

## EXECUTIVE INSIGHTS

# Thriving Amid Uncertainty: How Strategic Agility Fuels Sustainability Success

### Key takeaways

1. Strategic agility is critical for navigating rapid sustainability disruptions, such as the recent volatility in raw materials markets and evolving international regulations and administrative priorities.
2. Effective agility is necessary for organisations to swiftly adapt to regulatory uncertainty, supply chain vulnerabilities and evolving consumer demands.
3. Companies can transform sustainability challenges into strategic opportunities through proactive scenario planning, digital transformation and cross-ecosystem collaboration.
4. Organisations embedding agility into their core strategy gain resilience, outperform competitors and proactively lead in sustainability rather than simply reacting to change.

Sustainability efforts can unravel quickly without strategic agility. Between 2020 and 2022, for example, lithium prices surged nearly 900%,<sup>1</sup> sending shockwaves through the electric vehicle industry. From April 2025, evolving tariffs on critical imports — in addition to US executive actions targeting climate technologies and prioritising coal and a noticeable backtrack on environmental, social and governance language — have forced companies to rethink how the energy transition will evolve around the globe.

Regardless of the political sentiment and challenged supply chains, sustainability is at its heart about ensuring your company is set up for long-term success and taking a holistic perspective on the risks, disruptions and opportunities available.

Indeed, as this *Executive Insights* highlights, companies that have embedded sustainability successfully and considered their Scope 3 emissions are likely to have better traceability and understanding of their supply chains, enabling them to more quickly grasp the impact of disruptions.

Companies face shifting regulatory landscapes, volatile supply chains, technological disruption and consumer demands that change as swiftly as a trending hashtag. Traditional strategies simply don't work in this new reality. If businesses hope to thrive, adaptability must become second nature.

The stakes are undeniably high. Organisations that master agility position themselves to seize emerging opportunities, smoothly navigate disruptions and outperform competitors that are slower to adjust. Agility is a strategic capability, strengthened through scenario planning, modular thinking, digital transformation, decentralised decision-making and purposeful collaboration across ecosystems. Companies that embed these capabilities gain stability along with the flexibility to lead rather than follow.

To fully appreciate agility's value, it's crucial to first understand the sustainability challenges organisations face, from regulatory volatility to fragile supply chains.

### **Current landscape: Challenges in achieving sustainability**

Organisations pursuing sustainability find themselves navigating an increasingly turbulent environment, marked by unpredictable regulatory swings, fragile supply chains, complex stakeholder expectations, rapid technological change and intense economic pressures. The path towards meaningful progress is rarely linear — success requires a sophisticated understanding of the multifaceted challenges involved and the agility to address them swiftly.

#### **Stakeholder alignment**

Sustainability is complex, partly because it involves much more than internal commitments alone. It requires engaging a vast network of stakeholders — from government regulators and suppliers to customers, industry enablers and investors — each with distinct agendas, maturity levels and definitions of success. This tangled web makes coordinated progress challenging at best; aligning diverse interests and expectations across these groups becomes a delicate balancing act.

## **Regulatory volatility**

Businesses today grapple with policies that shift without warning. Consider the rapid-fire changes in US emissions regulations: ambitious targets under President Joe Biden and then substantial rollbacks and policy reversals under President Donald Trump (including targeted executive actions set to prevent state-level climate change policies), along with tariffs targeting some of the main exporters of climate technology to the US.

Similarly, the UK's deadline shift from 2030 to 2035 for banning new internal combustion engine vehicle sales, Germany's abrupt policy reversal on nuclear power, and the EU's Omnibus package delaying sustainability reporting requirements and reducing the reach and impact of the Corporate Sustainability Reporting Directive and the Corporate Sustainability Due Diligence Directive highlight how swiftly regulatory landscapes can transform.

This unpredictability forces businesses to frequently recalibrate their investments, making long-term planning feel like navigating through fog.

## **Supply chain disruptions**

As reliance on China for rare earth minerals and battery production intensifies supply chain risks globally, with geopolitical tensions threatening continuous disruption, companies need to actively manage and fortify their supply chains. These uncertainties stall sustainability projects, forcing businesses into reactive rather than proactive positions.

## **Market and consumer dynamics**

L.E.K. Consulting's Global Consumer Sustainability Survey found that customers demand sustainable products, yet they're hesitant when faced with higher prices and are often uncertain about which aspects of sustainability they should prioritise<sup>2</sup>

Likewise, companies developing sustainable packaging encounter resistance in passing the premium costs to consumers. Bridging the gap between sustainability aspirations and practical affordability remains a significant challenge.

## **Technological advancements**

Technologies like AI-driven renewable energy grids, carbon capture and advanced recycling offer enormous potential — but implementation costs and the complexity of integrating them into legacy infrastructure remain daunting barriers. To compete effectively, organisations must rapidly integrate these solutions, despite economic and logistical challenges.

## Economic pressures

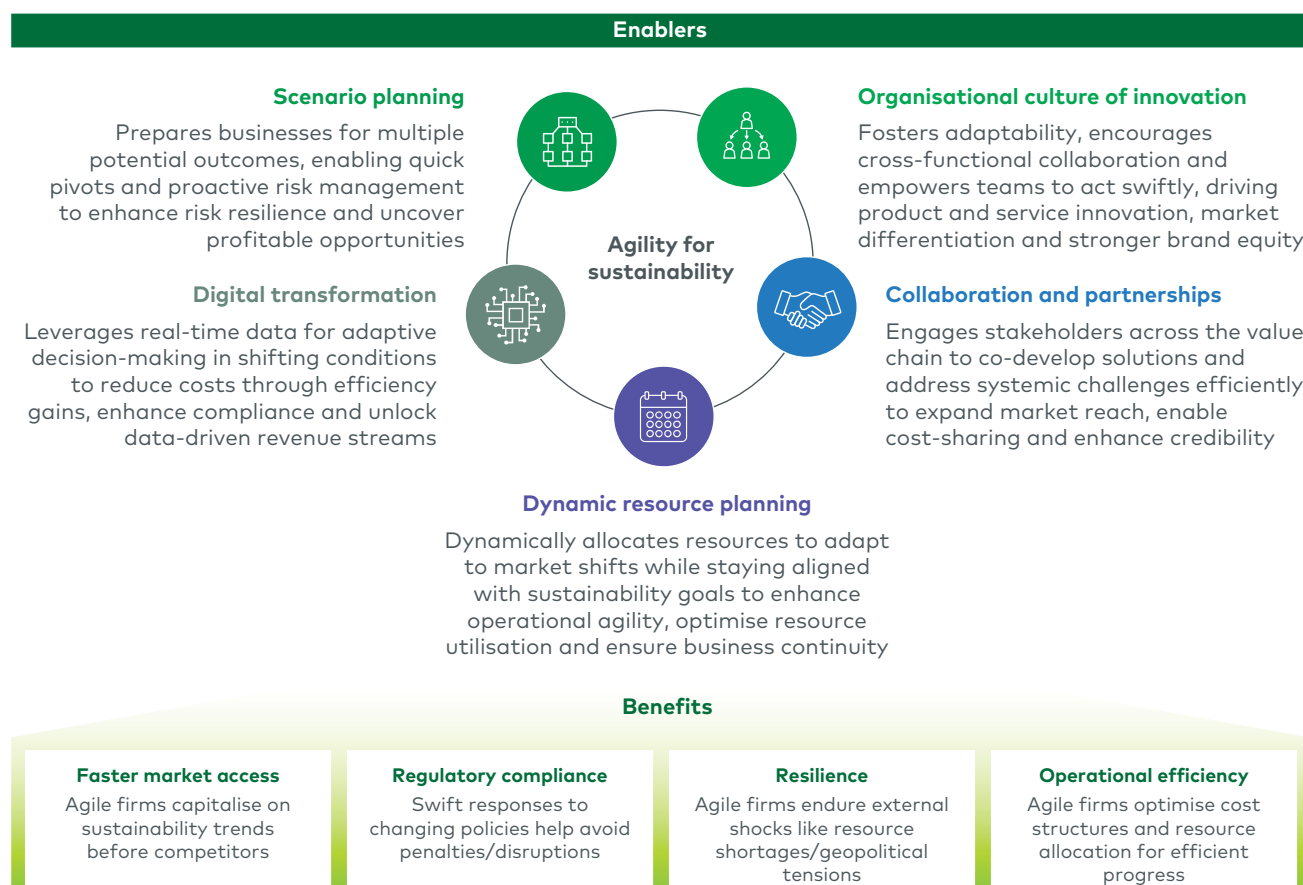
Economic uncertainty and potential downturns frequently compel businesses to prioritise immediate profitability, putting critical long-term sustainability initiatives at risk. Yet agility provides a pathway through this turbulence, offering organisations the strategic tools to navigate disruption and turn uncertainty into opportunity.

## Agility's role in achieving sustainability

To effectively manage today's sustainability challenges, businesses need practical strategies for translating agility into tangible outcomes. L.E.K.'s agility framework (see Figure 1) illustrates how agility enables organisations to transform sustainability challenges into strategic opportunities.

**Figure 1**

Agility framework



Source: L.E.K. research and analysis

This strategic agility offers clear benefits:

- **Competitive edge:** Rapid adaptation to sustainability trends positions companies as proactive market leaders, enhancing both brand reputation and customer loyalty
- **Access to pockets of market growth:** Agile organisations enter emerging markets earlier, tapping into sustainability-driven opportunities ahead of their slower-moving peers
- **Resilience:** Agility builds organisational muscle to withstand resource shortages, geopolitical tensions and market volatility without losing sight of sustainability goals

But how do businesses actually become agile? Here are key enablers that top performers utilise.

- **Scenario planning:** Rather than betting on a single vision of the future, agile companies imagine multiple plausible scenarios, proactively identifying risks and opportunities.
- **Digital transformation:** Real-time analytics, AI and data-driven insights facilitate fast, informed decision-making, turning unpredictability into a competitive advantage. An important part of this is creating strategic plans that consider the risks, benefits and likelihood of different scenarios — helping businesses take confident steps now while keeping options open for less-likely outcomes.
- **Innovative organisational culture:** A culture of adaptability empowers cross-functional teams to react quickly and creatively in the face of disruption.
- **Collaborative partnerships:** Engaging stakeholders across your entire ecosystem ensures better-coordinated systemic responses to sustainability challenges — and reduces risk and excessive resource deployment by one organisation.
- **Dynamic resource planning:** Allocating resources flexibly allows companies to swiftly pivot strategies in response to evolving sustainability priorities.

### Key steps to building agility for sustainability

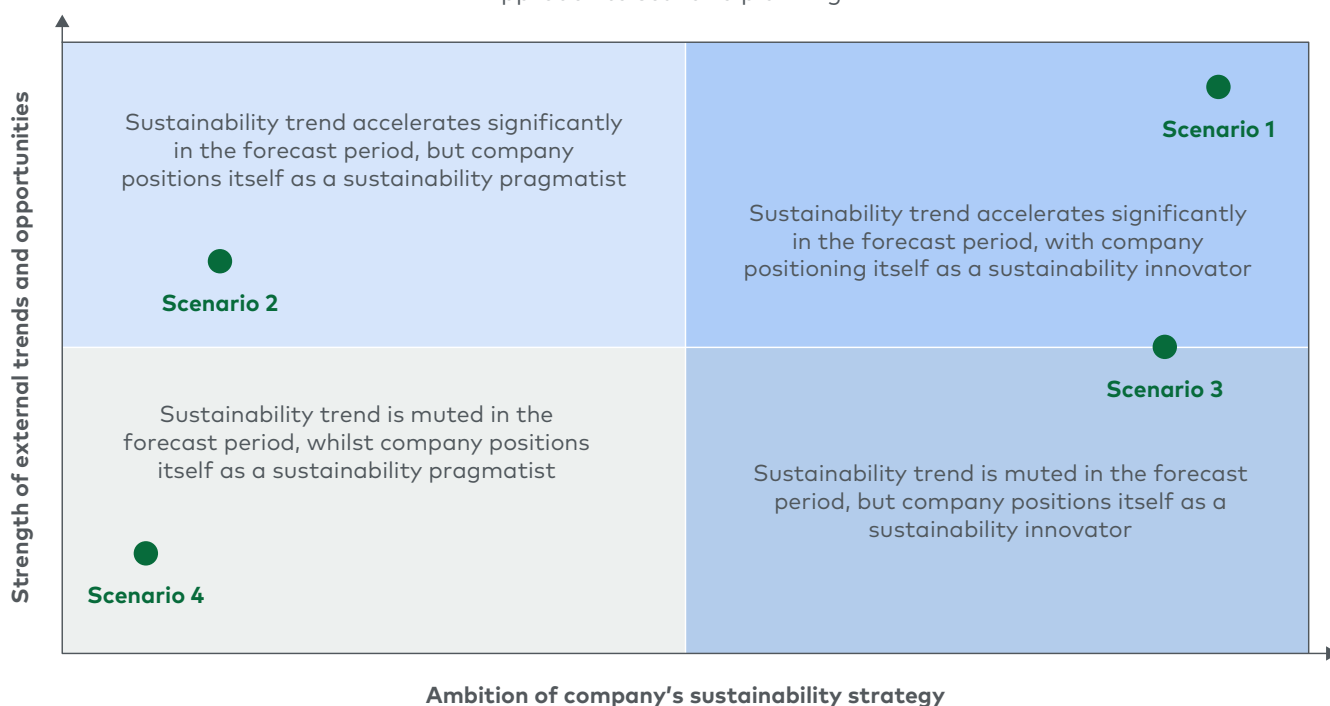
Addressing short-term pressures proactively is essential, but organisations must do more than react to immediate challenges. To fully realise agility's strategic benefits, companies need a structured approach. The following steps provide a clear, practical roadmap for embedding agility into the very core of your sustainability strategy:

- **Invest in scenario-based agile strategic planning:** Develop comprehensive scenarios to anticipate multiple futures, enabling strategic flexibility (see Figure 2)
- **Adopt modular approaches:** Design operations and products that facilitate swift adaptation to evolving market conditions

- **Empower decision-makers:** Decentralise authority, giving teams the autonomy to rapidly respond to sustainability challenges
- **Leverage digital technologies:** Enhance operational transparency and responsiveness through AI, the internet of things and blockchain
- **Collaborate across ecosystems:** Engage stakeholders, governments and suppliers in systemic collaboration to overcome sustainability barriers

**Figure 2**

Approach to scenario planning



Source: L.E.K. research and analysis

Effective scenario planning provides rich, data-driven narratives about possible futures — not predictions but plausible paths that inform strategic decisions. Developing clear, actionable early-warning signals further enables organisations to identify and respond swiftly to emerging scenarios.

These deliberate steps, when thoughtfully implemented, equip organisations not merely to respond effectively but also to proactively define their sustainability agenda, turning agility from a reactive necessity into strategic advantage.

### Turning agility into strategic advantage for sustainability

In today's dynamic sustainability landscape, agility moves from being beneficial to indispensable. Companies incorporating strategic agility do more than weather the storm; they turn disruption into distinct competitive advantage.



Forward-looking organisations understand sustainability requires proactive, systematic preparedness built on scenario insights, modular flexibility, decentralised decision-making, advanced digital capabilities and meaningful collaboration. Those that embrace these practices now will set new benchmarks, redefine their industries and lead sustainability's next era — not merely keeping pace but actively driving the future.

In short, sustainability and agility are intertwined pathways to leadership. The businesses that realise this today will define tomorrow's markets.

Please contact the team to find out how L.E.K. can support your organisation on this journey.

## Endnotes

<sup>1</sup>Polytechnique Insights, "Why are lithium prices skyrocketing?"

<sup>2</sup>L.E.K. Consulting, "Creating Value Through Sustainability." <https://info.lek.com/consumer-sustainability-2024>.

## About the Authors



### **Rebecca Scottorn, Partner | [r.scottorn@lek.com](mailto:r.scottorn@lek.com)**

Rebecca Scottorn is a Partner in L.E.K.'s London office and part of the global Industrials Practice. A leader of L.E.K.'s work on energy transition, decarbonisation and circular economy, she advises clients on taking a holistic, commercial approach to sustainability and making the right strategic choices to underpin long-term success. Rebecca co-founded the Sustainability Centre of Excellence. She also helps clients with broader sustainability strategy and M&A.



### **Harpreet Singh, Partner | [h.singh@lek.com](mailto:h.singh@lek.com)**

Harpreet Singh is a Partner in L.E.K.'s London office, focusing primarily on industrial/B2B sectors, including industrial technology, building products and business services. Harpreet advises executives on growth, performance transformation, advanced analytics-led decision-making and market disruptions. He is a champion of sustainability and digital initiatives within L.E.K.'s Industrials practice.

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