

Being a Successful Leader in Today's VUCA WORLD

BY MARTIN EMRICH

Our world has become increasingly complex in the past couple of months. The main drivers behind this development are unstoppable globalization and tremendous digitalization.

These forces have led to a business environment that many leaders now describe with the acronym "VUCA."

The outbreak of the coronavirus in March 2020 has shown how quickly local problems can become global catastrophes. And it has turned the entire planet into a world that is more dramatically VUCA than it has ever been before.

The purpose of this article is to revisit the meaning of "VUCA" and present a new skillset for leaders in this contemporary business world. The four key skills relevant in today's VUCA world can best be summarized with the acronym "NOPA," which I will outline later in the article.

So what is meant by the "VUCA world" that everyone is talking about?

Volatility. One example of volatility is the stock market. Sometimes it goes up then rapidly down again, like a roller-coaster ride. "Volatility" refers to a very rapid, erratic change. These changes, such as those experienced by a market or a single company, are very difficult to predict. You don't know when, how seriously, or in which direction a change will happen. Often, goals change in the middle of a project. This is also referred to as "moving targets." These make classical project management either very difficult or even completely pointless.

Uncertainty. This volatility often causes an enormous uncertainty, both intellectually and emotionally. A meticulous search for information usually doesn't provide the desired remedy here. Even after talking to the most prestigious



professors and other experts, we cannot predict with certainty the effect of a tweet by Donald Trump or the impact of the outbreak of the coronavirus on the global economy. And, ironically, both too little and too much information can evoke uncertainty.

Complexity. The multiple interactions between some known, and partly unknown, parameters make many topics and issues of our time enormously complex. A flood of new scientific findings and ever-more differentiated legal regulations increases the degree of complexity. But our brain is not perfectly constructed for that. It constantly tries to reduce complexity. This trick in our thinking partly explains the success of politicians who offer simple, black-and-white solutions, such as “Only diesel vehicles cause particulate pollution of the air!” Yes, oversimplifications seem to be experiencing a veritable boom in politics—precisely because of the de facto complexity of the world, which is driving many citizens mad. In addition, many voters wish to be presented with a simple scapegoat for complex issues. Albert Einstein, on the contrary, said, “Make things as simple as possible, but not simpler!”

Ambiguity. Ambiguity means vagueness. The first three letters “VUC” result in a situation that the individual often doesn’t even know how to interpret, and that is where “ambiguity” comes in. We can look at almost every event as an equation, where (E) allows for multiple possible interpretations (I1, I2, I3...). For example, “E” can be “My boss

doesn’t respond to my email. It may mean that he doesn’t like me (I1), fully trusts me (I2), couldn’t receive my email (I3), or simply forgot to reply (I4).” Or it could be something completely different.

How quickly and how realistically we interpret events has a big impact on our success. Also, knowing whether it is habitually OK for us to not have a simple explanation for everything immediately (high ambiguity tolerance) or whether this state causes us stress (low ambiguity tolerance) is quite essential. The ability to withstand the tension of ambiguity is increasingly used as a selection criterion, especially when selecting managers.

Now let’s address what additional skills a business leader needs to adequately confront this VUCA world.

COUNTERING VUCA WITH NOPA

“When the wind of change is blowing, some build walls, others windmills.” According to this saying from China, it’s not about stopping the VUCA trends or even bricking them in. Rather, it is helpful to “resonate” with the new dynamics of the VUCA world. Here are four ways you can resonate, summarized in a strategy that I developed in 2018 as “NOPA”: Networking, Openness, Participation, and Agility.

Networking. As everyone should know, your network is your net worth!

“A modern leader should always try to care for employees and systematically develop them. The most effective way to do this is by sharing your power.”



Due to the explosive growth in knowledge, a single human being is hardly able to familiarize himself with everything and individually penetrate the complexity of facts. One remedy can be a well-functioning network. If I have only a limited knowledge of my own but know which people in my social environment can give me more knowledge, that is very helpful. It's not what you know, it's whom you know!

Self-employed people, generally speaking, are optimally networked via virtual social networks. Companies are also trying to push the internal networking of their employees to counteract departmental egoism. The German company Bosch, for example, has launched its own “internal Facebook” called “Bosch Connect,” which is enjoying growing popularity among employees. The company has also organized a so-called “lunch roulette.” Every employee who wants to participate puts her or his name in a raffle and is randomly assigned a “lunch date” from another department and a different hierarchical level. This lunch date happens only once and lasts only 30 minutes, but the program has been shown to drastically improve interdepartmental communication and to decisively strengthen informal networks.

A modern company leader is already aware of the importance of informal networks. These networks probably helped the leader get to his or her current leadership position.

How can the power of networks be employed at your company? First, both direct reports and colleagues should be granted access to already existing informal networks by company leaders. In this way, the growth and career advancement of everyone working for and with the company leaders can be accelerated.

Second, company leaders should be good observers of the organizational system and initiate and consolidate new formal and informal networks where they make sense.

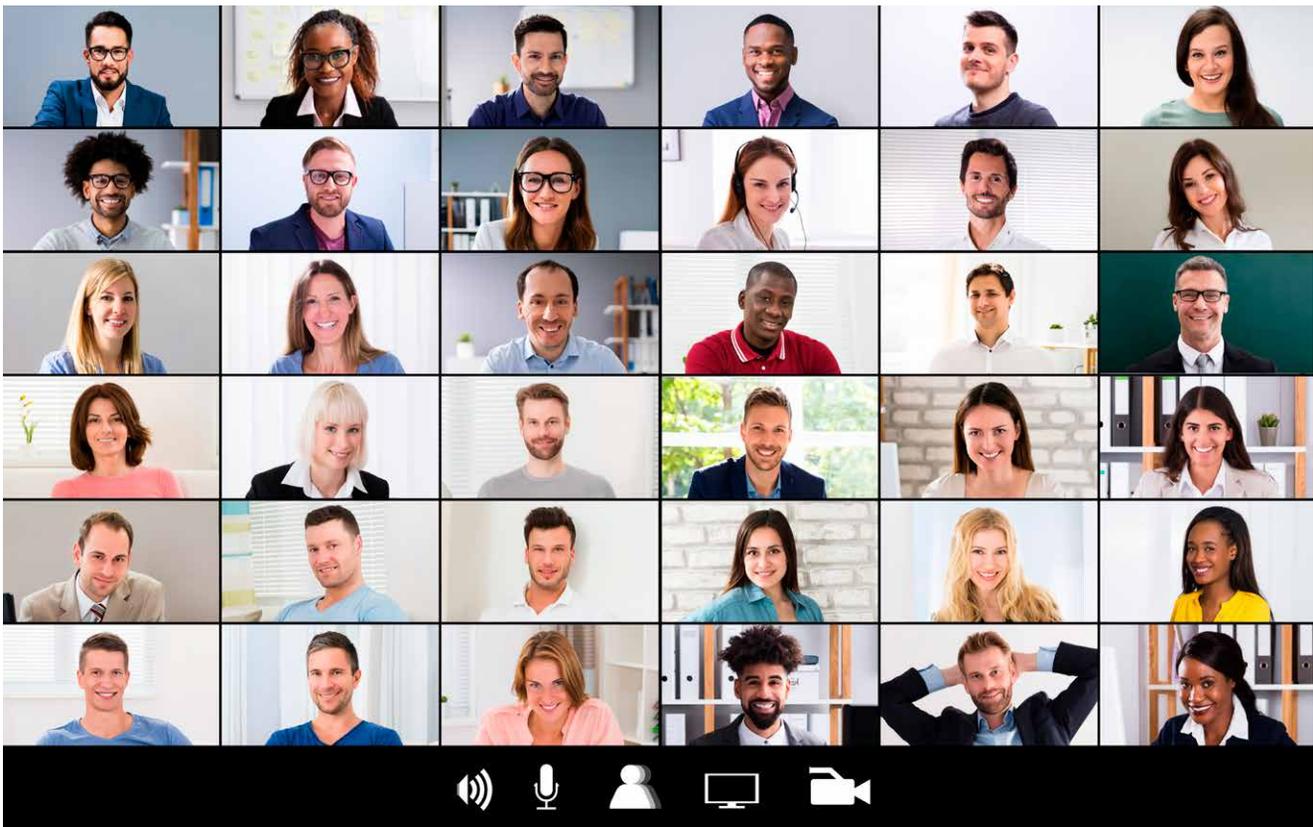
Openness. Your mind is like a parachute. It only works if it is open.

Openness has a lot to do with allowing criticism and listening. It also means embracing mistakes as a source for learning. The opposite is the “zero tolerance for mistakes” company culture. This kind of culture suffocates and paralyzes. Openness, on the other hand, allows mini-experiments, new things, and mistakes. In terms of “error culture,” more pioneer work is still needed in numerous organizations. Many executives still view mistakes as flaws and failures. A first step could be that managers are very transparent about mistakes that they have already made themselves. This will encourage employees to talk openly about their own mistakes instead of sweeping them under the carpet.

A modern business leader should be a role model in terms of openness. One of the most effective measures is to talk openly about your own mistakes—especially your more severe business mistakes where there was no happy ending. At the same time, feedback from everyone in the organization should not only be openly accepted but even highly appreciated.

This openness creates an organizational climate where subordinates are likely to share their own mistakes and are more willing to accept feedback about their own blind spots.

Participation. Caring is sharing!



Participation means systematically involving employees in important decisions. We also speak of “empowerment,” or the authorization or granting of power. The authoritarian model of leadership bundles the power of the CEO and turns the employees into mere recipients of orders. As a result, the organization is only as intelligent as the boss, who makes all the decisions “from above,” alone.

In learning organizations, however, the organizational chart is (mentally) turned on its head. This puts the employees right at the top. You get more power and a certain freedom of choice. This makes use of the intelligence and knowledge of all employees. As a result, the system is more flexible and faster, and the employees are more motivated and more responsible due to the extended authority.

A modern leader should always try to care for employees and systematically develop them. The most effective way to do this is by sharing your power. A good approach is to start by delegating simpler tasks. Then, when things go well, allow your employees to participate more and more, even in complex business decisions.

Agility. Act, reflect, adjust, repeat.

Agility means the cyclic back-and-forth between planning and implementation—that is, between “reflect” and “act.” Each mini-test is reflected. Each intermediate result is analyzed, and on this basis the next test balloon or the next step is developed. The agile procedure in iterative loops explicitly includes the possibility that a decision made is revised and a path taken is completely abandoned or at least corrected. This permanent readjustment promotes

adaptability, self-responsibility, and reaction speed of all employees and thus of the entire company. Through high agility, organizations can adapt to changing circumstances and volatile customer needs more quickly, giving them a massive competitive advantage over their competitors.

Being a leader in the VUCA world means having to realize that rigid long-term planning does not always make sense. For many projects as well as departments, an agile approach is more effective: Following the agile mindset, more space should be created for courageously testing new ideas. And more emphasize should be put on “learning while doing.”

In a nutshell, our world has become more VUCA than it was before. To gain a competitive advantage in this unpredictable, quickly changing business environment, business leaders should commit themselves to work on their NOPA competencies. They should create the right networks and use their power. They should create an organizational climate of openness rather than punishing mistakes. They should gradually allow employees to take more and more responsibility and thus allow them to participate. And they should apply an agile approach, wherever it makes sense. AQ

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