

Leading in
the New
Reality

BCG

1 Sustainable Resource Scarcity Can Shape Competitive Advantage

To BCG's network around the world,

Did you know:

- The current supply of raw materials for batteries is less than one-third of what will be required to meet demand in 2030?
- Many consumer packaged goods companies have set ambitious recycled-plastics packaging goals, but about 45% of the demand will be unmet by 2025?
- Only 21% of cotton worldwide was grown sustainably in 2018, while the vast majority of major fashion brands have committed to using 100% sustainable cotton by the end of 2025?
- The supply of carbon credits that many organizations rely on to offset greenhouse gas emissions will fall short by 300 million metric tons of carbon dioxide equivalent (MtCO₂e) in 2030?

Businesses have often been able to develop unique advantages within environments of scarcity—when there's a shortage of raw materials, skills, or capacity at a pinch point in a supply chain. That's not a new concept, but applying it to climate strategy, I think, is.

In the coming years, as more companies pursue net-zero agendas, there will be a fierce struggle to obtain the resources, infrastructure, and capabilities that they need to do so. I want to point you to an excellent article that tackles this topic: [The Green Economy Has a Resource-Scarcity Problem](#), launched a few days ago in *Harvard Business Review* by my BCG colleagues Dave Young, Rich Hutchinson, and Martin Reeves.

The authors prescribe specific steps that leaders should take now—to both understand where resource scarcity might exist and capitalize on the opportunities that those scarcities

surface—while evolving business models for durable relevance. Here are a few that should be part of a broader portfolio of moves:

- Securing long-term contracts with existing suppliers
- Acquiring suppliers or developing new sources, both to satisfy future demand and potentially to supply other businesses
- Redesigning the goods and services that rely on scarce inputs
- Hedging new scarcity risks through venture investments in technologies and companies aiming to resolve resource bottleneck
- Participating in coalitions to address supply constraints, including with governments and NGOs

Today, so many business leaders are forming climate strategies based on the pressure, rightly placed, by employees, stockholders, and society at large. But if they turn that concept around and put sustainability—including finding opportunities amid scarcity—at the core of their business models, they have the potential to unlock new sources of competitive advantage and, in turn, accelerate investment and differentiation in climate and beyond.

Please see below to read this new article and other related content.

Until next week,



Rich Lesser
Chief Executive Officer



The Green Economy Has a Resource-Scarcity Problem

By anticipating bottlenecks in the raw materials necessary to produce environmentally conscious products, companies can effectively evolve their business models.

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