The VUCA World – Challenges and Opportunities for Learning & Development

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We have to understand the change of DNA for doing business

Changes in Society → Change in customer psychology

Values like brand loyalty carved in stone? → Hybrid values

Linearity → Complexity

Experience-based solution finding → Ambiguity

Digitalization has highlighted these trends – it is not the only root cause for them
To sum it up: TODAY, we live in the VUCA World

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Characteristics</th>
<th>Strategic lever</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volatility</strong></td>
<td>Fast changes in unpredictable way although root causes are approximately clear</td>
<td>Strengthen the agility of organizations, people, processes, and projects</td>
</tr>
<tr>
<td><strong>Uncertainty</strong></td>
<td>Extrapolation of past into future not possible. Various, non-predictable future outcomes</td>
<td>Short iterations in data analytics and implementing of scenario technologies</td>
</tr>
<tr>
<td><strong>Complexity</strong></td>
<td>Interactions between system elements and between system and environment inherently unmanageable</td>
<td>Act in learning loops: Analysis – Hypotheses – Intervention – Reflection</td>
</tr>
<tr>
<td><strong>Ambiguity</strong></td>
<td>Problem solution is non-linear, even conflictive answers both may be „right“ → antagonism of „efficiency“ and „innovation“</td>
<td>Work in experiential settings with intensive, but short feedback loops</td>
</tr>
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</table>
The origin of VUCA

War against terrorism in Iraq and Afghanistan:
- Squad as the cornerstone of military organization
- Team of teams concept: General Stanley McChrystal
- War College → VUCA University

Better to act on basis of an imperfect plan than too late on basis of a perfect plan

Implement decentral decision loops – shorter than those of the enemy
Digitalization – an approach to systematize the trends

- Cyber-physical interface
- Self learning machines
- Changes in how we interact with individuals and groups
- Foundation of decision making

- Internet of Things (IoT)
- Artificial Intelligence (AI)
- Social Media
- Big Data
Overview

VUCA: Origin and Challenges

Consequences for ...

Challenges for Learning and Development
1 Mission and Policies

Customer Experience:
- Learn what the customer really wants
- 1:1 customer journeys

Efficiency:
- Data transparency
- KPIs with impact on efficiency

Platform:
- Hub for coordination of a specific business, i.e. Uber, Airbnb
- Create business with nearly no infrastructure

Learning field:
Customer Centricity
Data Analytics, agile process optimization
Algorithm, coordination of an external environment
How innovative organizations deal with the dilemma between Innovation and Efficiency

Outline of eco system

- **Accelerator**: Unit that supports external startups
- **Incubator**: In-company innovation lab
- **Network** for balancing (internal) competition, idea creation, market readiness

Learn how to „play“ the different types of organizations
Change of Culture

- Risk aversion
- Silos in organizations
- Missing customer centricity

Which are the most significant challenges to meeting digital priorities? % of respondents

- Cultural and behavioral challenges
  - Lack of understanding of digital trends
  - Lack of talent for digital
  - Lack of IT infrastructure
  - Organizational structure not aligned
  - Lack of dedicated funding
  - Lack of internal alignment (digital vs traditional business)
  - Business process too rigid
  - Lack of data
  - Lack of senior support

Overview

VUCA: Origin and Challenges

Consequences for …

Challenges for Learning and Development
### Some hypothesis on learning – open for discussion

<table>
<thead>
<tr>
<th>Element of Learning</th>
<th>What will decrease</th>
<th>What will increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setting</td>
<td>Learning for / through individuals</td>
<td>Team learning</td>
</tr>
<tr>
<td>Learning Process</td>
<td>Standardized</td>
<td>Tailor made</td>
</tr>
<tr>
<td>Point in time</td>
<td>Learning now – usage in the future (or never)</td>
<td>Learning on demand – 24/7</td>
</tr>
<tr>
<td>Relevance for job</td>
<td>Off-the-job learning</td>
<td>Near-the-job and on-the-job learning</td>
</tr>
<tr>
<td>Responsibility</td>
<td>Externally controlled „needs analysis“ by HR</td>
<td>Self directed learning process</td>
</tr>
<tr>
<td>Method</td>
<td>Classroom teaching</td>
<td>Informal learning</td>
</tr>
<tr>
<td>Integration</td>
<td>Single channel, i.e. individual eLearning</td>
<td>Omnichannel – Learning: Cloud</td>
</tr>
</tbody>
</table>
Leadership development: Issues and Solutions

**Good news**

Leaders in Germany accept the need for a change in leadership style and appreciate that they are on their way*

**Bad news**

Increasing gap between demands on „good leadership“ and fulfilment of the demands in daily practice*

*Study on Change of Leadership Culture, study consisting of 400 in-depth-interviews, www.forum-gute-führung.de
Leadership: The ground-breaking shift in a VUCA world

<table>
<thead>
<tr>
<th>From…</th>
<th>To…</th>
</tr>
</thead>
<tbody>
<tr>
<td>single person at the top: „Knowing“</td>
<td>single person within a team: „Exploring“</td>
</tr>
<tr>
<td>leading by delegation</td>
<td>shared leadership</td>
</tr>
<tr>
<td>status</td>
<td>role</td>
</tr>
<tr>
<td>hierarchy</td>
<td>network</td>
</tr>
<tr>
<td>added value of leadership: shareholder value</td>
<td>added value of leadership: coordination of efficient open-ended processes</td>
</tr>
</tbody>
</table>

by trend; not feasible for all context or organizations
Leadership Development: Some basic points

- act in dynamic markets – understand customers – utilize the benefits of digitalization
- thinking and acting in systems
- skills and methods for learning by reflection
- agile project management
- balance between openness and confidentiality in communication processes

- Professional Skills Dev.
- Project based learning
- Experiential Settings

Critical Action Learning
Learn how to solve „VUCA“- Problems: The example of Critical Action Learning

- Learning on individual, team-based, and organizational level
- Dedicated teams (=sets) work in a systematical way on analyzing and solving „wicked“ problems …
- … in due consideration of micro politics, power and other influences on support or hindrance for solving the problem
Contact

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