

Anticipatie

The Hague Centre for Strategic Studies N° 05 | 11 | 10
EXECUTIVE SUMMARY



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Report N° 05 | 11 | 10 EXECUTIVE SUMMARY

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It is difficult to make predictions, especially about the future.
Yogi Berra

All adaptive organisms direct their behaviour toward effects that are rewarding, and at the same time they avoid (possibly) dangerous or punishing states. For doing so, learning to predict future events and future outcomes of their own actions on the basis of experience is a presupposition of any learning system.
Pezzulo, The Challenge of Anticipation, 2008

Anticipation

Executive Summary

In 2010, the Dutch Ministry of Defense published a strategic foresight document assessing the future of the Dutch Armed Forces. *Future Policy Survey: A new foundation for the Netherlands Armed Forces* concluded that the ability of the Ministry to anticipate future events has become increasingly important. This study addresses the question how a new strategic function Anticipation can be given shape. This is done on the basis of a two-pronged research question: *which existing and new instruments will enable the Ministry of Defense to (better) anticipate an uncertain future; and how should these instruments be positioned within the organization?*

To anticipate means to be prepared: knowing what new threats and opportunities may arise in a fast changing environment. But it is just as important to have the organizational agility to take adequate steps, pro-actively as well as reactively, in response to these changes. Anticipation thus combines ‘knowing’ and ‘acting’. The first component is based on a permanent process of identifying and analyzing trends, developments and possible futures. The second component focuses on increasing the flexibility and adaptability of the defense organization, enabling it to remain relevant in a dynamic, complex and thereby fundamentally uncertain security environment. By bringing these two components together, a powerful Anticipation function would directly influence policy, investment decisions and organizational change.

The capability to anticipate is already present within the defense organization. What is lacking however, is an overarching process dedicated to structuring and overseeing Anticipation, facilitating a fluid interface between a dynamic environment and the changing roles, responsibilities and partnerships of the defense organization (defense policy writ large), as well as the structure, processes and capabilities of the armed forces (defense planning). The *Future Policy Survey* was a one-off iteration of such an overarching process. Giving shape to an Anticipation function intends to institutionalize this effort, creating a

continuous forward-looking process involving a broad range of stakeholders from within and outside the Ministry of Defense. On the basis of a literature review into organizational adaptability and agility, an analysis of Anticipation in different countries, historical experiences with foresight and anticipatory processes, and a concise understanding of the current defense organization, lessons can be drawn how an Anticipation function can be given shape within the Ministry of Defense. This study presents the outcome of this research effort.

Towards an Anticipation Element

Analogous to the project-directorate for the *Future Policy Survey*, an institutionalized Anticipation function requires a clearly recognizable organizational embedding and stature. A so-called **Anticipation Element** can combine a proper analytical capability with a role as central node in a network involving partners within and outside the Defense organization. The products and advice that flow from the Anticipation Element may have far-reaching impact on policy, plans and the operational activities of Defense. Therefore, the Anticipation Element must be anchored to top-level management, balancing political and policy insights with military-strategic input. In addition, a substantial effort must be made to build support and co-ownership of the Anticipation process throughout the entire organization.

Different organizational solutions are possible. This study advises setting up an Anticipation Element which is a separate directorate. However, it is possible that this is only the final stage in the organizational evolution of an Anticipation Element. A directorate for *Anticipation, Strategy and Innovation* would direct and be the point of contact for all activities related to Anticipation. This Directorate would also be responsible for (1) the execution of integral futures studies, horizon scans and impact analyses; (2) promote the organizational principles of strategic agility and adaptability and thereby improve the strategic freedom of movement of the defense organization. Currently both activities are only undertaken on a limited scale, and dispersed throughout the organization.

Strengthening Strategic Agility and Adaptability

Several generic principles to improve organizational adaptability and strategic agility follow from the management literature. These allow an organization to anticipate a dynamic and uncertain environment. The following eight principles have been identified:

- Invest in **strategic sensitivity**, emphasizing a regular cycle of strategic futures studies, thematic analyses and monitoring future scenarios;
- Develop an **emergen-strategy process**. Strategy-making must take plausible uncertainties into account, but should also have the inherent flexibility to respond to unforeseen developments and strategic shocks. A top-down deliberate strategy process must therefore be combined with a bottom-up process which is capable of recognizing and incorporating fast-changing circumstances and triggering organizational change.
- Strengthen **'power to the edge'**. An organization increases its flexibility and adaptability when it is connected vertically as well as horizontally, particularly when it comes to information sharing. By distributing resources, capabilities and responsibility, especially pushing them towards those parts of the organization where most of the interaction with the external environment occurs, an organization can rapidly identify and respond to changes. Power to the Edge strengthens the strategic 'feelers' of the organization as well as its ability to respond.
- Emphasize **modularity**, strengthening the intrinsic interoperability of capabilities and units within the organization. Modular capabilities (and other assets) improve the flexibility of the organization to operate under different, changing circumstances, and increase the speed and ease with which strategic adaptations can be made to the portfolio of capabilities.
- Ensure **collective commitment**. Organizational flexibility based on the abovementioned practices must go hand-in-hand with a common understanding, and support for, the strategic objectives of the organization.
- Use **ecosystems**: in today's fast-paced rapidly changing world, organizations are challenged in their ability to respond adequately to changing requirements and needs. However, organizations need not operate in isolation. By building and using a powerful network of partners these risks, and the required investments, can be shared. For the Defense organization, an ecosystem is a network of organizations, industry and institutes that to a certain degree share interests and activities with the Defense organization and to which it can appeal for assistance. An expansive ecosystem ensures rapidly mobilizing knowledge and developing (new) capabilities. The ecosystem is not only made up of allies, but also of partners in the value chain, across the government, industry and knowledge institutions. Building and preserving a strong and healthy ecosystem is thereby critical to being 'future-proof.'

- When developing **capabilities, think in terms of options**: In a rapidly shifting environment substantial investments that lock down a budget for several years must be avoided; there is a strong likelihood that the capabilities may lose their relevance. The principle of *no regret*, postponing irreversible choices as long as possible, may be given practical form by making use of ‘real options.’ Rather than buying and owning every specific asset, real options are a flexible and affordable alternative as they imply having the right, not the obligation, to procure certain capabilities at an agreed upon price.
- Ensure **finances and personnel are flexible**: an organization can create room for maneuver to respond to changing circumstances by retaining flexibility of budgets – avoiding their complete commitment - and ensuring personnel is trained to operate under varying conditions.

Case-studies

The focus on Anticipation is not unique to the Dutch defense organization. Other countries are similarly interested in improving their long-term policy planning process and developing a strategic foresight-capability. In this study, the initiatives in the field of Anticipation have been considered for five countries. These countries are the United Kingdom, France, Germany, Singapore and Australia. From this comparison, the following national accents on Anticipation become apparent:

- The United Kingdom has created a separate unit at the level of the Cabinet Ministers dealing with Anticipation. It is primarily focused on building a network of relevant individuals.
- The French approach is directed at investing in technology in support of intelligence activities.
- Germany has a significant centre within the Armed forces dedicated to Anticipation, yet has limited activities at the intergovernmental level.
- The Australian Ministry of Defense has a transparent strategy-making process which is both adaptive and robust, however it has only limited links to other departments and directorates within the Ministry.
- Singapore has an ambitious Anticipation function at the interdepartmental level, but focuses primarily on the technological dimension of foresight.

Furthermore, four historic case studies provide insights and reasons why the ability to anticipate sometimes fails. The lessons to be drawn from these historic case studies are:

- The necessity to share information among but also within relevant organizations. This lesson reappears in the principle of *Power to the Edge*. Here the central notion is that information sharing should not be organized hierarchically, but instead information should flow freely between different parts of the organization, enabling it to reach those areas where its relevance is highest. This facilitates a quicker pace of operations.
- The necessity to recognize and be considerate of the inherent *organizational bias* prevalent when making assessments about the security environment.
- Keep a broad scope and avoid narrowing down priorities too soon, which may lead to other important areas not being considered. Setting priorities is necessary, but it may backfire. Organizational flexibility enables a quick response to new threats and opportunities. This lesson returns in the principle of an *emergent strategy*, thinking in terms of real options as well as building strategic sensitivity. The case-studies however also illustrate the crucial role played by political decision-makers in prioritizing issues.
- The necessity to have sufficient resources, financial and other, to respond to the identified threats. While it appears straightforward, Anticipation often fails when an organization does identify a threat but does not have the resources, or the organizational wherewithal, to act.
- The importance of coordination within the organization. All elements of the organization need to know what is expected of them. Coordination between the different parts of the organization is crucial. *Collective commitment* and interoperability (on the basis of modularity) are necessary.

The insights from the case studies have been a source of reflection for answering the question how the Dutch defense organization can shape its Anticipation-function.

The process of Anticipation

The model below serves as the basis for understanding the different processes and instruments associated with the Anticipation function. The horizontal axis in figure 1 illustrates the distinction between on the one hand identifying and analyzing risks and opportunities; and on the other hand, the ability to act. The vertical axis makes the distinction between the strategic level which details the constitution of the armed forces, and the operational level at which preparatory

steps are undertaken, leading up to the actual use of the military. The four quadrants represent the four essential processes of Anticipation. Figure 1 also highlights the mutual relations between these different quadrants. Figure 2 details the different processes associated with Anticipation, which are further explained below.

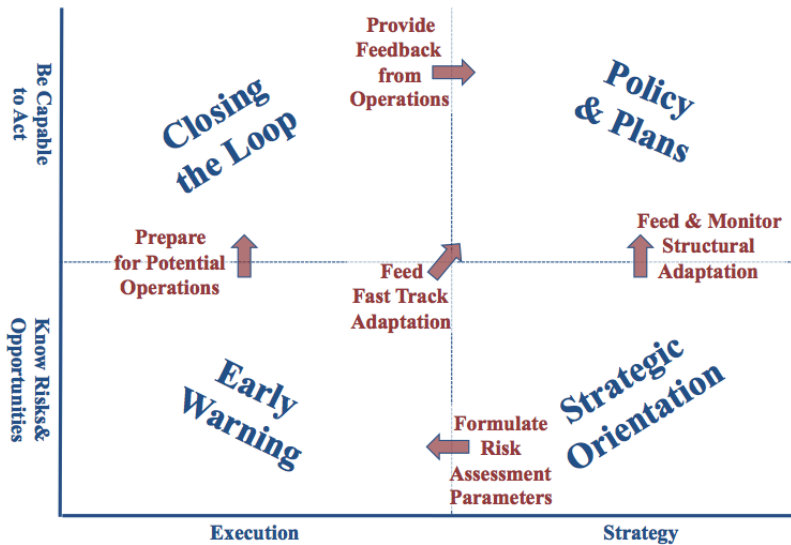


FIGURE 1: THE FOUR QUADRANTS OF ANTICIPATION

- **Strategic orientation:** the focus rests on understanding the longer-term orientation of the defense organization and identifying trends, threats and opportunities that may impact it. The insights derived from the horizon scans and strategic foresight, including scenario-analyses, thematic in-depth studies and impact assessments, are an input into the policy making process as well as intelligence activities.
- **Early Warning:** concerns strategic intelligence and a risk management process which translates the futures studies into substantive tasking to monitor specific developments. This constitutes the first step for the potential deployment of military activities. The risk assessment is based on parameters



FIGURE 2: PROCESSES OF ANTICIPATION

reflecting the longer-term trends in the security environment. These follow from the strategic orientation. Early Warning impacts the defense planning process by offering the contours for fast-track capability procurement.

- **Closing the Loop:** feedback from operations into the policy process provides a reality check for the principles underlying defense policy and capability planning. From the perspective of Anticipation, it concerns a feedback loop for shaping a ‘learning organization’ and strengthening the capability for Concept Development & Experimentation (CD&E).
- **Policy and Plans:** the Anticipation function is useless if it does not impact policy and plans. Adaptations flowing from the futures studies and horizon scans must be translated into defense policy. In this quadrant, strengthening organizational adaptability is the most important process.

An effective Anticipation process at the Ministry of Defense relies on the input of and cooperation with other ministries and third parties such as knowledge institutions and industry. The interdepartmental (*Whole of Government*) process is crucial to intelligence collection, knowledge exchange, preventing group-think and realizing a comprehensive and integrated (‘3D’) security policy. In addition,

building, supporting and using a broad ecosystem comprising external knowledge institutions, industry, the NGO community and more, is of the utmost importance for performing futures studies and to strengthen its capability to respond adequately to a changing environment. Figure 3 portrays the key external relations between Defense’s anticipation process and the ecosystem.

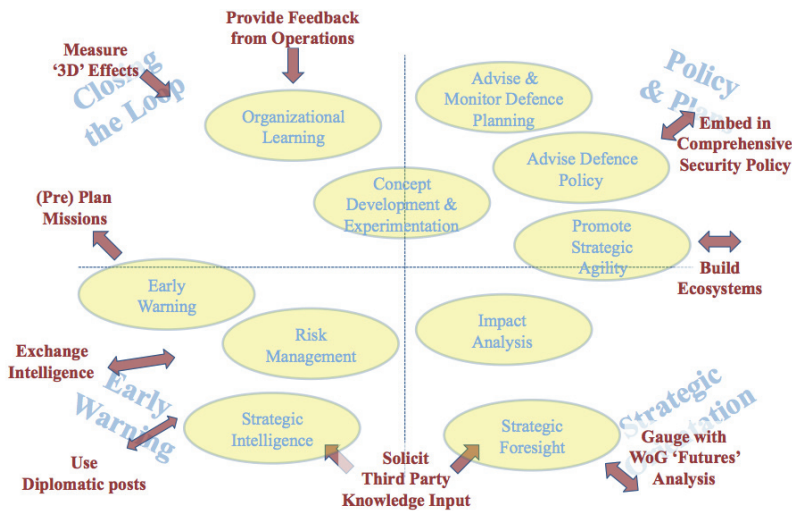


FIGURE 3: ANTICIPATION AND RELATIONS WITH THE ECOSYSTEM

Figure 4 details the key players within the defense organization responsible for different elements of the Anticipation process. From the analysis it becomes clear that the Strategic Orientation process is only present to a limited extent. It takes place on the basis of individual projects (such as in the case of the *Future Policy Survey*), is dispersed throughout the organization, is insufficiently coordinated, and has insufficient bureaucratic weight to substantively influence the planning process. Furthermore, improving strategic adaptability is not institutionalized within the defense organization. Generally speaking, in the current defense organization there is no entity that can direct or maintain oversight over the process of Anticipation, nor is there a central office responsible for performing futures analysis and horizon scans. An Anticipation Element with sufficient stature in the organization could fulfill this role as a hub for the Anticipation function.



FIGURE 4: CURRENT ORGANIZATIONAL ENTITIES INVOLVED WITH ANTICIPATION

An Anticipation Element

From the analysis it follows that an Anticipation Element should have the following characteristics:

- **Impact decision-making and capability planning;** the Anticipation function is useless if it cannot impact decision making. A *Future Ready Score Card* which tests policy and capability initiatives on their ‘future readiness’ is a concrete product – as well as an input for the policy planning process – that the Anticipation Element can develop to that end.
- **Be responsible for strategic foresight, impact-analyses and futures studies;** the Anticipation Element must be the ‘owner’ of the foresight process, in order to ensure the continuity of performing futures studies in the defense organization and to monitor and test future scenarios as they develop.
- **Improve organizational adaptability;** the Anticipation Element should be mandated to strengthen the strategic agility and adaptability within the defense organization. A product that can contribute to this objective is a *Strategic Agility Score Card*, which would score the organization on the principles of strategic agility and make recommendations for its improvement.
- **Hub and director** of the Anticipation network/ecosystem of the defense organization: the Anticipation Element should become the central node in

the Anticipation process within Defense and have as objective to build and maintain a broad ecosystem.

- A **key node** within the interdepartmental Anticipation process: at the interdepartmental level futures studies and risk-assessment are also undertaken, for instance within the framework of the National Security Strategy. The Anticipation Element should be Defense’s point of contact for these interdepartmental Anticipation activities.

Figure 5 schematically illustrates the Anticipation Element’s organizational imbedding within the Anticipation process.

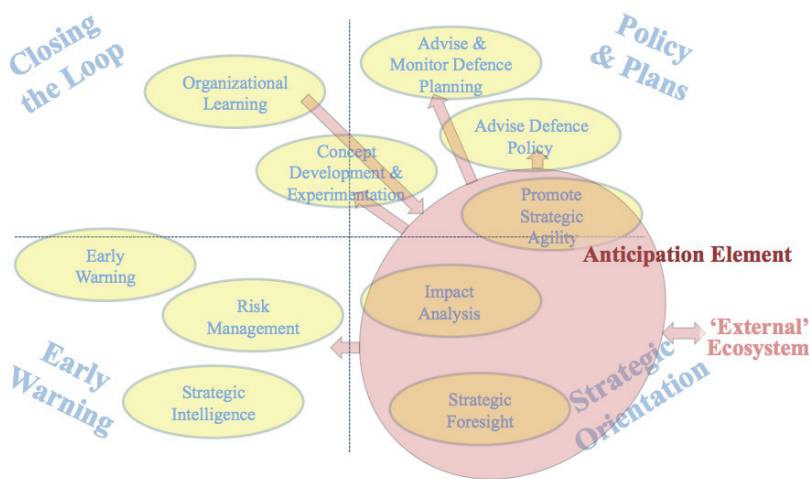


FIGURE 5: ANTICIPATION ELEMENT IN THE ANTICIPATION PROCESS

In addition, there are three conditions that must be met for the Anticipation Element to be effective:

- Sustaining a **long-term, future-oriented focus**: organizations that are tasked to focus on the long term as well as be policy relevant are often hampered by bureaucratic or political pressure to (also) focus on the shorter term. Such a watered down longer-term orientation however, negatively impacts the ability to Anticipate. This should be prevented.

- Necessity of **own resources and products**: to be a credible and weighty player with policy relevance, as well as to preserve a futures orientation, the Anticipation Element must have its own resources and products (such as foresight studies, the *Strategic Agility Score Card* and the *Future Ready Score Card*).
- A **realistic transition** to come to the final imbedding of the Anticipation Element is necessary, taking current organizational structures and processes into account.

On the basis of these conditions and characteristics, three generic models are presented for the organizational imbedding of the Anticipation Element:

- Model 1, a **Virtual Anticipation Element**: a network model in which an Anticipation Steering Group represents the stakeholders of the Anticipation process within the defense organization. Because of its virtual character, the Element will not have the necessary clout to broaden a structural Anticipation process beyond the Ministry of Defense. As external partners, the Ministry of Foreign Affairs and Justice & Safety, as well as others such as knowledge institutions, could participate relatively easily with representatives in the network. In this model the different parts of the organization retain their proper responsibilities in the Anticipation process. The different representatives in the Anticipation Steering Group offer their respective input from their position within the organization into the foresight studies and to the initiatives for strengthening strategic agility. They are also responsible for disseminating the products of the Anticipation Element to their constituencies.
- Model 2, an **Anticipation Element within HDAB with a strong counterpart at the Defense staff**: here, the Anticipation Element will organizationally reside within the HDAB. The Defense Staff has a strong link to the Anticipation Element, which it supports from the purview of the Chief of Defense as corporate planner. However, the Defense Staff is not part of the Anticipation Element.
- Model 3, an **Anticipation Element as a separate directorate**: a Centre of Excellence in the field of futures analyses and strategic agility. This independent directorate resides directly below the Secretary-General (the senior civil-servant at the Ministry). The Anticipation Element is responsible for the synthesis, analysis and dissemination of the Anticipation products. In its activities it draws on knowledge, expertise and capacity outside the defense organization. The Anticipation Element is the central hub for the push and

pull of knowledge and information in the realm of Anticipation for Defense. The Anticipation Element unites the relevant parts of the HDAB and the Defense Staff.

A government-wide Anticipation function is of great import for the whole-of-government National Security Strategy. Therefore, all above-mentioned models rely on a link to the interdepartmental Anticipation process. In all models it is assumed that the Anticipation Element represents the Ministry of Defense in these interdepartmental initiatives. However, the character of that link between the Anticipation Element and the interdepartmental processes depends on the model chosen.

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