

Wicked Problems and the VUCA Approach to Change Management.



It is fairly safe to say that we live in interesting times. More than that, we live in rapidly changing times. All Change Management professionals and Project Management Office teams are asking themselves the same questions. How can we keep pace with rapid business transformation, tectonic shifts in the economic and finance environment (starting in the UK post Brexit) and almost bewildering societal change?

These questions all came up at a breakfast seminar I led earlier this year when our panel of change management experts and audience of insurance sector participants discussed the complexities of solving tame, crisis and wicked problems and the VUCA (Volatility, Uncertainty, Complexity and Ambiguity) approach for general conditions and solutions.

Tame	‘Tame’ problems will have occurred before they may be complex but there is always a solution, a system or process to resolve.
Crisis	A ‘crisis’, is presented as self-evident in nature, there is very little time for decision-making and action.
Wicked	A ‘wicked’ problem is more far more complex, not just complicated, its unpredictable, you cannot remove and solve, without affecting the environment.

Independent reviews suggest that 60-70% of major change programmes fail by their own standards, which is a major concern for insurance leaders operating in a volatile risk landscape that is increasingly disrupted by new drivers of change. However, the insurance industry can create methods to bring about a much greater success rate.

More than ever before, insurance companies are facing external and internal demands to manage complexity, disruption and transformation while still being expected to deliver a slick and efficient IT service to support the business and its customers.

Bridging the Gap between IT and the Business

Brexit, Solvency II, TOM, Cybersecurity, Mergers & Acquisitions, IT systems consolidation, automation, system implementations or re-organisations are a few examples of drivers for change, while increased competition, technology driven innovation and tight budgets only add to the pressure.

Any one of these ingredients alone would make a Change Management programme challenging. Yet they are often just the tip of the iceberg. As well as providing an effective toolkit to successfully manage change and disruption, Change Management and Project Management Offices are increasingly focused on bridging the gap between IT and the business. The ‘people element’ is hugely important. That is why Fifth Step’s seminar theme for senior business and IT decision makers, IT managers, change managers was:

The seminar's panel of Insurance Change Management Specialists and senior decision makers participated in an interactive, hands-on discussion with real-project experience and pro-active advice. We brought in an external moderator and key-note speaker, Steve Harpum. Our intention was to add a different perspective to the discussion by drawing on his experiences as a senior NATO Commander in Afghanistan. We wanted to demonstrate that change presents itself in many different forms but real focus on 'people and process' will help you reach the end result making success far easier to achieve.

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The Difference between Life and Death

Harpum shared his experience and lessons learned from delivering significant organisational and process change quickly, in a diverse, extremely hostile and in a rapidly changing military environment, where even the smallest mistake could mean the difference between life and death. It was a timely session that took place the day before the UK referendum vote whether to leave.

The leave voters won, of course, and so businesses and their change management professionals were all confronted with a “wicked” problem. Post Brexit panicking is clearly not an option but a sober analysis of the facts on the ground and flexible approach will pay dividends as I outline later in this paper.

The Kandahar Experience

Before I approach the subject of wicked problems – which Brexit certainly is – and its impact on a sector like insurance, it important to understand the context of VUCA and how Harpum's Afghanistan experience applies. Steve spent most of 2008 at Kandahar Airfield in Afghanistan where he was the Deputy Commander responsible for all support functions on this base. He had full responsibility for personnel, logistics and supply chain, communications and infrastructure to worry about. His role was to co-ordinate 5 partner nations, 22 contributor nations and at any given time there were typically 10,000 plus people moving in and out of Kandahar.

Tame Problems

As Steve explained you have to manage the challenges based on time and complexity. Using this process there is a category of problem we can refer to as tame. It doesn't mean they are not complicated challenges but we have systems and processes that help to manage them. Air re-fuelling, for example, is a very complicated, dangerous process, you have the tankers and fighters all up in the air at the same time but we have an organised process and we know how to do it. Therefore it is a tame problem.

Crises Problems

When a Taliban rocket landed on a fuel pipeline, this was a ‘crisis’ problem that had to be dealt with quickly. Steve had systems in place that he could activate rather than invent, in this case the crisis solution was the Canadian support contractor that provided the fire brigade. This ‘crisis’ example demonstrates that having a clear ‘Understanding’ of the potential risks and issues will enable you to have the right level of support available should you be faced with a ‘crisis.’ Getting access to the experts quickly is key to recovery.



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Wicked problems occur in a changing, culturally complex world. There are no rules, everything impacts on something else, for example, you are trying to grow the air field all the time while all the different parties on the ground have different agendas. There are no known solutions. It all sounds rather familiar to most people that have been following the Brexit news recently! So the symptoms are all intertwined. We have no linear causality any more. This is where leadership rather than management skills need to come into play. Clausewitz is a Russian soldier who described “the fog of war.” This is what you get with wicked problems.

The problem you have if you adopt “tried and tested” or off the shelf techniques to manage wicked situations is that you run into errors because your solutions are not matching the problems.

Leadership is key. Building collaborative teams where they participate and accept responsibility is a must, however, there are times when consensus is just not possible. There will be times when the issue is ambiguous, no one has a solution, so you have to be able to react to the unplanned activity and take decisions that will take you a step closer to deliver the vision. Try the solution, test it and refine it. You must always take the decision. This is when leadership is the most critical. Be confident in your decision taking, be dependable!

My Name is VUCA

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. The common usage of the term VUCA began in the 1990s and derives from military vocabulary. VUCA is moving into the business environment, which includes, of course, insurance and financial services.

According to the principles of VUCA:

Volatile	Volatile change happens faster and more frequently.
Uncertain	Change is Uncertain as there is a lack of predictability.
Complex	Complex problems are not just complicated but difficult to understand, e.g. the “Haziness of Reality.”
Ambiguous	Ambiguous: what it means to me is not necessarily what it means to you.

Whether you are a Lloyd’s Syndicate or an actor in a war situation, we are all seeing disruption through a different lens. The key to success is always to maintain a sense of the ‘Vision’. According to Steve Harpum, the mirror image of VUCA and key to keeping a project on course is always to focus on delivering the end result, as follows:

Vision	What is the big prize I am going for all the time? Every decision is taken with the end result in mind.
Understanding	Grow your understanding. More listening, less telling, understand other people’s perspective, what are their big ticket items?
Clarity	Analyse what you are listening to make sense of information What matters for the delivery of the vision?
Adaptive Capability	Be able to react to unplanned activity to take you towards the vision

Project Managers talk about agility but that word means different things in different environments. Do you have the capacity in your organisation to react to unexpected or uncertain change? Call it contingency planning, Plan B. It is a question of resources and having the ability to deploy those resources effectively so that you can react to unplanned activity and keep true to the overarching vision.



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Many people make the mistake of saying that deploying a new software, for example, is IT change. It’s not. It is part of a process that has a start and an end and results in business change. For example, if an underwriting or claims team are making a case for a new system, you need to help establish what is the benefit they are going to obtain from the new system? When they have got there how do they know that you have got there? Clear, demonstrable benefits must always be identified before proceeding.

Collaboration is key: you won’t know the answer to everything. Talk to people that are going to be impacted before they are impacted. Identify the ‘passionate champions’ – what role have they got to play in the process? Engage early, create a culture of ‘We are in it together.’ Without a transparent vision, there will be no success.

Lessons from Kandahar for Insurance Practitioners?

On a wider London market level there are parallels between the Kandahar experience and London market transformation. In my experience of Mergers and Acquisitions there are situations, where each organisation generally come with the same problems but they are ambiguous, not just for the organisations but the people there as well. This results in uncertainty. My experience has taught me to focus on the people element, make sure that they are heard.

In an M&A situation, for example, we look at whether there is an intent to rationalise the workforce. Knowing, mentoring and coaching the parties that are being affected so that they are still able to perform is key to the role because without their goodwill it will be extremely difficult to conclude a successful outcome. There has to be something in it for them, you need to establish what that is? The uncertainty and the complexity factor comes back to people, keeping them on board and providing them with that clarity as to what change might be.

Change Communications and Delivery

Change is coming to the London insurance market but not everyone is receptive to uncertainty and the unknown. How do change management professionals bring on board people that are affected by change that may not always be in their own individual interests?



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Often, change communications is not something that people want to hear but the key is to unlocking people’s understandable resistance to the change. How you deliver the message, the impact and benefit to the business moving forward is paramount. That communications skill should be part of the Project Managers toolkit and an area where the PMO function is beneficial and able to guide a path to successful change.

In insurance we’re often face with situations where the communication between IT and the business is poor. I have experienced situations where some business teams have sourced and signed a contract for a new system but haven’t told the IT team until it needs implementing. Focus on bridging the gap between those two teams and bringing them together. It’s imperative the communication is both ways, the business needs to know that IT are dependable, that they provide a good service to them, they are pro-active rather than re-active. The business will engage more readily with an IT team that really services them.

When Doing Nothing is the Right Call

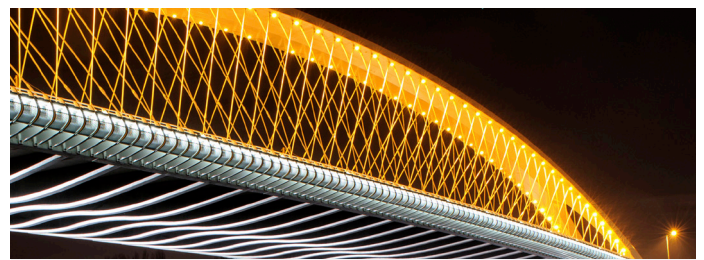
In the current Brexit environment, people are saying what are we going to do? Do nothing until we really know what the impact is going to be and then take action. A good example is when, say, a CIO says I need to deploy a new system. A valid reply is, that is the answer now what is the question? You need a thought process if you want to chop 10 points of your operating ratio. You need to ask “how am I going to do this?” Go back to the objective because if you set off without knowing where you are going how can you know that you have got there?

The Need for Flexibility in a Fast Changing Environment

As Brexit proves, constant change is here to stay. And with increased regulatory requirements and a greater focus on M&As, the speed and complexity of this change is growing. To adopt military terminology, no plan survives first contact with the enemy. In today’s 24/7 world, project managers, IT specialists, CIOs and their senior leadership teams have to adapt for change immediately and constantly.

All projects and business activity should reconcile with the overall organisational strategy. Once that strategy has changed all the pieces should change around it so that the strategy is not working in isolation. Managing successful change boils down to a coherent vision and strategy and there often won’t be a straight line to the end.

The purpose of the project manager and her team is to know where they are going, understand the overarching vision and, to echo sentiments expressed in the seminar I led, adapt accordingly as we come into contact with the enemy!



“As Brexit proves, constant change is here to stay.”