

VUCA in a phygital world

This article appeared in 'The Hindu BusinessLine' on 18 July 2022.

Covid-19 changed a number of things for companies, families, individuals and communities. The big change was the convergence of the physical and digital, and the online - offline workplace. VUCA (Volatile, Uncertain, Complex, Ambiguous,) was an expression coined in 1985, much before most of the readers of this article were born. The acronym was descriptive of the world we lived in, but it didn't tell us what we needed to do. I believe the phygital VUCA is different. Companies and managers need to be versatile, uncomfortable, collaborative and agile, if they want to progress in a phygital world. Here's my view of the new VUCA:

Versatile:

Habit and versatility are inversely correlated. Companies tend to be creatures of habit and hence, few are truly versatile. Lack of versatility is considered dogmatic by employees and unexciting by consumers.

There is no doubt that a company needs to be versatile. In a phygital world, consumers value product, service, education, and painless policies. But, the old method of selling it and forgetting it is over.

A versatile company has different business models - a physical business model, an online model etc. This eliminates friction in the consumer journey. It manages a versatile workforce - on the rolls staff, off roll employees, gig workers. A company needs versatile policies, especially while managing a multi-generational workforce. The FMCG ecosystem in India has not been versatile, relying on old capabilities and not building new capabilities aggressively.

What about managers? I also see versatile managers making a big difference to their companies. Kaplan and Kaiser did a study in 2003 which showed that leadership impact came from effectiveness and versatility, and versatility accounted for 50 percent of what separated impactful leaders from the rest.

At an individual level, versatile managers choose offbeat roles and be 'forever learners'. Versatility in leadership is about being strategic and operational at the same time, about directing and delegating, and knowing when to be flexible and fixed. Versatile leadership is critical in a grey world. The Ukraine president is a good example. Versatile leaders tend to be good learners and better teachers.

Uncomfortable:

Human beings admire certainty and abhor uncertainty. In today's world, we must be comfortable being 'uncomfortable', and cope with unpredictability. Many see being uncomfortable as being scared, I don't agree. Being uncomfortable without being scared is what we need, and that's one part of resilience.

Every individual has different limits of discomfort. Individuals now need to explore unfamiliar options. Managers are programmed for certainty, for clear career paths and next set of jobs.. Most managers stick to a narrow set of choices and hence don't embrace discomfort. Being uncomfortable at an individual level means stretching your limits to grow. In situational change, discomfort is bound to arise, but it should not be a reason to stop. Start with small steps to being uncomfortable before making it a state of mind.

Collaboration:

This is an area where companies and managers can be better tomorrow morning.

Collaboration is the power of many, which wins over the power of one. I have seen that collaborative managers tend to carry a lighter ego. The economic world is a competition of ecosystems and ideologies. The current vertical hierarchy organisation model is over 500 years old and comes from the army and the church. In a vertical hierarchy model, information goes up the chain and decisions come down. This was fine when one had time to decide, but it is being disrupted in a digital world. Digitisation is a horizontal capability which places emphasis on collaboration between functions, more an end-to-end approach, and thus breaks silos.

In a phygital world, a company needs to have high community collaboration. Without this, its right to operate is impacted. Entrepreneurs had this natural community mindset two hundred years ago. Lack of collaboration with community and eco system ensures 86% failure of company initiatives.

Managers see collaboration as a sign of weakness, while for me it is a source of strength. A matrix organisation needs higher levels of engagement and communication leading to collaboration. It also ensures that an organisation gets better diversity. Sweden and Finland have realised the benefits of joining NATO.

Agile:

Agile became popular with the IT (information technology) industry where it was used with concepts like scrum, to solve problems. Agile works when there is a complex problem. An example of zero agility is Microsoft Word. The word phygital is still not in MS Word!

Agile became a norm during the pandemic when companies found ways and means to shorten the product development and innovation cycle. We saw new health, and anti-bacterial products launched in a few weeks. Somehow, post Covid, companies have lost that agility.

Agile helps shorten development cycles of any process. This is change at a low cost. Agile is about small teams. This means that we need to look at talent in teams vs talent in individuals. In Agile teams, seniors cannot pull rank on juniors.

At an individual level, agile means learning quickly. It also means that the organisation must have 'failure forgiveness' and a manager must have 'failure forgetfulness'.

The tough part of agile is to have one boss making the decision vs multiple owners. This doesn't happen naturally in vertical hierarchies or in matrix organisations.

The phygital world is here to stay and consumers and employees want flexibility of a different order. Every company and leader must be skilled in being versatile, uncomfortable, collaborative and agile. Without these skills, we will see more examples like GE and Kellogg's, which are both splitting into multiple companies, to drive value.