

HOW TO

WIN BY BEING YOUR OWN WORST ENEMY

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We live in an age of unprecedented uncertainty and disruption, one which is forcing companies around the world to rethink their business models, reevaluate their strategies, and rewrite their rulebooks.

Every day brings new opportunities, but also new challenges and new competitors. The global geopolitical landscape is shifting below our feet. Trade agreements are being rewritten. New technologies are allowing startups to disrupt established industries.

Many of the business tools we have relied on for decades no longer work in a world where incremental improvement is not enough to stay in business, let alone succeed in it. We need new processes, new methodologies, and new ways of thinking if we are to become one of the disruptors, rather than one of the disrupted.

One of the most promising and powerful of these new approaches is red teaming—a system developed by the military and intelligence agencies after 9/11 to help organizations stress-test their strategies, challenge their assumptions, and make better decisions.

How? By becoming their own worst enemy.

WHAT IS RED TEAMING?

Red teaming is a systematic way of making critical and contrarian thinking part of the strategic planning process of any organization. It is a battle-tested set of tools and processes designed to probe plans for hidden weaknesses, identify missed opportunities, and uncover unseen threats. These are precisely the sort of things competitors and other adversaries do to us when they try to beat us at our own game. By doing them to ourselves first, we can beat them to the punch.

At the same time, red teaming offers techniques to help organizations surface alternative perspectives, identify and evaluate unconsidered options, and ensure the best ideas are heard regardless of where they come from in the hierarchy. These are potent weapons you can use to attack groupthink and complacency head-on, before your competitors turn those weaknesses to their advantage.

Red teaming also helps you think differently about your business and see how customers, competitors, and other key constituencies will react to moves you make in the marketplace—before you make them. It can also show you how to turn disruptive events to your advantage. Red teaming is how you stay relevant, keep ahead of your competition, and cope with an increasingly uncertain world.

THE ORIGINS OF RED TEAMING

Red teaming's roots run deep: to the Catholic Church's "Office of the Devil's Advocate," to the kriegsspiel exercises of the Prussian General Staff, and to Israel's secretive directorate of military intelligence. But the modern decision support system of red teaming was born out of the terrorist attacks of September 11, 2001, and the disastrous wars that followed them.

These two events humbled the American military and intelligence agencies, and forced them to seek out new ways of thinking. It was a sobering time for America's generals and spymasters. Ever since the fall of the Soviet Union and their stunning victory in a one-sided war with Iraq in 1991, they had believed America's technological superiority and mastery of information would guarantee her future security at home and victory abroad. In the ruins of the twin towers and the short-lived victories in Afghanistan and Iraq, they discovered just how wrong they were.

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Drawing on the latest research in cognitive psychology and human decision making, the CIA and the U.S. Army began pulling together an array of critical thinking and groupthink mitigation techniques, and developing a systematic approach for applying them to complex problems. They also began assembling teams tasked with using this system to evaluate strategies, improve plans, and support decision-makers.

These red teams were soon offering alternative interpretations of intelligence in Washington and challenging existing strategies for combatting insurgents in Afghanistan and Iraq. Their penetrating insights and sobering analyses began raising eyebrows—not just in the United States, but around the world.

As reports generated by American red teams were shared with allied forces, other countries saw the value in this contrarian approach and were eager to emulate it. Soon, the British, Canadians, and Australians had established their own red teams.

When red teaming was allowed to work, the results were often stunning. The 2007 troop surge in Iraq that led to a dramatic reduction in violence in that war-torn country was one of the first products of red team thinking. Iraq's subsequent descent into anarchy and the rise of the so-called "Islamic State" were the consequences of abandoning this new way of thinking and a return to a more traditional calculus.

PORTING RED TEAMING TO BUSINESS

I first learned about red teaming in late 2013. When I did, I immediately saw the value it could bring to businesses as they struggled to contend with an increasingly complex and rapidly changing marketplace.

The most innovative and disruptive companies already employ some of these same techniques—albeit in a less formal, less systematic way. Critical thinking is part of the DNA of Amazon, Google, and Toyota. The best venture capital firms, such as Kleiner, Perkins, Caufield & Byers, use a similar approach to vet potential investment targets. These are companies that many business strive to emulate, but their methods often obscure and hard to transplant.

I saw that red teaming could help established companies think and act like innovative disruptors while also inoculating even successful companies against complacency and groupthink. So I convinced the Pentagon to allow me to become the first civilian from outside government to take the Army's Red Team Leader course at Fort Leavenworth, which is regarded as the gold standard for red team training worldwide. After graduating in 2015, I began working with companies in the United States and abroad to port the methods I had learned from the military to business.

HOW RED TEAMING WORKS

While every red teaming exercise is unique, a formal red teaming analysis is divided into three phases: analytical, imaginative, and contrarian.

THE ANALYTICAL PHASE: QUESTIONING THE UNQUESTIONABLE

All plans are based on assumptions, and all assumptions are based on our understanding of the problem those plans are designed to address. Unfortunately, cognitive psychologists such as Daniel Kahneman and Amos Tversky have proven that our understanding is always limited and often wrong.

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Red teaming works by breaking a strategy or plan down into the assumptions it is based on, then challenging those assumptions to ensure that they are really correct and likely to remain so under all circumstances. As the U.S. Department of Defense explains, “It is this aspect of deliberate challenge that distinguishes red teaming from other management tools.” To accomplish this, red teaming relies on an array of analytical tools including:

- **KEY ASSUMPTIONS CHECK:** A simple technique for evaluating the individual assumptions a plan or strategy is based on.
- **PROBABILITY ANALYSIS:** A more detailed tool that uses weighted anonymous feedback to identify the parts of a plan that are most at-risk for failure and which would have the greatest impact if they did fail.
- **STRING OF PEARLS ANALYSIS:** A comprehensive system for mapping out the assumptions, dependencies, and second- and third-order consequences of proposed strategy.

By challenging our assumptions and making them stronger, we make our plans stronger, too. And by making our plans stronger, we increase the likelihood that they will succeed—not just in a best-case scenario, but even if the future turns out differently than we had hoped.

THE IMAGINATIVE PHASE: THINKING THE UNTHINKABLE

Figuring out the different ways in which the future could unfold and understanding how those possibilities could impact a plan or strategy for better or worse is another aspect of red teaming analysis, one that is becoming increasingly important as the macroenvironment becomes more unpredictable.

Red teaming cannot predict the future, but it can help you plan for the range of possible futures. To do that, red teaming relies on imaginative techniques such as:

- **ALTERNATIVE FUTURES ANALYSIS:** A systematic way of exploring how a strategy might unfold if different variables have different values.
- **BEING YOUR OWN WORST ENEMY:** A role-playing approach akin to war-gaming designed to figure out how a competitor might respond to a proposed strategy.
- **PRE-MORTEM ANALYSIS:** A powerful tool for identifying the ways in which failure could occur.

Understanding the ways in which a plan could fail allows companies to adjust their strategies proactively to address any weaknesses before they become problems and develop contingencies to deal with events outside their control.

THE CONTRARIAN PHASE: CHALLENGING EVERYTHING

Sometimes, our fundamental understanding of the problem a strategy or plan is designed to address is wrong. Too often, alternative perspectives within an organization are suppressed by groupthink or the internal politics of the organization.

To make sure all perspectives are heard and all alternatives are carefully considered, red teaming relies on methods such as:

- **LIBERATING STRUCTURES:** An array of tools designed to surface different ideas and perspectives from within the organization.
- **TEAM A/TEAM B ANALYSIS:** A comprehensive approach for evaluating two different courses of action.
- **DEVIL'S ADVOCACY:** A powerful approach aimed at systematically challenging the prevailing view inside an organization, not necessarily to prove it wrong, but to make certain it is really right.

By employing these techniques, you can subject your own business to the same sort of scrutiny that a rival would, allowing you to find the holes in your strategy and plug them before competitors can, figure out ways to do what you do better before rivals do, and disrupt your own industry before a new entrant does.

Many of these tools and techniques are complicated and beyond the scope of this manifesto. But there are some things you can begin doing right now to start think—and acting—like a red teamer.

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FOUR THINGS YOU CAN DO NOW TO START RED TEAMING YOUR BUSINESS

1. ANALYZE YOUR PLAN: Before giving the green light to any new strategy, plan, or proposal, try to identify all the stated and unstated assumptions upon which it is based.

But what exactly are assumptions?

Well, the most important thing to understand is that they are not facts.

Facts are things that are objectively true right now. They are not matters of opinion, open to debate, or things we believe will be true in the future.

Assumptions are things that may be true but cannot be proven to be true at this time.

If your company earned \$1.2 billion last quarter, that is a fact (unless your accounting team has been cooking the books). If you tell Wall Street you will earn \$1.2 billion next quarter, that is an assumption. If you say your new smartphone has 25% more battery life than your competitors model, that is a fact. If you say your new smartphone will outsell the competition's because of its longer battery life, that is an assumption.

There is nothing inherently wrong with assumptions. Every strategy, every plan, every decision you make is based on them (at least in part). The problem is that, too often, our assumptions go unexamined and unchallenged.

2. CHALLENGE YOUR ASSUMPTIONS: Once you have identified all your assumptions, the next step is to challenge them and make sure they are sound. You can do that by asking the following questions of each of the stated and unstated assumptions you have identified:

- Is this logical?
- Is this accurate?
- Is this based on preconceived notions or biases?
- Is this based on historical analogies, and if so, are they relevant?
- What has to happen for this to become true?
- How much confidence do the planners have that this will happen?
- If this becomes true, will it remain true under all conditions?
- If this proves to be untrue, how would that alter the plan?

Any assumptions that prove inaccurate or unsound need to be changed, and your plan needs to be adjusted accordingly. If too many of your assumptions prove weak, you may need to rethink the plan entirely. If nothing else, you should develop contingencies to deal with the consequences of questionable assumptions proving untrue.

3. CONTEMPLATE FAILURE: Nobody likes to think about the ways in which their best-laid plans can unravel; we would all prefer to think about how they can succeed. But contemplating failure is not the same thing as inviting it. Quite the contrary, for only by preparing for the worst can we really guarantee success.

To that end, spend at least a few minutes thinking about how the plan, strategy, or proposal you are about to execute could fail. Imagine what that failure looks like, and then work backwards from there to identify the sequence of events that could bring that failure about. Then, as you execute, keep an eye out for these red flags.

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4. FIND SOMEONE TO BE YOUR DEVIL'S ADVOCATE: Every plan, every strategy, every proposal is predicated on a point of view about the problem that plan, strategy, or proposal is designed to address. If that perspective or the conclusions drawn from it are flawed, then the plans, strategies, and proposals those perspectives and conclusions inform will be flawed, too.

The best way to make sure they are not flawed is to find someone you can trust on your team to examine your conclusions and do their best to poke holes in them, to find fault with them, or to suggest an alternative explanation.

This does not have to be an elaborate exercise; it can be as simple as a casual conversation. But simply having another set of eyes look at the problem can provide powerful new insights that could save you from yourself.

As Dr. Kahneman, says: “It is much easier to identify a minefield when you observe others wandering into it than when you are about to do so.”

This is one of the core principles of red teaming—the idea that you can't grade your own homework.

In a formal red team analysis, a strategy or plan is reviewed by a different group of people than the one that developed it. That is the “team” red teaming refers to.

But you don't have to have a formal red team in order to benefit from this approach; just asking someone with a fresh set of eyeballs to examine your proposed plan or decision can often be enough to expose the most serious flaws in it.

So, I encourage you to do just that: ask someone you trust and whose opinion you value to review your idea, your plan or your strategy and provide you with their honest assessment of it. Even better, ask them to tell you what they think could go wrong with it.

And make sure they know you really mean it. If they think you are only looking for confirmation, that is all you will usually get. That may make your ego feel good, but it will not make your plan any better.

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TAKING IT TO THE NEXT LEVEL

If you do these four things—and do them honestly, while keeping an open mind—you will make your plans better and your decisions sounder. In many cases, that is all the red teaming those plans and decisions will require. But if you really want to stress-test your strategy, you cannot do it alone. You need a red team.

As the Nobel Prize-winning economist Thomas Schelling once said, “One thing a person cannot do, no matter how rigorous his analysis or heroic his imagination, is to draw up a list of things that would never occur to him.”

That is why a formal red teaming process is a group activity. There are different models of red teaming and different ways to make red teaming part of your organizations, strategic planning process:

- **Ad-hoc red team:** An in-house team led by an employee who is a trained red team leader that convenes on an as-needed basis to provide alternative analysis of the organization’s strategies, plans, and proposals.
- **Outside red team:** A team composed of trained red teaming consultants who are hired to analyze a particular strategy or plan.

- **Facilitated red team:** A team made up of the senior leaders of an organization that is guided by trained outside facilitators through a comprehensive red teaming analysis of a plan or strategy.
- **Dedicated red team:** A permanent, standing in-house red team composed of trained red teamers and led by a trained red team leader that is available on demand to support the organization's senior leadership and regular planning staff.

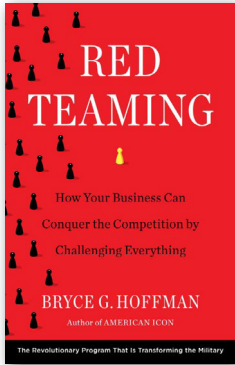
Each of these models has its own strengths and weaknesses. Choosing the right one will depend on the size of the organization, the complexity of its problems, and the time and resources it is able to devote to red teaming.

Whichever model you choose, it is important to remember that red teaming is not a better planning process; it is a process that makes your plans better.

It is also important to remember that not every business can benefit from red teaming.

Red teaming is for companies that are not satisfied with their success. It is for organizations that know they can always do more, go farther and fly higher. If you are happy with where you are and do not want to change, then don't red team. Just sit back and wait for one of your competitors to do it for you. 🚫

Info



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ABOUT THE AUTHOR | Bryce G. Hoffman is a bestselling author, speaker and consultant who helps companies around the world plan better and leaders around the world lead better by applying innovative systems from the worlds of business and the military. Before launching his international consulting practice in 2014, Hoffman was an award-winning financial journalist who spent 22 years covering the global automotive, high-tech and biotech industries for newspapers in Michigan and California. He writes a regular column on leadership and culture for Forbes.com and regularly appears on television and radio shows in the United States and around the world.

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