



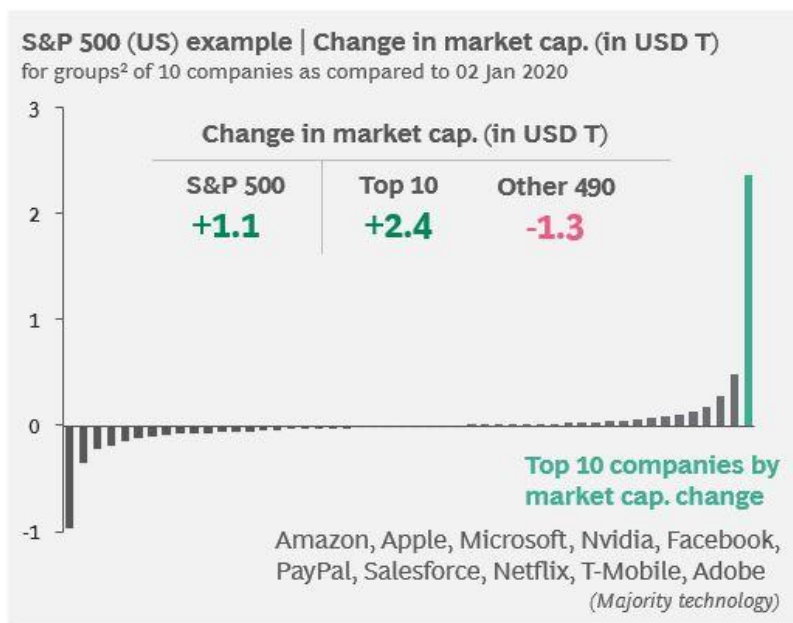
To BCG's network around the world,

I have conversations with CEOs all the time, and many are feeling better about the business environment than they would have predicted [six months ago](#). But lots of organizations still face significant challenges, along with the uncertainties entering 2021.

The data bears this out. Back in March, as COVID-19 began spreading rapid-fire around the world, global stock markets sank. Key indices lost 25% to 50% of their value in a staggeringly short period of time.

Then came the rebound, with markets recovering surprisingly fast. In fact, the index value of the S&P 500 is higher today than it was at the beginning of 2020.

But if we take a closer look, we realize that the numbers are masking something important: just a handful of huge winners have driven the rebound. Market capitalization of the top ten S&P 500 companies—[mostly technology firms](#)—increased by \$2.4 trillion from January to October 2020. The other 490 companies? They've actually lost value collectively over the same period.



In other words, many companies are still navigating through an adverse environment.

The latest in the [COVID-19 BCG Perspectives Series](#) highlights all this and offers what I think is a powerful approach to building advantage right now. By studying the companies that came out ahead after past crises, we've learned how adversity can inspire the work needed to create long-term advantage.

Here are six strategic actions that can help business leaders shift their survival mindset to one focused on sustainable success. The first three actions are aimed at accelerating performance in the near term:

1. **Establish always-on strategic planning** in place of an annual cycle. By using scenarios and real-time data, leaders can make the best decisions at any given moment.
2. **Overcommunicate** to ensure a common strategic context and align actions. This means talking about purpose on a regular basis and setting incentives that reward outcomes and results, not activities and inputs.

3. **De-average your portfolio** and allocate capital smartly, approaching each scenario with the goal of accelerating growth, not just cutting costs.

And the second three are strategies designed to build growth and competitive advantage for the medium term and beyond.

4. **Disrupt and reinvent business models** to reposition opportunities and capture new ones. Business model innovation is at least as important as product innovation, and an uncertain environment can be an optimal time to forge an innovation advantage.
5. **Dive into the digital initiatives** that will spur growth in a post-COVID world—and factor digital into your strategic planning, too, as it will be key for competitive advantage.
6. **Use targeted divestments and M&A.** Divest to fund specific and actionable strategic initiatives and pursue acquisitions with an eye toward post-COVID strategic wins.

Leaders who embrace these approaches thoughtfully can not only prosper in this period of elevated uncertainty but find themselves in a position of long-term advantage in our new reality. Read more about this and related topics below.

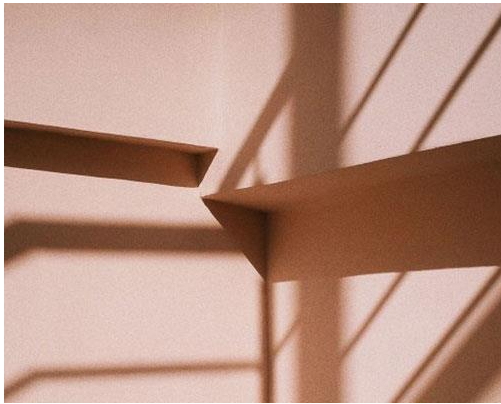


Rich Lesser  
Chief Executive Officer



# Advantage in Adversity: Facts, Scenarios, and Actions for Leaders

The performance of some companies in previous crises suggests that there's opportunity in this one. Leaders can take six steps now to create advantage over the long term.



## Competing on Imagination

Big businesses often struggle to make use of imagination. But there are ways to cultivate imaginative capacity without relying on chance, intuition, or mechanistic processes.



## How to Build a Business That Lasts 100 Years

Join strategist Martin Reeves as he shares startling statistics about shrinking corporate life spans and explains how executives can apply six principles from living organisms to build resilient businesses.