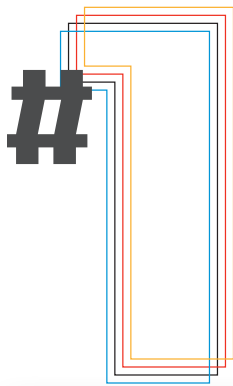


VUCA 101 *By Marie-Caroline Chauvet*

Volatility, uncertainty, complexity and ambiguity:

Each of the four elements of VUCA has a specific definition and represents a specific kind of challenge. **Here's how it breaks down.**



Volatility

What it is ...

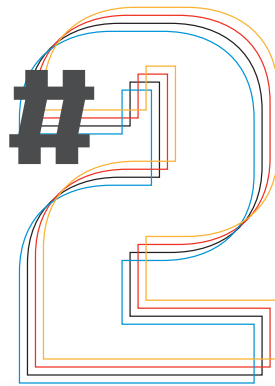
A situation that is unstable or unpredictable, yet not necessarily complex or hard to understand. **Change is likely.**

Example ...

Fossil fuel prices are quite volatile, especially today. While the basic forces that affect fuel prices are easy to understand, they are often beyond control and/or difficult to predict.

Being prepared ...

When facing volatility, an organization must focus on developing agility—by, for example, stockpiling key resources, from raw materials to talent, in order to prepare for a “long winter.”



Uncertainty

What it is ...

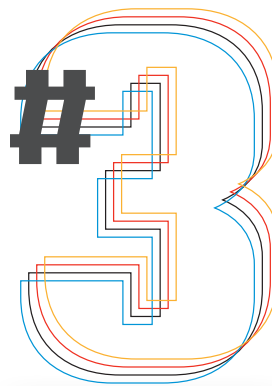
A situation characterized by a lack of knowledge that hinders the ability to forecast future events. **Change is possible but not certain.**

Example ...

The two decades following the terror attacks of September 11, 2001, have been a period of sustained uncertainty. There has been little information with which to determine if, when and where subsequent attacks will occur.

Being prepared ...

An organization must redouble its efforts to gather and interpret information to make uncertain situations more certain and more manageable.



Complexity

What it is ...

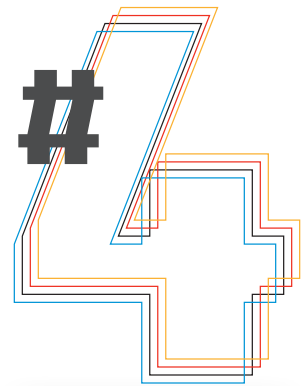
A situation characterized by multiple factors that must all be considered and analyzed in order to understand it. **Change requires processing a great deal of relevant information.**

Example ...

Expanding a business into a new country is complex because of a multitude of new regulations, tariffs, consumer habits, supply chain challenges and so on.

Being prepared ...

Organizations must be prepared to adapt to new environments rather than holding on to existing structures and processes; this allows them to take advantage of complexity rather than fighting against it.



Ambiguity

What it is ...

A situation in which there is doubt around the relationship between cause and effect. **There is little historical context, and there are many unknown unknowns.**

Example ...

The future value of cryptocurrency is difficult to forecast; while some pundits believe crypto is a hedge against inflation, others believe it has no intrinsic value and will decline in value in times of inflation.

Being prepared ...

When faced with a situation for which there is little historical precedent, the key to success is experimentation. An organization must be willing to test multiple strategies to discover which is best suited to a new environment. **IQ**