



Leading in a **VUCA World**



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Leadership is the process of influencing people to achieve results and prepare for the future. Effective leaders have always made the difference between success and failure. Leading in today's VUCA world (volatile, uncertain, complex, and ambiguous) is becoming increasingly difficult, yet leadership today is increasingly important. Using the lessons I gleaned from 41 years in the U.S. Army, the last 15 as a general officer, and the last 10 after September 11, 2001, leading in a fundamentally new — and VUCA — environment, I have developed a framework for leading successfully today. The purpose of this white paper is to share that framework so that we can better prepare our next generation of leaders to succeed in our increasingly VUCA world.

I. The Environment and Its Impact on Leaders

In his book, *The Age of the Unthinkable*, Joshua Ramo describes how Danish theoretical physicist, Per Bak, developed a theory about sand running through an hourglass. As the sand went through, it organized itself into a cone that from the outside looked quite stable, but in reality was deeply unstable. Every grain of sand was connected by invisible pressures and tensions, so the internal dynamics of the sand pile were unknowable and totally unpredictable. You never knew which grain of sand would cause the sand pile to collapse. Stability, he argued, was the passing phase; instability was the constant.

Ramo believed the sand pile represented our world — increasingly granular (more players entering every day) and increasingly interdependent (more unknowable connections between them). Think about it: In 2001 there were 500 million people online. Today the number is 3.5 billion (40 percent of the world's population) and growing. They send about 200 billion emails a day. There are more than seven billion cell phone subscribers today — more than the population of the world. They are using those devices to connect in ways that could not have been imagined a decade ago. Facebook has over 1.8 billion users; 75 percent of them are outside the United States. Twitter has more than 650 million users, 75 percent of them outside the United States. Today information is available 24 hours a day, seven days a week, binding us all together and creating a "global awakening in expectations".

We live in a connected but unstable world where stability is the passing phase, instability is the norm, and complexity is accumulating. Our world, like the sand pile, is volatile — things change, change quickly, and for reasons beyond our control. It is uncertain — gaining conviction about future outcomes is ever more challenging. It is complex — we can never know the interaction of the multiple variables we must consider, let alone how to integrate them effectively. It is ambiguous — the same data can yield multiple and often competing interpretations.

As I have thought about leading today, I realized that I had seen VUCA environments in Bosnia in 1996, in Kosovo in 2000, and in Iraq in 2004–2007. In those cases, Army leaders were thrust into environments that were fundamentally different from what they were prepared for, and they had to adapt how they led.



As I observed those leaders, I found that VUCA environments impeded a leader's ability to understand, to decide, to communicate, and ultimately to act decisively — a prerequisite for effective action in war (and in business as well). I saw these leaders react differently to the environment. Some became so distracted by the volatility and constant change that they stopped planning and just tried to react to events. Others became so cowed by the uncertainty and ambiguity that they didn't act for fear of making a mistake. Still others dug so deeply into the very complex environment that they tried to do everything and didn't focus their efforts. Only a few leaders were able to fight through all the complexity and uncertainty and chart a way forward for their organizations. They imposed their wills on these most complex environments and succeeded where others didn't. These were the leaders that made a difference for the mission.

II. Personal Prerequisites

By the time I returned from Iraq, I had concluded that for our generals to succeed today, they needed to be men and women with the vision to see opportunities in challenges, the courage to act with conviction in the face of uncertainty and risk, and the character to do the right thing in difficult times and to bounce back when things didn't go as expected. I believe that vision, courage, and character are the personal prerequisites for effective leaders in our VUCA world — military and business.

Vision

The primary function of any leader is to point the way ahead. This requires vision — the ability to see something significant about the future that isn't readily apparent to others. Today's VUCA environments are tough on leaders. The more volatile and the more ambiguous the environment, the harder it is for leaders themselves to come to grips with the situation, let alone articulate a clear way ahead. In VUCA environments, it is even more important for leaders to provide a clear vision to drive their organizations' actions and to see opportunity where others only see challenge.

Courage

Developing and articulating a clear view of the future in today's increasingly complex environments is hard work for a lot of reasons, but most importantly because it demands that leaders make judgments about the future — something that, because we are human, always entails risk. We could be wrong, and there could be significant consequences. Everyone has doubts. Successful leaders overcome those doubts and act to prepare the organization for success in the future. That's why it takes courage to lead. Nothing good happens without risk, and it takes courage to act in the face of uncertainty and risk. And to succeed you must act.

Character

Leaders with strong values build strong organizations. Those values form the core of a leader's character. Character is most important in the leader. People trust men and women of character because they know they will do the right thing for the organization and not themselves when the going gets tough. Trust becomes the glue that binds organizations together.

I wanted generals to be men and women of vision, courage, and character so they could command the respect and loyalty of their organizations as they grappled with the difficult challenges that confronted them. But "being" isn't enough to lead effectively today. Leaders also have to "do" the right things. They need to focus their precious intellectual and emotional energy in the areas that will have the highest payoff for their organizations. I call them the focus areas.



III. Focus Areas

In *Great by Choice: Uncertainty, Chaos, and Luck — Why Some Thrive Despite Them All*, Jim Collins and his team analyzed 20,400 companies and asked the question: “Why did some companies thrive and others muddled through or failed?” Out of the 20,400 companies they looked at, there were seven that outperformed their industries by 10 times over a 10- to 15-year period (Amgen, Microsoft, Stryker, Intel, Southwest, Biomet, Progressive). He called them the “10X” companies.

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He found that the 10X leaders accepted what he called the “control-noncontrol” paradox (I call it the VUCA paradox). They accepted the fact that their environments would be VUCA, but they refused to accept the fact that external factors would dictate their results. They didn’t wring their hands trying to predict the future — they created it.

So what is it that senior leaders need to do to successfully lead their organizations in today’s VUCA world? What’s it take to succeed where others don’t?

The greatest management lesson that I learned in Iraq was that we were most successful when leaders focused their time and energy on the areas that had the highest payoff for the organization. This was a constant battle, because the VUCA environment constantly conspired to divert their attention away from these high-payoff tasks — which were also the hardest to do and required a greater commitment of energy on the boss’s part. They are:

- Developing and communicating vision and strategy*
- Building high-performing teams*
- Setting the internal and external conditions for success*
- Preparing for the future*
- Taking care of themselves*

Developing and Communicating Vision and Strategy

Developing a successful vision and strategy begins with building a deep and comprehensive understanding of one’s “operating environment” to identify the most important tasks that must be accomplished to achieve the vision.

Jim Collins found that when faced with uncertainty, social science researchers found that most people look to others — authority figures, peers — for their primary cues about how to proceed. The 10Xers relied not on conventional wisdom and “experts” but made big decisions based on direct observation, practical experiments, and empirical evidence that came from a deep and comprehensive understanding of their operating environments. They used this knowledge to focus the efforts of the organization on the most important elements of their success.



I found that to feel confident that I was looking comprehensively and deeply at my operating environment, I needed to look at four areas:

Internal Environment: factors inside the organization that you can or should control to accomplish your vision (e.g., structure, culture, capital position)

External Environment: factors outside your direct control that can provide opportunities or challenges in the accomplishment of your vision (e.g., customers, suppliers, regulators)

Competitive Environment: factors that facilitate understanding of and gaining a competitive advantage over competitors (e.g., vulnerabilities, technology, substitutes)

Sphere of Influence: people outside your organization whose support is important to the accomplishment of your vision (e.g., bosses, other silo heads, union heads)

Once I'd done my homework, the number one question that I asked as the commander in Iraq and as the Chief of Staff of the Army was "What are we really trying to accomplish?" I found that the higher in the organization I was, the more complex the issues became and the harder it was for me to answer that question clearly and simply. Yet it was even more important for me answer that question clearly and simply if I was to communicate it effectively to an organization of over one million people in 50 countries around the globe.

Effective action begins with a clear statement of what needs to be accomplished — the vision. I found that the clearer I could be — even if I wasn't exactly right — the better we executed. Without a clear focus, I found there was no common purpose, and without common purpose there wasn't effective execution. And in war, just as in business, that can be fatal.

If the vision is the "what" the organization is trying to accomplish, the strategy is the "how." It is equally important to be able to articulate the strategy clearly and succinctly.

Dr. Lawrence Freedman in *Strategy: A History* says strategy is "the method for applying available resources in a dynamic and competitive environment to accomplish the vision." It's the how we are going to accomplish the vision and includes the ends, the ways, and the means.

To succeed in a VUCA world, a leader's first priority must be developing and articulating a clear vision and strategy to drive their organization's actions. The clearer leaders can be about what they want to accomplish and how they intend to accomplish it, the better their organizations will execute in the volatility, uncertainty, complexity, and ambiguity of today's global business environment.

Leaders must own their vision and strategy and communicate it consistently and continuously inside and outside their organizations.



Building High-Performing Teams

Building high-performing teams is the essence of leadership. Over my career, I have learned that the payoff in building teams is well worth the effort. I built them around four principles:

Build your team around commitment to a common goal. You've gone to all the trouble to develop that vision and strategy — ingrain it in the team until you get their commitment.

Build your team around a commitment to excellence. People want to be part of an organization that is the best at what it does. Focus on being the best at the most important elements that will bring you success.

Invest in your people. Get your key leaders the training they need to succeed. There is no better way of engendering bottom-up loyalty than top-down investment in the success of subordinates.

Build an inclusive environment. Work to ensure everyone in the organization knows where they fit and feels that they are an integral and contributing member of the team.

Setting the Internal and External Conditions for Success

Success doesn't just happen. Successful leaders figure out what matters most to their success and go out and make it happen. I tried to focus on two to three internal priorities and two to three external priorities. These were the most important tasks that I felt I needed to make happen to be successful.

Garnering internal support — building consensus and commitment to the vision and strategy — is time-consuming and hard enough, but building external support was real senior leader business. No one taught me how to do this. I had to figure it out. It began when I realized that the higher I got, the more the keys to my success lay outside my organization, and that for the organization to be successful, I needed to spend more time influencing people outside of my control to support my efforts.

Today's environments require leaders adept at building consensus and at influencing people who are outside their direct control whose cooperation is essential to the success of their efforts.

Preparing for the Future

Long-term success is important for any organization. That success exists in the future, and it's the leader's job to prepare the organization for success in the future. I found I needed help to "see" the future and to keep the organization looking ahead. In both Iraq and in the Army, we had the obligatory assessment processes that measured whether we were accomplishing the goals that we had set for ourselves — whether we were "doing things right." We monitored these areas periodically and made short-term adjustments, but this was really measuring the past. I also had periodic forums that caused us to undertake a broader assessment of our future, where we asked ourselves the question: "Are we still doing the right things?"

I found that I displayed what Jim Collins called "productive paranoia"— hyper-vigilance in good times and bad. I found myself, both in Iraq and as Army Chief, constantly looking outside the organization to see what could or would be impacting us down the road. I was always looking to the future with an eye to controlling what I could control, influencing what I didn't control, and preparing for what I couldn't control.



Taking Care of Themselves

One of the toughest challenges for leaders today is to sustain their physical, mental, and emotional fitness at levels that allow them to deal with the hugely complex challenges confronting them and to build the resilience for sustained success. I watched a lot of senior leaders come through Iraq. I encouraged each of them to establish a regimen where they got sufficient rest, exercise, and intellectual stimulation so that they could provide their subordinates the direction they needed for success. I told them to REST:

Read. Sometimes the hardest thing to come by is a fresh idea. Staffs, especially when there is frequent turnover, tend to fall into repeating solutions built on shared conventional wisdom. I encouraged leaders to find quiet time daily to read something besides their email, their in-box, or the intelligence as a way to stimulate new insights.

Exercise. I strongly encouraged my senior leaders to get on an exercise regimen as soon as they could. I made the time to exercise four or five times a week and found it not only a great way to avoid fatigue, but also to burn off stress and frustration, of which there was plenty. It was also quiet time alone to think and rebuild energy.

Sleep. My experience with most leaders was that they tended to push themselves too hard. They thought that they could get by on less sleep than they really needed. Leaders have to force themselves to get the rest they need to be most effective. The complex issues they will be confronted with require them to be at their best.

Think. I found that I needed private time to think daily and periodically to keep things straight in my own mind and to be able to shape a clear direction for the staff.

Preserving your physical, mental, and emotional strength is critical to the ability to lead your organization today.

Leaders are human and have only so much intellectual and emotional energy to expend in the course of a day. To succeed in a VUCA world, they must expend that energy in the areas that have the highest payoff for their organizations — developing vision and strategy, building high-performing teams, setting the internal and external conditions for success, preparing for the future, and sustaining themselves. Doing so will allow them to aggressively pursue their goals through the volatility, uncertainty, complexity, and ambiguity of today's global business environment.

To progress the conversation and explore potential solutions, please contact CornellExecEd@cornell.edu



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