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Universidad para la
Cooperación Internacional

Master in Project Management

Planning and Strategic Analysis of the Company

Presentation – Week 1: **Introduction to strategic planning**



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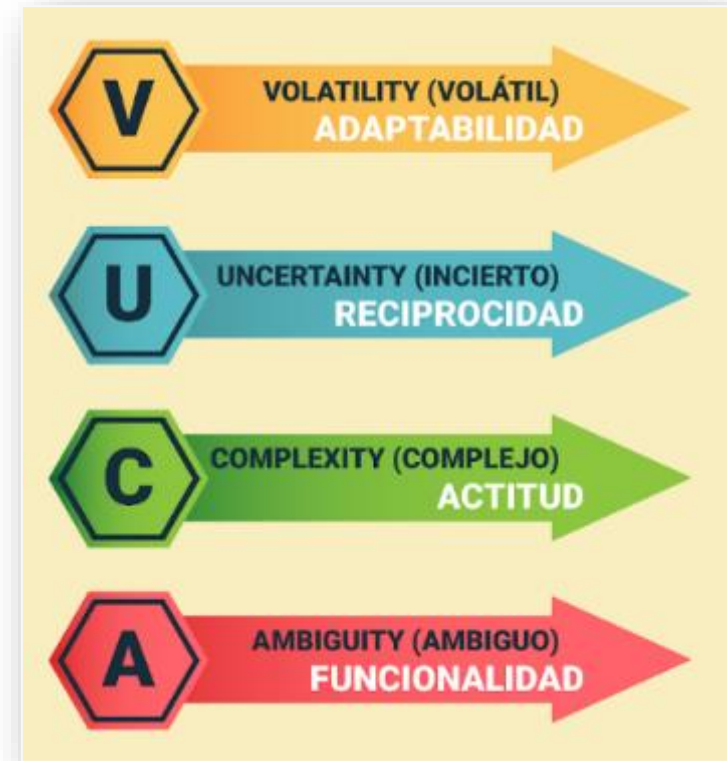
Situational analysis

A look at the context



Complexity: VUCA / VICA Environments

- VUCA environments , in which organizations currently operate, are characterized by volatility, uncertainty, complexity and ambiguity.
- This concept was forged in the nineties by American soldiers and responds to the English acronym formed by the terms Volatility (V), Uncertatinty (U), Complexity (C) and Ambiguity (A).



Bauman, Zygmunt. (2003). *Liquid modernity*. Mexico: Economic Culture Fund.

Complexity: VUCA / VICA Environments

- VUCA environments are present in countless professional sectors such as services, industry, technology or banking in which technological advances or the fluctuations of the economic market are the causes of the this type of environment.
- In this scenario, companies are forced to adapt to the continuous changes that attack their strategic programming and their professional routines.



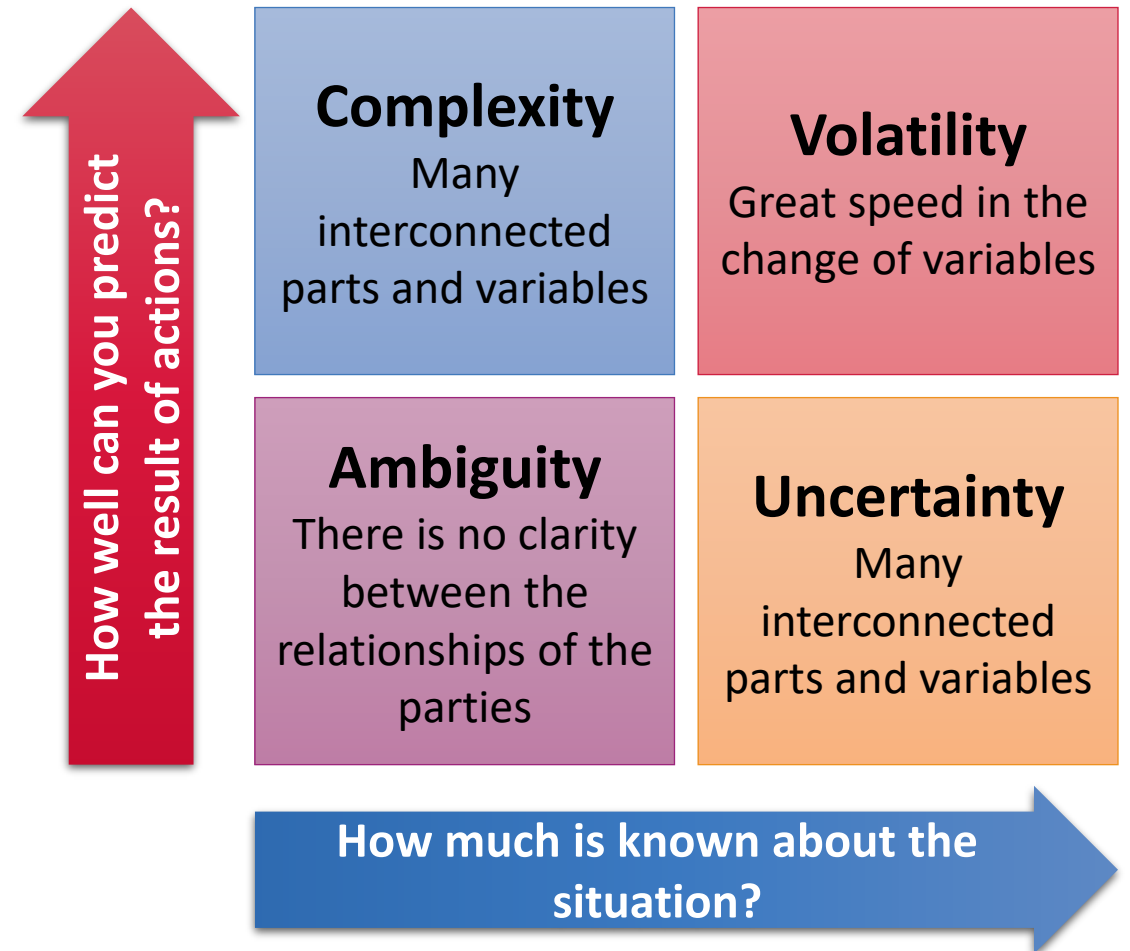
Complexity: VUCA / VICA Environments

- **Volatile:** oscillating reality.
- **Uncertain:** chaos associated with lack of knowledge (uncertainty).
- **Complex:** variability of systems.
- **Ambiguous:** multiple and confusing meanings.



Complexity: VUCA / VICA Environments

- When the environment is analyzed using the VUCA concept, different scenarios are obtained, each one with a characteristic and a different way of approaching it.
- Depending on the degree of prediction or knowledge about each situation, different types of scenarios can be identified.



Complexity: BANI Environments

- BANI environments refer to brittle, anxious, non-linear and incomprehensible moments. Chaotic times. That is, situations derived from the crisis and change.
- The author Jamais Cascio proposed the BANI logic in his work ' *Facing the Age of Chaos* '.
- The acronym BANI is a new model adapted to the situation of systematic global and climate change that takes its clearest form in the year 2020.



Complexity: BANI Environments



Brittle _ _

- Most systems are less robust than they appear, if something unexpected comes up they don't know how to deal with it. The most dangerous thing is that, in general, most organizations appear to be solid and tough, which gives rise to overconfidence.

Anxious _ _

- We are continually faced with situations that we are unfamiliar with, that we did not expect, and that confuse us.
- In a world where anxiety reigns, any decision seems like it could end in disaster and we are always waiting for the next disaster to happen. This makes us not dare to make decisions but it also means a loss of opportunities.

Complexity: BANI Environments

Non-linear

- There is no direct relationship between cause and effect, and this destabilizes.
- Small events that can lead to large consequences or that between the origin and the sequel there is a very large gap. This, being disproportionate, surprises us and makes us to have a feeling of urgency. For this reason, it is important to adapt a systematic vision that helps us to be flexible in these situations.

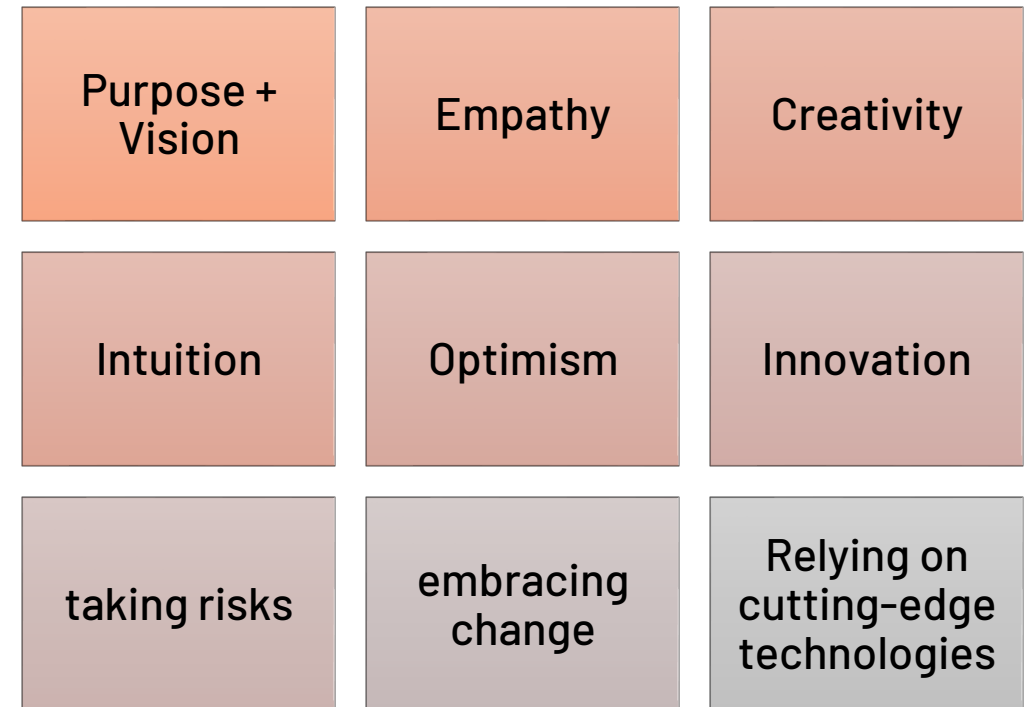
Incomprehensible

- We tend to look for a reason for everything, an explanation of the causes and consequences. This does not have to be negative.
- The problem starts when the explanations we create are too simple and we tend to make the wrong decisions. For example, we have more data at our fingertips than ever before, but this is not always in our favor. A huge volume of data can lead to confusion.



Complexity: BANI Environments

- The key to face these environments is to propose resilient solutions, starting from the individual.
- Companies need to design strong and solid systems taking into account all possible dimensions, reinventing themselves and innovating in leadership styles.
- Also doing retrospectives to understand the past and minimize risks by forging new, more flexible bases.



Complexity in organizations

- Some processes/projects can be called complex and difficult to manage.
- In simple terms, complex is a concept often used to describe what is considered intricate or complicated.
- The complexity in companies is the result of the behavior of the organization's system, human behavior and uncertainty in the work of the organization or its environment.



Complexity in organizations

- In *Navigating Complexity : A Practice Guide* (PMI , 2013), three dimensions of complexity are defined:

- The interdependencies between components and systems.

System behavior

- The interaction between diverse individuals and groups.

Human behavior

- Uncertainty about emerging incidents and lack of understanding or confusion.

Ambiguity

Complexity in organizations

- Complexity as a characteristic of a system is associated with:

Contains multiple parts

It has a series of connections between the parts

Features dynamic interactions between parts

Behavior resulting from interactions that cannot be explained as a simple sum of the parts



Changing environments vs adaptation

- Companies that wish to remain competitive will need to react innovatively, agilely and efficiently to changing markets.
- The forecasts show an increase in the demand for machines and new products in all industries, both traditional and emerging markets.



Changing environments vs adaptation



- Most of these products and/or services will be based on emerging technologies and innovative materials.
- Compliance with uneven regulations and with more variations will be required that have to be managed with flexible processes and with the capacity to adapt.

Changing environments vs adaptation

- Currently, interest groups and, in general, society, demand agile responses from organizations, precise solutions and more open and participatory spaces for interaction that stand out for their quality and opportunity.



- This forces them not only to adapt to changes and uncertainty scenarios, but also to learn from their management and that of their collaborators, relying on collective intelligence.



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