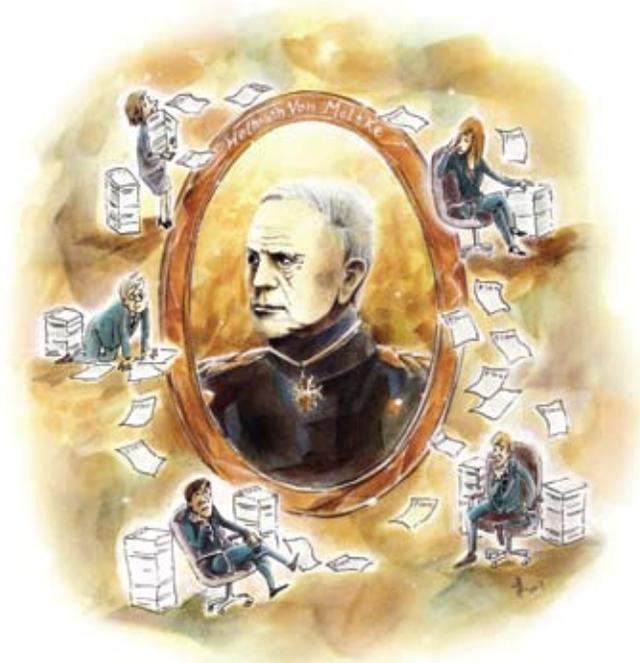# Moltke – Master of Modern Management

The Art of Action - How Leaders Close the Gaps Between Plans, Actions and Results

By Stephen Bungay

In a recent survey of 125,000 managers from over 1,000 companies a leading consulting firm laconically observed: 'when asked if they agree with the statement "Important strategic and operational decisions are quickly translated into action", the majority answered no'.

Getting things done

The problem of executing strategy is well documented. It is widespread. In a recent survey of 125,000 managers from over 1,000 companies a leading consulting firm laconically observed: 'when asked if they agree with the statement "Important strategic and operational decisions are quickly translated into action", the majority answered no'.[1] The organisations found it difficult to do what they regarded as important.

This is odd. Why can companies do things that don't matter very much but can't do things that do?

The problem is also enduring. One of the most experienced teachers of courses on strategy implementation in the US laments that conversations he holds with managers on the subject of execution have hardly changed in 20 years.[2]

This is odder still. When we know we have an important problem which is not new, why can't we solve it?

If a problem is widespread and enduring, its origins are likely to be deep-seated. The solution is therefore likely to be something fundamental.

I believe that this old problem has an old solution. The solution is not only old, but also fairly simple to understand. Indeed, once understood, it feels like little more than common sense. Unfortunately, being common sense does not make something common practice.

This naturally prompts the question: 'If this solution has been around for a long time and it is simple to understand, why *isn't* it common practice?'

There are two main reasons why.

The first reason is that the history of management thinking in the C20th has built up barriers to adopting the solution. Whilst much of this thinking has been disavowed by modern management thinkers, its legacy is insidious.

The second reason is that although the failings of the legacy model are clear, it is not clear what it should be replaced with. Lacking an alternative, practicing managers fall back on the legacy model as a default. They end up with deep-seated problems they cannot address because they are as unaware of the origins of those problems as of the alternative on offer.

To challenge our insidious legacy we need to become aware of it.

Legacy thinking

In the decades following the industrial revolution, many businesses were built up around factories which were essentially machines, and the people needed to operate them were integrated into them like the proverbial cogs. The machine became the model for business as a whole. Machines are mindless, they just do what their designers want.

In 1911, Frederick Winslow Taylor's classic *The Principles of Scientific Management* enshrined the machine model for several generations. This approach to management rests on three premises:

1. it is in principle possible to know all you need to know to be able to plan what to do;
2. planners and doers should be separated;
3. 'there is but one right way'.

A manager was a programmer of robot workers. The essence of management was to create perfect plans and tell people precisely what to do and how to do it.

Taylor and his followers had tremendous impact and helped to professionalise management in ways we now take for granted. Their methods resulted in great improvements in efficiency. Taylor studied repetitive, menial tasks (like shifting pig iron onto railcars) in great detail and worked out how to perform them optimally, as a machine would. Just about every business involves tasks with similar characteristics, and today a lot of those tasks are indeed performed by robots, or have been standardised in computer programmes.

But Taylor did not believe that his methods should be applied only to a particular set of tasks. Scientific management was to entirely replace the old approach dating from the pre-industrial era of trades-

men. Then, Taylor writes, managers sought to induce each workman 'to use his best endeavours, his hardest work, all his traditional knowledge, his skill, his ingenuity, and his goodwill – in a word, his "initiative", so as to yield the largest possible return to his employer.'³ He wanted to consign that to history.

However, businesses also involve tasks which are not menial or repetitive, but where knowledge of particular circumstances is critical. The less stable and the more dynamic the environment is, the more they matter. In the case of tasks such as these, all three of Taylor's premises are false.

Those premises were first challenged by Peter Drucker in the 1950's, and by psychologists such as Douglas McGregor, who called the traditional view that human beings dislike work, fear responsibility and therefore need to be tightly controlled 'Theory X'. He suggested the alternative view that 'man will exercise self-control and self direction in the service of objectives to which he is committed', which he called 'Theory Y'.⁴ Theory Y was the missing half of Taylor's insight. It was the initiative baby he had thrown out with the bathwater.

The assumptions about human knowledge underlying the ideal of the perfect plan have proven to be more stubborn. They were given a jolt by the oil price shocks of the 1970's.

By 1994, the nemesis of strategic planners, Henry Mintzberg, could write that 'we are now ready to extract the planning baby from all that strategic planning bathwater'⁵.

So we have ditched the bathwater in Taylor's assumptions about human behaviour and human knowledge. We are left with two babies: the understanding that people can indeed regulate themselves if they are committed to some objectives; and the understanding that objectives do need to be set in some way or other.

However, most of the systems in large organisations which determine how people carry out planning and budgeting, target setting and performance management, are still based on engineering principles. Globalisation leads to standardisation, pressure for increased compliance and fear of litigation impose further constraints, and despite our avowed rejection of the consequences of scientific management, we may in fact be moving closer to turning not just workers but managers into robots.

> In a fast-changing unpredictable environment, organisations do not work like well-oiled machines. The winning players behave like organisms and are able to act more effective with less information than their rivals.

This brings us to the second reason why the problem of executing strategy is so enduring. There is no accepted set of management disciplines for achieving the outcomes we want in the dynamic, uncertain environment we are faced with today. Whilst it is fairly clear what we should *not* do, there is so much advice about what we *should* do that it is not clear what matters. What are the things which really make a difference?

Fortunately, others have been here before. They realised that in a fast-changing unpredictable environment, organisations do not work like well-oiled machines. The winning players behave like organisms and are able to act more effective with less information than their rivals. An organisation of that type, the type we are searching for now, began to be developed more than 100 years before Taylor created the problem.

The alternative

On one foggy day, 14th October 1806, two Prussian armies were shattered and scattered by a French army at the twin battles of Jena and Auerstedt. Built up by Frederick the Great in the 18th Century, the Prussian Army had been the most admired and successful in Europe. Its defeat was militarily decisive and psychologically devastating.

In the wake of the disaster, General Scharnhorst led a group of reformers dedicated to understanding why and how it had happened, and to transforming the organisation which suffered it. 'We fought bravely enough,' Scharnhorst pithily concluded, 'but not cleverly enough.' The reforms he championed were base on his analysis of the catastrophe of the twin battles.⁶

The Prussian Army had been run as a well drilled machine. It was a highly centralised and nobody took action without orders to do so. It assumed what Douglas McGregor has famously called the 'Theory X' of human motivation.⁷ It achieved compliance through compulsion.

The French Army of 1806 which Napoleon had inherited from the Revolution had been raised from highly motivated citizen conscripts. It had no time to practice drill, so it made extensive use of light infantry who engaged the lines of Prussians in an unordered swarm in which each man acted as he saw fit. Promotion was based on performance. The French Army was, in McGregor's terms, a 'Theory Y' organisation. It achieved commitment through conviction.

The transformation of the Prussian Army began with people and culture, spearheaded by officer selection and training.

Scharnhorst was looking for a particular type: intelligent, independent minded, strong willed and impatient. In 1810, a 'General War School' was set up in Berlin to provide these entrepreneurial characters with a common outlook, language and set of values. The right talent and the right behavioural biases were put in place as a first step.

In the long peace which followed 1815, the reforms lost urgency, but their spirit was kept alive by a few influential individuals. In 1857, a little known figure was appointed Chief of the General Staff. When he assumed operational command of the Prussian Army in the campaign against Austria in 1866, some of his subordinates were bemused. 'This seems to be all in order,' commented divisional commander General von Manstein on receiving an instruction from his Commander-in-Chief, 'but who *is* General von Moltke?'⁸

Helmuth von Moltke and *Auftragstaktik*

Field Marshal Helmuth Carl Bernhard Graf von Moltke, born in the first year of his century, was the main builder of the German Army which emerged from it. He was both a practitioner and thinker in the fields of strategy, leadership, organisation and what we would today call management. He was the leader and teacher of a generation of

German generals.[9] In that role, he developed the Army's basic operating model, which has become known as *Auftragstaktik.* It is perhaps his most lasting legacy.

Von Moltke espoused the cause of independent action by subordinates as a matter of principle. In his appraisal of his own victory over the Austrians at the culminating Battle of Königgrätz in 1866, von Moltke commented that the independent actions of two Austrian generals in pressing forwards and so exposing their flanks, ultimately facilitated his victory. Remarkably, von Moltke exonerated them. It is easy enough to judge their actions now, he observed, but one should be extremely careful in condemning generals. In the confusion and uncertainty of war, people who do so take risks. That must be accepted. Had they taken that aggressive action earlier in the day, or had they been supported by the rest of the Austrian Army, they could have reversed the result of the battle. 'Obedience is a principle,' he memorably asserted, 'but the man stands above the principle.'[10]

It is therefore something of a surprise to find that in the self-critical *Memoire* on the 1866 campaign Moltke wrote for the King in 1868, two things he singled out for particular criticism are 'the lack of direction from above and the independent actions of the lower levels of command'.[11] During the campaign, subordinates often acted independently without understanding his concept as to how victory was to be achieved.[12] He concluded that it was vital to ensure that every level understood enough of the *intentions* of the higher command to enable the organisation to fulfil its goal. Von Moltke did not want to put a brake on initiative, but to steer it in the right direction.

In 1869, von Moltke issued a document called *Guidance for Large Unit Commanders.*[13] It was to become seminal.

The document opens by emphasising the importance of clear decisions in a context of high friction which renders perfect planning impossible:

Planning what you can foresee.
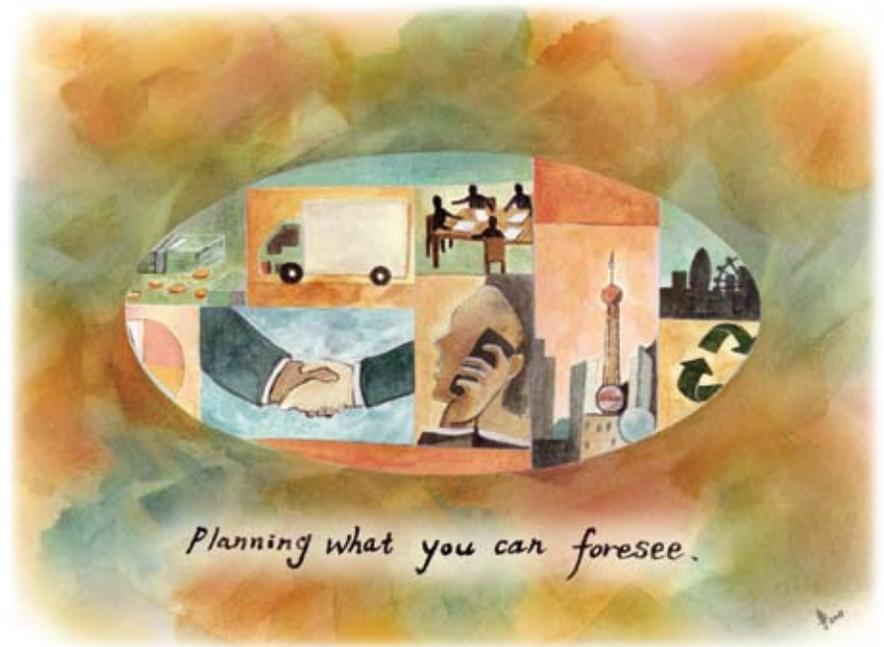
'With darkness all around you, you have to develop a feeling for what is right, often based on little more than guesswork, and issue orders in the knowledge that their execution will be hindered by all manner of random accidents and unpredictable obstacles. In this fog of uncertainty, the one thing that must be certain is your own decision…the surest way of achieving your goal is through the single-minded pursuit of simple actions.'

To accomplish that single-mindedness, orders must be passed down 'to the last man'. The army must be organised so that it is made up of units capable of carrying out unified action down to the lowest level. The chain of command and the communications process should ensure that instructions can be passed on. But the chain of command can get disrupted, so at all levels, people must remain in charge. People should dominate processes:

'There are numerous situations in which an officer must act on his own judgement. For an officer to wait for orders at times when none can be given would be quite absurd.'

> **Specifying too much detail actually shakes confidence and creates uncertainty if things do not turn out as anticipated.**

The problem is coherence. The solution was not to impose more control on junior officers but to impose new intellectual disciplines on senior ones. For senior officers, discipline involved:

'not commanding more than is strictly necessary, nor planning beyond the circumstances you can foresee. In war, circumstances change very rapidly, and it is rare indeed for directions which cover a long period of time in a lot of detail to be fully carried out.'

Specifying too much detail actually shakes confidence and creates uncertainty if things do not turn out as anticipated. It makes it less likely that instructions will fit the actual situation and creates more friction in the form of noise.

Furthermore, trying to get results by directly taking charge of things at lower levels in the organisational hierarchy is dysfunctional, for a leader thereby 'takes over things other people are supposed to be doing, more or less dispenses with their efforts, and multi-

> **In the self-critical Memoire on the 1866 campaign Moltke wrote for the King in 1868, two things he singled out for particular criticism are 'the lack of direction from above and the independent actions of the lower levels of command'.**

plies his own tasks to such an extent that he can no longer carry them all out…It is far more important that the person at the top retains a clear picture of the overall situation than whether some particular thing is done this way or that.'

Having issued some warnings about what not to do, von Moltke formulates his positive guidance on giving direction as follows:

'The higher the level of command, the shorter and more general the orders should be. The next level down should add whatever further specification it feels to be necessary.

It is vital that subordinates fully understand the purpose of the order so that they can carry on trying to achieve it when circumstances demand that they act other than they were ordered to do.

The rule to follow is that an order should contain all, but also only, what subordinates cannot determine for themselves to achieve a particular purpose.' [14]

The overall direction should be communicated in a cascade. Each level is guided by the intention of the one above, which whenever possible was articulated in a face to face briefing as well as in writing. Having been briefed about what to achieve and why, the lower level specifies what it intends to do and repeats the results back up the chain in what has become known as a 'backbrief'. Understanding an order means grasping what is essential and taking measures which put that before anything else.

Von Moltke's solution to the problem he identified in the 1868 *Memoire* is simple, but remarkable. Consider the more obvious alternative.

Faced with a situation in which junior officers had a high degree of *autonomy*, but the organisation's actions were not *aligned,* most of us would think about the problem as a trade-off, with autonomy and alignment forming the ends of a single spectrum. The obvious diagnosis would be that the organisation had moved too far towards autonomy and needed to be dragged back towards higher alignment. We would make a trade-off.

Von Moltke's insight is that there is no choice to make. Far from it, he demands *high* autonomy and high alignment *at one and the same time.* He breaks the compromise. He realises quite simply that the more alignment you have, the more autonomy you can grant. Instead of seeing of them as the end-points of a single line, he thinks about them as defining two dimensions. Alignment is achieved around *what to achieve and why.* Autonomy is granted about *what to do and how.*

The basis of Moltke's method was the articulation of an intent in the form of a mission or *Auftrag*, which consisted of a task and a purpose. Accordingly, the approach became known as *Auftragstaktik.* Whilst other armies sought to *manage* chaos by *controlling how* Moltke sought to *exploit* chaos by *commanding what and why.*

This implied a new concept of discipline. Discipline was not about following orders but acting spontaneously in accordance with intentions. They coined the phrase *'selbstständig denkender Gehorsam'* - 'independent thinking obedience'. The moral and emotional basis of *Auftragstaktik* was not fear, but respect and trust. A German officer's *prime* duty was to reason why.

The result is that the organisation's performance does not depend on its being led by a military genius, because it becomes an intelligent organisation. Rather than relying on exceptional individuals, this solution raises the performance of the average.[15] Being able to adapt to circumstances, the organisation will tend to make corrective decisions whilst executing even if the overall plan is flawed. In effect, Moltke *turned strategy development and strategy execution into a distinction without a difference*.

Meanwhile, the French Army waited for another Napoleon to turn up, and stagnated. Another Napoleon did indeed appear in the form of the first Emperor's nephew, Louis, who in 1852 assumed the title of Napoleon III. Unlike his uncle, he was not a genius. In 1870, rivalry between France and Prussia turned into war. When the French Army met the Prussian Army on the field, the results of Jena-Auerstedt were reversed.

The techniques of *Auftragstaktik* were refined throughout the following decades, and its principles animated what is now generally acknowledged to have been the most formidable army fielded by any European power since Roman times. In 1939-1941 that army won the most spectacular land victories in military history. Even though it was misused by a maniac whose pathological drive for control eventually led him to turn its remarkable operating model on its head in pursuit of his incoherent and evil fantasies, it took the combined forces of the rest of Europe and the two post-war superpowers five years to defeat it. In its last battle in Berlin in April-May 1945, what remained of the German Army inflicted 300,000 casualties on the three Soviet Army Groups which finally overcame it.[16]

From Auftragstaktik to directed opportunism

After a while some of those who had defeated the German Army began to realise that the Germans were on to something and began to devote the subject some attention. As it crossed both the Channel and the Atlantic, so *Auftragstaktik* slipped into English as 'mission command'. It is now official NATO doctrine.

The principles and practices of mission command are scaleable and transferable. They are found in the Roman centurions and military tribunes as well as Napoleon's marshals and Nelson's captains. 'All these,' one leading military historian writes, 'are examples, each within its own stage of technological development, of the way things were done in some of the most successful military forces ever.' [17]

We also find elements of this way in some of the most consistently successful business organisations.[18] Shortly after becoming Chairman and CEO of GE in 1981, Jack Welch took over the approach, calling it 'planful opportunism'. He quoted Moltke in a speech to the financial community in New York delivered on 8th December 1981, and it remained a lasting principle of his celebrated term of office at GE. [19]

The name I have chosen for mission command in business is

'directed opportunism'.

Its principles reinforce and are dependent upon each other:

1. Decide what really matters

You cannot create perfect plans, so do not attempt to do so. Do not plan beyond the circumstances you can foresee. Instead, use the knowledge which is accessible to you to work out *the outcomes you really want* the organisation to achieve. Formulate your strategy as an intent rather than a plan.

2. Get the message across

Pass the message on to others and give them responsibility for carrying out their part in the plan. Keep it simple. Don't tell people what to do and how to do it, but what you want people to achieve and why. Then ask them to tell you what they are going to do as a result.

3. Give people space and support

Do not try to predict the effects your actions will have, because you can't. Instead, encourage people to *adapt their actions* to realise the overall intention as they observe what is actually happening. Give them boundaries which are broad enough to take decisions for themselves and act upon them but not so broad that a mistake on their part would lead to disaster.

With great consistency, mission command allows an organisation to make rapid decisions in an uncertain, fast-changing environment and to translate them, without delay, into decisive action. They can exploit unexpected opportunities and recover from setbacks. Mission command unleashes human energy and acts as a motivator.

With an ancient lineage, the approaches von Moltke developed in the 19th century are perfectly adapted to the needs of business in the 21st century. The model is there. It is ours for the taking.

About the author

Dr. Stephen Bungay read Modern Languages at Oxford, where he received an MA with First Class Honours. He subsequently studied for a doctorate in philosophy at Oxford and the University of Tübingen, West Germany.

Stephen worked for The Boston Consulting Group for a total of seventeen years before subsequently joining the Ashridge Strategic Management Centre in 2001. He teaches on several executive programmes at Ashridge Business School, and works as an independent consultant and speaker.

He published his first book on military history, *The Most Dangerous Enemy – A History of the Battle of Britain,* in 2000, and a second, *Alamein*, appeared in 2002.

His latest book, *The Art of Action*, is published by Nicolas Brealey.

Since 2004 he has also been a frequent contributor to television programmes.

Notes

1. Gary L. Neilson, Karla L. Martin & Elizabeth Powers, 'The Secrets to Successful Strategy Execution', Harvard Business Review, June 2008, p. 60.

2. Laurence G. Hrebiniak, Making Strategy Work, Wharton School Publishing 2005, pp. 4.

3. Frederick Winslow Taylor, The Principles of Scientific Management, New York 1911, p. 13.

4. Douglas McGregor, The Human Side of Enterprise, Penguin 1987, p. 47.

5. Ibid., p. 4.

6. On what follows see Dirk Oetting's superb Auftragstaktik – Geschichte und Gegenwart einer Führungskonzeption, Report Verlag 1993. All translations are the author's.

7. Douglas McGregor, The Human Side of Enterprise, Penguin 1987 (first published by McGraw-Hill 1960).

8. Michael Howard, The Franco-Prussian War, Rupert Hart-Davis 1961, pp. 27-29.

9. A selection of his writings is available in English under the title Moltke on the Art of War, ed. Daniel J. Hughes, Ballantine books, New York, 1993.

10. Oetting, p. 112.

11. Oetting, p. 105.

12. Van Creveld, Command in War, pp. 121.

13. Verordnungen für die Höheren Truppenführer. A translation is included in the volume by Daniel Hughes, pp. 171 – 224.

14. Translations are the author's. They are based on the text reproduced in General Feldmarshall Graf von Moltke, Ausgewählte Werke, Erster Band, Reimar Hobbing Verlag, Berlin 1925, pp. 160 – 166. The passages cited can be found in Hughes' translation of the text on pp. 173, 176-7 and 184-6.

15. General Hans von Seekt, head of the German Army from 1918 to 1933, explicitly and repeatedly defined the job of the General Staff as developing the average rather than producing geniuses. See Görlitz, op. cit., p. 95.

16. John Erickson, The Road to Berlin, Weidenfeld & Nicolson 1983, p. 622.

17. Martin van Creveld, Command in War, Harvard University Press 1985, p. 270.

18. As a reading of Built to Last, by James C. Collins and Jerry I. Porras, London 1994, and From Good to Great by Jim Collins, Random House 2001 will suggest.

19. See Appendix A of Jack, by Jack Welch and John Byrne, Headline 2001