



CEO Outlook—Resilience Investments Pay Dividends

To BCG's network around the world,

Over the past few weeks, I have met with many CEOs from around the world—San Francisco, Dubai, Paris, and beyond—and from across industries. Uncertainty, especially regarding the state of the economy, is top of mind for every single one. The latest round of bank failures has only added pressure. While the concern is common, how these CEOs are responding varies a lot. All are looking at cost reduction. The most savvy are keen to invest for growth. And those who had already rolled out new technologies and processes to make their businesses more resilient in the past few years of volatility are in a strong position to do so.

These conversations reinforce the findings of a [recent global BCG survey](#) of about 760 C-suite executives. Not surprisingly, nearly 75% cite macroeconomic uncertainty as a key challenge in 2023. Across Asia, Europe, and North America, inflation is the top concern. More than 70% plan to respond by cutting costs, even though a majority admit to lacking capabilities in [comprehensive cost management](#). Only about 40% are confident that their companies will outperform their industry peers.

This picture is far brighter for resilient companies. We asked respondents to rate their companies' resilience on 19 dimensions, ranging from creating resilient supply chains—assessing risks associated with sourcing or planning and inventory management, for example—to modernizing the tech stack. Only 12% shared strength across all 19. And the work that those 12% put into building resilient businesses is paying off. Over the past year (from January 2022 to January 2023), they outperformed their industry peers by 15 points in total shareholder return on average, and they're in a better position to withstand future shocks.

These resilient companies are also doing a far better job funneling savings from cost cutting into future long-term growth.

- More than two-thirds, 68%, are planning **technology investments** to improve products and services, compared with just 44% of their industry peers.
- Nearly two-thirds, 65%, are investing in **climate and sustainability**, compared with 52% of their peers.
- Nearly half, 46%, are **innovating their business model**, compared with 30% of their peers.
- More than half, 53%, are enhancing their **employer value proposition** and bolstering incentives to improve retention, compared with 38% of their peers.

Cost management will continue to be critical over the next few years. But so will capability building, scenario planning, and continuous learning. As long as uncertainty reigns, the winning strategy remains: take care of the short term but not at the expense of your long-term ambitions. And now more than ever, when it would be easy to wait and see how the global economic picture unfolds, we need to act—and get comfortable with the discomfort of making decisions with imperfect information.

Until next time,

A handwritten signature in black ink, appearing to read 'Christoph', written in a cursive, flowing style.

Christoph Schweizer
Chief Executive Officer

Further Reading



CEO Outlook: Caution, Optimism, and Navigating the Road Ahead

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