



Rebalancing Value Creation

Where Executives Should Focus in a Downturn:

*Rebalancing the P&L
Toward Value Creation*



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These cuts stabilize the P&L — but they don't build the next chapter.

Every cut has a cost. Which value are you trading away?

Where Companies Cut in 2025



Labor — workforce reductions, hiring freezes, automation replacing roles; nearly 40% of CMOs planned labor reductions



Real Estate — ~20% office downsizing, lease renegotiations, facility consolidation



Tech Stack — despite AI investment, cutting ~10-30% tech stack rationalization, tool consolidation, license reductions



External Vendors — fastest-growing cut category; consulting, contractors, and agencies down ~ 15-40%



Travel & Events — ~ 20-50% reductions, non-essential travel, conferences, in-person events, executive offsites



Capital Expenditures (CapEx) — Many organizations are delaying facility upgrades, equipment purchases, large infrastructure projects

The Hidden Risk

Over Rotating on Preservation



The real strategic risk isn't overspending — it's **under-investing in revenue creation**. Executives and boards often spend disproportionate time on what to remove instead of what to build.

In downturns, this instinct intensifies. Spend time on the future P&L:

- Invest in new revenue-generating products or services
- Reevaluate offerings that no longer add value
- Redirect talent and capital toward what customers will buy next

Cost discipline matters, but **value creation is what moves the organization forward**. Leaders must rebalance toward revenue, innovation, and customer value.



The Missed Opportunity

Under Rotating on Revenue

The other side of the P&L — the revenue side — is where strategic leaders differentiate themselves. Downturns are the perfect moment to:

- Explore new customer problems worth solving
- Expand into adjacent services
- Repackage existing capabilities into higher-value offerings
- Sunset products that no longer contribute to the bottom line

This is where boards should be pushing harder. Not just “Where can we cut?” but “**Where should we invest to grow?**”

Innovation Investment Correlates With Growth

Insight: Innovation Drives Revenue

G7 Study (2025): Innovation investment shows a *significant positive causal impact* on productivity — a direct revenue lever.

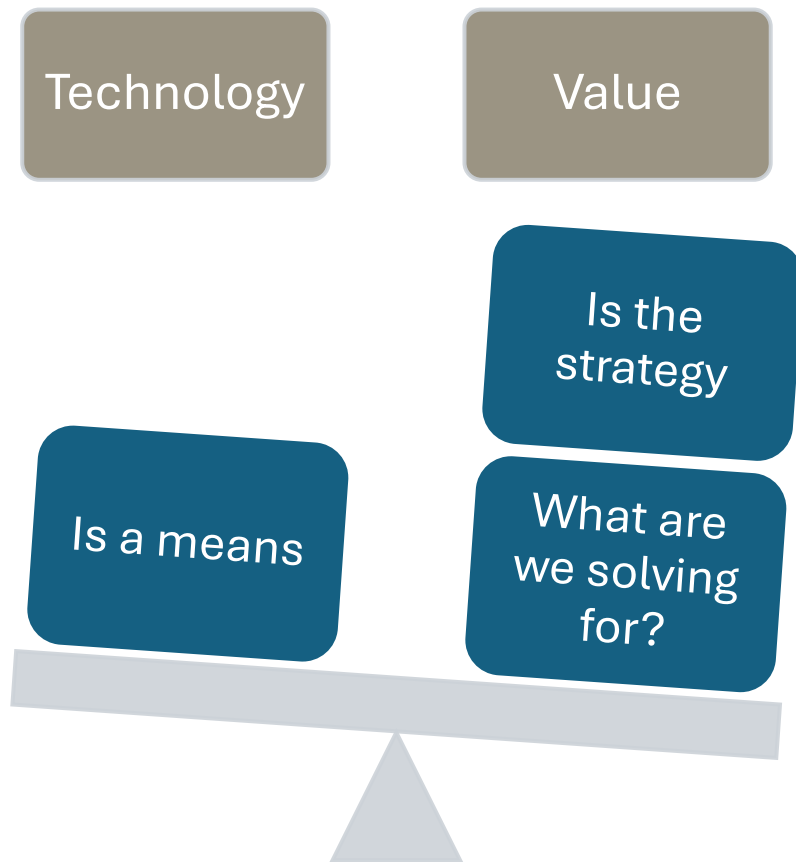
S&P 500 Analysis (25 years): Higher R&D intensity correlates with *stronger financial performance*, even in downturns.

Global Research (2025): Innovation + investment creates a *multiplier effect* on long-term growth and competitiveness.

The evidence is clear: investing in innovation outperforms cutting through a downturn.

Technology Isn't the Strategy

Value Is



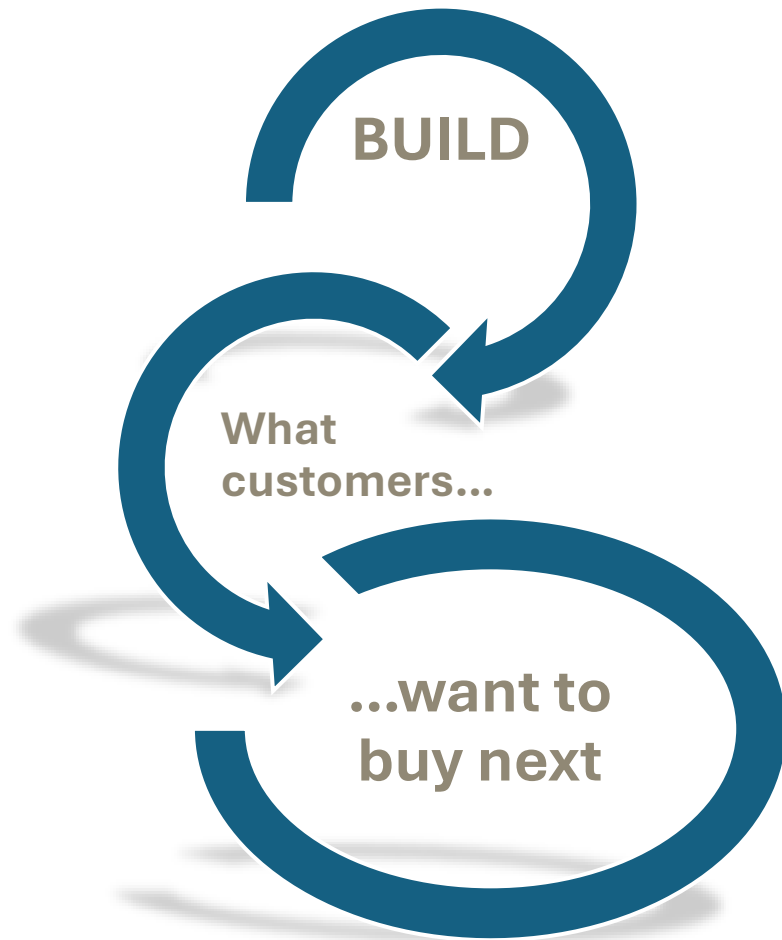
Insight:

- ❖ Many companies are pouring money into technology as if the tech itself is the differentiator. But customers don't pay for your tech stack. They pay for the outcome you deliver.
- ❖ The real question isn't "What technology should we implement?" It's "What are we solving for?"
- ❖ If leaders can't clearly articulate the customer problem, the value created, and the willingness to pay, then the investment is noise — not innovation.



Innovation

Should Start With One Word: WHY



Before launching new products, services, or capabilities, executives should pressure-test three questions:

- Why does this matter to our customers?
- What value does it create that they don't have today?
- Will customers pay for it — and pay enough to matter?

Without a value thesis it's just cost.

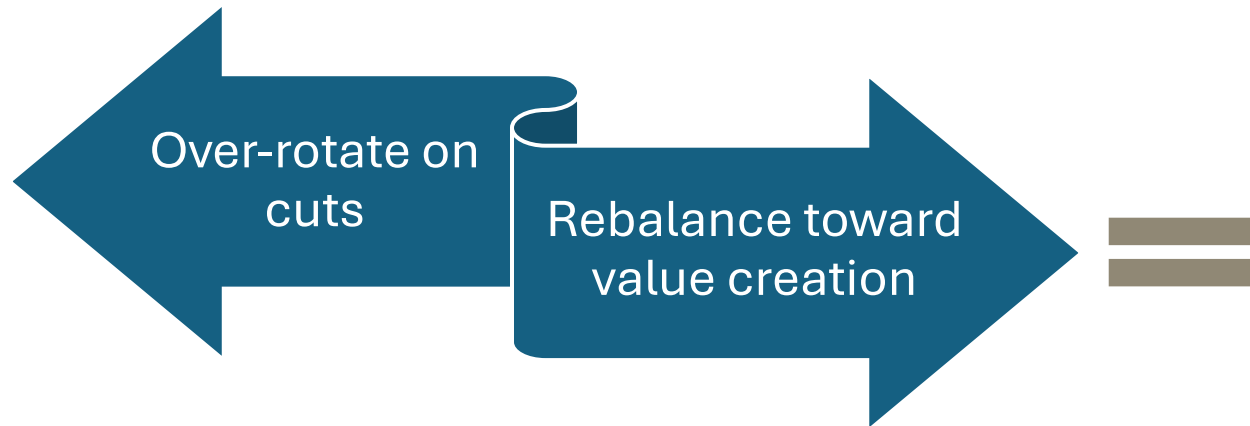
Innovation with a clear “why” becomes revenue.



The Bottom Line

rebalance with a focus on value creation

In challenging markets, leaders have a choice:



That's where strategy lives.

That's where resilience is built.

That's where the next wave of growth begins.

- ✓ Downturns reward leaders who rebalance — not retreat
- ✓ Stay anchored in customer value
- ✓ Invest in innovation with purpose
- ✓ Focus relentlessly on the revenue side of the P&L



BluePlaid, LLC

We help organizations fill the leadership gap by bringing the judgement, structure, and cross-functional clarity companies need to:

- Build enterprise strategies
- Strengthen governance
- Redesign operating models
- Align executive teams
- Stabilize and scale complex environments
- Identify partners with intentional design

We have the hands-on leadership experience who have built operating models, led global teams, navigated complexity, and delivered results through every phase of growth – hypergrowth, restructuring, integration, and transformation.

Let's connect to see how we can help bridge your leadership gaps.



Jean Barrick

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