

# Deciding under UNCERTAINTY

## 1 Opportunities

The known world is a subjective picture which we usually do not change until it is in crisis. The “unknown” is anything that is outside of that personal image.

## 2 Adaptation options

Each person or organization defines the image of its reality through a mixture of explanations. From this subjective framework, projects alternative movements and defines their decisions.

## 3 Transform uncertainty

In situations of instability, uncertainty overwhelms the subjective image and people lose their frame of reference and fall into confusion.

## 4 Design alternatives

The possibilities are dependent on context movements, and opportunities are dependent on the interpretations of the movements of this context.

## 5 Address bifurcations

At the bifurcation point, from the past history is known. Forwards, the history begins to build in the decisions of the present.



## Identify opportunities

**Usually we tend to make decisions in the present based on one or two possible states of systems to the future. Some of these projected movements (in theory) may occur, but others never materialize.**

These results do not depend exclusively on what a person or organization does, but is conditioned by the evolution of events. This means some trends can be identified from current situations, but others will be unpredictable because they arise from the interaction of different variables. When we decide in the present, we don't have

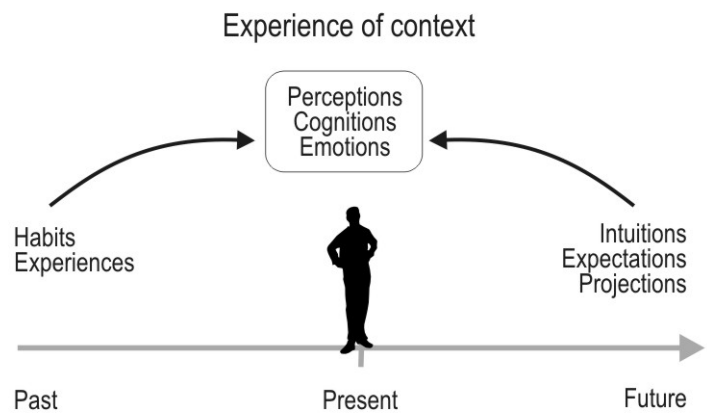
guarantees about the development of the conditions in the future.

Our experience of events defines what we see and what we cannot see. We approach the events through perceptions, cognitions, emotions and past experiences, but also through intuitions, expectations, and projections about the future. When we observe the phenomena of context will automatically attach meaning to events, so th “reality” becomes a subjective image. Therefore, to expand “the image” of reality, it is necessary to explore the limits of experiences to transcend the limitations of our models and perceptions.

## ADAPTATION OPTIONS

When observing, people collect pieces of data, organize information, and integrate all these pieces in a version of events. These fragments become subjective explanations about the dynamics of context. Each person or group defines the image of its reality through a mixture of explanations. From this subjective framework, each person or group projects alternative movements and defines their decisions. We are the creators of the boundaries of the territories where we live. The interpretations and explanations about reality shape the characteristics of the territory. Therefore, adaptation options depend on the variety of these images that define the landscape around us.

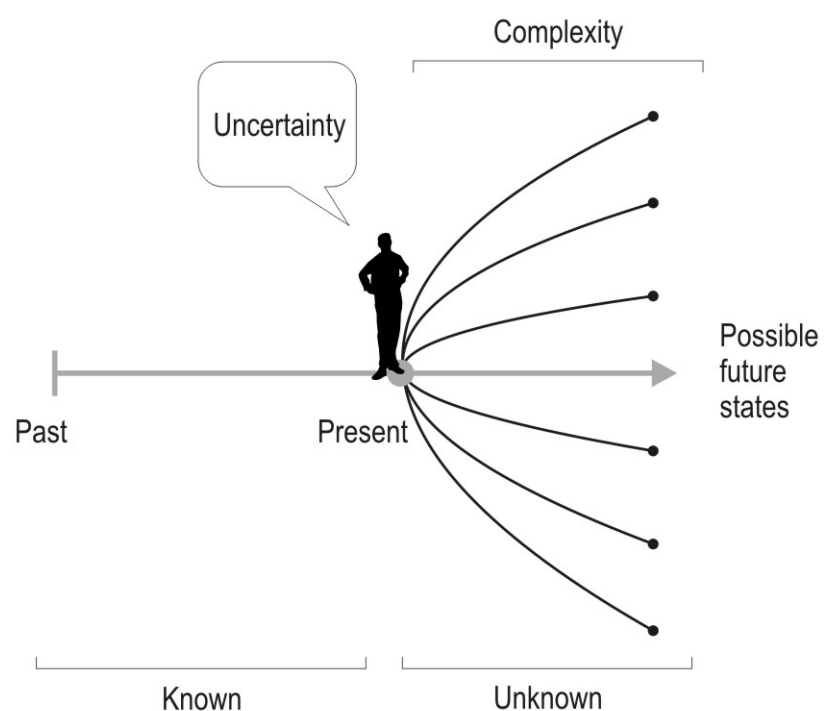
The alternatives arise from the combination of possibilities and opportunities. The transformation of possibilities into opportunities depends on the subjective image that each person or group builds about conditions of the territory. In other words, the opportunities depend on the interpretation of possibilities of the context. The possibilities are dependent on context movements, and opportunities are dependent on the interpretations of the context.



The known world is a subjective picture which we usually do not change until it becomes in crisis. The unknown, is all that is outside the image. The unknown appears in two aspects:

**THE UNKNOWN FROM THE CONTEXT:** This dimension refers to what is unknown because it does not exist. It is unknown because the situations are in gestation. This aspect appears in the multiplicity of new situations (possible states) that arise from the instability of the context.

**THE UNKNOWN FROM THE SUBJECTIVE IMAGE:** This dimension refers to the context situations that exist but we do not see. This vision is limited because our map of reality is outdated, we have no technical structure to understand the context, or because we deny to accept certain events. The unknown appears on one side of the complexity and instability of the context, and the uncertainty and confusion of people against this dynamic appears on the other. Therefore, the uncertainty is not in the context, it is in the perception that the person has about their context.



## IN A FEW WORDS

The consequences of these historical movements generate daily challenges to the classical management parameters. To address the current instability and remain attuned under these conditions, we need to transform traditional processes. Which resources do we need to advance in this unknown landscape? This question contains a fundamental shift for managers. This transformation means the passage from the “administration of the known” to the “management of the unknown”.

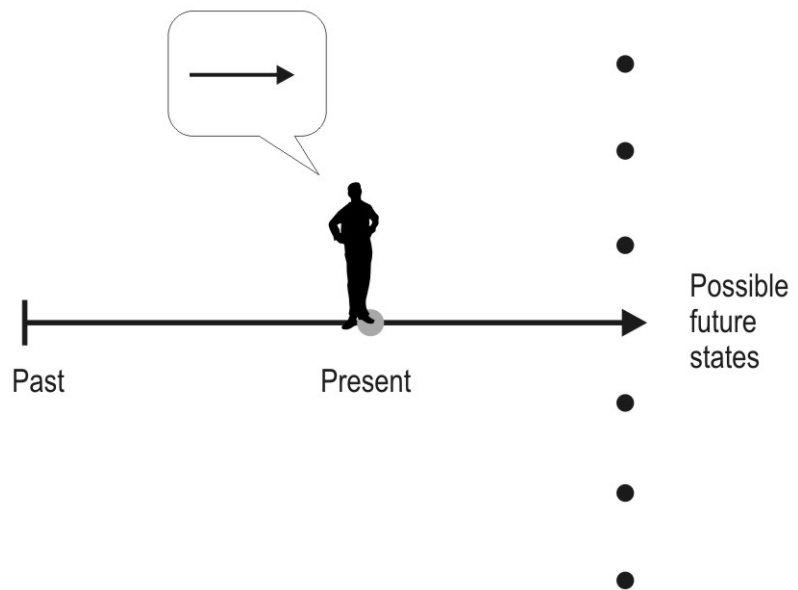
The early years of this new century became a historical moment within a vast landscape of unpredictable movements and unusual situations. This is a historic moment with two profound changes: a global change related to a new landscape full of unexpected situations, and another change related to the personal skills which we need to address the instability. In this sense, preparing for the transformation involves two aspects. On the one hand, it is necessary to contain the symptoms of the current production system to re-create the basic conditions for development. On the other hand, it is necessary to renew the management models of the economic, social and political processes.

# Transform uncertainty

Human systems at some point in their lives have cycles of instability. These states are related to the process of transformation and renewal in the system. On the other hand, the experiences of everyday life are subjective images that are built by interaction with environmental events. Think of everyday life as a design, means accepting that our perceptions and explanations of reality are transitional forms of interpretation.

In situations of instability, uncertainty overwhelms the subjective image and people lose their frame of reference. So, they fall into confusion. When subjective images of reality collapse, it can generate three levels of difficulties:

**PERCEPTUAL DIFFICULTIES:** This situation occurs when we cannot envision the future “possible states” and therefore do not recognize emerging transformations. This prompts us to hold on to stereotyped and compulsive decisions. The risk of blindly stereotyped actions is becoming “out of tune” with contextual changes. In this case, it is necessary to revise the frameworks of decisions. In this situation is fundamental to expanding the perceptions of new images to enrich the alternatives of intervention.



The dominant paradigm of management theories of the last century has inherited the fundamentals of an objective and unchanging reality. This view of the world as a perfect machine implies that the relations between the actors of a system follow laws of cause and effect in a clear and simple way. This conception loses operatively in a context which constantly defies the theories and models.

## DESIGN ALTERNATIVES

In the design of alternatives is necessary to distinguish three moments:

- understand what the context “is” (possibilities)
- reflect on what “we interpret” about the context (opportunities)
- recognize what “we project” as actions in the context (alternatives).

These three dimensions appear often indiscriminate and consequently is difficult to design innovative alternatives.

### REDESIGN THE CONTEXT.

This point means addressing the POSSIBILITIES to expand, redefine or transform their content.

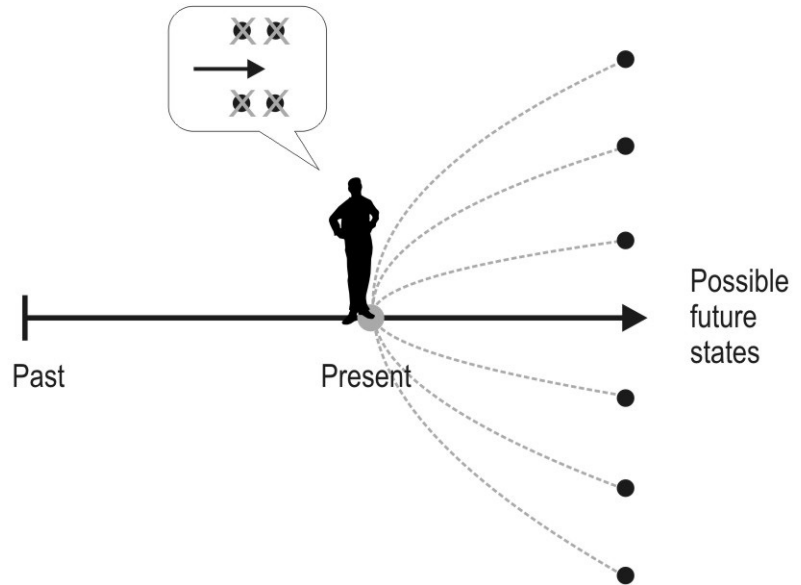
### REDEFINE SUBJECTIVITY.

This point means addressing the OPPORTUNITIES to reframe, refine, revise its contents.

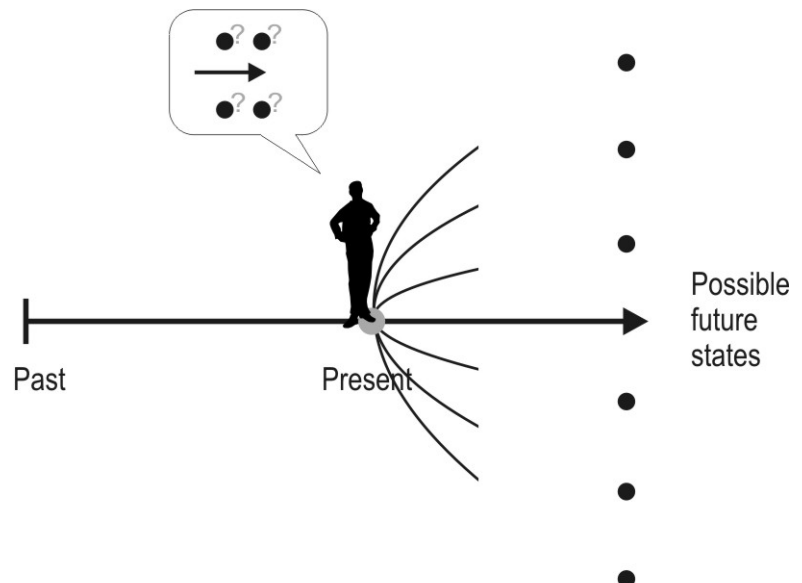
### RECREATE THE CONDITIONS.

This point approach involves the ALTERNATIVES to integrate, plan and innovate in their content.

**DIFFICULTIES IN DECISION:** In this situation, we can anticipate the future “possible states,” but we can not make decisions about new development alternatives. When there are difficulties in decision, we recognize potential scenarios, but the anxiety in the present impedes innovation. In such case it is necessary to explore new dimensions development in order to identify opportunities in the present, imagine future scenarios, and analyze the needs and the resources available to address them.



**IMPLEMENTATION DIFFICULTIES:** In this situation, we recognize the “possible states,” but it is impossible to sustain the actions over time. This situation usually happens because there is no structural innovation and development alternatives are abandoned. Strategy is dissolved in stereotyped behaviors. At this point it is necessary to generate clear processes and define specific roles to support the internal changes in the system.



# Address bifurcations

At different times in life, people (individually or in a group) face moments of change where the future opens out into a wide range of possible states. The present turns into a bifurcation point, which marks a change of state in living conditions and defines the boundary between a known order and a new unknown order. For the past, history is known. Forwards, the history begins to build in the decisions of the present. At this time, there are few certainties about the future dynamics of events. A bifurcation is a meeting point between the known and the unknown. Rationality has broad control over the known, but has a much more limited domain of the unknown landscape.

In situations of bifurcation, to create alternatives it is important to:

1. **DEFINE A POINT OF RELEVANCE:** Hold the image of the future as a development reference to guide the course of transformation in the present.
2. **ANALYZE POSSIBLE STATES:** Identify possible transformations of the context in which bifurcations can be derived.
3. **IDENTIFY CURRENT RESOURCES:** Create alternative courses of action and prepare for the diversity of possible states.
4. **RECOGNIZE POTENTIAL CHALLENGES:** Be alert to the context and the internal structure of the system and to new perspectives of development.
5. **PREPARE THE REQUIREMENTS:** Maintain an operational network of resources to support complex decisions in unknown landscapes.

The relationship with the everyday facts is a relationship with “a subjective image”. So it is a relationship with a virtual reality. People build their reality as a puzzle of thoughts and emotions. The landscape we face daily is a picture created by symbols, ideas, and emotions. This “virtual reality” is supported by a neural network connected by chemical components that define the “color” of the interpretations.

Emotions regulate behaviors through chemical discharges that emerge as responses to contact with certain facts. In case of people, these responses are mediated by the subjective experience of events. In other words, the characteristics of the context are based on our personal interpretation, which more or less is connected with reality and facts. Interpretations define the meaning of events emotionally colored by certain molecules.

Our experiences are not neutral images of events; they are internal representations which depend on two processes: symbolic and chemical. The symbolic process defines the interpretations of the events, the content (“what”), and sets the meaning of experiences. On another hand, chemical discharges define the emotions related with the interpretations (“how”), and set the level of anxiety, excitement, fear, empathy, joy, sadness, etc. that are activated in different situations.

