

The Entrepreneur Compass in a nutshell

Challenges for the **decade ahead**

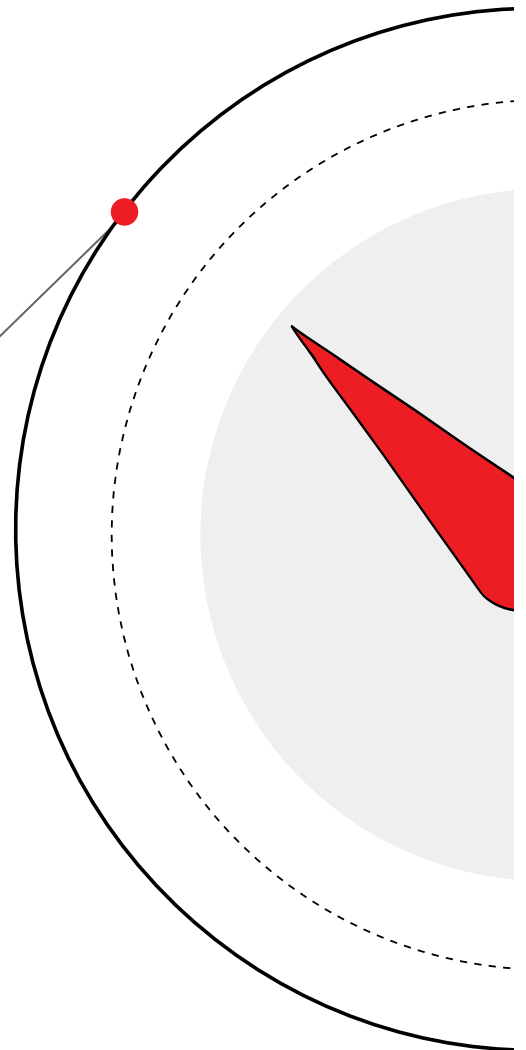
As an entrepreneur, it is natural that problem solving takes up your every day, leaving little time for strategic thinking. We canvassed entrepreneurs, as well as other thought leaders and industry experts to discover

the five major strategic challenges

that will influence businesses across all sectors in the decade ahead. Addressing these challenges properly should sharpen your competitiveness, fuel your growth, and allow you to meet and exceed stakeholders' requirements.

Whether alone or in combination, these challenges will affect your business and require your attention, strategic foresight, and decisive action. You will need to develop strategies for addressing them.

We look forward to accompanying you on your journey.



Five challenges at a glance

Challenge 1

Safeguarding supply chains

Supply chains are delicate ecosystems; fragile and complex. When they fail, they can bring growth to a grinding halt, increasing costs and affecting profitability. Or worse, they might threaten your business's existence. Building resilient supply chains requires the expertise of specialists and big data.



110 days
shipping time

Supply chains remain under stress, with about 110 days the typical time taken for goods to go from exporter to importer by sea. In 2019, the time was approximately 45-60 days.¹

Challenge 2

Developing resilience through crisis

In an interconnected world without circuit breakers, crises are increasingly regular. Crises can negatively impact employee motivation, affecting operations and workflow. They test the physical and psychological limits of leadership teams, with long hours and tough decisions to be made.



7th highest
global temperature

With global warming driving extreme weather events, in February 2022 the average global surface temperature was the seventh highest since records began in 1880.²

Challenge 3

Advancing diversity and inclusion in the workplace



USD 22.5 billion
for femtech

The femtech market is estimated to have a market value of USD 22.5 billion (in 2020), with fast growth forecast.³

Hiring and integrating a more diverse workforce is just the beginning of the challenge. Measuring levels of inclusion in your business, fostering inclusive leadership, accountability among managers, freedom from discrimination and biases, and equal access to opportunity requires relentless attention. But DE&I balances the voices within a business, reflecting varied opinions in society.

Challenge 4

Accomplishing the digital transformation journey

Digital transformation is fundamentally reshaping business. It's disrupting whole industries, creating both winners and losers, and allowing new entrants to up end existing industry structures. While digital technologies open up opportunities for entrepreneurs, the pace at which they disrupt the status quo also poses managerial challenges.



10x more
data

Data is the new oil, and in the decade ahead UBS anticipates the global data universe will grow to be more than 10 times as large as it is now, reaching 456 zettabytes in 2030 – equivalent to 840 64GB iPhones per person.⁴

Challenge 5

Keeping pace with shifting consumer preferences

Whether it be sustainable consumption or smarter devices, consumer trends are changing fast. For entrepreneurs, it is essential to understand existing trends and anticipate future ones to be in sync with the market. In order to invest resources smartly in the right capabilities, entrepreneurs must distinguish between longer-term trends and short-lived fads, as well as understand how several trends together might affect customer purchase patterns.



USD 77 billion
in second-hand apparel sales

Sales in the second-hand US apparel market are expected to more than double between 2021 and 2025 to USD 77 billion, according to resale platform ThredUp.⁵

1 Flexport Ocean Timeliness Indicator.

2 National Centers for Environmental Information.

3 The Economist, Global Market Insights, October 2021.

4 UBS, Future of the Tech Economy, June 2020.

5 FT.com, Second-hand clothing apps give younger shoppers new style twist, February 3, 2022.

Key takeaways



What's most important to keep in mind when looking to address **the five defining strategic challenges** in the decade ahead?



Build more resilient supply chains

- Develop a comprehensive knowledge of your supply chain, select your suppliers strategically, and collaborate with critical suppliers.
- Have contingency plans and locate 'cheap' buffers to manage supply chain risks. Consider integrating sustainability to future-proof business.
- Invest in 'smart' automated supply chains, leveraging on technology for real-time end-to-end visibility, quick responses, and AI-supported decisions.



Be ready for volatility

- Create financial buffers by protecting existing cash flows, creating new ones, and cutting costs
- Focus on five pillars to build resilience: revenues, financials, operations, the workforce/organization, you, and your leadership team.
- Communicate effectively and timely during a crisis; be transparent, frequent, clear, and confident.



Make difference your edge

- Focus on building a diverse workforce to attract the best talent, better understand a broadening client base, and stay ahead in creativity, innovation, problem solving, and resilience.
- Examine your hiring processes because how you recruit determines whether you will or will not be able to increase workforce diversity.
- Play a pivotal role in leading your company towards DE&I goals, by promoting diversity in your daily activities and dedicating time as well as resources to managing inclusion.



Drive fundamental change

- Identify new opportunities in digitization by being agile, motivated to adapt, alert, and equipped with technological expertise as well as an entrepreneurial mindset.
- Have a data strategy backed by a systemic approach to gathering, integrating, and analyzing data, to accomplish your digital transformation journey.
- Recognize that digitization requires entrepreneurs to work on three levels – normative, strategic, and operational.



Stay a step ahead of shifting preferences

- Develop an ability to spot trends early and to respond more flexibly to evolving consumer preferences, taking into account the substantial lead-time required to launch new offerings or adapt existing ones.
- Monitor trends by closely observing the market and anticipating changes happening that affect your target customers and spur emerging marketing opportunities that could serve as future growth engines.
- Consider the material impact trends will likely have on consumer preferences and choices.

Want to know more?

Go to ubs.com/entrepreneur-compass

Read about the five key business challenges for the 2020s.
Learn how 10 successful entrepreneurs tackle them.
And think about the insights of five UBS practitioners.

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