

THE WALL STREET JOURNAL.

SATURDAY, NOVEMBER 29, 2014

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THE WEEKEND INTERVIEW with Jim Hake | By Daniel Henninger

How a Venture Capitalist Went to War

In January 2012, Secretary of Defense Leon Panetta received a memorandum signed by three four-star generals: Jim Mattis, then head of the U.S. Central Command; James Amos, commandant of the Marine Corps; and Raymond Odierno, Army chief of staff. They were writing to support a new idea. In June Adm. William McRaven, head of U.S. Special Operations Command, added his support.

The man who created Spirit of America talks about persuading generals that private donors could help U.S. troops win over local allies around the world.

All four men understood that the new idea was a small, nonprofit organization called Spirit of America, whose total number of employees was . . . eight people. In August Mr. Panetta wrote back to the commanders: "I support your proposal."

How a group as tiny as Spirit of America came to have such outside clout is one of the more cheerful stories to emerge from the post-9/11 era. It's the story of a citizens' organization that emerged from the ashes of the World Trade Center bombing in September 2001, began its work in the Iraq war, migrated to Afghanistan and is now operating in support of U.S. troops opposing Islamic State terrorists.

Why so many four-stars embraced them and why the defense secretary signed off on a regulation to make Spirit of America legal is a story that needs some explanation.

Begin on 9/11. Like most of the world, Jim Hake, a Los Angeles-based venture capitalist who specialized in Internet startups, watched the trade towers fall on television. Like many others, he decided he had to "do something." It took him a year-and-a-half to figure out what he should do. The "light-bulb moment," as Jim Hake describes it, came while watching the National Geographic Channel in early 2003.

An Army sergeant first class named Jay

Smith described his work with a special-operations team in Afghanistan. The team hunted al Qaeda terrorists and worked with local populations. For the latter, Sgt. Smith needed things like sports equipment, blankets and school supplies. And where did he get this stuff? His wife sent them over.

Jim Hake thought, his wife? His next thought was: I can do this.

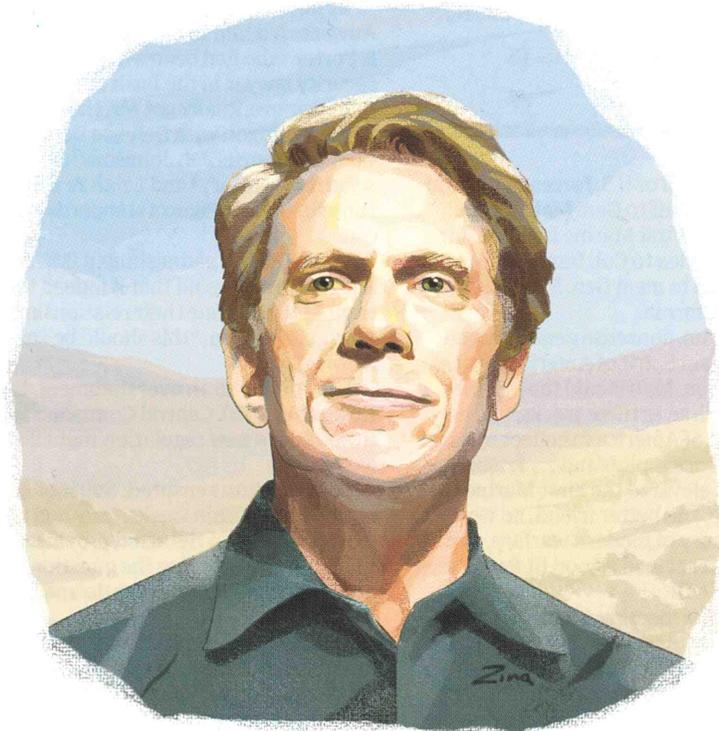
In what would become a now-famous Hake modus operandi, he cold-called his way to a meeting with Sgt. Smith at Fort Bragg in North Carolina. "I laid out the idea to him," Mr. Hake recalled recently at the Journal's office in New York. "Guys like you need something in support of your mission. It can't be done through government channels, so instead of not doing it, or asking your families, you can contact me, and I'll use the Internet to get people to help."

Of course, Sgt. Jay Smith was not going to wave Spirit of America onto the field. But the conversation squared with Jim Hake's

suspicion that venture capital and men at war had something in common: "Here's the guy closest to the problem. Let's ask him what makes sense, then do it. You have to get to the point where the transaction really happens. In business, if you don't understand that, you don't understand anything, no matter how bright your idea may be."

Toward the end of their talk, Sgt. Smith said to him: "This is going to save lives." Mr. Hake was taken aback. He thought SoA would be an act of goodwill, not an attempt to save the lives of U.S. troops. Sgt. Smith's explanation was surely the reason why the first senior military person to embrace Mr. Hake's new idea would be Marine Gen. Mattis, whose theories about earning the trust of local populations to minimize casualties led to U.S. success in Anbar province, Iraq.

Sgt. Smith described how his special-ops team, working near the Pakistan border, developed a good relationship with villagers.



Zina Saunders

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That was why he asked his wife to send over blankets and school supplies. The villagers had formed a night-watch patrol to protect the U.S. soldiers from al Qaeda fighters who came in the dark from Pakistan to fire rockets into the camp. The Afghans didn't do it for money. They did it for their own protection, and because they had come to trust the Americans.

After a modest start for Spirit of America in 2003, funded mostly with donations from individual Americans who also wanted to get involved, a Marine told Mr. Hake: "You should talk to Joe Dunford. Here's his email."

Marine Col. Dunford (who later would be

Toward the end of their talk, Sgt. Smith said: 'This is going to save lives.'

commanding general of U.S. forces in Afghanistan) was chief of staff to Gen. Mattis, then commander of the First Marine Division. Mr. Hake emailed his idea to Col. Dunford. The colonel asked him to meet Gen. Mattis at Camp Pendleton in California.

The famously no-nonsense general asked Mr. Hake to explain Spirit of America. At the meeting's end, Gen. Mattis said the Marines were leaving for Iraq in three weeks, and he would like Spirit of America to collect medical equipment, school supplies and . . . Frisbees. Gen. Mattis had elevated the First Marine Division's motto, "no better friend, no worse enemy," to a theory of modern warfare, and Spirit of America seemed a good fit for helping the friendly half of it.

Mr. Hake left the meeting, started assembling the goods from companies on the Internet and got them to Camp Pendleton for shipment to Iraq. Years later, Gen. Mattis told me that he bought into Spirit of America because he thought it opened "a whole new vista for direct support, when U.S. government money is not the answer."

In mid-2005, with Spirit of America established, mainly helping the Marines in Iraq just before the Anbar Awakening, Mr. Hake decided to turn daily operations over to his small staff and return to venture capital. Then he had his own awakening.

Joe Dunford, by now a lieutenant general, invited Mr. Hake to be the guest of honor in 2009 for the Marines' Evening Parades at their barracks in Washington, D.C. The central event is the Silent Drill, performed by a 24-man rifle platoon. The experience of witnessing the Silent Drill is difficult to describe. In a word, it is moving. With the wars in Iraq and Afghanistan still raging, Jim Hake resumed control of Spirit of America.

"That was Memorial Day weekend," Mr. Hake recalls. "I told myself I would commit to this organization until it reached its full potential."

He created a Commander Support Program. Marine commanders on the ground, notably in Afghanistan's Helmand province, would let Spirit of America know about their civilian-support needs, and SoA would find the requested equipment from its network of suppliers. Mr. Hake also started hiring several

former soldiers to work full-time in country, to get a clearer picture of the Marines' needs.

It was about then that the military's lawyers at Central Command in the U.S. noticed what was going on. Mr. Hake said the lawyers told him, "What you've been doing since 2003 is actually a violation of military ethics regulations." It fell under the heading of "improper solicitation of gifts." Plus, "they said there's no legal framework for what we were doing." In short, why are you guys in Afghanistan?

Every commander in the military knows about the "solicitations" prohibition, and while no one ever ordered Mr. Hake to stop, he knew Spirit of America's future was dim unless he got this legal problem resolved.

By now, Mr. Hake was no longer flying solo. Advisers led him to John Bellinger of Arnold & Porter, who had been a high-level national-security lawyer in the Bush administration. Mr. Bellinger eventually got Mr. Hake a meeting at the Pentagon with Defense Department General Counsel Jeh Johnson (now homeland security secretary) and Leigh Bradley, who was running the Pentagon's standards-of-conduct office.

To Mr. Hake's astonishment, Mr. Johnson and Ms. Bradley said that if indeed the Marines wanted to continue their relationship with Spirit of America, "this should be easy to resolve."

Easy might be an overstatement, but in November 2010, Central Command issued CCR-27-14, a new regulation that allowed SoA to continue.

Its legal status ensured, Spirit of America ramped up. Within weeks, they had two former Army veterans in Helmand province: "Essentially they were asking the question we still ask: What are you trying to do and how can we help?"

In early 2011, Mr. Hake was at a conference in the U.S. and ran into retired Gen. Stanley McChrystal, the famous al Qaeda hunter and former commander of U.S. forces in Afghanistan. Mr. Hake says Gen. McChrystal sharpened his understanding of what SoA's relationship to the military should be in places like Iraq or Afghanistan.

"I came to see both conventional military and special operations teams a lot like startup and entrepreneurial teams. They're dealing with rapidly changing situations—very dynamic, very complex, with a lot of uncertainty. What was missing was the idea of venture-capital type support for these teams," says Mr. Hake.

"What that means is you are supporting the initiative and needs of an entrepreneur close to a problem. That is exactly what we have been doing, connecting the American people and private sector down to the point of military need. Except, in startups, nobody's competition carries guns, right?"

The question he and his military partners were both dealing with, says Mr. Hake, "was how do you create communication and collaboration in a decentralized way to match the speed of the challenges and the requirements they were facing. The only way you can do it is with a decentralized approach. But it's got to be informed decentralization, not just people running around doing stuff."

During a big 2012 stabilization operation in Kandahar, Afghanistan, Spirit of America, at the request of U.S. commanders there, sourced

items for the local Afghan police forces that the Marines were training: motorbikes, meals, computer equipment, cameras, tourniquets, GPS units, radios, winter clothing, medical supplies, athletic equipment, water filters and aids for an agricultural workshop. The stabilization effort in Kandahar's Panjwai district was a widely reported success in early 2013.

The purpose of the "16-star" memo that Defense Secretary Panetta signed off on the year before was to broaden the reach of this relationship beyond the areas under the Central Command. The regulation formalized the legal status of private support world-wide for the U.S. military.

The U.S. military seems eager to have the support of private U.S. citizens. At the end of a meeting with Adm. McRaven, then head of the U.S. special-operations command in Tampa, Fla., the admiral said to Mr. Hake: "I have teams in 79 countries. How fast can you move?"

In the past two years, Spirit of America has operated in Asia, Africa and Central America, often alongside Army special-operations forces in what Mr. Hake calls "pre-counter-insurgency situations." In each place, the controlling authority is the U.S. ambassador.

"These aren't Peace Corps volunteers," Mr. Hake notes. "Special Ops is in these places for a political reason. Something is going on there." Spirit of America helps supply the civilian side of the strategy.

He knows there are skeptics: "Some will still ask, why can't government do it all? That is the wrong question. We should be asking: How do we win?"

Unlike most nongovernmental organizations in the field, Spirit of America doesn't call itself neutral. "We are taking sides," says Mr. Hake. Most recently, Spirit of America has been on the Syrian-Turkish border, supplying rubber boots for Iraqi children fleeing Islamic State terrorists. "This is not conventional charity," Mr. Hake says. "It is not neutral. Everything is done in support of U.S. troops."

The group continues to support itself through donations from private U.S. citizens and foundations. He notes with irony that the jihadists have long raised "private" money online—for mortars, missiles and bullets.

Mr. Hake says Spirit of America will expand, if that's the right word, to perhaps 30 field operatives. He is determined to stay about the size of a platoon, convinced of the superiority of "small-scale innovation."

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Mr. Henninger is deputy editor of the Journal's editorial page and writer of the Wonder Land column.