After the Election: What Now for Industrial Strategy in a Changing Policy Landscape?

By Ned Calder

Key Takeaways

- The change in presidential administration will have material impacts on industrial companies.
- There is significant uncertainty regarding when and how key changes will materialize.
- Companies need to identify potential impacts from policy shifts and strengthen capabilities to adapt.

The recent presidential election results bring sweeping implications for the industrial sector, with a broad array of disruptive policy changes likely to impact many areas of business. While these changes will continue to evolve, several major areas stand out:

Trade and Global Supply Chain Shifts

New tariffs and trade disputes, particularly with China, may disrupt global supply chains, driving up costs of raw materials and components. Meanwhile, new incentives for reshoring could reshape supply chains, creating domestic growth opportunities, though requiring significant capital investment. At the same time, changes in labor and immigration policy may limit access to skilled workers, complicating reshoring initiatives.

Regulatory Shifts

Changes in the regulatory environment are expected to have a substantial impact on industrial operations. For example, environmental deregulation could lower compliance costs in the short term while adding complexity around long-term strategies. Shifts in energy policy that deprioritize renewables may affect how companies manage energy costs and sustainability targets. Further, the new administration is likely to focus on removing bureaucratic obstacles that slow down infrastructure projects, which may lead to streamlined approval processes for transportation, communications, and energy projects.

Economic Stimulus Shifts

Economic stimulus, such as increased infrastructure spending, could unlock opportunities for sectors like construction, machinery, and industrial goods. Corporate tax cuts may also boost cash flow, fostering reinvestment in operations and innovation to drive growth.

These and other changes will drive strategic adjustments and create industrial sector challenges. Companies may reassess supplier networks and explore localized sourcing options to mitigate rising supply chain risks. Industries that rely on specialized expertise could increase investment in automation and workforce development, while shifting geopolitics may prompt export strategy updates. In addition, industrial companies will need to shift investment priorities to capture innovation and growth opportunities enabled by the new administration's priorities.

Taken together, these policy shifts represent material issues that require focused leadership attention and timely responses. By adapting strategies to align with these changes and building resilient industrial operations, companies can better position themselves to thrive amid new opportunities and challenges.

While the direction of many policy changes appears clear, the specifics of implementation, scale, and timing are uncertain. Navigating policies under the new administration will require balancing competing priorities as it transitions from campaign promises to policy action. For instance, higher tariffs and a tougher stance on China—a major campaign focus—could reduce trade imbalances but also drive inflation, conflicting with other economic priorities. How the administration will balance these competing priorities adds additional uncertainty about policy outcomes.

As companies respond to new priorities in Washington, they must also align with broader trends and customer expectations. Less stringent environmental regulations may reduce near-term compliance pressures, but leaders will still need to balance policy rollbacks with environmental stewardship to meet customer and stakeholder expectations.

All this combined uncertainty and complexity means that companies will be in a prolonged state of continuous adjustment. To navigate this environment, they will need the ability to sense and react to a constant stream of new information and ensure their strategies and business models are sufficiently adaptive.

Strategic Actions to Navigate Sustained Uncertainty

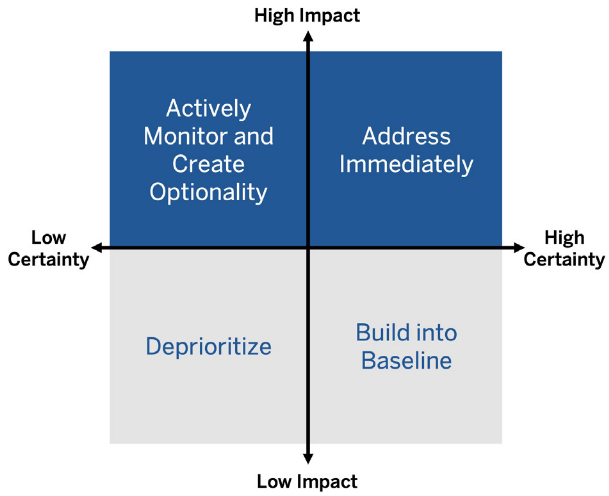
Amid these uncertainties, industrial leaders can strengthen their strategies and organizations to respond effectively. Here are three key actions:

1. Identify High-Impact Policy Changes.

Policy shifts will impact industrial ecosystems differently based on industry dynamics and each company's position. Leaders can pinpoint where policy shifts intersect with strategic priorities, focusing on two types of changes:

High-Impact, High-Certainty Changes: These are changes that are highly likely to occur and will require companies to make material adjustments to their strategies and operations. Leaders can see them as opportunities to reset their plans and take decisive action. For example, increased incentives for reshoring manufacturing operations are a high-certainty change. Companies that anticipate this shift can proactively capitalize on reshoring incentives by establishing partnerships, securing funding, and investing in infrastructure. They may also reallocate resources that no longer align.

Action Readiness Matrix



High-Impact, Low-Certainty Changes: These shifts can have significant consequences but are uncertain in terms of their implementation, timing, and scope. Leaders can build readiness for these shifts by monitoring closely and defining triggers for action. For instance, while the timing and scope of potential penalties on Chinese goods may be unclear, the impact of tariffs could be significant. Close monitoring of political signals and scenario planning can keep companies prepared.

Leadership teams can build a shared understanding of both types of changes, staying proactive and reducing risks in a rapidly changing policy environment.

2. Build Agility into Strategy and Business Models.

Companies that continue with rigid planning processes will inevitably lag more nimble competitors. Leaders can stay ahead by shifting from annual strategic reviews to more agile and adaptive processes that continually monitor both internal performance and external environment, allowing for prompt adjustments when conditions change.

Rather than treating strategy as a fixed, time-based activity, companies should adopt a dynamic approach that adapts to changing circumstances. They should also assess their business model's resiliency to effectively respond and adapt to changes in strategic priorities.

To assess readiness for ongoing uncertainty, leaders can ask:

Do we have robust capabilities to sense and anticipate market changes effectively?

Organizations need near real-time monitoring and early-warning systems to stay ahead of market shifts. This means investing in analytics and insights to help spot emerging trends before they fully develop, ensuring that leaders can proactively adjust their strategies. Companies need to cultivate sensing capabilities that are tuned to a rapidly changing policy environment.

Is our strategy flexible enough to adapt to different outcomes?

Leaders must evaluate whether their current strategy is flexible enough to withstand different scenarios. Using scenario planning to define different policy outcomes and pressure-test the strategy can ensure it is flexible enough to pivot and thrive as circumstances change. Preparing for a range of futures ensures that the organization has the optionality to adapt regardless of how external conditions evolve.

Are planning processes dynamic enough to respond quickly?

Traditional, static planning processes slow response times. Leaders need planning mechanisms capable of updating strategic priorities rapidly as new information becomes available.

Is our business model resilient?

A resilient business model can absorb shocks and adapt to new realities. By assessing whether their business model can withstand supply chain disruptions, policy changes, or changing customer demands, companies can determine whether any elements of the model need adjustment to enhance resilience.

Is our culture adaptive?

Culture plays a key role in an organization's ability to support quick decision-making. Leaders should assess whether their culture encourages innovation, flexibility, learning, and rapid decision-making. By rewarding flexibility and experimentation, organizations are better prepared to pivot when needed.

These questions can help produce a readiness checklist for adapting to ongoing change. By continuously reassessing and refining these areas, industrial leaders can ensure their organizations remain agile and responsive amid sustained unpredictability.

3. Act on Emerging Opportunities.

Periods of uncertainty, like those following a change in administration, offer unique opportunities for industrial companies. Rather than waiting for clarity, successful organizations act early, positioning themselves ahead of competitors. Here's how leaders can identify and leverage these opportunities:

Identify Opportunities Before the Market Does.

The first step is to spot areas of growth or change arising from new policies, regulations, or market shifts. The key is to avoid the information-action paradox—waiting too long for clarity while opportunities slip away. In addition to monitoring signals, leaders should generate proprietary data to identify early opportunities. This can involve running small-scale experiments, engaging directly with key customers to understand their evolving needs, or modeling the potential impact of proposed policy changes. By proactively collecting and generating new sources of data, companies can detect patterns before they fully emerge, enabling them to respond more swiftly than competitors.

Set Clear Strategic Posture.

After identifying potential opportunities, leadership teams need to align on strategic posture: deciding whether to shape the industry or, alternatively, maintain the flexibility to adapt. The choice depends on influence, risk tolerance, and specifics of the opportunity. For instance, a company with strong assets or partnerships can play a proactive role in setting new industry standards or lead a policy shift. In the case of reshoring incentives, a company might position itself early to benefit from these, helping shape how the industry as a whole will respond.

De-risk Opportunities.

In high-uncertainty environments, committing significant resources can be risky. Companies can test strategies that de-risk investments while retaining flexibility. One effective approach is to launch pilot programs that can scale based on early results. For example, experimenting with reshoring in a small part of production helps evaluate viability without overcommitting. Forming partnerships or alliances further distributes risks and increases flexibility. Collaborating with domestic suppliers, for example, enables companies to adapt quickly if tariffs rise or reshoring accelerates. Building strategic relationships across an ecosystem ensures readiness.

Following these steps—identifying opportunities, aligning intent, and de-risking investments—positions organizations to capture shifts in policy and market dynamics faster than competitors.

The recent election marks the start of a transformative era in the industrial sector. Shifts in trade, regulation, energy, and labor policies will reshape the landscape. Proactive, adaptable organizations will find ample opportunities to create value. Success depends on staying attuned to policy shifts, maintaining flexibility, and seizing opportunities as they arise.

ABOUT THE AUTHORS

Ned Calder is a Managing Director at Innosight.

ABOUT INNOSIGHT

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