

Book Review

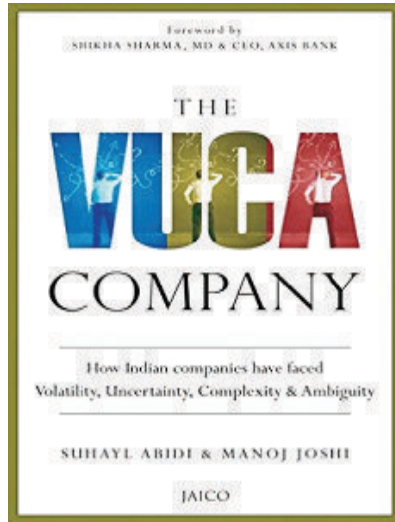
The VUCA Company

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THE VUCA COMPANY

Suhayl Abidi and Dr. Manoj Joshi.

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283 + 350.



Globalization has enabled companies to treat world as its market place. While companies get access to markets across the globe, they are also susceptible to competition from global companies. Global markets have become interconnected; however they are prone to unpredictability. A rapidly changing chaotic environment has become a norm rather than an exception. ‘The only Thing that is Constant is Change’ (Heraclitus). Turbulence is, therefore, expected when varying cultures,

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ideologies trade with each other. This turbulence can be explained by the new word or coinage-VUCA (Volatility, Uncertainty, Complexity & Ambiguity). Indian companies doing trade have also faced VUCA. In this book under review the authors explain this acronym 'VUCA' with relevant examples and are able to well connect with their audience. The authors' attempt in this book is to identify behavioral aspects of failures, where systems or structures have played a substantial role.

This book is divided into six chapters. Authors begin with an 'Introduction' in which they talk about VUCA, and the reasons for setting out on writing 'another' book on corporate failures. The second chapter titled 'VUCA was always there' takes us through various instances in history to show the readers that VUCA has been existing though the term had not yet been coined. The third chapter is on 'Indian Cases in VUCA failure. The detailed research on 12 cases of Indian corporate failures forms the body of this chapter. The next chapter is aptly a discussion on 'Why firms fail'. The penultimate chapter is used to educate readers about the fact that 'Failure of performance is Failure of Learning'. The book concludes by enlisting the 'Learnings in the VUCA Company'.

Usage of relevant lessons in history has helped authors in setting the context very well. For instance, the reasons for the end of the Persian Empire, foundation of the Mogul Empire by Babur after initial failures, East India Company's glorious rise and its decline, disruptive technologies and their role in making or breaking business houses, liberalization in 1990s etc. set the stage for discussion of cases in the Indian context.

The common usage of the term 'VUCA' began in the 1990s and it is derived from military vocabulary. Launching of economic reforms since 1991 boosted the Indian economy. Many sectors witnessed rapid growth. The flow of global funds also helped many Indian companies. But it also resulted in some cases uncontrolled growth and expansions in unrelated areas (e.g. Sree Renuka Sugars). Those of the companies which have not been engineered to sustain rapid growth rate started to face problems. Their woes were subsequently compounded by global recession. The book examines in depth 12 cases in which promising companies faced losses in subsequent years.

Authors have used these cases to identify two major reasons for such failures- Human or Behavioral Causes and Systemic or Organizational Causes. For example the case of Vijay Mallya who kept referring to an ‘illusionary investor’ or the courage shown by Jain Irrigation in apologizing to its shareholders for misjudgments helps the readers in learning about various methods of managing turbulent times. Authors attribute the human or behavioral causes of failures to hubris, lack of awareness, missing early signals of trouble and problem of rationalizing. Uncontrolled or speedy growth, synergy failures, resource management failures, dynamic capability acquisition failures have been appropriately considered by the authors as Systemic or Organizational Causes.

These cases of failures have been used in this book to highlight dysfunctional learning environment. It endears itself to its readers by enlisting the learnings from such failures. Adaptability is the key to success in an environment marked by constant flux. Learning can come from past experiences, from the present intelligence available to companies and also from future by means of experimentation. VUCA Environment is here to stay and will only increase in intensity. To survive in this new normal, organizations must do things differently. ‘Failure is not a catastrophe but lack of learning from failure is’. The book has no doubt succeeded in explaining reasons of failures in the cases which have been included. Learnings from these failures have helped the authors of the book to rechristen definition of VUCA acronym to Vision, Understanding, Clarity and Agility.