The Leadership Challenge: Developing leaders in a VUCA environment through LIVED™

In today’s world, the only certainty is uncertainty.

We are constantly bombarded with challenges that we cannot anticipate, problems that we cannot foresee and opportunities that we cannot predict. More than ever before, the modern business leader needs to be agile in order to guide their organisation through the unpredictability of the business world. This agility requires changes in both leadership behaviour and attitude, making these the new business imperative.

Every day leaders are faced with situations that are volatile, uncertain, complex and ambiguous.

This is the VUCA world in which we live. Adapt to it and see how your organisation thrives. Ignore it and the results could be catastrophic.

Yet, despite its impact on business success, the VUCA context rarely influences Board decision making, let alone the thinking behind developing leaders, managers and high potentials. The reluctance to embrace the VUCA environment is concerning, given that the major trends over the next 15 years predict that it will continue to affect businesses to an even greater degree.

So let’s start by looking at some of the major trends that will increase volatility, uncertainty, complexity and ambiguity and impact organisations on a global basis, from the SME to the largest multi-nationals:

The rate of demographic change is increasing. We have recently gone through the 7 billion population threshold for the first time in history and the next 15 years will see us soar beyond the 8 billion mark. The population is ageing and working for longer than ever before. For the first time we have four generations in the workplace, all with different perspectives and expectations. We will be better educated, but the demand for suitably qualified people will far exceed supply, turning the war for talent into a global crisis and affecting the way leaders engage with their employees.

Commodities and resources will come under even more stress as demand increases at an unprecedented rate, creating significant supply chain and product development issues and deepening the environmental crisis. Organisations which fail to confront these challenges and build sustainability into their standard practices are likely to suffer disproportionately.

Although we have been living with the effects of globalisation for decades, operating on a truly global basis will continue to be a challenge for many organisations. The ability to deliver goods and services around the world does not make a global company. Such a claim can only be made when systems, people and services are aligned through ‘glocalisation’: the localisation of global operations to meet discreet cross-border demands. When competition from new emerging markets is added into the equation, the pressure on traditional economic powerhouses to embrace shared global responsibility will become immense.

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With the advent of maturing emerging markets and the emergence of middle classes with more buying power comes greater individualism. Businesses will have to work harder than ever to reflect varying consumer demands and offer individually tailored products and services.

The impact of some of these challenges will, of course, be mitigated by the continued pace of technological advancement. Constantly improving technology and increased technological convergence across industry sectors will drive innovation, help to maximise growth and develop new approaches to overcome some of these issues. However this, in itself, will bring its own complexity, requiring new operating procedures and a mindset change in order to capitalise on the opportunities available.

So, what does this all mean for leaders now and those of the future?

We are moving from a world of problems which demand analysis and the elimination of uncertainty, to a world of dilemmas which require cognitive agility, sense-making, learning and the ability to embrace uncertainty.

Without the ability to consider the impact of these major trends, adapt to them and turn them to their advantage, leaders of the future will find themselves at a critical disadvantage. The traditional ‘rule book’ on leadership needs to be dispensed with in favour of a new set of skills and behaviours that will allow leaders to thrive in a VUCA world. Organisational structures, business models, processes and procedures need to become adaptive, and, at the centre of these changes, are the leaders of the future who can adjust better, faster and more creatively than those of their competitors. Leaders need to search for the ‘antidote’ to VUCA and, thankfully, this exists in the guise of VUCA PRIME:

V
Volatility requires leaders to have Vision, the capacity to anticipate future market trends and plan accordingly, staying true to your values and providing stability for the organisation by providing foresight of your desired future.

U
Uncertainty yields to Understanding, the ability to cut through confused, often conflicting, information, identify patterns, adapt the business strategy accordingly and drive competitive advantage.

C
Complexity is overcome by Clarity, the desire to make sense of many interconnected variables, interpret weak signals in the marketplace and plot a well-defined course through accurate goal setting and purposeful organisational direction.

A
Ambiguity calls for high levels of Agility in order to navigate successfully through the ‘unknown unknowns’, experimenting fluidly with new approaches, analysing cause and effect and deploying learning at pace in order to maximise opportunities.

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All of this demands in leaders the ability to conceive a strategic vision of the future, to interpret market dynamics quickly and to act appropriately at speed. Leaders have to adapt, be courageous, push the boundaries of possibility and learn quickly about what is working and what needs to change. Without the drive and determination to succeed and the ability to remain true to themselves, leaders are in danger of being left behind.

Changing leadership behaviour requires a challenge to the status quo.

a&dc is doing just this through LIVED™, the only end-to-end leadership assessment and development solution in the market, which equips today’s leaders, and those of the future, to embrace the challenges of a VUCA world. It does so by focusing on the following dimensions:

**Learning:** The willingness and ability to adapt to new environments and challenges by drawing on learning and feedback from previous experiences. Without this, leaders will continue to deal with challenges as they have in the past when a VUCA world demands a constant reappraisal of approach.

**Intellect:** Thinking incisively and dealing effectively with complex and ambiguous information, seeing issues in the broader context and making sound decisions based on this analysis. As with Learning, a flexible strategic and commercial mind is required to navigate through the challenges that VUCA presents.

**Values:** Acting in an authentic and consistent way, inspiring trust and demonstrating integrity, courage and respect for others. A leader’s value set has become a new currency and the way it reflects on an organisation can have a significant effect on its success.

**Emotions:** Managing own emotions, building positive relationships and using emotions to influence and inspire others. It is often stated that IQ gets you the job, EQ gets you on in the job.

**Drive:** Setting challenging goals, taking an action oriented approach and showing passion and determination to overcome obstacles, act decisively and achieve results. Research shows that the ability to drive and motivate self and others into action accounts for more than 16% of successful leadership.

It is no longer acceptable to be skilled in certain aspects of leadership, it is an absolute requirement to be fully equipped to live and learn as a leader. By measuring capability and potential against the LIVED model, a&dc is able to pinpoint individual strengths and development gaps relative to the organisation’s leadership needs, providing powerful insight into the future health of the business.
Of course, understanding capability and potential is only half the battle. Being able to develop it is the other half of the equation and this is essential to ensuring that leaders are fully prepared for the challenges that VUCA presents. According to Forbes\(^2\), a reliance on training is the number one reason that leadership programmes fail to produce the required results. Training concentrates on ‘best practice’, focuses on past experience and is typically driven by techniques to help cope with the current situation. True development, however, concentrates on ‘next practice’, takes a person-centred approach and applies learning to future business needs and challenges. In a nutshell, while training is finite, development is infinite. Exactly what is required for the VUCA world.

The a&dc LIVED development programme consists of a series of interlinked workshops, complimented by coaching support, action learning with tangible outcomes and sustainability events to effectively change leadership behaviour and embed these changes to the extent that they become business as usual. Following the programme leaders will be able to:

• Define and articulate a clear vision for the organisation with the agility to flex and respond appropriately to rapidly unfolding situations.
• Identify risks early and react in a timely manner using learning from previous experiences to deal with future situations.
• Provide clear direction and consistent messages.
• Cut through uncertainty and make effective decisions based on analysis and intuition.
• Use complexity to their advantage and feel comfortable with the uncomfortable.
• Demonstrate courage to seize opportunities to innovate and transform.
• Provide clear strategic direction for the organisation and for employees, improving engagement.
• Deal with the dichotomy of slow growth and rapid change.

The result is a fully functioning leader capable of taking the VUCA world in its stride, giving the organisation confidence that its talent pipeline is strong and prepared for the future challenges it will face.

\(^1\)Pearman, 1999
\(^2\)http://www.forbes.com/sites/mikemyatt/2012/12/19/the-1-reason-leadership-development-fails/

Find out more:
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