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Eight Priorities for Growing in an Increasingly Volatile World

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Crises are coming one after another with varied triggers: health shocks, wars and armed conflicts, component shortages, logistics pressure, inflation, rising customs duties…

Volatility is increasing for companies. Time is speeding up. Agility and reaction speed must be raised without constantly changing direction and burning out teams. It is crucial to change approaches by focusing on eight priorities.

Rising volatility in the economy

Statistics make it clear: economic volatility is increasing. It has doubled over the past 20 years. Between 1950 and 2000, average annual growth in the U.S. economy (without inflation) was of 3,5% *per annum*. Standard deviation of 2,0%. Volatility of 58%. Since 2000, volatility has been of 102%: growth has fallen to 2% per year and the standard deviation has risen (see Table 1).

There are multiple reasons: interdependencies between geographic areas (due to specialization of production in some regions and consumption in others); optimization and specialization of value chains across geographies; rising public and private debt; market concentration. Future crises should spread faster, differ more in magnitude from market to market, and be even more sensitive to geopolitical tensions.

In short, these shifts reduce companies' resilience to crises.

The value of growth

In this volatile, rapidly changing environment, one reality does not change for companies: growth remains the only way to create value in the long term. A company that does not grow steadily and does not regularly increase its value loses its attractiveness—to both clients and employees—as well as its long-term independence.

Financial analyses show a strong correlation between growth (for a given level of profitability) and total shareholder return (TSR)[1]: one point of long-term growth generally generates more than one point of TSR (see Table 2).

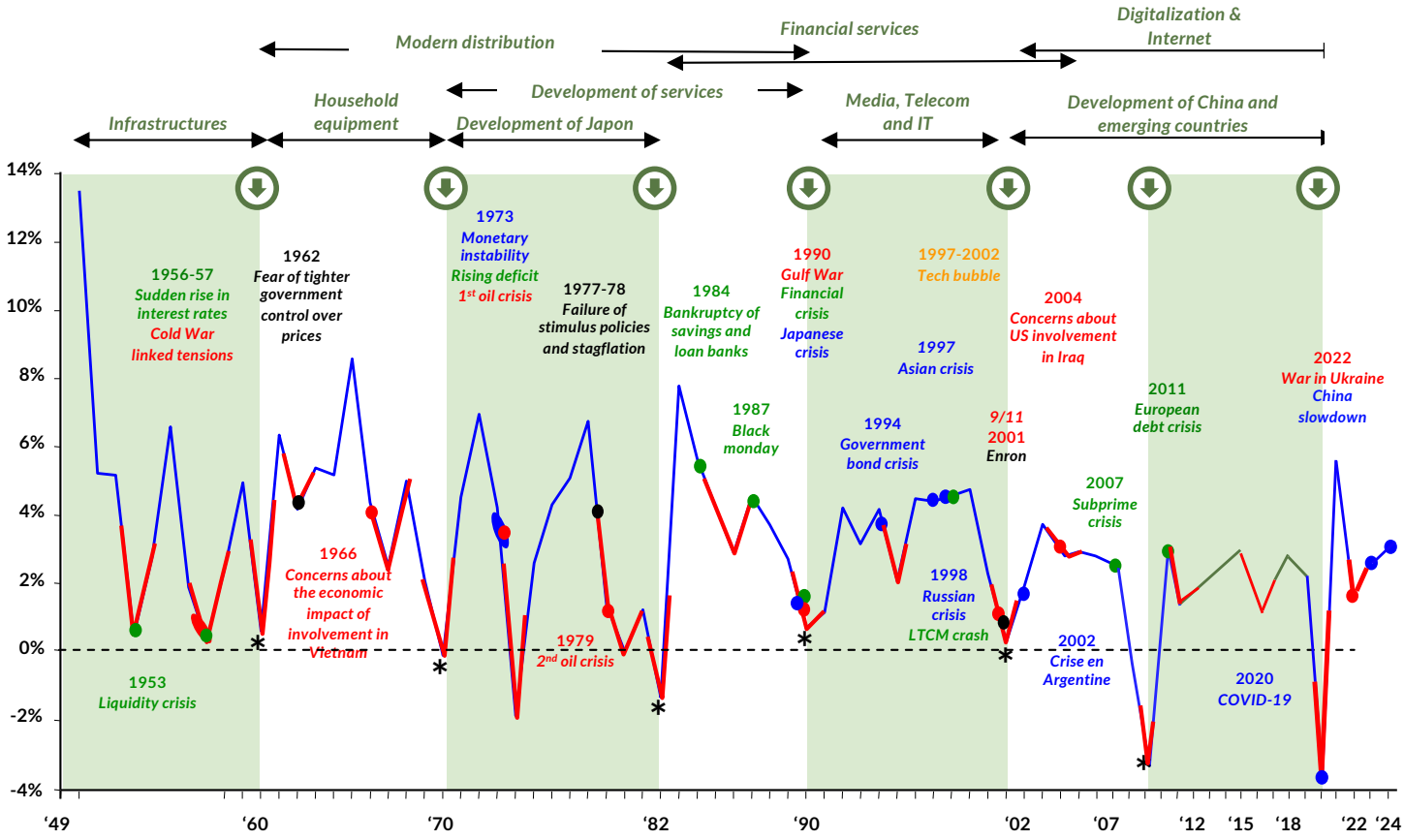
[1] Total Shareholder Return : total annual return for the shareholder, including share price changes, dividends, and bonus (free) share grants

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– Table 1 –

Crises are unfolding one after another with varied triggering factors. Economic volatility is increasing

Real Annual GDP Growth (excluding inflation, %)
Example of the United States: 21 crises in 75 years



For a shareholder, this means that over 10 years an investment would return 2,5× the principal at a 10% TSR, versus 4,0× at a 15% TSR. The 5-point growth difference would double the gain. The stakes are significant.

Beyond financial implications, growth enables investment and distinctiveness in products, brand, channels, and customer access. It enables recruiting and retaining talent and developing teams and capabilities. It enables investment in environmental solutions. It maintains shareholder cohesion.

8 Priorities for Growth

At the origin of every group lies a brilliant vision, brilliantly executed. If that vision is not regularly renewed, resources and energy get diluted. We keep investing and working just as hard, but stop moving forward. We must return to fundamentals that force major decisions.

1. Defining the ambition and aligning with shareholders

In most cases, teams are expected to develop strategies within the boundaries of existing activities and in areas directly adjacent to them. However, this approach is often inappropriate.

Paradoxically, it tends to be adopted by companies that have succeeded through focus strategies in mature markets and now hold strong positions there. Their portfolios typically consist of underlying markets with low growth and limited potential for further consolidation.

Walmart illustrates this approach (see Table 3). The company grew by more than 35% per year over its first 20 years (1970–1990), reaching $26 billion in revenue in 1990. The model gained share against traditional retail: this was the inflection and strong penetration phase of hypermarkets. Over the next 15 years (1990–2005), growth remained strong at over 15% per year, reaching $288 billion in 2005—the end of modern mass retail's concept penetration. Since 2005, growth has been 3% p.a, matching food consumption market growth. Reinventing the hypermarket, developing digital, and (insufficient) internationalization merely sustained ~3% annual growth. Consequently, TSR over the past twenty years has been low and close to the cost of capital.

The larger and more successful a company already is and the higher its valuation, the more disappointing these incremental approaches become. They inherently generate only small additional growth and cannot sustain high long-term TSRs.

The proper approach is the reverse. First, management must at the highest level of the company set the level of ambition needed to sustain the required growth and TSR beyond five years, in line with or above what has already been achieved.

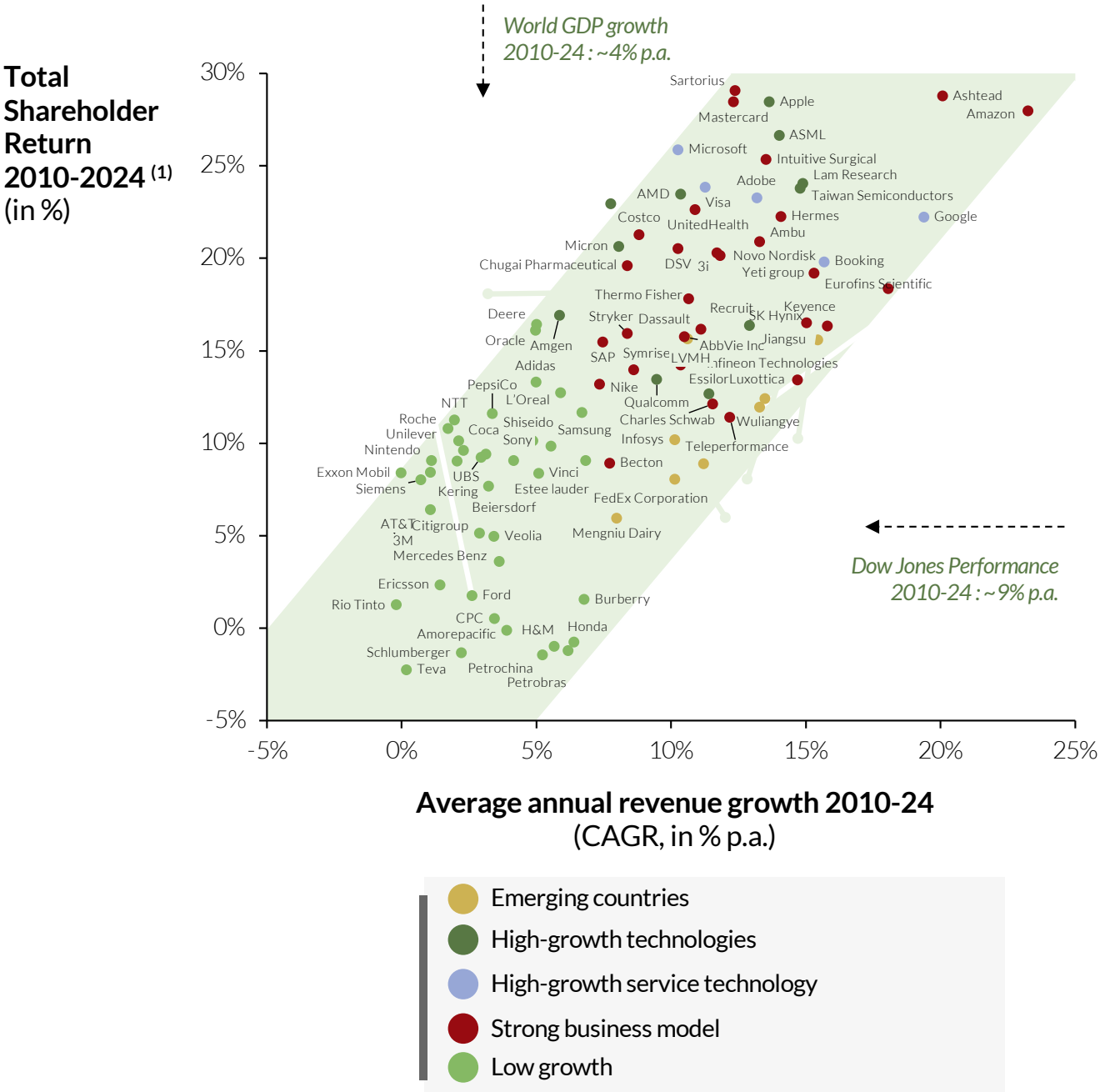
From there, derive the (often disruptive) strategies required (organic market-share gains or major, transformative acquisitions; marginal extensions at the boundaries of the business or entry into new domains); assess the risks; decide; and secure the means for execution (financial and human).

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– Table 2 –

Growth is the only way to create value in the long term.

There is a strong link between growth (for a given level of profitability) and Total Shareholder Return (TSR)



Note: TSR = Total Shareholder Return : total return for the shareholder on their investment (dividends, free share distributions, capital gains), assuming reinvestment of dividends ; (1) Start date: 31/12/2014 or listing date. End date: 31/12/2021; 2013-24 for AbbVie ; 2014-24 for Alibaba, FHFFC (Foshan Haitian Flavouring and Food Company), Recruit, Vonovia, Hangzhou Hikvision ; 2015-24 for Paypal ; 2018-24 for Dr Pepper, YETI Group ; 2019-24 for Uber; Sources: World Bank, Capital IQ, Strategia Partners

2. *Choosing the playing fields and allocating resources accordingly*

Choosing businesses, making bold resource reallocations among them, developing new businesses over time, or exiting historic ones are fundamental to value creation. A well-structured portfolio that supports high, profitable, long-term growth is built proactively by investing regularly in new, high-growth areas that will bear fruit five to ten years later.

Microsoft has successfully done this over the past 15 years after a period of significant slowdown once its historical growth engines matured: low growth between 2005 and 2015, then growth above 11% between 2015 and 2024 thanks to Cloud, which went from €9 billion in revenue in 2005 (23% of the Group) to €105 billion in 2024 (43% of Group revenue).

The choice of businesses and activities matters as much as the good or bad strategy within each, or the quality of operational management you can deploy. For a business-unit leadership team with limited diversification and reallocation options, this question may be less relevant. For a CEO, responsible for overall vision, it is critical.

3. *Building differentiated business models with strong attributes*

Every success starts with a differentiating business model based on attributes valued by customers, with the financials, scale, and momentum to drive strong competitiveness and profitability.

The more relevant the model, the more it will capture market shares and build or reinforce leadership. Choosing the right models and the level of investment is therefore critical.

Dyson changed the economic structure of vacuum cleaners business by developing breakthrough innovations strongly supported by advertising. Historical actors had models based on many references to cover all customer needs, average prices around €70, and optimized investments in R&D (€4 per vacuum) and marketing (€7 per vacuum). Dyson positioned innovative products above €300, with R&D investment above €20 and marketing above €35 per unit. In 10 years, this differentiated investment strategy earned a 30% value share.

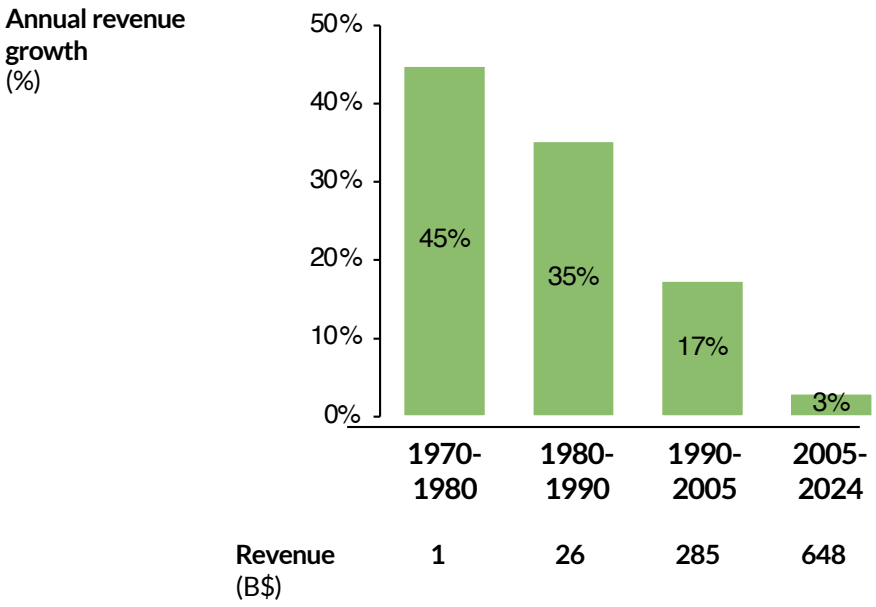
However, long-term growth is only possible by deploying business models that integrate three perspectives: strategic and financial to build strong, growing positions and fund them; environmental to capture opportunities from this new dynamic and reduce risks; and human to build a resilient model by attracting, retaining, and developing talent.

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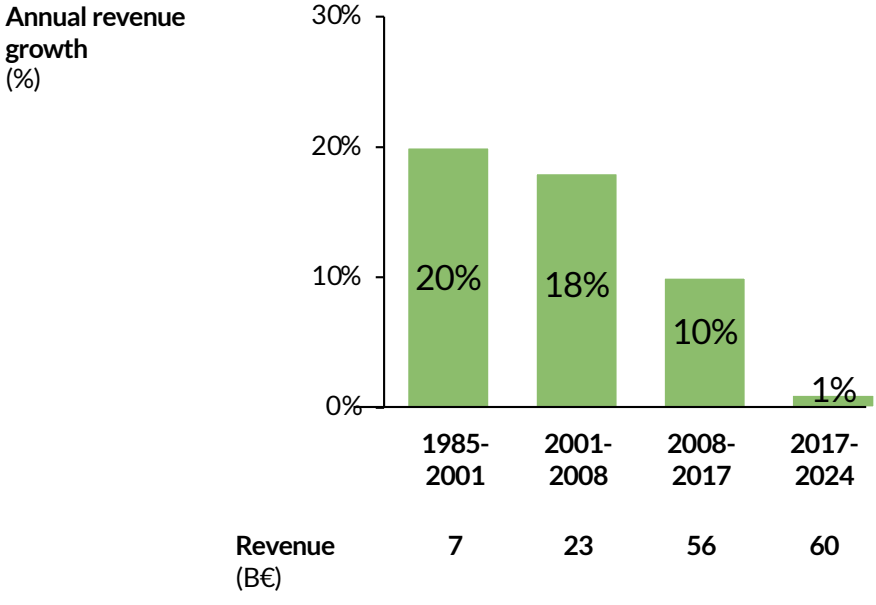
– Table 3 –

Walmart and ABInBev have fallen into the strategic trough: they succeeded so well in their focused strategy within mature markets that they now have a portfolio of activities where underlying markets show low growth and limited potential for further consolidation

Walmart



ABInBev



4. Driving a few decisive inflection moves with speed and scale

Every pilot knows: the faster the takeoff, the more the aircraft vibrates. Growth creates "vibrations." The answer is not to reduce speed or magnitude, but to anticipate and control these effects.

Today more than ever, the success of a strategy depends fundamentally on its speed and scale, more than on defining the direction. Ultimately, positions, competitiveness, momentum, and profitability diverge widely between strategies of different magnitudes. Choosing a strategy therefore means choosing a speed.

Apple's strategy has always been to develop highly differentiating, breakthrough innovations, to deploy them rapidly globally, then improve them. Upon his return within the company, Steve Jobs refocused resources on differentiating products. He concentrated the first iPhone's differentiation on a few critical attributes. Competitors initially viewed it as weak on telephony (reception quality) and battery life. That wasn't the point. Its defining feature was delivering new functionalities beyond telephony.

This must not be merely the byproduct of operational execution or teams' ability to move faster or slower. It must be a deliberate choice driven by the need to build positions and reach profitability quickly.

5. Balancing short-term performance with long-term vision

The success of a significant (and sustained) growth strategy is not simple, not a continuation of past actions. It requires continuous improvement of the existing as well as ruptures and questionings. It forces to work on two time horizons: short term and long term.

Both strategic horizons are necessary. Short-term strategies enable the concentration of a given activity. Long-term strategies enable the concentration of an entire industry. Without the former, there's no profitability. Without the latter, there's no long-term growth.

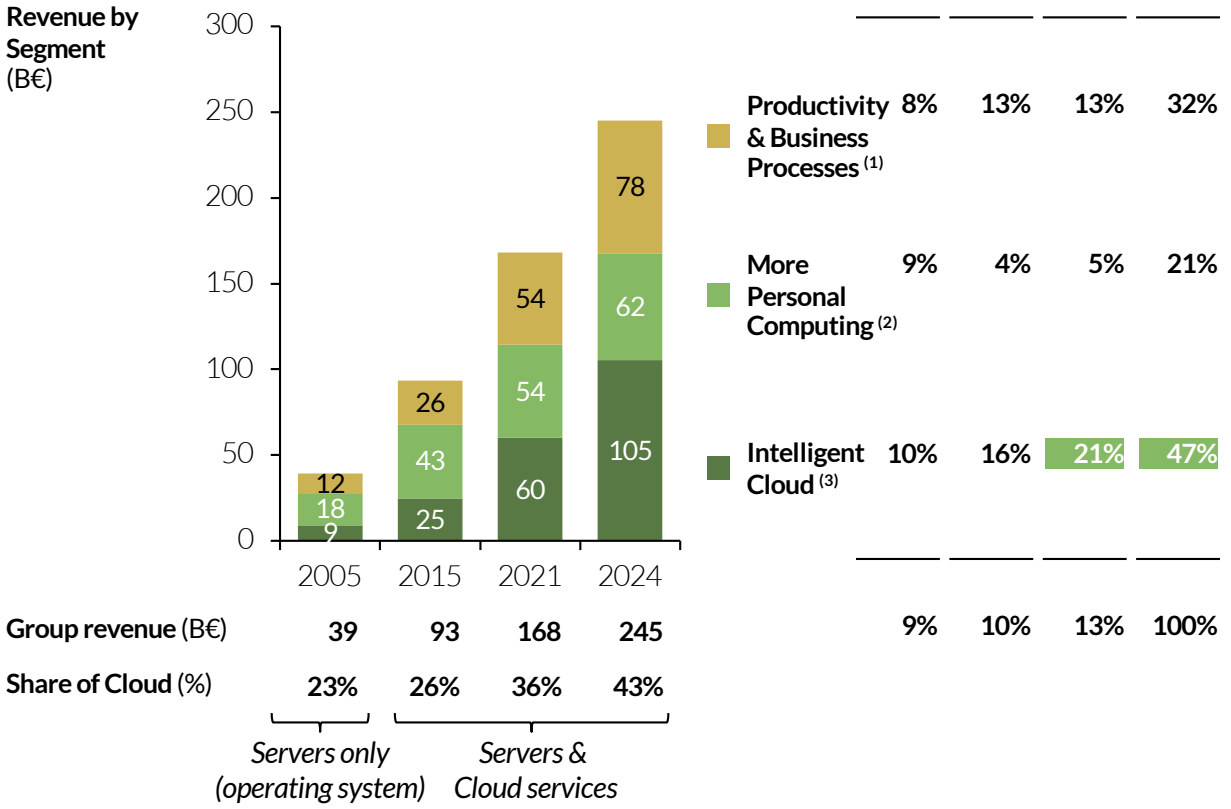
The shift from "short-term strategy" to "long-term strategies" is not continuous. It requires a rupture.

In the short and medium term, the most competitive players concentrate their market within a given segment. In the long term, the fastest and most ambitious create value and ultimately consolidate the industry.

Good managers focus on the short term. Visionaries look to the long term but risk being overtaken by the short term. Only industrial captains, effective delegators and realistic visionaries, manage to reconcile the two horizons.

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Microsoft has consistently achieved growth above 7,5%, notably driven by the expansion of its Cloud business (47% of total growth between 2005 and 2024)



	CAGR 2005-15	CAGR 2015-21	CAGR 2021-24	Share of growth 2005-24
Productivity & Business Processes (1)	8%	13%	13%	32%
More Personal Computing (2)	9%	4%	5%	21%
Intelligent Cloud (3)	10%	16%	21%	47%
	9%	10%	13%	100%

	2005	2015	2021	2024
Group revenue (B€)	39	93	168	245
Share of Cloud (%)	23%	26%	36%	43%

(1) Revenue from Office, LinkedIn… (2) Revenue from Windows, Xbox, Surface… (3) Revenue from Servers and Cloud Services (data hosting & processing tools…)
Note: in constant EUR (exchange rate as of 31/12/24); Sources: Microsoft, Strategia Partners

6. Managing and prioritizing Executive Committee time effectively

Long-term growth, the only lever of value creation, requires resource allocation choices. This is true financially and organizationally. It is also true for management time.

This requires setting clear priorities, managing time effectively, delegating former responsibilities to team members, and optimizing the time spent in committees..

The complexity of the exercise lies in defining strategic priorities, clarifying the organization (and ways of working), and operating at the level the role requires. This approach must be conducted frequently to correct "drifts" and adapt time to the year's priorities.

If the CEO is not an active driver, growth will not happen. The CEO must create breaks, arbitrate investments, and put the conditions for growth in place.

7. Developing, formalizing, and embedding a distinctive "Company Way"

A strategy's success rests on its relevance: its choices of playing field, business model, speed and magnitude. It also depends on execution quality and team engagement.

It must be grounded in values, culture, and an organization consistent with that strategy. Beyond this "formal" vision, it is necessary to formalize the *"CompanyWay"*: the set of practices and know-how underpinning the company's success.

This is essential for entrepreneurial, highly decentralized organizations. It should foster reflexes across key perspectives: decision-making; industrial and commercial levers of excellence; ongoing operational gains through cost-saving plans; and strategic resource reallocations via growth initiatives.

8. Taking bold risks based on deep analysis and robust decision-making

Value creation and growth are not systematic. They stem from marked and differentiating choices based on a "superior" view of the industries in which the company operates as well as on risk-taking. What is obvious for young companies is just as true for century-old firms.

There is no value creation without ambition, risk-taking, and bold choices. It is the CEOs' role to make these choices, and the board's role to push and support them.

Critical decisions do not spontaneously emerge from the field or systems, nor from simple head-office trade-offs. They must be analyzed and decided as such. Each answer is entirely specific to the company and its situation. This is the entrepreneur's approach (even when the entrepreneur is the CEO of a large group) to risk. It requires major economic breaks and significant resource reallocations. It therefore entails major redefinitions of priorities versus "business as usual," battles within management, higher risk-taking, and even a risk of increased volatility in financial results (hence the need for tight operational control).

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Volatility is rising and time is accelerating.

Companies must strengthen their agility and responsiveness—without constantly changing course or exhausting their teams.

They must rethink their approach and focus on eight strategic priorities.

– KEY TAKEAWAYS –

- Volatility is increasing for companies. Time is speeding up. Agility and reaction speed must be raised without constantly changing direction & burning out teams.
- In this volatile environment, one reality remains. Growth is the only way to create value in the long term.
- A company that does not grow by more than 7.5% per year (i.e., a doubling of revenue every 10 years) loses its attractiveness and independence in the long term.
- Growth enables investment and distinctiveness in products, brand, channels, and routes to customers. It allows the recruitment and retention of talents and the development of skills. It maintains shareholder cohesion.
- It is crucial to change approaches by focusing on eight priorities:
  - Defining the ambition and aligning with shareholders
  - Choosing the playing fields and allocating resources accordingly
  - Building differentiated business models with strong attributes
  - Driving a few decisive inflection moves with speed and scale
  - Balancing short-term performance with long-term vision
  - Managing and prioritizing Executive Committee time effectively
  - Developing, formalizing, and embedding a distinctive “Company Way”
  - Taking bold risks based on deep analysis and robust decision-making
- There is no value creation without ambition, without risk-taking, and without bold choices. It is necessary to return to entrepreneurial fundamentals.

These decisions often rest on leaders' intuition (and thus experience). They are always greatly improved by strategic analyses that challenge the rationality of choices better gauge the magnitude of risk. They determine the company's long-term structural results (often varying by a factor of three).

These are the risks that justify any value ultimately created. One certainty at this stage: more volatility means more risk, larger gaps between competitors, and fewer winners over the medium term.

What to conclude ?

Crises keep coming, and volatility is rising. Time feels faster than ever. Companies must boost their agility and reaction speed — without constantly changing course or exhausting their teams.

To move forward, they need breakthrough economic initiatives and bold resource reallocations, a major reset of priorities beyond "business as usual," stronger leadership alignment, and a greater appetite for risk — even if that means more volatile financial results. That's why tight operational control is essential.

It's time to return to the fundamentals of entrepreneurship in the face of uncertainty.

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Strategia Partners *is an international strategy consulting firm based in Europe (Paris & Zurich), the United States (New York & Seattle), and China (Shanghai). It advises the executive committees of major European and North American groups on their growth strategy. Its approach integrates three perspectives: strategic and financial performance, environmental performance, and human performance.*

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