

Are disruptors really the silver bullet in this age of chaos?





We hero worship disruptors: individuals spread through history who redefined the world in their image. Whether through Copernicus' naked eye, Henry Ford's production line, Tim Berners-Lee's World Wide Web or Jeff Bezos's Amazon, disruption transforms the way we live. A small number of outsiders have always had a disproportionately large effect on humanity. But is this worship warranted?

Disruption is at the cornerstone of every major change in human culture, from business and politics, to healthcare, science and technology. It's certainly not a new concept, yet disruptors are viewed as hot property. The reason perhaps is an 'availability bias', driven by the number of truly successful examples we see in our world today. Especially considering 90% of start-ups fail; worse odds than you would get at the casino.

While markets continue to be disrupted, this is just a symptom. It's the nature of the beast, whether we choose to be a disruptor or not. The beast is change; or, more accurately, the speed of change. Some of us adapt better than others, and like Charles Darwin said:



It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change.

Living in VUCA times

Pressures on the natural world, including climate crisis and habitat destruction, challenge our assumptions about an economy based on resource abundance. As such, difficult moral questions are raised about prosperity and growth. The forward march of technology (including the rise of Cloud computing and AI) continues its scorched earth assault, while levelling the playing field for the Davids to take on the established Goliaths. Our human interactions have been reprogrammed by social media and smart phones, which have drastically changed the nature of influence.

As the Chinese curse goes, we are living in interesting times: VUCA times.



Better to be a dog in a peaceful time than to be a human in a chaotic period.

Feng Menglong, Stories to Awaken the World.

VUCA, a term coined by the US military in the 1990's, describes a period or state of affairs characterised by:

V

Volatility:

things are unstable and changing faster than we're ready to understand

U

Uncertainty:

established explanatory norms fail, denying the use of past experience to predict the future

C

Complexity:

the mechanisms at work are difficult, or even impossible to comprehend

A

Ambiguity:

events have multiple meanings and interpretations to participants



Our increasingly VUCA world is a humbling experience for even the most enlightened, causing many to question typical doctrines and methods. Indeed, abnormal is becoming the new normal. During the 1950's 'decade of prosperity', a parent's job was to guide their children on the path to a successful life: get a degree, join a big company, get married, a mortgage and happily ever after. 80% of the people around you were all doing the same, so surely it must be right?

But, in our VUCA times, this has all changed. Google, Apple and Bank of America no longer require college degrees, our children are being told they need to train for jobs that don't exist yet, marriage rates are falling, and house ownership is looking unrealistic for much of the younger generation.

Despite this doom and gloom, it's not all negative. Opportunities exist for disruptors to capitalise on this VUCA world, but also for more traditional leaders to reform their approach in the face of the onslaught.

Moreover, the modern business world is set to be understood in more systemic terms. For example, concepts like the circular economy. Or, the recent rejection by JP Morgan Chase and others of Milton Friedman's shareholder value dogma in favour of companies serving a range of stakeholders.

The artificially disparate threads of our world are becoming entangled in the minds of business leaders as well as the general public. This is systems thinking and it is exciting to witness.

VUCA leadership

What can disruption teach us about leadership? In 2007, Bob Johansen proposed a leadership approach for coping with our VUCA world called VUCA prime. It comprises the following elements:

V

Vision:

our ability to paint a big picture predicated on purpose. A 'why'; something people will buy into

U

Understanding:

shedding light on the underlying nature of the world, others, ourselves and our problem domain

C

Clarity:

critical thinking skills with ruthlessness tempered with compassion. Even admitting a lack of clarity is a good start

A

Agility:

the ability to think on our feet in response to change. To have a preference for action and to be flexible

Developing your vision and communicating your way of looking at the world is a key part of bringing people with you. There is an apocryphal tale of Hungarian soldiers finding their way back to base after becoming lost in the Alps with the help of a map of the Pyrenees; the human need for structure and hope, over objective truth.

Do disruptors have a monopoly on VUCA leadership? Put simply: no. In our VUCA world, disruption can flourish, but so can measured approaches aimed at providing cohesion, inclusion and continuity. The only constant being the need to practice the four VUCA prime values above.



Lessons from the ancient world

This isn't the first time VUCA has reared its head. And throughout history, turbulent times have provided ample examples of effective leaders that do not disrupt.

Augustus of Rome (January 27 BC – August AD 14)

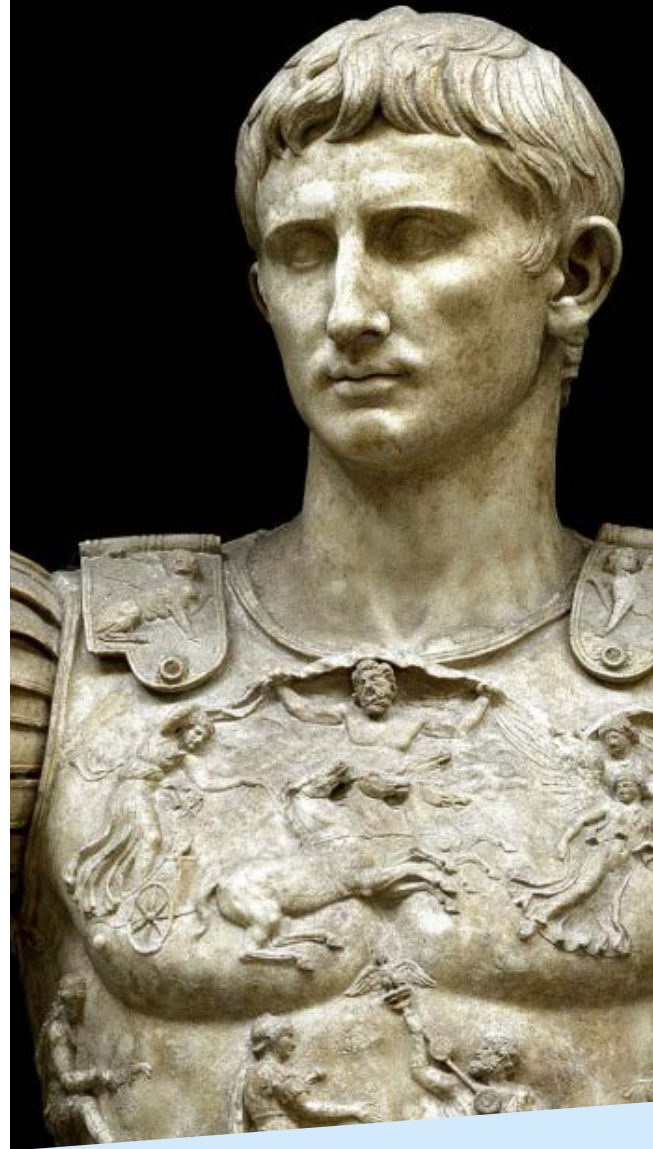
One example, perhaps the biggest 'unsung hero' of his time, Julius Caesar's adopted son and heir: Gaius Octavius Thurinus, better known as Augustus Caesar.

As John Prevas asserts in the book *Power, Ambition, Glory*: 'If Augustus could be restored to life from the pages of history... his ability to instil confidence and provide direction would make him as close to the perfect CEO as anyone could be.'

Better recognised for his skills as an administrator, he brought together a fractured empire following the fall of his great uncle Julius, repaired a broken political system, brought about religious and economic transformation and took the Romans forward into a new age of prosperity.

Known for his measured and methodical approach, while visiting Alexander the Great's museum in Egypt, he commented:

“ *Conquest is the easy and glamorous part of Empire Building; keeping it together and directing is the hard part.*



What we can learn from Augustus?

- Value stability: don't change things just for the sake of it. Stability brought about through structure and order creates trust and prosperity in the long run
- Lead with consistency, day in and day out: create a sense of certainty by building a management process that is consistent. Provide transparency so your people know what the rules are and what great looks like. Be able to justify the actions you are taking and how they affect everyone in your organisation
- Share power amongst the team: be willing to delegate authority, know your strengths and weaknesses and know what your organisation needs. Ensure those skills and attributes are available in your management team. Promote and replace as appropriate, clearly establish the division of labour and hold people accountable

Augustus went on to preside over Rome for over four decades, referring to himself as the 'first amongst equals'. Calculated, calm and consistent, he embodied some of the most powerful skills needed to lead in a rapidly changing world.

The Warring States Period (475–221 BC)

Eastern thought, with its emphasis on balance and the natural order, is another source of inspiration. It is no coincidence that philosophies like Taoism emerged during the Warring States period, China's own VUCA moment. Taoism distinguishes the Tao: comprising cycles, nature and mysterious unknowable forces, and Te: the cultivation of a virtuous self. Many of the verses of the Tao Te Ching resonate highly with modern trends in business and leadership in a VUCA world:

- Materialism and its relationship to the natural world: "The granaries are empty, but they wear wonderful clothes!"
- Servant leadership: "All streams flow to the sea because it is lower than they are. Humility gives it its power. If you want to govern the people, you must place yourself below them. If you want to lead the people, you must learn how to follow them."
- Adapting to change: "If you realise that all things change, there is nothing you will try to hold on to. If you are not afraid of dying, there is nothing you cannot achieve."
- Cycles and the need for hope: "When the country is confused and in chaos, loyal ministers appear."



Perhaps the business leaders of tomorrow will be sages rather than captains of industry. Wear robes (Roman or Chinese, take your pick) instead of suits. Or perhaps don a pair of Wellington boots; be a gardener, as a recent Forbes article would have it. The consensus certainly seems to be that egomaniacs are no longer in vogue.

The following examples show some emerging truths that will play out in the world of business and beyond, regardless of our stance on disruption.

Future arbitrage

As William Gibson said, "the future is already here, it's just not very evenly distributed." This gives rise to the notion of future arbitrage; in other words, profiting from global inefficiencies in the flow of understanding and ideas. Much of the digital transformation agenda can be seen as companies attempting to reinvent themselves in the mould of disruptors like Amazon, Spotify and Netflix. Study the trendsetters by all means, but also be aware there is no substitute for first-hand experience.

Feedback loops

Whether it is through cybernetic models of companies posited by Stafford Beer, Jeff Bezos' flywheel, or Lego open-sourcing the code for their Mindstorms robotic kits to trigger viral adoption effects, feedback loops are the game to be in. Their stock is perpetually rising. This fundamental truism remains intact whether we live in a VUCA world or not. Indeed, feedback loops are important drivers of VUCA but their role as creators of entropy is not inevitable. We should harness feedback loops as a powerful tool.



Instead of waiting for the storm to pass, learn how to dance in the rain.

Vivian Greene

Humanism

The future of work in the West is destined to be more humanistic and one in which psychology plays a more important part. If companies' ultimate value is their agility, expressed by their employees and culture (as Jeff Bezos would have it), then theory teaches we should make use of intrinsic rather than extrinsic motivation. Daniel Pink posits three necessary characteristics:

- **Autonomy:** the ability to self-determine significant aspects of work
- **Mastership:** having just the right amount of challenge to enjoy the psychological benefits of "flow"
- **Purpose:** a higher guide to our behaviour that instils our lives with meaning

Finally, to disrupt or not disrupt?

Once we come to embrace a VUCA reality and develop ourselves as leaders in a VUCA prime mould, we're able to see that disruption is not the answer. It's merely a tool, one more thing in our fight for progress.

What will become of the disruptors of today: Monzo, Revolut, Trussle and the like? Will they bring lasting change or be simply flashes-in-the-pan assimilated by an old guard, following sound wisdom of Augustus Caesar? And should we follow their lead and actively disrupt or take a more passive approach as prescribed by the Tao, riding out the changes with an open mind?

In the end it comes down to the individual. The only certainty is that these VUCA times are set to continue, so we must embrace them.

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