
Special Commentary: Memorandum for SECDEF: Restore “Shock” in Strategic Planning

May 05, 2020 | Professors Nathan Freier, Robert Hume, and John Schaus

*“How these trends interact and the nature of shocks they might generate is uncertain,
the fact that they will influence the security environment is not.”*

– 2008 National Defense Strategy

BOTTOM LINE – RESTORE “SHOCK” INTO STRATEGIC PLANNING PROCESSES

The Department of Defense (DOD) needs to re-institutionalize horizon scanning for “strategic shock” and integrate this perspective into its strategy, plans, and risk assessment. [Defense-relevant “strategic shocks”](#) are disruptive, transformational events for DOD. Though their precise origin and nature are uncertain, strategic shocks often emerge from clear trends. Shocks are often recognized in advance on some level but are nonetheless “shocking” because they are largely ignored.

Too often, rapid strategic shock catches the DOD off guard because leadership fails to account for it. To be sure, accounting for shock is a value judgment. Many may actually see what ultimately becomes a shock well in advance. However, readying for shock requires leadership to understand a contingency event’s potential for strategic-level hazard. Failing that, and once confronted with shock, leadership frequently mischaracterizes it as defying reasonable prediction and prior planning.

The run-up to COVID-19 is instructive on the subjects of foresight and shock. Countries that fared the best in the current crisis, such as [South Korea, Vietnam, and New Zealand, saw pandemic coming thanks largely to their experience with the SARS and MERS epidemics](#). They carefully examined lessons learned to prepare responses and are now reaping the benefits of their readiness.

The United States, on the other hand, [failed to embrace and act upon](#) the same insights in spite of experience with pandemic disease. The Bush Administration’s [2006 National Strategy for Pandemic Influenza](#) and subsequent [DOD Implementation Plan for Pandemic Influenza](#),

the [Obama-era pandemic “playbook,”](#) and [prominent recent think-tank gaming,](#) are ample evidence that the US had “strategic warning” of the current pandemic.

While COVID-19 is this memo’s backdrop, its focus is on how DOD can again regain the institutional foresight and corporate will to better see sudden transformational change in advance and prevent shock. Strategic shock has defined DOD’s difficult last two decades. Like COVID-19 for the US government overall, the terror attacks of [9/11,](#) a protracted and [unfocused war against terrorism,](#) and the [Iraq insurgency and civil war](#) were all foreseeable. Yet all forced radical unanticipated deviations from DOD’s preferred strategic course. Of late, [gray zone competition,](#) and perhaps now [COVID-19,](#) has the potential to force unanticipated change on the defense enterprise as well.

There are immediate demands associated with mitigating COVID-19 hazard that will require DOD’s undivided attention for the time being. To date, [DOD reports almost 62,000 personnel](#)—active, reserve, uniformed, and civilian—are supporting the COVID-19 response. As the department meets immediate needs, however, it should also learn how to anticipate, institutionalize, and prepare for future shocks.

Lessons learned from the COVID-19 experience about strategic decision-making and planning will be myriad across the department. The most important lessons are those that highlight the fundamental importance of shock proofing against the “known unknowns” that result from prudent horizon scanning. Integrating these lessons into the department’s corporate outlook will help shock proof it against the next profoundly disruptive event.

DOD is an inherently conservative institution. Change is a hard sell—especially change perceived to be inspired by speculation. Failure to learn from the current COVID-19 experience will again engender real consequences such as institutional turbulence, increased risk to strategic interests and objectives, and fits of ad hoc adaptation. These are poor outcomes for an institution already struggling to adapt to a [hypercompetitive security landscape.](#)

BACKGROUND – A PAINFUL CAMPAIGN OF (RE)LEARNING AND RISING STRATEGIC-LEVEL RISK

Since 9/11, DOD has struggled to achieve durable success because it fails to account for shocks in its planning and forecasting. Bureaucratic self-interest, service tribalism, and a bias for convention rob DOD of the creativity, imagination, and intellectual freedom of action it desperately needs. Without foundational change in this regard, DOD will find it increasingly difficult to deal with uncertainty and strategic shock.

Strategic shock results when the defense enterprise abruptly refocuses and retools to respond to an unexpected strategic-level challenge. Shock, as the word suggests, is fundamentally disorienting to the entire defense enterprise. Shock suddenly alters plans, priorities, and operations in ways that result in wide-ranging institutional change.

There was an attempt to institutionalize shock into planning through important [work on the concept of strategic shock](#) in advance of the 2008 Defense Strategy. This preliminary work on foresight is unsurprising given the times. The 9/11 attacks had been a punishing reminder of the high cost of [failed imagination](#). Beginning in 2006, in the midst of two protracted (and unanticipated) irregular wars, DOD's work on shocks was implicit recognition that it could not allow uncertainty to undermine the pursuit of deep insight, imagination, and creativity in strategic planning.

More important, the work on strategic shock reminded national security leadership that uncertainty—more than any specific tangible state or non-state threat—was in fact DOD's principal business. Further, DOD recognized that the degree of risk associated with uncertainty and the degree to which the defense enterprise sought to account for it were inextricably linked.

Risk in a defense context—defined here [as the likelihood of failure or prohibitive cost in pursuit of interests and objectives](#)—will likely skyrocket over the coming year. As the nation weathers a deep pandemic-induced recession, COVID-19 may have far-reaching institutional impacts on force structure, readiness, and modernization due to [downward fiscal pressures in the federal budget](#). These fiscal pressures may significantly limit US military freedom of action worldwide. COVID-19 has also already [heightened tensions in discernible ways between the United States and its pacing rival China](#). These tensions increase prospects for armed escalation in the Indo-Pacific and put American regional interests in substantial jeopardy.

Finally, rivals China and Russia have demonstrated a willingness to exploit COVID-19 for gray zone maneuvering. To date, this [manifests primarily in the strategic influence and information arenas](#) but may increasingly result in overt encroachments on vulnerable interests as the United States and its partners remain distracted by pandemic mitigation. Rival predations on US partners during this period of US distraction may be one unique hazard in this regard.

Further, domestic security concerns related to rivals' exploitation of the strategic influence and information space are noteworthy as the United States navigates a pandemic and presidential election amidst deep partisan and societal divisions. Russia in particular has already proven uniquely adept at leveraging electronic media to influence US audiences and sow disharmony. [China may be as active](#) as the Russians now on this front—though perhaps less widely recognized as such. These collateral threat vectors—created or accelerated by COVID-19—inevitably increase risk to interests and objectives for a US great power currently hobbled by pandemic response.

In the end, though circumstances may be without (recent) precedent, they are neither unthinkable nor do they defy estimation. A commitment to appreciate foreseeable shocks like COVID-19 may limit disruptions on DOD's ability to meet worldwide and homeland defense responsibilities. At a minimum, prior consideration of a pandemic shock certainly would have forced DOD senior leadership to think through and hedge against COVID's wide-ranging impacts. Such warning would enable the marshaling of means to adequately meet worldwide

military demands, secure the US homeland, and assist the American population in a public health emergency, all while protecting the force. Prior DOD identification and planning for this kind of shock might have also inspired substantial shock proofing across the US government.

However, we are where we are now. It is not where we have to be in the future. As the nation fights through and emerges from COVID-19, the history of DOD's interest in shock does not have to be a quaint artefact of the post-9/11 period. Instead, it can be a model for enlightened strategic planning through the next several decades.

“UNKNOWN UNKNOWNNS” AND “KNOWN UNKNOWNNS”— KNOW THE DIFFERENCE

Understanding likely and consequential shocks is an important component of more enlightened strategic planning. In February of 2002, Donald Rumsfeld quipped that uncertainty was reducible to a simple, catchy formulation—[known knows, unknown knows, known unknowns, and unknown unknowns](#). Many characterized Rumsfeld's press conference riff as nonsense. However, Rumsfeld's musings on that which is known and unknown are now [frequently applied in fields like project management](#) that also employ facts and informed assumptions in planning. DOD should take notes.

As the nation faces yet another practicum on unconventional surprise, a critical lesson for future Pentagon leadership lies in the differentiation of Rumsfeld's "unknowns." There are "unknown unknowns" and "known unknowns" relevant to defense planning. Both capture the concept of shock. One, however, is more compelling in a defense-planning context.

The "unknown unknown" represents the unlikely but consequential "bolt from the blue." It is a "discontinuous break" from our current intellectual frame and, thus, it is reasonably unseen in strategic planning. The "unknown unknown" is [Nassim Nicholas Taleb's "Black Swan"](#). "Black swans" are rare, high-impact events only predictable with the benefit of hindsight and a re-constructed reality. If prior DOD, US government, and private sector consideration of influenza is any indication, COVID-19 was clearly not a "black swan." Neither were 9/11, the war on terrorism, the Iraq insurgency and civil war, and great power gray zone rivalry. These are the more common but still dislocating "known unknowns."

"Known unknowns" are recognized uncertainties much likelier to emerge as actual problems in the real world. A "known unknown" is a ["gap in knowledge that an individual \[or in this case an organization\] knows about and is aware of at the relevant time."](#) In 2011, one of us suggested that this brand of shock was [observable but discounted or devalued in strategic planning](#). The "unknown" in this regard is not one of fact or fiction. Instead, the "unknown" qualities are more about specific characteristics like precise origin, timing, scope, and character.

These factors are often more significant and measurable than leadership is willing to acknowledge in post hoc explanations. Too often, institutional leadership characterizes all

shocks as “black swans.” “Who could have seen it coming?” becomes a comfortable shield against accountability until the next [disruptive \(and avoidable\) surprise](#).

PREPARE TO BE SURPRISED – INTEGRATING THE “KNOWN UNKNOWN” INTO PLANNING

While consideration of the true “unknown unknown” makes for an interesting thought experiment, the “known unknown” is where DOD needs to focus a greater portion of its future planning attention. This brand of shock exhibits four important characteristics.

First, the “known unknown” is most often consistent with recognized and observable disruptive trends in the strategic environment. Second, it is prone to sudden or rapid onset with immediate wide-ranging effect. Third, its long-term impact is transformational for the entire enterprise. Finally, fourth, it is often foreseeable in strategic planning processes calibrated to look for it. And, it is foreseeable in enough detail for senior leaders, strategists, and planners to adequately account for it in some detail in their work.

DOD’s most transformational events over the last twenty years were often knowingly sidelined in the planning and estimate processes that preceded their manifesting as shocks. The defense enterprise focused on rogue regimes, ballistic missiles, and weapons of mass destruction, but instead fell victim to catastrophic terrorism. DOD planned and built forces for two major theater wars but waged a worldwide war on terrorists instead. Rapid conventional regime change in Afghanistan and Iraq yielded decidedly “irregular” and protracted occupation, insurgency, and civil war. The reorientation to great power military rivalry of the [2018 National Defense Strategy](#) is already meeting effective indirect Russian and Chinese resistance in the gray zone. Now, COVID-19 threatens to unleash transformational impacts. The key uncertainty is the degree to which these force DOD to re-examine the entire defense proposition from objectives, missions, and capabilities to simple affordability.

As DOD learns lessons on warning and enterprise adaptation associated with COVID-19, it may also begin to consider sources of the next disruptive strategic shock. Dangerous trends in gray zone competition, nationalism, populism, political extremism of all persuasions, climate change, and public health are all potential origins of the next set of disruptive challenges. There are likely many other sources. Sadly, we do not anticipate DOD or the US government is applying substantial analytic or planning effort to these well-known hazards. Treating emergent future outcomes related to them (and like trends) as unknowable “black swans” is strategic malpractice.

RECOMMENDATION – SHOCK-PROOF THE DEFENSE ENTERPRISE AND ITS COMPONENTS

Going forward, DOD needs to address high-impact contingency events whose emergence would trigger sudden profound change in enterprise strategy, plans, operations, and priorities worldwide. It should do so immediately.

Like with the quadrennial [National Defense Strategy Commission](#), and President Eisenhower's [Solarium Project](#), DoD and its components should each charter third-party competitive analysis efforts. These should focus on identifying disruptive shocks peculiar to each organization and their institutional strategies. These efforts should account for the widest possible range of perspectives relevant to the charter organization and easily integrate into department-wide risk assessments. These studies would provide DOD, the wider executive branch, and potentially Congressional oversight committees, an important independent perspective on mid- and long-term risk.

This initial step in shock proofing provides only a preliminary buffer against the next disruptive shock. History indicates “known unknowns” are likelier than are the preferred contingencies that often drive decision making in more traditional planning and estimate processes. Thus, persistently widening the aperture for planning and analysis to consider shock will broaden perspectives to prompt early action to offset crippling future disruption.

Even well executed shock analysis does not necessarily prevent it. But, such analysis can posture the defense enterprise for more rapid and effective adaptation in the event of new shocks. Disciplined and rigorous strategic planning requires creativity, imagination, and intellectual freedom of action in strategic forecasting. Initiatives that foster these qualities will improve DOD's overall institutional resilience.

In the end, surviving a shock intact cannot define DOD success. Rather, success is *thriving* in the midst of shock in order to continue advancing objectives and interests in spite of profound adversity.

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