ABOUT THE AUTHOR

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Devadas has extensive experience in both the public and private sector and is an expert on strategy, foresight, public policy and economic policy. During his time in the Singapore public service, he successfully led efforts in long-term planning, Whole-of-Government budget coordination at the Ministry of Finance where he was the Deputy Director of Fiscal Policy, Strategic Planning and Lead Foresight Strategist.

HIGHLIGHTS

- Red Teaming is a technique to challenge existing internal thinking that serves a general purpose to give decision makers different strategic perspectives to enable more effective decision-making.
- There are three main major cognitive traps that are committed even by the best management teams and this causes them to make strategic errors. They are confirmation bias, bounded thinking, and groupthink.
- Ultimately, for a Red Teaming exercise to be successful, it has to be a top-down initiative and a legitimate part of the strategy formulation process.
- Members of Red Teams must have explicit protection from senior management to ensure that they are able to carry out their required activities successfully.
- The Red Teaming exercise has to be followed through in a conscious and structured manner and the inputs derived from Red Teaming must be applied to future decision-making processes.
Business leaders find themselves confronting ever greater complexities under the conditions of globalised competition and technological disruption. These complexities offer threats as well as opportunities. But management and boards can find the complexity paralysing.

Too often, companies which are struggling flail away with failed strategies till put out of their misery by the market while successful companies become complacent and waft along till disrupted by an insurgent competitor.

An important tool in helping management and boards to cope with complexity is Red Teaming.

Red Teaming is a technique to challenge internal thinking. It can take many forms but all approaches serve the general purpose of helping decision makers to perceive their strategic outlook differently with the expressed objective of enabling more effective decision-making.
Challenges to Decision-Making

Management and boards are typically filled by the most competent and proven people a company can source. So why is it that these experienced and competent people struggle to be effective at the strategic level? It is rare that this is due to outright willfulness. Instead, such decision-making fora are vulnerable to common cognitive traps.

There are three major cognitive traps which can trip up even the best management teams.
Confirmation Bias

Company leadership would have had a general strategy predicated on a set of assumptions about their own company’s capabilities, the market place, and competitor behavior. Having formed this strategy, typically after an exhausting strategic planning exercise and corporate retreat, the most common cognitive trap is to become ‘locked into’ this perspective. Thereafter, any information which seems to contradict the agreed picture is discarded while conversely, any data which reinforces the ‘house view’ assumes an exaggerated importance.

A major reason for confirmation bias is inertia. Strategic planning or work plan exercises tend to occupy a lot of resources and time. Having finally arrived at an agreed set of plans and having accepted the underpinning assumptions, an organisation becomes resistant to adjustments.

The net result between inertia and concomitant confirmation bias can be that the organisation fails to keep up with changes in the competitive environment and is surprised by innovation or new competition.

Bounded Thinking

Company management would have enormous knowledge about their industry and products. What this allows them to do is compete in their known space. This known space is thus bounded by the limits, however deep it may be vertically, at the horizontal level to the edge of the specific sector.

As technological distribution has accelerated, industry sectors are being disrupted more from the outside than from the inside. Hence, bounded thinking becomes a severe limitation to management perceiving both threats, and opportunities to innovate and remain competitive.

Groupthink

Confirmation bias and bounded thinking can come together to create the condition popularly known as groupthink. This is where all members of the management or board adopt the same perspective and in sharing their view reinforce each other’s conviction. Groupthink makes it practically impossible for any alternative view or contrary evidence to be taken seriously.

Groupthink can extend beyond the limits of the company to become orthodoxy of an entire industry. The larger the group, the more its sub-parts become convinced that their thinking is right. This is because of the greater number of reference points which affirm the established view.
Red Teaming

Red Teaming is the technique of challenging the perceptions and assumptions held by management and boards to positively challenge and even disrupt their business-as-usual (BAU) decision-making process.

The term ‘Red Team’ has its origins in military war gaming where conventionally friendly forces are denoted in blue on maps while opposing forces are marked in red.

Thus to ‘Red Team’ is often mistaken as implying to oppose. This has led to an instinctive negative reaction by some management teams to the idea of Red Teaming. In fact, to ‘Red Team’ is best understood as to challenge and to do so constructively.

There is also a range of ‘Red Team’ models which vary in resource intensity and organisational positioning.

Licensed Dissenter

The simplest way to attempt Red Teaming is to identify a member of the management team or on the board to critique a company’s point of view of strategy. ‘Licensed’ should be taken to mean that person should be explicitly defended from any backlash for taking a contrary view or for critiquing the internal view.

Boards should look to fill their independent director positions with those not from the industry or who have a record of original thinking. Independent Directors can be a great source of managed dissent.

External Advisors

The scenario planning pioneer, Pierre Wack, had the practice of seeking out people with interesting perspectives, especially outside his field of expertise or the sector of his company Shell, and interviewing them or attending their speeches and seminars. He did so, to challenge his own thinking and look at issues from different perspectives.

A company could also engage external speakers or advisors to challenge the thinking of management and boards. This has to be done deliberately as a way of exposing the company leadership to different perspectives. But there needs to be an internal process of then engaging those perspectives and relating to internal views to generate insights. Thus, attending a talk or convening a seminar with an engaging speaker is only half the method. The other half is an internal process to engage with the key ideas and perspectives of the speaker.
Team Bs
A much more resource intensive approach to Red Teaming is to form a dedicated cadre of staff or engage external consultants to form a team to conduct parallel strategic thinking to the usual strategic planning team or deliberations of the board.
Such teams are referred to as ‘Team Bs’. Team Bs should be constituted by ambitious and bright staff. Youth helps in that the members are less likely to have historical ‘baggage’. It would also be useful to include a few ‘mavericks’ in the team. These would be people with a penchant for original thinking or challenging convention. Characteristics which should be common to members include curiosity, sharp intellects, excellent communication skills, and self-confidence.

Enabling Success

There are several essential enabling criteria for Red Teaming to be successful.
First, Red Teaming needs to be a top-down initiative. Management and boards have to be receptive to the idea of being challenged and also to see the resourcing of Red Teaming as an investment.
Second, it is crucial to factor in Red Teaming as a legitimate part of the strategy formulation process. Thus, the Red Teaming initiatives, whichever approach or combination of approaches is adopted, is conducted at the opportune time and with the right access to information and audience.
Third, Red Teaming members need explicit protection from senior management as they conduct their activities. This is as they are bound to be perceived as challenging conventional processes resulting in upset egos. More so, as their task is to provide alternatives to accepted views promoted or adopted by management and boards, they are vulnerable to negative career impacts. Thus explicit care must be taken to ensure that Red Team members, whether a ‘licensed dissenter’ or full-fledged cadres, are shielded from such corporate blow back.
Fourth, and where many companies fall short, is to follow-through with the Red Teaming exercise in a conscious and structured manner. Red Teaming does not end with a presentation or report. There should be an active and iterative debate at the management and board level. Ideally, these debates should be curated by professional facilitators or by the CEO or Chairman to ensure that discussions are constructive and purposeful rather than acrimonious or circular.
The FMG Approach

The Future-Moves Group (FMG) applies its proprietary FUSE® approach to work with our clients to improve their strategy formulation and execution. Rather than view Red Teaming and conventional processes as separate and distinct, FUSE® integrates the processes into a unified stream of activities.

FUSE® – Foresight-driven Understanding, Strategy and Execution – is a proven method of tackling complexity and overcoming cognitive traps. We support our clients’ leadership teams through a range of Red Team techniques to enable more effective decision-making. Our approach usually involves us following-through into the execution phase. This represents our commitment to generating positive outcomes for our clients.

FMG has conducted Red Teaming projects in a range of sectors from public policy, investment finance, digital economy activities as well as traditional industries such as marine and offshore. We have successfully completed these projects both in Singapore and internationally.

Contact us at contactus@future-moves.com to find out how we can help you move your future.

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