

The Confidence Crisis: Navigating the *Polycrisis* of 2025

A comprehensive analysis of the unprecedented convergence of global risks creating a crisis of conviction among corporate leaders, and the strategic imperatives for building resilient organizations in an age of endemic volatility.

With Futurist Jim Carroll



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Executive Summary

The "confidence crisis" of 2025 is a **crisis of conviction**—a rational loss of faith in the stability and predictability of the global system amid a "polycrisis" of interconnected risks.

The dominant corporate response has been a **retreat to caution**, characterized by reduced risk appetite and defensive strategies that create a dangerous "agility gap."

Navigating this era requires a fundamental strategic pivot from better forecasting to **engineering superior adaptive capacity**—reinventing decision-making, building resilience by design, and cultivating new leadership capabilities.



The 2025 CEO Confidence Paradox

A Crisis of Conviction in a Volatile World

Leaders feel confident in their ability to execute strategy but have lost faith in the predictability of the external environment. The crisis is not about internal capability but external predictability—they can steer their ship, but have lost faith in the sea itself.

Quantifying the Crisis

63%

Risk Increase

Leaders reporting overall
risk to their companies
has risen in the past
year

11%

Fully Confident

Leaders who feel fully
confident in their
organization's risk
management capacity

9%

Economic Readiness

Leaders fully confident
in their ability to manage
economic volatility

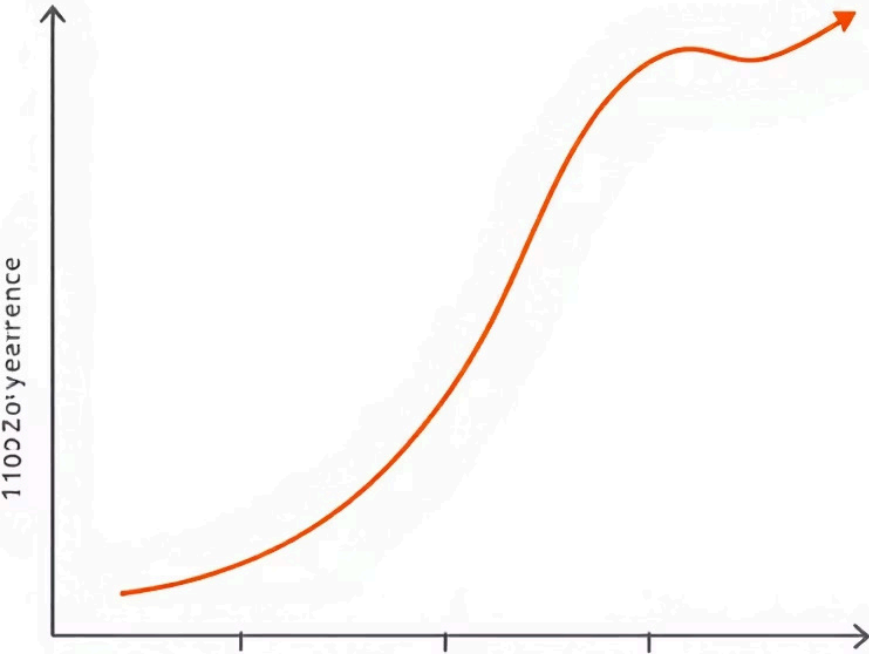
7%

Geopolitical Readiness

Leaders who feel
prepared for geopolitical
risk

Source: Korn Ferry "Risky Business" report, 2025

Confidence



Most experienced leaders

Experience vs. Confidence

Counterintuitively, the most seasoned leaders (20+ years in senior roles) report among the lowest levels of confidence. This suggests recognition that the nature of risk in 2025 is fundamentally different and that the playbooks of the past are no longer sufficient.

Corroborating the Malaise

Fortune/Deloitte CEO Survey

CEO optimism regarding company performance plummeted to 60% from 84% in Fall 2024. 58% expressed a negative outlook for the global economy—a 40-percentage-point increase.

Vistage CEO Confidence Index

Index dipped to 77.2, falling below its 12-quarter average. 50% of SMB CEOs reported worsening economic conditions with expectations for revenue and profitability waning.

Heidrick & Struggles Monitor

Survey of 930 global leaders identified "persistent concerns" and continued low confidence in managing significant issues, underscoring the chronic nature of leadership anxiety.

The Optimism Counter-Narrative

Apparent Contradiction

- PwC: 60% of CEOs expected global economic growth to increase
- Conference Board: Strong recovery in Q3 after Q2 collapse
- Heidrick & Struggles: 2/3 of leaders confident in delivering on strategic plans

Resolving the Paradox

The paradox resolves when distinguishing between confidence in **internal capabilities** versus confidence in the **external environment**.

Leaders believe: "*We can execute and win*" but simultaneously: "*The global systems forming our assumptions are becoming dangerously unstable.*"

Anatomy of the Polycrisis

Deconstructing the New Risk Landscape

The root cause of the confidence crisis is the emergence of a "polycrisis"—where disparate global risks are no longer isolated events but interact and amplify one another, creating a complex, fast-moving environment that invalidates traditional risk management approaches.



The Geopolitical Chessboard

Great Power Competition

Escalating rivalry between US, EU, and China forces companies to navigate a world increasingly splitting into competing political and economic blocs.

Trade Wars & Protectionism

Tariffs, sanctions, and export controls have become routine tools of statecraft. 88% of leaders altered strategic investment plans due to trade policy developments.

Regulatory Divergence

Nations prioritizing digital sovereignty create "impossible compliance matrices" forcing businesses to abandon one-size-fits-all global strategies.

Economic Headwinds



Persistent Macroeconomic Uncertainty

47% of CEOs cite financial volatility as a top-three concern—a 17-point jump from the previous quarter.

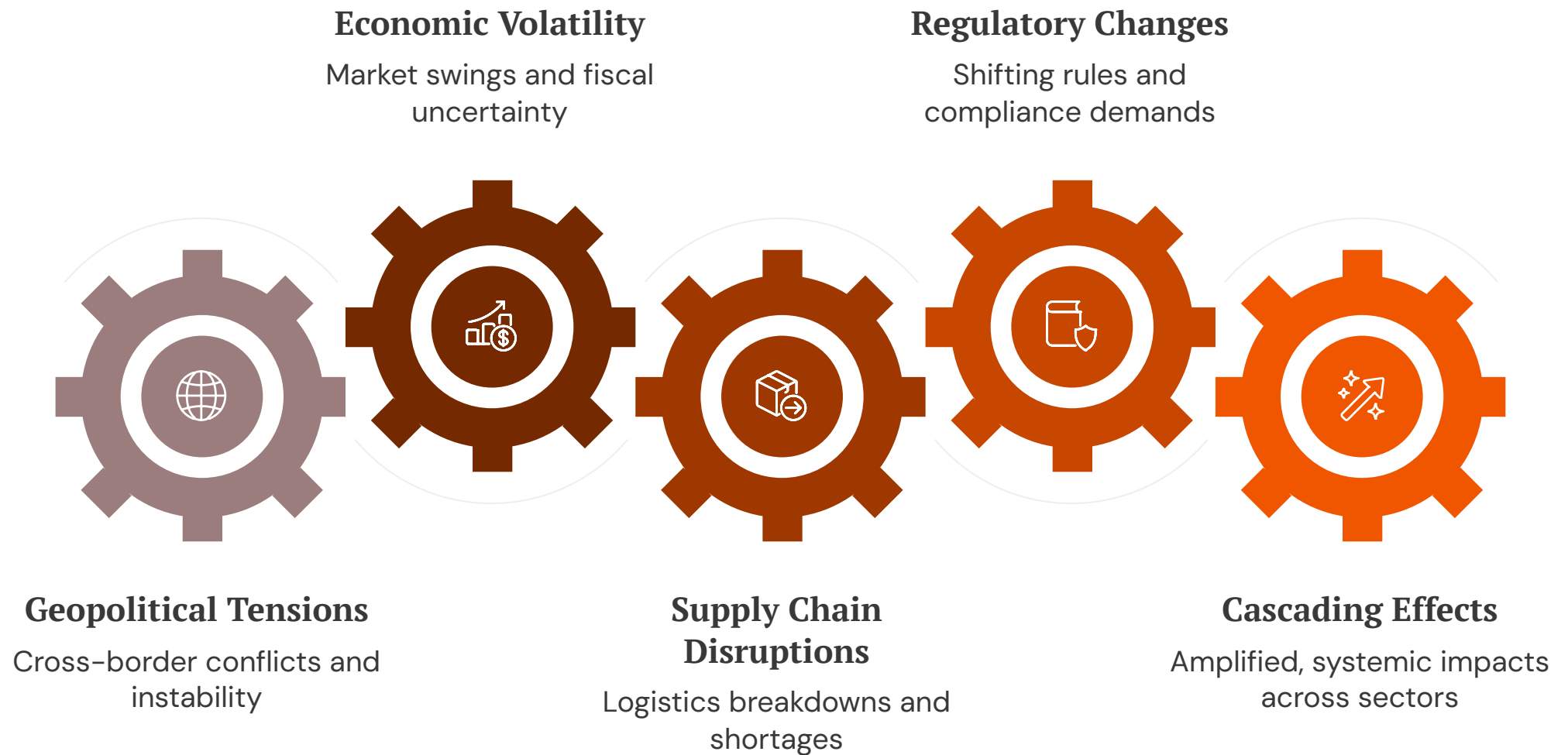
Inflation and Margin Pressure

Nearly half of SMB CEOs plan price increases, citing rising costs of labor, materials, and overhead.

Structural Fiscal Risks

51% of US CEOs cite national debt as their chief economy-related geopolitical risk.

The Interconnectivity Effect



The true challenge lies in the interaction and mutual amplification of risks. The World Economic Forum identifies the "simultaneous deterioration" of multiple factors creating "increasingly complex environments to manage."

Why Traditional Risk Management Fails



Siloed Approach

Traditional frameworks
separate risks by function
(finance, legal, operations)



Historical Precedent

Based on analyzing past events
and patterns that may no
longer apply



Novel Complexity

Polycrisis characterized by
emergent threats with no
historical precedent

The most experienced leaders are the least confident—not from fear, but from recognizing their tools and mental models are insufficient for today's complexity.



The New Velocity of Business

Disruption, Adaptation, and the Agility Gap

The polycrisis is dramatically accelerating change, compressing strategic timelines and shortening the lifespan of business models. Yet the dominant corporate response has been a defensive retreat into caution, creating a dangerous "agility gap."

The Acceleration of Strategic Timelines

The Shortened Viability Horizon

42% of CEOs believe their company will not be economically viable in a decade if it continues on its current path.

This reflects an understanding that competitive advantage is more transient and that the forces of creative destruction are intensifying.

From Long-Range Planning to Dynamic Steering

The environment is now too "turbulent and fast-moving" for old playbooks. A strategy that appeared solid just one quarter ago may now require rapid adjustment.

This demands a shift from rigid five-year plans toward adaptive approaches like continuous "horizon scanning" and scenario-based analysis.

The Corporate Response: A Retreat to Caution

50%

Risk Reduction

CEOs planning to actively reduce
their risk appetite for 2025 and
2026

77%

Cost Efficiency

CEOs pursuing cost-efficiency
measures as a top priority

71%

Supply Chain Shifts

US CEOs planning to alter supply
chains to lower risk of disruption
(up from 54% in 2024)

These defensive measures mark a historic shift from a focus on efficiency to a focus on stability.

The Agility Gap



While the retreat to caution is rational, it is dangerously insufficient. Success will depend on greater agility and innovation, yet the observed reality is one of organizational inertia.

Evidence of the Agility Gap

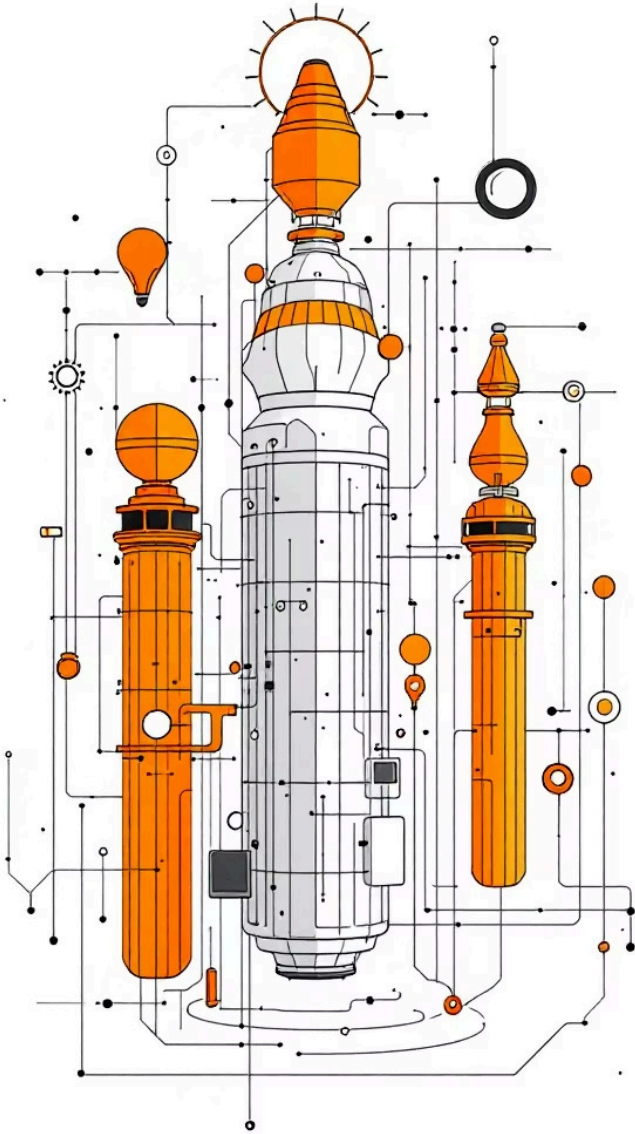
Resource Reallocation

About half of CEOs reallocate 10% or less of their financial and human resources from year to year—far too low to fuel meaningful transformation.

Cultural Barriers

71% of innovation leaders believe a risk-averse culture is actively "killing innovation" within their firms.

This creates a stark contradiction: Leaders recognize the existential threat of accelerating change, yet their primary actions are defensive, focusing on fortifying the current business rather than building the next one.



Strategic Imperatives for a High-Volatility Era

Engineering Resilience and Seizing Opportunity

Closing the agility gap requires a fundamental rewiring of the organization's core—its decision-making processes, operational philosophy, and leadership model—to build an enterprise that is resilient by design.

Reinventing the Decision-Making Engine



Embrace Dynamic Scenario Planning

Shift from single-point forecasts to developing multiple plausible futures, assessing their potential impact, and building strategies robust across outcomes.



Break the Echo Chamber

58% of CEOs are actively gathering diverse perspectives and encouraging internal debate, while 50% bring in external advisors to challenge assumptions.



Empower Decentralized Action

Provide teams with clear strategic guardrails and autonomy to act quickly as conditions change, enabling faster and more precise responses.

From Risk Mitigation to Resilience by Design

Embrace Strategic Redundancy

What once looked like wasteful slack—backup capacity, dual sourcing, higher inventory—is now a critical investment in stability.

Prioritize Financial Fortification

A strong balance sheet provides capacity to weather downturns and creates strategic firepower to invest when competitors are constrained.

Develop Proactive Geopolitical Strategy

Move from reactive to proactive by integrating geopolitical intelligence directly into corporate strategy.

For many global firms, this means creating a dedicated role like Chief Geopolitical Officer to audit exposure and embed a geopolitical lens into decisions.

Leading Through the Polycrisis

The New Leadership Mandate

Master the Art of Managing Paradox

Leaders must simultaneously manage competing goals: global scale with local fragmentation; top-down direction with bottom-up autonomy; efficiency with resilience.

Lead with Purpose and Clarity

A clear organizational purpose serves as a vital anchor—a "north star" that guides decision-making when the "what" and "how" are constantly changing.

Cultivate "Controlled Chaos"

Create an environment where experimentation is encouraged and small, fast failures are valuable learning investments. Measure "learning velocity"—how quickly the organization tests assumptions and adapts.



The Path to Restored Confidence

The polycrisis is, by its nature, unpredictable. Any strategy predicated on accurately forecasting the future is destined to fail.

Confidence will return not when the external world becomes more predictable, but when leaders have built organizations with the **superior adaptive capacity** to survive and thrive, no matter what the future holds.

Case Study: Supply Chain Transformation

Old Model: Efficiency Above All

- Just-in-time inventory
- Single-source suppliers
- Concentrated manufacturing
- Cost as primary metric

New Model: Resilience by Design

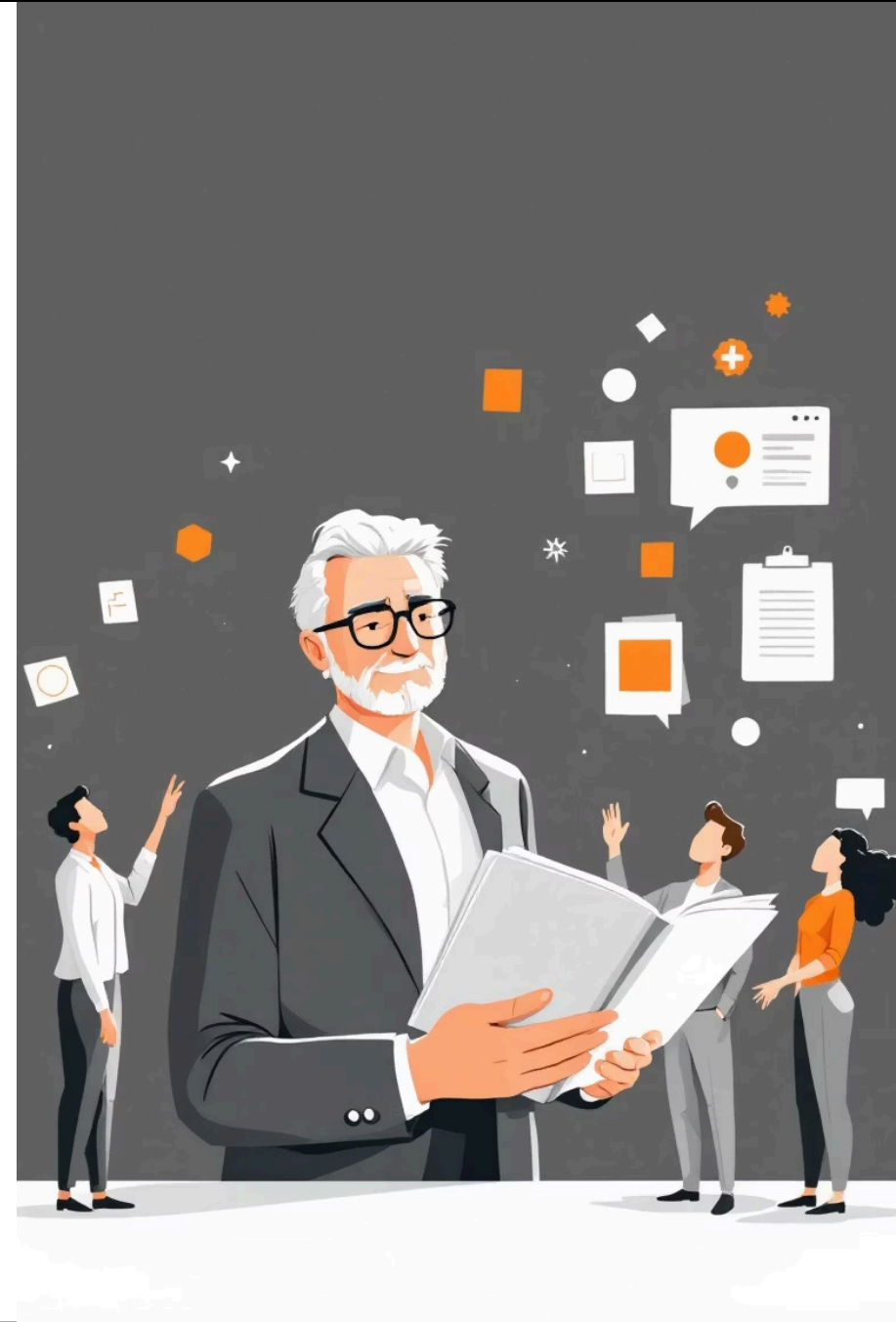
- Strategic inventory buffers
- Diversified supplier networks
- Regional manufacturing hubs
- Resilience metrics alongside cost

This shift represents the broader philosophical change from pure efficiency to engineered resilience—building in optionality and shock absorption across the enterprise.

The Experience Paradox

The finding that the most experienced leaders are the least confident reveals a profound truth: the polycrisis has invalidated traditional mental models.

Organizations must balance the wisdom of experience with fresh perspectives unencumbered by outdated assumptions. This requires intentional cognitive diversity in leadership teams and decision-making processes.



Measuring Adaptive Capacity

Decision Velocity

How quickly can the organization make and execute strategic decisions in response to new information?

Resource Fluidity

What percentage of resources (capital, talent, technology) can be reallocated annually to new opportunities?

Learning Rate

How effectively does the organization capture insights from experiments and market feedback to refine strategy?

Shock Absorption

Can the organization withstand significant disruptions without existential threat to core operations?

From Forecasting to Adaptation

Traditional Approach

- Predict the future accurately
- Create detailed long-term plans
- Execute with precision
- Measure variance from plan
- Optimize for efficiency

Adaptive Approach

- Embrace uncertainty
- Create flexible strategic guardrails
- Test and learn continuously
- Measure learning velocity
- Optimize for resilience

The fundamental shift is from trying to predict an unpredictable future to building the capacity to thrive in any future.

The Geopolitical Imperative

The fragmentation of the global order requires a new geopolitical capability within organizations. This is not just about risk management but about strategic opportunity.

Leaders must develop the capacity to navigate a multi-polar world with divergent regulatory regimes, technology standards, and market access rules—turning potential barriers into competitive advantages through superior geopolitical intelligence.



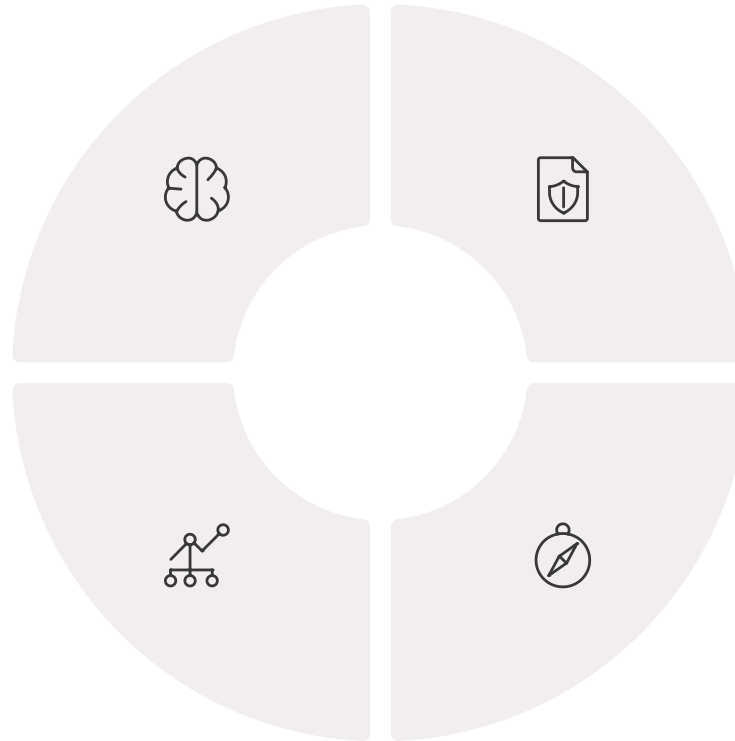
Building the Resilient Organization

Dynamic Decision-Making

Scenario planning, diverse perspectives, decentralized action

Organizational Agility

Resource fluidity, learning systems, modular structures



Resilience by Design

Strategic redundancy, financial fortification, geopolitical strategy

Adaptive Leadership

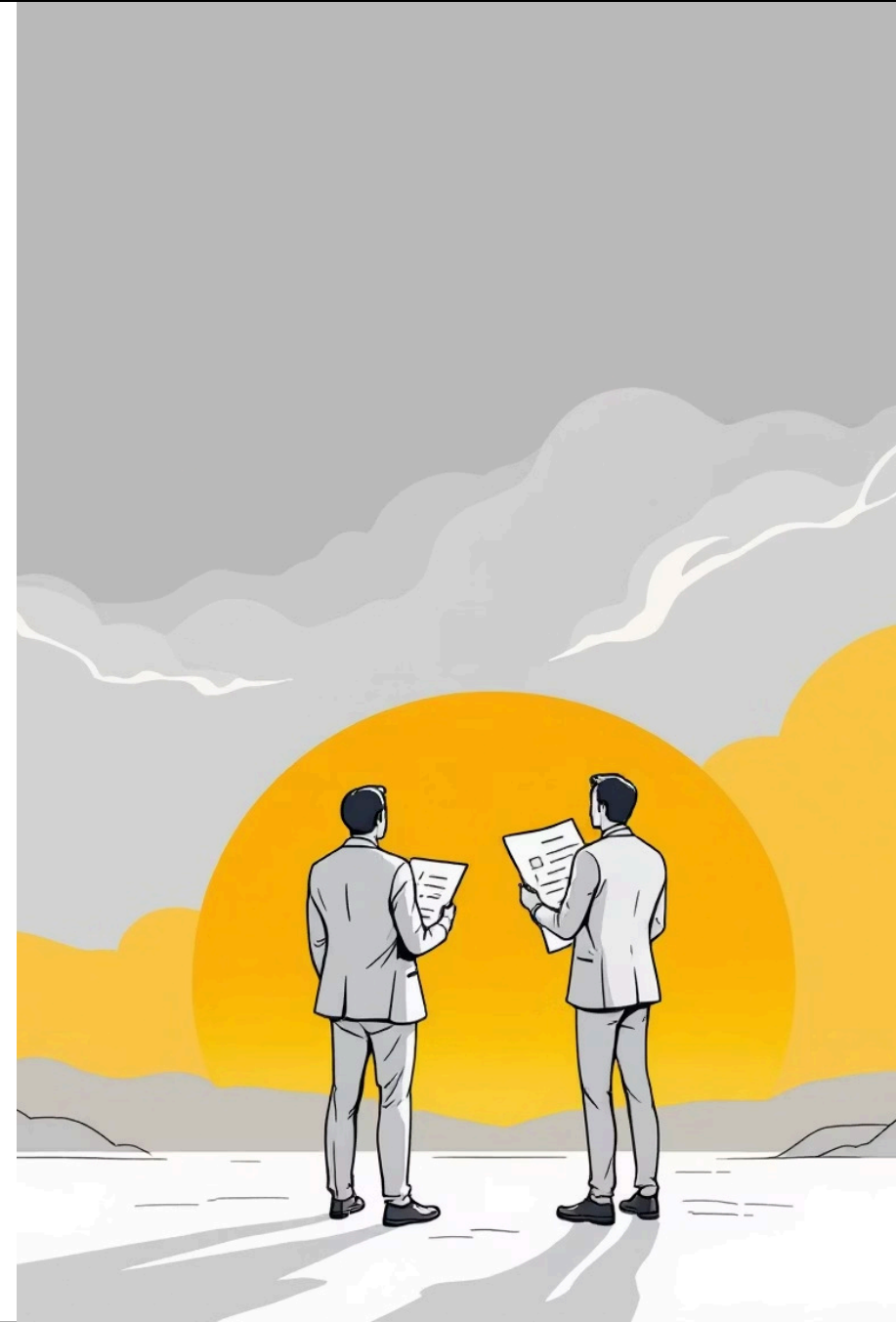
Managing paradox, purpose-driven clarity, controlled experimentation

Conclusion: From Crisis to Opportunity

The confidence crisis of 2025 is real, but it also represents a critical inflection point. Organizations that merely hunker down will survive the immediate turbulence but risk long-term irrelevance.

Those that embrace the polycrisis as a catalyst for transformation—reinventing their decision-making, building resilience by design, and cultivating new leadership capabilities—will emerge not just intact, but positioned for unprecedented advantage in the new landscape.

The future belongs to the adaptable.





The New Book: Dancing In The Rain

Futurist Jim Carroll's latest book, "**Dancing in the Rain: How Bold Leaders Grow Stronger in Stormy Times**," serves as a vital guide for leaders navigating today's turbulent global landscape. It provides a practical framework for moving beyond prediction and into a state of continuous adaptation.

This book offers a pathway to restore confidence by empowering organizations to embrace uncertainty, build deep resilience, and cultivate an agile mindset capable of transforming threats into opportunities.

Learn more and get your copy at dancing.jimcarroll.com.