

Wilkerson Strategies LLC
Considerations for 2024
By Scott Wilkerson

As we move into 2024, I took some time to think about what broad currents will impact business leaders over the next 12 months. At this point, I am sure that most companies have locked their goals in place and have established aggressive targets. Many leaders are appropriately thinking about implementation strategies and tactics to get key projects up and running. While this is critical work, it is also helpful to think about how the overall business climate may impact your ability to keep goals on track throughout the year. To support this thinking, I am putting forth considerations for 2024. As you review the list, you may have different ideas about what should or shouldn't be on the list. If you have different perspectives, write them down. Just thinking about them won't help you to achieve your goals. As you assess your progress throughout the year, you will be able to pull out your thoughts and see how well you integrated your thinking into your work. Wishing you an outstanding 2024!

1. Investments in growth will be carefully evaluated for appropriate return on investments.

Implications: Given the sharp increase in weighted average cost of capital, CFO's, CEO's and boards will be carefully reviewing financial models and implementation timeframes to ensure that projections are realistic. Leaders should carefully review assumptions used in their models to ensure that they are reasonable. Have robust conversations with leaders in other disciplines to test assumptions around order lead times for equipment, ability to find additional skilled workers, required technology implementation and marketing. Finally, don't forget to focus on the fundamentals. Think about how you can help the organization with productivity improvements, eliminating waste or otherwise impact margins.

2. The balance of power between employees and employers will remain unchanged after several years of shifting towards employees.

Implications: Employees have made gains in the past few years, in terms of financial improvements and work flexibility. Some of these trends will continue in industries or geographies that have not enjoyed these improvements. The labor market continues to be tight for skilled workers, employees are pushing back against efforts to return to on-site work, and unions have seen some nice wins. Inflation is also consuming some of the gains received.

3. Customers will continue to demand genuine, high value products and services.

Implications: Companies that have a customer first approach will continue to outpace others. For those companies not leading the customer experience battle, leaders need

to unpack customer wants and needs. Don't confuse the desire for genuine experiences with the desire to use technology. Look to examples in other industries for how important access and turnaround time are to consumers. These expectations will continue to impact healthcare. So, how do you create a high value interaction through self-service?

4. Companies must continue to evolve role as corporate citizen in environment, social and governance related activities.

Implications: Keeping a low profile may work if your company is in a commodity business. But it will not work in the high value arena. This applies whether your company is publicly traded or not. Stakeholders and customers are looking for improved performance in this area. Leaders should carefully assess the commitments you are making in this area and take action.

5. The election cycle will cause a pause in big policy changes for several years.

Implications: Carefully consider making big investments in new products or services that are outside of the current regulatory framework. Short term gains could easily be consumed by long term financial or reputational costs.

6. Investments in community health needs assessments will face increasing pressure to demonstrate results as new government funding for these programs is slowing as deficit spending comes back into focus and pressure on healthcare margins remains high.

Implications: The recognition of community health needs has been a critical change in the system over the past decade. Organizations are making investments in a variety of different programs and approaches to improve underserved communities. Determining whether these investments are successful can often be hard to pin down. Leaders need to think about how best to demonstrate success by asking what improved outcomes they seen through these types of programs?

7. Material security breaches of IT systems, including ransom attacks, will continue to rise.

Implications: At this point, I think this risk is well known. With high unemployment in bad actor states among professional communities, low cost of entry and high returns, if you haven't planned for this, please start right now!

8. Physician loyalties may be up for grabs given the continued pressures they are facing.

Implications: The demands on physician time have not receded. Whether it's limited increases in fee schedules, increasing payer requirements, or customer expectations or other considerations, physicians are looking for support and solutions. This may not

mean they are looking to sell their practice, but how can you help make their lives easier? If you don't do it someone else will and is already talking to them. Investors see that physicians have rich sources of data, key consumer relationships, and opportunities to participate in value-based plays to increase margins.

9. Artificial Intelligence will continue to disrupt industries, creating a wealth of opportunities but will also create new types of risks.

Implications: At this point, most anyone has experienced AI in one form or another. The benefits seem significant in terms of improving productivity, using data to improve predictions, or just improving day to day living. That said, we are just beginning to experience the risks of some of these tools. Companies need to think through how they are using these tools and ensure that trained humans still control decision making, especially related to life impacting decisions. I recommend making this a broad conversation to ensure you are gathering all perspectives. If you don't have a policy on AI, now is the time to develop one. Finally, look for regulation to have an impact in this space.

10. Companies will look for the next round of innovation to tackle big health care cost increases.

Implications: Employers and government programs have enjoyed a nice run of modest cost increases in health benefit plans. However, recent trends indicate that we may face several years of high-cost increases. Leaders will want to understand the drivers for these cost increases and consider what changes can be made that don't necessarily disrupt employees.