

Managing in a VUCA World

Thriving in Turbulent Times

Business is all about risk taking and managing uncertainties and turbulence.– *Gautam Adani, Indian businessman.*

The business world has changed dramatically over the last few decades, and we now live in a connected society where change can be fast-paced, constant and unpredictable.

Rapid advances in technology have created an environment where the Internet, smartphones, and social media are ubiquitous, and the 2008 global financial crisis has increased the sense of turbulence, danger and unpredictability in certain areas.

As early as the 1970s, the U.S. stock markets began to struggle, the 1973 oil crisis caused a recession, and personal computing started to become mainstream. A state of flux replaced the sense of certainty, stability and familiarity that people were used to. This type of environment can be described using the "VUCA" acronym, which stands for "Volatile," "Uncertain," "Complex," and "Ambiguous."

Click [here](#) to access a transcript of this video.

In this article, we'll explore what VUCA means in more detail, and we'll look at how you can prepare for and deal with each of its elements, so that you can manage successfully in an unpredictable business world.

What Is VUCA?

The United States Army War College was one of the first organizations to use the VUCA acronym, following the 9/11 terrorist attacks in 2001. Military planners were worried about the radically different and unfamiliar international security environment that had emerged, so they used VUCA to describe it. VUCA stands for:

- **Volatile** – change is rapid and [unpredictable](#) in its nature and extent.
- **Uncertain** – the present is unclear and the future is [uncertain](#).
- **Complex** – many different, interconnected [factors](#) come into play, with the potential to cause chaos and confusion.
- **Ambiguous** – there is a lack of clarity or awareness about situations.

Bob Johansen, of the Institute for the Future, adapted VUCA for the business world in his 2009 book, [Leaders Make the Future](#). He used it to reflect the turbulent and unpredictable forces of change that could affect organizations, and he argued that you need new skills, approaches and behaviors to manage in the face of the four VUCA threats. VUCA represents a set of challenges that individuals, teams, managers, and organizations in affected industries all have to face. Individually, these challenges can be significant, but they can be formidable when they're combined.

Note:

Despite its challenges, VUCA may not pose the same threat to all industries. For example, certain business areas may be more stable, protected or regulated. And, when you or your organization are proactive and set the agenda for change, you are less likely to experience the full extent of its threats.

Why Is VUCA Important?

Many people predict that volatility, uncertainty, complexity, and ambiguity are going to become more and more prevalent in the business world. To manage teams in the VUCA age, you should be aware of the changes that this kind of environment can cause.

A VUCA environment can:

- Destablize people and make them anxious.
- Sap their motivation.
- Thwart their career moves.
- Make constant retraining and reshaping a necessity.
- Take huge amounts of time and effort to fight.
- Increase the chances of people making bad decisions.
- Paralyze decision-making processes.
- Jeopardize long-term projects, developments and innovations.
- Overwhelm individuals and organizations.
- Take its toll on internal culture.
- "Bleed" inwards and create VUCA environments within organizations.

If your industry or organization is affected by this environment, you have to reconsider the way you and your business operate.

How to Manage in a VUCA World

Although VUCA might seem inescapable in certain industries, you can manage yourself, your team and your organization to mitigate its effects. You can even use it to your advantage.

The key to managing in this environment is to break VUCA down into its component parts, and to identify volatile, uncertain, complex, or ambiguous situations. Each type of situation has its own causes and resolutions, so you should aim to deal with one at a time.

In his book, Johansen proposes a framework that you can use to respond to VUCA threats, called VUCA Prime. He suggests that you should do the following:

Counter Volatility With Vision

1. Accept and embrace [change](#) as a constant, unpredictable feature of your working environment. Don't resist it.
2. Create a strong, compelling statement of team objectives and [values](#) , and develop a clear, shared [vision](#) of the future. Make sure that you set your team members flexible goals that you can amend when necessary. This allows them to navigate unsettled, unfamiliar situations, and react quickly to changes.

Meet Uncertainty With Understanding

1. Pause to listen and look around. This can help you understand and develop new ways of thinking and acting in response to VUCA's elements.
2. Make investing in, analyzing and interpreting business and [competitive intelligence](#) a priority, so that you don't fall behind. Stay up to date with [industry news](#) , and listen carefully to your [customers](#) to find out what they want.
3. [Review and evaluate](#) your performance. Consider what you did well, what came as a surprise, and what you could do differently next time.
4. Simulate and experiment with situations, so that you can explore how they might play out, and how you might react to them in the future. Aim to anticipate possible future threats and devise likely responses. [Gaming](#) , [scenario planning](#) , [crisis planning](#) , and [role playing](#) are useful tools for generating foresight and preparing your responses.

React to Complexity With Clarity

1. [Communicate clearly](#) with your people. In complex situations, [clearly expressed communications](#) help them to understand your team's or organization's direction.
2. [Develop teams](#) and promote [collaboration](#) . VUCA situations are often too complicated for one person to handle. So, build [teams](#) that can work effectively in a fast-paced, unpredictable environment.

Fight Ambiguity With Agility

1. Promote flexibility, [adaptability](#) and [agility](#) . Plan ahead, but build in contingency time and be prepared to [alter your plans](#) as events unfold.
2. [Hire](#) , develop and promote people who thrive in VUCA environments. These people are likely collaborative, comfortable with ambiguity and [change](#) , and have complex [thinking skills](#) .

3. Encourage your people to think and work outside of their usual functional areas, to increase their knowledge and experience. Job rotation and **cross training** can be excellent ways to improve team agility.
4. **Lead** your team members but don't dictate to or control them. Develop a **collaborative** environment, and work hard to build **consensus**. Encourage debate, dissent and participation from everyone.
5. Embrace an **"ideas culture."** Kevin Roberts, of advertising agency Saatchi and Saatchi, coined this alternative VUCA definition: "**Vibrant, unreal, crazy, and astounding.**" This describes the kind of energetic culture that can give teams and organizations a creative, agile edge in uncertain times.
6. **Reward** team members who demonstrate vision, understanding, clarity, and agility. Let your people see what kind of behavior you value by highlighting innovations and calculated **risk-taking** moves.

From 'Leaders Make the Future: Ten New Leadership Skills for an Uncertain World,' by Bob Johansen. First edition © 2009. Reproduced with permission from Bob Johansen.

Warning:

Some people might be tempted to use VUCA as an excuse for a lack of action, planning or direction in their work. As a manager, it's important to be aware of **sloppy work** and to take appropriate action to resolve the problem.

Benefits of Managing in a VUCA World

In an industry or organization that's affected by VUCA, you have a choice. Either you allow VUCA to "manage," overload and overwhelm you, or you accept and manage it, so that you and your team can mitigate its effects. When you decide to accept VUCA, you choose to make yourself and your people less vulnerable, and you empower everyone to deal with uncontrollable, unpredictable forces.

You can view VUCA as a challenge to improve your leadership and management skills, and you can turn it into an opportunity to make your team more effective by focusing on the following areas:

- **Implementation** : work with your people to address VUCA threats at a team level.
- **Decision making** : see complexity and uncertainty as drivers for delving deeper before **making decisions**, rather than as overwhelming forces.
- **Innovation** and **creativity**: consider process and workflow innovation as a way to tackle VUCA, rather than as something that might suffer because of it.
- **Searching for opportunities** : look for better deals and opportunities, instead of relying on your usual vendors and suppliers. In a VUCA world, these opportunities can be fleeting, so you have to stay alert and seize them when they arise.
- **Team building** and **organizational culture** : adversity and challenge can unsettle people, but they can also focus their attention and encourage them to work towards a common goal.
- **Recruitment** : improve agility by promoting and recruiting people who are comfortable in less-structured and ever-changing environments.

Barriers to Managing in a VUCA World

One of the biggest challenges of managing in a VUCA world is team members who **resist change**. They may refuse to accept that the world has evolved, want to stick with "tried and tested" methods, or simply fail to see the full picture. They might even be paralyzed by fear and fail to take action.

The unpredictability of VUCA often renders traditional, top-down organizational structures obsolete, so avoid using an inflexible, autocratic **leadership style**. In a VUCA world, collaboration, participation, debate, and even dissent are more important than obedience, command and **groupthink** – they allow you to remain flexible and to take action quickly.

Key Points

VUCA stands for volatility, uncertainty, complexity, and ambiguity. It describes the situation of constant, unpredictable change that is now the norm in certain industries and areas of the business world.

VUCA demands that you avoid traditional, outdated approaches to management and leadership, and day-to-day working. These are usually too sluggish and limited to be effective in a turbulent environment.

Newer, more agile and pragmatic processes are the key to managing in the VUCA world. Make vision, understanding, clarity, and agility your guiding principles to counteract the threats of VUCA, and to turn them to your advantage.