



Driving Growth, Profits and Resilience in a Downturn

A 2023 Playbook for HR Leaders

Amid the economic downturn, it's timely to revisit lessons learned from the Great Recession (end-2007 to mid-2009) — in particular, that outperformers win because of the decisive actions they take while heading into and during contractionary periods.

And in 2023, whether the global economy technically heads into recession or not, organizations face three variables that threaten to weigh down growth and profits:

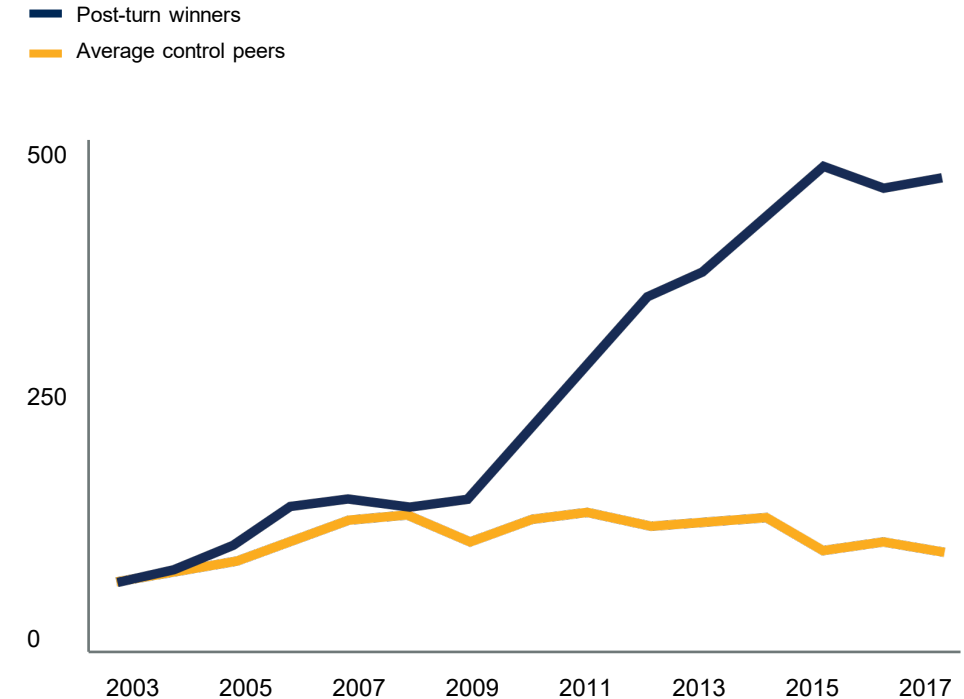
1. Higher interest rates
2. Lack of critical talent
3. Lagging digital transformation

Executives will need to focus on coupling radical efficiency with innovation — and invest in differentiators that will drive success over the long term.

For many, that will mean investments in digital. Eighty-nine percent of boards agree that digital is an implicit part of the growth strategy. If you don't invest effectively in digital in 2023, you'll increase your technical debt and let competitors out-innovate you on digital products and services and scoop up the talent you need.

Winners Break Away in the Turns

Earnings before taxes, interest, depreciation and amortization (EBITDA), 2003-2017

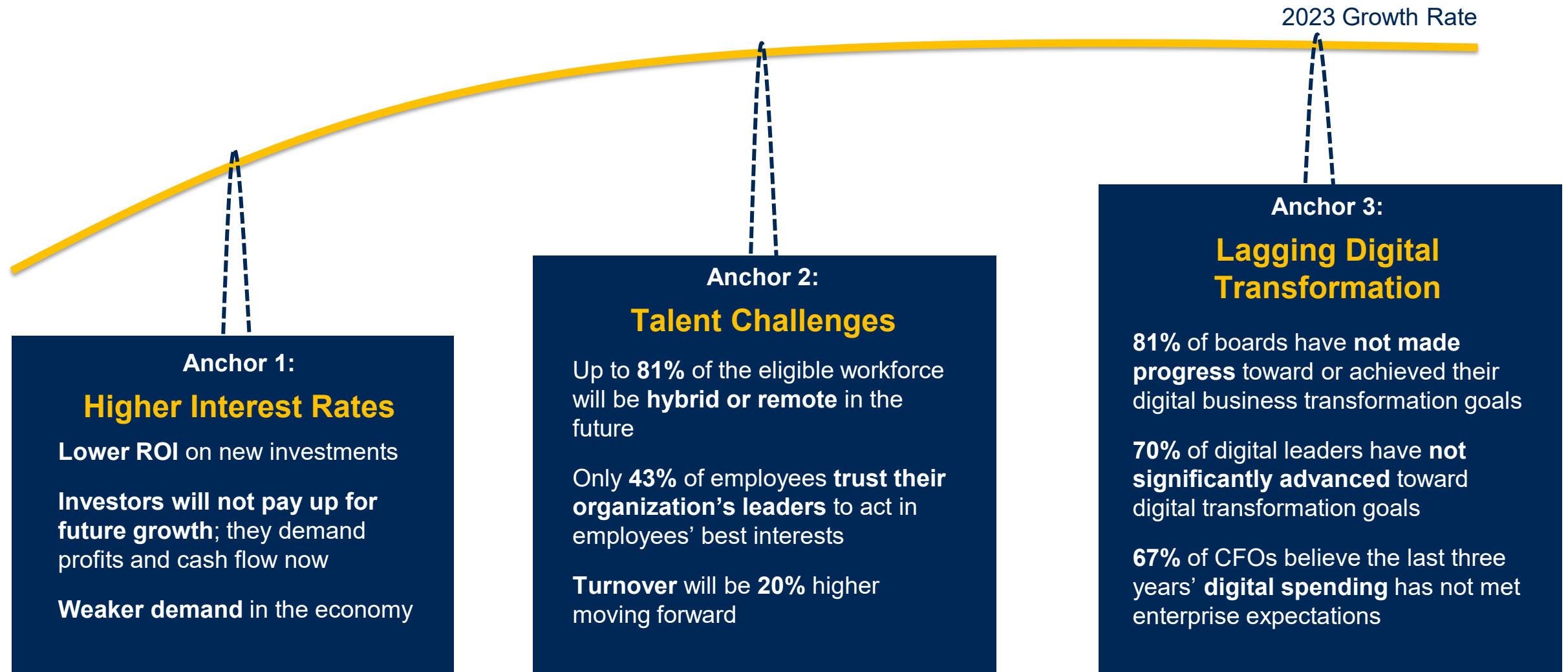


n = 60 (30 post-turn winners* and 30 control peers)

Source: Gartner

*30 companies from the Fortune 1000 that had 1) consistent year-over-year revenue and margin improvement and long-term growth that exceeded their industry peers in the 20 years from 1994-2014, and 2) sustained that outperformance through 2017 (the last year for which full-year data was available at the time of the analysis).

Three anchors weigh on 2023 growth



Sources: Gartner 2023 Board of Directors Survey

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Tempted to play it safe in 2023? You could erode long-term value.

What we hope you don't have to tell the board in 2024:

“We pulled back on digital investments and **added long-term technical debt** to our organization.”

“We continued to **spend aggressively on digital**, but we **did not capture the value** like competitors.”



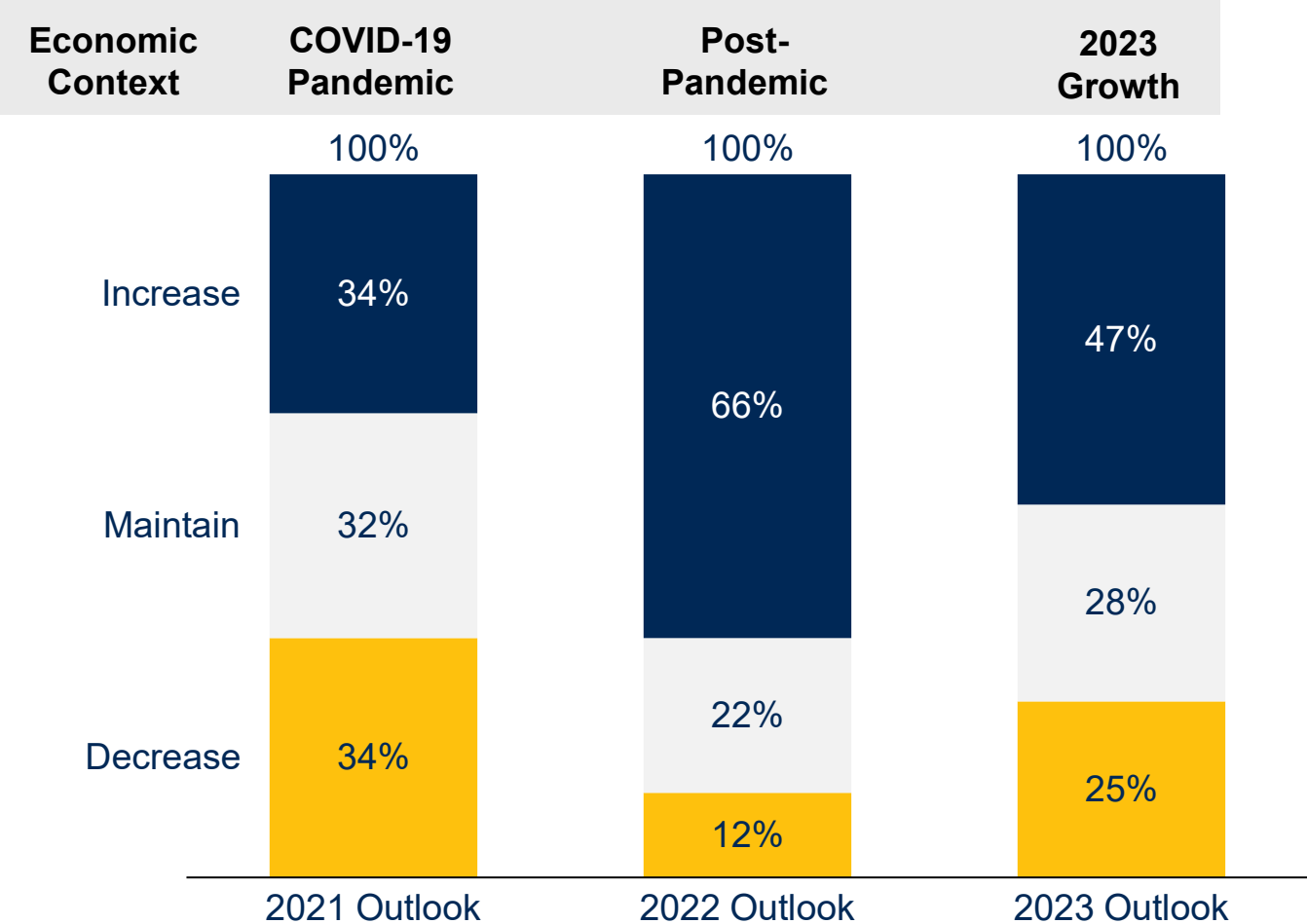
“We **lost key talent** due to outdated thinking about workforce needs.”

“**Competitors out-innovated us** with digital products and services.”

“**Other companies secured great digital talent** at a discount.”

HR leaders are cautious in their spending

Percentage of HR leaders



n = 204 HR Leaders (2020) n = 139 HR Leaders (2021) n = 154 HR Leaders (2022/2023)
 Source: 2020 / 2021 / 2022 Gartner HR Budget and Staffing Benchmarking Survey

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Top CHRO questions we're tackling for clients

- 1 How much are HR budgets changing in 2023 amidst ambiguous economic signals?
- 2 How do I secure funding for my strategic HR initiatives?
- 3 In which areas are other organizations investing in HR?
- 4 What are my non-negotiable HR investments that will enable success across many likely scenarios?
- 5 Which fundamental steps do I need to take to generate efficiencies in HR?

Nine actions for winning through a recession



Manage Spend

- 1 Proactively create a prioritized list of the trade-offs you will make** in your budget with a story about why.
- 2 Accelerate movement to the cloud**, while paying attention to **shifting pricing strategies** from software providers as prices rise.
- 3 Radically challenge workflows and processes** to make them faster, simpler and more agile for the long-term.



Secure Talent

- 4 Fundamentally rethink the way your company leverages humans** (locations, hours, part vs. full time, in-house vs. outsource).
- 5 Commit to human-centric work models**, which boost employee performance, increase intent to stay and reduce fatigue.
- 6 Aggressively source key digital talent** that will shake loose and help accelerate your digital plans.

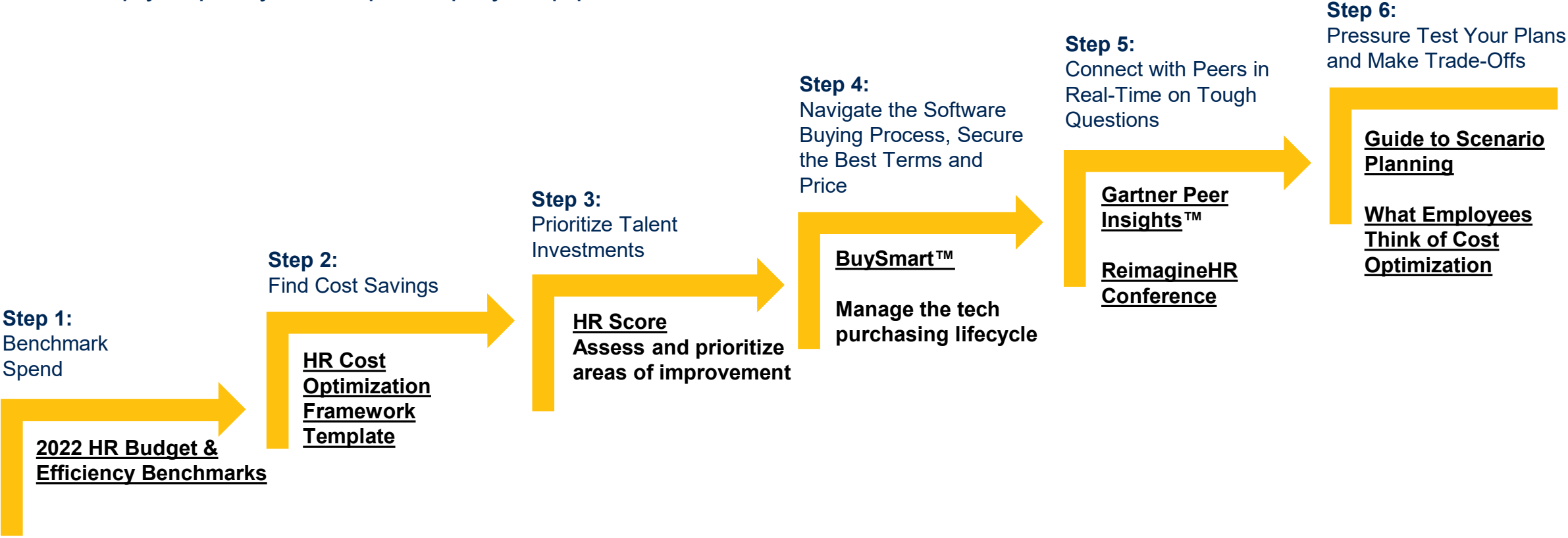


Accelerate Digital

- 7 Develop a future vision of the customer and employee** to accelerate the right digital investments for 2025.
- 8 Invest in AI and autonomous digital projects** that will make the organization faster and leaner.
- 9 Narrow the metrics** you use to measure and manage digital initiatives to the few that align to outcomes.

Gartner CHRO playbook for navigating recession

Sample research, benchmarks and other resources for winning in this period.
Let us help you plan your unique step-by-step path.



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