roger Smith, Chairman of General Motors, on his Pontiac Division's planned production rate for the Fiero

(Businesses don't have commanders, whose legal orders must be obeyed)

Research supports this

- There are times for deliberating about options. Usually these are times when experience is inadequate and logical thinking is a substitute for recognizing a situation as typical ...
- If fireground commanders read the situation correctly, their orientations should match the events. When they are wrong, they can quickly use their experience to notice anomalies.
- "I don't make decisions," the commander announced to his startled listeners. "I don't remember when I've ever made a decision."

Gary Klein, *Sources of Power*,
MIT Press, 1999

“Can I operate inside the
decision time of the enemy?
If I can, I’ve got him.”



Phil Condit, former Chairman/CEO, Boeing,
Aviation Week & Space Technology,
2/10/2003

Question

What determines OODA loop speed?

Answer:

- Ultimately, a moral climate/culture/environment that encourages people to use their initiatives to further the goals of the organization
- Under such a climate, people will solve the technical problems

Boyd's organizational climate: *The Principles of the Blitzkrieg*

- ***Fingerspitzengefühl*** - Zen-like quality of intuitive understanding. Ability to sense when the time is ripe for action. Built through years of progressively more challenging experience.
- ***Einheit*** - Has the connotation of "mutual trust" and implies a common outlook towards business problems. Built through common experience.
Fingerspitzengefühl at the organizational level.

Boyd's organizational climate: *Continued*

- **Schwerpunkt** - Any concept that gives focus and direction to our efforts. In ambiguous situations, answers the question, "What do I do next?" Requires leadership.
- **Auftragstaktik** - Tell team members what needs to be accomplished, get their agreement to accomplish it, then hold them strictly accountable for doing it - **but don't prescribe how**. Requires very high levels of mutual trust.

***Fingerspitzengefühl* at the tactical level**

- Every day the sales team met at 7 a.m. for two hours of training that involved role playing, sales strategies, and videotaping of mock sales calls.
- Don Sumner, 38, an account executive, says Winkler has handed him a three-page performance analysis more than once, after overhearing one of Sumner's phone pitches. "Dealing with someone who can be such an S.O.B. has made me more thick-skinned," says Sumner.
- Since his arrival the number of clients at SecureWorks has grown from 100 to 800. The sales team that Winkler initially whittled from six members to three has grown to 30. New orders at the now profitable company are growing at 200% to 300% a year, and the company says sales will hit \$20 million for 2004, up from less than \$1 million only three years ago.

~ *Fortune Small Business*, "The Best Bosses," October 2004.

***Fingerspitzengefühl* as strategy**

There is a surface version of genchi genbutsu (go and see for yourself) and a much deeper version that takes many years for employees to master.

What the Toyota Way requires is that employees and managers must ***deeply understand*** the process of flow, standardized work, etc.

Jeffrey K. Liker, *The Toyota Way*, p. 224
emphasis added

“Trust” ultimately relies on a common orientation

Arrange setting and circumstances so that **leaders and subordinates alike are given the opportunity to continuously interact with the external world, and with each other,**

in order to

more quickly make many-sided implicit cross referencing projections, empathies, correlations, and rejections

as well as

create the similar images or impressions, **hence a similar implicit orientation**, needed to form an organic whole.

Organic Design, 23

“Trust” ultimately relies on a common orientation

Arrange setting and circumstances so that **leaders and subordinates alike are given the opportunity to continuously interact w**

in order to

more
empa

This is the answer to how to improve and align orientations in a company.

jections,

as well as

create the similar images or impressions, **hence a similar implicit orientation**, needed to form an organic whole.

John R. Boyd, *Organic Design*, 23



Constructing a climate for fast OODA loops

The Tao of military operations lies in harmonizing people.

Zhuge Liang, c. 300 AD

The issue of human nature is the most basic problem ...

The most important factor is maintaining a relationship of trust between labor and management.

Shigeo Shingo, one of the architects of the Toyota Production System. (emphasis added)

The employees themselves are completely in charge.

Toyota Motor Company, "Toyota Production System," 1992, describing the virtues of the kanban system

A Schwerpunkt for business

Ultimately, the Toyota Production System means a lot more than productivity and quality. For companies and for employees, the Toyota Production System **means taking their destinies into their own hands.**

Companies should not and need not be like ships adrift at sea, cast about uncontrollably by external factors, such as the latest oil crisis.

Toyota Motor Company, "Toyota Production System," 1992.

Flowdown: *Schwerpunkt* for manufacturing

The Toyota Production System, quite simply, is about shortening the time it takes to convert customer orders into vehicle deliveries.



This tells everybody in Toyota manufacturing: “When in doubt, take the action that has the biggest impact on order-to-delivery time”.

Another *Schwerpunkt*

- Most CEOs are focused on achieving their financial and operational goals, and on executing a strategy. But Apple's Steve Jobs believes his company's ultimate advantage comes from its ability to make unique, or as he calls them, "**insanely great**" products.
- Jobs's entire company is focused on that task.



Peter Burrows, "Commentary: Apple's Blueprint for Genius," *BusinessWeek* Online Extra, March 21, 2005



An Auftrag primer

- The mission must express the will of the commander in an unmistakable way
- The objective, course of action & constraints must be clear & definite without restricting freedom of action more than necessary in order to make use of the initiative of individuals charged with the tasks to be accomplished
- Limits as to the method of execution within the framework of the commander's will are imposed only where essential for coordination with other commands.

Gen. W. von Lossow

53

But first ...

Such a system, of course, presupposes uniformity of thinking and reliability of action only to be attained by thorough training and experience ...

Complete confidence of superiors in their subordinates and vice versa is absolutely essential.

Martin van Creveld,
Fighting Power, 36

***Augtragstaktik*—missions and contracts instead of tasks**

The concept of mission can be thought of as a contract, hence an agreement, between superior and subordinate.

- The subordinate agrees to make his or her actions serve **superior's intent in terms of what** is to be accomplished,
- The superior agrees to give the subordinate wide freedom **to exercise his or her imagination and initiative in terms of how** intent is to be realized.

***Augtragstaktik*—what “commitment” means**

As part of this concept, the subordinate is given the right to challenge or question the feasibility of the mission if:

- he feels his superior's ideas on what can be achieved are not in accord with the existing situation or
- he feels his superior has not given him adequate resources to carry it out.

Likewise, the superior has **every right to expect his subordinate to carry out the mission** contract when agreement is reached on what can be achieved consistent with the existing situation and resources provided.

J. R. Boyd, *Patterns of Conflict*, 76

Auftrag in a business setting

Abbott recruited entrepreneurial leaders and gave them the freedom to determine the best path to achieving their objectives.

On the other hand, individuals had to commit fully to the Abbott system and were held rigorously accountable for their objectives.

They had freedom, but freedom within a framework.

Jim Collins, *Good to Great*, 123.

Powerful stuff— if you can use it

Samsung has kept a lean corporate structure, with authority increasingly delegated to front-line managers around the world, and almost a quarter of the far-flung staff of 88,000 dedicated to research and development.

"Samsung Is Now What Sony Once Was,"
By James Brooke And Saul Hansell,
New York Times, March 10, 2005

Another example

“As you know, Mary, it is the board’s intent to keep a balance between manufacturing in the US and sourcing overseas. Sales of our current product, however, are below the level we need, and it will be at least six months until the new line is ready.

“I’d like you to take over domestic sales and raise our revenues at least 10% (more would be great) until the new line debuts in May. This will allow us [[in order to]] to avoid a highly disruptive interruption of our US-based manufacturing operations. Be careful, however, not to do anything that might hurt the launch of the new line.”

If you were Mary ...

Why are sales below forecast?

Ageing product line, relative to the competition?

Poor sales strategy?

Lack of sales training?

Poor sales management?

Poor execution by the fulfillment side of the house?

Poor quality?

What are my constraints?

More sales staff? Transfer star salespeople from another territory?

Do I have any pricing power?

Crash training program? Funding for this?

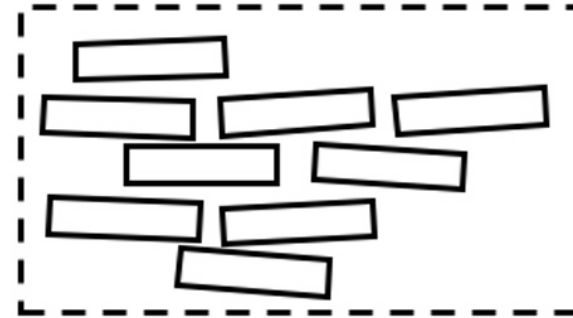
Any short-term improvements possible in the product?

It's really pretty simple

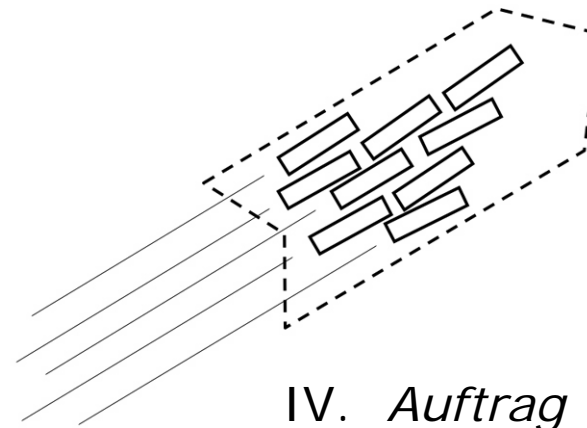
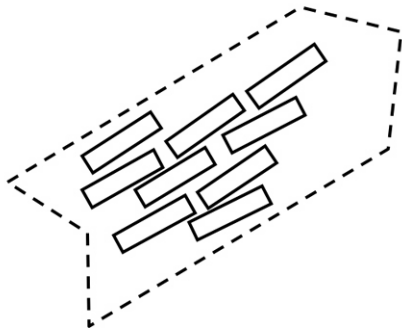
I. (Individual)
Fingerspitzengefühl



II. *Einheit*



III. *Schwerpunkt*



IV. *Auftrag*

Top management's unique responsibility is to tend the culture

These and other miscues prompted Mr. Barrett to send a memorandum in July to all 80,000 Intel employees, promising that top executives were "**revisiting the meaning of Intel culture** and talking about management expectations."





Run your business like a NASCAR team:

1. Design & build a winning car
2. **Then** go racin'

How to install Boyd's strategies

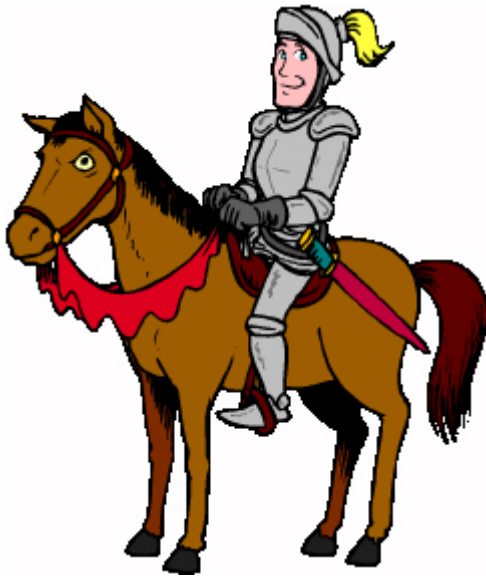
- Make a commitment - *maneuver conflict is a martial art*, in the same family with karate, kung fu, kendo, aikido, and judo.

i.e., you don't need to be perfect, just better than the competition.

- Infuse it throughout the organization - establish formal mechanisms (e.g., GE's Crotonville-on-Hudson.) Educate, train, practice. Try, learn, share.
- Promote those who embrace and use it.
- Remove those who do not, regardless of how good their numbers.

In other words

Not this doofus:



But this guy:





“The Operating System is
GE's learning culture in action.

“It is a year-round series of intense learning
sessions where Business CEOs, role models and
initiative champions from GE as well as outside
companies, meet and share intellectual capital.”

http://www.ge.com/en/company/companyinfo/at_a_glance/operating_system.htm - 2/25/2003

Toyota's Learning Culture

Principle	Meaning
Genchi genbutsu	Go and see for yourself / gemba
Hourensou	Report, update, advise
Nemawashi	Consensus building
Hansei	Reflection
Hoshin kanri	Policy deployment

Jeffrey Liker,
The Toyota Way

The Payoff: Operating inside their OODA “loops”

- In War:
 - Keep the initiative: Set up and exploit situations before they can respond (again and again)
 - “Command” both sides
 - Catch the other side flat footed: Make them seem slow, unresponsive, clumsy; pump up Murphy’s Law (entropy)
- In Business: Meet expectations & create value, **but also delight**. Turn customers into fanatics.

Play the “cheng/ch’i game”



You don't wait for the future.
You create it.

Hwang Chang Gyu,
President, Samsung Semiconductor
BusinessWeek, 25 October 2004, 58

