



To BCG's network around the world,

For me, as for many of you, this fall begins another in a long line of annual business-planning seasons—my 20th as a leader at BCG. But this year will be like no other we've experienced.

The backdrop for our planning always includes some uncertainty in the macroeconomic environment, typically 1 to 2 points of GDP growth, as well as some level of risk in the societal and geopolitical landscapes.

Planning for 2021, however, will be completely different. We start with huge uncertainties about whether, when, where, and to what degree we can bring this [pandemic under control](#), ideally with effective [vaccines at scale](#) or highly effective medical treatments. Can we quickly scale such solutions to hundreds of millions globally? This massive unknown introduces enormous variability in the macroeconomic outlook, which is only compounded by other elements, such as the rapid deterioration in US-China relations and its implications for global trade, as well as the unprecedented divisions in the US that are about to be tested by an election during a pandemic.

Given this dramatic escalation in risk, volatility, and uncertainty—masked to some degree by the relative calm and optimism of equity markets—we cannot take a business-as-usual approach to our 2021 planning processes. We have to rethink our planning strategy so we can navigate uncertainty, address constraints, and unlock opportunity in an unprecedented environment.

All this may sound grim, but it doesn't have to be. Sometimes new constraints can bring new degrees of freedom. Our [investor survey](#), for instance, suggests an unprecedented willingness to give healthy companies short-term latitude for future advantage.

In conversations about this with my colleagues, four key principles have emerged for this unique year:

Visualize winning. Pick a medium-horizon end date—typically 2023 to 2025, depending on the sector—and articulate the most important strategic and operational targets. Be bold, and assume the possibility of a permissive investor environment.

Prioritize ruthlessly. Next, assume the opposite, an austere environment: impaired liquidity, constrained managerial bandwidth, finite windows of opportunity, and a less permissive investor sentiment—all of which play a big role in [prioritizing an agenda](#). For many, 2021 will be especially constrained. Be unambiguous about what must get done in a worst-case scenario, and rank priorities from there.

Pressure test. Of the broad range of fundamental uncertainty that exists, identify three to five factors that could have a material impact on decisions, assessing how priorities might hold or shift for each scenario. For most companies, this means looking beyond the broad impact of the pandemic and including the effects of local dynamics, geopolitics, trade, and climate.

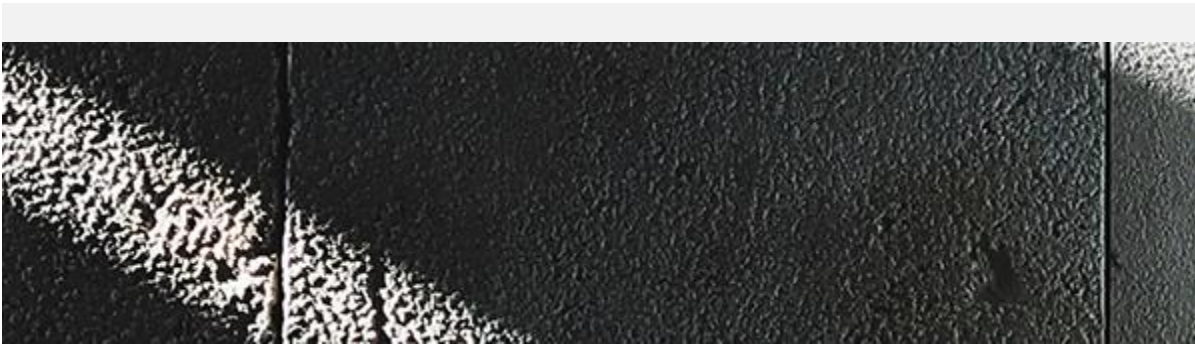
Execute with agile leadership. Orient planning around shorter milestones and create a managerial cadence that revisits indicators frequently and objectively. Release resources in priority order as uncertainties resolve and scenarios dictate. With agile execution, careful prioritization will pay off.

Now is an opportunity to be sharper and bolder as we define what it will take to win and set the priorities to get there—and to improve our adaptiveness in the face of an uncertain and rapidly changing environment. History shows that tough times make for high volatility in competitive

positioning, with more dramatic moves up—and down. How will you adapt your 2021 planning to reflect this?



Rich Lesser
Chief Executive Officer



Lighthouse: Data and Analytics for Real-Time Demand Forecasting

Lighthouse, BCG's high-frequency data and analytics platform, allows companies to understand rapid shifts in demand, enabling dynamic planning and resource allocation during uncertain times.



Can Your Strategy Survive These Four Futures?

In a coronavirus world, you can't know what's next, but our four New Realities scenarios can help you prepare, build resilience, and expand your arsenal of strategic options.

Your Strategy Needs a Strategy

Companies often spend precious time laying out long term strategic plans, only to discover that their maps are out of date in a month. Business strategy expert Martin Reeves advocates a more tailored approach to strategy, selecting from 5 distinct patterns of success.