



## Weekly Brief

September 12, 2023

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# The Hard Edges of a Soft Landing: Planning for the Challenges of 2024

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As we approach 2024, business leaders feel a sense of relief not to be contending with spiraling inflation or the threat of a deep recession. But that doesn't mean planning for the year ahead will be easy.

Macroeconomic uncertainties linger, with China often at the top of the list, compounding geopolitical risks. Consumers' balance sheets aren't as strong as they were a year or two ago, which puts more pressure on pricing even as wages are likely to keep growing above the rate of inflation. And top-line growth is trickier to come by, especially in sectors such as housing, which are sensitive to higher interest rates.

Reflecting on this environment, which also includes underlying shifts in technology, AI, and responses to climate change, I think it's important to revisit a handful of critical principles as we make plans

and prepare budgets for the year ahead.

**The Power of Innovation.** When growth is harder to achieve, building an advantaged innovation model becomes even more essential. This includes shaping the right portfolio, strengthening the organization and processes, and building a [culture of innovation](#).

In addition, business model innovation will be the key to deeply embedding AI to drive productivity and strengthen customer relationships. And for many, capturing future growth means participating in the reshaping of global infrastructure, leveraging new technologies to decarbonize operations and supply chains.

This is a long and important list, which raises the essential question of how to fund this journey...

**The Power of Price and Revenue Management.** As consumers find themselves with lighter pocketbooks and as uncertainty and interest rates weigh on big purchasing decisions, companies need to manage revenue growth by adopting more sophisticated approaches to pricing.

Integrating data and AI is essential, using them to spot opportunities and personalize relationships to drive more value creation for customers and companies. (I'll come back to this topic in October, when BCG's [new book on strategic pricing](#) is on the shelves.)

**The Power of Rediscovered Productivity.** Executives should see sustained tight labor markets and resulting wage pressures as a clear signal to up their investments in productivity growth. The playbook of the 2010s, when labor market slack fueled the next chapter of growth, will no longer work.

**The Power of Supply Chains and Procurement.** If there is one essential learning of the past five years, it's the critical role that our supply chains play in navigating uncertainty, maintaining an efficient cost structure, and achieving true decarbonization.

This means pushing hard on procurement and related capabilities to navigate commodity swings, deepen supplier relationships, and

shape a bold agenda on cost. Making progress on Scope 3 emissions is high on the agenda, as are topics such as biodiversity and supplier diversity—all of which are increasing the need for transparency in supply chain strategies.

Advanced procurement functions underpinned with stronger cross-functional teamwork can anticipate risks, understand the impact on supply, and use this information to support key decision making.

**The Power of Adaptive Advantage.** There's less pessimism than there was at the beginning of this year, but the potential for disruptive shocks in 2024 remains, including China, the US election cycle, and the war in Ukraine, alongside continued food and energy volatility.

As we set plans for 2024, leaders need to nourish an adaptive mindset and embed processes that monitor and respond to major changes in the environment. Building those muscles before you need them can be a differentiating factor.

\* \* \* \* \*

A soft landing was welcomed in the business community. But the slower growth we're facing brings hard edges—vulnerabilities and challenges that will require sharp choices for the year ahead. The best-laid plans can only be carried out by those with deep resilience and a readiness to reset when the unexpected occurs.

Until next time,

A handwritten signature in dark ink, appearing to read "Rich", with a stylized flourish at the end.

**Rich Lesser**  
Global Chair

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## Further Reading



### [What Happens After the US Economy's Soft Landing?](#)

Leaders can't wait for economic certainty or stability. Instead, they must recognize that the economy will remain untamed by models—and that what matters is judgment.

[READ MORE](#)

### [The Unified Theory of Pricing](#)

Business leaders have long wanted to make pricing simpler, more rewarding, and less frustrating. BCG's Strategic Pricing Hexagon consolidates disparate pricing ideas into one master structure.

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### [Seven Forces Reshaping Procurement](#)

To support their company's strategic decisions, procurement leaders should monitor a wide variety of trends that affect supply availability and costs.

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