

A VUCA ACTION FRAMEWORK FOR A VUCA ENVIRONMENT. LEADERSHIP CHALLENGES AND SOLUTIONS

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The 1990 coinage describing the surrounding environment as volatile, uncertain, complex and agile (VUCA) is becoming a cliché in the absence of a more profound analysis. To try and uncover its causes would take a comprehensive study that covers multiple areas such as economy, sociology, psychology, history, etc. and that cannot be covered in just few pages. Nonetheless, the reality it describes signals a high need for intervention. Consequently, what this article proposes is an overview of the possible solutions that leaders may have at their disposal or they can build in order to counter the effects of the phenomena derived from such reality via vision, understanding, clarity and agility (VUCA). Thus, its assumption is that by depicting the overt aspects of the phenomena, possible solutions may emerge in the form of a general action plan. Hence, the potential flaw of the ideas to be expressed: the general aspects need to be adapted and matched to specific environments, which hopefully becomes possible should a specific mindset be assumed via the aforementioned action framework.

Key words: volatility, uncertainty, complexity, ambiguity, vision, clarity, agility, strategic leadership, environment, dissonance, entropy, disengagement.

1. FEATURES OF A VUCA ENVIRONMENT

The VUCA acronym standing for Volatile, Uncertain, Complex and Ambiguous was coined in the military after the Cold War to describe a new emerging type of warfare. From this perspective, the coinage was meant to refer to:

“...a world order where the threats are both diffuse and uncertain, where conflict is inherent yet unpredictable, and where our capability to defend and promote our national interests may be restricted by materiel and personnel resource constraints. In short, an environment marked by

volatility, uncertainty, complexity, and ambiguity (VUCA).”[1]

Nowadays, the acronym accurately reflects the consequences of the high mobility of people and goods triggered by state border dissipation or reconfiguration at a mental, technological and physical level, as well as the evolving technical interconnectivity.

Volatility captures sudden, extreme and multi-layered fluctuations in economy, socio-politics, geopolitics and indicates the difficulty of identifying and describing these changes in a pattern like manner as it used to be the case in a stable world where certainty about

the course of events was the salient feature. Thus, past experience and best practices no longer provide solid indicators for identifying solutions for the present, or for the future.

Given the incapacity to read the present through the lenses of past, that is “to sift, discern or decide” [2] it becomes obvious that the predictability of future is more than **uncertain**, which “makes forecasting extremely difficult and decision making challenging”. [3]

Increased mobility of people around the globe or simply the burning of frontiers via intensive use of technology, along with diversity of mental patterns contributes to an increased **complexity** of the surrounding world and inherently difficulty in mastering if not at least understanding the current intricacies underlying the external and internal environment of states and organizations. As a result, systems’ complexity leads to fuzzy depictions of the “causes and the ‘who, what, where, how, and why’ behind the things that are happening [that] are unclear and hard to ascertain” [3]. Additionally, “the ease of accessibility to, and prevalence of, big data has only increased this level of complexity, and will continue to do so at an ever-quickenning pace”[2].

The **ambiguity** of the environment is the result of all the above features. It is rendered by the inability to provide “yes/no” solutions and, hence, by the multifariously valid alternatives that might prove true depending on how, when and where a butterfly flaps its wings. The “it depends” answer becomes prevalent and it proves cumbersome for whoever has been accustomed to living in a world in which certainty about the future in

terms of present decisions, stability of environmental factors, simplicity in terms of expectations and polarity in the world, clarity of game rules were the norm. Moreover, as one author exquisitely summarized the conundrum: “Our decisions are only as good as the view of the future they rest on”[15].

But how can anyone tell whether the surrounding environment can be described as VUCA or it is prone to evolving by VUCA features? In this respect, there are a number of symptoms [2] by which to diagnose and intervene: dissonance or disbelief in what is visible and tangible and hence loss of/threat to comfort zones; entropy or disorganization, loss of purpose and perspective, incapacity to further pursue goals and “impaired effectiveness”; disengagement or retreat from what is hard to understand, withdrawal into a comfort zone/group. All of the above can become manifest at macro organizational level, but also at group and individual level.

What makes the difference in terms of the cure to be chosen is the level at which action is triggered. In this respect, we believe that taking a two-way perspective to a 5 P model (philosophy, policy, programs, processes, and practices), that can be applied for any organization, can yield good results. What that means is for current practices to exist or be molded in a desirable direction, as well as the presence of a clear cut philosophy. On the other hand, whatever changes occur at the level of practices, if they are in consonance with the stated philosophy, then they must naturally flow bottom to top, moving and transforming processes,

as well. In this respect, the chapters to follow are to build on this idea more or less overtly.

2. A VUCA ACTION FRAMEWORK

The solutions to the challenges raised by a highly volatile, uncertain, complex and ambiguous world are proposed by Bob Johansen [4] who suggests a positive reading of the VUCA acronym as Vision, Understanding, Clarity and Agility. In a similar vein, Peter Hinssen proposes the VACINE [5] acronym to point out the need of organizations for Velocity, Agility, Creativity, Innovation, Network, and Experimentation. Nonetheless, this article is to approach the first view, since that actually presents both the prerequisites necessary to be in place (i.e. vision, understanding, clarity), as well as the tangible result (i.e. agility). On the other hand, Hinssen makes valid suggestions through the acronym proposed, but in our opinion they overlap to a certain extent or need to be in place at the same time to produce results (i.e. creativity, innovation and experimentation). One of the concepts though would be worth investigating, namely that of "network". Nonetheless, approaching it would require a paper on its own and therefore, at the risk of presenting an incomplete perspective, this article is not to cover it.

Based on the presentation of each of the concepts proposed by Johansen and by resorting to specialized literature in the field we aim to establish the theoretical grounds for identifying an action framework that any leader could rely on when

challenged to make decisions on short notice, with little if no information whatsoever and simply probing the consequences with no direct and immediate evidence on these.

Thus, when it comes to **vision**, one needs to have one is not forecasting future, but creating future through action [6]. In this respect, it is worth noting that, if not stated as such, than as part of any organization's mission statement the vision may go unnoticed for lack of managers' ability to actually translate it into "*changed business practices*" [7] which means that it should be linked to specific behaviors, structures, and practices".

In this respect, to translate such a vague word into a real life solution is to look at it through the lenses of what Charles Duhigg [16] calls "*keystone habits*", namely those routines at individual, group or organization level which, if identified correctly and hence acted upon, can lead to ripple like change. Thus, vision is about identifying the key priorities that matter most and which, if approached, "start to shift, dislodge and remake other patterns". Nonetheless, the real difficulty appears when it comes to identifying what everyone agrees as being important for running the organization (even though they may or may not explicitly state it as such) while still clashing over the means to make it important. Thus, by identifying the key word that sets the priorities and which is not viewed as negotiable by either of the stakeholders because it reflects their best interests, one can actually claim to have a vision. And that only incurs identifying the root causes that may impede upon its realization and the means by which the latter can be

best addressed. Consequently, vision becomes a matter of identifying that behavior which everybody trusts as essential for their own interests, and such agreement can only lead to the sense of community and communion that is required for any organization to have.

For that, **understanding** becomes a key word and entails a number of requirements on behalf of leaders, such as [8]: openness; accountability; setting boundaries through clear expectations and objectives; willingness to tackle tough issues; listening and relational skills; regular communication; mirroring the behavior you want to see; giving trust to others.

Clarity is the opposite of simplicity and certainty [9]. It is more about direction, rather than about the end point, and it incurs “great flexibility about the detail” [9]. Thus, if clarity is about the power to admit lack of knowledge in a field and, hence, willingness and patience to learn and gain new information through dialogue and conversation, certainty is impatient with multiple viewpoints and favors crystal clear rules and norms even when common sense and reality contradicts them.

Clarity is required nowadays to deal with complexity, even though, as some literature in the field emphasizes, it is not so much complexity as “complicatedness” which makes organizations stall: “...while complexity brings immense challenges, it also offers a tremendous opportunity for companies. Increasingly, the winners in today’s business environment are those companies that know how to leverage complexity and exploit it

to create competitive advantage. The real curse is not complexity so much as “complicatedness,” by which we mean the proliferation of cumbersome organizational mechanisms—structures, procedures, rules, and roles—that companies put in place in an effort to deal with the mounting complexity of modern business (see the sidebar “The Complicatedness Trap”). It is this internal complicatedness, with its attendant bureaucracy, that destroys a company’s ability to leverage complexity for competitive advantage. Even worse, this organizational complicatedness destroys a company’s ability to get anything done. However, although complicatedness is a curse, it is not the fundamental root cause of the problem; it is ... only a by-product of outdated, ineffectual, and irrelevant management thinking and practices.” [10]

In terms of how to achieve clarity over complicatedness, Morrieux and Tollman [10] suggest rules that are related to understanding the root causes of employee performance, as well as several means to encourage cooperation rather than competition.

Thus, as far as performance goes, the authors suggest that in order to properly react to a complex world and avoid complicatedness, people behavior and performance need to be interpreted and intervened upon in relation with organization behavior. The latter is actually dictated by the interplay among organization structures, overall performance measures and indicators, incentives, systems and subsystems that shape the goals, resources and constraints that ultimately direct or restrict action and decision making. Therefore, understanding the context of employee

behavior from the aforementioned perspective can bring clarity over what works and what does not and avoids making piecemeal decisions like restructuring, transforming, expanding, etc. to the detriment of critical nodes based improvements.

Concerning the means by which cooperation can be achieved, Morrieux and Tollman encourage using integrators as a role to be assumed by anyone in a management position, rather than resorting to or establishing positions labeled as coordinators, cross functional groups, etc. that only add up to the level of complicatedness. To assume such a role several prerequisites are necessary:

- the management position has the power to generate value (in this respect, the health check questions by which to have the position at all are: what would happen if the position would not exist?, how would team members cooperate?), as well as the interest to do so.
- the rules imposed on the management position selected to act as an integrator are few and simple so that whoever fills it can encourage people use their autonomy and judgment, rather than becoming disengaged as a result of performing activities without real value to the organization, or stumbling against cumbersome decision making silos.
- the person acting as an integrator is given the freedom to set goals, success criteria, evaluate and reward result based performance and not behavior based performance, rather than being imposed all of the above.

Nonetheless, one of the most important highlights of the aforementioned authors is the following: *“Beyond a certain threshold, clarity only encourages mechanistic compliance and “checking the box” behaviors, as opposed to the engagement and initiative to make things work.”*

In conclusion, for clarity to emerge, people accountability, process accountability, discipline and integrity should be key ingredients. In other words, *“Accountability plus discipline equals integrity and results in clarity”*. [12]

Agility is related to being **“networked** and flexible, lightweight, and replicable” [13]. When it comes to organizations, agility is about withstanding difficulties by changing in a flexible and swift manner [5]. In this respect, Patrick Hollingworth [2] uses two important metaphors to depict the differences between linear based, traditional organizations anchored into long term planning and agile organizations, namely the expedition style climbing and alpine style climbing:

“Expedition style is all about identifying an outcome, and then doing whatever it takes to ensure it is won. It has a ‘summit at all costs’ mentality. Once the goal has been attained, once the climbers have returned to base camp, they can go home – the game has been won. Expedition style is extrinsically motivated, focusing only on the goal, leading to problems with goalodicy and increased exposure to the fallibilities of poor leadership.

Alpine style, on the other hand, is intrinsically motivated, focusing on the task at hand. The reward

is learning from the journey as a whole, rather than just the moment of attaining the goal.”

If agility is to be approached from a leadership perspective [14], it refers to two types of ability: one focused on results, and the other on people.

Thus, according to Mulcahy and Meister, an agile leader focused on results is:

- transparent, namely able to share information and take immediate and adequate action upon positive or negative feedback;
- accountable in terms of: allowing people and himself/herself to learn from mistakes and thus take and not shun responsibility, and clarifying behaviors expected for established goals;
- intrapreneurial, namely keen on identifying opportunities and encouraging others to act imaginatively and courageously;
- focused on the future by encouraging innovation, experimentation and giving credit whenever the case may be.

When it comes to working with people, the landmarks of leadership agility are related to the capacity to:

- resort to team work by identifying the right team leaders behaviors and encouraging them, as well as allowing for team work to become part of the functions that are characteristic of a human resource management system;
- promote inclusiveness by cherishing and encouraging both the diversity of employees' social and professional backgrounds, as well as the

diversity of opinions via formal events like “community and civic diversity projects and cross-cultural organizational initiatives from community days to hackathons”;

- encourage learning not only from formal dedicated programs, but especially from non-formal media, as well sharing and dissemination of information.

The barriers to agility raised within complex (and not necessarily complicated) organizations that are designed to react as part of a stable environment, are [11]: hierarchical structures, well established routines, “conventional strategy making process” that is not only about a time frame (3-5 years for strategic planning) within which events evolve at a much higher pace than the development of strategies, but also a given leadership “mindset” acquired as a result of people not filling a position long enough which does not allow them to become proactive, complacency, adversity to taking risks, and paralysis by analysis. In this respect, the signals that allow detecting the existence of such stumbling blocks are: “‘silo’ mentality, conflicting departmental priorities and goals, slow response times, processes becoming disconnected from the customer or from each other, duplication of effort, lengthy decision making, political behaviour and lack of accountability” [11].

3. CONCLUSIONS

All of the above considered, it becomes obvious that the VUCA perspective on tackling a VUCA environment is but a reemphasis of

ideas that already underpin traditional approaches to management. Thus, in our opinion, the action framework that can be proposed under such circumstances needs to be simply a reminder of what most organization employees are empirically aware of and yet, forget to put in practice, when reaching leadership positions.

In this respect, one possible high level approach, which in our opinion, does not necessarily provide a tangible solution to leadership in a VUCA environment is that proposed by Harry R. Yarger [17]: *“The role of the strategist is to exercise influence over the volatility, manage the uncertainty, simplify the complexity, and resolve the ambiguity, all in terms favorable to the interests of the state and in compliance with policy guidance.”*

Nonetheless, two ideas are worth remembering from the above quote. First, awareness of the best interest of a higher authority, and we could add, more often than not, to the detriment of the best interests of individuals or groups, is essential. Second, a compliant behavior is mandatory. But here, the challenge that leaders and not strategists need to tackle concerns the compliance framework and the extent to which that impedes upon the very idea of acquiring an agile state of mind and action.

Consequently, the principles that are worth underlining are presented below.

Principle 1: Trust your instincts to make decisions, as long as you are a professional and hence your “guesses” are educated ones. It is only thus that setting and following a vision from a pattern based behavior perspective becomes possible.

Principle 2: Assume accountability for your actions and

thus empower other to do the very same. In other words, to be a leader in a VUCA environment is simply setting an example and requiring the others to follow. But to do that and ensure the right decisions are made, accountability should become the keystone for attitudes and their related behavior.

Principle 3. Talk the talk and walk the walk. Leadership is not only about preaching, but also about setting an example. Nonetheless, one is not possible without the other, which means that for people to follow, they need first to understand. In other words, taking people’s understanding for granted and asking them to replicate the leader’s behavior is nothing but a huge leadership mistake.

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