DIGITAL TRANSFORMATION:
PEOPLE, CULTURE, WORKPLACE

Luckily it’s only VUCA!
Navigating in a VUCA World

Lecture by Waltraud Glaeser
Main topics of the lecture:

• Insights – What is VUCA?

• Analysis – What does VUCA mean for your organization and Leadership?

• Solutions - How to substitute the phenomena of Volatility, Uncertainty, Complexity and Ambiguity positively
Let’s start!

• **Insights – What is VUCA?**

• **Analysis – What does VUCA mean for your organization and Leadership?**

• **Solutions - How to substitute the phenomena of Volatility, Uncertainty, Complexity and Ambiguity positively**
Times are changing - This is nothing new ...

**Industrial Age**
- Incremental change
- Functionalization
- Stable prices
- "Supplier Power"

**Knowledge Economy**
- Generation X vs. Baby Boomers
- Discontinuous change
- Networks emerge
- Continuous price decline
- "Customer Power"

**Creative Economy**
- Generation Y enters the scene
- Corporate culture as the greatest lever for improving performance
- Management as a fringe phenomenon
So what is new ... ?

Industry 1.0 & 2.0
Industry 3.0
Industry 4.0
Industry 5.0


Dynamic and Complexity

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V U C A
The term VUCA - its origin and purpose

- First used in 1987, based on the leadership theories of Warren Bennis and Burt Nanus
- Picked up by the U.S. military academy in the early 1990s
- Description of a multilateral world after the end of the Cold War
- Spread to other areas of strategic leadership, from education to business

- A term to describe the indescribable and to capture the intangible
- An answer to the circumstance that coalitions of interests are becoming more and more complex and motivations are constantly changing
- An approach to indicate changed conditions for decision-making while information is losing its predictive power
This is what VUCA stands for:

◆ **Volatility**
Speed, scope, intensity and dynamics of change increase, fluctuation and instability increase

◆ **Uncertainty**
Predictability of topics and events decreases, new things emerge out of nowhere, causal relations become more unclear

◆ **Complexity**
The multiplicity, diversity and interconnectedness of elements, systems and levels are increasing, the number of possible courses of action is growing, leading to conflicting interests and dilemmata

◆ **Ambiguity**
The world becomes "blurred", framework conditions and preconditions are more difficult to grasp, information and descriptions can be interpreted in several ways, no "objective" evaluations of a situation.
<table>
<thead>
<tr>
<th>Volatility</th>
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<td>Anticipating and responding to the nature and speed of change</td>
<td>Acting decisively without always having clear direction and certainty</td>
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<td>Complexitry</td>
<td>Ambiguity</td>
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<td>Navigating through complexity, chaos and confusion</td>
<td>Maintaining effectiveness despite constant surprises and a lack of predictability</td>
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Quite a lot going on here ...

**Strategy**
- Goals & Targets
- Priorities

**Management**
- Processes
- Ressources
- Monitoring

**Culture**
- Leadership
- Employee Engagement
- Culture of Ideas
- Co-Creation
- Methods-Competency
- Learning Culture

**Instruments**
- Incentives & Rewards
- Recruiting
- Knowledge Transfer
- Lifelong Learning

**VUCA affects ...**
Analyze first: VUCA means to you ...

Which phenomena of VUCA do you experience most in your everyday life? And particularly within your Leadership?
VUCA Analysis - What aspects have the following characteristics:

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<td>Difficult to predict, uncertain course?</td>
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* Which phenomena of VUCA do you experience most in your everyday life?  
  And particularly within your Leadership?  
* How does this manifest itself?  
* How do you personally/your organization react to it "automatically"?

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Question:
“What are the biggest challenges in today's digital world?”

Answer:
"There are many of them, but the biggest one is certainly taking people on our journey."

Jörg Heynkes, Trend Researcher and CEO of Innovationszentrum NRW
And even some more challenges!

5 generations* under one "(company) roof" including 5 x different needs and motivations

- Traditionalists - born up to 1946 work / work
- Baby boomers - born 1946 - 1964 work / work
- Generation Golf / X - born 1965 - 1975 work / life
- Generation Z - born 1998 and later life / life

* = Individuals who must be taken into consideration.

** “Since ancient times, the ancients have worried about the supposedly increasingly rude, uneducated, lazy boys and girls - and yet, amazingly, the world still stands.” (Armin Wolf, Austrian Journalist)
Moreover ... A clear difference: Change Management & Transformation!

CHANGE makes the system better, faster, cheaper ...

Past is the reference point:
Reactive adaptation to what has happened.

Future is a revised or improved version of the past.

Old or improved rules of the system.

TRANSFORMATION creates new systems.

Future is the reference point: Active creation of what will be.

The future is realized and free from the constraints of the past. “Thinking with no box”.

New rules of the system.

from Reza Razavi and Dr. Simon Sagmeister, BMW Group
Change Management ...

... in response to the pressure for companies to adapt
Change Management - The Art of Success?

In terms of avoiding the frequent implementation gap between concept and implementation.
## Change Management approaches according to urgency

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<th>Change for Survival</th>
<th>Change for Renewal</th>
<th>Change for Excellence</th>
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<td>• Secure liquidity</td>
<td>• Find new direction</td>
<td>• Secure advantages</td>
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<tr>
<td>• Master crisis</td>
<td>• Master crisis</td>
<td>• Achieve novelty</td>
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**Target:**
- Regain freedom
- Aim for next generation
- Maintain current lead

**Change philosophy:**
- top-down characterized
- one-size-fits-all
- strong intervention
- directive
- situational/flexible
- little intervention
- directive
- bottom-up
- situational/flexible
- little intervention
- participative

**Pressure on companies to adapt**
- HIGH
- LOW
Change Management approaches in a VUCA World

**Change for Survival**
- Secure liquidity
- Master crisis

**Target:**
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**Change philosophy:**
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- Secure advantages
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**Target:**
Maintain current lead

**Change philosophy:**
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**Pressure on companies to adapt**

*HIGH*
1st and 2nd order changes

1st order changes

Changes <20% require optimization of existing practices and behaviors.

Necessary for optimization:
- Replacement of elements without changing of the inner system logic, the social grammar (culture)
- Patterns and rules of how to communicate, how to cooperate, and how to make decisions remain the same.

Question of efficiency: "Are we doing things right?"

2nd order changes

Changes >20% require new business models, new organizational forms, but also new rules, roles and behavior.

Pattern change is necessary:
- Experience culture and inner system logic for yourself a transformation
- Rules, values, norms start to move: Individuals and groups change their behavior, systems change their patterns of cooperation, reaction decision-making patterns

Question of effectiveness: "Are we doing the right things?"
VUCA requires different thinking ...

"We can't solve the problems at the same level of thinking that we were at when we created them."

Albert Einstein, 1879 - 1955
Necessary: Ambidexterity ("using both hands") - Change Management & Transformation at the same time!

From Andreas Diehl, www.dno.de
... look at different approaches at the same time ...
The greatest danger in turbulent times is not turbulence, but acting with yesterday's logic.

PETER F. DRUCKER
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Is it 5 to 12 ...?

“

When a company's environment changes faster than the company itself, the end is near ...

"  

JACK WELCH

From Reza Razavi and Dr. Simon Sagmeister, BMW Group
No Panic!

There have always been questions of fate of mankind!
Therefore: Put a positive spin on VUCA!*

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<th>VISION instead of Volatility</th>
<th>UNDERSTANDING instead of Uncertainty</th>
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<td>The purpose is more important than the plan</td>
<td>Stop, look, listen to be able to answer</td>
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<th>CLARITY instead of Complexity</th>
<th>AGILITY &amp; ADAPTABILITY instead of Ambiguity</th>
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<td>Giving chaos a meaning</td>
<td>Collaborative approach, experimenting, gaining experience, open to failure</td>
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*VUCA Positive Prime by Bob Johansen from 2007
... and above all prove VUCA positively ...

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<th>Instead of Volatility - VISION</th>
<th>Instead of Uncertainty - UNDERSTANDING</th>
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<td>➢ Develop a vision</td>
<td>➢ Think and plan meta-strategically</td>
</tr>
<tr>
<td>➢ Create meaning, &quot;Start with Why&quot;</td>
<td>➢ Establish contextual understanding</td>
</tr>
<tr>
<td>➢ Orientate to hierarchy of values</td>
<td>➢ “Start with the end in mind” in the sense of “Backcasting”</td>
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<tr>
<td>➢ Enable motivation</td>
<td>➢ Align and commit competencies and resources</td>
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<th>Instead of Complexity - CLARITY</th>
<th>Instead of Ambiguity - AGILITY</th>
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<td>➢ Untangle relations and interconnections</td>
<td>➢ Enable intuitive networks</td>
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<tr>
<td>➢ Enable transparent processes</td>
<td>➢ Deal with contradictions in a comprehensible way</td>
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<tr>
<td>➢ Clarify roles and assume accountability responsibility</td>
<td>➢ Promote decision-making and failure culture</td>
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<tr>
<td>➢</td>
<td>➢ Install agile forms of work</td>
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VUCA - Two key parameters:

1. How much information do I have about a situation?
2. How much can I estimate the effects of my actions?
Using VUCA quadrants for guidance:

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How much information do I have about a situation?

How much can I assess the impact of my actions?
Start with WHY! (Simon Sinek)

The Golden Circle

**What**
Every organization on the planet knows WHAT they do. These are products they sell or the services they offer.

**How**
Some organizations know HOW they do it. These are the things that make them special or set them apart from their competition.

**Why**
Very few organizations know WHY they do what they do. WHY is not about making money. That’s a result. It’s a purpose, cause or belief. It’s the very reason your organization exists.
And don’t forget true Leadership!

„Whereas the heroic manager of the past knew all, could do all, and could solve every problem, the postheroic manager asks how every problem can be solved in a way that develops other people´s capacity to handle it.“

Charles Handy
Irish economic and social philosopher