

# Operationalizing Smart Power

To Meet Today's Government Challenges



by

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# Operationalizing Smart Power To Meet Today's Government Challenges

## Introduction

*The most pressing challenges the government faces are large and complex, and all require the use of the nation's instruments of national power to address them in a timely and effective manner. While this concept is generally accepted, the major obstacle to putting the concept into action is how multiple federal organizations can work together efficiently and effectively to tackle today's highly complex problems.*

*As the need for inter-agency and department cooperation has become more urgent over the last decade, a growing body of theory has emerged. One idea that has been gaining particular attention is "smart power," a concept developed by Joseph Nye and embraced by top government officials, including Secretary of State Hillary Clinton and Secretary of Defense Robert Gates. Though there has been much discussion of what smart power is and why it is so important, there has been little discussion of how the US government might bring it into action.*

*Through our extensive work with the government over the years, Booz Allen has gained a number of important insights into how organizations can achieve the level of coordination they need to address seemingly intractable problems. We have developed a series of practical approaches to the thorny challenges involved, such as techniques to integrate federal missions and to create an environment in which mission leadership is truly shared. These insights and approaches are particularly valuable in operationalizing the growing body of theory on interagency cooperation, including the ideas behind smart power.*

*In essence, smart power theory suggests that for certain missions the government should move away from its vertically integrated mode into a horizontally integrated operating model that is more analogous to the business world. Many businesses learned long ago that they can be more effective and efficient by looking outside their*

*vertical domains, and creating a networked operational model—horizontal integration—to meet their business needs. Smart power is the functional equivalent of government embracing that model for a discrete set of mission areas, predominantly those addressing complex geopolitical issues.*

*A mission area is a likely candidate for smart power if it is beyond the normal capability of a single department or agency—due to scope or scale—and is of such importance that it requires the full suite of instruments of national power. If that test is met, then a vertically integrated operating model is unlikely to work and there must be methods to reach across departments and agencies.*

*Another attribute of a mission that requires smart power is the absence of a clear starting point. This is because such missions have an innate complexity. There are high expectations, but they are well defined—and it is hard to know exactly where to begin.*

*When government faces a challenge that cuts across a number of departments and agencies, it has a choice: divide the mission into individual organizations—which may be simpler, but less efficient and effective—or respect the complexity and pursue an integrated mission—what Nye and others refer to as smart power.*

*Although there is growing support in government for smart power, there is also a fair amount of skepticism about whether the government can fulfill its smart power promise. A recent survey of federal executives found most are enthusiastic about the possibilities of smart power—but many are not confident the government can actually operationalize its missions using this theory. Nearly half of those polled said they believed the federal government could do no more than "somewhat implement" smart power solutions, and another 11 percent said the government does not have the ability to implement smart power solutions at all.*

*This gap—between the desire for smart power and the pessimism about its chances of success—emphasizes the need for practical approaches that can be of real use to organizations. We believe, based on our experience working with government, that the US government can operationalize smart power. Government leadership must address three main challenges. The first task is to establish whether the mission area is truly a candidate for smart power. The next step is to identify which organizations have a role to play, and should participate. Finally, there must be mechanisms in place to overcome the inevitable obstacles that will appear. Our work in related areas over the years has demonstrated very clearly the importance of an effective impediment-based planning mechanism at the outset, so that participants will have guideposts and guidelines through which to work through obstacles and conflict. This is the lion’s share of the effort—through these approaches, smart power can move beyond the theoretical, and into the realm of the practical.*

### The Filter Test

Any ambitious effort to horizontally integrate mission activity is resource-intensive and so must be

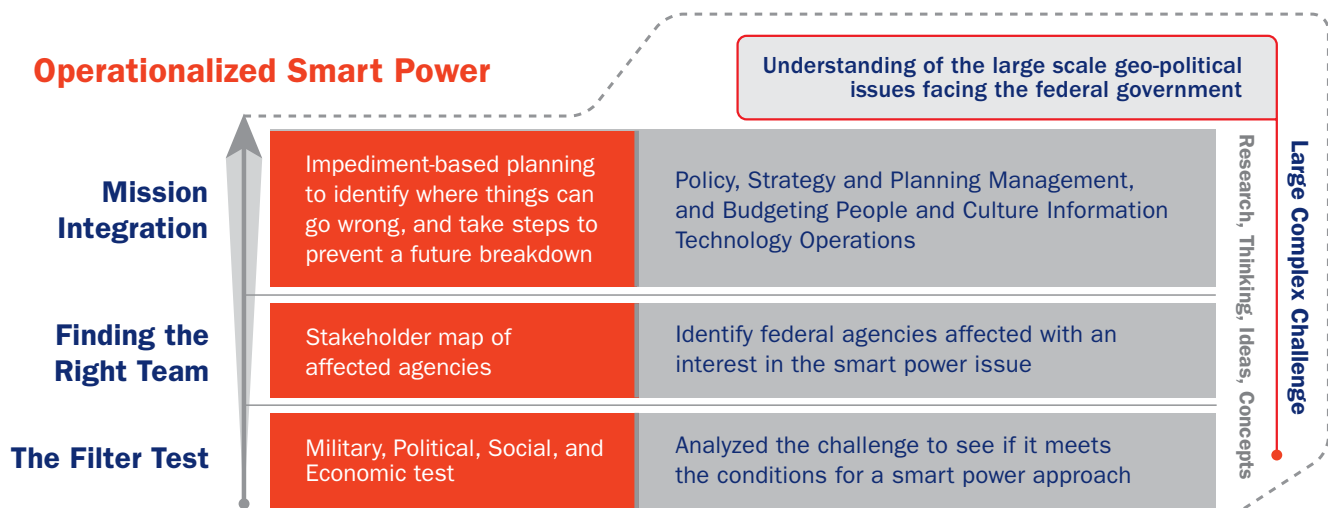
considered judiciously. The intent of smart power is not to be “the standard way of operating” or to upend the way government handles day-to-day operations. Rather, it is a tailored approach to a discrete number of high-impact activities. Deciding whether a particular mission qualifies is the first major challenge to operationalizing smart power.

Organizations can apply a straightforward filter test by asking, if the mission require that the full suite of capabilities in the federal government be brought to bear in four arenas: political, military, economic, and social? If so, then the mission is a candidate for smart power.

### Finding the Right Team

Once organizations identify a mission as appropriate for a smart power approach, the next challenge is to identify which federal departments and agencies that leadership and organizations must engage. This is rarely easy. Too many organizations may come forward—some, perhaps because they have excess capacity, others because of political

**Exhibit 1** | Operationalized Smart Power



Source: Booz Allen Hamilton

considerations. That can make the process unwieldy, more costly, and time-consuming. Alternatively, organizations that should be important players may hold back, reluctant to get involved. In either case, the overall effort will be less effective and efficient, and the mission will have a lower chance of success.

The goal is to bring together the right team. Organizations can gain valuable insight by looking at the earlier filter test of whether a mission was a candidate for smart power. Because that test looks at the capabilities that are required, it can help give critical insight to creating a map of departments and agencies that should play a role in the mission, and help identify the optimal composition for the team.

### **Mission Integration**

The third and most difficult challenge in operationalizing smart power lies in overcoming the host of obstacles to interagency and department cooperation. This is not a challenge unique to smart power, but addressing it is essential to applying a smart power approach. Our long experience in helping federal agencies integrate mission functions in the interagency arena has shown us that the most effective way to ensure success is through impediment-based planning techniques. The goal is to identify where things are likely to go wrong, and take steps now to prevent a future breakdown.

We have found that the key to mission integration lies in aligning organizations across five organizational components:

- Policy, Strategy, and Planning
- Management and Budgeting
- People and Culture
- Information Technology
- Operations

One can find potential “failure points” of applying a smart power approach within these components. In any interagency effort, there will be conflicting policies between agencies, or a clash of cultures. Ignoring

the differences represented by these five critical areas, or simply assuming them away, puts success at risk. Organizations must address each of the five elements if smart power is to succeed, as they are closely interrelated and integrate these five elements simultaneously, rather than handled sequentially. Similar to the dials or gauges in an aircraft cockpit—all must be managed at the same time if the plane is to stay in the air, and ignored at one's peril.

At the same time, organizations must implement smart power approaches in advance—rather than in the heat of the moment—so that misalignments, culture clashes and other issues can be resolved well before a smart power challenge arises.

Perhaps the most common misconception about mission integration is that it primarily, if not exclusively, involves information sharing. While numerous government studies have emphasized that information sharing is essential for shared-mission success, focusing on this aspect alone can lead agencies to develop overly simple solutions—most often technology “fixes.” However, this leaves the larger mission integration challenges mostly unaddressed.

When multiple organizations seek to work together in a complex mission, two problems will inevitably arise: there will be both conflicts and gaps in each of the organizational components. For example, the various organizations might have strategies that align and complement each other. More typically, the strategies will be in conflict—not because one organization or another is trying to gain control, but because they simply do not know what the others are doing. Conflicts create tension in whatever manner they arise, and can limit mission success.

Perhaps even more problematic are the gaps that occur when organizations come together—gaps that arise because the new mission area is not well understood or accounted for in an agency's current planning. An organization may try to share some part of a mission, only to find that it does not have the policies or the technology—or even the organizational culture—to work with one or more of its partners.

Unless organizations are able to bridge these gaps, the mission will flounder, and the organization cannot realize the promise of smart power.

Within an individual organization, leaders can resolve such conflicts and gaps. A chief characteristic of the smart power approach is that no single entity can dictate solutions or exercise complete decision-making authority, and no single organization has control of the information or the levers of power. The traditional command-and-control, executive-agent style of governance, does not apply. For organizations to truly integrate their missions, they must find new and innovative ways to reconcile the conflicts, and bridge the gaps.

### **Policy, Strategy, and Planning**

A central goal of operationalizing smart power is to establish rules across agencies to manage emerging challenges. Each agency entering into a shared mission will have its own appropriate standalone policies, strategies and planning processes, and many are likely to be far different from those of their mission partners. The key to aligning these structures is to identify the specific areas where they are in conflict. This means that organizations need to study the policies of their prospective partners, and identify areas that might cause tension and waste resources.

Operationalizing smart power also requires policies or strategies that lay out clearly how government agencies are to work together in a horizontally integrated manner. Few of these structures currently exist, and so stakeholders both inside and outside government often do not know who should play what role, or how they should interact. Such issues need to be resolved well in advance of a smart power activity, particularly one that requires quick action, such as disaster relief.

### **Management and Budgeting**

Another difficult challenge to integrating missions in a smart power setting is how to align skill sets, capabilities, and other resources across multiple organizations. This goal is hampered by the tendency

of bureaucracies to use metrics that look at how well individual departments and agencies fulfill their missions as standalones—not by how well they collaborate on a larger, shared mission. One outcome is that organizations are less likely to discover the capabilities of others—and so may not even consider how they might cooperate on shared missions.

Other management and budgeting pitfalls include nonsupportive reporting requirements, which typically vary from organization to organization. Participants in a smart power challenge may not have the mechanism to report on shared resources, and may be reluctant to collaborate because they are worried about the consequences.

Aligning resources requires that organizations be flexible as well. This often means the willingness to move resources planned for a particular task to one that will have greater impact on the common goal.

### **People and Culture**

A challenge in any interagency effort is the inability to collaborate and share information across organizational cultures. One particular problem is that bureaucracies tend to gravitate toward hierarchical structures, even when they are trying to integrate horizontally. Central to the smart power concept is that overall the effort will draw capabilities from various entities—none of which is singularly “in charge.” What commonly happens is that an individual or team will appear on the scene, assert leadership, and then begin issuing directives. Organizations may follow those orders because others are often simply waiting for someone to take charge and tell them what to do. This, however, is not a smart power mindset, and must be overcome if smart power is to be operationalized.

Another problem with the vertically integrated approach is that it can be difficult to gain the cooperation of entities not in the command structure. If, for example, an organization assigns a particular responsibility, such as shared services/IT, to an entity outside the vertically integrated structure, then that organization

may resist being directed what to do. A more collaborative approach might be needed—something that could be foreign to an organization’s culture.

Still another pitfall arises from a lack of trust. Organizations may be unwilling to share information, concerned that other organizations will not handle it securely. They may worry that if they collaborate another organization will overshadowed them, and could lose resources and even mission responsibilities in the next year’s budget. Organizations commonly respond to this fear by trying to do all the work themselves.

One mitigating factor in all of these issues that holds great potential for smart power is that the more familiar people are with social networking tools and with working in collaborative network environments—millennials, for example—the easier the cultural barriers are to overcome.

### **Information Technology**

While information sharing is far from the only obstacle to integrating missions, it is persistently difficult to overcome. Horizontally integrated entities are only as strong as the links that connect them to one another. Failure to make that connection, and share information, will render the networked model unworkable.

Typically, organizations see this challenge in terms of creating new technologies, or the ability to work together using a common platform. The issue is more one of finding consensus on how organizations can handle information securely. What is often required is an agreed upon security architecture and—just as important—mutual trust. Horizontally integrated enterprises cannot operate effectively if one organization hoards information—or is perceived by others to be hoarding.

Attitude is critical. Information sharing can be derailed when an organization believes that because its IT capabilities and standards are superior to those in other organizations, there should be little or no

interaction with them. The solution is not to require that every government entity raise its IT game to the level of the highest capability player, but to recognize that the lower-level capabilities of the other players are probably appropriate for the contribution they will make in the shared mission.

Another challenge lies in the technical barriers to sharing information, which will always exist. Organizations tend to be intimidated by this, but for every barrier, there is a set of work-arounds that can be put in place—if the issue is raised in advance of the need.

With IT, as with all five components, it is important to pay particular attention to the interrelation of the elements with one another. For example, an agency’s IT infrastructure might be capable of sharing data with relevant government partners—but outdated policies and procedures might be preventing employees from taking full advantage of the system.

### **Operations**

A key challenge in operationalizing smart power is in integrating the execution of plans across agencies. Problems often arise when there is an overlap of responsibilities between government agencies, and between government and outside organizations. In a humanitarian crisis, for example, two organizations might take on the responsibility of working with hospitals—but because their plans are poorly integrated, both organizations find themselves at the same locations. When organizations do not use resources effectively, as with an unintended duplication of effort, smart power cannot be “smart.”

Another common obstacle occurs when different organizations have different time frames for their goals. In nation-building efforts, for example, one organization might focus on a short-term goal, such as constructing a piece of critical infrastructure, while another government agency might work toward a longer-term goal, such as building a transparent judicial system. Unless all participants recognize that they

have differing frames, their activities are unlikely to be coordinated—and may even work at cross-purposes.

Like any operation, organizations and leaders must plan for a smart power mission to be effective. The axiom “Plan the work and work the plan” must be put into action.

### **Monitoring and Evaluation**

Operationalizing smart power through these three steps is a learning process. Organizations will not get everything right the first time, or even the second. They will need to monitor and adjust their approaches to each of the five mission integration components—to tweak their performance in operations, for example, or change the way they exchange information with partners.

What is essential is that organizations evaluate how well they are succeeding in the shared mission together, not how well each is succeeding separately. Too often, organizations focus on whether their own policies were adhered to, whether their own technology worked, and whether their own operations went smoothly—rather than whether those elements were integrated into the shared mission. If an organization only looks at its own piece, it can declare success even if it failed to meet the larger objective and if opportunities for improved effectiveness and efficiency through working in partnership were missed. Continuous monitoring and evaluation in the smart power environment is important—but only if organizations develop metrics to address how well the organizations are working together and leveraging each other’s resources.

### **Assuming Away Complexity**

One of the most common reasons why organizations fail to operationalize smart power is that while they understand the capabilities of their own organizations, they often do not recognize the capabilities of others—or worse, assume that those capabilities are something other than what they actually are. In both cases, they tend to oversimplify or not give full

weight to the many complexities faced by the other organizations. They just assume away that complexity.

Smart power requires imagination, a coming together of ideas and resources while considering the complexities of every perspective are considered—both fully and simultaneously. If that does not happen, organizations tend to solve problems from one perspective but not from others, and “solutions” will have to be rethought and reworked repeatedly. This can lead to a great deal of churn, but little progress. Organizations typically fail to recognize the root causes of this because the failure points are often outside their range of vision. They do not see that their own smart power solutions are hung up in the netting of other perspectives.

### **Collective Engagement**

Bringing the full strength of the federal government to bear on an issue requires an approach that drives toward a shared vision, and takes full advantage of the perspectives and capabilities of every organization. Smart power is more than just government focused—it calls for strong connections to the private and civil society sectors as well. Through our extensive work in bringing all three sectors together, we have developed a form of engagement known as the megacommunity. This approach integrates mission activities by encouraging organizations to see how they might “optimize” rather than “maximize”—that is, how they can achieve more by working together than by trying to measure success on their own. This kind of thinking is a strong complement to the promise of smart power.

Perhaps the most powerful aspect of the megacommunity is that it does not prevent organizations from pursuing their particular agendas, but actually encourages them to do so. In each of the five mission integration areas—and in the smart power challenge as a whole—organizations will have their own vital interests. The key is to find the common ground where those vital interests overlap, and use that as the driver for action. This gives organizations the freedom to act on their own behalf while at the same time contributing to overall mission success.

## Conclusion

Despite the challenges, organizations should not view smart power and other forms of interagency and department cooperation as beyond the capabilities of the federal government. The answer is to not apply smart power to every challenge that comes along, or to put together mismatched teams that cannot operate efficiently and effectively.

If organizations use smart power deliberately, and approached sensibly, they can operationalize it to what might seem a surprising degree. A fair amount of spadework must be done, particularly impediment-based planning of mission integration.

An organization's effort is likely to pay for itself many times over. Government departments and agencies have been given the imperative to do the same or more with less, and so increasingly must rely on mission partners to help them carry out resource-intensive activities. Organizations that learn mission-integration techniques will greatly expand their capabilities. As the notion of smart power becomes increasingly influential across government, senior leaders will see them as innovators leading new forms of engagement.

## About the Authors

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