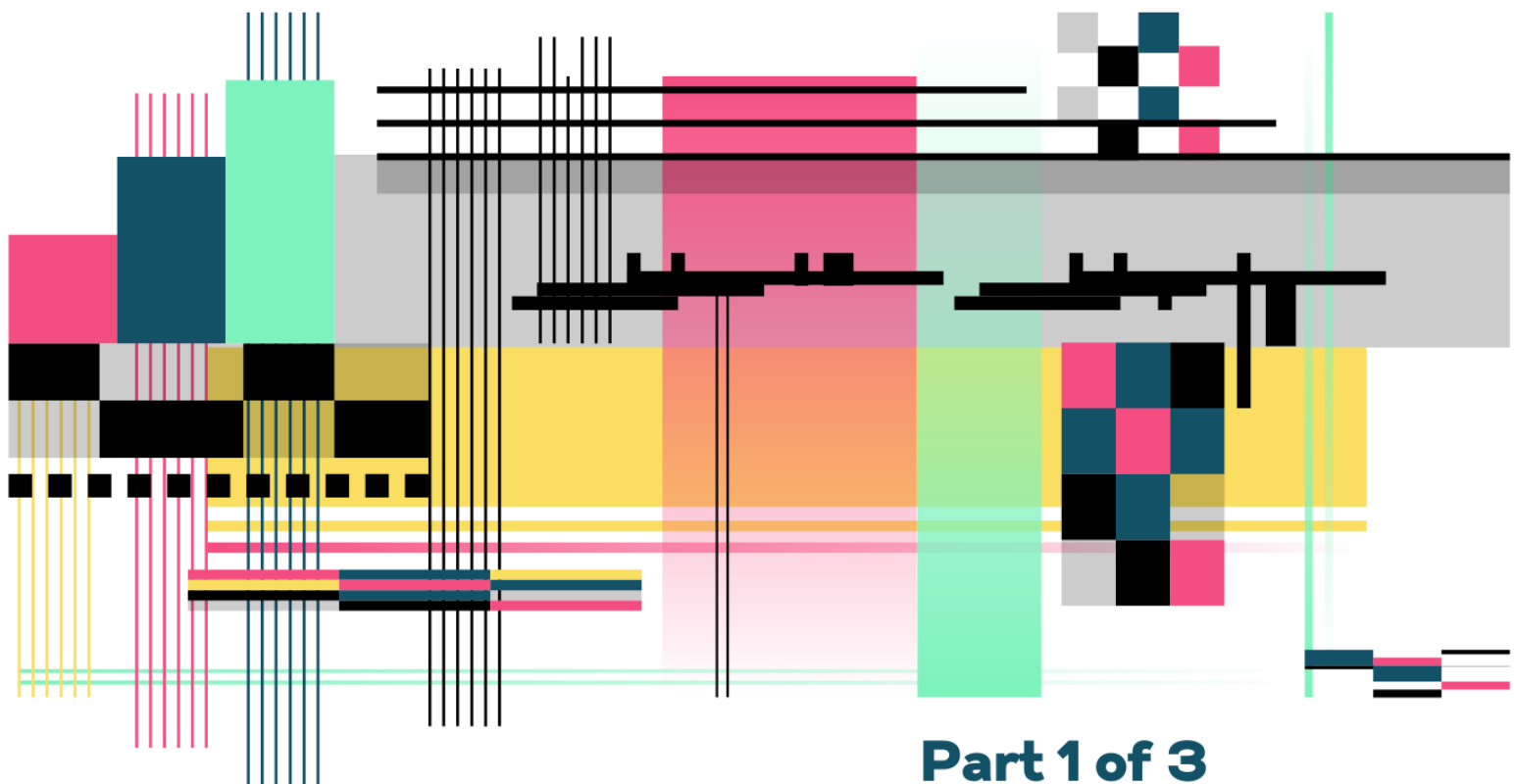


# Digitalisation and the **VUCA-D** world



Part 1 of 3

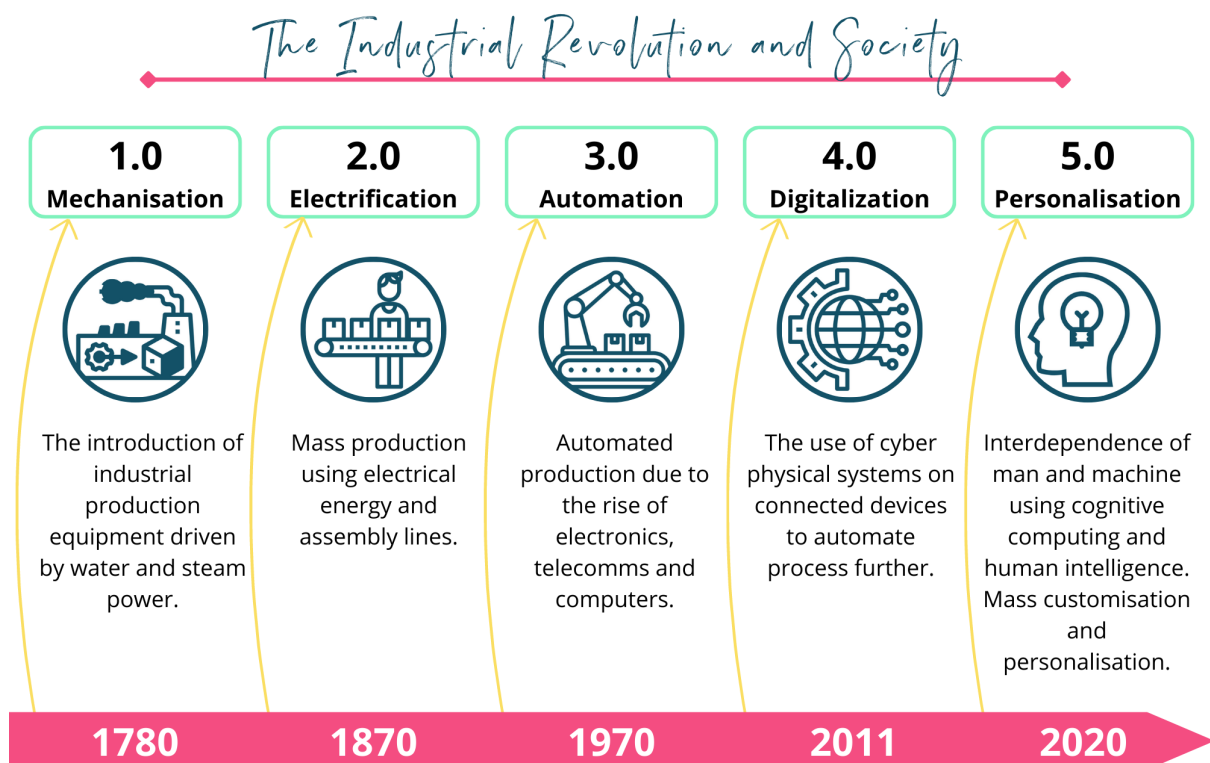
# Digitalization and the VUCA-D World

## In Part 1:

- Digitalization
- Future-proof
- VUCA-D world
- Future-leaders

Technology, even before Covid-19, was changing the nature of the way we live and work. With the number of disruptions over the last 10 years, we really have no idea what the next 10 years might bring. As it is, we now live in a connected global society where change can be fast-paced, constant and unpredictable.

This digital age, also known as the **Fourth Industrial** Revolution, has everyone talking about “future-proof”, “digitalization”, and a “VUCA-D world”.



And while the world is already talking about the Fifth Industrial Revolution, it's important to ensure that you are up to speed on Digitalization. So, what does this actually mean? What

is digitalization? What does it mean for life and business? What does it mean for the leaders who will be driving success, survival and sustainability in the not-too-distant future. Who are these leaders? What are the skills needed to lead successfully in a VUCA-D world?

To be able to answer these questions, we need to properly understand the concepts, digitalization, future-proof, VUCA-D and future-leaders, so let's break it down:

## **Digitalization**

According to Business Dictionary, Digitalization is the conversion of analog information to digital form with suitable electronic devices so that information can be processed, stored, and transmitted through digital circuits, equipment, and networks. In Full Colour adds the human element, ensuring your new digital world brings out the best in you and your business.

Often used interchangeably with digitization *and digital transformation*, digitalization is actually rather different from either of these. While a definition was given in the paragraph above, a perhaps easier way of explaining Digitalization would be: turning interactions, communications, business functions and business models into digital ones, which comes down to a mix of physical and digital, as in omnichannel customer service, integrated marketing or smart manufacturing - mixing autonomous, semi-autonomous and manual operations (source: [i-Scoop.eu](https://www.i-scoop.eu)).

Another aspect of digitalization is in regards to a specific area of business. Said best by [i-Scoop.eu](https://www.i-scoop.eu), this means, for instance if we were to look at the digital workplace - it's more than just using a minimum of paper. It also means that your workforce works differently, using digital tools such as the mobile devices and technologies that make them mobile and/or using social collaboration and unified communication platforms, which are digital systems, enabling them to work in a more "digital way". This, in turn, creates new opportunities to engage differently. And it requires more than just digitized data.

Digitalization is what you need in order to digitally transform and become a digital business.

## **Future-Proof**

The literal definition of future proofing is: the process of anticipating the future and developing methods of minimising the effects of shocks and stresses of future events so that we can build a sustainable world for generations to come.

To survive and thrive in a Volatile, Uncertain, Complex, Ambiguous and Disrupted world, leaders must change how they live and work. This means looking at what, amongst others, leadership for global citizens is, it could be disruptive, digital, creative, collaborative and self-directed. We also need a new way of thinking and approaching solutions to the problems that we face in this digital and dynamic world we find ourselves in. Different life and business models, different leaders, different learners, different generations and different ways of interacting creates collective intelligence which adds to sustainable future-proofing. This new way includes multiple intelligences as applied through digital learning and expressed in data visualisation to future-proof living.

The future-proofed living is asking global citizens to become leaders in their own life and work, a deliberate shift from leadership found mainly in management to collective leadership.

And this is where VUCA-D comes in. VUCA-D is short for Volatility, Uncertainty, Complexity, Ambiguity and Disruption.

## ***This New VUCA-D World***

VUCA is an acronym that was actually originally used in 1987, and was the response of the US Army War College to the collapse of the USSR in the early 1990s.

The VUCA model has since been adopted throughout businesses and organisations in many industries and sectors to guide leadership, strategic planning and digitalization. The acronym has many versions yet the core remains as it describes the situation of constant, unpredictable change that is now the norm in certain industries and areas of the business world.

We also went ahead and adapted the VUCA acronym for our community, by adding a D on the end to make up VUCA-D, with the D representing the word “Disruption”.

An awareness of the forces which are represented in the VUCA-D model – and strategies to mitigate the disruption they might cause – is integral to crisis and change management.. With that, the VUCA-D concept itself, is integral in digitalization and making sure that you and your business are brought in line with the Fourth Industrial Revolution. To further understand VUCA-D, let's deep dive into each letter of the acronym:

### **Volatility:**

The world isn't fixed and we can't predict the future, we don't know what's going to

happen. This is what volatility refers to; change which is rapid and unpredictable in its nature and extent. While being unpredictable, information about the changes is available and the situation is generally easy to understand. Challenges are unexpected, unstable, and may last for an unknown duration.

### **Uncertainty:**

Again referring to the unpredictable nature of what could happen in the future, but in this instance, we can't get perfect information. Causes and effects are unknown, the present is unclear and the future is unpredictable and uncertain.

### **Complexity:**

It's not all uncertain and volatile. Information and variables are plentiful but overwhelming. Many different, interconnected factors come into play, with the potential to cause chaos and confusion. Sometimes, you'll have known elements, but it's complex to navigate or to turn into a simple strategy or approach. If you change one thing, you may affect a whole lot of other things. If you reorganise your life and business, you'll affect your community, culture, leadership and how you might drive innovation. We may know the likely outcomes but not the unintended consequences of complexity factors.

### **Ambiguity:**

Situations are vague and hard to interpret, with a lack of clarity or awareness. This is what ambiguity is about. We may be able to see things happening in our life, business and the environment, but not know what it means for us as global citizens. We may see effects, but not understand them. Ambiguity is evident throughout the digitalization process.

### **Disruption:**

An effect that changes the fundamental expectations and behaviours in a person, lifestyle, culture, market, industry or process that is caused by, or expressed through, digital capabilities, channels or assets due to the rapid rate technology is growing and changing.

*Taking it a step further, the following matrix, is an extension of the original matrix published by the Harvard Business Review, which defines each element by looking at the characteristics, an example and the approach you should take in life and business:*

## VUCA-DISRUPTION

An effect that changes the fundamental expectations and behaviours in a person, lifestyle, culture, market, industry or process that is caused by, or expressed through, digital capabilities, channels or assets due to the rapid rate technology is growing and changing.

— HOW WELL CAN YOU PREDICT THE RESULTS OF YOUR ACTIONS? +

### Complexity

**Characteristics:**

Situation with many variables and interconnections. There is some information available, or some can be predicted, but there is so much that it can be overwhelming to try and process.

**Example:**

Living and doing business in many countries, each with their own regulations, tariffs and cultural values.

**Approach:**

Being open-minded to restructure, up-skill and build up personal and professional resources that are adequate to deal with the complexity.

### Volatility

**Characteristics:**

It's an unexpected or unstable challenge and the duration may not be known. Knowledge about it is often available, making it not necessarily difficult to understand.

**Example:**

Fluctuation in foreign currencies influence living and business quality and accessibility to resources.

**Approach:**

Make sure to build in slack and have resources prepared in readiness. These steps could potentially (and are typically) be expensive so ensure your investment matches your risk.

### Ambiguity

**Characteristics:**

No clarity in regards to casual relationships. You face the unknown as no precedents exist.

**Example:**

Moving into a changing digital era demands different core competencies, both in life and business.

**Approach:**

Generate assumptions, test them, experiment in order to get a view of cause and effect. Try and ensure lessons learnt through these can be broadly applied.

### Uncertainty

**Characteristics:**

Despite not really having other information, the cause and effect are known. While not a given, change is possible.

**Example:**

Adapting to the digital era and not knowing what it may mean for the future of life and business.

**Approach:**

Collect, interpret and share information. Works best if done together with a supportive global community, which can reduce ongoing uncertainty.

By working with In Full Colour, you can turn your VUCA-disruption into VUCA-dexterity.

VUCA-DEXTERITY

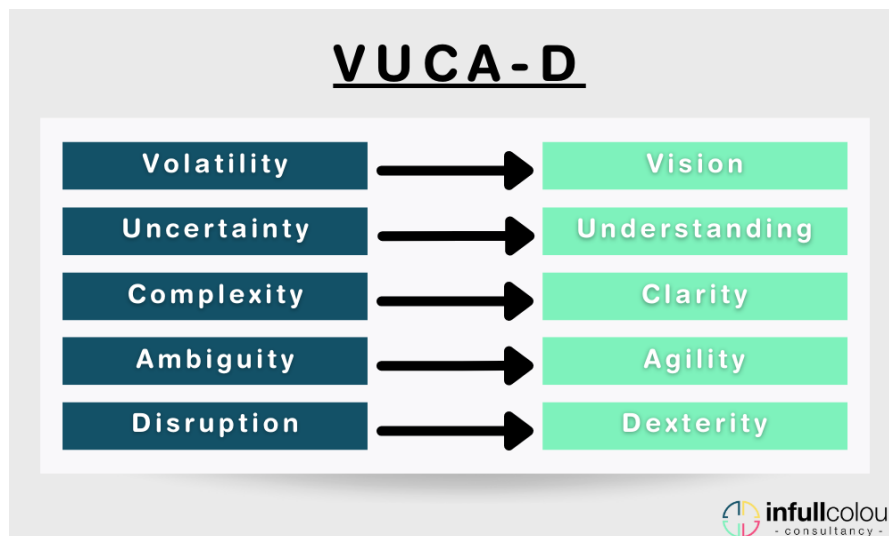
— HOW MUCH DO YOU KNOW ABOUT THE SITUATION? +



*Although VUCA-D might seem inescapable, even debilitating, you can manage yourself, your business and your community to mitigate its effects and use it to your advantage.*

There is a model that exists with the solution, that we again tweaked for our In Full Colour community that follows the same acronym - VUCA-D:

## Vision, Understanding, Clarity, Agility and Dexterous



### **Vision (to counter Volatility)**

Accept and embrace change as a constant, unpredictable feature of your working environment. Don't resist it. Today's business leaders need the ability to see through the chaos to have a clear vision for their business. They must define the direction of their business: its mission, values, and strategy.

They should create clarity about this, so that all stakeholders can find the right direction when events pull them off course.

Make sure that you set your team members flexible goals that you can amend when necessary. This allows them to navigate unsettled, unfamiliar situations, and react quickly to changes.

### **Understanding (to meet Uncertainty)**

Make investing in, analysing and interpreting artificial and human intelligence a priority, so that you develop new ways of thinking and acting in response to VUCA-D's elements. Leaders need in-depth understanding of their businesses capabilities and strategies to take advantage of rapidly changing circumstances. Leaders need to keep their ears open to all voices. Listening only to information sources and opinions that reinforce their own views carries great risk of missing alternate points of view. They need to engage directly with their customers and employees, rather than relying only on the hierarchy of communication.

### **Clarity (to address Complexity)**

VUCA-D situations are often too complicated for one person to handle, so build connections and promote collaboration. Leaders need the courage to make audacious decisions. They must dare to take risks and often go against the grain. They cannot afford to keep using traditional management techniques while avoiding criticism and risk. The greatest risk is to avoid risk. This era belongs to the bold, not the meek and timid.

### **Agility (to fight Ambiguity)**

Leaders need to be more flexible than ever. Long-range plans are often obsolete by the time implementation has started. Flexible tactics are required for rapid adaptation to changing external circumstances, without altering strategic course. Learn more about having a creative, agile edge in uncertain times and collaborate with others who demonstrate vision, understanding, clarity, and agility.

This is not a time for continuing the financial engineering so prevalent in the past decade. Rather, leaders need multiple contingency plans while preserving strong balance sheets to cope with unforeseen events.

### **Dexterity (to balance Disruption)**

It is essential to be data-savvy in this rapidly changing world, leverage your software and upskill your digital abilities for effective use of technology to maximise ROI in life and business.

## ***Future-Leaders***

A future-proof leader collaborates to develop hard and soft skills and situational awareness through self-directed learning and development. They effortlessly move between the role of leader and follower as they are prepared to be the first to take purposeful risks, adapt and change in a VUCA-D world. Leaders as global citizens now want to add significance and meaning to their own learning and development. **(See Part 2 for guidance on “Developing Future-Leaders”)**

***A good start for leaders to implement the VUCA-D environment and digitalization is a series of steps in which aspects such as collective leadership and consistency are vital to guarantee results. These steps can be explained as follows:***



## **Choosing Leaders**

We now know that leadership skills are more important than ever in today's life and business. This is because leaders drive digitalization. This means that you must carefully select those people with the ability to lead a team back to its objectives.

## **Understand The Team**

As it has been in the last few years, involving your team in change processes necessitates a full understanding of their aspirations, skills as well as commitment to the business.

## **Digitalization**

New technologies and globalisation have forever altered the way of conceiving the skeleton of a business. Betting on digitalization – in addition to a qualified team – are key factors in laying the foundations for a business in the Fourth Industrial Revolution.

## **Constant Training**

Today the world of work, particularly in terms of technological environments, needs continuous training for your employees. Adapting to the perpetual changes in our environment, not only local but also global, is vital to secure the long-term sustainability of the business in addition to the ability to meet the challenges with maximum preparation and resources.

## **Resilience in Businesses**

Business resilience is the capacity to quickly adapt as well as respond to business disruptions, safeguard people and assets while – at the same time – preserving continuous business operations. Business resilience planning offers guidance for ensuring the ability of staff members to respond, resume as well as restore to a predetermined level of operation following a disruption.

***VUCA-D demands that you avoid traditional, outdated approaches to management and leadership, and day-to-day working. These are usually too sluggish and limited to be effective in a turbulent environment.***

***Newer, more agile and pragmatic processes are the key to managing in the VUCA-D world. Make vision, understanding, clarity, agility and dexterity your***

*guiding principles to counteract the threats of VUCA-D, and to turn them to your advantage. The VUCA-D environment and digitalization require global citizens as future-leaders.*

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**IFC MISSION:** *Quality Education for Sustainable Leaders that Create Positive Impact and Change*

**At In Full Colour Consultancy, we work with educators and creatives to help them be the future-leaders of their life, navigate their way through the digital world and create a life and business they love. Get in touch today to see how we can best help you and your business launch into? this new world.**

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