

From VUCA to BANI: Leading in Today's Chaotic World

by: Lynda McNutt Foster & Holger Heinze

CEOs across industries – whether in Architecture/Engineering/Construction (AEC), financial services, manufacturing, HR, IT or risk management – are grappling with a new level of chaos and complexity in the business environment. For years, leaders relied on the concept of VUCA (Volatile, Uncertain, Complex, Ambiguous) to describe and navigate turbulence. But lately, even VUCA feels inadequate to capture what's happening. Events that "shouldn't" happen keep happening, systems we thought were stable turn fragile overnight, and everyone is feeling the strain.

The 2020s have ushered in unprecedented challenges: a global pandemic, supply chain collapses, geopolitical conflicts, climate disasters, and technological disruptions that have fundamentally altered how business operates. These cascading crises have exposed vulnerabilities in even the most robust organizations and leadership frameworks. The traditional VUCA model, introduced by the U.S. Army War College in the 1990s, served as a reliable compass for decades but now struggles to fully address our current reality.

This is where BANI – Brittle, Anxious, Nonlinear, Incomprehensible – emerges as a more accurate framework for today's world. Developed by futurist Jamais Cascio, BANI acknowledges that our systems aren't just volatile but often brittle, breaking completely under pressure rather than just fluctuating. The constant state of anxiety permeates organizations at all levels, from frontline workers to the C-suite. Cause and effect relationships have become nonlinear, with small inputs sometimes creating massive, unpredictable outcomes. And perhaps most challenging, many situations defy comprehension altogether – they are simply incomprehensible with our existing mental models and analytical tools.

Forward-thinking leaders recognize that navigating this BANI world requires not just adaptation but transformation. It demands new capabilities, different mindsets, and innovative approaches to leadership that go beyond the strategies that worked in a merely VUCA environment. The question isn't whether change is coming – it's whether leaders have the vision and resilience to guide their organizations through the chaos toward a new kind of stability.

Beyond VUCA: Why BANI Is the New Framework

VUCA had its day, but today's chaos needs BANI. The term VUCA comes from the U.S. military after the Cold War to describe a world of rapid change and uncertainty, and it was later embraced by businesses to make sense of the 21st-century marketplace. VUCA was a useful compass for a volatile world, helping leaders plan more agile strategies amid uncertainty. However, many experts now recognize that VUCA no longer fully captures the intensity and unpredictability we face. Futurologist Jamais Cascio felt even before 2020 that "VUCA was no longer a good formula for facing reality," as the world had become even more chaotic and emotionally charged. The COVID-19 pandemic confirmed this – it "mixed everything up once more" and created new levels of instability that couldn't be neatly described by VUCA.

In 2018, Cascio introduced BANI as a framework to articulate what our reality feels like now. BANI stands for **Brittle**, **Anxious**, **Nonlinear**, and **Incomprehensible**. Unlike VUCA's focus on external conditions, BANI also captures the human reaction to chaos – the fragility of systems, the anxiety pervading society, the nonlinear (hard-to-predict) nature of outcomes, and the incomprehensibility of events that defy our understanding.

Let's break down each component of BANI to understand why it better captures our current reality. **Brittle** refers to systems that appear strong but can shatter suddenly and completely – like supply chains that collapsed during the pandemic or financial institutions that failed in 2008. **Anxious** acknowledges the emotional toll of constant uncertainty, the feeling that we must always be on high alert. **Nonlinear** describes how small changes can create disproportionate, cascading effects that are impossible to predict using traditional models. **Incomprehensible** recognizes that some aspects of our world simply cannot be understood through conventional analysis – they are too complex, too novel, or too paradoxical for our existing frameworks.

Cascio and others aren't just coining a trendy new acronym; they're highlighting that the old rules and assumptions are breaking down. As one article put it, some see BANI as an "upgrade" to VUCA – a reflection of a world that has become more obscure and chaotic than before. In short, BANI doesn't replace VUCA because VUCA was "wrong" – it replaces it because the world has evolved beyond what VUCA can describe.

VUCA was a linear extrapolation of uncertainties. But VUCA often implied that we can face these increasing uncertainties with bigger and more powerful solutions. But now, situations today aren't just volatile; they're chaotic. Outcomes aren't just hard to foresee; sometimes they're completely unpredictable. What's happening now isn't just ambiguous; at times it's downright incomprehensible. If you've been feeling like the playbook you used a decade ago isn't working anymore, you're not alone – that's why BANI has entered the leadership lexicon.

Consider how traditional risk management approaches fall short in a BANI world. Previously, organizations could identify potential threats, estimate their likelihood and impact, and develop mitigation strategies. Today, we face "black swan" events – occurrences so rare and impactful that they defy probability calculations. The interconnectedness of global systems means that disruptions spread and amplify in ways that couldn't have been anticipated. Climate change, geopolitical instability, technological disruption, and social movements can interact to create perfect storms that no risk matrix could have predicted.

The shift from VUCA to BANI also signals a necessary evolution in leadership approaches. VUCA called for leaders to develop vision, understanding, clarity, and agility. While these qualities remain valuable, BANI demands even more: resilience in the face of brittleness, empathy to address anxiety, adaptability to navigate nonlinearity, and intuition to make sense of the incomprehensible. Leaders must become comfortable with paradoxes, willing to experiment, and able to find opportunity amid chaos.

Forward-thinking organizations have already begun adapting to the BANI world. They're building redundancy and flexibility into their operations, investing in employee wellbeing, embracing scenario planning rather than linear forecasting, and cultivating diverse perspectives to make sense of complex situations. They recognize that in a BANI environment, the goal isn't to eliminate uncertainty but to develop the capacity to thrive within it.

As we move deeper into the 2020s, the distinction between VUCA and BANI becomes increasingly important. Those who cling to old models of understanding will find themselves perpetually surprised and reactive. Those who embrace the reality of our BANI world – acknowledging its brittleness, managing its anxiety, accepting its nonlinearity, and working within its incomprehensibility – will be better positioned to navigate whatever comes next.

The BANI Environment: Brittle, Anxious, Nonlinear, Incomprehensible Challenges

So what does a BANI world look like for businesses? Let's break down the acronym and see the biggest challenges leaders face under each element.



Brittle – Hidden Fragility in Systems

In a BANI world, things that appear solid can shatter suddenly. Systems are brittle, meaning they're prone to breaking under stress because they lack slack or resilience. We've optimized many processes for efficiency, but in doing so we sometimes removed the buffers that gave them strength. The result is that a supply chain, organizational structure, or business model might work flawlessly on a normal day yet collapse from a minor shock.



Anxious – An Environment of Constant Stress

The level of uncertainty today is off the charts, and it's making people and organizations anxious. When every decision feels like a shot in the dark and the news cycle is a never-ending stream of shocks, it naturally creates a climate of fear and stress. Cascio calls anxiety a defining feature of the BANI world – there's a "constant feeling of impotence," a fear that whatever we do might be rendered useless by the next surprise.



Nonlinear – Unpredictable Causes and Effects

In a nonlinear world, cause and effect no longer have a straightforward relationship. Small events can trigger outsized consequences, and efforts don't always yield proportional results. We saw this with the pandemic: a virus appearing in one city led to a cascade of global economic, health, and societal effects that no linear model would have predicted.



Incomprehensible – Overwhelming Complexity

Finally, much of what we're facing is incomprehensible – not literally impossible to understand, but so complex or unfamiliar that it feels beyond our grasp. In the era of big data and constant change, leaders are drowning in information yet thirsting for wisdom. Paradoxically, analyzing more data can sometimes make things less clear by obscuring the signal in noise.

Each of these BANI challenges is likely hitting your industry in some way. AEC and manufacturing CEOs worry about brittle supply chains and nonlinear project risks. Financial institution leaders contend with anxious markets and incomprehensible new technologies. HR heads see anxious employees and the need for nonlinear career paths, while risk managers are dealing with brittle systems, nonlinear risk contagion, and incomprehensible volumes of data in risk modeling. The key realization is that today's business environment isn't just volatile and uncertain – it's fragile, frenetic, and often baffling. Recognizing this is the first step; the next is figuring out how to lead in such a world.

From Reactive to Resilient: Shifting the Leadership Mindset

Faced with this chaotic BANI landscape, many CEOs find themselves in permanent "firefighting" mode – reacting to crisis after crisis. It's exhausting and unsustainable. It also involves a lot of lying and charades as we are applying useless frameworks, rituals and language to completely new phenomena, driven by the old expectation that the leaders must have answers instantly available. The better approach is shifting from a reactive mindset to a resilient mindset.

Reactive Mindset

Responding to events after they occur

Waiting for problems to emerge before addressing them

Assuming stability is the norm

Optimizing for efficiency over flexibility

Troubleshooting after things break

Resilient Mindset

Anticipating disruptions before they happen

Building capacity to absorb shocks

Expecting change as the constant

Creating slack and redundancy in systems

Designing for failure as a given condition

Think of it this way: Under the old VUCA playbook, if something went wrong, you'd gather the team, troubleshoot, and try to get back to normal. In a BANI world, you assume from the start that things will go wrong – probably in weird, unforeseen and hard to grasp ways – and you design your organization to bend without breaking.

As Forbes recently noted, in a BANI world "brittleness demands resilience." Leaders can't just optimize for efficiency and assume everything will go smoothly; instead, they "have to prepare for failure" as a given condition of doing business. This shift in mindset has huge implications: it means building slack into your systems, so they're not brittle. Something that goes so hard against what everything from industrialization to performance management has taught us that it seems absurd at first.

A practical example of resilience in action comes from disaster-prone regions. Companies in earthquake-prone California that developed robust emergency plans and flexible operations turned out to handle the COVID-19 pandemic disruptions much more smoothly. Why? Because they had anticipated a major disruption (albeit a different kind) and built a mindset of preparedness. As Cascio quips, "although counterintuitive, one must anticipate the unexpected". This often means just leaving room. "We don't know what will happen during this period that we didn't plan for – so we'll only allocate 80% of our resources, times, budgets etc. in order to be able to react quickly to what we know will happen."

In your context, this might mean running regular scenario drills ("What would we do if X happened?"), encouraging teams to flag vulnerabilities proactively, and not dismissing worst-case scenarios as "too unlikely." A resilient CEO fosters an organizational culture that says: "We can't predict everything, but we can prepare for anything." When you do that, surprises won't knock you flat; instead, your team will respond with agility and calm because they've mentally rehearsed adaptation.

Agile over Structured: From Rigid Workflows to Adaptable Processes

Along with a resilient mindset, thriving in a BANI world requires a hard look at your company's workflows and processes. Are they rigid and structured for a predictable world? Or flexible and agile for a chaotic one? Many legacy workflows assume a relatively stable environment – annual planning cycles, fixed org charts, standard operating procedures that optimize for efficiency. Those work fine until the world stops cooperating with your plan (which, as we've seen, is happening frequently). To navigate chaos, agile adaptability trumps structured rigidity.

Agile methodologies, born in the software world, have now become essential in broader business management. The core idea is to iterate quickly, adapt often, and prioritize responding to change over sticking to a preset plan. In practice, this could mean shifting from yearly strategic plans to rolling quarterly (or even monthly) plans that you adjust as conditions change. It might mean empowering small cross-functional teams to make decisions on the fly, rather than everything climbing a hierarchical ladder for approval. It certainly means fostering a culture where change isn't seen as an inconvenience but as an expected part of the workflow.



Shorter Planning Cycles

Move from annual to quarterly or monthly planning

Empowered Teams

Enable front-line decision making without excessive approvals

Rapid Feedback Loops

Create mechanisms for quick course correction

Culture of Experimentation

Encourage testing new approaches without fear of failure

If your industry is AEC or manufacturing, think of how you might handle a sudden design change or a supply shortage in a traditional waterfall project management approach versus an agile approach. In a rigid system, that change causes massive delays and cost overruns (because the process can't easily accommodate it). In an agile system, the team reprioritizes and finds a workaround in short order, minimizing disruption.

We saw many companies demonstrate agility during the pandemic: distilleries switched to producing hand sanitizer in days, apparel manufacturers started making face masks, restaurants turned to delivery and meal kits. These improvisations weren't in anyone's SOP manuals – they were ad-hoc responses made possible because someone had the flexibility and authority to pivot operations.

The takeaway is that agility provides adaptability. As one leadership guide noted, "Employing agile principles allows individuals and teams to prioritize urgent needs over rigid processes, enhancing adaptability." In a BANI environment, adapting your structures and processes is not just good practice; it's often necessary for survival – and it should be part of plans and routines, not an exception to the norm done reluctantly when you have to.

Human-Centered Leadership: Resilience, Empathy, Improvisation, Intuition

Interestingly, the answers to BANI's challenges aren't found in more rigid analysis or tougher controls – they're found in deeply human leadership qualities. Cascio and other thought leaders point out that the "antidotes" to a BANI world are things like resilience, empathy, improvisation, and intuition. In other words, when high-speed complexity overwhelms the neat frameworks, it's the human touch – our ability to adapt, care, create, and perceive – that steers us through.

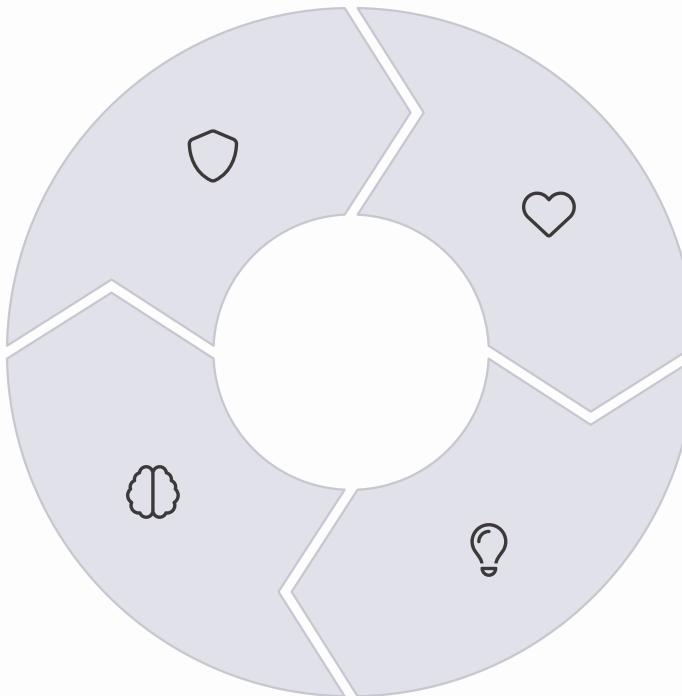
Resilience

The capacity to recover quickly from difficulties and keep going.

Resilience counters brittleness by building shock absorbers into your business.

Intuition

That gut sense or insight drawn from experience when data is insufficient. Intuition helps make sense in the incomprehensible.



Empathy

Understanding and sharing the feelings of others. Empathy soothes anxiety by creating trust and psychological safety.

Improvisation

The ability to adapt on the fly and create solutions without a preset plan. Improvisation handles the nonlinear and unexpected.

In a BANI world, resilience means anticipating the unexpected and bouncing back from shocks. For you as a CEO, it can also mean modeling personal resilience: staying calm and solution-oriented in a crisis, so your team sees that steadiness. Encourage a culture of learning from setbacks rather than blaming.

Empathy is a superpower for leaders when people are anxious and fearful. Leaders must show that they get it, that they care about more than just the bottom line. Empathy helps build trust and loyalty, which are essential in turbulent times. Practically, to lead with empathy, you can start by listening more. Check in with your people: how are they coping with changes?

If nonlinearity is about unpredictable surprises, the antidote is the ability to improvise and adapt on the fly. Improvisation in leadership is akin to jazz – you have to deviate from the score and still create something harmonious. To cultivate improvisation, encourage a mindset of experimentation in your organization.

In a world that often feels incomprehensible, analysis alone will sometimes fail to produce clear answers. This is where intuition comes in – that gut sense or insight drawn from experience when data is insufficient. Intuition is not random guessing; it's the subconscious synthesis of your experiences and knowledge.

These four qualities – resilience, empathy, improvisation, and intuition – form a toolkit for BANI leadership. The good news is that these are human skills. They aren't about having the biggest budget or the most advanced tech; they're about how you lead and respond at a personal and organizational level.

Understanding Psychological Capital in a BANI World

BANI highlights the volatility and unpredictability of today's business environment, requiring organizations to develop new capabilities to thrive. One crucial element of organizational resilience in the BANI world is psychological capital (PsyCap), a concept developed by Fred Luthans and colleagues. PsyCap represents an individual's positive psychological resources, which can significantly influence organizational success and adaptability.

Understanding Psychological Capital

Psychological Capital is a measurable and developable resource comprising four key components, collectively known as HERO:

Hope

The ability to set and persist toward goals while proactively generating alternative pathways when faced with obstacles.

Efficacy (Self-Efficacy)

The confidence in one's ability to take on and successfully execute tasks and challenges.

Resilience

The capacity to bounce back from adversity, failure, or even unexpected success while maintaining focus and performance.

Optimism

A positive outlook on the present and future, grounded in realistic expectations and proactive problem-solving.

Unlike traditional capital (e.g., financial, human, or social capital), PsyCap is malleable and can be developed over time through targeted interventions and leadership actions. Organizations that cultivate high levels of PsyCap within their workforce are better equipped to navigate complexity, uncertainty, and rapid change.

Psychological Capital and Organizational Resilience

In a BANI world, resilience is no longer a luxury—it is a necessity. Organizations with resilient employees and teams are more likely to adapt, recover, and innovate in the face of disruptions. Psychological capital contributes to resilience in several key ways:

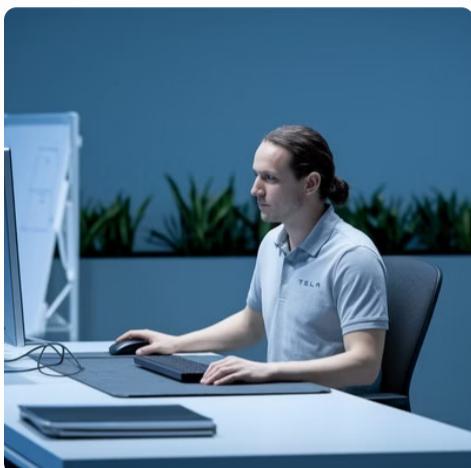
- **Enabling Agility and Adaptability:** Employees with high PsyCap are more willing to embrace change, experiment with new approaches, and stay solution-focused rather than becoming paralyzed by uncertainty.
- **Enhancing Well-Being and Reducing Burnout:** Hope, optimism, and resilience help employees maintain motivation and engagement, even in high-pressure environments. This mitigates stress and decreases the likelihood of burnout.
- **Strengthening Collaboration and Psychological Safety:** A workforce high in PsyCap fosters a positive organizational culture where employees support one another, trust leadership, and are open to giving and receiving feedback.
- **Improving Decision-Making Under Uncertainty:** Resilient individuals with high self-efficacy are more confident in making informed decisions, even when information is incomplete or ambiguous.

By fostering psychological capital, organizations can transition from a reactive stance to a proactive one, enabling teams to thrive in an era of disruption rather than merely survive.



Real-World Examples and Leading with Vision in a BANI World

Let's look at a few real-world examples where companies adapted successfully to chaotic conditions:



Home Depot (Retail/Supply Chain)

When global shipping bottlenecks threatened to leave retailers without inventory, Home Depot took the extraordinary step of chartering its own container ship to import goods. By improvising a solution and not being beholden to the usual way of doing things, they ensured shelves were stocked while competitors struggled. This bold move not only solved their immediate supply chain issues but also demonstrated to shareholders and customers their commitment to service continuity regardless of external challenges.

Tesla (Manufacturing/Technology)

During the global semiconductor chip shortage, Tesla rewrote their vehicle software in a matter of weeks to support alternative chips that were more available. This rapid improvisation and technical agility allowed Tesla to deliver cars while other automakers had to idle factories. Their engineering team's flexibility and CEO Elon Musk's willingness to embrace unconventional solutions highlight how innovative thinking can overcome seemingly insurmountable supply chain disruptions. Tesla leveraged this crisis as an opportunity to further develop their software capabilities, turning a potential disaster into a competitive advantage.

General Motors and Ford (Manufacturing)

As the pandemic caused a nationwide ventilator shortage, GM and Ford pivoted to produce medical ventilators and PPE in their factories. This case shows improvisation, empathy, and resilience - using their massive capabilities in a new way. Within weeks, these automotive giants retooled production lines, retrained workers, and established entirely new supply chains. Their rapid response likely saved thousands of lives and demonstrated how large organizations can be nimble when leadership embraces a clear moral purpose. The experience has permanently changed how these companies view their manufacturing flexibility and social responsibility.

Microsoft (Tech/HR)

Microsoft emphasized a people-first approach during the pandemic, implementing policies like generous work-from-home flexibility and regular company-wide "wellness days" to combat burnout. This empathetic leadership helped maintain high employee engagement in an anxious time. CEO Satya Nadella actively communicated a vision of "empathetic leadership" throughout the crisis, encouraging managers to recognize the unique challenges facing each employee. Microsoft's internal data showed that this approach not only maintained productivity but actually increased innovation as employees felt psychologically safe to contribute ideas during uncertain times. Their experience has become a case study in how emotional intelligence at the leadership level translates into organizational resilience.

What all these examples have in common is: The organizations' resilience increases. The organizations' ability to prepare for, survive, learn from and adapt for change. Sudden, erratic, seemingly random change.



Importantly, these examples demonstrate that resilience isn't just about enduring hardship – it's about emerging stronger. Research shows that organizations that successfully navigate BANI conditions often develop new capabilities, deeper customer relationships, and more engaged workforces than they had before the disruption. The process of adapting to brittleness creates strength; working through anxiety builds confidence; navigating nonlinearity improves agility; and confronting the incomprehensible expands understanding.



Accept Reality

The shift from VUCA to BANI is more than swapping one buzzword for another – it's about recognizing that the world has changed and so must our leadership approach.



Rise to the Occasion

Today's business environment is brittle, anxious, nonlinear, and incomprehensible, but there are ways to not only survive in it, but thrive.



New Leadership

It starts with accepting the reality (no more comfort of purely predictable plans) and then rising to the occasion by being resilient, empathetic, agile, improvisational, and intuitively strategic.

Leaders Who Excel in BANI Environments

Navigating the complexities of BANI environments requires a new approach to leadership. Here are key traits and strategies to thrive:

Essential Leadership Qualities

1 Balance confidence with humility

Projecting enough certainty to inspire followers while maintaining the openness to adjust course as new information emerges.

2 Democratize decision-making

Recognizing that complex challenges require diverse perspectives and distributed intelligence.

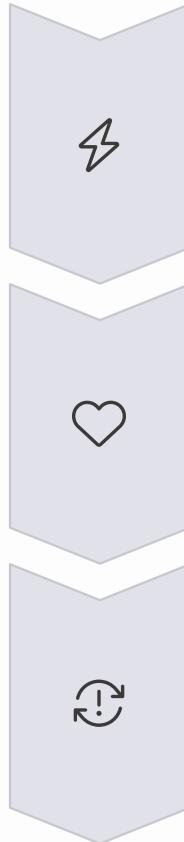
3 Prioritize values and purpose

Using principles to guide actions when predetermined pathways fail.

4 Model desired behaviors

Demonstrating composure under pressure and curiosity in the face of uncertainty.

Key Strategies for Success



Be Proactive

Anticipate potential disruptions and prepare contingency plans

Be Human

Lead with empathy and emotional intelligence

Be Adaptable

Embrace change and foster organizational flexibility

Form a BANI Response Team

Consider forming a "BANI response team" with representatives from different departments to regularly assess emerging risks and opportunities. Invest in scenario planning that acknowledges multiple possible futures rather than a single predicted outcome. Develop metrics that measure not just efficiency but also adaptability, such as time-to-recover from disruptions or the percentage of revenue from products less than three years old. Create psychological safety that encourages employees to raise concerns early and suggest unconventional solutions.

Collective Sensemaking

Perhaps most importantly, strengthen your organization's capacity for collective sensemaking – the shared process of interpreting ambiguous situations. This might involve regular cross-functional dialogues, employing diverse analytical frameworks, or creating feedback loops that quickly test assumptions against emerging realities. When faced with incomprehensibility, the organizations that can most effectively construct meaningful narratives gain a significant advantage.

Start This Week



Gather your leadership team and discuss: "If our world is truly BANI, what's one thing we should change in how we operate?" Small changes, done consistently, will strengthen your organization's resilience over time.

Assess BANI Readiness



Rate your current capabilities in addressing brittleness (through redundancies and alternatives), anxiety (through transparent communication and support systems), nonlinearity (through agile methodologies and scenario planning), and incomprehensibility (through diverse perspectives and pattern recognition).



Address Gaps

Identify the largest gaps and develop specific initiatives to address them over the next quarter. In a BANI world, your greatest competitive advantage is not your current success, but your ability to reinvent yourself when conditions inevitably shift.

Good luck, and remember – chaos favors the prepared, the courageous, and the flexible. That can be you and your company. The leaders and organizations that will thrive in the coming decades won't be those who hope for a return to predictability, but those who build the capacity to flourish amid constant change.

Glossary of Key Terms

- **Agility:** The ability of an organization or team to adapt quickly and effectively to changing circumstances, prioritizing responding to change over rigid adherence to plans.
- **Ambiguity (in VUCA):** A lack of clarity or predictability about the nature of issues and events.
- **Anxiety (in BANI):** A pervasive state of worry, fear, and unease among individuals and organizations due to constant uncertainty and shocks.
- **BANI:** An acronym standing for Brittle, Anxious, Nonlinear, and Incomprehensible, a framework for understanding today's chaotic world.
- **Brittleness (in BANI):** The characteristic of systems that appear stable but are prone to sudden failure or collapse under stress due to a lack of resilience or slack.
- **Complexity (in VUCA):** A state of having many different and connected parts, making it difficult to understand and predict outcomes.
- **Empathy:** The capacity to understand or feel what another person is experiencing from within their frame of reference, i.e., the capacity to place oneself in another's position.
- **Improvisation:** The act of creating or performing spontaneously without prior preparation, especially in response to unexpected circumstances.
- **Incomprehensibility (in BANI):** The quality of events or situations being so complex, unfamiliar, or overwhelming that they feel beyond understanding.
- **Intuition:** The ability to understand something immediately, without the need for conscious reasoning; a gut feeling or insight based on experience.
- **Linearity:** A straightforward relationship between cause and effect, where actions produce predictable and proportional outcomes.
- **Nonlinearity (in BANI):** A situation where cause and effect are not directly proportional or predictable; small events can have large, unexpected consequences.
- **Psychological Capital (PsyCap):** An individual's positive psychological resources, comprising hope, efficacy, resilience, and optimism (HERO), that can be developed and contribute to organizational success.
- **Reactive Mindset:** A way of thinking and acting that involves responding to events only after they have occurred.
- **Resilience:** The ability to recover quickly from difficulties; toughness. In a BANI context, it involves anticipating disruptions and bouncing back stronger from shocks.
- **Uncertainty (in VUCA):** A lack of complete knowledge or predictability about future events or outcomes.
- **Volatility (in VUCA):** The quality of being subject to frequent and significant change.
- **VUCA:** An acronym standing for Volatile, Uncertain, Complex, and Ambiguous, a framework used to describe and navigate turbulent conditions.

For information on how to shift your leadership team into a resilient mindset, contact lynda@cortexleadership.com in the US or in Europe:
holger.heinze@odonovan.de