



International Council
for Small Business

Advancing Entrepreneurship Worldwide



Navigating Permanent White Water

What does it mean for Small Businesses?

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*Adapted from The Great Wave off Kanagawa, Katsushika
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In today's world, Micro, Small, and Medium Enterprises (MSMEs) are not simply operating in turbulent times; they are navigating what organizational theorist Peter Vaill termed "Permanent White Water." This evocative metaphor describes more than just disruption; it captures a relentless and accelerating environment of constant, unpredictable change. Once, such disruptions were episodic, perhaps occurring every few years. Today, their frequency has increased more than threefold. Once rare, shocks such as supply chain breakdowns, global pandemics, technological leaps, tariff wars, regulatory shifts, armed conflict, or climate-related events now arrive, often concurrently, in quick succession, leaving little time for recovery or reflection.

This is not a storm to be weathered or a wave to ride out. Permanent White Water is a continuous torrent, an unpredictable and unending cascade of currents, crosswinds, and submerged risks. Larger corporations, although affected, are often better equipped to manage or even capitalize on these conditions. They can absorb financial hits, deploy entire teams to scenario planning, or take dramatic actions to outmaneuver looming threats. Walmart, for instance, can "eat" the cost of sudden tariff increases to keep shelf prices steady and protect market share. Apple, facing impending trade restrictions, chartered entire fleets of cargo planes to fly iPhones out of China to the United States ahead of tariff deadlines.

But MSMEs cannot "eat" the tariffs. They cannot reroute global logistics overnight. They cannot charter airplanes or hedge billions in currency fluctuations. What they can do, however, is adapt in ways that large firms often cannot. MSMEs are nimble. They are close to their customers, grounded in their communities, and able to pivot quickly, sometimes within a day, to a new product, model, or market niche. While they lack the muscle, they often make up for it in reflexes.

Yet, even agility has its limits when change becomes relentless. The pressure to constantly adapt without the buffers of scale or capital is unsustainable without support. That's why recognizing the Permanent White Water environment is so critical, not just for MSMEs themselves, but for policymakers, researchers, educators, and ecosystem builders who must now ask: How do we support our smallest businesses when the waters are always choppy and rough?

Coined in the 1990s, the concept of Permanent White Water originally described the business world's shift from predictable, stable conditions to an era where change is relentless, systemic, and often chaotic. Think of it like white-water rafting: you never know what's around the next bend, and standing still is not an option.

When Peter Vaill introduced the concept of Permanent White Water in the 1990s, it was a remarkable and forward-thinking insight, but it was not widely embraced or fully understood at the time. The business environment then still operated at what we now consider a relatively measured, linear pace. Industries evolved over years, sometimes decades, and the pace of change, while present, was neither relentless nor exponential. Nor was it sought, even though change, especially in the form of innovation, could be advantageous.

The digital revolution was only beginning. It wasn't until around 1991 that the National Science Foundation lifted its restrictions on the commercial use of the Internet. This pivotal moment quietly paved the way for the online economy we now take for granted. Only after that point could businesses begin to explore the internet for commercial purposes, launching websites, offering online services, and, eventually, engaging in e-commerce.

Even then, early adoption was slow. Most companies were still operating analogically, and digital transformation was a distant concern. The very infrastructure for disruption, such as high-speed internet, cloud computing, AI, or mobile platforms, did not yet exist. So, while Vaill's white water metaphor was prescient, it felt abstract for many in the business world. It described a future that few could yet see.

Fast forward to today, and the reality of Permanent White Water is no longer theoretical; it is lived, daily. What was once a conceptual warning has become a defining feature of modern business life, especially for MSMEs. The pace of change has accelerated so dramatically that even long-standing institutions struggle to keep up. The internet has gone from novelty to necessity, from dial-up to 5G, from static pages to AI-powered, real-time engagement.

Running an MSME today is much like navigating a fast-moving river in an inflatable raft. The journey often takes place through unpredictable and turbulent waters.

What Vaill foresaw in the 1990s has become the water we all swim in. And for MSMEs, the currents have only grown stronger. What MSMEs are experiencing today are these relentless and ongoing challenges, turns, waves, and falls. Such as:

- Technological disruption
- Geopolitical instability
- Climate change
- Shifting consumer expectations
- Global pandemics and public health crises
- AI-driven transformations in work and education

For MSMEs, these forces aren't theoretical; they manifest in real terms, including supply chain shocks, sudden regulatory changes, rapid digitization needs, and labor market shifts.

Why MSMEs Must Adapt Differently

MSMEs represent over 90% of all businesses globally and provide around 70% of employment. Their survival is not only a local or sector-specific concern; it's a cornerstone of local, regional, and global economic stability. Yet in this era of Permanent White Water, the challenges facing MSMEs are profound and mounting.

- **Limited access to capital** makes it difficult for MSMEs to invest in risk mitigation, digital transformation, or sustained innovation. While large firms can weather financial turbulence or absorb short-term losses, MSMEs often operate with razor-thin margins.
- **With fewer human resources**, MSMEs rely heavily on multitasking. Employees often juggle multiple roles, spanning marketing, operations, and customer service. While this flexibility can be an asset, it usually leads to burnout and inefficiencies, especially in high-stress, rapidly changing environments.
- **A shortage of skilled employees** is becoming one of the most pressing and persistent barriers to the growth and adaptation of MSMEs. As technologies evolve rapidly, MSMEs struggle to attract and retain

talent with the digital, managerial, or technical expertise required to keep pace. Unlike large firms, they often cannot offer competitive salaries, structured training programs, or long-term career pathways, putting them at a disadvantage in the talent market.

- **Information overload and digital skill gaps.** This exacerbates the problem even further. While the volume of data and the availability of digital tools for MSMEs have grown exponentially, many still lack the internal capacity to filter through the noise and extract meaningful insights. The core challenge is no longer just access to information, but the ability to interpret it effectively and act on it strategically. Compounding this issue are the rising costs associated with digital management systems and fluctuating currency values, which place additional strain on already limited resources.

Together, these constraints form a perfect storm for MSMEs trying to navigate constant change. Without skilled personnel, sufficient funding, or digital fluency, many find themselves operating reactively, putting out fires rather than building for the future.

Yet, despite these mounting challenges, MSMEs possess a distinct set of strengths that not only help them survive in the face of ongoing disruption but also often enable them to lead innovation at the edge of uncertainty. These strengths are not incidental. They are embedded in the very DNA of small and medium enterprises and offer critical strategic advantages in a world defined by Permanent White Water.

- **Flexibility:** Unlike large corporations encumbered by hierarchies and rigid processes, MSMEs are inherently agile. Their smaller size and flatter organizational structures enable faster decision-making and quicker responses to emerging threats or opportunities. Whether it's pivoting to a new business model, launching a new product line, or adjusting supply chains, MSMEs can adapt in days or weeks, whereas larger firms may take months. In the face of abrupt regulatory changes, consumer shifts, or economic shocks, this responsiveness can mean the difference between decline and growth.
- **Community Grounding:** MSMEs are more than economic entities; they are deeply ingrained in the social and cultural fabric of their communities.

- They serve not just as providers of goods and services, but as local employers, mentors, supporters of schools and charities, and anchors of neighborhood identity. This embeddedness allows them to sense shifts in customer sentiment early, engage directly with their base, and mobilize community support during times of crisis. In return, they are often seen as trusted and essential institutions, fostering resilience that multinational corporations struggle to replicate.

- **Purpose-Driven Leadership:** Many MSMEs are founded not just for profit, but from passion, vision, or a desire to serve. This sense of purpose acts as a stabilizing force in volatile conditions. Purpose-driven enterprises are often more committed to long-term sustainability, ethical practices, and the well-being of their employees. This clarity of mission not only inspires internal teams but also resonates with customers seeking meaning and values in their purchasing decisions. In turbulent times, shared sustainable purpose can be a powerful driver of cohesion and motivation.
- **Local Customer Loyalty:** In moments of uncertainty, customers tend to look inward, to their communities, their values, and the businesses that have always been a part of them. MSMEs, with their personal touch and local roots, often enjoy strong customer loyalty that can help cushion them during broader market contractions. Conscious consumerism, where people deliberately choose to support local and independent businesses, has only grown stronger in recent years.

A compelling illustration of this dynamic is Bookshop.org, a platform purpose-built to empower independent bookstores to survive and thrive in the digital economy. Traditionally, small bookstores struggled to compete with online retail giants. But Bookshop.org flipped the script. It provides local booksellers with access to a national marketplace, modern e-commerce tools, and revenue-sharing arrangements that directly support their operations. Every purchase made through the platform contributes to the sustainability of small, local businesses, amplifying the value of community support through technology.

This model exemplifies how MSMEs, when supported by smart digital infrastructure and values-driven customers, can move faster and compete effectively, even against dominant players with vastly greater resources.

In a world of Permanent White Water, these traits, agility, authenticity, embeddedness, and mission are more than competitive edges. They are lifelines. They are what enable MSMEs not just to stay afloat, but to navigate the rapids with courage, creativity, and purpose.

The Skills MSMEs Need in Permanent White Water

To thrive in a permanent white water economy, MSMEs need to develop what we call adaptive capacity. This includes:

1. **Sensemaking Skills** – The ability to interpret complex signals and turn ambiguity into insight.
2. **Human-Centered Leadership** – Leading with empathy, empowerment, and enablement, the core of Human-Centered Entrepreneurship.
3. **Digital Fluency** – Using AI, data analytics, and platforms not just as tools, but as strategy enablers.
4. **Collaborative Networks** – Forming alliances with other MSMEs, universities, government agencies, and customers.
5. **Strategic Foresight** – Strategic Foresight – Planning for multiple futures, not just probable outcomes.

Lessons from the Research Frontier

At the Journal of Small Business Management (JSBM) and the Journal of the International Council for Small Business (JICSB), we continue to explore the lived experience of MSMEs in Permanent White Water. Some emerging themes from our ongoing research include:

Resilience through Frugality: Innovating under constraints often leads to breakthroughs. Many MSMEs are rediscovering frugal innovation.

Ethical Entrepreneurship: In volatile times, transparency and trust become competitive advantages.

Embedded Adaptation: MSMEs that integrate feedback loops from their communities adapt more effectively.

Conclusion: From Permanent White Water State. We Thrive.

While Permanent White Water paints a picture of chaos, it also opens doors. The same churning waters that capsize the unprepared can propel the resilient forward. For MSMEs, the imperative is not to fear the white water, but to learn how to read it, navigate it, and harness its energy.

The call to action is clear: policymakers, educators, and researchers must rally around MSMEs with tools, frameworks, and ecosystems that recognize the new reality. We are no longer paddling toward stability; we are learning to live in motion.

In this world of Permanent White Water, MSMEs aren't just survivors. They are the most vital captains and navigators.

"Painting: The Great Wave off Kanagawa" often symbolizes movement, change, and the power of nature. The wave, especially in Hokusai's work, can be interpreted as a force of both potential destruction and awe-inspiring power, contrasting with the relative stability of Mount Fuji.



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