

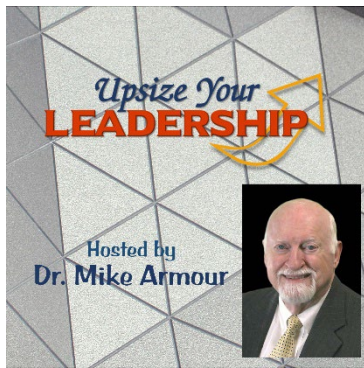
Ukraine's Competitive Advantage

(And Yours, Too)

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As wars go, the conflict in Ukraine has been underway for a very, very short while. But it has already lasted five or six times as long as military experts had long predicted.

A number of factors contribute to the success thus far of a Ukrainian David standing up to a Russian Goliath. I've touched on several of these factors in my last two podcasts, factors which have manifested themselves in a level of Ukrainian resistance and resilience which has thoroughly surprised the world. I've traced how Putin's annexation of Crimea gelled patriotic fervor in Ukraine. I've looked at how extensively anti-Russian sentiment – especially anti-Putin sentiment – has taken root in Ukrainian soil in recent years. I've examined the

historic circumstances which have given rise to a striking spirit of improvisation and innovation in Ukraine.

And in this last factor is a lesson for any of us who play a leadership role in shaping the character of our organizations. That's the theme I pick up today.

As I've followed media treatment of the war in Ukraine, I'm starting to see more and more commentators take note of that Ukrainian spirit of innovation and improvisation which I focused on in last week's podcast. I was particularly struck by a well-informed article in the *New York Times* which laid out specific ways in which the Ukrainians have managed to outsmart and outmaneuver the Russians.

The writer summed it up by saying that to date, the Ukrainians have been able to learn faster and adapt more quickly than the Russians. Let me cite a single example.

Over the past two decades, the Ukrainians have developed a deep pool of talent in computer science and software development. They have thousands of programmers who routinely add new features and capabilities to some of the best-known software platforms on the internet. Several highly successful tech firms in the U.S. actually began in Ukraine, then later moved to the U.S. after their markets matured.

When the possibility of war between Russia and Ukraine began looming after the Crimean annexation in 2014, the Russians were judged to have a decisive upper hand in almost every

aspect of modern warfare. One of these is cyber warfare. Their government and its military branches had developed very sophisticated capabilities in that realm.

Surprisingly, however, the Ukrainians have thus far been able to go toe-to-toe with their Russian adversaries in the cyber warfare space. Once war moved from being a possibility to being a reality, those programmers who had been developing commercial platforms made an abrupt turn and applied their skills to both cyber countermeasures and outright cyber offensives. And because their effort is highly decentralized – not centrally and rigidly managed as is the Russian counterpart – the Ukrainians have been able to enlarge their already considerable cyber warfare capability both rapidly and significantly.

In this, and a host of other endeavors, they have exemplified something which regular listeners have heard me address repeatedly. For the past 20 years I've held that there are three king-makers in today's business world and that leaders ignore them at their own peril. The three are speed, agility, and innovation. The speed to respond faster than the competition. The agility to turn on a dime without losing momentum. And innovation to stay ahead of those who are your rivals.

On every turn, we are seeing the Ukrainians demonstrate speed, agility, and innovation on the battlefield. Even though their army is notably outnumbered and outgunned, in battle after battle the Ukrainians have been able to move defensive forces into place faster than the Russians have been able to mount their offensive.

Because the Russians are so dependent on heavy transport trucks and tracked vehicles to move into combat, they are forced to travel only on broad, well-paved roads (which are in precious short supply in Ukraine). This will become more the case as the spring thaw sets in starting any day now. I've been through the spring thaw in Russia and Ukraine on several occasions, and it's not a minor event. The heavy snow accumulation of the winter melts rapidly and turns every inch of bare ground into a loblolly of mud. In the weeks immediately ahead, the Russians will be even more dependent on major roadways than they have been to date.

Meanwhile, the Ukrainians, with their smaller mechanized footprint, have been able to move their troops along narrow backroads where the Russian presence is minimal. On a small scale, this is somewhat reminiscent of the First World War which bogged down into a stalemate on the battlefield for similar reasons. By using Europe's recently developed railroad networks, defensive forces were able to rush to a new location so fast that they were able to thwart new points of attack from the offensive forces.

Speed, agility, and innovation have long been vital to success on the battlefield. Now they are equally vital in day-to-day business. And the key to being fast, agile, and innovative is found in the commentary from that New York Times article which I mentioned. The writer noted that the Ukrainians were proving themselves capable of learning faster than the Russians.

That comment caught my eye because it so closely relates to a line of thought from a book that has had a major impact on my thinking. I'm speaking of Peter Senge's work, *The Fifth Discipline*. Although it was published three decades ago, I still recommend it to my clients who are trying to build a fast, responsive organization.

Senge's thesis is that in the modern world, most of the traditional competitive advantages have been neutralized. At one time, creating a large-scale successful enterprise required you to be close to your source of raw materials or to a ready supply of the labor talent you need or to a

metropolitan center with a strong finance community. This kind of nearby access to essential resources was the key to competitive advantage.

One by one, Senge said, these advantages have been stripped away. In a world of high-speed transport, being close to your raw materials is no longer mandatory in many industries. In a world of remote workforces, your labor supply can be scattered any and everywhere. In a world of global finance, you can find the funding you need continents away. This then raises the question, is there truly any competitive advantage left?

Senge's answer was, "Yes!" The sole remaining competitive advantage, he held, is the ability to learn and adjust faster than the competition. In fact, Senge gave us the now widespread term "learning organization." Every element of my Speed-Agility-Innovation triad rotates around the ability to learn quickly and to apply what you learn with equal dispatch.

For decades we've said that companies could succeed only to the degree that they stayed abreast of what was happening in their competitive circle. From my perspective, however, merely staying abreast is no longer enough. To survive in a hyper-competitive marketplace, today's businesses must stay ahead of the next change in market conditions.

And you can only do that in an organization which is given to learning faster than its competition and learning faster than the onslaught of change demands.

In many ways, the faceoff between Russia and Ukraine is a metaphor for today's business landscape. On one hand is the Russian army, which has never been known for battlefield finesse. Historically it has relied on sheer numbers and brute force to accomplish its aims. On the other hand, you have the Ukrainian armed forces, undermanned, underequipped, and increasingly cutoff from resupply. But they are mastering battlefield finesse because they are learning faster, innovating more quickly, and proving themselves more adaptable than their monstrous foe.

Will these attributes be enough to sustain their effort long enough to wear down Russian resolve? That waits to be seen. Brute force and sheer numbers may indeed ultimately triumph. But while that's true on the battlefield, in today's business world, odds are that victory will go to the players who are quick, agile, and innovative.

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