Responding to the 2020 VUCA of COVID-19 Through Adaptive Change – A Case Study[1]

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Note: This paper is not a review of the COVID-19 virus outbreak. It presents a framework for making sense of what is happening to us all and to our communities using COVID-19 as a case study. We offer it to you – practitioners and leaders who can generate positive impact during these stressful times. It is relevant now and will continue to be well into the process of settling on a "new normal." The authors live on both US coasts and are in discussion with colleagues around the world who are closely tracking the course of the pandemic. To get this out quickly, it may be only 80% polished, but it accurately reflects our research and experience. We are getting great feedback. This paper will be a work-in-progress with the most recent version available here - https://parallaxconsulting.com/wp-content/uploads/2020/04/VUCA-and-Adaptive-Change-a-COVID-19-case-study.pdf.

Introduction

We are facing the biggest immediate human challenge in recent history. Spread of the coronavirus known as COVID-19 has people confused, uncertain, and scared. We are sharing this paper because we think it is of value, not in dealing with the virus itself, but in showing how a different mindset can reduce anxiety, make sense of a troubling situation, and more clearly assess what is going on in order to help us make better decisions.

The authors have been working with VUCA and Adaptive Change for more than 20 years. We have applied these concepts and principles with leaders, organizations (of all kinds and sizes), and communities around the world. This framework provides a way to make sense of a world that is highly connected, startlingly turbulent, and rapidly changing – the situation we all face today.

VUCA: a system not just an acronym

We start with VUCA: Volatility, Uncertainty, Complexity, Ambiguity. To successfully respond to VUCA we need new ways of thinking and acting that are based on self-awareness, particularly our emotional and psychological reactions. We know there are many ways to become more

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[1] This paper was originally circulated as "040720 Corona VUCA story FINAL v2.pdf"
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mindful and aware, to absorb negative energy and use it in a way that promotes safety and opportunity. Our ability to redirect energy in a positive way allows us to thrive. Under high stress we can lose sight and memory of these practices. Understanding VUCA can help us more readily access them. We will be addressing this in our next paper.

Studying VUCA and those writing about it, we realized that, rather than it being a few linked variables, it is a *system* – a network of experiences and reactions that happen at rapid speed and require us to be aware of, and reassess, our perceptions and emotions. Doing that can help us decide *consciously* how to act in the moment and use our actions to help shape the emerging situation. It is the ability to *mindfully* control our behavior that leads us out of VUCA overwhelm into opportunity. Figure 1 shows the VUCA Matrix that we created to show how to redirect our emotional/psychological energy while deepening our ability to act mindfully. We explain this in more detail in Part 1, below.

Figure 1. VUCA: The first column lists the key elements which exist as a system whose dynamics produce outcomes that impact our lives. The middle column describes our reactions to the experience of them: Volatility and Uncertainty produce emotional/psychological responses; Complexity and Ambiguity reveal how mental models and systemic effects arise. The third column provides ways to respond intentionally to the dynamics of the VUCA system.
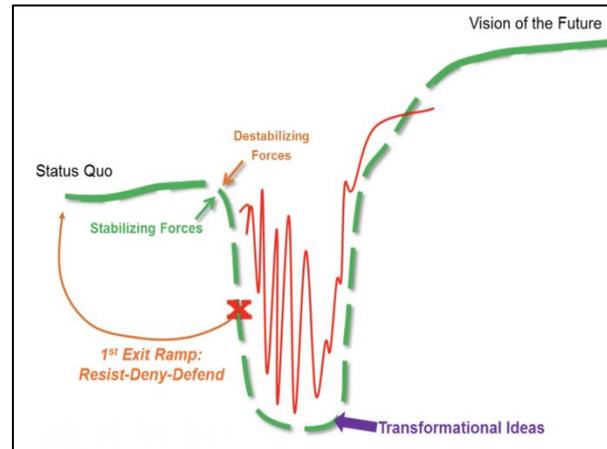
VUCA Experience	*Reveals and Amplifies our*	*Is Resolved, Mitigated and Dampened by*
Volatility	Vulnerability	Vigilance
Uncertainty	Unwillingness	Understanding
Complexity	Consequences	Containment
Ambiguity	Assumptions	Agility

In our work with VUCA, we realized that it dovetails with our Adaptive Change model. The model is covered in more depth in Part 2. Adaptive Change is a journey from our current state (the Status Quo) to a Future state. It has distinct, identifiable phases and, critically, includes emotional responses and Exit Ramps. Your particular journey, and the effort it takes for you to arrive at a new Status Quo, depends on your responses and actions as you make the journey.

Figure 2. Adaptive Change Model.

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This model is based on the work of psychologist Virginia Satir and is echoed in books like "The Hero's Journey" (Joseph Campbell), "Creativity in Business" (Michael Ray), and "Theory U" (Otto Scharmer). Satir's research was based on studies of performance involving teams trying to move from lower to higher levels of productivity – an important change frequently sought by our clients. The Adaptive Change Model helps us *see the VUCA system* in action as it plays out in our lives.

To introduce you to VUCA and Adaptive Change we use stories. We tend to remember them better than individual facts or abstract concepts. The stories we present are from the news and the experiences of colleagues. They are directly related to the COVID-19 pandemic. In all cases, the names have been altered to preserve privacy and the experiences expanded to make the learning more memorable.

Part 1: A Deeper Dive into the VUCA System

Volatility ~ Vulnerability ~ Vigilance

Marie walked out of the hospital and gulped in the fresh air – it had been 48 hours since she had started her shift, stuck in a world of masks and protective gear. Now she had 24 hours to rest and replenish her body and spirit. As she walked to her car, she mentally ran through the food in her apartment – not exactly what she needed after two days of cafeteria meals and energy bars!

"I'll swing by the store and pick up fresh veggies and maybe some fish," she thought, "and milk for breakfast."

The streets were eerily quiet, which must have happened as the social distancing progressed. Pulling into the store parking lot, she saw only two cars. It was a different world than just two days ago. Marie grabbed a cart and walked into the store. She stopped in her tracks and burst into tears. The shelves were empty. There would be no fish, fresh veggies, or milk. How was she going to manage?

Marie's story is from England the week of March 16, 2020. *Volatility* is something we can't always conceptually grasp until it reveals the ways in which we are vulnerable.

- *Volatility: liability to change rapidly and unpredictably, especially for the worse*
- *Vulnerability: a state of being exposed to potential harm, either physically or emotionally*
- *Vigilance[5]: mindfully altering your actions and interactions to deal with the unanticipated*

Some of the *volatility* we have seen due to the pandemic includes[6]:

- ✓ Stock market ups and downs
- ✓ Exponential rates of infection and death
- ✓ Fast worldwide spread of the virus
- ✓ Inconsistent messaging from those in charge
- ✓ A rapid swing from "not a problem" to "lockdown" leaving us ill prepared

These kinds of shifts in our everyday lives reveal our *vulnerability* – our lack of ability to control some of the most basic aspects of our world. The human brain craves control and predictability. When we can't predict what will happen from day-to-day and moment-to-moment, we are physically, emotionally, and psychologically disrupted. When that happens, we are thrown into an inner state of alarm and anxiety:

- ⇒ What if I get sick? Or hospitalized? Or die? (physical safety)
- ⇒ What if I have to work (medical and other essential workers), how do I protect myself from others who are sick?
- ⇒ How do I pay my bills? Acquire the basics to survive? Keep my medical benefits?
- ⇒ What do I do with my kids or elderly parents? How do I keep the whole family safe and sane?
- ⇒ Will my job still be there when this is over? How will it have changed – lay-offs, work from home, etc.?
- ⇒ What will remain of my retirement funds? How will I live on less and still manage?

These and many other concerns make us realize how *vulnerable* we are and how much we rely on society to support us. How we respond to our feelings of *vulnerability* – an emotional state that many of us seldom experience but many others of us live daily – determines how well we manage the situation at hand. Marie encountered her *vulnerability* when she confronted empty shelves at the store – a sign of the *vulnerability* affecting the whole community. Her response

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[5] Including "Vigilance" in the VUCA system comes from research into High Reliability Organizations (see K.E. Weick and K.M. Sutcliffe).

[6] Check marks are for column one in the VUCA Matrix (Figure 1), arrows for column two, diamonds for column three, and open circles are guidelines for working with the VUCA Matrix dynamics. These identifiers are consistent throughout the paper for all four elements of the Matrix.

was to send a social media plea to stop hoarding food and staples so that those who are trying to help us are still able to help themselves.

Vigilance, the means of overcoming *vulnerability* and dealing with *volatility,* is a state of being that we don't often consider in our daily lives. Instead, we are all likely to overestimate the stability and safety of our world. Then, when something happens to disrupt that Status Quo, we tend to shift to overestimating the instability and danger of our world. In both cases, we become more *vulnerable*.

Seeing the system is the first step in *vigilance*. How might it unravel given certain circumstances? We can probe the world that encompasses and supports our daily lives by asking questions. These are used by High Reliability Organizations to watch for small system failures that can tip to create catastrophic disasters[7]. These questions also allow us to prepare to address vulnerability:

- What has gone wrong in the past that we can learn from?
- How could things go wrong now?
- What needs to go right for things to be okay?
- What is now ripe to bring into being?
- How can we leverage the disruption to make things better in the long-run?

To be vigilant during the COVID-19 pandemic, there are a few things we can do to protect ourselves and our systems (medical, social, and financial), and to take positive advantage of the disruption:

- ♦ Watch for symptoms of illness and listen for anxiety/fear in ourselves and others
- ♦ Take care of self and others – rest, practice social distancing, meditate, connect on social media – check in on each other and care about your community (communal, even global, clapping for example)
- ♦ Follow the advice of medical experts – expertise has been devalued recently and now is the time to revive it
- ♦ Remember that we are all in this together – practice distant socializing as well as social distancing
- ♦ Recognize your stress and breathe deeply to calm yourself

To better prepare for *volatility*, probe your *vulnerability* and determine how you could become more *vigilant* in areas that cause you stress. When confronted with *Volatility ˷ Vulnerability ˷ Vigilance*, a few basic questions help us better deal with this dynamic. Use these to increase your awareness and mindfulness, and to make good decisions on how to respond:

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[7] K.E. Weick and K.M. Sutcliffe, *Managing the Unexpected, 2007*

- What do you count on? What are the things that need to go right for you to feel safe and secure?
- What level of control makes you feel okay? Where can you exert that level of control right now? (And how can you let go of what you can't control when it becomes overwhelming?)
- How might these things go wrong?
- What are you worried about or afraid of? Why? Are these past, present, or future threats?
- What can you do about these things in the present? Is there someone who could help you manage these?
- What signals or trends should you watch or track to ensure your physical and emotional safety? Should you regulate your news consumptions? Or listen to different channels to open your perspective and gain a broader view of what is happening?

Uncertainty ~ Unwillingness ~ Understanding

Jody woke up at 3:10 AM Saturday in a cold sweat. Just yesterday she'd agreed with her broker to leave her portfolio as it was. Yes, she was in it for the long-term. Yes, she understood that historically the biggest risk is withdrawing too much and losing out on the gains as the market starts to rebound. But what if this pandemic doesn't settle for 18 or more months. She'd read about that yesterday. And Senators with prior knowledge had been selling their equities! What if the market completely collapses? Her retirement is all in there!

She sent a high-priority email to her broker. She hadn't yet taken her required distribution for the year – at least she could do that right now. Would that be enough? Maybe she should have paid off her mortgage. Should she do that now? She had to get some additional cash out, if only to steady her nerves – but how much?

Jody's story is from the USA the week of March 23, 2020. *Uncertainty* is something we live with and experience. We move on in spite of it, until it becomes too much for us to understand and we become so anxious that we are unable or *unwilling* to make decisions and take action.

- *Uncertainty: lack of predictability and likelihood of surprise; when the past is not an accurate predictor of the future*

- *Unwillingness: a state of being so unsettled, either mentally or emotionally or both, that we are unable to make decisions and/or take action*

- *Understanding: the heightened attention that produces the ability to make sense of demands, and interpret information in an attempt to introduce order*

Some of the *uncertainty* we have seen due to the pandemic include:

- ✓ The feeling that we are in entirely unknown and uncharted territory
- ✓ Seeing that things are changing so fast we can't make sense of them
- ✓ Our personal reactions to inconsistent information
- ✓ No clear prediction of how long this will last or how bad it will be
- ✓ Changing ideas on how to stay safe – who do we believe?
- ✓ Unclear ways of supporting each other, our communities, our world
- ✓ What impact will this have on the economy? Our businesses?
- ✓ What will happen to those who are poor and vulnerable?

These *uncertainties* bring to light how much our ability to move forward is based on some clear *understanding* of what we can count on, trust, and expect. To achieve this, we must be *willing* to participate and reject the idea that others should be taking care of us, and *willing* to act and contribute to the whole.

We crave clarity and *understanding*. We want a rationale for our decisions. When we don't have that, we can become emotionally and psychologically *unwilling* to move forward – confused and irrational. Jody knew she was in trouble when she was *unwilling* to stay with the decision she'd made just yesterday – and she was not alone. The stock market was responding to the pandemic in ways that just made things worse. Her response was to share her fears with her broker, withdraw a moderate amount of additional cash, and plan to revisit things as the pandemic progressed.

Sometimes *unwillingness* shows up as a head-in-sand ignoring of reality. Or by listening for what we already believe, buried within our own echo-chambers. While this may provide a temporary sense of relief, that relief is not based on reality and this behavior gets in the way of positive long-term outcomes. *Unwillingness* manifests in multiple ways, such as:

- ⇒ Not following guidelines that serve to protect the whole community/society
- ⇒ Promoting disbelief, misinformation, confusion, and unrest
- ⇒ Ignoring the asks and advice of authority and expert advisors
- ⇒ Refusing to recognize and confront misbehavior – with caring but firm requests to consider the impact of one's behavior on others
- ⇒ Inability to drop the us/them filters and act with empathy in order to achieve *understanding*
- ⇒ Not acting in ways that support the well-being of the collective

Understanding determines how well we can move forward effectively and resolve the *uncertainty* we face. Seeking as much *understanding* as possible is critical in times of *uncertainty*. This requires us to listen and learn from those outside our normal information channels. To separate useful information from noise and sensationalism. To be present and not deny the reality that exists at the collective level, not just for us individually. To not ignore our

fears and concerns – there is power in voicing them. "If we don't talk about it, it has power. If we do talk about it, we have power." We ask the best questions when we can calm down enough to be thoughtful and intentional in our *understanding*. To increase *understanding* during the COVID-19 crisis, consider:

♦ Carefully formulating the messages you send to yourself (inner dialogue) and others (communication)
♦ Listen to and learn from multiple diverse communication channels – dive into the information you normally ignore and fully consider that perspective
♦ Act to protect those who are most at risk
♦ Share your fears/concerns and joys/hopes with others
♦ Listen empathically and helpfully to others who are having difficulty coping
♦ Stay current on the latest information
♦ Take time to delve into your emotions and fears – *understand* yourself and how you are surviving and, maybe in some ways, thriving during this period

To better prepare for *uncertainty*, probe your *unwillingness* and determine how you could increase *understanding* in areas that cause you stress. This is a good time to reflect and be attentive to your body and emotions, asking yourself:

o What specifically is causing you to be unsettled? *Uncertain*?
o What information would help you better *understand* your situation? Where can you find a source you trust to provide this?
o What actions can you take in this moment to address your situation? The welfare of your family and community?
o What would it take for you to relax into *uncertainty*? What might you learn from that?
o How does your body physically respond to *uncertainty* – where do you feel it manifest itself?
o In what ways can *uncertainty* lead to opportunity and not threat? Are you willing to go there? What do you need to better *understand* to do this?

Complexity ~ Consequences ~ Containment

Sven hung up the phone and looked out over a calm sea. It was early morning March 20th and he still didn't have a way to get home. Sven had come to Maui to stay with friends two months ago – his escape from the dark, cold Swedish winter. It had been glorious until COVID-19 spread to the US and began disrupting the infrastructure that would get him home.

The warm breeze off the ocean foretold another restful day for the island's inhabitants – everyone but Sven. So much for a stopover in NYC to visit friends and take in a Broadway show. NYC was shut down and off limits, especially to someone his age – a young 75. And

the meeting in Madrid, his last stop before Sweden, was cancelled as Spain descended into the COVID-19 lockdown.

On top of this his visa was running out and leaving could not be postponed. Now he had to quickly deal with the interactions and dependencies that existed within the multiple systems (government and public) that he had to use to get home – before he couldn't. Maybe he should consider traveling through Canada?

Sven is confronting the *complexity* that arises from interdependent, interconnected parts of a global system. Things that are complex have internal relationships and dynamics such that changes in one part of the system impact all the other parts. These systems are not linear in their behaviors – they are like natural ecosystems that can't be taken apart and reassembled. Instead, the system emerges as the parts interact with each other.

- *Complexity: a great many independent agents interact with each other in a great many ways creating interdependencies that we and they are unaware of; the whole emerges from these interactions and relationships*

- *Consequences: the result or effects of an action or condition; small changes able to produce cumulative effects that can rapidly grow*

- *Containment[8]: the action of drawing boundaries within or around these consequences, limiting or controlling events that are overwhelming or potentially harmful, as a first step that then allows for a positive, and potentially new, outcome*

As the spread of COVID-19 takes apart the various systems of society – infrastructure and our expected way of life – we can't guarantee they will be put back together to resemble the recent past. In fact, this is our chance as a civilization, a global tribe, to harness the *complexity* and connections of the system to change our infrastructure, governments, and way of life to make them more sustainable and planet friendly. To do that we must first understand this row of the VUCA experience.

Complex systems can generate unexpected events – things that are not predictable or anticipated ahead of time. Interacting complex systems, like those that Sven was encountering on his journey from Maui to Sweden, have elaborate, often hidden, interconnections and non-linear feedback loops. Yet, *complexity* has benefits and we can harness *complexity* to promote effective adaptation. To do this we need a more systemic approach in order to reveal the *consequences* that might result and then work to *contain* them:

- ✓ Complex systems have connections between all parts of the whole – what happens in Asia impacts the US, the US impacts Africa, and they all feed back to the whole

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[8] Including "Containment" in the VUCA system comes from research into High Reliability Organizations (see K.E. Weick and K.M. Sutcliffe).

✓ As the parts impact each other, the system evolves – this produces an emergent and unpredictable future, e.g., it is unclear at this point how US elections will proceed

✓ Fallout from one part of the system impacts parts that may not seem connected – for example, the previously unseen connections between healthcare, market turbulence, and political actions become highly visible

✓ Similarly, the outsourcing that makes sense in stable times amplifies destabilization during VUCA – in Bangladesh 4.1 million garment workers are disrupted when global brands cancel over $2.8 billion (US) in orders due to the COVID-19 pandemic[9]

✓ Taking care of ourselves and our families can produce the unintended consequences of shortages or hoarding

Notice how this row is linked to the *Volatility* row. The interdependencies and connections that make systems valuable and resilient are the same ones that make us *vulnerable* to them when we ignore their existence. The systems we have in place, from our habits and homes to the global environment and economy, all generate *consequences* that we may or may not see. Many of these *consequences* are unintended, things we don't think about at all or *assume won't happen!* They are not things that we are *vigilant* about.

Likewise, we often don't see, or we ignore, *consequences* that we believe won't make much of a difference. College students crowded Miami beaches over spring break, potentially spreading the virus to the communities they are returning home to. Golf courses are packed with people lining up at each hole to tee off. These actions along with news echo chambers reinforce the denial that threatens our healthcare system and workers. On the other hand, overreaction creates the situation that Marie encountered – toilet paper, hand sanitizer, and basic staples have vanished.

To manage *complexity* and respond well to the unexpected, we need to assess the relationships that exist between the parts of a system – the infrastructure Sven needs to get home. What expectations do we have that keep us from seeing the *vulnerability, uncertainty, and consequences* that lie within complex systems? Some *consequences* that we have observed related to the COVID-19 pandemic include (some obvious, some less so):

⇒ Businesses closed, sometimes permanently, putting people out of work which amplifies the financial disruption and impacts longer term recovery

⇒ Powerful leaders being followed uncritically, fragmenting our collective ability to respond

⇒ Panic that leads to irrational behavior (people hoarding toilet paper and buying guns and ammunition) that increase the threat level

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[9] 3/20/20, Forbes

⇒ Hospitals running out of critical supplies resulting in medical personal becoming infected[10]

⇒ Government actions that are uncoordinated, leading to increased viral spread and overwhelmed healthcare systems (people are being trapped in large cities during lockdowns further stressing the systems that support those individuals)

Containment requires us to *understand* the *assumptions* we are making, challenge them with facts, pro and con, and adjust our behavior and beliefs to account for discrepancies with reality. It also requires us to *understand* what we are accountable for and how the system might respond. The more aware and mindful we are of the systems we rely on, the more resilient and *agile* we can be. Surprises are inevitable, systemic breakdowns occur. *Containment* plans allow us to isolate things enough to begin to understand them, because complexity, by definition, produces consequences that we can't control or predict. Once we can imagine potential consequences, then we are ready to consider options, think on our feet, and bounce back more quickly from unexpected events. To be ready to react in beneficial ways, you can work to:

♦ Control what you can control directly

♦ Track multiple trends individually, then examine them in multiple combinations, build scenarios to explore how they interact and might play out

♦ As leaders, consistently release small, accurate chunks of information so that people can make good decisions on a daily basis

♦ Emphasize communication by experts who have experience even if no answers

♦ Provide clear, updated, and understandable guidelines that anyone could follow

The questions to consider for *complexity* are those that enable you to see the nature of the systems that are hidden right in front of you:

o How can you respond to what is happening – purposefully and mindfully rather than fearfully?

o What are the deliberate choices you are making during this period – how are you reacting to the stock market? How are you managing your health and wellbeing?

o Are you fully aware of the strategies you are enacting? What measures of success are you tracking? Are you adapting them quickly enough when they prove unhelpful? How will you know when the situation is changing?

o Who are the people that you want to listen to, learn from? How will you incorporate their message into your decisions and actions?

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[10] "Detroit lost 200 medical professionals in one week due to illness from COVID-19." Personal Communication from a nurse in Detroit

o What changes do you want to implement in your life when this part of the crisis is resolved? How must you change to meet a future that is less stable than you may have imagined?

Ambiguity ~ Assumptions ~ Agility

Jose was still confused by the conflicting and unclear messages he was hearing from different sources. The US government leaders are saying that the major impact of the pandemic will probably be over in a few weeks and we can get our economy going again. Jose's local government, however, is saying something different – that we need to wait to see what the infectious disease experts say about lifting the "stay at home" order, that we'll wait until we know more, and that it may be a lot longer before we ease up on the restrictions. Some sources are saying that anyone over 70 shouldn't shop for groceries while others say that applies if you're 60 or older. Should we completely "stay at home" or should we support our local businesses? Can I trust the local takeout? How do I "disinfect" the groceries that I do get? What do my state's infection numbers mean anyway?

His incoming emails talk about this "prevention" and that "cure." Then there's news that "a false belief in a COVID-19 'cure' has killed hundreds of people in Iran and sickened thousands more." He wants to keep in touch with his friends – that's important for a bunch of reasons – but when he talks with them, it seems they've all heard different things, and are dealing with different local restrictions, so he just ends up more conflicted and unsettled. And that leads him to question how he can avoid being overwhelmed with the anxiety and the not-knowing … and how much toilet paper do I need to have anyway?

To counteract some of the confusion and *ambiguity* in what Jose is told on a daily basis, every morning he accesses three major newspapers and checks out what trusted friends are saying. When he feels he has "good enough" information, he acts on that and does not worry about it again until he sees something that leads him to take another look at his situation and behaviors.

- *Ambiguity: the fuzziness of reality, potential for misreads, and the confusion of cause and effect – who, what, when, where, how and why is unclear*

- *Assumptions: the "beliefs" we hold on to as default behavior, often unconscious or below our radar – they serve to help us feel in control, especially when things are unclear*

- *Agility: using continual learning and discovery to find a solution to an evolving set of interconnected problems; responding to change in real time rather than following a plan*

Some of the *ambiguity* we have seen due to the pandemic includes:
- ✓ Multiple possible causes of events that often contradict each other

✓ Conflicting ways to act, each proposed by credible sources and having a large group of proponents
✓ Varying predictions of risk making you unsure of how best to act
✓ Observing many different reactions play out in your community, at the grocery store, online, in the media
✓ Feeling that there is information that is not being communicated, hearing conspiracy stories, fearing there is a hidden agenda in play

The unknowns of *ambiguity* are deeply unsettling because there is no single version of what is true. What should be easily *understood* information is confusing and unclear. Daily we end up on the receiving end of contradictory explanations and recommendations, many containing inaccurate information that prevents us from acting in our best interest. It is even more critical in the midst of ambiguity that we be clear about our values and goals. If we don't acknowledge our goals and values, and work to stay on the same page, then we may not recognize the assumptions we and others are making.

In a vacuum of clarity, we often make choices (sometimes intentional, sometimes not) which we then act on without realizing our "belief" isn't well grounded. In responding to *ambiguity*, search for your own *assumptions* even when they are unsettling. The challenge here is that it's very difficult to see our own *assumptions* – to do this we need to break through our "world view" and see new perspectives. To see and manage your *assumptions* take time to:

⇒ Explore what you "believe" and why these beliefs make you feel safe – in examining your response to the pandemic, what are you downplaying and what are you amplifying?
⇒ Examine what causes your own personal overwhelm and reevaluate the worst-case scenarios that you buy into – can you rewrite these scripts?
⇒ Intentionally ignore unsubstantiated rumors and misinformation, probe the news channels that trigger your anxiety – what *assumptions* are they making? Do these fit with what you know?
⇒ Find the truth behind the most common admonitions – "Masks/gloves will prevent infection…" "Get out of town to a 'safer' place…" then decide what to believe and do
⇒ Are you making *assumptions* that contribute to the problem and not seeing them? How could you test these and adapt your behavior based on your findings?

If you can see the *ambiguity* for what it is, you can respond to the real-time changes in your *understanding* with *agility*. *Agility* is a set of behaviors that enable the system to adapt in response to changes in the environment, either external or internal. It assumes continual learning and evolution – that every individual in the system becomes skilled at change, both personal and systemic.

Adopting *Agility* is a systemic challenge; it needs to be present in all parts of the system, not just one or two. Imagine a system full of *ambiguity*, where *assumptions* are hidden or ignored – in this case *agility* is impossible. When we make *assumptions* visible and reduce *ambiguity*, the system has the ability to intentionally change, to respond with *agility*. New York City hospitals won't have the *agility* needed to treat COVID-19 patients if the federal government isn't able to quickly redirect needed resources such as ventilators and personal protective equipment. To ensure we have the skills needed for systemic *agility*, we each need to be able to:

♦ Speak up and correct misinformation, make *assumptions* visible
♦ Share our reality openly with others (concerns and resources) to remove *ambiguity* and *assumptions* in real time
♦ Make adjustments to our behaviors and beliefs based on new information and/or recommendations
♦ Undertake a personal adaptive change journey (Part 2) to increase the resilience of the whole system

Here are some thoughts for probing your *assumptions* and increasing your *agility*:

o What makes you think a specific outcome is likely? Explore that outcome fully – what aspects would be terrible and what could be an opportunity?
o What potential outcomes are you emotionally attached to? What possible outcomes do you want strongly to avoid? What could you do today to influence each of these potential futures?
o What additional information would be helpful if available? Where might you find it? How would you determine its validity or accuracy? How could you use it to improve your agility – ability to respond quickly and appropriately?
o Are there questions you need to ask to increase your flexibility? Of whom? Yourself?
o What indicates that you need to seek more information? Or remove more *assumptions*? How often do you need to reflect on this?
o What options are open to you? How can you increase the number and quality of these?

The VUCA dynamic goes a long way toward explaining the impact of events like the COVID-19 pandemic but doesn't give us a picture of where we are in the process or what we can expect going forward. To get a glimpse of what the path looks like to get us from where we are now to where we want and need to be, we need another framework. Our Adaptive Change Model provides that framework and shows us the path forward.

## Part 2: A Deeper Dive into the Experience of Adaptive Change

Part 2 is based on the COVID-19 pandemic during February and March 2020. The examples used describe a blending of Adaptive Change and VUCA. In this case study, the disruption and change are environmentally induced, but the events and interactions of the two frameworks are typical of most intentional or internally driven change initiatives.

Our Adaptive Change model is based on research by psychologist Dr. Virginia Satir. Satir studied groups moving from a lower state of productivity to a higher one. Her intent was to determine the journey they took – what happened over time as they improved. We have successfully used our adaptation of this model across all scales of change – from large scale organizational change to individual personal change.

Thumbnail sketch of the Adaptive Change journey (see Figure 3 below):

- The journey has four phases: Destabilization, the Fall, the Cauldron, and the Road Back.
- It has three Exit Ramps – places where you attempt to leave the change cycle and re-establish the Status Quo you left behind. We are only exploring the first one for this paper because the other two happen further along the change journey than where we are right now. We anticipate encountering them between May and December 2020.
- The entire cycle hinges on one inflection point – finding Transformational Ideas.
- The experience of the change journey has social, emotional, and psychological ups-and-downs that we call the Red Line of Change.

Figure 3. The Adaptive Change model describes a journey from the existing Status Quo to a visionary or desired Future. Driven by Destabilizing forces, the non-linear journey is composed of three distinct phases: the Fall, the Cauldron, and the Road Back. The dashed line indicates the period which is highly influenced by VUCA. The Exit Ramp is one of three that exist during the change cycle. The Red Line traces the social, emotional, and psychological ups-and-downs experienced by those going through the three phases.
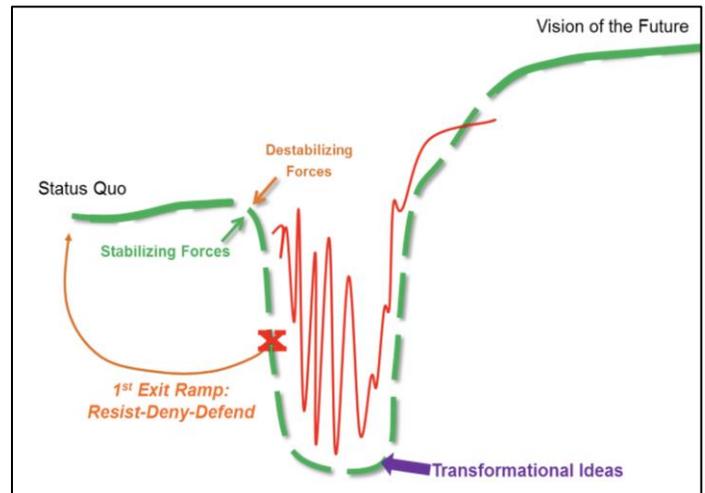
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For people experiencing the Adaptive Change cycle, it begins with the realization that the Status Quo is being pulled apart by Destabilizing forces. These often originate outside the organization or system being affected (a system is a network of interconnected parts that function

holistically). In the case of COVID-19, there are many systems potentially impacted and impacting each other: healthcare, individual's lives, communities, business and industry, and government at all levels. Together they create an interconnected and interdependent global system. It is this interdependent global system that is impacted by VUCA (Figure 4).

Figure 4. Notice that the first column contains the Destabilizing events and the third column contains the Stabilizing events. Destabilizing and Stabilizing forces occur throughout the Adaptive Change cycle – an oscillation that maintains forward movement. The middle column is what initiates and drives the Red Line of Change. Leaders need to manage to these middle column dynamics in order to achieve a successful journey to their desired Future.

VUCA Experience	*Reveals and Amplifies our*	*Is Resolved, Mitigated and Dampened by*
Volatility	Vulnerability	Vigilance
Uncertainty	Unwillingness	Understanding
Complexity	Consequences	Containment
Ambiguity	Assumptions	Agility

Disruption of the Status Quo and Volatility

Malcolm got up at 4:30 AM to read the news out of Wuhan, China in late January 2020 and felt physically nauseous. A veteran infectious disease doctor, he had experience with SARS, MERS, and Ebola – and this COVID-19 worried him. From everything he read, it had the potential to escape Wuhan, which meant that the whole global population was susceptible and at risk of infection. The specter of a pandemic seemed all too real as dawn approached and he communicated with colleagues across the globe.

Word from the US CDC was that they were going to manufacture their own test kits rather than use those being used in Europe and by the World Health Organization. And his friend who had been part of the White House NSC Directorate for Global Health Security and Biodefense complained of multiple reorganizations that resulted in key leaders leaving and a fragmented and disconnected approach to global and domestic health policy. Another colleague, one he worked with during the SARS outbreak, was frustrated by the lack of funding that had stopped his team from getting a SARS vaccine over the finish line. All in all, it worried Malcolm – the US government and healthcare system did not appear to be prepared for COVID-19 landing in the US. If it wasn't already here!

For days and weeks the world watched Wuhan try to *contain* the virus and save the sick. Paused on the brink of a global Fall into the Cauldron of change*,* Destabilizing forces ultimately overwhelmed the local efforts in Wuhan and COVID-19 escaped. It was no longer just China's problem. We who watched were no longer outside the system, we were part of the emerging *volatility* the virus was creating. Yet for most of us, this was incomprehensible and our daily lives went on. *Vigilance* was left to the infectious disease experts like Malcolm who sought information from the Chinese authorities to better *understand* what was headed their way.

As COVID-19 spread around the globe, countries – one by one – left their respective Status Quos and entered into an Adaptive Change cycle as they each responded to the emerging events. The Status Quo consists of a set of initial conditions unique to every change cycle. For each country and its interdependent systems, the experience and their reaction were based on where they started. This is due to the differing conditions that existed at the start of each country's epidemic: density and demographics of the population, hospital beds/thousand inhabitants, numbers of healthcare professionals, rate at which the virus spread, etc.

Early in the COVID-19 crisis in the US, key actors (government and business leaders, healthcare experts, and community influencers) began responding independently, rather than collectively, often contradicting each other. Unaware of the systemic interdependencies, each group tried to optimize their individual response without taking into account (being *vigilant* about) the impacts of their actions on the whole ecosystem – social, health, financial, and governmental (the multiple areas of potential *vulnerability)*. Their actions heightened *volatility* and *vulnerability*, amplifying *uncertainty and ambiguity,* and further Destabilizing the whole ecosystem. This generated confusion (some would say chaos) and produced an uncoordinated collective response. These types of feedback loops are common during change.

The moment we leave the Status Quo we encounter the Red Line of Change – the emotional and psychological experience of change. As you can see from Figure 3, this oscillates up and down depending on our individual, community, and national circumstances. The Red Line of Change impacts the shape and duration of the entire Adaptive Change cycle. With respect to the pandemic, we see it as the various echo-chambers of opinion: blogs, news outlets, medical experts, business and government officials, and social influencers (especially celebrities and sports heroes). The Red Line of Change is not resolved until we exit the Cauldron; after finding the Transformational Ideas that will generate the Future State.

The Fall and Uncertainty

Like most everyone, Siobhan watched the escape of the coronavirus and wondered where it would show up next. It appeared to be moving slowly into Europe and targeting closed environments like cruise ships. On the morning of February 23, 2020, she dropped her coat in her office and walked around the nursing and rehab home she ran. It was 7 AM in

Midland Michigan and people were just beginning to wake up – all was quiet. Siobhan thanked her lucky stars that she lived and worked in an out-of-the way place.

Siobhan went to the nursing station as the shift changed. She liked to get a pulse on what had happened overnight before the night nurse left. Nothing out of the ordinary. Settling back into her office she pulled up the morning news on her phone – and read about the unfolding crisis in Kirkland Washington. Suddenly she wasn't in an out-of-the-way place after all! Instead, Siobhan was on the front lines of protecting those in her care. She called a staff meeting for noon – they had some serious scenarios to think through and decisions to make. How would she protect the families and their loved ones in her facility?

The second phase of the Adaptive Change cycle begins when the system leaves the Status Quo and succumbs to *Destabilization*. Whether the impending change is by choice (it can be) or not (the COVID-19 pandemic), this is a hazardous period. It requires that you have a vision of the Future you desire – a direction and a purpose. When change is not on your mind, and you suddenly find yourself in the midst of it with VUCA leading the way, it feels threatening to the point of overwhelm. The danger here is that you either *overreact or underreact*. Finding the appropriate level of alarm and engagement is the <u>task of leaders during the Fall</u>. Whether you are appointed, responsible, or stepping into a leadership void, strong empathic leaders are the difference between adaptive change that succeeds or adaptive change that fails.

No matter how prepared for the Destabilization you believe you are, the many interdependent parts of the larger system respond in ways that create *uncertainty.* All your planning, roadmaps, milestones, and scenarios become exercises in preparedness – not reality. This is the experience that hospitals, businesses, and nations are finding during this pandemic. When they refer to their crisis scenarios, the playbook is only a start. The exercise of preparing and scenario building is perhaps more beneficial than the document in the binder. As the change journey unfolds, and your tightly coupled world begins to fall apart and become loose and sensitive to change (supply of surgical masks), the best responses are built on *understanding and agility*. What is it we need to achieve? How else might we accomplish this?

Vulnerability is initially a lack of awareness. Overcoming it requires a *willingness* to confront and accept reality as it emerges. *Unwillingness* is dangerous on two fronts: (1) it amplifies *uncertainty* and (2) it dampens *understanding.* Again, leadership is the key to successfully navigating the situations we face. In the US, *uncertainty* and *vulnerability* became obvious as we listened to these messages from our national leadership: "We have everything under control" (January 22, 2020), "It's going to disappear" (February 28, 2020), and "... anybody who wants a test gets a test" (March 6, 2020). The misinformation, *ambiguity,* and lack of accountability increased *uncertainty, vulnerability,* and created *misunderstandings* on how to move forward.

This produces the first Exit Ramp – Resist, Deny, Defend – and the desire to scramble back to the familiar Status Quo. For those exiting the change cycle, it looks and feels rational – a clear-

headed and logical response to events that threaten our control. From the outside, it looks like a train wreck. When part of the system takes the Exit Ramp, the social cohesion tears and the Red Line of Change becomes amplified, increasing the potential to be truly destructive. The fracturing of the system amplifies existing VUCA and generates: "us vs them" tribalism, blame and finger pointing, fear, and anxiety. People become *unwilling* to listen to each other, consider options, contribute to clarity and forward movement, or to accept reality.

Understanding begins by recognizing that VUCA and Adaptive Change have an emotional and psychological side to them – this is our personal and very human <u>experience</u> of change. Something as simple as a construction detour on your habitual route to work or the store causes a small red line to appear. Rather than habitually moving through the world, we are jolted out of complacency (our personal Status Quo) and have to <u>actively engage in the present</u> to figure out a new route. During significant change, there is a strong desire to escape – to get back to the Status Quo and business as usual. It takes discipline and effort to *understand* what's going on during change and be willing to engage with it in order to successfully complete the change journey. This requires each of us to engage with the causes and events of change – our own actions, emotional response, and the Red Lines of others (institutions and individuals). It means adapting our opinions, beliefs, actions and behaviors – accepting the *complexity* and *ambiguity* and dealing with it through *containment* and *agility*.

As the virus spread globally, two camps showed up in the US – the believers (this will impact me) and the non-believers (this is a made-up non-event). The camp you belonged to depended on who you listened to. Within the believer camp, the Red Line existed as moderate or high depending on your depth of *understanding* of the medical situation. Within the non-believer camp, your Red Line was low to moderate depending on your information channel and how closely you followed the daily news. The non-believers that exited the change cycle and headed back to the 'good old Status Quo' impacted the system more than the believers for two reasons: (1) when faced with *uncertainty*, they were *unwilling* to confront reality, and (2) they refused to *understand* the need to move to the third phase of the change journey.

<u>The Cauldron and Complexity</u>

Trevor's alarm went off at the usual time, 3:30 am MT, but he was already up – in fact, he hadn't been to bed. The markets in Asia and Europe were all over the place and the US futures were down a staggering amount. If he could make it to Friday, March 20th, he might have witnessed, and hopefully lived through, one of the worst weeks in Wall Street history.

Trevor dragged himself away from the computer to get a fresh cup of coffee. He needed a shower before panicked clients began to phone. It was 5:30 AM in New York and many of them would be up and checking the market. Trevor looked out the kitchen window at the snowcapped Rocky Mountains glowing in the moonlight. Oh, to be skiing today! To feel the rush of the wind, the warm sun and the physical exertion. But the slopes were closed and he

was chained to the rush of the market. Trevor poured his coffee and walked back to his computer sending up a silent prayer – since this too shall pass, let it be quickly.

The route through the Cauldron enables us to discover Transformational Ideas, which only happen in the Cauldron. This is where we innovate, reinvent, and intentionally respond to the demands of Destabilization. Transformational Ideas enable us to operationalize our way to the future by making the desired Future State concrete and achievable. One Transformational Idea for the COVID-19 pandemic is the need for social/physical distancing.

In the Cauldron, we squarely face *complexity* with its many interdependent moving parts that interact in non-linear ways. The spread of COVID-19 is non-linear and complex due to the multitude of interactions and relationships people have during their daily lives. This forms a J-Curve response (also known as a hockey stick) typical of social networks (Figure 5 below). Like the spread of the virus, the response of global markets is also complex due to different interpretations of events and individual actions.

Figure 5. A lily pond, so goes the French riddle, starts with a single lily leaf. Each day the number of leaves will double: 2 leaves on the second day; 4 leaves on the third day; 8 leaves on the fourth day; etc. If the pond is full on the 30th day, on which day is the pond half full?

http://www.artefacts.us/wordpress/works/exponential-growth-lily-pond/

Whether well informed or poorly informed, individual decisions and actions are subjective – based on the person's past experiences and their current Red Line. On a good day, the fall of the market is seen as an opportunity. On a bad day, it is chaotic and threatening. On a good day, social distancing is a chance to rest and recuperate. One a bad day, we are either chained to our computers trying to work virtually or struggling to figure out how we will survive until next week.

The forces that drive these fluctuations in perception arise from the *consequences* of individual actions and the reactions of the whole system – consequences that are unintended and unexpected, contributing to the present reality. In other words, when our Red Line is up, change is good. When our Red Line is down and we are in the depths of the Cauldron, it is horrible and the Exit Ramp looks inviting. We won't go into the Exit Ramp of the Cauldron here beyond saying that, it amplifies disruption in unanticipated ways and is only avoided by authentic leadership and collective action.

As the various members of the different systems (e.g., healthcare professionals, government officials, business leaders) enter the Cauldron, the *consequences* of their actions begin to increase and impact each other – driving additional *volatility, uncertainty, complexity*, and *ambiguity*. With respect to COVID-19, the first into the Cauldron were the medical experts (from infectious disease, epidemiology, public health, etc.) who formed a Transformational Idea to slow the viral spread – social distancing. In the US they were quickly followed by governors and mayors of the states and cities hardest hit in the early days of the crisis. They executed the Transformational Idea and suddenly *vulnerability, unwillingness, unintended consequences, and unquestioned assumptions* sprang into being.

Transformational Ideas are the goal and outcome of the Cauldron. They express and resolve the tension between the loss of the Status Quo and the still vague description of the desired Future State (which is often, never "*return to the previous status quo")*. There is rarely just one Transformational Idea and they are revealed by different parts of the system, which is why they each impact the whole system differently. Collectively, they offer multiple paths to the Future we are creating. They also create multiple states of *vulnerability, unwillingness, unintended consequences,* and *unquestioned assumptions.*

Transformational Ideas are a form of *containment,* but they also form feedback loops that amplify disruption in other parts of the system. For example, social distancing helps to contain the viral spread in order to shore up the fragility of the healthcare systems around the world. The *consequences* of this *containment* are (1) economic – shutting down large portions of the global economy and contributing to the market's *volatility* (which is creating a global 24-hour news echo chamber), (2) social – collapsing the support networks of many people, and (3) personal – many people do not have the resources needed for two or more weeks of isolation and the associated financial losses.

The *consequences* of market instability and social distancing generate more Destabilization: loss of jobs and income (3.3 million Americans filed for unemployment during the week of March 16th, up from 281,000 the week before[11], and 6.6 million for the week ending March 28th[12]). Social distancing, market devaluation, and unemployment resulted in another form of

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[11] 3/27/20, NPR
[12] 4/2/20, NBC News

containment – government stimulus packages, the *consequences* of which are yet to be determined. Though there will be positive *consequences* of this *containment* effort in the short term, the long-term effects are unknown. It will be up to government officials and business leaders over the next few years to enter another Cauldron to resolve these. So, while Transformational Ideas produce the movement onto the Road Back and a Future State, *consequences* and *containment* plant the seeds for future systemic disruption and evolution.

The Road Back and Ambiguity

> *Taymi watched the global response to the pandemic with a degree of detachment. This scenario, she believed, would repeat itself again over her entire lifetime as the world dealt with the impact of climate change. Wanting to know how the learning from COVID-19 this year and next would be captured and applied to global warming was what drove her behaviors now.*
>
> *At the ripe old age of 28, Taymi had a college degree in International Relations with a minor in Political Science and a non-paying job at a Washington NGO – so much for paying back her school loans. This was about to change – she was moving back to Wisconsin and running for state office in November. She intended to be one of the leaders that came <u>out</u> of this crisis – replacing the leader that went into it from her district. While Taymi didn't have firm beliefs on <u>how</u> to move forward, she saw the operative word here as <u>move!</u>*

Transformational Ideas are the *what* that resolves the Cauldron, not the *how* that creates the path to the Future. The *complexity* of Adaptive Change generates reverberating *volatility* and *uncertainty*, which leads to increasing *complexity* and *ambiguity* – multiple plausible interpretations of how to move forward emerge and are championed by different factions. The Road Back to a Future Status Quo (a temporarily stable state that generates its own VUCA and a new change cycle) is built from multiple, iterative experiments that occur in all parts of the system. Each small step forward starts with an experiment that involves risk and produces various interpretations of success. These make the journey *ambiguous*. The key to resolving *ambiguity* is to uncover the *assumptions* it contains – to bring clarity to the situation – and continue to move forward with *agility*.

Clarity is built on revealing and testing the underlying *assumptions* of our beliefs and actions as we create the Future we desire. Misinformation or lack of accurate data destroys clarity by disguising our *assumptions*. Use of positional power can stop members of the system or change effort from finding and sharing the information needed by leaders to successfully move the system forward, to experiment and apply the lessons learned to other parts of the system. Like the other two phases, this produces a third Exit Ramp which again we won't cover here other than to say that it is the most destructive Exit Ramp – producing the greatest loss and disengagement. As we identify and clarify the *assumptions* we are making, we must also squash rumors and misinformation. They only generate more *ambiguity* and fear.

Each step we take on the Road Back requires us to share our *assumptions* with others and be open to hearing their *assumptions.* This enables *agility*, which to some looks like vacillation or being wishy-washy – *uncertain* and *unwilling*. When this happens, we need to quickly move to collective *understanding* in order to regain alignment with our intent. Authentic *agility* focuses on taking action for its own sake based on what we know right now (*understanding*) and letting the results shape the next step … and the next … and the next. We complete each step by doing the experiment, collecting the data, and determining the outcome. Thus we learn our way forward to the Future, clarifying *assumptions* to avoid *ambiguity* and being *agile* enough to pivot quickly when we need to.

Conclusion

By combining VUCA and Adaptive Change, we have presented you with a framework that addresses our journey through the COVID-19 pandemic and future challenges we face globally and collectively. Whether it is climate change, poverty, clean water and air, or income inequality, this framework allows you to make sense of whatever situation you face. However, and it is a big however, it doesn't eliminate the work you personally have to do to get through a crisis.

- Marie will still struggle to find food during the hoarding period and will return to the hospital in 24 hours.
- Jody's angst about her financial situation won't go away.
- Sven is the only one who can figure out how to get himself home.
- Jose will still make the best decisions he can in the moment and then re-assess as new information is available.
- Malcolm still goes to the hospital and tries to find new knowledge in his models.
- Siobhan has to deal with the disaster and death that might occur in her facility.
- Trevor has to talk to panicking clients with empathy and remain the expert they are relying on to make sound decisions.
- Taymi has to walk the neighborhoods in her district, to listen to people's opinions and let them inform hers.

To manage both the Adaptive Change cycle and VUCA requires "confronting the brutal facts"[13] In other words successful Adaptive Change occurs when we understand the dynamics of VUCA that impact it:

⇒ When confronted with *volatility and uncertainty* that leave us feeling *vulnerable,*
⇒ being *vigilant* – avoiding unintended *consequences* and unquestioned *assumptions* which amplify *complexity* and *ambiguity – and*
⇒ by *understanding* and being *willing* to create and use intentional and localized *containment* plans we can increase our collective *agility.*

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[13] J. Collins, *Good to Great, Chapter 4, 2001*

Every one of us will have an opportunity to experience Adaptive Change during this pandemic. And this is the only way we can create a new reality – being both the agents of change and changing ourselves. Our contribution begins with:

⇒ Analyzing and leaving our Status Quo, using the Destabilization in our lives to initiate the change journey,
⇒ Letting go of outdated roles, beliefs, and actions during the Fall and avoiding the first Exit Ramp,
⇒ Joining others in the Cauldron to innovate and collectively find Transformational Ideas, then
⇒ Using these to experimentally co-create the new Future State that will enable us to face and deal with other crises that confront us as a civilization.

Remember, as it relates to COVID-19, we don't make the timetable – the virus does. So, let's use VUCA and the Adaptive Change process to be as prepared as we can be and respond in ways that don't amplify the danger for ourselves and others.

Parallax Consulting, Cairn Consulting and T-R Learning are members of the Knowesys Consortium and sponsor the LinkedIn group "Leading in a VUCA World." The authors can be contacted at info@parallaxconsulting.com.