



Managing in Venezuela – Learnings for a VUCA World

A look at Venezuela, a volatile and highly complex environment, with fundamental changes, provides an insight into how organizations behave successfully in such an environment and what we can learn for the management in a VUCA world. Based on our experience and a series of interviews, four principles and several applications have been identified.

Four Management Principles

From the research results, various successful management approaches emerge, which are expressed in four principles for management in the environment of fundamental changes with a high degree of complexity.

Create allies

In an environment of high complexity and unpredictable changes, organizations are highly exposed. Faced with risks and opportunities in an uncertain environment, allies offer support and open new business opportunities. Many Venezuelan companies have built a network of allies by personal relationships and tight relations with stakeholders. They have achieved this through long-term relationships and in-depth knowledge of their partners' needs.

Case “Cash for public transportation”

While society was faced with a lack of coins and bank notes, employees could not pay the bus to go to work. Having found a source of cash, the company paid its employee daily in cash for the bus. It ensured the availability of its workers and strengthened their loyalty.

Be alert and act quickly but consciously

In a permanently changing environment,



Venezuelan organizations have been undergoing fundamental change in a VUCA environment for 20 years.

organizations must always be alert to the smallest changes. In the case of unexpected events, they must decide quickly. In a volatile environment, small changes can have significant impacts. Hence decisions and actions must be taken very consciously. Therefore, organizations need to act with foresight, be prepared for all possible eventualities, and create a sensorium for minor changes.

Case “Shift of sales channel”

Having established effective sensorium instruments, the company got quick information about a new public order that prices in supermarkets must be cut. With a quick shift of the sales channel to smaller stores without price dictates, turnover could be ensured.

Create change competence

To manage in a complex and rapidly changing environment, organizations must adapt

and change permanently. However, this requires a change competence, which means willingness and the capability for change. Companies promote and demand both the cultural aspect of willingness and the ability to change with a focus on the future challenges.

Case “Innovation culture”

A company penetrated the organization with an innovation culture. Even in the coffee corner the staff suggested putting the company's logo on each coffee cup to strengthen the “us” feeling of the entire organization.

Reinvent yourself permanently

Organizations must always question their business models and business areas regarding future earning potential or the way the business is conducted and must adapt or even replace them. In times of fundamental

transitions, organizations are required to make these adjustments permanently.

Case “Changing target customers”

Caused by a lack of spare parts, a car rental company suffered from high repair costs. Consequently, it changed its target customers from private individuals to corporate clients, as in this segment cars were treated with more care.

Ten applications for the four principles

Ten applications can be derived which support the four principles.

Applications of the principle Create allies

- ▶ Continuous relationships: Get connected, cultivate relationships, and cooperate with potential allies. Maintain win-win relationships and do not act opportunistically.
- ▶ Stakeholder insight management: By deeply knowing and satisfying the real needs of a stakeholder, a very specific benefit can be created, and a strong relationship can be built.

Applications of the principle Be alert and act quickly but consciously

- ▶ Preparation and reserves: Be prepared for any possible issues and have pre-evaluated possible solutions. Hold reserves of critical resources.
- ▶ 5 senses/360° principle: Be actively present in the different environment spheres and consciously absorb signals of change. The entire organization should be involved, and knowledge needs to be shared.
- ▶ Speed and substance: Take decisions and act quickly, based on well evaluated facts, requires short decisions processes.
- ▶ Stabilizers: Support employees in a changing environment by cultivating routines and by strengthening the purpose and “us” feeling.

Applications of the principle Create change competence

- ▶ Doing > Learning > Developing: Create an environment in which employees are motivated and challenged to deal permanently with new issues and tasks. The change capabilities arise through the daily practice of small and bigger changes.
- ▶ Challenge-oriented learning: Increases the technical abilities of the organization and each employee not for today’s tasks, but for managing future challenges.

Applications of the principle Reinvent yourself permanently

- ▶ Management that realizes opportunities and avoids risks: Reduce engagements in business fields which do not have future earning potentials and use the competences and resources in fields that offer future opportunities.
- ▶ Modus-operandi-oriented change management: Ensure the existing business fields by constantly adapting the way in which business is conducted with a focus on future requirements.



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Learnings for Organizations in a VUCA World

Accept that the environments are changing and that this is happening more and more rapidly!

Be open-minded, think outside the box, and get inspired by experiences and solutions of others! Seek individual and creative solutions which fit the organization!

Organizations which are faced with the challenges of a VUCA world can benefit from the experiences of management in Venezuela and by getting inspired by their creative solutions and by adapting the applications for their own business. By applying stakeholder insight management a supplier can be made an ally, for example through a reference project, which can open new markets to them. An example of modus-operandi-oriented change management could be the change of earning models in the pharmaceutical industry with payment for drugs according to the therapeutic achievements. For each of the applications, any organization can seek individual adoptions and benefit from them. ■

