Six Takeaways for Startups from a Mideast Battlefield

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EDITOR'S NOTE: Pete Newell is a nationally recognized innovation expert whose work is transforming how the government and other large organizations compete and drive growth. He is the CEO of BMNT, a Palo Alto-based innovation consultancy and early-stage technology incubator that helps solve some of the hardest real-world problems in national security, state and local governments, and beyond. He is also a founder and co-author, with Lean Startup founder Steve Blank, of Hacking for Defense (H4D)®, an academic program that engages students to solve critical national security problems and gain crucial problem-solving experience while performing a national service.

Pete is also a retired US Army colonel who served in Iraq and Afghanistan. From 2010 through 2013 he was the Director of the US Army's Rapid Equipping Force (REF) charged with rapidly finding, integrating and employing solutions to emerging problems faced in the battlefield. This experience gave him a unique perspective on how to anticipate competitive challenges and head them off quickly, whether on the battlefield or in the board room– the basis for this essay.

While the startup world and the battlefield are far from identical, they share the same central question: what problem are you solving, and how big is it? While I had been an entrepreneur and had learned the tools to answer those two questions, on the battlefield thousands of lives depended on me finding the answers quickly.

On the battlefield you must worry not only about the problem at hand, but what the next five problems might be. You depend on intelligence from a far-flung network of subordinates, many of them in remote places. At one time I had almost 5,000 people spread out over an area the size of South Carolina, with 31 subordinate commanders. Those 5,000 people were talking to another 100,000 people. Yet getting them to pitch me things was a problem. They would present facts and ask me what to do, or they'd propose actions without facts to back them up. It took too long to spot a problem or opportunity then put something in place to deal with it.

My frustration helped me develop a system to tap perspectives from my vast network of officers and troops, identify threats and opportunities more quickly, and shorten supply chains of crucial technology. The result was fewer battlefield casualties from suicide bombers, rocket attacks and other enemy tactics. The battlefield experience also served as an acid test of Lean Startup business principles and helped me refine them since then to shorten the innovation process. That is the basis of what my current company, BMNT, does today.

As in military combat, startups operate in an environment of high risk where they can be disruptive or they can waste precious capital working on the wrong things. You can also be disruptive, then be blindsided by something completely out of left field if you're not paying attention, or if you didn't have the right networks to warn you that something is changing. At the same time, you don't have enough assets and resources to do everything. So once again, you have to be really careful about how you apply those resources and when and where.

Here are six things I learned in the battlefields that entrepreneurs and startups should know:

Your Enemy May Be Shrewder and Faster

When I was directing the REF in Afghanistan, we had spent big money on vehicles that would look for explosive devices. The Taliban could see where our attention was diverted and changed their attack to focus on our 11,000 new ground troops, rather than implanting more explosives.

I learned to expect that the enemy will make decisions that will upend your decisions and force you to re-orient. This can lengthen the time to deal with a crisis, especially if you can't anticipate what the enemy will do. In the military we call this the OODA loop (Observe-Orient-Decide-Act), which is the time it takes between when you observe a problem and put something in place to deal with it. Because the Taliban's OODA loop was shorter than ours – it took them eight months to observe an opportunity and act on it, versus 28 months for us – we suffered almost 5,000 casualties until we shortened it.

Whether it's on the battlefield or in the marketplace, expect your competitors to create new problems outside of your "peripheral vision" while you're concentrating on something else. The first step is observing the things that are around you -- looking for the signs that something is changing, which may be a good or a bad thing. It might be a sign of an emerging threat to your company. But it could also be an emerging opportunity that will force you to accelerate what you're doing in order to take advantage of it.

Shorter Cycle Times Reduce Casualties

Afghanistan taught us that technological dominance is a farce if you can't stay ahead of what the people on the battlefield will do to you. It's not about the tech. It's about the speed of your ability to recognize something has changed; how fast you can gather facts and set priorities, then form a narrative that allows you to explain it to other people and recruit them to your cause; and your ability to use that to raise the capital you need to get something done.

The same principle applies to the startup world. Imagine if you're a startup and you're trying to observe all the potential opportunities and threats to your business. A lot of companies fail because they observe lots of things, but they have no way of integrating and prioritizing everything they learn. How do you integrate the knowledge of 10 people who are talking to 100s of others running around the country, and then decide where to prioritize your efforts? This is the "orienting" part of the OODA loop. How do you orient on the biggest threat or the biggest opportunity as a team? And then how does your team make decisions about the use of its capital, whether it's time or money, in order to get something done? Finally, how do you actually act on it and see it through?

How long it takes to go through that process will determine whether a startup wins market share or whether they get trampled by somebody else.

Have an Arsenal of Minimum Viable Products

While shorter cycle times put needed technologies in critical places more quickly, we found out in Afghanistan that the typical development cycle for new technologies was far too long. We learned the hard way that the key to dominating the battlefield was to have an arsenal of semi-developed technologies that we could quickly finish developing when we needed to deploy them swiftly. Having these minimum viable products in hand allowed us to add just the features that would make them effective on the battlefield when they were needed – without making them too heavy, fragile or intuitively difficult to use.

Innovators in the startup world must also build a bench of *possible* solutions that can be finished quickly and deployed to solve the right problems at the right time. The way to make this happen is to constantly be mining for good ideas and opportunities. I tell people that if you're only willing to work on something when you have the perfect "targeting resolution" – that is, you know exactly what you're supposed to do and what you're going to deliver - then you'll never have the garage full of half-done things that taught you about what you should be working on. And you won't have something to rapidly pull from. Instead, every time you do something new you'll have to start all over again. It's better to hold onto these half-developed ideas while constantly mining for more.

Craft Great Stories

Great stories, based on data and on real input from people on the front lines, helped us get the approval we needed from decision-makers in government, industry and academia…and speed up the REF innovation pipeline so we could get the needed technologies to the battlefield quickly. It also helped us enlist others to solve problems.

The right storyteller makes a big impact here: Before one election, Iranians were printing counterfeit US money and bribing Iraqis to vote for the candidates that the Iranians wanted. To deal with this problem and get

the counterfeit money off the streets, we recruited Iraqi judges to talk to store owners and show them how to recognize a counterfeit $20 bill. It was more powerful to engage the judicial system to do this rather than talk to these shop owners ourselves. In fact, we convinced US Secret Service agents to work with the judges because the agents were legitimate law enforcement officers and could speak in a manner that the judges would both accept and respect.

In the entrepreneurship world, your ability to communicate a concept rapidly and succinctly -- and to utilize the best messenger -- will directly affect your ability to rally people to your cause, whether it's to recruit talented people or investors. But the stories must be grounded in fact, which is best derived from some of the Lean applications of getting out of the office, doing discovery and testing multiple MVPs, and generating real facts that you can use.

Put the Right People in One Room

Have decision-makers, technical experts and supplies close to the scene of the action so you can pivot, prioritize and move quickly. This can be challenging when you are commanding a far-flung network with diverse viewpoints and job responsibilities. But investing time to get to know this network – understanding how and why people make decisions – will make it smaller and more manageable. And it will give you access to all the parts and pieces of things you need when a crisis or opportunity arises. Then when you come to them with something, you're asking them to do something they are familiar with rather than perform an unnatural act.

This takes a significant investment of your time. You will need to get out and communicate with people so they understand what you're trying to do and to help you understand what might motivate them to do something for you. It's another form of discovery. It just involves people and the use of their personal capital, whether it's the power to make a decision, wield influence, or something else.

Harness Conflict Productively

I talk about leadership and diversity a lot but not in a way most people do. My message to founders, and leaders on the battlefield: The diversity of thought that you surround yourself with will determine your success in really complicated times. That means you have to surround yourself with people from different backgrounds who have different experiences and more importantly, different opinions.

I have seen lots of military organizations and lots of startups locked in group-think because everybody looks alike. And then I've seen others that were massively successful because they were like mutts; there was one of everything and they all worked together and figured things out. Although it wasn't always pretty, they got things done.

Diversity of thought guarantees conflict, and effective organizations understand how to harness it. I have worked for bosses in the military who were conflict-averse, which means they didn't tolerate openly differing opinions. They were horrible; absolutely the worst people in the world to work with. I've also worked with people who were unwilling to risk conflict because they lacked the confidence that people would listen, or they were afraid to rock the boat.

As a founder or leader you need to create an environment that fosters brutally honest discourse, and encourage people who are averse to this honest discourse to feel safe about opening up.

Many people try and make everything in an organization easy and smooth and perfect, but without some degree of internal conflict you really don't discover the things that will trip you up. Creating an environment where people are willing to bring things up and argue, and speak up from any corner of the building, requires a degree of trust within the organization that lots of places struggle to achieve.

Our senior leadership team at BMNT can fight like cats and dogs, but it's never personal and we never walk away mad. It's always a highly professional environment, because we're passionate about what we believe in. If you can't create that dynamic within your organization, you'll increase the chance of catastrophic failure as the firm grows because people will be unwilling to raise issues you should know about.