Navigating VUCA challenges

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In our world of increasing pace and complexity it is relatively easy to notice the VUCA (volatile, uncertain, complex and ambiguous) challenges we are facing. Systemic intelligence has a lot to offer individuals and organisations when it comes to navigating VUCA challenges.

Examples of VUCA challenges include when a political decision gets made that suddenly changes everything. That would be volatile. You cannot expect it, it's not predictable but suddenly, bam, you've got to deal with it. If you think about uncertain, it means when things could go this way or that way. There are so many variables to be considered and it's not clear. Complexity is when you just have so many interactive elements that you actually can't predict the cause and effect relationships between them. And ambiguous means there are lots of unknowns, and that you have no way of knowing the unknowns. We can all think about our own business and come up with VUCA challenges that we're facing.

VUCA challenges when scaling a business

One of the VUCA challenges that has come up in a lot of my client work lately is 'scaling up', where businesses want to generate growth through scaling. When we think 'scaling up', there are two ways of going about it. Firstly, you can consider doing it in an orderly, logical, rational, linear fashion. You won't expect to face some of the VUCA challenges. They will still be there. But in reality, clients are saying we need to scale up and double the size of our business, in 18 months to two years. This is a VUCA challenge, straight up, because you've got business as usual, all of the competitive forces in the marketplace, and the way business changes in quite a dynamic fashion. There's a certain degree of volatility that's going on in the business environment, regardless.

If you really want to scale up, there's a way to set up your system so that it's healthy and can therefore actually accommodate the growth trajectory quite fast. But you can also set it up in an unhealthy fashion – then you're just going to set compounding problem after compounding problem and you're not going to realise your commercial benefits.

Critical systemic principles for scaling

If you want to take your business along a pathway of growth, it needs to be healthy, sustainable growth. We know that in nature, for instance, if it's not healthy and sustainable, it's cancerous or it's destructive in some way. This is where a systemic perspective becomes a particularly important leverage point.

One of the things that you need to start with is appreciating or auditing the resources that you currently have that are not yet fully utilised, and would be available for the scaling up. A consistent and surprisingly common pattern is how many resources are unrecognised in organisations. Often that comes from the history of the organisation.

An organisation, wherever it gets to, stands on everything that came before. Whether you like it or not, it has contributed to where you are now. In a system, if you don't honour what exists, then it creates turbulence. If you want to scale up, you want to ensure healthy dynamics before you start growing, otherwise you're going to set up disturbances in your system that are really going to take away from your scaling up. So that's a foundational systemic principle.

The second thing is you need to be clear about the leading principle that's governing the business. The leading principle is the point of leverage in a system. To scale up you want to be on your point of leverage, so really being clear about what the leading principle of the organisation is crucial.

Another system principle that becomes really important is 'who belongs'. You may have people in the organisation who have built it to where it is now but don't have the bandwidth to take the organisation to where it's going to go. This brings up the notion of 'Who belongs to the future? Who has the depth and the breadth and the potential to go with the future?'. Some people do and some people don't.

This leads to the systemic principle of 'good endings'. How do you honour and respect and dignify people so that when you're going into this growth, they actually feel part of where the organisation goes, even if they're not part of it themselves? That's similar to the principle of 'belonging', but it's also interacting with the principle of 'give and take'. When somebody's given a lot to a system, how do you honour and respect that back to them so that they actually feel complete, and it doesn't feel like anything's left out of exchange? We often discount, we overestimate on our side of the balance sheet and underestimate on others' side of the balance sheet, so we don't get that give and take in right relationship.

Similarly, there is the question of 'who needs to belong?', in terms of who needs to join and how do you set up a good joining? Then it brings in the issue of order. Who's in the first position, who's in the second, and who's in the third? Who has a particularly large contribution to make and therefore has more authority in the system? Who's going to make a big contribution to the future because they're going to impart all of the knowledge from the past into the present as a vehicle to take it into the future? Orders become important as you're preparing and then moving through scaling up.

Keep revisiting these systemic principles

That's an illustration of all of the systemic principles at play when you're thinking about scaling up. These need to be constantly revisited and reapplied in the scaling up process. It's wonderful if you can teach everybody and the executive to understand these systemic principles, because they can then apply them themselves, once they really understand them and how to work with them.

To navigate your VUCA challenges in a sustainable way, contact me through ea@sarahcornally.com.

Sarah Cornally was sought out by C-suite executives to provide consulting services in the area of leadership, culture change and issue resolution as a result of her reputation in resolving complex and challenging issues in the field of Occupational Rehabilitation and Occupational Health & Safety.

For over 30 years she has consulted to and advised leaders in many of the top 100 companies, federal and state organisations in Australia including AMP, Allens, APRA, AstraZeneca, CBA, the Dept of the Prime Minister and Cabinet, Coca Cola Amatil, King & Wood Mallesons, KPMG, Macquarie Bank, Microsoft, NSW Department of Human Services, PWC, NAB, Woolworths and multinationals in the Asia Pacific region.

She is best known for her work with executive teams, senior leaders and boards creating the adaptive leadership environment that enables organisations to perform and the people to thrive.