

## VUCA Leadership: A Guide To Surviving And Thriving In Chaotic Times

In the first of a two-part series, six corporate leaders share how having a set of clearly articulated and shared corporate values has guided them through the crisis.

By BG George Forsythe, Ph.D., Karen Kuhla, Ph.D. and Daniel Rice, MS.Ed | JANUARY 14, 2021



IN 2018, WE PUBLISHED AN ARTICLE, *Excelling in a VUCA Environment Requires a Learning Mindset*, exploring how corporate leaders excel in a dynamic business environment, which we characterized using an acronym developed by the U.S. Army in the mid-1990s—VUCA. VUCA stands for Volatile, Uncertain, Complex, and Ambiguous and was coined by the Army to describe the global operational environment after the Cold War. In that article, we presented five strategies for success: shaping organizational culture around mission and values, leveraging technology, aligning organizational structures, establishing a learning organization and developing leaders.

After the Covid-19 global pandemic hit in early 2020, we wanted to learn more about how these strategies were employed during one of the greatest disruptions in a century; you might call it “VUCA on steroids.” We wanted to know what it was like for executives and their organizations when Covid hit. Were they able to maintain their corporate culture, and if so, how did they do it? What strategies, which we identified in our earlier study, were successful, and how did they put these strategies into action?

What will the “next normal” look like for their organizations?

To answer these questions, we interviewed six CEOs/presidents from a variety of industries (two of whom, as indicated by the asterisk, participated in our 2018 study):

Joe DePinto\* – President and CEO, 7-Eleven  
Tony Guzzi\* – Chairman, President and CEO, EMCOR Group  
Ken Lamneck – President and CEO, Insight  
Ameet Mallik – EVP and Head of U.S., Novartis Oncology  
Antonio Pietri – President and CEO, Aspen Technology  
Doug Sieg – Managing Partner, Lord, Abbett & Co. LLC

All six of the leaders with whom we spoke have participated over many years in leader development training. They have studied and applied the strategies for success we outlined in our first article, and so we looked forward to hearing how they implemented those strategies once the Covid pandemic hit. In general, all six companies have weathered the pandemic successfully, and in some cases, even grown. How did they do it?

To start with, the Covid-19 pandemic was not their first experience dealing with crisis. All had faced earlier disruptions to, and uncertainty about, their businesses caused by the Great Recession. In addition, two others faced a crisis within the past five years. AspenTechnology (AspenTech), which makes equipment for the oil and gas industry, believed the shocks of the oil crash in 2015-2016 significantly disrupted their primary industry. EMCOR, at the end of 2019, dealt with a ransomware attack that had a significant impact on their entire IT infrastructure.

In all cases, these executives realized the importance of learning from, and leveraging the lessons of, a crisis. As Insight's Ken Lamneck put it, "they are infrequent [crises], but you've really got to adhere to them; it becomes a rallying cry for everybody, a situation that you can take advantage of. When things are going well, it's hard to get everybody to rally in the same direction, whereas a crisis allows us to do that." A crisis unfreezes the organization and can set the stage for change.

"There are three things we realized about crises," said Lord Abbet's Doug Sieg. "While no two crises are the same, they do have three things in common. First, they last longer than you think they're going to last. So, you need to develop resilience. Second, they tend to hurt more than you think they will hurt. So you have to sensitize the organization to the fact that there's going to be pain. And third, all crises expose weaknesses. So, we realized we needed to communicate, and we needed to understand in real time where our weaknesses were in order to attack them."

## **Culture Matters: Shape it before the crisis; reinforce it during the crisis**

All the executives had anticipated the need to create a more adaptive corporate culture long before the pandemic hit and had already begun transforming their organizations to face the next crisis. They were ready for Covid-19. As Antonio Pietri of AspenTech said, "The 2015-2016 oil price crash prompted cultural transformation that was in place before Covid and allowed AspenTech to adapt quickly. I was able to get my head around what's going to be next [with Covid], and the organization was already moving forward without me having to tell them."

Tony Guzzi of EMCOR reinforced this point, "the things that we did to build culture over the past 10 years really paid off. The company could not have done what it did for these joint crises [ransomware attack and Covid-19] had we not done the foundational things first. I think you can only strengthen your culture during a crisis. If you're trying to build your culture in a crisis, you're probably going to fail because you're not going to have people understand why they're doing what they're doing. It's really tough to build trust with people who don't trust you to begin with; that all has to be done ahead of time."

A set of clearly articulated and shared corporate values guided everything these leaders did when the pandemic hit. Cultural values need to be in place and lived in the daily life of the organi-

zation from the beginning. Antonio Pietri reinforces this point, "Whenever I talk to any group of employees or on 'all-employee calls, I commit myself to talk about our values."

These leaders also emphasized the importance of maintaining the culture throughout the crisis. Basing decisions on organizational values, then reinforcing those values through clear communications is an essential tactic for maintaining the culture. Leaders leveraged technology to communicate more directly and more extensively to ensure everyone throughout the organization understood how the culture was being maintained. When new employees came on board, these leaders made sure on-boarding processes and employee training continued, even when people were working remotely. Additionally, leaders celebrated successes publicly and recognized employees who were living the values in the midst of the crisis. These actions went a long way to reinforcing the cultural values.

"Early in the pandemic," Sieg notes, "I think our employee base really appreciated that we were celebrating and supporting the frontline workers and their heroic efforts. We also made a point to recognize our own people who were supporting these individuals in their local communities."

At 7-Eleven, servant leadership is a core value of the corporate culture. "The focus is on supporting our stores, our franchisees, our employees, and our communities," says CEO Joe DePinto, "and that is the overriding cultural theme we share across the globe. I think it's a strong one. And one that certainly resonates not only with our employees, our franchisees, but our customers. We do ongoing recognition of servant leaders throughout the organization."

The pandemic also tested the effectiveness of the on-going cultural transformation and allowed the executives to gauge the strengths and weaknesses of their strategies for leading in a VUCA environment. Sieg makes this point in describing all the challenges that emerged in 2020: "I remember telling our people that the crisis was going to expose weakness, and we saw the pandemic morph from a global health crisis to a financial crisis, then it went to a moral crisis of racial inequality. Each of these crises forced us to look at ourselves, identify our weaknesses and address the relevant issues."

All six executives reinforced the importance of a learning culture that allows for rapid adaptation. The learning culture they established allowed them to anticipate changes in their environment, experiment, learn from experience, and share best practices across the organization. Below are examples of how they created a learning culture.

- **Anticipate.** "The first step is to understand the current situation, the lay of the land, and then have a hypothesis around it," says DePinto. "For us, it was gathering information and trying to understand what exactly was going on and where the pandemic might go. What quickly became apparent was two things. First

and foremost was about our franchisees' employees, our franchisees, our corporate employees, and franchise associates; corporate associates were very concerned about their health and safety. The second was that the supply chain got disrupted very quickly, particularly with the pantry loading that was going on in grocery chains. Some of the supply that typically would have come to our stores was going to grocery stores instead.

"We developed a command center and it provided ongoing updates to an entire body of 400 to 500 of our key leaders about what was going on in real time, along with the evolution of the pandemic in different states, what it looked like, what people were dealing with, and how we could best approach supporting our organization. That kind of best practice sharing was really helpful."

• **Experiment.** "We basically expect all of our individuals to be learning individuals," says Lamneck. "We're very big on a teachable moment. We believe that people learn most when they're actually engaged."

"We have awards centered around our values and behaviors, and we created a 'fail-forward award,'" says Novartis Oncology's Mallik. "The idea being that, when something fails, what can we learn from it? Let's celebrate that, let's actually celebrate the fact that something didn't work, because someone went out and was courageous. And then, we can learn from that experience. From a company culture perspective, we try to move away from what has historically been more of a perfectionistic 'get everything right, look good' kind of culture. Sometimes you're going to make some mistakes. But the question is, are we learning?"

• **Learn from Experience.** "After-Action Reviews (AARs) have now become a part of the culture of our company," says Pietri. "It's a combination of what we've learned positive or negative, combined with one of our values or leadership principles, to message to the organization; this is how we should do it, or this is not the way we should do this, in either case."

"At Lord Abbett, we instituted After-Action Reviews after every significant activity that impacted the environment," says Sieg. "The message clearly was, let's learn, let's learn, let's learn."

Lamneck adds: "The After-Action Review has become very embedded. We'll spend a few minutes after every meeting – let's do an AAR, because those are the kind of learnings that we take and document. And then we learn from those."

• **Share Best Practices.** "We've done a lot through our crisis command center, which pulled together best practices that we've gone out and shared," says DePinto. "Not only with folks who are on the ground in the U.S., but across the globe. Our Head of International has been very involved in that. He sits in on those calls; he takes that information, then begins to share it globally."

*Read part 2 of this series, which explores the leadership strategies our CEO participants have found most helpful in guiding their organizations through the storm.*

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## Leading Through VUCA: CEOs Focus On Culture

Overcommunication, establishing intent and empowering people are among the top leadership strategies for corporate success.

By BG George Forsythe, Ph.D., Karen Kuhla, Ph.D. and Daniel Rice, MS.Ed | JANUARY 14, 2021



IN PART 1 OF THIS TWO-PART SERIES, six corporate leaders shared how they were using culture—and a set of clearly articulated and shared corporate values—to guide them through the pandemic. Below are the leadership strategies they found most helpful, and the lessons they’ve learned along the way.

### **Communicate, Communicate, Communicate**

During VUCA, there is no substitute for frequent, clear and transparent communication; all other strategies depend on effective communications. The executive leaders we interviewed used a variety of platforms to meet virtually with their leaders and employees. Communication techniques included regular leadership team meetings, frequent all-hands meetings, skip-level meetings, and one-on-one check-in sessions with employees.

Insight CEO Ken Lamneck stressed the importance of communicating with his employees: “The one thing we found that we had to do more of [during COVID], of course, was communication. The communication had to step up quite a bit. We did lots of outreach, lots of videos, lots of roundtables, where we actually met

with two to three levels down in the organization to really talk to individuals. [We] did a lot of creative and fun things throughout the organization to break up the monotony and to really keep people connected.”

At EMCOR, CEO Tony Guzzi “expanded what would have been routine communication. Instead of just having eight people on the call, we had 30 people on the call...we would share ideas. And then we actually had calls every week with all subsidiary leaders at various times, so they could hear from each other what they were experiencing.”

“In times of uncertainty,” added Ameet Mallik, EVP and Head of U.S. for Novartis Oncology, “you don’t always have all the answers, but it’s important to keep people informed and connected, provide a forum to ask questions and maintain an open dialogue. We did this in a few ways. We increased the frequency of our organizational town halls from quarterly, to every 10 days. This allowed for continuous check-ins, updates, and information sharing. And even if we didn’t have answers to all questions, we could still connect and keep people engaged.”

## **Intent and Priorities**

In all cases, the executives began to address the pandemic by communicating the mission, leader's intent, and priorities, all centered around the organization's values. In doing so, they provided clarity of purpose and reinforced the culture. Not surprisingly, their leader's intent statements emphasized mission and people.

"I think what's most important is that you stay focused on your core purpose and your culture," said Mallik. "That is what carried us through each day. In those first few months of the pandemic, we really focused on two principles. First: how do we make sure every patient who needs access to our medicines gets them? And second, how do we keep all our associates safe, engaged, and supported?"

At Insight, establishing intent was a priority, said Lamneck. "We as a team developed a leader's intent, with all the appropriate pieces [purpose, end state, key tasks] to cascade it a couple of levels down into the organization. But became our blueprint. When you look what we identified as the key tasks we had to undertake, as part of the leader's intent, first and foremost it was the safety and wellbeing of our teammates. Second was that we were classified as an essential business because, as an information technology company, we supported many companies that were essential to the COVID crisis, such as healthcare providers, government agencies and so forth, that were really essential to ensuring that we could address the pandemic. So that was the second priority, to ensure that all our facilities (warehouses, integration, advanced services type facilities) had to stay open. And then third, was to make sure that we were preparing inside our company for the inevitable outcomes of the pandemic, which we didn't know at the time, basically ensuring that we were positioned well for the future."

At 7-Eleven, the leader's intent was fourfold, explained CEO Joe DePinto. "First and foremost, it was making sure that we kept all our employees, franchisees, and customers safe and healthy. That was number one, top of the list. Second was to stabilize the supply chain, and look for alternative supply chains, which we continue to do to this day. We knew that neighborhoods were going to need our retail stores, that a lot of communities were hurting, people were hurting, and that we could serve a real purpose in supporting them and providing them goods and services. And third, to keep our company and our franchisees financially stable. That was the leader's intent back in March 2020 and it remains the leader's intent today. It has served us really well. In a truly VUCA environment, having a set leader's intent, and then a plan around that, is critical. We start every conference call reviewing the leader's intent."

## **Verify and Reinforce the Message at All Levels**

How did these executive leaders know if the message was received throughout the entire organization? They made sure they regularly verified and reinforced the mission, intent and priorities. In addition, with VUCA, they knew they didn't have all the answers, and

they looked to others for good ideas. They valued two-way communication across the organization, talking and also listening to leaders, mid-level managers, and employees on the front lines. They did this through listening sessions, town hall meetings and weekly roundtables, all done virtually. Mallik recognized that "in times of uncertainty, you don't always have all the answers. But it's important to keep people informed and connected, hear from them and ask questions, and have an open dialogue."

At Lord, Abbett, managing partner Doug Sieg wanted to increase communications. "So every Friday, we have four town halls to ensure that we reach every individual on Zoom. Despite the limitations of the tool, it serves a vital need for connection across the organization—enabling me to see people and get a sense of how they are doing."

"We're all about validating the leader's intent," added Antonio Pietri, CEO of AspenTech. "What do you mean by that? 'Is this correct,' and so on. We use the digital systems that we have put in place to get that feedback. Do they understand what we were saying? And that was a way to validate that."

### **Empower People at all Levels to Respond Quickly**

All the executives had initiated cultural transformation before the pandemic arrived. Their focus was on creating adaptive organizations that empowered leaders and employees to take initiative appropriate to their level consistent with the leader's intent. At Lord Abbett, Sieg had been creating a culture where "people operate in a principles-based environment, where every individual is empowered to make decisions based on the leader's intent for the good of the team. This preparation enhanced our organizational agility and enabled our people to respond instinctively and know what they needed to do as we went into the pandemic." Mallik at Novartis Oncology saw his role as setting the vision for the organization and then empowering his team by removing obstacles that get in the way of achieving that intent.

## **Build and Maintain Trust Internally and Externally**

Maintaining trust with employees, customers, and other stakeholders was critical to the success of these organizations. The leaders recognized that new external demands and internal processes created untold risks and that trust was critical to exercising influence in the crisis. They did this by demonstrating competence to deal with the pandemic, maintaining strong relationships, and communicating candidly with all stakeholders.

Working with trade unions that provided frontline essential workers in the construction industry, Guzzi knew that at EMCOR "the first thing we had to have is trust; they knew that if something did happen, we would do the right thing by them, from their healthcare to their pay and everything else."

Mallik saw the importance of maintaining a trusting relationship with the community and essential health care providers. Novartis "made sure to help the community where we could. For example, we donated any excess Personal Protective Equipment

(PPE) equipment from our labs, whether it be N95 masks or gowns, to support the local community.”

Sieg makes the point that trusted relationships formed prior to Covid allowed his workforce to be successful when work-from-home protocols were implemented. “We have a lot of people who have known and worked with each other for years, so they knew what they had to do. The crisis brought everyone even closer together, uniting them around a shared purpose. As a result, the organization is stronger now—and will be even stronger in the future.”

## **Align Structures and Processes with Values, Intent and Priorities**

The approach these executives took to align their structures and internal processes varied by industry. Some had to downsize because of decreased market demands, others reorganized internally to adapt more rapidly to the VUCA environment, and still others started new businesses in order to secure a stronger future. To illustrate, EMCOR, an engineering and construction conglomerate, experienced business slowdowns in communities where construction was halted. Guzzi’s approach to restructuring at EMCOR was informed by the corporate values and implemented to reinforce the culture and maintain trust with remaining employees. “We had between a 7.5% and 12% salary and headcount reduction. Sometimes you have to make big tough decisions, because you care about the organization for the long term. You have to focus on who’s going to be with you, but you also have to treat people with respect as they exit the business. We did a lot of things around [promoting our values, such as making] sure we kept their health benefits while they were furloughed.” EMCOR employees also changed roles in order to meet the new demands of the pandemic.

Lord Abbett restructured aspects of its investment teams in order to focus its investment professionals on dealing with the circumstances presented by the pandemic. The pandemic also surfaced a need for more cross-functional governance structures that allowed the firm to be more responsive externally and nimble internally. As Doug Sieg noted, “Our crisis management committee ultimately morphed into the executive committee. This highly functioning team continues to operate exceptionally well, meeting every morning for an hour. We also set up an investment committee to oversee our investment teams and process. As a result, we now have two groups focused on managing and running the firm, the Executive Committee and the Investment Committee. This streamlined approach to governance has allowed me to get closer to the key leadership within the firm.”

On the other hand, technology companies such as AspenTech used acquisitions and organic restructuring “to launch a whole new organization,” said Pietri. “We didn’t reorganize, but we announced an AI IoT solutions business, which is the outcome of multiple acquisitions and some organic development in order to position ourselves better in this new environment, which is where technology evolution is much more accelerated. Having that agility as an organi-

zation; that is willing to, from one week to the next, say, now we need to go in this direction, is extremely important, and I think it’s a big part of what we’ve learned.”

## **Continue to Invest in People**

As we mentioned earlier, all six companies had participated in leadership training before the pandemic hit and were in the process of cultural transformation. They all continued to invest in leader development during the pandemic, but development moved from the classroom to the workplace. Formal leadership training gave way to learning by doing, taking advantage of the pandemic to stretch leaders in new ways to foster their growth. AspenTech’s Pietri put it this way, “We went from training to doing. I see what we have learned, and I’ve told the organization I’m very proud of how they reacted. The April to June 2020 timeframe was learning by trial and that happened.”

Sieg reinforced this point, “Nothing trains a leader better than real life experience. I think the concept of 70/20/10 makes people stronger leaders, meaning 70% of leader development is experiential, 20% is training, and 10% is personal reading. The one thing we really stress with our Leader Development Committee is to continue bringing new tools to the game.”

Mallik noted the ongoing experiential learning and coaching that took place in his organization following the leadership training that his leaders took prior to the pandemic. “It wasn’t just an immersive couple of weeks, but it was a year-plus of coaching and support within their cohort teams. It was not a ‘one and done’ session; it was part of a more lasting and powerful change journey. This has been one of the more important aspects from a leadership development standpoint.”

Leverage Technology to Lead Effectively and Efficiently

Like many other industries, these corporations converted many of their business operations to virtual platforms during the pandemic, with most employees working remotely. The technology plans these leaders had implemented prior to the pandemic were accelerated in order to position the company for success in the work-from-home environment. To the extent that they had built a culture of resiliency pre-Covid, they were able to adapt earlier in the crisis.

At AspenTech, Pietri had already created a culture of resilience, so when the disruption hit, they were ready. He had been investing in technology for several years in order to be prepared when he needed to leverage it in a crisis. DePinto at 7-Eleven had also enhanced his business operations with technology solutions and was able to shift quickly to remote collaboration. Lord Abbett made technology an early priority in the pandemic, so they could support remote working with a strong

infrastructure and continue to adhere to regulatory protocols.

EMCOR “probably invested a million dollars in people’s homes,” said Guzzi. “The traders needed multiple screens; high-bandwidth hard-wired internet access so they can be able to trade. We took Zoom cameras and put them in everybody’s house right next to them. So, when you turn it on, it was like you were talking to the person next door.”

Insight discovered new applications for the technology they were already creating and marketing, allowing them to respond the new market demands for the safe operations of office spaces. For example, they had already developed thermal sensing technology for restaurants to promote food safety, so Insight converted that technology to help companies detect Covid symptoms such as fever and protect employees at work.

## Prepare for the Next Normal, Post-Pandemic

Finally, the executives we interviewed kept one eye on the post-Covid future as they addressed the immediate challenges of the pandemic. They looked at the forces that would shape the next normal for their industry and their business, and they worked to position their companies for long-term success.

“Step one was to organize a group to immediately start thinking about the shaping forces that were going to change the environment post-Covid,” said Sieg. “Over the course of a month, we came back with four that were not only industry-related, but important to us. One was that the operating environment was going to be a major challenge for a long period of time. Second was that there would be a level of government intervention in the markets and various other aspects of the economy not seen since World War II. The third was the capital markets environment in which interest rates would remain low for the foreseeable future. And the fourth shaping force was the battle for relevance and relationships, in which firms must defend and strengthen strategically important relationships with partners across distribution, trading, and banking. Based on these four forces, we proceeded to shift our strategy accordingly.”

Pietri reinforced the importance of anticipating the future of the technology-industry in a dynamic environment. “Investing during that time period was important because when we come out the crises, the robust upturn is actually substantial. A lot of companies hunker down and are not ready for that upturn that occurs very quickly, especially in the technology space. We’re shoring up our business today, but also investing in key areas to ensure that we’re well positioned for when we do come out of the crisis.

## Big Takeaways—Strategies for Leading During the Pandemic

To summarize, what made the difference in these executives’ ability to lead during the pandemic?

- Start building an adaptive learning culture before a crisis. If culture change is needed, use the crisis to unfreeze your organization and prepare for the next normal.
- Frequent, open, honest, two-way, multi-level communication around values, purpose, and leader’s intent is job one for executive leaders.
- Learn by doing. Experiment, learn from experience, and share best practices quickly across the organization.
- Continue to invest in people. The crisis provides an important opportunity to stretch leaders and allow them to develop on the job.

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