

# Overcoming Adversity: Building Business Resilience in the Consumer Goods Sector



As disruptive business challenges persist, consumer goods leaders must prioritize agility, adaptation, and sustainability.

The storm of business disruptions has yet to end. While successful consumer goods firms have emerged from the supply chain crises of the pandemic-era environment, new challenges are a continuing part of the current business landscape—and increasingly, the waves of volatility are overlapping and hard-to-predict.

According to [Deloitte](#), 70% of consumer products executives agree their job is more stressful today than five years back. Inflation, geopolitical conflicts, rising regulations, and shifting consumer demands are just four of the high-impact challenges facing consumer goods leaders—and building business resilience has become the key priority for CEOs.

In this turbulent business environment, consumer goods leaders must address diverse challenges with nuanced strategies to increase profitability, mitigate risks, and future-proof success.

### **Enhancing Agility While Thinking Long-Term**

Faced with a plethora of business-defining crises, firms may be tempted to tackle many challenges at once. However, delegating resources to address multiple large-scale issues can quickly overwhelm leaders with unmanageable demands, leading to a dangerous state of paralysis. Recent years have proven that resolving one challenge doesn't clear your path to growth—and maintaining a [crisis-management](#) mindset can actually hinder your success in the long run.

Successful consumer goods businesses must have leaders who are as strategic as they are agile. [McKinsey](#) reports 90% of leaders at high-performing consumer companies fully understand their strategic priorities, compared to only 78% of low-performing firms. Strategic leaders place their company's mission and purpose at the center of their decision-making to ensure their actions create forward momentum on business goals. Effective leaders develop long-term strategies that can adapt to sudden changes, rather than being overturned by unexpected crises.

For many consumer goods leaders, the adoption of digital tools will be key to enhancing agility and moving toward proactivity, rather than a state of crisis response. For instance, digital tools can build resilience in the supply chain by enhancing inventory management with informed predictions and identifying new opportunities for operational efficiency.

### **Strengthening the Supply Chain**

The fragility of the supply chain has undoubtedly been on the minds of every consumer goods leader since the crisis that began in 2021. As executives develop flexible, forward-thinking strategies, a core area of focus must be derisking the supply chain to improve resilience in the face of future geopolitical conflicts.

Diversified supplier networks will continue to be a critical strategy for consumer goods businesses—[69%](#) of supply chain leaders, and many manufacturers are developing regionalized networks to further support business continuity. Increasing the visibility of raw materials and consumer products as they move across the supply chain—perhaps by leveraging Internet of Things (IoT) devices and robust service-level agreements (SLAs) with business partners—can further aid leaders in mitigating potential issues before they occur.

Strategic changes to manufacturing processes can simultaneously improve customer retention in a time of tightening competition and rising price consciousness. Despite cooling inflation and elevated wages, shoppers are [cutting back](#) in spending as [sentiments](#) about the economic outlook sour and [cost of living soars](#). Modern consumers are becoming [value hackers](#)—they're maximizing value while minimizing costs, whether it's by purchasing higher quality products, opting for generic alternatives, or repairing current possessions. And that means thorough quality assurance and on-time product delivery have become critical to customer loyalty and long-term profitability.

### **Embracing Sustainability**

As consumer goods leaders grapple with challenges to supply chain efficiency, they must also recognize the importance of green initiatives to their business success. According to [McKinsey](#), 84% of shoppers identify sustainability as a very important factor in their purchase decisions—and eco-friendly claims statistically drive faster growth for [consumer packaged goods](#) (CPG) brands. But beyond stabilizing profitability, green initiatives can help businesses build resilience to increasingly strict environmental regulations that are certain to affect the entire supply chain. And environmental responsibility can ensure companies have the resources they need for production well into the future.

Consumer goods firms can begin pursuing sustainability by implementing green initiatives within their own firms. [Procter & Gamble](#), for example, aims to restore more water than its manufacturing process consumes to support water-stressed areas like Los Angeles and Mexico City. By 2025, [Unilever](#) has committed to ensuring 100% of plastic packaging is reusable, recyclable, or compostable—all while reducing recycled plastic usage altogether by 25%.

Amid persistent economic uncertainty, collaboration will prove essential to successful sustainability initiatives in the consumer goods sector. Partnerships with eco-conscious organizations across the supply chain can accelerate movement toward sustainability targets. Sharing the costs of green production in particular—perhaps by operating from joint, eco-friendly warehouses—can reduce the cost of sustainable products. By enhancing affordability, consumer goods firms can collectively control costs while fortifying their resilience against future turbulence.

There is one more reason sustainability is key to building business resilience: Employees want to work for eco-conscious brands. An [IBM study](#) found nearly 70% of workers are more likely to apply for, accept, and stay in a job when a company has a good reputation for environmental sustainability. A strong commitment to green initiatives can help

companies attract and retain agile leaders—including high-performing executives who can successfully navigate the unpredictable and mitigate risks in the long term.

How is your firm building business resilience in the consumer goods industry in turbulent times?