

December 20, 2022

Four Simple Themes for a Complex World

To BCG's network around the world,

The holidays are a chance to rest, recharge, and reconnect with family and friends. We hope the weeks ahead will provide you with opportunities to do this—and we plan to do the same.

This time of year also provides an opportunity to establish your areas of focus for the year ahead, which feels especially important right now. The past three years brought an overwhelming set of challenges, and the trends that preceded this period are still with us—whether it's the need to be more innovative across products, services, business models, and ecosystems; the rapid advances of digital and AI; or the pressures from investors, often for short-term performance.

We are inundated with books, podcasts, reports, and articles offering an enormous range of ideas, priorities, challenges, and opportunities. At BCG, we have a pretty long list, too, with insights gathered from the front lines of today's business world.

But in this, our last Weekly Brief of 2022, we thought it might be helpful to highlight four overarching themes that we believe should be at the core of most companies' agendas. Importantly, these themes often bridge what can feel like conflicting pressures—to increase short-term performance while establishing longer-term advantage.

Strengthening Resilience and Agility. CEOs need to adopt a resilience mindset if they want to reap rewards today while envisioning the business of tomorrow. With resilience at the core of their financial, operational, go-to-market, and people

strategies, they can better evaluate tradeoffs, adapt to unexpected events faster, and make the decisions that will enable them to use challenging times to gain share and strengthen competitive positions.

Embedding Digital and AI. Despite enormous investments, most companies have yet to reap large benefits from their digital transformations. Even so, more than 60% of business leaders plan to increase investments in these efforts in 2023, and very few plan to pull back. The companies capturing the most value from AI are scaling the highest-impact ideas rather than piloting lots of smaller ones. And they recognize that changing processes and ways of working requires significantly more effort than building algorithms and technology platforms.

Accelerating Sustainability. The world is not on track to limit global warming to 1.5 degrees. Accelerating that progress—while also addressing issues such as circularity and biodiversity—should be high on the agendas of all CEOs as they work to bridge the gap between commitments and lagging results. The good news is that embedding sustainability into the core of the business can generate new revenue streams, help to attract and retain talent, reduce regulatory risk, and lower financing costs.

Creating People Advantage. When uncertainty is certain, focusing on people should be job number one. Who are the people who can help deepen the company's resilience today while inventing the business of tomorrow? Who can embrace AI or embed sustainability? We believe the talent shortage will persist for many years to come, despite negative headlines or the fact that some companies have recently announced layoffs. The passion and ingenuity of the people you hire—and work diligently and creatively to develop and retain—will ultimately be the biggest differentiator. It's our top focus at BCG: investing in the people we need and finding ways to unlock their full potential.

It might be helpful to think about each of these themes in three ways:

- With honest reflection: where do you stand, and what can you do to accelerate progress?
- How do you bring your team along on this journey, making sure it's a shared mission?
- How do you partner with others—whether in different functions or at different companies—to find win-win solutions and faster paths to impact?

Please see below for some engaging content related to these themes. We hope you will find them valuable in advancing your own thinking. And we would love to

connect directly on the topics most relevant for you in the new year.

Finally, as 2022 winds down, we want to close by thanking each of you. Whether we have had the privilege to serve you as a client, team with you to drive impact in the world, or connect with you as an alum, colleague, or friend of BCG, we feel so fortunate to have you as a part of our community. We hope you have a great holiday season and wish you all the best for a 2023 that brings you health, happiness, and success, and which allows us to work together to create sustainable value for key stakeholders and the world.

Until next year,

Christoph Schweizer

Chief Executive Officer Rich Lesser

Global Chair

Further Reading



Resilience and Agility

<u>Building Resilience in a Time of Uncertainty</u>

<u>Preparing Your Supply Chain for Resilience</u>



Digital and Al

Achieving Individual—and Organizational—Value with AI

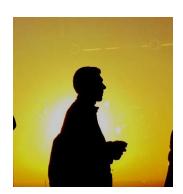
BCG X: Mind the Tech Gap



Sustainability

Closing the Climate Action Gap

The Strategic Race to Sustainability



People Advantage

<u>Five Hiring Tips Every Company (and Job Seeker) Should Know</u>

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