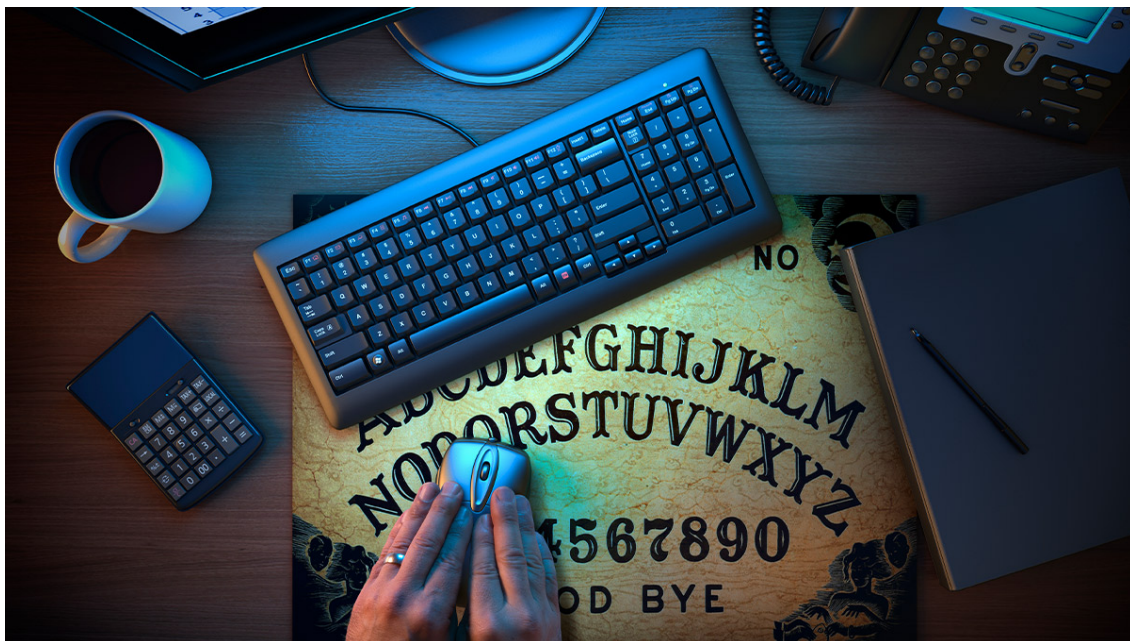


5 Questions for Business Leaders to Ask in Uncertain Times

by Tim Ryan

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Summary. In today's economic headwinds, companies that aggressively prioritize and focus on what is within their own control can retain and earn the confidence and trust of their people, customers, investors, and other stakeholders. Leading companies are keeping it simple... [more](#)

These days, it feels like we are living in the business world's version of Billy Joel's 1989 hit, "We Didn't Start the Fire." Inflation, geopolitical tensions, energy shortages, labor shortages,

employees' evolving expectations, rising interest rates, increasing cyber and data risks, insatiable investor expectations — the list goes on. Just like the song says, today's business leaders did not necessarily create this economic environment by ourselves, but it is ours to address and lead through.

In spite of the headwinds, I see many business leaders and those charged with governance leading well. In fact, based on what we see in our client base, I'd argue that the glass is half full. Why? Not because we are naive to the multiple challenges businesses face today, but because we see resiliency, change agility, and innovation all the time and across all industries.

So, what are today's leading businesses doing? They are keeping it simple and are focusing on what they can control. They are working hard to grow operating revenues more than they are growing operating expenses. How? As I talk with CEOs, the commonality between companies is striking. Many are focused on the following five questions:

1. Am I differentiated?

Differentiation involves strategic pricing strategies, evolving the value proposition, delivering service quality, shortening response time, making cross-selling a reality, and delivering a unique customer experience. Leading companies across industries are pulling these levers in physical spaces, in digital channels, on platforms, and before, during, and after the point of sale.

In slower-growing markets, sales are harder to come by, so the leading companies are asking themselves: Why would a customer choose us? How do we differentiate? How do we increase market share? The good news is that driving differentiation is entirely within a company's own control, so long as leaders maintain a laser-sharp focus in these areas.

2. Am I fit for growth?

The growth during the pandemic seen by many companies, as

well as the expectation for continued growth, led to significant increases in headcount and countless “special projects” being started. It also led to delays in the integration of business acquisitions and the deferral of some tough decisions surrounding operating models and standardization efforts. These decisions, or lack thereof, were made when money was cheap and markets were rising. Companies do not have that same luxury in the current markets.

Profitable growth is an imperative, and it should be self-funded, as investors will likely not tolerate deteriorating margins to fund growth or a lack of growth. So, what does one do? The answer: Get fit and fund your own growth. Becoming fit and self-funding growth is entirely within a company’s own control.

3. Is my IT spend effective and at the right levels?

Many companies’ futures depend on reinventing themselves in the cloud. This means achieving true customer differentiation — at a lower cost.

Yet for too many companies, reinvention is still far off, and the benefits of the cloud have not been fully realized. If your company falls into this category, this market will likely demand a reason. In many cases, that reason will be traced back to a lack of management alignment, a belief in a different future, or a lack of execution.

Now is the time to align closely with the executive team and think broadly about how to transform digital capabilities into business growth. This means investing in digital transformation across functions, accelerating management decisions, driving change more aggressively and holding people accountable. The latest PwC Pulse Survey found that 52% of CIOs are looking for ways to incorporate analytics into processes to drive better and faster decision-making, with automation, digitizing legacy infrastructure, and self-service IT seen as top priorities for cost savings and productivity.

Improving the C-suite IQ on technology and driving better execution is entirely within a company's own control.

4. Is my portfolio of businesses too complex?

Companies are moving to the cloud, reinventing themselves, going through energy transitions, navigating geopolitical tensions, and seeing the benefits of being a “global enterprise” being tested in a fractured world.

As a result of these forces, many are asking if their portfolio of businesses makes sense. We are seeing many large companies carve out certain businesses either to raise capital to help fund necessary transitions, like the cloud or energy, or to simplify the overall business in order to increase the likelihood of a successful reinvention. Determining what should be in or out of one's portfolio is entirely within a company's own control.

5. How do I reduce risk?

Risk is more abundant than ever. Companies face supply-chain continuity risk, concentration risk in markets where they sell and buy, energy-accessibility risk, and additional risks related to inflation, regulation, public perception, data accuracy, security, and much more.

A strong risk function is the name of the game for today's leading businesses. This starts with an objective risk assessment and a dispassionate and aggressive closure of gaps. Companies are working to diversify supply chains, to make sure they aren't concentrated in certain parts of the world, to automate and outsource, to mitigate inflation, and to invest to close gaps. Proactive risk management is more of an asset than ever before, and companies that successfully manage risk will likely be undeterred in their pursuit of profitable growth. Successful risk management is entirely within a company's own control.

While it is true that today's markets have more headwinds, we can still expect winners and losers. Companies that aggressively prioritize and focus on what is within their own control can retain and earn the confidence and trust of their people, customers, investors, and other stakeholders. Equally, those who do not focus on these areas run the risk of losing investor confidence, inviting shareholder activism, and perhaps most importantly, they may also risk losing the confidence of their employees, who are looking to leadership now more than ever. The good news is that each of the above five areas are eminently achievable with the right focus, and each is within management's control.

Tim Ryan is the U.S. chair and senior partner of PwC and the founder of the Trust Leadership Institute, an initiative that convenes a diverse community of executives to explore the evolving world, navigate its complexities, and embrace new opportunities with trust.

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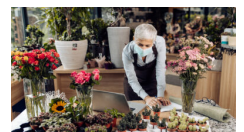
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