

VUCA World to Going Phygital – Indian Perspective

IJSER

Suman Dey – MBA , HDCNM , PHD(H.C)

About the Author

Dr. Suman Dey



Suman Dey has more than 20 years of experience in the healthcare/FMCG/OTC/Logistics industry specialising in Sales & Marketing . He has worked in various roles in organisations of domestic & international repute like Cipla , ABBOTT , Eris Life Sciences etc. On the basis of his professional contribution to the healthcare sector he was made a Member of All India Management Association & was bestowed with the Life Membership of Calcutta Management Association in 2019. His education background includes MBA alongwith multiple diplomas & Post Graduate Diplomas in Communications , Networking & BusinessManagement. He has been pursuing educational courses alongwith his professional graph which includes the latest Professional Diploma in NLP. He is certified in Six Sigma .In the year 2020 he was awarded with Doctor of Business Administration specializing in Marketing(Honoris Causa) by Commonwealth University & London Graduate School.His hard work & perseverance has helped his organisation bag the India 5000 award in 2019 for being amongst the best pharmaceutical startups. He is a panel member of multiple international organisations & plays a consultant role for LYNK Global , Chegg India , GLG etc. Apart from his professional work he takes interest in philanthropic work & is involved with NGOs as their board member.

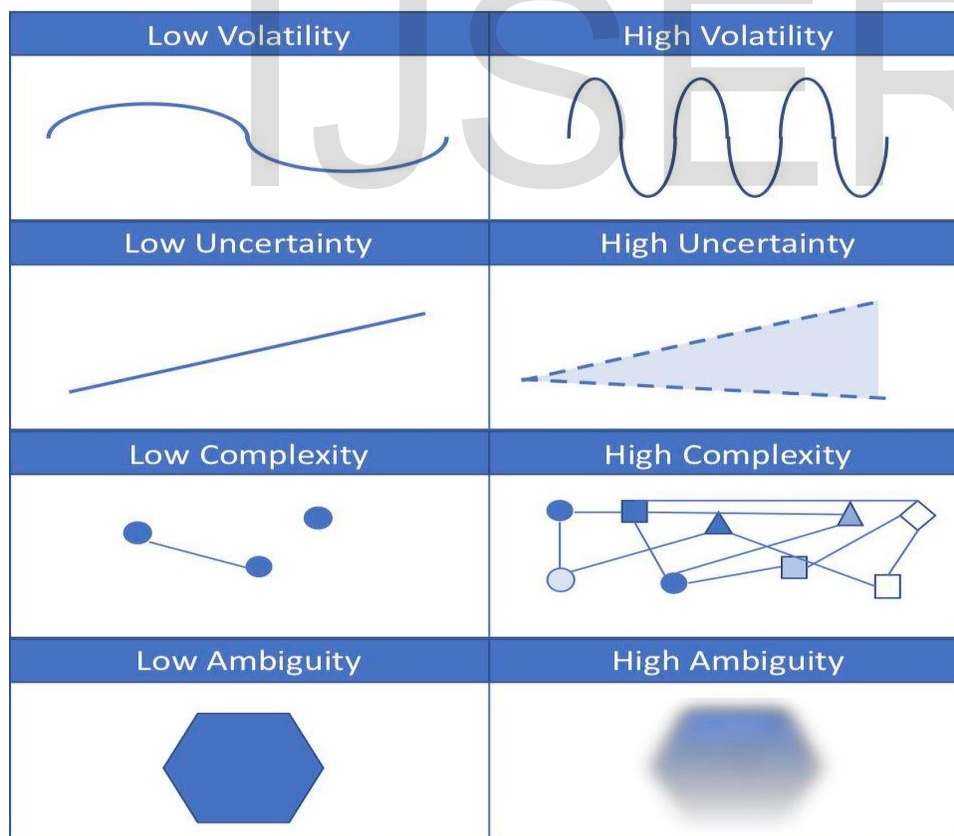
VUCA World to Going Phygital – Indian Perspective

Where does the term VUCA come from?

VUCA is an acronym (artificial word), first used in 1987 and based on the leadership theories of Warren Bennis and Burt Nanus, and stands for Volatility, Uncertainty, Complexity and Ambiguity. It was the response of the US Army War College to the collapse of the USSR in the early 1990s. Suddenly, there was no longer the only enemy, resulting in new ways of seeing and reacting.

The world of today

Neither an organisation’s leadership nor its strategies are spared in today’s VUCA world. Experiences, dogmas and paradigms must all come under scrutiny; it is no longer a case of finding the one way or the management tool: standards give way to individuality.



*The 4 dimensions of VUCA COPYRIGHT JEROEN KRAAIJENBRINK

VUCA Simplified

- **Volatile** – change is rapid and **unpredictable** in its nature and extent.
- **Uncertain** – the present is unclear and the future is **uncertain**.
- **Complex** – many different, interconnected **factors** come into play, with the potential to cause chaos and confusion.
- **Ambiguous** – there is a lack of clarity or awareness about situations.

Bob Johansen, of the Institute for the Future, adapted VUCA for the business world in his 2009 book, **Leaders Make the Future**. He used it to reflect the turbulent and unpredictable forces of change that could affect organizations, and he argued that you need new skills, approaches and behaviors to manage in the face of the four VUCA threats.

VUCA represents a set of challenges that individuals, teams, managers, and organizations in affected industries all have to face. Individually, these challenges can be significant, but they can be formidable when they're combined.

International Landscape

Volatility

Volatility is the quality of being subject to frequent, rapid and significant change.

In a volatile market, for example, the economy can rise or fall considerably in a short period of time, and the direction of a trend may reverse suddenly.

So what can managers do to relieve the tension in a volatile market?

- Become adaptive in [decision-making](#)
- Have clarity of vision, short and medium-term
- Communicate clearly to reduce confusion
- Determine your intent and resolve

Uncertainty

Uncertainty is a component of that situation, in which events and outcomes are unpredictable.

Businesses hate uncertainty, and when it's the driving force behind the decisions you have to make, you need to find other ways to create certainty for your business.

What can managers do in an uncertain market?

- Flexibility to cope with doubt
- Build commitment and consensus of approach

- Develop new perspectives
- Create risk-management ideologies

Complexity

Complexity involves a multiplicity of issues and factors, some of which may be intricately interconnected.

Anything that increases complexity in an already-complex situation can cause confusion and fear among [team members](#) in your business.

The problems escalate when there is a complex environment business is working in.

What can managers do when complexity is the pattern that businesses face?

- Understand the links between cause and effect
- Simplify processes and procedures
- Recognize nothing is permanent
- Encourage development and generation of ideas

Ambiguity

Ambiguity is manifested in a lack of clarity and the difficulty of understanding exactly what the situation is.

When there's more than one possible answer to a business problem, it needs [quality leadership](#) to drive the company forward, through conscious decision-making and objective setting.

What is expected of a manager during an ambiguous time?

- Communicate directly and with clarity
- Seek out and uncover alternative viewpoints
- Listen to divergent ideas and concepts
- Learn lessons that can apply in various circumstances

VUCA Examples

Volatile – The rise and fall of Blockbuster



Change is the only constant. What was the flavor of the month last year is this year's rotten tomato!

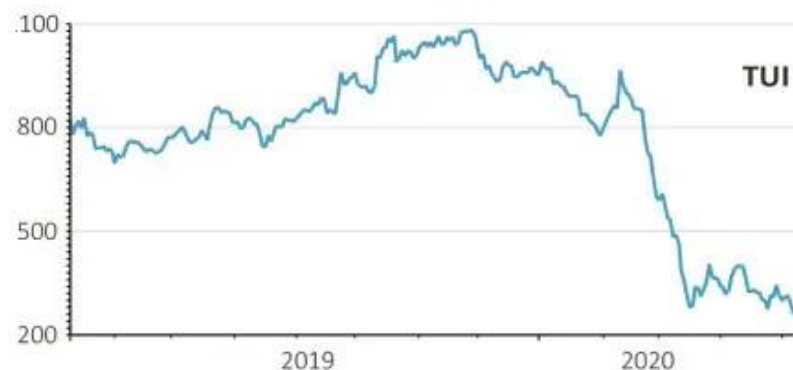
Blockbuster is a prime example of this on two fronts. Once it ruled. Then came along Netflix.

Not only did Blockbuster have the opportunity of acquiring Netflix and turned it down but they also did not change their business model.

Who would have thought that within the short space of 5 years a household name like [Blockbuster would go out of business](#).

You never know what is around the corner.

Uncertain – TUI didn't see it coming!



There was TUI providing holiday makers with great holidays one day and then BANG, the Coronavirus pandemic took over and uncertainty took over.

Their share price dropped like a stone. Flights and holidays were cancelled and they failed to deal with the situation very well delaying requests for refunds.

No one could have predicted the impact of an unknown virus from China.

Complex – Rankings was “easier”

Back in the early 2000’s getting a high ranking in the search engines required some decent links pointing to your website and optimized keywords on your web pages.

Today there are **hundreds of ranking factors** ranging from on-page and off-page factors, speed and user intent. And all of this is gone via Google’s complex algorithms and formula.

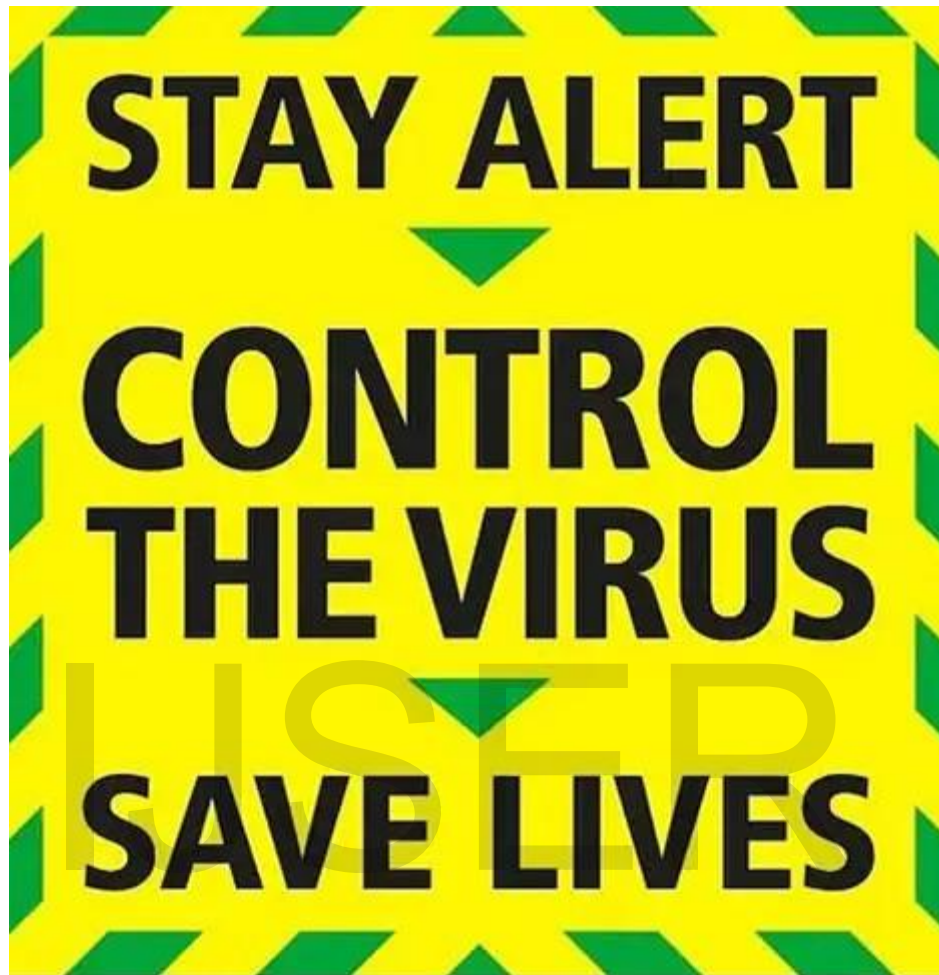
Ambiguous – Be clear Boris!

During the Coronavirus pandemic UK Prime Minister Boris Johnson was under fire for his **ambiguous messages** around lockdown and social distancing.

His original message of **STAY HOME – PROTECT THE NHS – SAVE LIVES** was very clear.



When he moved to his **STAY ALERT – CONTROL THE VIRUS – SAVE LIVES** he came under fire because it lacked clarity and was vague.



Indian Perspective

Here is a new meaning to the acronym in the context of Capital Market:

V= Visualization

U= Understanding

C= Calculative

A = Allocation of assets

Any kind of drift in a market be it, product market or share market, irrespective of the country, upheavals the capital market to a very large extent. This in return reflects the ups and downs faced by the capital market. Even the political changes that occur in the country leave a huge impact on the capital market. For Example: Different products and education campaigns need to be created for each of these mind-states, given the volatile conditions. In times of volatility, a long term investor who has delegated his money to a mutual fund needs to be educated on the need to **"Buy Right and Sit Tight"**. While a self-directed trader whose

complete capital can vanish with a volatile trade needs to be educated on the necessity to keep a “stop loss”.

Fortune India 500 , Covid 19 Pandemic & VUCA World

The Coronavirus pandemic has shown how the world can change almost irreversibly. As the pandemic gripped the world’s biggest economies, the impact on India too has turned out to be severe. The virus led to business models, strategies, and plans being rendered irrelevant overnight as it became clear that this was no ordinary disruption.

While some sectors took a bigger hit than others, there was hardly any segment of business which was not affected. And as the Indian economy—after the first two terrible quarters of FY21—begins clawing back, companies and their managements know that dealing with the VUCA (volatility, uncertainty, complexity, ambiguity) world will dominate strategic planning going forward.

This has been reinforced by the findings of the recently published *KPMG in India 2020 CEO Outlook*, where 100 CEOs from leading Indian business houses were interviewed, first in January 2020 and then again in August, to understand how their strategic priorities had changed. Several CEOs found purpose driven leadership to be the most effective way of meeting stakeholder needs. As many as 90% said their purpose dictated their approach to the pandemic, and one-third of them even had to re-evaluate their purpose as a result. Cost optimization was another important element of the change in strategy post pandemic, together with a rethink on supply chains, enhancing ESG (environmental, social, and corporate governance) programs, and aligning with new work realities. Another vital element was a very high emphasis on digital acceleration to make their organisations future ready.

PHARMACEUTICAL INDUSTRY & VUCA CHALLENGES

One of the major, if not the major source, of change in the pharmaceutical world is constantly evolving regulations. Adding transparency and some degree of predictability to the pace and tone of regulatory change would go a long way towards giving the industry some visibility to their future path.

The VUCA world has also transformed leadership as we know it. The days of the single “great leader” are gone, as in a VUCA world, the best leaders are the ones who harness leadership from everyone. CEOs of pharma MNCs have a huge challenge in meeting growth targets & they too need to change their business model from cost competitiveness and reverse engineering and move up the value chain, through technology innovation .

Phygital Era

Phygital simply combines the words physical and digital to create a new word: **Phygital**. While it's not exactly clear who coined the term, we started using it at the height of the COVID-19 pandemic. Why? Because we noticed more companies quickly adjusting their strategies to digitally accomplish tasks that had previously been accomplished in-person. This includes things like grocery shopping. The success of mass retailer curbside pickup solutions and delivery programs attests to the fact that consumers are now very comfortable using a mobile app to "walk the aisles" for them. Other examples include using a phone to look at a restaurant's menu, paying for gas without having to touch a payment terminal, or using a connected device to monitor your health. While we don't know whether or not the term "phygital" is going to hang around after COVID-19, the blending of physical and digital in the customer experience strategy is certainly here to stay.

Future of Phygital in Post Covid Era

In the future, true phygital experiences will have an **advanced anticipation model**. This idea of advanced anticipation is something that we will hear a lot more about as phygital experiences become more commonplace. For example, many of us have voice-activated remotes. You can speak the name of your favorite television show into your remote and instantly, your TV provider launches your program. But what if your TV and TV provider knew you so well that you didn't even need to speak into the remote? It knew your preferences and routines and what you wanted to watch. That's advanced anticipation. It's like the Netflix strategy – capturing data that, over time, helps devices "learn" how to make helpful suggestions that point you toward the things that will be of most interest to you.

Phygital is about bridging the relationship between a user (human) and activity (company) and making that experience so effortless that your customers don't even notice that their life has become easier. In the post-COVID world, the line between physical and digital experiences will be so blurred that users won't even recognize the difference.

VUCA & Phygital– The Way Forward

The ‘growth vaccine for 2021’, in the post pandemic world may vary across business and categories. However the broad principles that will cut across categories include:

1. Invest in & leverage growth categories that have benefitted by the pandemic such as home furnishing, digital devices, new age foods, online healthcare etc.
2. Foster a culture of experimentation & innovation to uncover new product & communication opportunities that the pandemic has created a need for.
3. Invest in scaling up organizational capabilities for e-commerce & digital platforms to leverage the changing business landscape.
4. Proactively build capabilities to leverage new tools & techniques that have emerged & garnered scale through the pandemic including marketing on digital platforms, OTT, digital payments etc.
5. Inspire creative agency partners to leverage new consumer passion points like online education, entertainment at home, safety & healthcare@home to create greater engagement and relevance with consumers.

“VUCA World is the real changing world of disruption. Are u prepared.....”

IJSER