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STRATEGY & LEADERSHIP

## Leading in an Increasingly VUCA World

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I have had the good fortune to do a lot of international travel over the past couple of years. No, it's not the long hours in a metal tube with wings that I am grateful for (especially now that Airbus has patented a new [passenger-stacking system](#)). Rather, it's the opportunity to once again see and experience the world from different perspectives, hear disparate voices, and watch diverse reactions to unfolding events. Working with executives in the Middle East, for example, provides far more insight into events there than simply following the news media.

The traveling I've done over the years has also afforded me the chance to analyze the world's **VUCA** levels. I have been talking about the concept of VUCA for some time now. It's an acronym developed by the U.S. military after the collapse of the Soviet Union to describe a multipolar world: **volatile, uncertain, complex, and ambiguous. Volatility reflects the speed and turbulence of change. Uncertainty means that outcomes, even from familiar actions, are less predictable. Complexity indicates the vastness of interdependencies in globally connected economies and societies. And ambiguity conveys the multitude of**

options and potential outcomes resulting from them. Where once we could count on the seeming certainty and predictability of binary choices — capitalism versus communism, democracy versus autocracy, Corn Flakes versus kasha — choices and consequences are now far less clear.

From [regular triple-digits](#) swings in the market to the rapid rise of often profit-free [unicorns valued at US\\$1 billion or more](#), a possible [exit of the United Kingdom](#) from the European Union, the devolution of the once-hopeful Arab Spring into the chaos of the [Syrian civil war](#), and turmoil from Libya to the Ukraine, this isn't just a VUCA world anymore; it's becoming ever more VUCA.

There is some good news: Although the leadership challenges in an increasingly VUCA world are significant, they're not insurmountable for those who are willing to look beyond old thinking and approaches. Here's some pragmatic guidance to help you craft a strategy:

**VUCA doesn't mean that everything is unpredictable.** If you step back to take a system-level view of the world, there are meta-phenomena with trend lines that are clear if not precisely delineated:

- **Urban concentrations:** The majority of the globe's population now lives in cities and this will continue to increase in the decades ahead. By mid-century, most of the top 10 [mega-cities](#) in the world will be in the developing world. With urbanization generally come longer life expectancies, lower birth rates, and greater economic prospects.
- **Climate changes:** Sorry skeptics — while debate continues over the exact timing and consequences, the consensus that we are indeed in the [Anthropocene era](#), in which human activity is altering the climate is only strengthening. Sea levels will rise, extreme weather events will multiply, and water sources and agricultural production will be less reliable.

- **Demographic shifts:** Globally, the [North and West are getting older](#), and the greatest concentrations of youth will be in the South and East. Tensions are likely to rise as the bulk of economic wealth and opportunity remain beyond the reach of many people.
- **Technology advances:** Although progress may [deviate from Moore's Law](#), we will be ever-more connected by devices that are smaller, faster, and less expensive. Each of these phenomena can be used as a lens on your business and industry to make it easier to discern what may be coming.

**Get curious, and get out of your comfort zone.** VUCA is a condition that calls for questions — lots of them. Penetrating questions that ferret out nuance. Challenging questions that stimulate differing views and debate. Open-ended questions that fuel imagination. Analytical questions that distinguish what you think from what you know. The only thing you know with certainty about your strategy is that it's wrong. Persistent probing will help you discern if it's off by 5 percent or 95 percent before events swiftly reveal the answer to you. **Agility is critical because strategic adjustments must be made continually.**

VUCA is a condition that calls for many penetrating, challenging, open-ended, analytical questions.

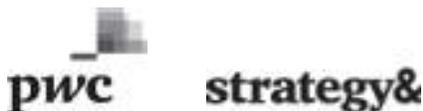
The complexity in VUCA is centered on dynamic relationships in which similar inputs may yield vastly different outputs. It is critical to know which forces are positive, which are negative, and which could go either way. Continually asking questions will help you see patterns and make more accurate predictions. As a leader, you must encourage open, direct feedback as well as ideas that challenge the status quo.

**Create an island of certainty amid VUCA turbulence.** **Constant change can set people on edge because we humans crave certainty.** People worry about their jobs,

status, and influence. This can hurt engagement, productivity, and the willingness to act independently. But **you can reassure your team through stability and transparency of process**. For example, be clear about your decision-making criteria, and be consistent in applying them. Signal your tolerance for learning-based mistakes that are inevitable in a fast-changing environment, and be sure to capture what you learn as a way of certifying its value. Think about these [failures as a resource](#) you've already paid for. Finally, be rock solid about your values — they should endure, drive decision making and action, and be enthusiastically and energetically celebrated to give them high visibility amid the hurly-burly of daily work.

Be sure to **avoid unnecessary turbulence**. For example, rather than having regular anxiety-inducing reorganizations of the hierarchy that rapidly become outdated, try for a more flexible, minimalist structure complemented by skills such as [teaming](#) that create fluidity and the expectation that structures will evolve.

VUCA isn't something to be solved; it simply is. Attempts to simplify complexity, or to break volatility, uncertainty, and ambiguity down into smaller and smaller parts in hopes that each can be decoded and countered will not make them go away — there are too many elements beyond the control of traditional centers of power and authority. It is a network phenomenon and can't be mastered through industrial age structures and practices. Leaders, attend to how your organizations respond to issues of volatility, uncertainty, complexity, and ambiguity, because the world is getting more and more VUCA every single day.



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