

OVERTAKING IN THE RAIN. HOW TO ADAPT AND WIN IN THE PERFECT STORM

7 tips to turn volatility into opportunity

In Formula 1, legends are not made in perfect conditions. As Ayrton Senna once said, "You cannot overtake cars in sunny weather... but you can when it's raining." When visibility is low and the track is slick, great drivers don't panic — they find grip others can't see. The same applies to business. In times of unpredictability, economic uncertainty, political turbulence, and global upheaval, those who know how to navigate the perfect storm emerge as the new leaders of the pack.

We are living in one of those races with intense sudden downpours and storm strength wind, making it difficult to stay on track and navigate the next few laps.

With global trade tensions, whipsaw markets, recession fears, rising inflation, leadership vacuums and more geopolitical conflict rapidly unfolding, the world feels fragile. In just the last week, the United States proposed, imposed and even selectively pulled back tariffs on over \$400 billion in imports—impacting goods from China, Europe, Japan, South Korea, Mexico, Canada, India, Brazil, South Africa, Vietnam and Singapore.

The World Bank warns that U.S. tariffs of 10% on imports could reduce global economic growth in 2025 by 0.3 percentage points.

If trading partners retaliate such tariffs it might cut U.S. growth by 0.9% in 2025.

It's interesting to note that Boston Consulting Group estimates that a 60% tariff on Chinese goods, a 25% tariff on Canada and Mexico, and a 20% tariff on imports from other countries could add \$640 billion to the cost of U.S. imports from its top trading partners.

These moves not only raise costs and trigger potential trade wars as we are seeing with China's retaliation but also signal a potential end to globalisation and a retreat from the economic leadership role the U.S. once proudly owned. By all accounts, this radical shift signals the beginning of a new, unpredictable global order.

But hindsight teaches us that a perfect storm also brings opportunity. In fact, some of the most iconic companies of our time found their footing in moments like these.

Learning from crises:

The Rainmakers

History offers compelling examples of companies that not only weathered economic storms but emerged stronger; they used the track conditions to secure their future:

• 2001 Dot-com crash:

The early 2000s saw the dot-com bubble burst, leading to a recession. Yet, companies like Amazon and Apple seized the moment.

Apple introduced the iPod in 2001, revolutionising the music industry, while Amazon expanded its offerings, laying the groundwork for its future dominance by paying attention to giving the customer low-cost options.

• **2008 Financial crisis:**

Amidst this crisis, also called the Great Recession, global innovative startups like Airbnb and Uber were founded.

They identified gaps in the market and leveraged technology to meet consumers' fast evolving needs for lower cost alternatives, ultimately reshaping the hospitality and transportation sectors. Lego made a comeback as parents yearned for 'the good old days' and started buying toys for kids that are durable and will last a generation or two.

• **2020 COVID-19 Pandemic:**

The pandemic accelerated digital transformation. Companies like Zoom and Shopify experienced exponential growth by enabling people to work remotely and establish online storefronts.



7 tips to turn volatility into opportunity

1. Lean into consumer needs.

Market shake-ups impact the consumer's pocket and shift what people buy, how people buy and how they see value: Adapt quickly to changing circumstances. Build on the consumer empathy we learned during Covid. Anticipating needs makes it easier to adapt quickly to changing circumstances.

2. Out-innovate stagnant competitors:

Crises trigger retrenchments – bringing sought after skills to the market. Allocate resources to research and development for innovations that meet emerging needs, give options and open new markets. More options bring flexibility – making it easier to beat the slow responding competition; and help to mitigate revenue risk by diversifying offerings.

3. Strengthen relationships:

Build trust with customers and partners. Covid taught us that we can speed up the crisis-solution-product deployment cycle when we partner and collaborate. Transparent and frequent communication builds loyalty during uncertain times.

4. Enhance your core competencies:

Build on what you do best. Utilise digital tools to streamline operations and reach customers more effectively. Excellence and efficiency in core areas will differentiate you in a panicky, crowded market.

Turbulence exposes weakness – but it also clarifies strength. In a storm, your unfair advantage matters more than ever.

Forget chasing every trend or fighting battles outside your weight class. Instead, focus your resources on what you do better than anyone else – the capabilities, expertise, or assets your competitors can't easily copy. Then use technology not for the sake of efficiency alone – but to amplify this edge at scale. Automate the low-value work.

Digitise customer touchpoints. Free up your best people to focus on delivering what customers can't find anywhere else. Excellence is still a winning strategy. But in a world of chaos, distinctive excellence is what separates survivors from market leaders.

5. Cut ruthlessly invest boldly: Maintain a robust balance sheet. Cut out unnecessary costs. Prudent financial management provides a buffer against volatility. Lean budgets bring greater creativity and lateral thinking.

**ARE YOU PULLING
INTO THE PIT LANE,
OR ARE YOU
PREPARING TO
MAKE YOUR MOVE
WHILE OTHERS
HESITATE?**

6. See further than the headlines: Keep abreast of economic indicators and policy changes. Speak to your network. Listen widely and read beyond your industry. Informed decisions are rooted in data. The best ideas — and the early warnings — often come from unexpected places. Stay curious. Stay connected. Informed leaders don't just react faster — they choose better.

7. Build a team that wants to stay and win: Address immediate challenges but keep everyone's eye on the long-term vision. Good strategy ensures growth beyond the crisis. Invest in employee development. A skilled and motivated workforce drives innovation and resilience.

When the track is drenched and vision is blurred, the champions do not hesitate or slow down. They lean in. They stay calm. They think. They find grip where others see chaos. They focus on the end-goal and pass competitors who hesitate. And they believe that torrid weather is not an obstacle — it's an opening.

Are you pulling into the pit lane, or are you preparing to make your move while others hesitate? Evaluate your organisation's readiness for change today and take bold steps to turn uncertainty into opportunity.

Because while others hit the brakes, this might be your moment to pull ahead.

**TURBULENCE
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BUT IT ALSO
CLARIFIES
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Futureworld has been helping some of the world's most innovative companies thrive in turbulent times for over 30 years, for more info on this topic and more - get in touch.

James Ransome
Principal
Futureworld International
james.ransome@futureworld.org

Shani Cronje
Associate
Futureworld International
shani.cronje@futureworld.org

Su-Ann Badenhorst
Brand & Eminence Leader
Futureworld International
su-ann.badenhorst@futureworld.org



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