

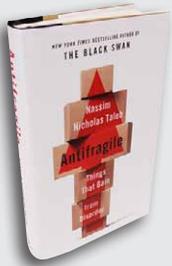
# Antifragile Strategic Planning

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## Abstract

Nicholas Taleb has introduced the concept of antifragility in his book “Antifragile: Things that Gain from Disorder”. Organizations that are negatively affected by change are fragile, whereas ones that can quickly capitalize on change are antifragile. Although Taleb describes strategic planning as ‘superstitious babble’, the concepts he introduces in his book can be used to make an organization’s planning more relevant and applicable to its needs. This goal is described through the use of four maxims of an Antifragile Strategic Plan: i) DO NO HARM; ii) CORE COMPETENCIES; iii) SUSTAINABLE ORGANIZATION; and, iv) BALANCED SCORECARD. A continuum compares and contrasts purely Fragile and Antifragile strategic plans, as well as recommends when to use which end of the continuum.

The SWOT+4 Information Management and Technology (IM/IT) Planning model is introduced on page 4. This model overlays four key IM/IT questions with the SWOT planning model.



it comes to a vision. Instead of putting it on a shelf, you replace last year’s version of the same document. Last year’s copy is covered with notes and stained with coffee cup rings due to frequent use and referencing. What makes one plan shelfware and another a much-referenced coaster?

## What Makes a Good Strategic Plan and So-What? Questions

Try this little experiment at home. Google “why write a strategic plan” both with and without quotes. There are millions of hits sans quotes, but only five with quotes. While hardly scientific, we are more inclined to know how to write a strategic plan than know why we need a plan or when we have a good one. Other so-what questions of developing a strategic plan include the following:

- What is the worst thing to happen if we do not have a plan? Can we live with that result?
- Three years from now, this plan will be a success if as a result it caused us to .... what?
- Who can answer these questions?

Robert Kaplan and David Norton, in their classic book “The Balanced Scorecard: Translating Strategy into Action”, answered these questions by identifying three benefits for developing and having a strategic planning<sup>1</sup>:

1. Quantify long-term outcomes.
2. Identify mechanisms and provide resources for achieving the outcomes.
3. Establish short-term milestones for the scorecard.

<sup>1</sup> Adapted from ‘The Balanced Scorecard: Translating Strategy into Action’ by Robert S. Kaplan, David P. Norton; Harvard Business Review Press, 1996. Pp. 14-15.



Many organizations select a set of outcomes and a flashy balanced scorecard and are then blindsided by subsequent unpredicted change. An Antifragile Strategic Plan takes the best of the balanced scorecard while also preparing an organization for change through the following attributes or maxims. An Antifragile Strategic Plan:

1. makes the organization no worse off than if there had been no plan (DO NO HARM maxim);
2. ensures the organization is getting better at its core business (CORE COMPETENCIES maxim);
3. describes the known-known changes facing the organization and ensures it has the capacity to weather all but large-scale unpredictable and irregular events (CREATING A SUSTAINABLE ORGANIZATION maxim); and,
4. identifies long-term outcomes, implementation plans to achieve these and short-term milestones to monitor their execution – but only after the above maxims have been satisfied (BALANCED SCORECARD maxim).

## Antifragility

In his 2012 book “Antifragile: Things that Gain from Disorder”, Nicholas Taleb introduces the concept of the same name. Generally living things are antifragile if they use environmental

## A Tale of Two Plans

A brand new strategic plan lands on your desk and it is a work of art! The colour schemes, visuals and the bold visions talk about a land of tomorrow in which everything will change. Getting up from your desk, you put it on your shelf next to the last equally dazzling strategic plan that has not been touched since it arrived a year ago.

Or... another dazzling plan lands on your desk that is more pedestrian when

stressors to become stronger. In contrast, a porcelain teacup is highly fragile. It does well in a grandmother's china cabinet, but hates change such as visits from the grandchildren.

A note on terminology, antifragile is not the same as robust or resilient. A seawall is robust surviving the pounding of the waves for decades, but it cannot repair itself. A coral reef needs the pounding of the waves to provide nutrients to grow and flourish. Beyond normal random variations in an environment there are 'large-scale unpredictable and irregular events of massive consequence' called Black Swans (think of the financial crisis of 2008 or a dinosaur-killing asteroid).

### How to Avoid Being Grandma's Porcelain Teacup

(Anti)Fragility is a function of optionality. The more options you have, the better you weather stressors.

- **Avoid Debt:** Debt is the single greatest killer of optionality. In the context of strategic planning, debt can be insufficient time, talent or treasure.
- **Tinker and Fail Fast:** Evolution, what Taleb calls the greatest antifragile force on earth, is constantly tinkering, failing and building on the occasional success.
- **Procrastinate:** If you avoid making a decision today and you can still select that path in the future, you have increased your optionality.
- **Seek Productive Redundancy:** Organizational capacity gives you options to react to minor environmental changes or even to a Black Swan event.
- **Small is Beautiful:** Organizational size has a non-linear relationship with fragility. As things get bigger, complexity increases making it harder to control, coordinate or communicate within the organization.
- **If it is Not Broken – Stress It!** At the gym, our muscles will overreact to a small stressor (e.g. lifting a weight) so that they can better handle a future larger stressor.
- **Beware of the Agency Problem:** Also known as having 'skin in the

game'. Ensure that a person cannot gain from the upside of a decision while avoiding the downside.

- **Expect the Black Swan – and hopefully it tastes like chicken.** Negative or positive Black Swan events will occur; antifragility allows us to weather or capitalize on these.

### Antifragile Strategic Planning

Unfortunately, Antifragile Strategic Planning is boring. Its first three maxims (DO NO HARM, CORE COMPETENCIES and SUSTAINABLE ORGANIZATION) will create a well-run and efficient public service. Good government seldom leads to ribbon-cutting, photo opportunities or tweets. Visionary (and tweetable) changes can lead to increased complexity and thus antifragility. Strategic plans tend to be visionary which is why Taleb calls them 'superstitious babble'. He goes on to say "... there is no evidence that strategic planning works... (it) makes the corporation option-blind as it gets locked into non-opportunistic courses of action."<sup>2</sup>

Despite Taleb's dismissive comments, antifragile strategic planning is more than an oxymoron. There is a continuum of strategic plans with a purely antifragile plan on one side and a purely fragilista (Taleb's term) plan on the other side with reality falling in the middle.

### To Antifragile or to Fragile, that is the Question

Visionary (and Fragile) plans tend to skip the first three maxims (DO NO HARM, CORE COMPETENCIES and SUSTAINABLE ORGANIZATION) and jump straight to the desired long-term outcomes. In contrast, Antifragile Strategic Plans ensure the business has good optionality first and then takes calculated future risks. The more skipping, the more fragile your plan. The more optionality, the more antifragile your plan. Skip or optionality, fragile or antifragile, how do you decide?

<sup>2</sup> All references are from 'Antifragile: Things That Gain From Disorder' by Nassim Nicholas Taleb, Random House Publishing Group, 2014.

While it may be tempting to pick a happy medium, this should also be avoided as it will neither sustain nor challenge an organization. A visionary plan can create positive disruption. It will introduce self-inflicted stressors that can result in a stronger and more antifragile organization. The more visionary a plan, however, the more likely it will become shelf-ware. Even worse, a plan that fragilizes an organization may leave it unable to survive environmental changes<sup>3</sup>.

Alternatively, an organization suffering from change fatigue may benefit from a few boring, albeit implementable, strategic plans. The risk is that the organization may confuse apathy or inertia for antifragility. The following table provides the ends of the continuum for different antifragile aspects of a strategic plan.

Hopefully, the concept of antifragility and this table can help you better answer the questions introduced above including 'Why do we need a strategic plan?' More importantly, Antifragile Strategic Planning will lead you to a well-thumbed and coffee stained plan in your future. For other thoughts on strategic planning in particular as they apply to information management and technology, visit [www.myorgbio.org](http://www.myorgbio.org).

<sup>3</sup> For a great summary of organizations who have fragilized themselves, read 'How The Mighty Fall: And Why Some Companies Never Give In', by Jim Collins, Harper Collins, 2009.



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[www.childrenswish.ca](http://www.childrenswish.ca)

Taleb Test & Definition	Fragile	Antifragile
<i>Best/Worst time to use?</i>	<p><b>Best time.</b> A healthy organization has become complacent. A visionary/fragile plan can wake up the organization even if it is never implemented.</p> <p><b>Worst time.</b> The organization has become fragile but the overall market continues to be viable.</p>	<p><b>Best time.</b> The organization is executing upon a predefined strategy. Also if the organization has found itself with fewer and fewer options because of environmental or self-inflicted fragility.</p> <p><b>Worst time.</b> The environment has clearly signaled that the organization is no longer relevant (e.g. continuing to manufacture buggy whips - assuming motor cars are a passing fad).</p>
<i>The degree of 'sexiness' for the plan. How many new ideas are there and what is their size? Directions regarding current operations.</i>	<p><b>Very sexy.</b> New ideas and a large list of new strategic directions pull the organization in a number of ways. The Do No Harm, Competency and Sustainable maxims are largely ignored as existing operations are assumed to continue as is or improve on their own inertia. Funding from existing operations may be re-directed to new ideas.</p>	<p><b>Boring.</b> The plan focuses on the three maxims before considering long-term outcomes. New ideas are funded but at a tinkering level and past non-failing ideas are given incrementally more funding to bring them further to fruition.</p>
<i>Details are ex/implicit within the plan. Can the typical reader look at an item and inherently say, 'I know how to build that'?</i>	<p><b>Very visionary but few details or measures.</b> Because the hard work is done (visioning), execution is sufficiently self-evident. Current operations, if mentioned, are subject to extremely stretched goals.</p>	<p><b>Details provided ex/implicitly:</b> Changes to current operations measures are incremental with few unknowns as to how to change the organization. Stronger measures are applied to new initiatives than to existing operations.</p>
<i>The number of new initiatives. These may be extensions of a current program area or net new efforts (e.g. new legislation, programs, systems, etc.)</i>	<p><b>Many large initiatives.</b> Smaller initiatives may also exist but they are often hidden from sight. Past initiatives are not listed particularly if they were not successful.</p>	<p><b>Many small initiatives.</b> All initiatives are listed to some degree. There is a listing of past initiatives successful or not and what the organization has learned from the effort.</p>
<i>Implications to organizational debt of time, talent or treasure of the plan.</i>	<p><b>Resourcing is unclear.</b> How the initiatives will be resourced is not explicitly stated. Time, talent and treasure are borrowed from current operations. For larger initiatives debt may be used to cover revenue short falls.</p>	<p><b>Funding is clear.</b> There is a clear resourcing plan for all existing initiatives extending to time (including organizational attention span), talent (staff and contractors) and treasure (funding).</p>
<i>Impact to optionality and organizational redundancy.</i>	<p><b>Few options; Resources are stretched.</b> Because of the focus on 'big bang' new initiatives, the organization is channeled into a pre-defined course of action. There may not be the organizational capacity to either implement or extract the organization from a failed initiative. The organization is poorly positioned to handle Black Swan events due to limited optionality.</p>	<p><b>Many options.</b> Underlying operations are working well and the organization can experiment with small scale tinkering. Promising experiments can be scaled up to the next level or be quickly terminated with clear lessons learned. The organization is well positioned to react to and possibly capitalize on Black Swan events due to redundant capacity.</p>
<i>Organizational structures</i>	<p><b>Constantly changing.</b> Rapidly and repeatedly changed to meet the current vision of the plan. Often the changes are done so as to streamline the structure.</p>	<p><b>More static and made thoughtfully.</b> Changes are made but with long periods of stasis in between. Benefits of the stasis is the creation of implicit knowledge and strong networks. The costs include inertia and personal fiefdoms.</p>
<i>Agency problem</i>	<p><b>Agency conflict.</b> A general manager or deputy minister may demand high visibility changes but will not be around to see their implementation through or feel the impact of their possible failure. Worse, the next 'interloper-manager' may completely change direction. The innocent left behind are blamed for its implementation failure.</p>	<p><b>No or limited agency conflict.</b> Because public servants are intimately tied to operational processes or small scale tinkering projects, they have considerable skin in the game to ensure execution occurs. 'Interloper-senior managers' are restricted to suggesting new small scale tinkering efforts or incremental improvements in existing operations.</p>
<i>Likelihood the plan will be used</i>	<p><b>Unlikely to be used.</b> Because of operational demands, environmental stressors and shortages of time, talent and treasure, the vision will unlikely be implemented.</p>	<p><b>High likelihood of being used.</b> Operations are being consistently improved and tinkering has resulted in small to larger gains in productivity without jeopardizing organizational time, talent or treasure. Better still the plan lends itself to being easily updated.</p>

**SWOT+4 IM/IT Strategic Planning Tool**

Whether you have a Fragile or Antifragile Strategic Plan, Information Management/Technology (IM/IT) is likely to be a part of it. Unfortunately, IM/IT is expensive. The advantages it provides are fleeting and are costly to maintain. As a result, an organization must strategically and operationally plan for its investments in IM/IT. The problem is, what exactly should be in the IM/IT Strategic or Operational Plan, and what are the questions these plans are trying to answer?

At the core of the SWOT+4 IM/IT Planning Model are the organization's Strengths, Weaknesses, Opportunities and Threats (SWOT). This 2x2 matrix is a mainstay of strategic analysis. In brief, it is a method to view a situation from two key dimensions: internal versus external, and positive versus negative.

The SWOT tool is incomplete when it comes to evaluating an organization's IM/IT. For example, is a change of technology an opportunity or a threat? Are the existing IM/IT systems a strength or a weakness? The answer is – it depends. As a result, an organization should consider the following four questions:

**Q1: ORGANIZATIONAL PLAN:** What is important to the organization? This is at the center of the model and crosses all four SWOT considerations.

**Q2: ORGANIZATIONAL IM/IT:** How can/does/should IM/IT support or impede what is important to the organization; does the organization have the right IM/IT and if not, when will it get it? This starts as an internal consideration and leads to external dimensions - factors such as regulatory compliance, competitor benchmarking and industry best practice.

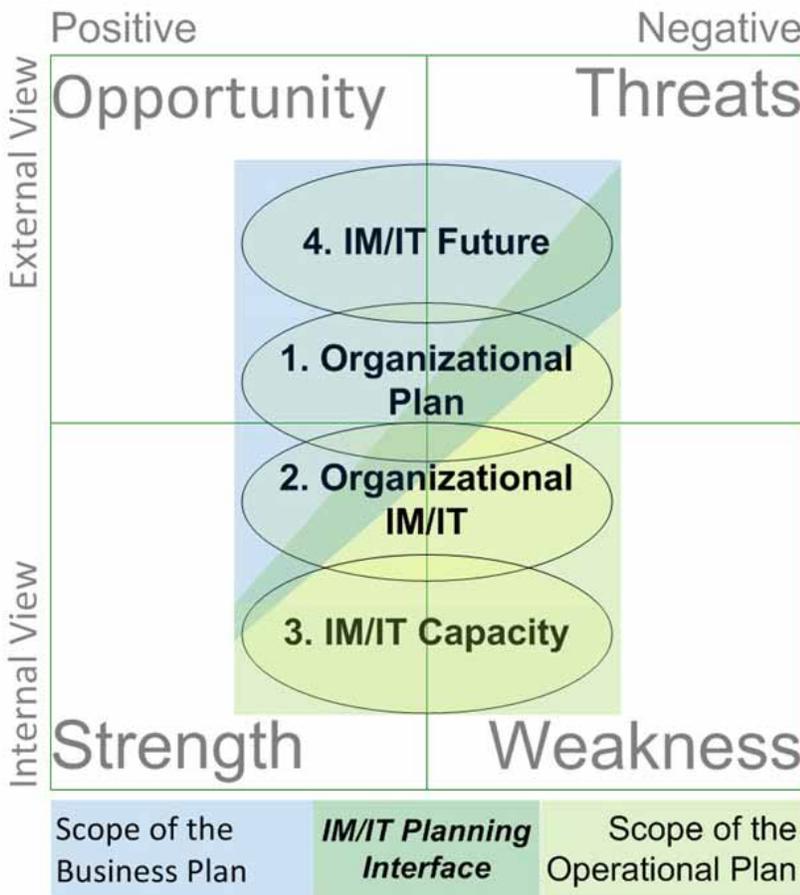
**Q3: IM/IT CAPACITY:** How well does the organization do IM/IT? Is it getting better, worse or about the same? What about the fleet of applications or physical resources - are they current or being run into the ground? These are internal organizational considerations.

**Q4: IM/IT FUTURE:** What organizational and IM/IT changes are on the event horizon that will affect the above?

The strategic and operational plans are overlaid on the model. The organization's strategic plans should be able to answer the questions of (Q1) what is important and (Q4) what is on the horizon. The IM/IT Strategic Plan addresses (Q2) organizational IM/IT needs, and the IM/IT Operational Plan focuses on the questions of (Q3) current capacity.

The following illustration provides a visual representation of where corporate strategic and operational plans end and where their IM/IT counterparts start. The value in the SWOT+4 model is evaluating whether there are gaps between the various operational and planning documents and how much overlap there should ideally be between these various planning efforts/documents.

**SWOT+4 Planning Model**



**About the Author**

Frank Potter is a professional accountant (CMA) and holds a MBA from the University of Athabasca. He is currently with the Ministry of Alberta Innovation and Advanced Education and is the Director of Strategic Planning for Information Management and Technology. Previously he held roles, typically at the Director level, within governmental and consulting organizations. To contact Frank, visit [www.myorgbio.org](http://www.myorgbio.org) or email [frank@myorgbio.org](mailto:frank@myorgbio.org)

