

**Foundation Content**

# **The Adaptive Entrepreneurial Model**

**Core Thesis**

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## Core Thesis

IN ORDER TO (IOT) thrive in Volatility, Uncertainty, Complexity, and Ambiguity (VUCA), business entrepreneurs must observe, orient, decide, and act (OODA), learning quickly and effectively, ensuring that all actions are directed towards a purpose (Mission, desired end state, etc).

1. **VUCA** – The state of the Universe
2. **OODA** – Our [system](#) to engage VUCA and thrive within it through adaptation
3. **TASK IN ORDER TO [PURPOSE]** – Action is purposeful, goal oriented, mission driven (or ought to be)

## Operating Mantra

“If VUCA\*, then OODA\*\* In Order To [Purpose]\*\*\*.”

\* *It's always VUCA*

\*\* *Therefore, always OODA Loop*

\*\*\**Only direct action to Purpose*

## The Adaptive Entrepreneurial Model

Follow the Adaptive Entrepreneurial Model In Order To:

1. Stay Relevant
2. Stay Ahead of Competition and Market Forces
3. Navigate and thrive in VUCA successfully, and prevail on our own terms.

## Components of The Adaptive Entrepreneurial Model:

1. Thorough understanding of the [OODA](#), and its application.
2. Systems Thinking in order to maintain a dynamic Orientation
3. Continuously challenge all assumptions and prevent decision degradation from failing to overcome cognitive biases, unseen threats, etc

## Why?

1. Operate independently and deliberately IOT advance and develop firm/team mission
2. Strategically enhance relationships with partner firms/clients
3. Mutually grow with partner firms/clients

## Given looming threats within VUCA, we implement The Adaptive Entrepreneurial model in order to avoid:

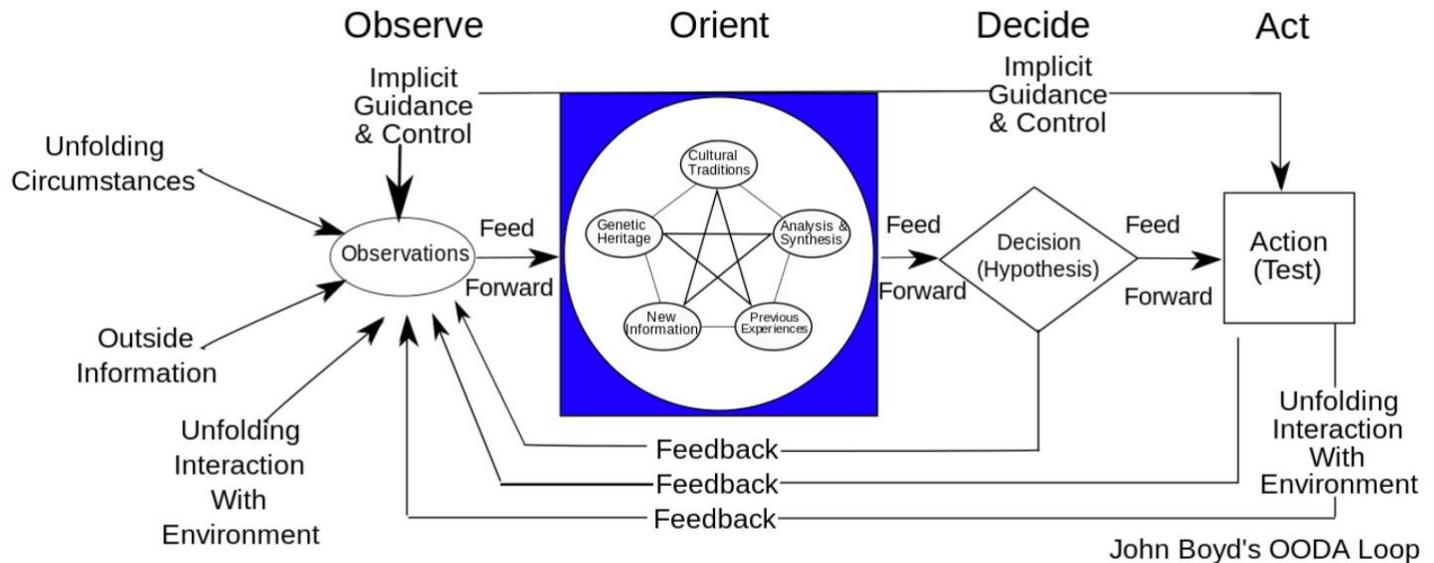
1. Seeing the future as merely a variant of the present and the past.
2. Implementing methods that are outdated, irrelevant, and predictable to competitors.
3. Deepening problems with ineffective solutions that were intended to solve them.

## The mission of the Adaptive Entrepreneurial Firm/Team:

“To proactively create, sustain, and enhance mutual growth of all involved.” \*

\*Firm, team, partner firms, clients, customers

## The OODA Loop



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**The OODA Loop** diagram, as theorized and developed by John Boyd, illustrates the continuous cycle of **Observe, Orient, Decide, and Act**, or **Observation, Orientation, Decision, and Action**.

**Observe** Using our senses, we see unfolding circumstances, acquire information, and interact with our environment. These observations feed forward into our...

**Orientation** This is our filter of how we interpret and make sense of the world. It is made up our cultural traditions, our genetic heritage, our ability (and willingness) to learn, new information, and our previous experiences. Our Orientation, like an internal processor, determines how we see the world, and how we operate in it. As observations process and feed forward through it, we then...

**Decide** We now form a hypothesis about what we think will happen given our understanding of what we see. We then....

**Act** We test our hypothesis by acting on it. The effects are immediately observed, and the whole process begins again at the beginning with a new set of observations.

This process continues as time moves forward. The agile individual or team continuously learns and builds their orientation in order to make faster decisions and act on them quicker than their opponents act. This continuous learning is called "**reorienting**." In other words, the **Orientation** remains dynamic by being

open and flexible, thus allowing rapid adaptation to changing environments where chaos and disorder constantly increase. On the other hand, a static **Orientation**, or one that does not reorient and learn, begins to slow in its decisions and actions. Ultimately, a slowing **OODA Loop** will freeze and be shattered, no longer able to function, thus it will be defeated by the more agile individual or team.

We must pay particular attention to the two parts of the OODA Loop that say “**Implicit Guidance & Control**”. We must understand that **Orientation** “implicitly guides and controls” our observations on the one hand, and our actions on the other. In other words, one’s **Orientation** will lead them to see things and act from their own perspective, which is different to varying degrees than another’s.

There are three key reasons, rooted in science, why Boyd thought that **OODA Loop** was necessary, and why **Orientation** needed to be constantly “reorienting” to remain competitive.

The three reasons were:

1. **Uncertainty** As explained by Heisenberg’s Uncertainty Principle, basically saying that we are not able to determine both the speed and location of a body or particle at the same time. Precision in determining one increases uncertainty in the other.
2. **Incompleteness** As explained by Gödel’s Incompleteness Theorem, basically saying that any model of what we see or perceive must be continuously refined and adjusted in light of new information and observations.
3. **Entropy** As explained by the Second Law of Thermodynamics, basically stating that in closed systems, entropy, that is to say disorder, will continuously increase.

Without going into the scientific details of each, it all may be summed up as follows:

*“Given that **VUCA** is constant, and that we can never have perfect information to formulate our decisions and actions, we must maintain an open and flexible (agile) approach (orientation) in order to avoid the imminent defeat brought on by a closed mindset and its resulting entropy.”*

In other words, paraphrasing John Boyd, if we are able to keep pace with the rate of change, and continuously learn from our decisions, actions and experiences, we can survive and thrive in **VUCA** rather than be consumed by it.

**VUCA** is nothing to be afraid of. It is not going to go away. Adopting the **OODA Loop** as a model creates an adaptive mindset that empowers us to better deal with rapid change. Thus, we are able to thrive in **VUCA**.