

**CHRIS:** Welcome to *No Turning Back*, a podcast hosted by General Stan McChrystal and myself, Chris Fussell. Our goal here is simple: to have serious conversations with serious leaders so that we can learn from the best and navigate these complex times together. Thanks for joining us.

**ANNA:** Stan McChrystal has spent a lifetime attempting to mitigate risk: importantly, in the military, and critically now in the corporate sector. He concluded that we don't handle risk very well – at both the individual and organizational level. This reality had been percolating at the back of his mind for quite some time.

The events of the last few years brought these issues to the front burner, and are the topic of his latest book, *Risk: A User's Guide*. I, Anna Butrico, am his co-author, and we're excited to share our book with you when it publishes October 5<sup>th</sup>, 2021.

General McChrystal and I had committed to writing this book before COVID-19, but the topics, and our conclusions, became more narrowed and specific as the pandemic tore across the globe. We argue, in our book, that the greatest risk to us, is us – but that there is something we can do about it.

This mini-series on *No Turning Back* will analyze risk in several parts. Stan and Chris will kick off the series today by exploring how the special operations community thinks of, and responds to, risk. Stan and Chris will examine risk in the games of poker and chess, talking to champions Annie Duke and Garry Kasparov, taking closer looks at how we make decisions in uncertainty. They will also speak to a former police officer about risk in law enforcement, and talk to an executive about corporate risk from both a CEO and board member perspective. Stan will even read an excerpt from our new book later in this series.

We're excited to share these ideas with you. This first discussion in the mini-series, on risk in special operations, is topical, timely, and thought-provoking, and a great way to kick off this new risk series. As a heads up: we had a little bit of trouble with the audio, during some portions of the discussion, but the insights shine through nonetheless. Now, over to Chris.

**CHRIS:** So, welcome everyone. This is a conversation today, just between Stan and myself. Stan will talk a little bit more about the risk series that we're going to be focused on for the next couple episodes in the run-up to the release of a book specifically focused on risks that Stan's been working on, along with his coauthor, Anna Butrico, over the last... two years nearly.

And so, in, in prep for that, we want to have a series of conversations with folks that are highly focused on the idea of risk from several different aspects. But today we just thought we'd talk amongst ourselves and sort of get some ideas on the table.

So, Stan, with that, over to you to sort of set conditions here for us.

**STAN:** Yeah. Great. Chris, our risk conversation started many years ago, about 2005 in Iraq. And as you talk about specific operations or risks to the whole mission, my sense was always

that we were thoughtful about it, but maybe a bit two-dimensional because there were processes to follow, and then there was the idea that we were “risk takers” as individuals.

And I don't think any field of duty in the military and maybe no vocation is more associated with high risk than special operators. And of course, I've always been impressed with watching films of SEALs suddenly emerging from the water with automatic weapons and moving forward to assault the enemy.

But, I know that doesn't just happen. I'm not sure it ever actually happens, but Chris, tell us about it.

**CHRIS:** Yeah. And there's...most of the last 20 years in a landlocked country. But yeah, it's, it's interesting for me... the first time. I mean, I joined the SEAL teams based on ideas of what I thought it was gonna be about. The first time I started to understand this is peace time, like late 90s, deeper ideas around risk calculation was in the diving... the special operations community has several specialized missions that they focused on deeply. Obviously, the SEALs are the water maritime force, and so combat diving, what it's called in, in, in special operations world, is a highly practiced aspect of the, of the SEAL community.

And what that is essentially it's under underwater operations, and you use apparatus that are specially designed for sustained time underwater. And they don't, they don't put off any bubbles or anything like that. So, you can sneak into harbors and that's in, you know, any movie ever made about the SEAL teams, there's some scene involving combat dive operations. It's incredibly hard, though. The movies make it look easy.

**STAN:** It can't be hard – you're SEALs!

**CHRIS:** But it's not, it's not... it's physically demanding because you're cold and it's dark and, you know, but...the execution of it is incredibly hard because of there's so many variables that are out of your control, right? It's pitch black. You don't do it in the daytime, obviously, so you literally can't see more than six inches in front of your face at any given time.

And you're at the whim of all these different currents coming... and you're trying to get into a location into a harbor, into, to find a boat or a certain landing site. So, you have to be very specific about where you're going to end up on this dive that could be two hours. two and a half hours.

And so, you plan these things in legs, right? Just like you would imagine a pilot planning a flight from New York to San Francisco. It's not just one straight shot, they're sort of bending legs as they, as they get there. You do the same thing underwater. And so, you have to try to account for the conditions: where the tide's moving, what are the underwater currents going to do to you, and what you learn early in the US approach to this sort of diving, the belief is to mitigate your surface risk. You stay under water the whole time. And so, you'll do, because the, the belief is if you pop up the risk of getting spotted by a boat or by someone on a pier or something goes up to an unacceptable level.

Now there are other combat diving units around the world that would say, for the reasons I'll describe in a moment, you're better off risking that pop above the surface, then you are going into the wrong port. So, it's an endless debate in the special operations community and combat diving.

But the way that I learned it, which had to do with risks, so you plan you're going to go a half mile in this direction. So, you're staring at a compass underneath the water and you do a half mile and you know, how long that takes you personally to kick you calculate for the, for the tide and the current, et cetera. And then you're going to turn X number of degrees, but you, but you create an error box, right? You can only stay... you can only guarantee that you will be within a certain amount of distance. You have to plan for the worst case from that first turn. And now if I'm at the edge of my arrow box and I, and I turn 90 degrees and I get to the end of my next half mile leg, my air box is much bigger.

And if the air box is bigger than the harbor you're trying to hit, you know, you can't guarantee that you'll get there. And so, you have to then approach, you have to get closer to the harbor before you launch, which elevates your risk. Or you offset even further and you add in the risk of hitting a hard point resetting yourself. So, there's all these risk factors that even as a very young operator, you have to learn to put in place in the hopes that you can be, that, you know, sneaking off the beach with your weapon in a dry bag, all this sort of cool stuff, but incredibly hard to get there and all these micro risks that you're trying to calculate for along the way.

**STAN:** What about the completely unexpected risks of your equipment malfunction or one individual has a physical problem. Let's say you got 10 people, one person gets a cramp or something worse, or you get a leak in, in something, and you get to the, to the beach and your weapon won't function. How do you factor in all of those kinds of things to calculating whether a raid like that makes sense?

**CHRIS:** Well, it's similar to some of the case studies that you talk about in your forthcoming risk book. It's putting more forces against it. Not, not surprisingly. That's one of the unique things you could do in the military. Okay. If I'm, if I'm trained up on this as a unit, I can assume that everyone can, can accomplish the baseline requirement. And I know the factors such that, even on the best-case scenario, based on the risks that we have built in this operation, we're willing to accept, half of them are going to get there. And so, if I need two people to come across the beach, I've got a launch - and I'm a two-person dive teams - that means 2, 4, 6, I gotta at least launch at least eight people, four teams.

If I launch them from the same location, the risk goes up, right? Because now they're all susceptible to the same risk. So, maybe I distribute them out. And so, you keep adding numbers up, but as you, as you talk about in some of those case studies, every time you add an additional set of operators, you had an additional boat, which adds more noise, which adds bigger signature, which adds another launch ship that's coming off of. And now you need more support on the south side because if the boat drifts... boat one drifts off, boat two hasn't been covered. So, these

things get, they don't get bigger, you know, linear fashion, it's exponential growth of the number of resources you need to stack on of something just to get those two operators across the beach.

So, it gets really complex, very fast.

**STAN:** I remember years ago, General Wayne Downing was commanding Joint Special Operations Command, and we were told we were doing real combat operations into Western Iraq in the First Gulf War. And he said we plan, or we develop special operating forces, with tremendous personal courage and great personal physical capability.

And then we craft operations hoping to never have to use those two factors. We want the plan not to be dependent upon that, but they will be backup. So, when I think of SEALs, I think, and knowing you personally, I think of one of your mitigating factors is to build into each operator, each SEAL, a certain ability to operate, even when things aren't working as they should.

Can you talk a little about that?

**CHRIS:** Yeah. And it's, you know, a lot of people, movies overplay this, obviously I think, or TV series, whatever... that these... overdependence on just, "we'll figure it out." Right. The most experienced operators I ever worked around were the ones that could do that. They had that innate ability to just figure it out on the fly, but they were also the most disciplined about having that base plan, and then saying no base plan, survives contact, but you have it in place so that when the confusion hits and people have to go into that individual or unit level adaptability, when they, when they mitigate that unforeseen problem, they have a plan to return back to.

And so they all know, "okay, it's at this time, at this location, let's reset the base plan and then make a decision to continue or turn around, whatever the case may be.

But if you... one person could go in and just figure it out on the fly, right. And you just, you send your best person out there, but the risk is Steven Seagal, you know, any hero ... we all know none of those people really exist because no, one's no, one's that good? No, one's bulletproof, right? And so you, you layer teams together, but then a team needs a plan, right?

Because we're not telepathic. Right. So, you have to, you want to know when the things get really crazy, these folks can figure it out, but they're also disciplined enough to have a base plan to return to very quickly.

**STAN:** It's interesting you keep using the word, "discipline." It comes back to a discipline approach to prepare for the operation, discipline in execution, when you're swimming for hours under water and following navigation and things like that. And then discipline to remove other variables, as many as you can, that could be risks. And then discipline into going back to your, you know, those things in your plan that you can hold on to. How do you select for discipline?

**CHRIS:** That's a great question. And push it back to you here in a second, because I think there's a selection aspect to it. There's also a unit level discipline that takes hold at the team level,

which, I saw... SEAL teams has its own fun and unique sort of culture. Doesn't like to be told what to do, right, from the individual level up to the... and you, you dealt with that for years. And there's some creative opportunity to get because of that.

I think on the selection side, I can only speak to the units I was in in the SEAL teams. Those, those selection models are built... I think it's, it's arguably one of the best things the SEAL community does. It's been running this Basic Underwater Demolition SEAL training, BUD/S, for generations, and it's a science and it just... and I say that because you can put, you know, operators come in from all sorts of backgrounds, they become instructors, and the product is always very good. It can always be better, and it has gotten better with every generation, but it's such a dependable process because I think of the discipline built into it.

How fast someone has to be able to run. How many... you think it's all made up as you go through, that the instructors are completely in charge. They're actually, for the most part, following a very tight script, it's a hard script. It doesn't mean it's easy. You could get the playbook and it would still kick your butt.

But how long we're going to keep them in the water when it's cold. How many hours we're going to keep them up before we give them some rest? How many calories have they had today? It's honed down to this very, very tight, tight process. Because it knows, this is, this is going to be incredibly hard and only certain types of individuals are going to make, make it through.

And then I think on the individual side, people that have a, a certain level of personal discipline know, this is going to be chaos, for me, that's gonna be painful. I'm gonna be exhausted. And so those that are hardwired to say, but I'm going to buy down the pain whenever I can, or the confusion when I ever I can, and so my, my boots are always going to be laced the right way, because I know when we've got to go suddenly get woken up and go to the beach, I have to throw my uniform on. If I can have that perfect, which is personal discipline, then I'm going to buy a little bit of white space. I'm going to be a little less confused, a little, my exhaustion will matter a little less than, than it would otherwise. And you, you make it through one more evolution, right?

And it's those individual wins, many of which come from personal discipline, that I think, select people through. Now, I'd ask you back on the, on the unit level, you know, the, the Rangers where you spent many years of your career, do a fantastic job of taking, you know, young infantry soldiers, put them through an equally demanding selection model, but when they put them together as units, I remember watching over in Iraq one time, a unit that had been, been struck by an IED, and this Team Sergeant, congratulating them on the discipline of how their uniforms were all prepared and he gave like two or three examples of, um, everyone had the right eye protection on, in the vehicle.

And so no one's eyes were damaged, even though there were many guys that had facial damage from the blast. And he said, look, if you were blind, you were useless in the next 10 minutes. And he gave the example of everybody's med pack was in the right way. And that's why Smith

was able to take care of Jones in the moment, because he knew exactly where to reach in the dark.

So, that level of unit-level discipline was always equally impressive to me.

**STAN:** It was something, when I joined the Rangers, they were the modern Rangers formed in 1974 and the Army was not doing well. Coming out of Vietnam, there was a number of discipline and other integrity issues. So, they formed these first two Ranger battalions, and the idea was we will do everything right.

And that started with the basics. And when I joined, everything about your uniform, everything about your rucksack and equipment, had to be tied just a certain way with a certain kind of parachute cord, with a certain knot... that reflective tape on the back of your hat had to be sewn a certain way using dental floss and whatnot.

And it seemed absurd because in the moment you're thinking people should have some room for individual expression, which good for them, but it did two things. One is: if you picked up somebody's rucksack and you were looking for a piece of equipment or a poncho that you needed, you knew exactly where it was.

Also, every individual got used to the habit of doing things correctly. There is a reason you do them correctly. Whether in the moment you think there's a good reason or not, the organization has figured it out, and because most Rangers start very young, it's not a bad thing.

I joke with people. I still fold my underwear in my drawer because that's what West Point taught me to do when I first arrived in 1972. Now does it make a difference? Now I would argue it does. It's critical to life, but the reality is I do a number of things that are some of which are very good habits.

Bill McRaven wrote a great book after a speech he gave about Make Your Bed. And he argues that every morning, the first thing you should do is make your bed because it starts that discipline. And I do that every day, my wife, Annie, hates it when I make it when she's still in it. But the reality is, you know, those habits go a long way to that discipline you talked about being so critical to the effectiveness of an organization.

**CHRIS:** I remember reading someone's memoir from Vietnam, an Army infantry soldier. And he had started as a young enlisted soldier and eventually got us battlefield commission and led as a, as a young officer in Vietnam. But he shared this vignette that always stuck with me, which was, you know, his crusty old Sergeant who was probably 21, right, who had been through .... insisting, and it drove him crazy as this young, you know, recruit that over in Vietnam. It went anytime there was quiet.... this little Firebase they had to... they had to keep their their bullets in their magazine polished. And he would come around and inspect the brass in their, loaded rounds. So, it opened ... gear or whatever they called it, their... and empty rounds and make sure that the brass was polished. And he was like, this was an insane we're at war and I'm polishing brass that's just going to fly into the mud when we get into a firefight.

Then he got to his first firefight. No one had a jam, right. So it wasn't, which means the weapon didn't stick. The Sergeant didn't care about polished brass. He was, he was driving a behavior to set conditions for success. He was de-risking the likelihood of a jammed magazine, which means that gun's out of commission for a few seconds if someone's really good, perhaps longer, if they're not, at dealing with that jam.

By forcing some, what seemed like to an 18 or 19 year old soldier, a silly... but as soon as no one died in the firefight, they realized that's brilliant. Okay, now I understand how he's trying to change our thinking. So, it's those, it's those small individual things that really add up to such a powerful, you know, de-risking of situation.

**STAN:** Absolutely.

**CHRIS:** I'd love to pull it up to the strategic level, cause you, you know, overseeing, we can start the military and talking to other spaces, but the, how you looked at, especially, you know, commanding all these specialized units that you knew, Hey, put those folks on a helicopter. You can put them into a dangerous situation. I'll figure it out. That wasn't always going to work, but more, more, many more times than not, but you couldn't just lead like that. Like just get them out everywhere. Right. Cause there's a collective risk that sits above that. That has to be managed in a much more strategic fashion.

And I'm going to make some assumptions here, just based on what, when we both came into the service, that when, when you were coming up, your job was to, as a young officer leading those units, smaller units, was to talk to your commanders and say, "I've looked at this from every different possible angle. And we have mitigated the risk down to zero or as close to zero as possible. I can, I can guarantee you a success if all these things line up."

That didn't work anymore in a much more complex world, but you also, as a senior commander, had to make sure that the risk could be mitigated. So, if that's a correct capture of that evolution, I'd be curious how you looked at it from a senior level because it was so different from when you were down leading a tactical unit.

**STAN:** Yeah. I think it's really important that we talk about this because the conditions in which you're operating matter a lot. I entered the military coming out of West Point in 1976. And the nation was in a sort of a post-Vietnam hangover.

And so, the problem there is we really didn't know how to go to war. We didn't know how to fight. Our training really was not very effective. And so, as a consequence of that, what occurred was we couldn't make those kinds of experienced judgments of anything. We had to read books and try to do things sort of rote, and we did our best at it.

But the nation, wasn't sure how it felt about war or casualties because we were in a confused state. Then what occurred is we started to have things that affected us personally, you and I over time, the Iran rescue mission, when the effort was made to go into Iran with some special

operators in the spring of 1980, and the mission failed for lots of reasons, but one of the great impacts on the force was: we will never fail again.

Now this is a special operations community. So, it became an unspoken requirement that we drive risk of failure to as near zero as possible. So, the opposite of what you see in movies, in those, in the years after the Iran rescue mission, we wanted to plan extensively rehearse over and over, have every potential piece of equipment and force you could.

And it made the organization very risk-averse on a strategic level, i.e, we weren't as useful for the nation because we were so worried about not failing, not letting the nation down, that we weren't able to understand how much risk is prudent in the moment. And then of course, the American military, particularly the Army, went through the Bosnian years and that came... first, there was Mogadishu in 1993 at 18 Americans, special operators, largely were killed and the nation recoiled.

And the idea was if you lose American lives, then it's automatically a failure. And so, we went into Bosnia in the second half of the 1990s with the mission of no casualties. Well, the problem with that, if your metric of success is no casualties, you're probably not, shouldn't be in the mission because you are going to do things in a way that makes you so cautious and so self-limiting that you got problems. And then we sort of grew out of that with the First Gulf War, and then as you and I remember, we got into first Afghanistan, then Iraq. And we started those wars with the idea that we want casualties to be as close to zero as possible. And that proved to be unrealistic.

Then you had the question of, as we prosecute operations, where's the crossover point, what operation is worth taking risk of casualties? At the height of it, when we were together, our forces were doing 300 rates a month, just in Iraq, 10 every night. And we were failing on about 30% of those. 70% were successful, and that does mean no casualties. That just means we accomplish the mission and 30% were complete failures. So, then you have to say, well, if I, 30% of the time I'm failing and many of those involve casualties, how do I process risk? Is it worth putting people out the door? If I don't have perfect intelligence or if I don't have all the assets I want, or we've, haven't had time to do rehearsals and whatnot.

And where I came to that was sort of an organic outcome. I spent a lot of time, as you remember, talking to the operators, dealing with the commanders, feeding how they felt, getting their sense on whether we should go, giving them a tremendous amount of autonomy on picking, not the overall mission they had to solve, but how they did it, the tasks they did, the mission, when they executed, because they were most in touch with the level of risk at that moment. It wasn't that I was absolving myself a responsibility for that risk, but I was giving them the ability to, to meter and adjust their behavior.

And then we constantly talk about really the two big risks: the first risk, are we going to lose this war? And that was unacceptable to me. And I think as we communicated up to our decision makers, that was the same. And then the question of what were we going to pay, how much we were going to risk to achieve that? And there were several times during the fight where we



accepted disproportionate risk. Risks I thought I would before the war, we were never would have accepted or I would never have accepted, but we did because in the moment in the time I thought the risk and the potential costs related to it.

And again, it's almost a contract in special operations within the force though. It can't be top driven to say, go do something incredibly risky. It's gotta be, we're trying to solve this problem. Are you willing and able to accept the risk of that particular mission?

**CHRIS:** So the, analogy was used then, and we talked about a lot now is, changing the denominator, right? If it was some of what you just described. You know, I'd certainly joined a forest in the late '90s that was one-to-one, right. If you get one opportunity, it's gotta be a hundred percent because you didn't get many opportunities then. And leadership started to challenge that and say, well, what if it was two out of three? What if it was three out of seven? What if it was two... and the ultimate ratio that you just talked about?

The way I pivot that over to, sort of the corporate discussions is, you know, if you imagine a baseball game, if you've got one home run hitter, and that person bats a thousand. So, every time they go to bat, you're going to, you're going to get you're in a score, but you've only got one player and you get one at bat every inning, okay, you're gonna, you're gonna, you're gonna score nine runs.

If you're playing another team who plays by the same rules and that got hit 700, you're gonna win, every single time. If you're playing a team that bats 100, but you have no idea how many at-bats they get every night, chances are you're gonna lose. Over time. You're just, you're just gonna lose. Cause they're gonna, they're going to be batting horribly, but they're going to score 50 runs in the game.

Right? So that shift requires that decentralization down to the lower level to allow those folks to figure out what that ratio is. So, maybe teasing out a little bit deeper: how did you, because everybody's wrestling with this right now, because I do believe that acceptable speed, acceptable amount of risk to move faster than the, than the environment, the competition, et cetera, is so critical now. But how did you, when you started to push that mentality, how did you get units and commanders comfortable with that, changing the relationship between those two? And then there were times when people say too much risk, we're not going, how did you get comfortable with knowing when that decision to pull back was correct? Because the focus on speed was so important?

**STAN:** Yeah, it was a constant conversation because as you're a member, the speed part and the aggressive part, I pushed really hard at the beginning. And the way I did that was to just describe the situation in Iraq, what we needed to do, I thought, to win and buttress that with intelligence to get the organization to understand why I felt we had to have a certain number of operations to have the needed effect against the enemy.

But it wasn't just that simple for really two reasons. The first was, there are times when we had one, really a memorable case in 2004 in Fallujah, where we were going to do an operation into

downtown Fallujah when it was held entirely by al Qaeda in Iraq. And we had a leader from... who's going to lead this force in there.

And we had done really good planning. He'd put together a plan where they were going to go in with helicopters and then be picked up armored vehicles. And we're going to air support and whatnot. It was to me, a prudent plan. And then we started getting limitations put on us. I don't remember the order they came, but one of them said, you can't do an air strike. And then another said, well, you can't bring the armored vehicles in. And those limitations kept being added cumulatively, but one at a time. And the mission was on, and the mission was on. And finally the commander on the last one comes in and I heard it and I said, okay, it's kind of like the pot, the water in the pot being turned up on the frog. And the frog finally jumps out.

This commander calls me and says, okay, boss, it's now too dangerous. And I remember him saying that and I wanted the mission to go because it was going to do what we needed it to do. But I remember in the moment saying, you're right. You're the guy who's going in. Your assessment of the risks here is more accurate than mine. But I learned a lesson that day, because I would have been willing to let them go, because I was becoming almost deaf to the cumulative risks that were arriving or that were arising and organizations can do that. You think of the financial crisis of 2008 and whatnot.

So, the danger, the other danger I'll mention is we, we pushed hard, was almost probability over time. We had, we're pushing the force hard and we're doing rate after rate after raid. The problem is, with a limited force who are very human and each human in that force is extraordinarily important to us, you run into the probability that although on nine operations in a row, they may be fine, on the 10th operation, you may take real casualties. And that is also cumulative. It's cumulative in the loss that you take and it's cumulative of the impact on the force. So, you can't automatically assume more is better if every time has a certain risk. Even if you, again, you've got a 90% chance of success on every one, and you do 10 operations, you don't have a 90% success overall because it's nine times.... chances are you're going to have one go horribly bad.

**CHRIS:** Yeah. Those are both great examples. We have, in this series, we'll have a discussion coming up soon with Annie Duke, brilliant woman, PhD, um, but also a very successful professional poker player.

And one of the areas we'll talk about with her, which, I wanted to get your thoughts on as well is you and she walked through, as listeners will hear in a week or so, when that's out, the... comparison of a Custer leader and a Washington leader. So, General Austin and General Custer. Custer won by knowing when to retreat and knowing when there was decisive moments, customer went through aggression until he didn't.

And much of, I think, ties into what you were just saying. Like one, one was calculating the risk individually every single time. The other was arguably had developed a bias towards action that ultimately cost his life and the whole, his entire unit. Could you see that in different leaders, like the leader, you just noted, had a very successful track record with you, and so when that person called and said, not right now, boss, you just knew, okay. I can trust this person's judgment. Not

to categorize it, that person has one or the other, but did you have a lens that you looked through at subordinate leaders and said, you know, this person is more prone to over aggression? This person is more prone to risk mitigation? Or was it individual every time?

**STAN:** No, you get to know them over time because people do start to reveal to themselves, but to others, like the commander, what their tendency is - and you have to watch it. I had been in JSOC and left it immediately before the operation of Mogadishu in 1993.

And the thing about the Black Hawk Down became the famous book and movie about it. But one of the things that people don't understand is that was the seventh operation. There had been six before it, and in those six, the conditions had gotten more difficult on each mission. Each one had been accomplished and without loss, but the reality was the conditions were getting riskier and riskier for each success of operation.

And so, when they made the decision to do the seventh, arguably, the mental calculations they used for doing the mission and the time of day and the force involved didn't match the risk situation anymore. And so., how do you avoid that idea that you become, almost tone deaf to the fact that things around you are changing.

And I had to watch leaders because you're right. We were overwhelmingly successful. Our operators would win almost every fight. You open the door and two sides are shooting at each other. The skill and courage of our, our teams made us win. The danger with that is they don't win every one. And if you start with this idea and I, and I saw commanders who became, and I don't want to use the term overconfident, but I will say used to getting a certain outcome from a thing that is still only probability based. It's not a sure thing. And so I found different commanders now, to be honest, I found more that were a little bit timid or risk averse than ones that were overly aggressive, but we had both kinds and you just had to watch how they make decisions.

And that's another argument for senior leaders have gotta be engaged. You can't sit back and look at statistics of what's happening in battle reports. You have to get down and see how people are making decisions on the ground and in the moment, you have a real feeling of what they're going to do, uh, in critical moments of risk.

**CHRIS:** Yeah. Super interesting. We got some great questions in from, from some of our listeners in prep for this many, which we've just sort of... when talking through and around in our, in the last 30 minutes or so, but there's, there's a few I want to pull into here to the, to the discussion.

One that I'll, I think builds on what you were just saying. The question, we've got a few questions along these lines, this line, because it's, I think it's top of mind for a lot of industry leaders: it's around the risk of inaction. And I think some somewhat, you were just talking on, our summary of a few different questions is, what's the best and most accurate way to quantify the risk of not doing something? And how to assess that, that opportunity cost. And that's, that's something we are in our, in our work now in the corporate space, we address all the time.

The way I'll take a spin at it, the way I think of it is that is absolutely the right question to be asking because it's oftentimes in today's environment, it's the risk of the things you chose not to do at the tactical frontline level, however you think of your organization, that can be the right decision in the moment, because I know as a, as a smaller unit leader, you're tended to thinking this in this binary fashion. Should we do this or not do this? How do we mitigate the immediate risk?

And you don't see, what if 16 other leaders all say no right now? And all of those risks are 0.1 by 0.1 times 16, becomes a real risk that rolls up to your level. Right? So how do you... and that oftentimes the executives that we talked to say some version of that, it's the things we're not doing that might've failed, but we'd have learned fast from it, that I'm really worried about. How did you get a sense of seeing that? Maybe it's the communication and relationships that you were just talking about?

**STAN:** I very rarely saw anybody try to quantify or even qualify the costs of inaction. Because remember, people are typically not judged on things they don't do. They're judged on, they make a decision and they can always find an excuse for why I didn't do something. And I've told this story too, before, and you lived it. We would often ask for permission to do an operation and someone in the approval chain, you know, in the middle of it, would ask for more information to a ludicrous level.

And then they would put us back in trying to gather that information and the opportunity would go away. And then that, that bureaucrat, I use that term pejoratively would say, dammit, I really wanted to do that operation. Why didn't you come prepared? What they'd done is they avoided the decision. They weren't responsible for approving it or for disapproving it, they sort of thrown it back to you when, in reality, what they had done constituted disapproval.

So, what I find is: if you can tell people, if we don't do this, or don't do something. This is the likely cost. Then I think you could, you can remind people, this is a decision. There are multiple courses of action of which inaction is one that you are, are choosing. I've described this to people before: President Obama had the decision, whether or not to do a raid, to go after Usama bin Ladin in 2011.

And we're all very thankful that he did. But I would also argue, I don't think he had much choice because had it come out later that there was a very high probability intelligence of Usama bin Laden's location and a president, any president of the United States had not acted, then the political fallout would have been crushing.

And so, in that case that the cost of inaction was probably never stated in the room, but it was probably understood by most of the people who were involved in the deliberation, that there was certainly a push to do something.

**CHRIS:** Yeah. It's a, it's a great case study because it's so well-documented. In a class that I teach, I teach that specific case study because of that reason you can like, it's almost like the Cuban Missile Crisis.

It's almost down to the minute now, you know what happened during that window? Each meeting, who was there, what they thought, but it does the, the, the decision point, if you really look at it through a nuanced lens, was much earlier than the final slap the table we're going to do at meeting. It had already happened. And it became... by that point, it's binary. You either put massive risk into the system by saying no, where you go for it.

And I think that comes with, that's a seasoned leader that sees four months out. We've already boxed ourselves in to, we have to make this decision.

**STAN:** It's very interesting you bring that because in the new book, the risk book we talked about President Kennedy's approval of the Bay of Pigs operation, right at the beginning of his presidency. And interestingly enough, there was already a force of Cuban expatriates, 1400 of them and brought together training, there was this planning and going on, had a brand new president, turn that off. What do you do with these 1400 Cuban expatriates who are, you know, very excited to go back and liberate their country?

What do you do with the planning? Because the reality was, it wouldn't have stayed secret. And then, a president would have been accused of being soft on communism. And so, there was a big, there's a big risk.

**CHRIS:** Yeah. And it's a great one... both are just great case studies in how decisions get made at that level. Another interesting... think build on that... some of the question that came in from some of our listeners were tied around sort of risk mitigation tools that you've found that map over very well into the, into the corporate space, whether that's After-Action Reviews, communication structures, et cetera, there's a long list.

But I'm curious in, in your conversations at the, at the exec level of your, you know, this, this broad network of CEOs that you're engaged with constantly. Where, where do you see direct relationship between things you learned in that environment and what executives can be thinking about now?

**STAN:** I'm going to turn it and ask you to start. If when you were leading SEALs and you were given a mission, what are the things you did to mitigate risk before you execute?

**CHRIS:** Yeah, it's a great question. I think understanding your, your people, right. It's hardest when you're new, because you don't know, you don't get that call from somebody, you know?

Right. If understand how this person processing information so quickly understanding how people view things, recognizing that we can all look, especially in a complex world, we can all look at the same thing and see it differently. You know, it's the elephant and the four blindfolded people sort of thing, which is very true. Right. So, understanding your folks.

There's a model to communication that is critical, right? It's people that think deeply about this. We have some of those on our team. We would tell you, look, it's impossible to pull the bias out of, out of a meeting, right? It's just going to happen. Now, there are tools you can put in place. One of the favorites from that community is, you know, start with the junior folks and work your way up with what are we missing here? What's wrong? That is a good tool, right? Because then it's not the senior person saying here's what I think everybody agrees with them.

There's also, I think, In the After-Action Review, I always, I don't think I did this particularly well as a tactical unit leader, maybe on some good days, but I learned to look for it when, when I had those units working around and for me was do in the After-Action. How do they, so you've done a thing. And how do you talk about it? And what I found, I thought the best leaders and units were the ones where they had done something successful that on paper... that was great. Instead of moving on, they treated it just like it hadn't succeeded. And so, they would go around and say, okay, because even on the best days something went wrong. Right. What were those things? And then forcing themselves to say, yeah, let's forget that that worked like we thought it would, what did we do wrong?

And when you saw really honest conversations and that was oftentimes at an individual level saying, you know, we got to this point, I had misunderstood the intent and I thought, we'll go left. We went right. It's fine. I made up for it. But somewhere in our communication that wasn't clear to me, or luckily we didn't need this piece of gear because I didn't think we're going to, and I didn't bring it. And that wasn't clear enough in the intent or whatever. Those sorts of improve, even when it looks good on paper, in the After-Action and the hotwash, there's lots of names for that, but really pressuring yourselves as a team to improve when it looks like you don't need to is, is one of the massive differences between average and great.

**STAN:** Yeah. I think that's very appropriate at the corporate C-suite level as well. If I simplified it, I would start with know thyself. You know, I remember seeing some plans for operations where it says we are going to walk 42 miles this way, and then we're going to sneak in, so when you say, whoa, you guys can't walk 42 miles, that that's not realistic.

And so, you start... what can the organization do? What can't it do? And that takes a lot of work. And then there are places where you can improve what it can do through practice, training and whatnot. And then there are other cases where you just have to know.

You can also build trust up so you reduce some of the friction between parts of your organization before you go. So, I think the first and really the most important part of a C-suite element and says, we are going to try to take on this task and look back at yourself and see, can my organization do that? Okay. And you design it and then fix it places. Then look at the problem and make sure that you understand the problem. Make sure you understand, first: what is it we're trying to do? What would be required to accomplish that? And then one of the conditions around us, whether it's competition or business environment, or other potential headwinds against you begin to affect you?

It's more obvious, or it's more common for them to look at the external factors and fixate on those and just be overly confident about what their own organization can do, when in fact your understanding of the external factors will always be imperfect because one, your information's a perfect and two they're constantly changing.

**CHRIS:** Yeah. It's a great point because it's core to the thesis of, of the risk book that you have coming out in a couple of weeks here.

I know your, co-author, Anna is on the line listening as well. I'm going to ask her to jump in here in the back side of the conversation here. Anna, I'm curious from your perspective, what we've, what we've missed here, right?

Because Stan brings up at the end there, I think one of the core ideas from, from, and you've been looking at risk for the last two years is... that it's so often internal. Right? And you can look at any of the, from, from 9/11, 20 years ago, to COVID over the last year and a half, two years, those are internal problems, ultimately. There's an external, massive threat out there, but it's our inability to coordinate effectively internal that makes it worse than it needs to be. And so, I'd love your thoughts on how you've looked at that model and what we might've missed in our conversation so far.

**ANNA:** Yeah, I think, I think it's interesting and I agree with everything you said. I think the way that I think about it and the thesis of the book that we argue is the greatest risk to us is us. So, if you think of risk as a product of threats and vulnerabilities, so, threats times vulnerability equals risk. We typically think of the threat as the enemy, everything that you've discussed today, whether it be in the Bay of Pigs, whether your own experience, um, to the missile crisis, Eagle, claw, et cetera, we think of the threat.

Where a lot of our conversation has been sitting, and I think it's really fruitful discussion is that vulnerability piece. What can we do, how can we position ourselves, communicate, act, et cetera, to mitigate whatever that threat is.

I mean, as we're seeing of late threats have been changing, particularly if you think about COVID-19 threats, change the enemy will change. How can we focus on what's in our control, which are the vulnerabilities that we can mitigate. So that's how I've been thinking about it. It's a tale as old as time, but especially important now.

**STAN:** But you know, it's interesting, Anna. When you and I started the research for the book, it took us a little while to really accept this premise because the idea of risk is: I don't understand the risks out there well enough, and therefore I'm not dodging them.

Where we came around to, is, in fact, you gotta be a better hitter as opposed to wondering what the next pitch is. Does that make sense to you?

**ANNA:** Totally. And the pitchers are going to be coming faster and faster, and it's not a question of how of them becoming slower. It's how fast we can swing, how we're going to angle the bat,

et cetera. So, it just, it's going to get harder and harder. So, it is a difficult idea to wrap your mind around initially, like how can our vulnerabilities be more important to focus on than a threat, but as we've seen over and over the threats are often out of our control. So, what is in our wheelhouse? It's not the big, bad Wolf knocking on the door, it's the tools inside. So, totally agree with what you're saying and yeah, it took us, it took us some study to get there, but we believe in it.

**STAN:** Another one that surprised me a little, we talked a lot in the book about diversity. And diversity's a very oft-used turn, right? That term right now we have a slightly different take on it. Can you describe it?

**ANNA:** Yeah. So, when we think of diversity, typically we think of diversity of demographic, of age, of gender, sexual orientation, race, of course. When we talk about risk and diversity in the book, we say that organizations are better positioned to respond to risk if they are diverse: not only a demographic, but also in thought and in action.

So, one of the vignettes that we use from the cutting room floor that we didn't put in the book was the idea of the Untouchables that came after Al Capone. All had very different capabilities: some went after his tax evasion charges, someone after his prohibition charges. So, coming from an, a different angles of things that people could do ended up mitigating the risk that Al Capone posed.

Same thing with diversity of thought and the Cuban Missile Crisis. So, it's not just that people look different. It's how they think what they can do, et cetera, that really helps mitigate, um, the vulnerabilities that organizations present, responding to risk.

**STAN:** And it's interesting because Chris, you grew up, as did I, in an organization that sort of looked and acted like in the selection process was trying to get that.

**CHRIS:** Yeah. It's interesting. Like people look at the, the SEAL teams as relatively homogenous, which it's changing, but it has been, if you look it up, you know, a set of pictures, right. But, the force has worked really hard to change that for a whole host of reasons for the last 20 years.

But when you really get inside those units, what you were looking for, the only thing that the real homogeneity, it happens to manifest in mostly Caucasian men, historically. But the commonality... we talked about this earlier, during their selection was a high level of grit and resilience, can absorb a lot of physical pain, pressure on her exhaustion, which is kind of true across special operations.

That, but that doesn't mean, to Anna's point, the ideation when they're actually in the unit is there anything similar, right? The best units, what was fun about the SEAL teams, different than other special operations units, based on sort of where, how they run their selection models, was you'd have one of those people that looked similar to the next, one had, you know, it was, it was an enlisted operator that had a degree from MIT and the other was, you know, probably wanted



for a bar fight in Utah, right? Like smash them together and really weird things would come out, you know, somewhere off the reservation of acceptable and some would be brilliant right?

Now then, to Anna's point, you layer in all these other aspects of diversity and those are the teams and you lead it well, those teams can solve problems that others can't because they, their, their collective thinking is so much more powerful.

**STAN:** Anna, one other thing, you know, a lot of leaders in corporations say, well, I either have a good organization or I don't, but you argue that's up to you. You can make it a good organization. What do you do with regards to risk?

**ANNA:** So, we offered the idea of the Risk Immune System. So, very conveniently during COVID, we, we thought a lot about the human immune system. And then we pivoted that towards organizations, how organizations can really bolster their own defenses.... you can focus on assessing the health of your risk immune system. So that's looking closely at things like communication, your narratives, or your structure, how you employ technology, what biases you have the timing of your actions and importantly, your leadership. We had 10 of them. I didn't name all 10, but really focusing on those and assessing the health of each factor and then really seeing how they interact as part of a system.

So, once you assess it, then target ways to strengthen it. You know, red team it. See ways that are your team is vulnerable and then patch those holes accordingly. So just as just like the human immune system, one checkup at the doctor doesn't mean that you're going to be healthy your whole life. You constantly have to assess the healthy Risk Immune System, whatever crisis or non-crisis comes your way.

So that's probably what we recommend strongly, that organizations do to respond.

**STAN:** Great discussion.

**CHRIS:** Fantastic. Yeah. Really looking forward to the series, thanks to all those that sent in questions for us to think about. We've got a series of guests coming up that are going to tackle this at different angles. We mentioned Annie Duke, others that have spent their career looking at risk. And then obviously the book coming out in October, we're excited to dive into this, this conversation can imagine a time in my life when it's been a more important topic for leaders to be considering.

**STAN:** Absolutely. Thanks, Chris. Thanks, Anna.