



How Smart Companies Thrive
When the Wired, Tired, and Technology Converge

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Introduction

As long as change is incremental and occurs over decades, not years or months, companies and people weather the storms. The scope and velocity of change today however is unprecedented and much more disruptive than most people are willing to admit. It has created an environment that the military calls VUCA – volatile, uncertain, complex, and ambiguous. VUCA can feel like the equivalent of a category 5 hurricane, F-5 tornado, and 10.0 earthquake on the Richter scale all hitting at once.

Some people want to run for the hills. Others attempt to block out the noise and walk blindly through the darkness. But like Dorothy in search of the Wizard of Oz, we're not in Kansas anymore Toto! A VUCA-free environment is fantasy.

The reality is that you can be on the top of the world today and hanging on for dear life tomorrow.¹ By ignoring the signs and symptoms of VUCA, you will be seriously disappointed when you pull back the curtain or it's pulled back for you.

Organizations and individuals alike have two options: SHIFT or Sink. You can't survive for long without learning to breathe VUCA in...and learn how to exhale solutions out.

I hope this white paper helps you jumpstart conversations, challenge your assumptions, and serve as a catalyst for change.

You're also reading a book in progress. When the SHIFT Hits Your Plan also functioned as the inspiration for my TEDx talk and blueprint for my next book.

In the truest sense of what it takes to grow and prosper in a VUCA world, curiosity and collaboration are keys. Please share this paper at work and at home. Share it with your colleagues, your bosses, your employees, your spouse/partner and children. Start some conversations about SHIFT and VUCA on LinkedIn, Twitter, and Facebook. VUCA has no boundaries. It affects everyone, regardless of age, race, ethnicity, gender, or religion.

Mostly I welcome...no, I encourage...you to share your thoughts, comments, recommendations, and personal stories and experiences with me. How is VUCA influencing and impacting your business and personal lives? How are you dealing with volatility, uncertainty, complexity, and ambiguity?

I welcome your calls and emails anytime directly at 484-373-4303 or iwolfe@super-solutions.com. You can also connect with me on LinkedIn, Twitter, and Facebook.

Now take a deep breath, slowly exhale, and let's begin the journey.

Ira S Wolfe

¹ <http://www2.deloitte.com/us/en/pages/risk/articles/deloitte-on-disruption.html>

Future shock is the shattering stress and disorientation that we induce in individuals by subjecting them to too much change in too short a time.

Alvin Toffler²

By the time you finish reading this page (about 60 seconds), here is a list of things that changed around the world and inside our bodies!

- | | |
|---|---|
|) There were 5 earthquakes around the world |) 30,000 skin cells were shed |
|) Lightning struck the earth 6000 times |) 6 million chemical reactions took place inside every single cell in your body |
|) 3 violent crimes took place in the US |) 120 million new red blood cells were created |
|) 8 people were injured in a car accident |) 600 million bits of visual information were received and sent to your brain |
|) 2638 mobile phones were sold |) 86 billion electrical signals were sent out by your brain |
|) 24,733 apps downloaded from Apple Store |) 4 people applied at Google |
|) People checked their phones 5.5 million times |) 36 people were interviewed at Amazon |
|) 3,437,500 videos viewed on YouTube |) 3 people were fired |
|) 700,000 people logged into Facebook |) 6 people quit their jobs |
|) 250 babies were born |) 7 Baby Boomers turned 60 years old |
|) 144 people moved to a new home |) 8 Millennials turned 30 years old |
|) 116 people got married | |
|) 107 people died | |

And Bill Gates made about \$23,000!

That's just mindboggling when you think about how our world and lives changed in just 60 seconds. What is more remarkable is that most of it happened without us noticing. But it's not nearly as crazy as when you multiply that 1 minute by 60 and ponder how much we change every hour. And then multiply that again by 24 hours and you get an even better picture of how our world changes each and every day. And then multiply again by 365 days and WOW! The world has changed more in the last year than it did in a lifetime for many of our ancestors.

And that is what this ebook is about....CHANGE! (Or more specifically, disruptive change.)

² <http://bit.ly/futureshockquote>

Disruptive innovation sure has a way of stirring the pot. Large shifts in technology, automation, and connectivity like we're experiencing today disrupt how we govern, live, work, and play. It brings large-scale change to our socio-economic structures and the kinds of work people do.

During such time it's not uncommon for many of us to feel like we are walking face-forward naked and barefoot through a storm of shattered glass. As in every previous industrial disruption, the winner of the previous era wants to hold onto his success and security of the past.³ Anxiety and fear permeates the air and tends to make people romanticize about the past and rationalize away the enormity of change that surrounds them.

Resistance to such change has a long storied history. Let's start out with this simple quiz about how people responded to a familiar disruptive technology.

What's the first thing that comes to mind when asked to fill in the blanks.

1. _____ makes men lazy.
2. _____ breaks up home life.

If you answered "social media" or the "Internet" you have a lot of company. You would also be wrong. But don't fret. Millions of people seem to be freaking out these days about these "nuisances" and "distractions."

The correct answer is the "telephone." Ninety years ago – yes that's correct 90 years ago – a national debate raged about how the telephone was the devil's work. It was 1926 and the Knights of Columbus Adult Education Committee proposed that its group meetings discuss the impact of the telephone as well as "radio's impact on morality."⁴ Sound familiar? Of course it does.

Disruptive innovations like the telephone, printing press, automobiles, and more recently the Internet have been part of our lives since the beginning of mankind. Technology and change tend to fuel resistance whenever it disrupts the status quo.

You might even imagine the time way back when a young innovative caveman introduced the wheel. I'm quite confident he wouldn't have to go far to hear the naysayers complain the "wheel will make men lazy" or "that's not the way we do things around here." Disruption has happened before...and it will happen again.

³ <http://www.audiotech.com/trends-magazine/fourth-industrial-revolution-gains-momentum/>

⁴ <https://books.google.com/books>

It's also natural when faced with disruption that many organizations and people struggle to keep up and find it easier to stick to familiar ways.

For example, in the early part of the 20th century, pundits scoffed that automobiles and tractors would make horses irrelevant. Why? Using horses for transportation and to assist manual labor was the status quo. It was also the bread-and-butter of many businesses and livelihood for many people. The combustion engine ended all that and many people lost their jobs and businesses closed when demand disappeared. Within 60 years engine-driven vehicles clogged the roadways and disrupted business models, society, government, and even entire industries. The U.S. equine population meanwhile declined over 88 percent taking with it businesses and jobs.

And just about 50 years before that, the Luddites protested the introduction of spinning frames and power looms by smashing all those job-killing machines. It wasn't long afterwards that many of them were without jobs too while neighbors and relatives found better work in a new economy.

As history tends to repeat itself, complacency and hubris is again blinding many organizations and individuals to the writing on the wall. Jobs that once upon a time were a pathway to a lifetime of employment are being eliminated and the discharged workers are unprepared to fill the new more specialized and skilled jobs being created. Executives and business owners also view the future through a rear-view mirror and arrogantly dismiss the vulnerability of their products, services, and even business models.

But this time something really does seem different.

It isn't your imagination. The struggles seem more intense. Economic stimulators, employment models, and business strategies aren't working like they used to. The peaks of success seem higher but the valleys of failure seem lower. And most importantly, never ever have the peaks and valleys been erupting and falling so quickly. According to A.T. Kearney's Turbulence Index, your operating environment is probably twice as volatile as it was 10 years ago.⁵ This acceleration of change seems to be a disruptor in its own right.

Ray Kurzweil in his book *The Age of Spiritual Machines: When Computers Exceed Human Intelligence* sums it up best.

We're entering an age of acceleration. The models underlying society at every level, which are largely based on a linear model of change, are going to have to be redefined. Because of the explosive power of exponential growth, the 21st

⁵ https://www.atkearney.com/strategy/ideas-insights/article/-/asset_publisher/LCcgOeS4t85g/content/winning-in-a-turbulent-world/10192

century will be equivalent to 20,000 years of progress at today's rate of progress; organizations have to be able to redefine themselves at a faster and faster pace.

Experts at [McKinsey & Company](#) agree:

Compared with the Industrial Revolution, we estimate that change is happening ten times faster and at 300 times the scale, or roughly 3,000 times the impact. Although we all know that these disruptions are happening, most of us fail to comprehend their full magnitude and the second- and third-order effects that will result.

And with technology connecting everything and everyone with infinite possibilities and unending access, it seems we now live in a continuous world of volatility, uncertainty, complexity, and ambiguity. Even more challenging, all these forces are working collectively to create a historic and disruptive tug of war between opportunity and chaos.

The military even coined a funny sounding word they use to deal with what seems to be a state of continuous disruption. They call it VUCA. It stands for Volatile, Uncertain, Complex, and Ambiguous.

It's no wonder so many people yearn for the good old days, when one could count on the certainty and predictability of simple choices – do A, then B happens. Many people also relied on the predictability of the “cycle.” Good times are followed by bad times which were followed by good times again which were followed by... well, you get the picture. Persistence is all that mattered. If you waited out the downturn, good times returned again and things went back to normal.

VUCA is what Kryptonite is to Superman.

Volatility is turbulence; it's the nature, speed, volume, and magnitude of change. We might have the knowledge and even be able to predict the outcome...but with volatility, you may not have the time to plan or react. The issue with volatility is simply the rate of change, one that is accelerating beyond our ability to keep up.

Uncertainty relates to the lack of predictability of issues and events. Information about the past and present are less and less useful in anticipating the future. Uncertainty makes forecasting difficult and decision making challenging. We might know quite a bit about the situation but we're unsure what to do next.

Complexity represents the difficult-to-understand causes and mitigating factors involved in a problem brought about an increasingly intertwined world. Complexity requires the need to make multiple key decisions that can impact and influence our options and outcomes. Each decision influences another in unintentional and unanticipated ways. Complexity clouds our judgment.

Ambiguity represents the world of unknown unknowns, the haziness of reality and the mixed meanings of similar but different conditions that can lead to different outcomes. It makes it difficult to grasp the meaning of fast moving, unclear, and complex events.

VUCA seems like the perfect acronym to describe how ordinary individuals as well as large organizations feel today. Even the sound of VUCA is ominous. And just look at those words!

Volatile

Uncertain

Complex

Ambiguous

Hardly the vocabulary that inspires you to engage with it or motivate you to follow it wherever it takes you.

VUCA makes even the most powerful vulnerable.

As tempting as it is, you just can't beat around the bush this time. VUCA is the ultimate challenge leaders (and individuals) face today. It's not government regulations, climate change, or immigration. It's not Congress or

ISIS. It's not technology or globalization. It's not social media or education. It's all of them working collaboratively and antagonistically, simultaneously and asynchronously. And not a single one acts in a vacuum.

VUCA is our Kryptonite.

Welcome to the World of Exponential Change

Bob Johansen, an esteemed researcher at the Institute for the Future describes why living with VUCA is so different. We are moving “from a world of problems to a world of continuous dilemmas.”⁶

Dilemmas differ from problems in significant ways.

Specifically problems can be solved by a single expert or a small specialized team. They demand speed, analysis, and elimination of uncertainty. Experience and education matter. In fact, experience and education could be enough to qualify you as the go-to person, the subject matter expert, in a world of just problems.

But if we live in a world of dilemmas, that’s a whole different story.

Dilemmas can’t be solved. They can be managed. That’s because they are messy, complicated, conflict-filled, and span many disciplines. Even when solutions seem possible, volatility and complexity inject uncertainty and ambiguity which often presents a choice between multiple undesirable and/or unpredictable options. Traditional problem solvers try to “get their head around it” to craft a definitive solution. They attempt to over-simplify complicated and complex problems. They struggle living in a world of unknown unknowns. Managing dilemmas require a different orientation, an innovative mindset, an analytical decision process, and set of diverse skills. “Dilemma managers” see possibilities, alternatives, and opportunity.

Of course it is tempting for business and more so for individuals to dismiss VUCA. The military is concerned with sovereign instability, wars, and terrorism, right? Let the generals deal with VUCA and keep the rest of us out of it. That mindset might have worked in the past but it is completely and utterly useless today.

For management, living the future vicariously through the past is not only a dead-end. It’s an end-of-life strategy. Look no further than Kodak. (Speaking of change...my apologies to the young Millennials and Generation Z who might be reading who don’t remember Kodak!)

Ed McNierney, who ran digital strategy at Kodak, blames complacency and hubris on the implosion of one of America’s most famous brands. He notes “that bringing the dead weight of your legacy from your past into the future can be detrimental to the business.” He should know since Kodak peaked in 1996 with a \$28 billion market cap and 140,000 employees. Fourteen years later...it was bankrupt and out of business. Unbelievably Kodak invented the digital camera twenty years earlier but refused to put its name on it. Despite being the household name in the photo-taking business, they missed out on a

⁶ <http://www.business2businessonline.com/pdfContent/VUCA-Ready%20Management.pdf>

boom that has seen the number of photos taken spike from 57 billion in 1990 to nearly 500 billion today...and climb exponentially higher each year! Kodak literally held the keys to the future but lost them under all the paper and chemicals they sold for film development.

Ironically, in the same year that Kodak disappeared, Facebook acquired a start-up company in the digital imagery business called Instagram for 1 billion dollars. Instagram had only 13 employees.⁷ This is what is happening over and over again. This is the world of Exponential Change. This Is VUCA.

Kodak is not alone. Here's a sign how quickly things change. Life expectancy of companies on the S&P (and other stock exchanges) is tumbling. Venerable giants like Bethlehem Steel, Digital Equipment, and RCA disappeared too. More recently many of us witnessed the rise and fall of Compaq, Blockbuster, Blackberry, Yahoo, and AOL. (And if you want a real wake-up call, just ask anyone under 20 years if they even know what a Blockbuster and AOL is!)

The trend is not new. The velocity of change is.

In 1958 S&P index companies survived an average of 61 years. By 1980 the figure dropped to 25 years and by 2011 to only 18 years. More organizations and businesses are losing their edge and will become waste products of disruptive innovation. Today an S&P 500 company is now being replaced about once every two weeks.⁸ In 10 years, it's predicted that 40% of the Future 500 Companies will no longer exist.⁹

Speaking about volatility

"The promises of science fiction are quickly becoming workday realities."¹⁰ Those are the words of Andrew McAfee and Erik Brynjolfsson, the brilliant research scientists at the forefront of helping us understand the future. And those realities have huge implications for individuals too, especially the millions of them holding low-skill, low-wage jobs.

The U.S. Council of Economic Advisers estimates that 83 percent of jobs paying less than \$20 per hour can be automated. Former McDonald's USA CEO goes even further: "It's cheaper to buy a \$35,000 robotic arm than it is to hire an employee who is

⁷ <https://youtu.be/Mx8qYmkV5NQ>

⁸ http://www.innosight.com/innovation-resources/strategy-innovation/upload/creative-destruction-whips-through-corporate-america_final2015.pdf

⁹ Babson Olin School of business, Fast Company April 2011, page 121

¹⁰ <https://www.foreignaffairs.com/articles/2016-06-13/human-work-robotic-future>

inefficient making \$15 an hour bagging french fries.”¹¹ And as the cost of robotics falls and labor costs rise, more low-skill/low-pay jobs will be lost.

Everything from individual tasks to entire careers is being disrupted. A landmark study by Carl Benedikt Frey and Michael Osborne predicts the automation of nearly half of U.S. jobs.¹² Nine of the top ten most in-demand jobs of 2012 did not exist in 2003.¹³ Even the C-Suite is vulnerable!¹⁴ Since artificial intelligence is already used for predictive modeling and data analysis, it isn't difficult to imagine how the visioning role of the CEO could be next.

The reality is VUCA will impact the lives of every human being living on the planet today. It will change how we work and play, where we live, how we move from place to place, and even how we will be governed. The temptation to preserve the status quo is irresistible but life during and after VUCA calls for an open mind, a positive attitude, innovative thinking, and new or advanced skills.

So once we can agree that VUCA will touch the lives of every single person and impact every organization sooner than later, viable solutions are possible.

The Age of Abundance: A Wonderful World of Opportunity and Chaos

Wherever you turn these days, people are arguing whether the glass is half empty...or half full. Depending on the conversation, our world is either headed toward cataclysmic destruction or age of unprecedented abundance.

At its core VUCA infuses unpredictability into every decision. But doom and gloom is not inevitable or a foregone conclusion. VUCA doesn't ensure failure. VUCA just defines the state of the environment. Some people are overwhelmed with stress and anxiety and tormented by a sense of helplessness. Others are emboldened, inspired, and energized by a future exploding with infinite opportunity. The decision to succumb to the volatility, uncertainty, complexity, and/or ambiguity of VUCA is just a choice – a bad one in my opinion but a choice nonetheless.

Fortunately every person and every organization has viable options. No one is handing out get-out-of-jail-free cards to escape VUCA but with a vision, strategy, and commitment, VUCA can be your ally just as easily as it can be your Kryptonite. (We'll talk more about that in just a few pages.)

¹¹ <http://www.businessinsider.com/mcdonalds-ex-ceo-takes-on-minimum-wage-2016-5>

¹² http://www.oxfordmartin.ox.ac.uk/downloads/academic/The_Future_of_Employment.pdf

¹³ <https://www.weforum.org/agenda/2015/08/how-technology-will-change-the-way-we-work/>

¹⁴ <http://www.fastcompany.com/3061396/the-future-of-work/why-even-the-c-suite-might-not-be-safe-from-automation>

What does it mean to increase exponentially?

It's easy for "mature" and "experienced" leaders and workers to dismiss VUCA. It's true they have fought, adapted, and thrived through change in the past which instills a natural sense of confidence. In fact, many succeeded for a time by just "sticking to the plan."

But it's not just change that is changing. The rate of change is accelerating and it is doing so exponentially.

Let's take a quick look at history. It might be easier to grasp how today's disruptive change is.

The Agrarian age lasted about 8,000 years until it was disrupted by the Industrial Revolution. The time lapse from the Industrial Revolution (mid 19th century) to the Computer Age (1960s) was just about one century. But it only took 40 years until we experienced the Information Age. And now in about half that time we now are entering another era, the Human-Machine age, when technology doesn't just make humans more productive, but humans help make technology more productive.

Let me share one of best visualizations I've seen about how to explain the impact of exponential change in layman's terms. It's from Tony Lloyd, CEO of *CultureShift* and author of *VUCA: Leadership Stories of Volatility, Uncertainty, Complexity and Ambiguity*.

Imagine this.

What if you received a contract to drive one hour from your home today, pick up one penny, drive one hour back to your home, and then the next day, drive back, return the penny and be given double that amount? You would likely agree that it was hardly worth the time, effort and fuel, not to mention the wear and tear on your car for a few pennies.¹⁵

But what if someone offered to buy out that contract for one million dollars if you continued to drive back and forth doing the same job for 30 days? Would you take the deal?

A million dollars is a lot of money. Many people would take the deal and run. But let's do the math.

If you chose the doubling penny, at the end of ten days, you would be paid \$5.12. You're one third of the way through the month, and you have only \$5.12. You're

¹⁵ <http://vucabook.com/the-pace-of-change-in-the-vuca-world/>

thinking, “is it too late to get that million dollars?” What a fool you are to pass it up.

But you’re not a quitter. You keep going for another ten days. On day twenty, two-thirds of the way through your contract, you have \$5,242.88. It’s better than \$5.12 but nowhere near the buy-out of one-million dollars.

Let’s see what happens next.

By day twenty-five, you reach \$167,772.16. That’s better but with only 5 more days you’re only 17% of the way toward that million dollars.

This is where things get interesting.

By continuing to double the amount every day, you finally exceed the offer of one million dollars on day 28 by achieving \$1,342,177.28. That’s 30% more than the original offer to buy out your contract.

Mission accomplished, right? Well, you have two more days. So, what happens?

On day 29, your amount doubles again to \$2,684,354.56 and on day 30, you achieve \$5,368,709.12, five times the original offer.

Still not convinced? Here’s the calculation!

Day 1: \$.01
Day 2: \$.02
Day 3: \$.04
Day 4: \$.08
Day 5: \$.16
Day 6: \$.32
Day 7: \$.64
Day 8: \$1.28
Day 9: \$2.56
Day 10: \$5.12
Day 11: \$10.24
Day 12: \$20.48
Day 13: \$40.96
Day 14: \$81.92
Day 15: \$163.84
Day 16: \$327.68
Day 17: \$655.36
Day 18: \$1,310.72
Day 19: \$2,621.44

Day 20: \$5,242.88
Day 21: \$10,485.76
Day 22: \$20,971.52
Day 23: \$41,943.04
Day 24: \$83,886.08
Day 25: \$167,772.16
Day 26: \$335,544.32
Day 27: \$671,088.64
Day 28: \$1,342,177.28
Day 29: \$2,684,354.56
Day 30: \$5,368,709.12

That represents the staggering power of exponential change. For 26 days, it looks as if not much is happening. But on day 27, a miracle occurs and the power of change erupts. That's the world we live in. Exponential change starts innocently enough but before you know it, it erupts and changes everything! It explains why Kodak along with countless other businesses could never recover once the power of exponential technology was released.

Here are a few more examples that we accept as ambient noise but immensely impact each and every one of us.

Some of you may remember the Osborne Executive, introduced in 1981. It was one of the first portable business computers. It cost \$2,500, weighed about 28 pounds, and included 124 KB of memory. Let's fast forward to 2007 when the iPhone was introduced. It cost \$500, weighed 0.28 pounds, was 150 X faster, and had 100,000 times more memory.

Most everyone is familiar with a GPS. The first commercial GPS receiver introduced in 1981 weighed 53 pounds and cost \$119,900. The single chip GPS receiver included in smartphones today weighs a few grams and costs under \$5.

Moore's Law has become the poster-child for change. It was the prediction in 1975 by Gordon Moore, a co-founder of Intel, that the number of transistors in a dense integrated circuit would double approximately every two years, while the price would remain constant. What many people ignored that along with more transistors per microprocessor, the processing speed (clock speed) would also increase exponentially.

Today, the Chinese supercomputer Tianhe-2 can perform 33.86 petaflops per second. A petaflop is a quadrillion calculations. How fast is that? Well, it has been estimated by

Casey Research¹⁶ that to equal the processing power of the human brain requires 55 petaflops per second. Given the continuous, exponential rise of computer processing power, it won't take long for a computer to catch up. In May, 2015, Katja Grace and Paul Christiano calculated "it should take seven to fourteen years for a computer which costs \$100/hour to be competitive with the human brain."

In other words, as early as 2022, a business will be able to rent computer processing power equal to the human brain for \$100 / hour.¹⁷

As crazy as that seems, genome sequencing is leaving Moore's Law in the dust. The Human Genome Project took 13 years to complete and cost \$2.7 billion. That was 2003. Because of the introduction of high throughput machines, the cost of sequencing the human genome is falling five times faster than the cost of computing. Today, it takes less than three days and costs less than \$1,000 to sequence your DNA.

How Close Is the Shift to Hitting Your Plan?

It's easy to blow off and even laugh at signs of incremental change. It's only human nature that past success instills a sense of complacency and even justified arrogance.

But let's take a look how easily the pedestal can be knocked out from under you and how powerful the downdraft can be. Consider the self-driving car.

For sure the autonomous vehicle will impact the auto manufacturers and their workers. Supply chains will be disrupted. It will affect the workers who build, maintain, and service these cars too. And what about taxi, bus, and truck drivers? What will happen to them?

Disruption has a very large blast zone that inflicts extensive collateral damage far down the supply chain. (It also creates enormous opportunity depending upon your viewpoint and mindset.)

In its recent annual report filing with the SEC, Allstate Corporation, one the largest automobile insurance companies in the U.S., stated:

Other potential technological changes, such as driverless cars or technologies that facilitate ride or home sharing could disrupt the demand for our products

¹⁶ <https://www.caseyresearch.com/articles/brain-vs-computer>

¹⁷ <http://vucabook.com/the-pace-of-change-in-the-vuca-world/>

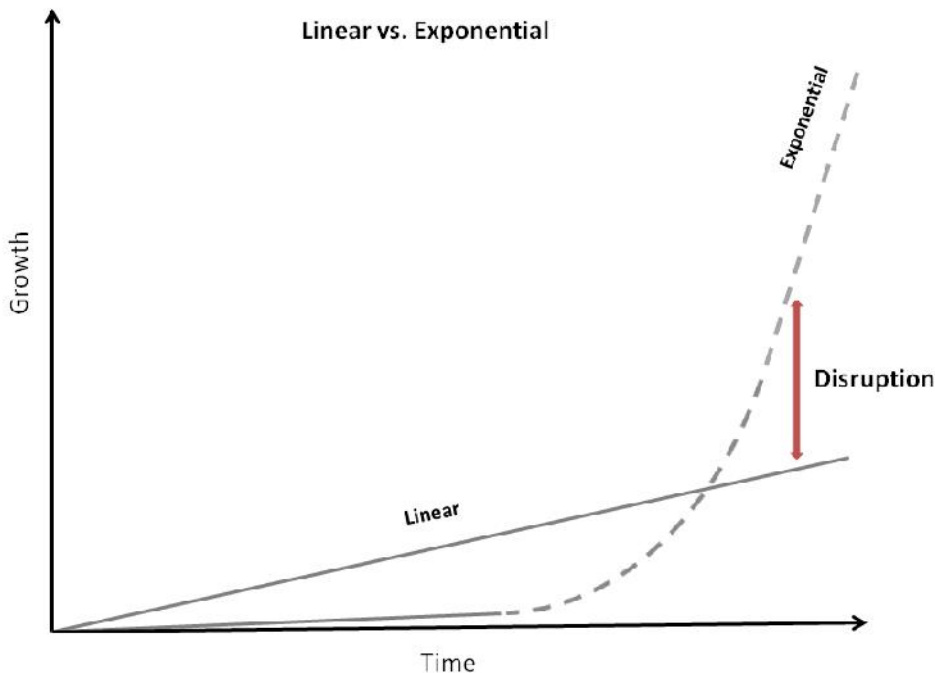
For the record

A “tipping point” is defined as the moment of critical mass, the threshold, the boiling point.¹

*from current customers, create coverage issues or impact the frequency or severity of losses, and we may not be able to respond effectively.*¹⁸

Today car crashes have an enormous impact on the U.S. economy. With driverless cars, accident rates are expected to plummet, especially serious ones. With more electric cars, gas sales will go down which means less tax revenues for government. Revenues from traffic violations will dive. With more shared vehicles, parking and toll revenues will drop too. How will federal, state, and local governments adapt to this changing world? Are they even thinking about it or do elected officials and bureaucrats feel they can legislate disruption away?

Closer to home, how imminent is your tipping point? Puff your chest out a bit one last time savoring all you have accomplished. But it’s time to put a pin in it and stick the trophies and awards on the shelf. The tipping point or “shift” for many jobs and businesses is knocking if it hasn’t already swung past you.



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¹⁸ <http://www.allstateinvestors.com/phoenix.zhtml?c=93125&p=irol-secallstate>

Once the exponential growth curve crosses the linear and incremental growth path of an existing organization or industry, past success is history and demand for those products, services, or skills evaporate. Welcome to the disruption zone. It's when the shift hits your plan that it's difficult if not impossible to recover.

Exponential change has far-reaching implications driven by 3D printing, data analytics, robotics, autonomous vehicles, artificial intelligence, and renewable energy. These technologies in fact were just a few examples of imminent disruptors identified by many of the world's leading "movers and shakers" at a recent World Economic Forum in Davos, Switzerland.

Likelihood of Tipping Points to Occur by 2025 ¹⁹	%
10% of people wearing clothes connected to the Internet	91.2
90% of people having unlimited and free storage	91.0
1 trillion sensors connected to the Internet	89.2
The 1 st robotic pharmacist in the US	86.5
The 1 st 3-D printed car in production	84.1
The 1 st implantable mobile phone available commercially	81.7
Driverless cars equally 10% of all cars on US roads	78.2
The 1 st transplant of a 3D-printed liver	76.4
The 1 st city with more than 50,000 people and no traffic lights	63.7

This partial listing of tipping points and likelihood of mass adoption was revealed in a survey conducted by the Global Agenda Council on the Future of Software & Society in March 2015.²⁰ It asked 800+ executives when they thought specific technologic shifts would hit mainstream society. Below is a chart indicating when each tipping point is expected to occur. Quite a few of them will occur much sooner than 2027.

When Shift May Hit Your Plan

2018	2021	2022	2023	2024	2025	2026	2027
Storage for all	Robot and services	The Internet of and for Things	Implantable Technologies	Ubiquitous Computing	3D Printing and Consumer Products	Driverless Cars	Bitcoin and the Blockchain
		Wearable Internet	Big Data for Decisions	3D Printing and Human Health	AI and White Collar Jobs	AI and Decision Making	
		3D Printing and Manufacturing	Vision as the New Interface	The Connected Home	The Sharing Economy	Smart Cities	
			Our Digital Presence				
			Supercomputer in Your Pocket				

Source: http://www3.weforum.org/docs/WEF_GAC15_Technological_Tipping_Points_report_2015.pdf

¹⁹ http://www3.weforum.org/docs/WEF_GAC15_Technological_Tipping_Points_report_2015.pdf

²⁰ *ibid*

Many companies and careers today seem to be stuck in those first “25 days of exponential change” when linear growth and incremental change is still on their side. But time is running out and the shift is nipping at their heels. The competition is gaining even if still out of sight. But as you just learned, past success no longer entitles you to a future legacy, especially when a new competitor, product, or service can seem to appear spontaneously out of nowhere and rock your world. If you’re not looking and listening, you’ll miss the shift and be swallowed up by the speed and disruption of exponential change.

The tales of Kodak-like failures and demise have become legendary. Thanks to this exponential accelerating rate of change, they will occur regularly with greater frequency.

So what’s the antidote to success in this VUCA world?

Whether you’re the 18 year old stressed out about entering college or getting a job, a 25 year old trying to launch his first business, a 45 year old recently promoted to lead a brand-name organization, or a 65 year old entrepreneur attempting to have one more “go-at-it,” you all share one thing in common – a mindset that says “our journey is only 1% complete.”

Those words – “our journey is only 1% complete”- are the internal motto at Facebook. They might and should inject panic into any Gen X or Baby Boomer nearing retirement or anyone who fears change and focuses all his or her energy into holding back the hands of time.

Facebook takes its motto seriously. You should too. It’s a constant reminder that everyone is on a journey and in spite of its phenomenal success Facebook doesn’t believe it has arrived yet. It doesn’t even believe it’s a quarter or half-way there.

The message behind the motto even infiltrates the design of its headquarters – the office looks unfinished on purpose!

The story doesn’t end there. Another reminder at Facebook that continuous success isn’t a destination but a journey is the last sign employees see each day exiting the workplace. It is Facebook founder and CEO Mark Zuckerberg’s not so subtle message to his Facebook employees: Don’t end up like Sun Microsystems.

Facebook’s headquarters used to belong to Sun Microsystems, a onetime power-house of innovation that collapsed and was acquired by Oracle in 2009. When Facebook moved in, Zuckerberg made over the whole place, but he didn’t change the sign out front; he just turned it around and put Facebook on the other side. The old sign remains as a reminder of what happens when you take your eye off the ball.

The Facebook-Sun Microsystems sign is just one symbol that change does not even begin to describe what is happening in the world today. Learning to deal with “change” takes on a whole new meaning. It requires us to become comfortable with volatility and uncertainty, to navigate through complexity, to deal with ambiguity. Consequently, the skills that got many us to our current level of success will be wholly inadequate to keep the momentum going. This is not a future vision of some distant threat or opportunity. It is reality today.

But before you reach the conclusion that I’m unleashing a wholesale dump on leadership, let me acknowledge that it’s not that today’s leaders are not smart or aware about what’s going on. Most of them didn’t get where they are today without many admirable attributes, qualities, and successes. The problem is that the speed of change is simply overwhelming many of them.²¹

VUCA readiness requires shedding old assumptions and acquiring new mindsets. It mandates organizations to take leadership development, succession planning, and talent management seriously. Behavioral change, rather than just acquiring more degrees, competencies, and skills, must be emphasized.²² Emotional intelligence has become more important than general intelligence.

To succeed going forward, business leaders must be transformative.

But business gets a failing grade.

So how are organizations and its management responding? To date the VUCA-readiness report card reveals a big fat red “F.”

In a recent PwC study, only 8 percent of senior executives were found to have the right skills to lead organization-wide transformations.²³ Thomas Friedman (The World Is Flat) observes that VUCA is taxing even the most able of leaders who may find their skills growing obsolete as quickly as their organizations change in this volatile, unpredictable landscape.²⁴

To make matters worse, only 4 out of 10 organizations have a clear set of leadership indicators and over 50 percent of companies admit they lack succession plans.

Leadership agility and the ability to improvise on the fly are now fundamental skills if organizations are to succeed in this VUCA world. These cannot be taught but can be learned.

²¹ Lawrence Kirk, Leadership in a VUCA World (UNC Kenan-Flagler Business School, 2013)

²² <http://vucabook.com/the-pace-of-change-in-the-vuca-world/>

²³ <http://www.pwc.co.uk/services/human-resource-services/human-resource-consulting/organisations-dont-have-the-right-skills-to-lead-transformational-change.html>

²⁴ <http://execdev.kenan-flagler.unc.edu/blog/leadership-development-in-a-vuca-environment>

It's also not enough to just hire leaders with potential or a proven track record. No one has ever run this VUCA track before. Leadership selection and development must be focused on identifying talent with critical thinking skills, the ability to innovate, a passion for continuing learning, resourcefulness, and adaptability.

High emotional intelligence is a must in a VUCA world where stress and anxiety is endemic. It's equally important to manage the emotions of others as well as your own. The ability to inspire others with both empathy and skill is essential. All these skills and abilities are a far cry from the more function-specific skills and abilities leaders needed in the past to succeed.

Regrettably most companies are doing a horrendous job at identifying and developing VUCA-ready talent – from the production floor to the board room. Management still seems to value looking in the rear-view mirror of past experience and degrees attained more than visioning forward.

Duck-and-Hide Won't Work.

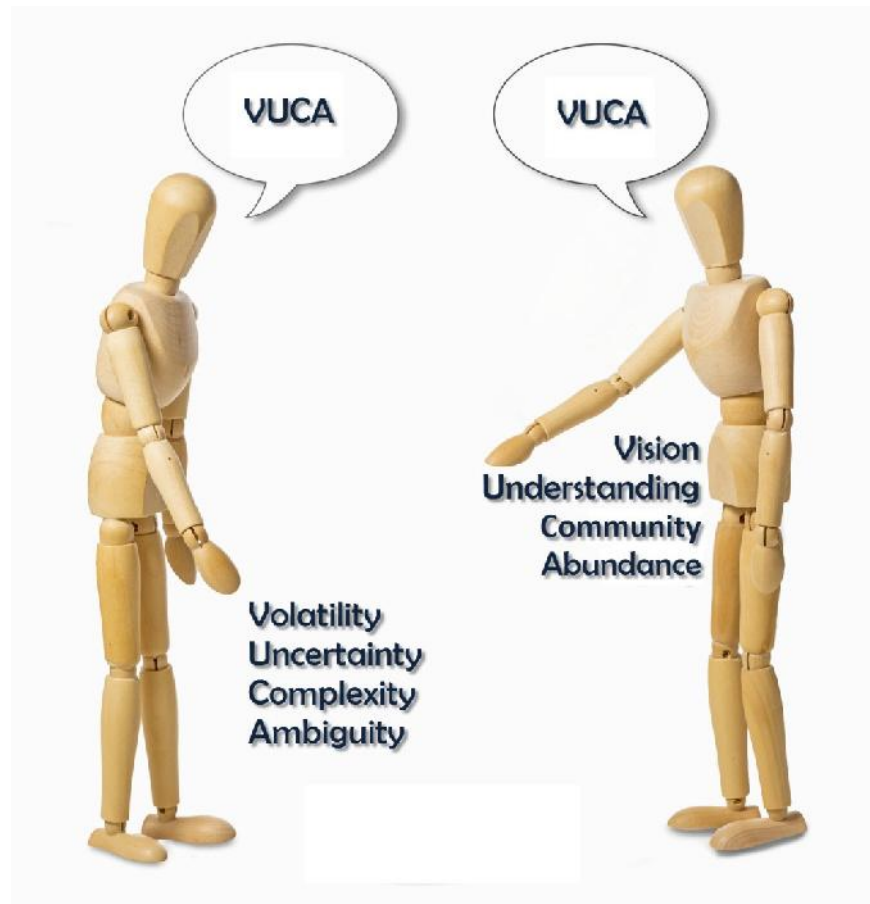
Putting the right people in place is just the start. It is the right people who must create a new vision and strategy, tell the story, and have the wherewithal to execute it with a sense of direction and urgency.

Let me paint an absolutely crystal clear picture about what I just said. If you or your management team are “working on it” or “are planning to discuss it at our next strategic retreat” or my favorite: “our industry is different,” then your business model and business itself is very likely an accident just waiting to happen. Linear growth just can't fend off disruption. “Waiting for things to play out” or “keeping an eye on our competitors” is not dealing with a VUCA-world.

And assuming the people who got you to where you are today are all capable enough to get you where you want to go is naïve. It's equally as arrogant to think you are smarter than a competitor who you can't see yet. It's foolish to believe that you can react swiftly to the rising tide of exponential change when it suits *your* timeframe or when it fits the budget. VUCA doesn't play favorites. It doesn't play by the rules. It doesn't wait for an appointment on your calendar. Wait-and-see doesn't lead you and your organization into the future but forces you into a defensive position, clinging to a fading past. At best protecting the status quo buys time. Most of the time it places your business on life support.

The need for significant transformation is now.

Get Ready for Prime Time



There's an old story that has made its rounds that to succeed you don't need to outrun the bear, you just need to outrun your nearest competitor. In a VUCA world your biggest competitor today is not likely a known competitor or the bear. It's a new industry, a new competitor, a new business model that pops up and changes everything almost overnight.

Fortunately the power of exponential and accelerating change can work for us, not just against us. The

convergence of technology, shifting demographics, and globalization creates unexpected possibilities and opportunities. To catch the wave, you just need a vision... and the patience to see it through. In a world where individuals demand immediate gratification and organizations feel compelled to deliver fast results to shareholders, many promising solutions go down in flames. Disruptive innovations, like the Kodak's digital camera, die on the brink a miracle.

With Vision, Understanding, and Community, you have endless possibilities and significant opportunities to achieve Abundance where the quality of life increases for everyone and change begins to work for all of us.

You can make change work for you by managing Volatility, Uncertainty, Complexity, and Ambiguity with Vision, Understanding, Community, and an attitude of Abundance.

It's not over until it's over.

Neuroscience research suggests that the assumption what worked in the past will also work in the future can become a major impediment to high performance. In *Mindset*²⁵, the seminal book by Carol Dweck, she unpacks the difference between a fixed mindset and a growth mindset.

A fixed mindset fears failure. It avoids challenges. It ignores feedback. It leads to a desire to look smart and protect one's image. It longs for the day when you can look back and rest on your laurels.

A growth mindset embraces change and challenge. It doesn't avoid challenge but chases it. It sees failure as a stepping stone for future success and feels life is a journey that is always just 1% complete.

A growth mindset is critical to succeed and thrive in a VUCA world. But so are skills such as curiosity, critical thinking, emotional intelligence, dealing with ambiguity, and interpersonal communication as well as personal traits like authenticity, perseverance, empathy, integrity, and humility.

It's time for management to take stock and confirm and commit to your company vision. Do your customers and employees get it? Do they agree and align with it...or are they just biding their time? Does your business model still make sense or is it just waiting for the other shoe to drop? Will it help get you where you want to go or ensure your place in the history books? Do your executives, managers and all your employees have VUCA-ready skills, abilities, and mindset or are they just bodies on board picking up paychecks?

VUCA is here. It's real. It represents opportunity or chaos, abundance or emptiness. The choices are clear and decisions are yours to make. Will you choose to move forward or cling to the past? Will you lead or be led? Will you change or be changed? Will you experience the joy of fulfillment or commiserate in a helpless and hopeless state with other victims?

These questions and your answers represent just a few of the unambiguous and certain choices that remain within your control in this volatile and complex world. Many of the winners in the Age of Abundance don't exist today and many of the winners of today will become big losers in the decade ahead. The clock is ticking.

²⁵ <http://mindsetonline.com/>

Want to learn more about Leading in the Age of VUCA

Consider Ira S Wolfe to speak at your next management meeting, present at business meeting or keynote your next association meeting. You can reach him at 800-803-4303 or www.successperformancesolutions.com.

And Stay Tuned for Ira's newest book to be published by
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When The SHIFT Hits Your Plan

How Smart Companies Grow & Outperform
When the Wired, Tired, and Disruption Converge
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White Paper: When The SHIFT Hits Your Plan

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