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# White Paper



This paper offers some time-tested strategic planning processes and de-risking tools from military strategic planning and execution. The intent is to assist corporate business leaders in addressing their biggest global economic challenges. The military's comprehensive integrated approach to developing actionable intelligence, strategy formulation, and risk assessment can serve corporate leaders who also face simultaneous trans-regional and global issues.

## Key Points:

To lead businesses effectively in this ever-developing strategic competition, executive teams and board members require three things to frame and address national security considerations and manage associated risks:

- Globally informed mindset:
  - In the renewed era of Great Power Competition, economics are increasingly influenced by geopolitical factors. The corporate world must adjust accordingly, as these factors grow in relevance, with competition and situational events impacting national and economic security, thereby accelerating uncertainty for business.
  - Corporations need access to what we refer to as “geo-intelligence,” resourced either internally or externally, to remain informed on long-term and evolving strategic challenges, to enable effective strategic planning and dynamic risk management.
- Enhanced strategic planning process:
  - Traditional business strategic processes develop global understanding of the macro environment focusing on opportunities and threats that are controllable and can be leveraged or mitigated by the company. In contrast, the Department of Defense has processes for strategy development and execution that are informed by geo-political risks from trans-regional and global threats.
  - Essential elements of strategic planning necessary for organizations to navigate the current environment effectively include: the right planning team, a coherent plan framed by ends, ways and means, and an effective execution process that optimizes unity of effort through collaboration and levels of review. In practice, this enhanced planning process suggests formulating multiple scenarios using the key “geo-intelligence” findings to identify optimal strategic options.
- Dynamic risk frameworks:
  - Corporations routinely perform risk management work that is reviewed with their boards to identify, evaluate, mitigate, and track risk as part of corporate governance processes. However, for national security risks, strategic planning and mitigation activities are not as evident within corporate structures.

Risk management is a necessary part of the mindset for developing global understanding, integrated throughout the strategic planning and execution process, and used to continuously assess priorities, evolving risks, tradeoffs, and adjustments in the strategic thinking and decisions of board members, CEOs, and executive teams.



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## **Discussion:**

The complexity and scale of business decision-making are increasing due to the demands of multiple stakeholders and evolving macro-situational issues. Business leaders must simultaneously account for various risk factors - economic, societal, technological, environmental, and legal. These factors are further complicated by customer demand, capital market conditions, advancing technologies, Great Power Competition (including the possibility of U.S. government sanctions and prohibitions affecting foreign market access), and accelerating climate concerns across multiple regions of the world. Such risk conditions were highlighted in a recent Foreign Affairs article where a poll of institutional investors ranked geo-politics as their largest risk factor. To lead most effectively in this environment, executive teams and board members can be well served by three things to frame and address problems and manage risk: a globally informed mindset, an effective strategic planning process and dynamic risk assessment, and mitigation tools. As such, this paper will address the following:

- **Developing a globally informed mindset** focused on the integrated actors and factors affecting globalization, transregional situations, and associated risk.
- **Proposing time-tested strategic military-like planning processes** to inform executive level judgment and decision making.
- **Presenting risk assessments and mitigation tools** applicable within the increasingly Volatile, Uncertain, Complex, and Ambiguous (VUCA) environment. Such tools, designed for geo-intelligence and strategic planning, help leaders prioritize efforts and risk factors, develop mitigation options and strategies, and assess multi-factored and interdependent risks.

Developing the globally informed mindset: For businesses, the purpose of strategy development is to ultimately drive long-term value creation for multiple stakeholders including customers, employees, investors, and the communities they serve. Strategies are best when centered on growth and sustainability as a function of the macro environment consisting of many dimensions of uncertainty. Large corporations enact strategy development processes focused on managing economic, customer, competitor, regulatory and technological uncertainties, and risks.

Corporations also conduct risk management to identify, evaluate, mitigate, and track risk as part of their governance processes. However, for risks related to national security, the process is not as direct and mitigation activities are not as recognizable. Globalization, the interconnectedness of economies, and factors outside the control of corporations increase these macro situational exposures.

In contrast to corporations, the Department of Defense has been using time-tested strategic processes that enable strategy development and execution in the context of geopolitical VUCA environments simultaneously focused on trans-regional and global threats (e.g. Russia, China, Iran, North Korea, and Violent Extremist Organizations) across multiple domains (e.g. land, sea, air, cyber and space). Defense planning processes integrate global factors through collaboration to develop actionable concepts for review by senior leaders. Once approved, those concepts are turned into strategies, plans, operations, activities, and investments across the globe. These strategies often required adjustment due to emerging situations – as we say in the military, plans rarely survive first contact with the enemy.

Considering the nexus of national security and the influence of economic power, there is a clear interrelationship among the five warfighting domains (land, sea, air, cyber, and space) and economics – this has obvious implications for governments, corporations, and society writ large. (See the Bancroft white papers on competition among China, Russia, and the United States [Bancroft's GEOIntel White Paper on the Strategic Competitors](#) and on the Global Commons [Bancroft's GEOIntel White Paper on Global Commons](#)).

Traditional corporate business strategic processes develop global understanding of macro situations through various dimensions focusing on opportunities and threats that are controllable and can be mitigated by the company. Given the expanding national security and long-term impacts of global conflicts and limited access to natural resources driving higher uncertainty, corporations are focusing more effort on the geo-intelligence aspect of situations more than ever before. For instance, risks involving the Russia-Ukraine War, Israel-Hamas War, China-Taiwan relations, broader Great Power Competition, Global Commons, and Resource security are a few of the global situations that are increasing the macro risk profile of all corporations and business opportunities.

The U.S. Government's (and within it, the military's) globally integrated approach to developing actionable intelligence, formulating strategy and plans, and conducting risk assessment can serve corporate leaders facing simultaneous trans-regional and global issues across multiple domains (particularly economics) or problem areas (e.g. technology, climate, energy, food, and pharma). It bears noting that while the U.S. Government has more tools to find and analyze intelligence than the corporate world has, the "open source" and/or commercial information is plentiful and is absolutely used by the military and other Governmental agencies, thus also available to corporations.

Strategy in business and the military are both grounded on situational analysis, strengths, threats, options, variable scenarios, and execution. The mindset and tools are different, but the approaches are complementary. Given the need for greater understanding and alignment between business and national interests, business leaders can create competitive advantages by working to enhance a more globally informed mindset to drive strategic planning processes and risk frameworks.

**An effective strategic planning process:** For any organization to successfully conduct strategic planning (effectively cast and manifest vision) it must address three essential elements: the right planning team, a coherent strategic plan framed by clear ends, ways, and means, and an effective execution process that maximizes unity of effort through collaboration and levels of review. These three elements apply to any planning and execution situation regardless of complexity. Such planning enables leaders to identify and seize opportunities, anticipate challenges, and prepare in ways that drive operations vice reacting to "unforeseen" crises that could have been foreseen. Ultimately, such planning informs leader judgment for decision making.

The first essential element in successful strategic planning is the right planning team with varied expertise to address problems as defined by Executive Leadership and Boards. Planners are leaders who develop solutions through thought leadership to problems along timelines in ways that sustain and enhance organizational momentum, functionality, and execution. The right team, working on the right plan, is a game changer. Sun Tzu's quote, "The General who understands war is the minister of the people's fate and the arbiter of the nation's destiny," applies to any organizational leader and context. An expert planning team can help executive leaders (The General) understand his or her problems (wars) in ways that will serve people (the organization and shareholders) and customers or markets (nations).

The second essential element to successful strategic planning is a coherent plan, or solution to a defined problem, consisting of three distinct parts: Ends, Ways, and Means - the basic pillars of strategic framework. Ends are achieved through Ways and resourced by Means. Ends are the purpose or “why” of a strategy, defining what the strategy is designed to achieve, perhaps best described as “starting with the end in mind.” Ends are the most important and challenging part of any strategic plan development. Once Ends are defined, the Ways can be determined; the paths, routes, or methods to follow to achieve the desired Ends. There are often numerous Ways within a plan, and they can be exclusive or mutually reinforcing. Ends and Ways are achieved through Means or resources, without which any plan is infeasible. Like a three-legged stool; tying Ends, Ways, and Means together clearly and cogently results in a stable strategy. If one or two are missing, the strategy is unstable. Stable strategies, comprised of sound Ends, Ways, and Means, must be practical, pragmatic, executable, and measurable to assess their success in accomplishing the mission. Conceptually, this is as simple as programming a GPS. First, one selects a destination (Ends), then routes (Ways), then resources (Means) to reach the desired destination.

There are several strategic planning models. Common and basic business strategic situational models at the macro and industry level are the PESTEL Model - Political, Economic, Societal, Technological, Environmental, and Legal regulatory dimensions. And, Michael Porter’s Industry Model, commonly referred to as the 5 – Forces, covering the system of an industry focused on Supply Chain, Customer Preferences, Competition, New Entrants, and Substitution. With analysis at the macro and industry level, organizations can assess and identify the highest impact issues using the following tools:

- Performance Metrics – how is the corporation performing today against its goals, competitors, and investor expectations.
- SWOT – Strengths, Weaknesses, Opportunities, and Threats.
- SOAR - Strengths, Opportunities, Aspirations, and Results.
- Value Chain – How does the company deliver value and the interconnectedness.

The national security focus on Diplomatic, Information, Military, and Economic (DIME) perspectives in the strategic process may provide additional dimensions to the traditional models in business strategy that focus on external, industry, and internal situational analysis while developing deliberate and emergent strategies through identification of strategic options, scenario analysis, and game theory.

Based on such analysis, an organization can move to Strategy Formulation by addressing strategic options, scenario modeling, game theory, and final recommendations to drive multiple stakeholder value. Once a strategy is formulated, it needs to be implemented and measured.

The process is the third essential element of successful strategic planning and is a function of two critical factors: collaboration and levels of review in plan formulation and execution. Collaboration amounts to involving key internal stakeholders in plan development and implementation. This leverages input, buy-in, and innovation. The more widely a plan is collaborated at the appropriate levels, the more likely it will be successful in execution. Deliberate collaboration over time optimizes quality of input, shared understanding, and unity of effort for all execution. Collaboration necessitates venues for review at every level of leadership. Once a plan is collaboratively developed within an organization, it needs to be reviewed by leadership at the appropriate level for feedback and refinement and then reviewed at the next level.

The correlation between collaboration and levels of review is extremely powerful. Collaboration without review produces plans that are never approved for execution. Levels of review without collaboration results in incomplete plan development and execution. Ultimately the iteration between collaboration and levels of review maximizes plan coherence, collective understanding, and unity of effort across an entire organization due to informed judgement for decision making and empowered collective action. All plans are dynamic and no matter how well they are developed, they are never without risk.

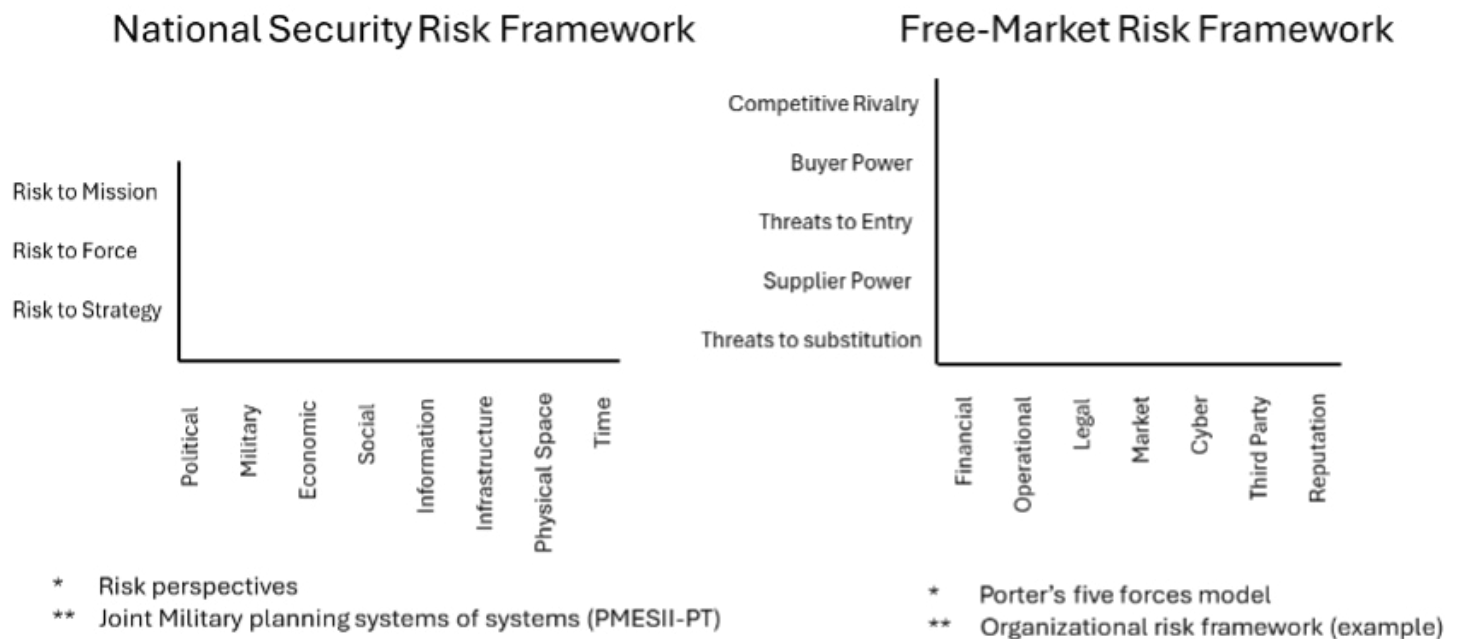
**Effective risk assessment and mitigation tools:** The goal of any risk assessment is to develop an understanding of the likelihood and impact of myriad risks to the mission, the force, the strategy, and policy objectives. In military strategic planning processes, risk assessments are often conducted in the context of elements of national power (DIME) and the operating environment (PESTEL), and across the warfighting domains of land, air, sea, space, and cyber. In the business world, there are similar tools for assessing risk. These are often an assessment of the internal and external forces affecting markets, competitors, producers, and consumer power and assessed relative to a variety of internal organizational risk factors and prioritizing their impact.

Risk management should never be a “bolt on” to a strategic planning process. Rather, risk management should be tied directly to a global mindset, integrated throughout strategic planning and execution, and used to assess tradeoffs tied to decisions of board members, CEOs, and their executive teams. Integrated risk management is essential to compete, win, and sustain market momentum.

- **The common goal** between government and business risk management is to understand the likelihood and severity of risks and determine ways to mitigate, or de-risk, to accomplish strategic objectives.
- **The problem** that presents itself is the growing primacy of the “E” in DIME, that of Economics, driving the convergence of the commercial sector into the realm of Great Power Competition – traditionally reserved for governments and nation state actors. Convergence is influencing government officials and policies to reflect a deeper understanding of the implications of geopolitical forces on private sector risk within the domain of economics.
- **The challenge** is that risk assessment tools for government and private sectors in democratic societies often look at problems from very different perspectives, interests, and assumptions.
  - From a democratic republic governmental perspective, risk assessments do not usually address policy goals or interests of corporations.
  - Conversely, from a business perspective, risk assessments in free market economies are not tied to nation state diplomatic or policy priorities; rather, they focus on the interest of their business stakeholders.
  - In contrast to democratic republics and free market economies, authoritarian states consider risk as a function of both business and government, often driven by policy.

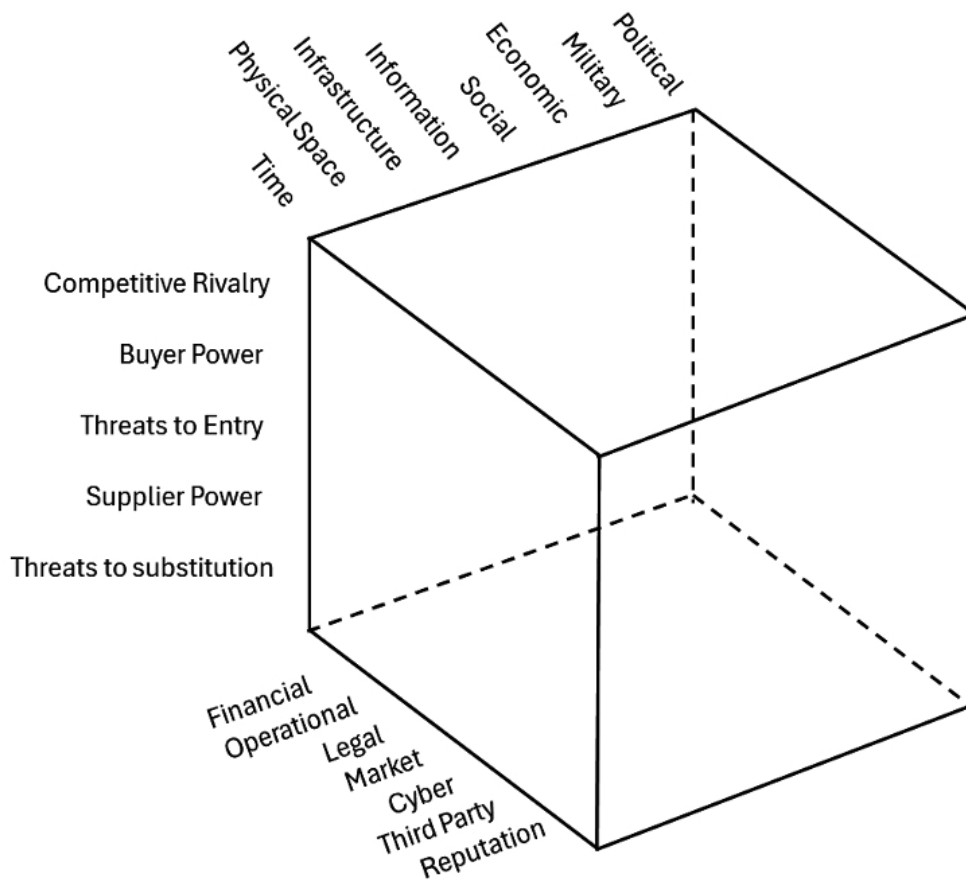


- **The opportunity** exists to coalesce governmental and business risk assessment tools for free market nations and economies providing a more dynamic risk framework that: enables government policy makers to be more informed regarding elements of national power and how geo-politics shape business decisions and enables business leaders to be better versed in the impact of policies and nation state actions in relation to great power competition.
- **Traditional tools** for assessing risk are two dimensional and generally exist in two forms: the National Security framework and the Free-Market Risk framework. Two-dimensional risk frameworks are valuable, but limitations expose risks gaps that can undercut a nation state's ability to drive policies while also exposing companies and entire markets to unanticipated risk due to shifting rules and interests of competing actors (See Bancroft White Paper on BRICS and Global Commons). Examples of two-dimensional models include:



- A Three-dimensional framework: Because Great Power Competition and the rapid acceleration of economics as an element of geopolitical power is thrusting economics to the forefront as a domain of competition, a more dynamic and complementary risk framework is warranted. This approach accounts for the nexus of governmental (military), business (Porter's), and existing organizational model factors and their interrelationships. Tools like this enable both governmental and business leaders to see and assess risks as a function of multi-variable interdependencies to leverage strengths, reduce weaknesses, seize opportunities, address threats, and develop risk mitigation strategies. Further, models allow both assessment and mitigation efforts of organizations with global governance, supply, and finance chains. For example, consider an organization with varying degrees of interaction and inter-dependencies such as Intel, Nvidia, Huawei, TikTok, or commodities reliant on high risk natural resource suppliers (See [Bancroft White Paper Bancroft GEOIntel White Paper on Resource Security Part 1](#)). A three-dimensional approach would help develop executive teams' recognition of the geo-intelligence factors of risk, contribute more effectively to the strategic decision making, and be better informed and equipped to lead and support the dynamic strategic planning processes with greater agility and situational awareness.

### Geo-Intel Dynamic Risk Assessment



- \* Joint Military planning systems of systems (PMESII-PT)
- \*\* Porter's five forces model
- \*\*\* Organizational risk framework (example)

**Putting it all together:** Having an increased globally informed mindset, leaders can more effectively consider the correlation among major threats such as Russia, China, Iran, North Korea, Violent Extremist Organizations, and broader geo-political factors they are facing including technology, climate, energy, food, and medicine. Strategic planners, for example, would have greater understanding of and consideration regarding the correlation between the China-Taiwan situation and Technology, or the correlation between China, Russia, and the Middle East with energy. Scenario analysis is used to develop a prepared mindset for various emergent strategies to address the uncertainties of the situation in the context of the overall corporate strategy. Ongoing dynamic, multi-dimensional risk assessments associated with the scenarios enable government and business leaders to be more effective in de-risking their stakeholder interests and identifying strategic pivots that may be necessary if national security policies change operating models.

## **Implications and Forecast:**

The VUCA environment of international business is going to accelerate and be more competitive. The U.S. has not faced a threat from both Asia and Europe since the 1940s. We can expect all our classic military domains of land, sea, air, cyber, and space to be tested as well as our institutions, corporations, Allies, and Partners.

Great Power Competition and conflict will increase nation-state and multi-national organizations using economics as a domain of warfare or international influence. Single leader nations like China and Russia tend to react more often and more violently, creating instability in the Global operating system.

Corporations will have a competitive advantage if their boards and executive leaders:

- Develop a globally informed mindset.
- Implement deliberate strategic planning processes with increased geo-intelligence perspectives and scenario cost/benefit/risk analysis. Selecting the right group of experts is essential to properly understand the global dynamics in play.
- Embrace risk assessment and mitigation tools that use dynamic derisking models that integrate traditional military and business risk management tactics, techniques, and procedures.

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