ROLE OF TALENT MANAGERS IN A VUCA ENVIRONMENT

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Abstract

In **The World Is Flat**, *Thomas Friedman notes that the rate of change today is much different from in the past. "But there is something different about the flattening of the world that is going to be qualitatively different from other such profound changes: the speed and breadth with which it is taking hold….This flattening process is happening at warp speed and directly or indirectly touching a lot more people on the planet at once. The faster and broader this transition to a new era, the more likely is the potential of disruption. This rapid flattening, as Friedman calls it, is creating a new environment that strategic business leaders are increasingly calling a "VUCA" environment. Coined in the late 1990's, the military-derived acronym stands for the volatility, uncertainty, complexity, and ambiguity — terms that reflect an increasingly unstable and rapidly changing business world. This new VUCA environment will require HR and talent management professionals to change the focus and methods of leadership development. Organizations require leaders who can adapt, think on their feet and lead with confidence through the shifting business landscape — all skills and behaviors that can be a challenge for talent managers to develop. Developing these unique capabilities requires a different approach, encouraging some talent management professionals to embrace unconventional methods. Applying the VUCA model as a framework to re-tool leadership development models may enable HR and talent management professionals to identify and foster the leaders their organizations need now and in the future. In this paper, the history of VUCA and how it applies to business strategy and development has been discussed with suggestions on what HR and talent managers must do to change their leadership development approach to foster leadership vision, understanding, clarity, and agility.*

Keywords: *VUCA Model, HR and Talent Management, Strategic Business Leaders*

Introduction

In this volatile world, more and more companies will strive to become "Velcro organizations" in which people and capacity can be rearranged and recombined creatively and quickly without major structural change. The winners won't stop focusing on quality, cost, and efficiency, but they'll be paying a lot more attention to agility, too." C. K. Prahalad, Businessweek, September 10, 2009.

No Matter whether you live, work or manage business in America, Japan, Russia, The Middle East or Europe, there are lots of uncertainties involved and for various reasons they could be economic (financial crisis), natural disasters (like a tsunami or extreme weather conditions) or political turmoil… It is indeed a VUCA world!

The notion of VUCA was introduced by the U.S. Army War College to describe the more volatile, uncertain, complex, and ambiguous, multilateral world, which resulted from the end of the Cold War (Kinsinger & Walch, 2012).

These factors have played out "in spades" in both Iraq and Afghanistan, as well as in attempts to confront other VUCA situations such as the pirate menace off the Somali coast and intervening militarily in Libya.

By all accounts, the chaotic "new normal" in business is real. The financial crisis of 2008-2009, for example, rendered many business models obsolete, as organizations throughout the world were plunged into turbulent environments similar to those faced by the military. At the same time, rapid changes marched forward as technological developments like social media exploded, the world's population continued to simultaneously grow and age, and global disasters disrupted lives, economies, and businesses.

The Boston Consulting Group (BCG) concurs. A recent BCG study concluded that organizations today must shift their business models—and their leadership skills—to become "adaptive firms." Adaptive firms can adjust and learn better, faster, and more economically than their peers, giving them an "adaptive advantage." Adaptive firms, the study notes, include Apple, Google, 3M, Target, and Amazon.A report by the Center for Creative Leadership (Petrie, 2011) also notes that today's VUCA business environment requires leaders to possess more complex and adaptive thinking abilities.

The VUCA concept was brought home to many Americans after 9/11 but really gained currency in the private sector with the onset of the financial crisis in 2008-09, when companies and organizations all over the world suddenly found themselves faced with similar turbulence in their business environments and, subsequently, in their business models. Although the financial crisis has bottomed out and global growth is slowly returning, many organizations are experiencing a "new normal" in their business environments and are realizing that the pre-crash world — and its paradigms — are gone.

It is not hard to see why leaders everywhere are feeling more keenly than ever the effects of volatility, uncertainty, complexity, and ambiguity in nearly every challenge they face and every major decision they must make.

The Challenge

There is a rapid change during the last period. The most recent global recession, which began in December 2007, has contributed to an environment that many interviewees believe is fundamentally different from that of 10 years ago. Roland Smith, senior faculty at the Center for Creative Leadership (CCL®) described the new environment as one of perpetual white water. His notion of increased turbulence is backed up by an IBM study of over 1,500 CEOs.1 These CEOs identified their number one concern as the growing complexity of their environments, with the majority of those CEOs saying that their organizations are not equipped to cope with this complexity.

The thinking abilities are getting more complex.

The VUCA Prime

The VUCA model identifies the internal and external conditions affecting organizations today. The VUCA Prime was developed by Bob Johansen, distinguished fellow at the Institute for the Future and the author of Leaders Make the Future: Ten New Leadership Skills for an Uncertain World.

The VUCA Prime can be seen as the continuum of skills leaders can develop to help make sense of leading in a VUCA world. HR and talent management professionals can use the VUCA Prime as a "skills and abilities" blueprint when creating leadership development plans.
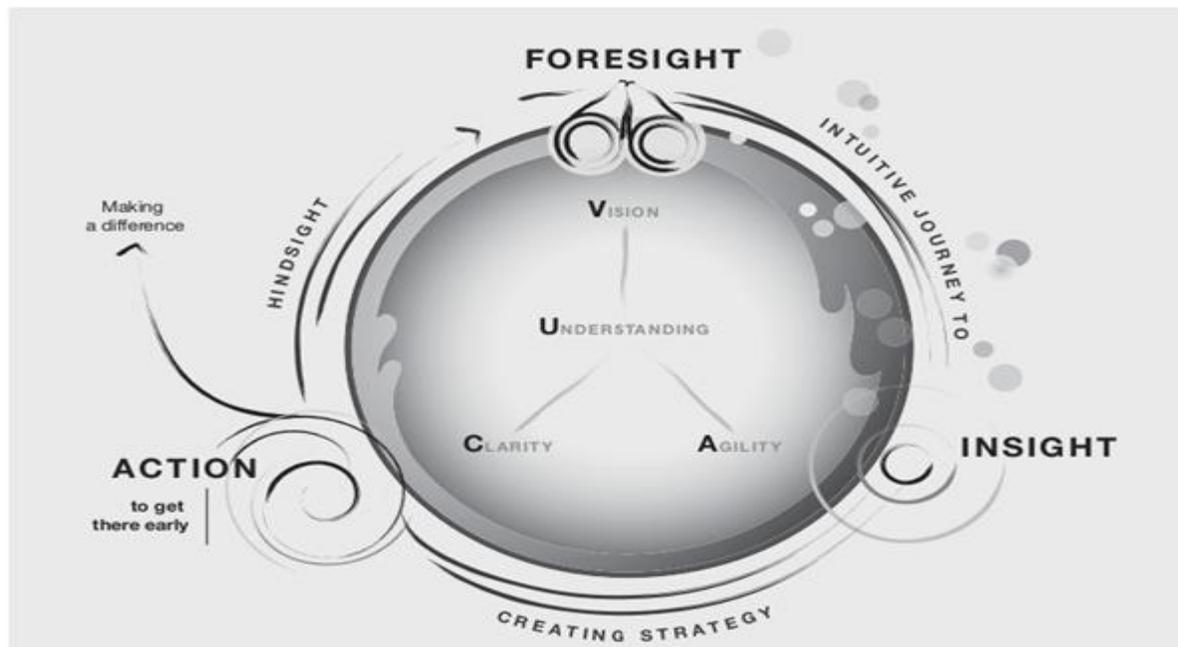
In the VUCA Prime, volatility can be countered with vision because vision is even more vital in turbulent times.

Uncertainty can be countered with understanding, the ability of a leader to stop, look, and listen. To be effective in a VUCA environment, leaders must learn to look and listen beyond their functional areas of expertise to make sense of the volatility and to lead with vision. This requires leaders to communicate with all levels of employees in their organization, and to develop and demonstrate teamwork and collaboration skills. If mutual understanding has been built in advance, people can accept a more direct kind of leadership in times of crisis. This means investing a lot of time and energy in listening to people when you can, so that they trust your decision-making later on.

Complexity can be countered with clarity, the deliberative process to make sense of the chaos. In a VUCA world, chaos comes swift and hard. Leaders, who can quickly and clearly tune into all of the minutiae associated with the chaos, can make better, more informed business decisions. Complexity means that you cannot always foresee what elements will be influenced by what factors, therefore people need more than ever for you to simplify processes without being simplistic. Simply stating what are the knowable and unknowable facts is already a good start in helping people to develop clarity around what they can control and therefore where they should focus their efforts on and what aspects are beyond their ambit of control, but maybe need to be monitored without dissipating too much energy in attempting to control the uncontrollable.

Finally, ambiguity can be countered with agility, the ability to communicate across the organization and to move quickly to apply solutions (Kinsinger and Walch, 2012). Vision, understanding, clarity, and agility are not mutually exclusive in the VUCA prime. Rather, they are intertwined elements that help managers become stronger VUCA leaders.

These skills and abilities are a far cry from the more function-specific skills and abilities leaders needed in the past to succeed. HR and talent management professionals must refocus their leadership development efforts to hone these strategic, complex critical-thinking skills.

Anticipating Change and Initiate

Action–Key leaders focused on monitor ing the surge in commodity meat prices and adjusted our promotion strategy to reduce the impact of higher meat costs. That type of change would have taken considerably longer in the past if it happened at all. **We have been rewarded with sales velocity far greater than the industry as a whole.**

Generating Confidence: There must be enough confidence and it should be generated. T**here must be a specific role in the contributing of success.**
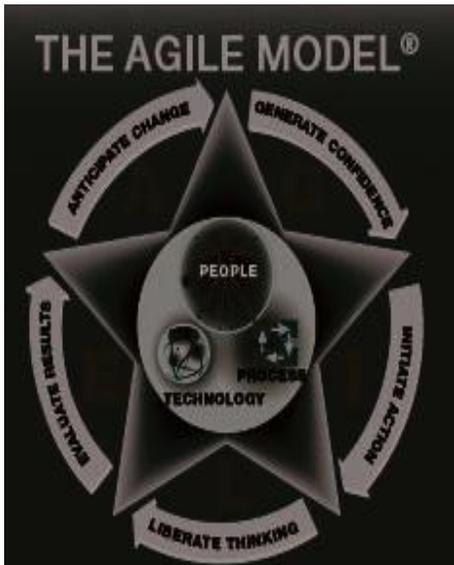
The Agile Model® was developed in 2002 from multidisciplinary (e.g., psychology, leadership/management, operations, manufacturing, DOD, etc.) research on leadership requirements in our increasingly turbulent and uncertain world. The Agile Model® is focused on the alignment between people, process and technology, operationalized through the five critical drivers or factors of leadership agility … the ability to anticipate change, generate confidence, init ate action, liberate thinking and evaluate results. The Agile Model® has been reviewed by an independent third party Industrial/Organizational psychologist as demon-applied strating strong reliability for each of the constructs in the model (each of the drivers has a Coefficient Alpha above .90 where .75 is the minimum required to dem- onstrate reliability). These key drivers represent important behavioral processes for selecting and developing agile leaders.

Talent Management Tools and Methods for Identifying and Developing Leadership Agility

Some sample questions might include: Give an example of when the leader has performed well in a work environment that featured rapid change and/or ambiguity. How did the leader enjoy this work environment, and what did the leader learn?

Give an example of when the leader's ability to be decisive was put to the test— when the leader had to convey a sense of urgency in decision-making. What was the situation, what factors did the leader consider when making the leader's decision, and what was the outcome?
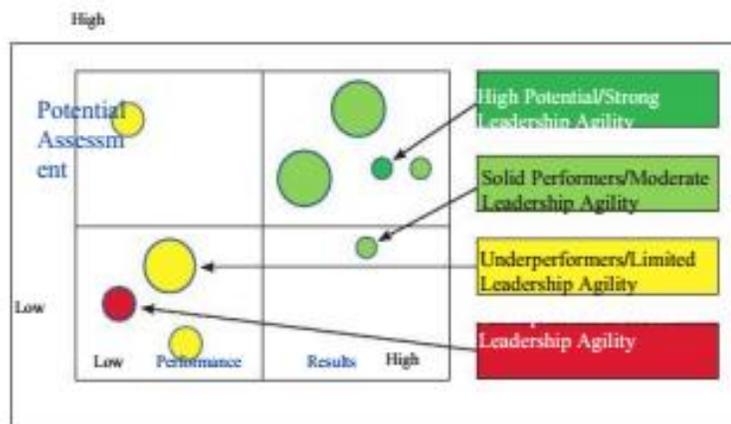
How does the leader determine when he/ she needs to gather more information before making a decision, versus making a decision based on the information that the leader has at hand? Give recent examples of when the leader has made a quick decision based on the information the leader had immediately available, as well as a situation where the leader opted to collect more information before making a decision. Which decision-making style is more comfortable for the leader, and why?

Liberating Thinking – The number of new product ideas and projects has increased significantly. In addition, our rigor and structure for new product introduction has been greatly increased.

Evaluating Results – Maybe the most important aspect of our leadership agility-

Focused growth strategy has been transitioning from an internally to an externally focused company.

The Agile Model®		Leadership Agility Skills
Focused	Anticipate Change	Visioneering – Creating Clarity On The Core Value Proposition Of The Enterprise engineered Into What The Workforce Does Every Day To Produce Desired Outcomes For all Stakeholders. Sensing – Understanding Forces Of Change That Influence Stakeholder Success And Creation Of Early Warming Systems Of Impending Change That Can Impact Success
Fast	Generate	Monitoring- Having Effective Processes For Tracking Performance And Trends To Identify Patterns That Impact The Organization
	Confidence	Connecting – Establishing Clear Line Of Sight For All Stakeholders With How Each Can Contribute To The Enterprise And Person Success Aligning- Establishing And Living The Congruence Of Vision, Value, Priorities And Actions
Flexible	Initiate Action	Engaging – Operating With High Levels Of Inclusion And A Climate That Delivers The discretionary Level Of Effort From All Stakeholders Bias For Action – Establishing An Execution Culture Where A Sense Of Urgency Around Improvement And All Stakeholder Satisfaction Is A Basic Shared Expectation
	Liberate Thinking	Customer Focus – Establishing On-Going Alignment And Understanding Of Customers To Be Able To Offer Business Solutions That Meet Their Needs And Often Identify Unrecognized Needs
	Evaluate Results	Idea Diversity – Establishing Processes To Encourage And Secure Innovation Inputs From All Levels And Stakeholders In The Enterprise Creating Expectations – Providing Clear And Measurable Priorities And Resources that Are Aligned For All Stakeholders And Desired Outcomes Real-Time Feedback – Providing Timely And Accurate Feedback On Key Success Measures For All Stakeholders Fact-Based Measurement – Using Performance Metrics Grounded In Solid Information Measurement To Allow Reliable Insights And Conclusions

Scenario Planning

· Uses knowledge of management's Unstated agendas, issues and Political forces/events to recognize Opportunities which would not Otherwise have been identified

A. Planned Progress – Business Environment with big payoffs, repeatable Processes and little emphasis on innovation. Leaders more comfortable with executing the Plan fit best here without having to adapt on

The ability to understand and learn the power relationships in one's own or other organizations, identifying who the decision-makers are

Understands Climate and Culture:

Achieves results by recognizing and using The corporate culture and language of an organization to shape own actions. Understands what can and what cannot Be said or done in specific situations.

Exemplar Behaviors
· Incorporates knowledge of different Cultural (ethnic, national, geographic, Etc.) Norms when planning

· Incorporates knowledge of functional (E.g. Engineering, Finance, IS, etc.) Norms when planning behavior and Strategies to maximize effectiveness

LEVEL 3: Developmental Activities

1. Identify an individual who functions particularly Well in your work culture. Make a list of what Makes him/her successful at functioning in This environment. Use this information as a Development tool for allowing yourself to function More successfully in your environment. Critically Observing those who are successful in your Working environment is a quick way to identify what Your corporate culture values.

2. Ask an individual that has just entered your Organization to identify the differences he/she Sees between your organization and their past Employer. This will give you a new (outside) opinion On what is unique about your organizational Culture. An "outside" or new perspective often Helps you identify issues previously overlooked.

3. Prior to working in other functional areas, attempt To identify a coach in that part of the organization Who can describe their cultural nuances? This will Give you a more complete understanding of your Organization's culture and allow you to function More effectively in other functional areas.

Achieves results by understanding The reasons for an organization's Ongoing behavior, and/or the underlying problems/opportunities and/or political Forces impacting the organization in Relation to the external world.

· Uses knowledge of management's unstated agendas, issues and political forces/events to recognize opportunities which would not otherwise have been identified.

LEVEL 4 Developmental Activities

1. Gather information on the history of your own or Your customer's organization to begin to improve Your understanding of various underlying or political Forces/influences.

2. Find a mentor within the organization who can provide you with information on top management's organizational issues and politics.

3. Analyze a recent decision or program that may have been perceived as illogical or irrational. Determine what some of the thinking or politics behind the decision may have been, and discuss your analysis with your manager or mentor.

Future Trends in Leadership Development

"Some people want to put Christ back into Christmas; I want to put development back into leadership development."

Robert Kegan

Marshall Goldsmith has commented, "Many of our leadership programs are based on the faulty assumption that if we show people what to do, they can automatically do it."6 However, there is a difference between knowing what "good" leadership looks like and being able to do it.

While many HR staff may be delighted at the possibility that, in the future, people would take more ownership for their own development, some may question whether people are inherently motivated to grow. In addition, social psychologists have long identified that a sense of autonomy (ownership) is crucial for people to feel intrinsically motivated. If the experience

Of development is combined with a sense of autonomy over the development process, individuals are likely to gain a significant boost in their motivation to proceed.

A starting point for organizations may come from helping their people redefine what the term leadership means. There has been a major trend among organizational theorists to shift the focus from leadership as a person or role to leadership as a *process.* e, innovative leadership development networks will need to increase the number of perspectives that they bring together, by crossing outside of the boundaries of the leadership development community and engaging other stakeholders to help come up with transformative innovations. Conferences that bring leadership development people together may in time give way to virtual networks facilitated by Organizational Development practitioners, who connect diverse groups of people who all have a stake in the process: executives, supervisors, customers, suppliers, as well as leadership development specialists? This would require a different skill set for many learning and development specialists who must

Role of Talent Managers

HR and talent management professionals must reframe leadership development activities to accommodate the faster-paced VUCA world and to focus less on behavioral competencies and more on complex thinking abilities and mindsets. Leadership development should be focused on learning agility, self-awareness, comfort with ambiguity, and strategic thinking (Petrie, 2011). To do so, HR and talent managers may want to begin at the selection process.

A) Hire Agile Leaders.

Horney, Pasmore, and O'Shea (2011) recommend that HR and talent management professionals assess agility and complex thinking skills during the selection process by using a structured interview format designed to evoke from the examples of past agility on the job.

Provide guidance and direction to teams working across time zones, cultures and organizational barriers. Effective leaders are co-workers to work with zeal and confidence, which reflect in their work.

Take more risks by briskly connecting talent and moving information and knowledge around the globe.

Leaders have to maintain a pool of effective employees so that risk can be taken on their ability of doing the work done.

Maintain a laser-like focus on employee commitment and engagement across generational, global, cultural and demographic boundaries.

With employees residing in a sea of project and matrix relationships, a major challenge lies in assigning accountability and focusing attention on strategic priorities.

Make collaboration among suppliers, partners, customers, part-time employees and consultants a signature part of organizational culture.

They need to identify the key customer/supplier relationships in which both sides benefit from collaborative innovation. It also can mean creating collaborative physical and virtual spaces that allow relevant stakeholders to have access to, post and comment on relevant ideas and materials.

Conclusion

The volatility, uncertainty, complexity, and ambiguity inherent in today's business world is the "new normal", and it is profoundly changing not only how organizations do business, but how business leaders lead. The managers should be keen to take challenge and this must be a rough path so that the urge to excel will be created and this will be transferred although.

HR and talent management professionals can help their organizations succeed in today's VUCA environment by developing leaders who can counter volatility, uncertainty, complexity, and ambiguity with vision, understanding, clarity, and agility.

Human resource people, O.D. theorists, consultants, and training companies don't have great influence over too many things that happen within organizations, but one area that they do have a strong influence over is how leadership is understood and how leadership capacity is developed. It seems that the art of practicing this area well is going to get much harder, as it, at the same time, becomes much more important.

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