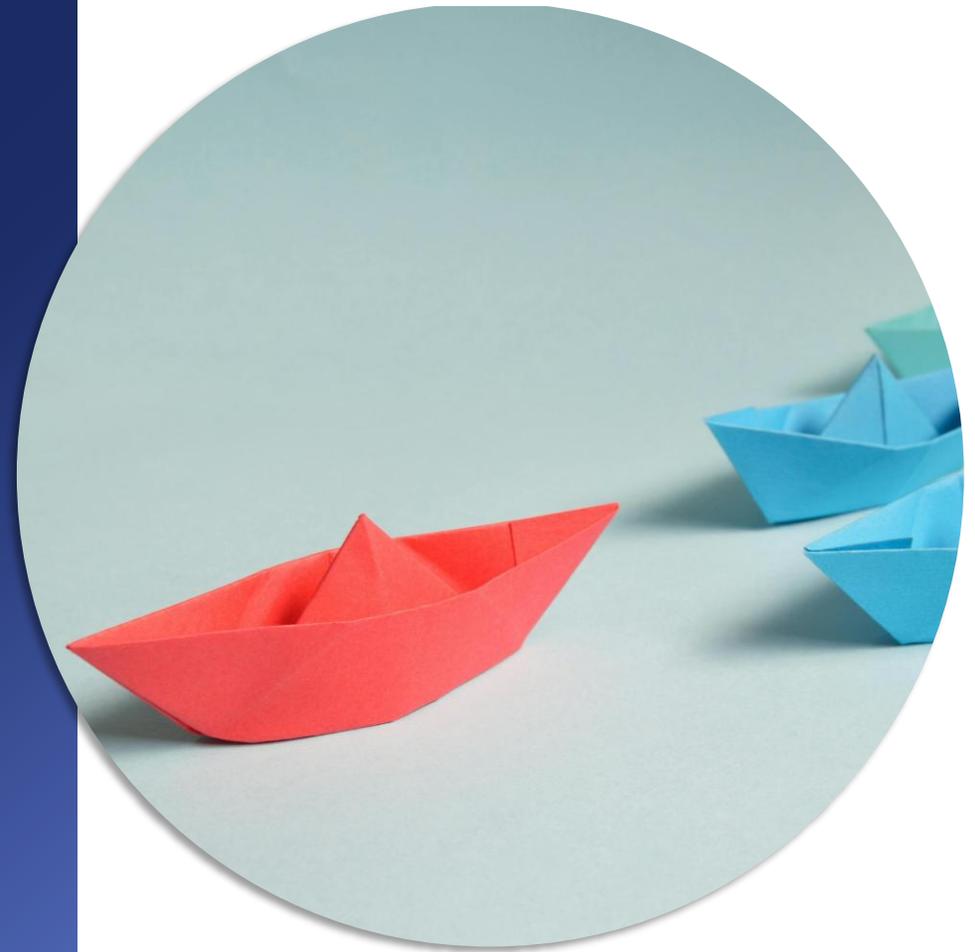


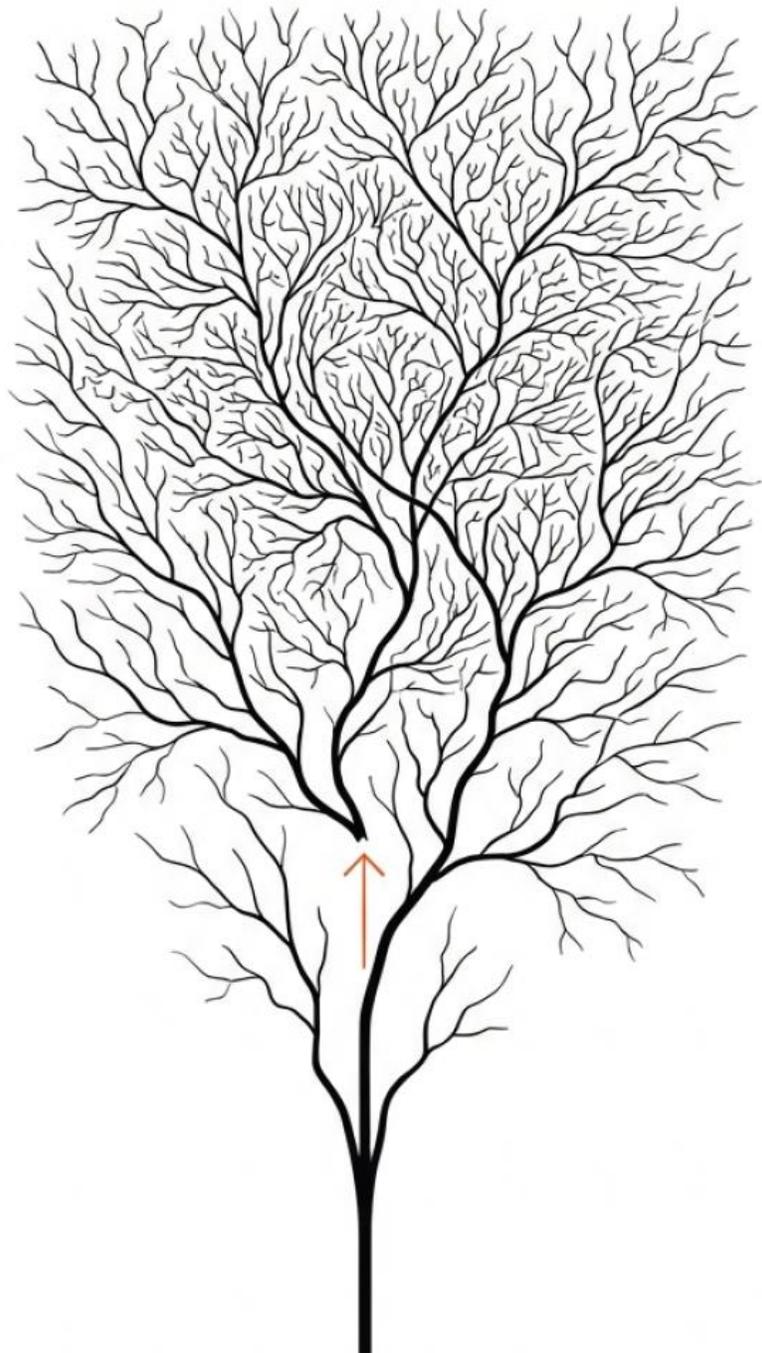
Leading Through Uncertainty: Essential Perspectives

*Bevington Group is the strategy and
operating model practice of Argon & Co*



February 2026

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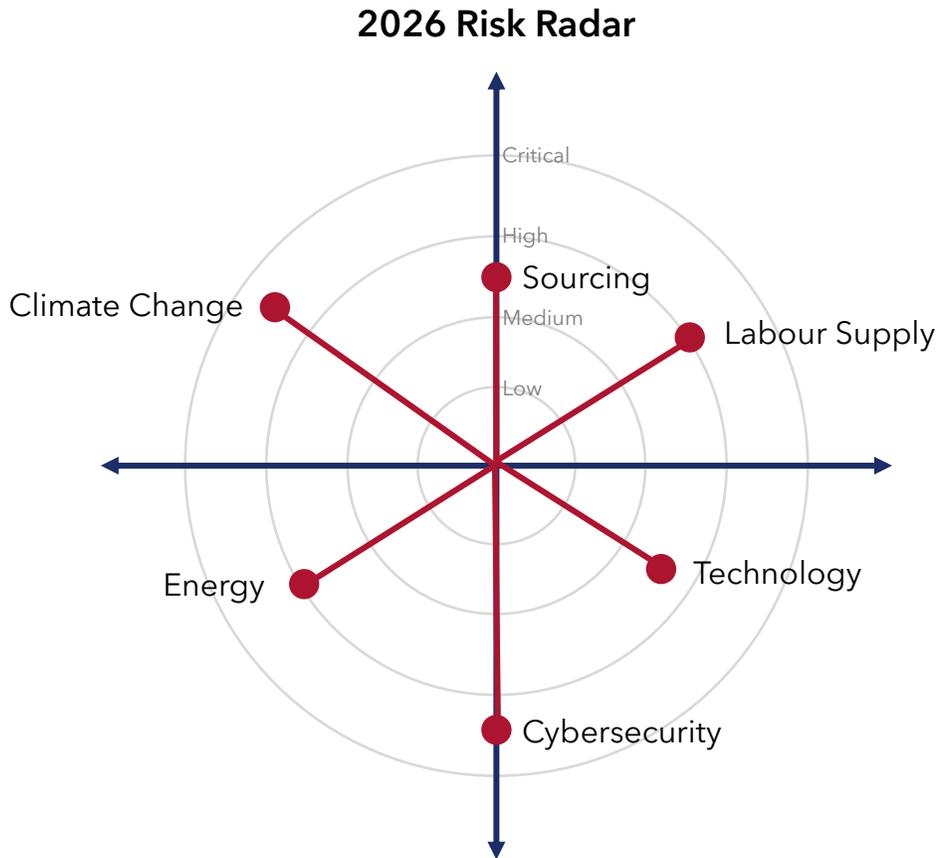
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The Current Australian Context

1

The sources of uncertainty are varied



Sourcing

Geopolitical tensions and supply chain disruptions affect imports and procurement, prompting diversification



Supply

Skilled trade shortages continue; full employment is helpful, but key skills groups are facing material gaps (e.g., trades, nursing)



Technology

AI shifts top business concerns, risking model obsolescence; rapid adoption signals disruption opportunities and threats



Cybersecurity

API, AI, and infrastructure attacks are escalating, targeting key sectors like healthcare and fintech, with daily threats observed



Energy

Electricity price rises (end of subsidies) and tight east-coast gas supply forecast; fuels inflation



Climate Change

Extreme weather drives productivity losses (millions of workdays), and rising insurance costs; compounding health/economic effects

The international context remains volatile

Tension & Diversification



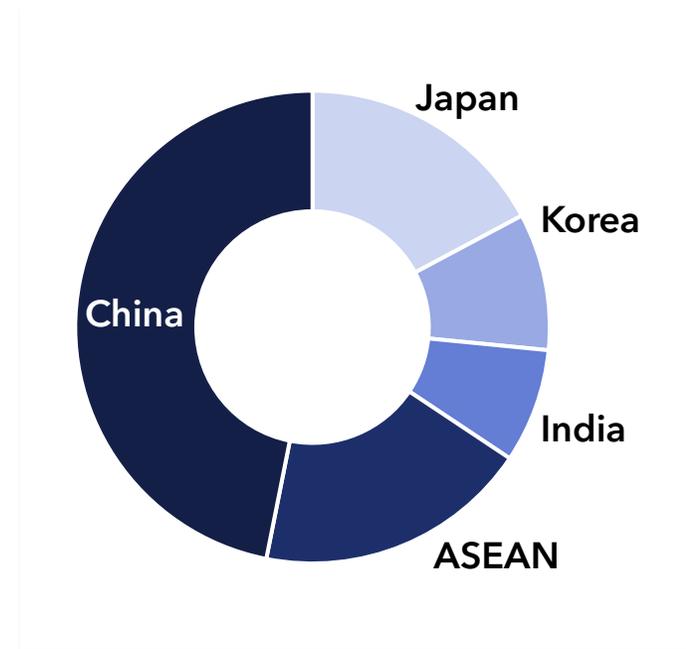
- Australia must manage broad geopolitical risks that have a real impact on the economy
- From **tariffs to supply chain security**, there are a range of factors that can affect resilience and costs

Maritime Risk



- Recent geopolitical action shows there is **risk of economic coercion** through targeted maritime disruption (for instance costs increased as traffic was directed away from Straits of Hormuz)

Export Market Exposure



- Acceleration of sourcing from India and ASEAN to mitigate concentration risk
- Suppliers vetted on circular economy and modern slavery credentials

We have an “uncertain” path out of supply constraints (these constraints drive inflation). It is hard to escape without material productivity improvement



Cash Rate
3.85%



- Feb 2026 hike (+25bps)
- Market pricing potential 4.10%



Inflation (CPI)
3.8%



- Sticky & home-grown
- Target return: Mid-2027



GDP Forecast
2.1-2.4%



- Slowing by late-2026
- The necessary growth trade-off against inflation



AUD / USD
0.7000+



- Reclaimed
- Driven by yield divergence (RBA hikes vs Fed cuts)

- The RBA raised the cash rate by 25bps to 3.85% at its first policy meeting of 2026
- The decision marked the first rate-hike since November 2023, underscoring renewed cost pressures that intensified in H2 2025 amid elevated service expenses and a tight labour market

The Australian regulatory environment is responding to a broad range of challenges. Here are some change examples

2026



1 Jan 2026

Mandatory Merger Regime Starts

ACCC becomes the administrative gatekeeper for all mergers meeting turnover thresholds



4 Mar 2026

Smart Device Security Standards



31 Mar 2026

AML / CTF Existing Entities

Requiring enhanced customer due diligence, and improved risk assessments



1 Jul 2026

Mandatory Climate Reporting (Group 2)

These requirements mandate annual sustainability reports with climate-related financial disclosures aligned with AASB S2 standards



1 Jul 2026

AML / CTF Tranche 2

Regulated entities must appoint an AML/CTF compliance officer, and implement a risk-based program covering ML/TF assessments and mitigation policies



10 Dec 2026

Privacy Act Automated Decision-Making Disclosures

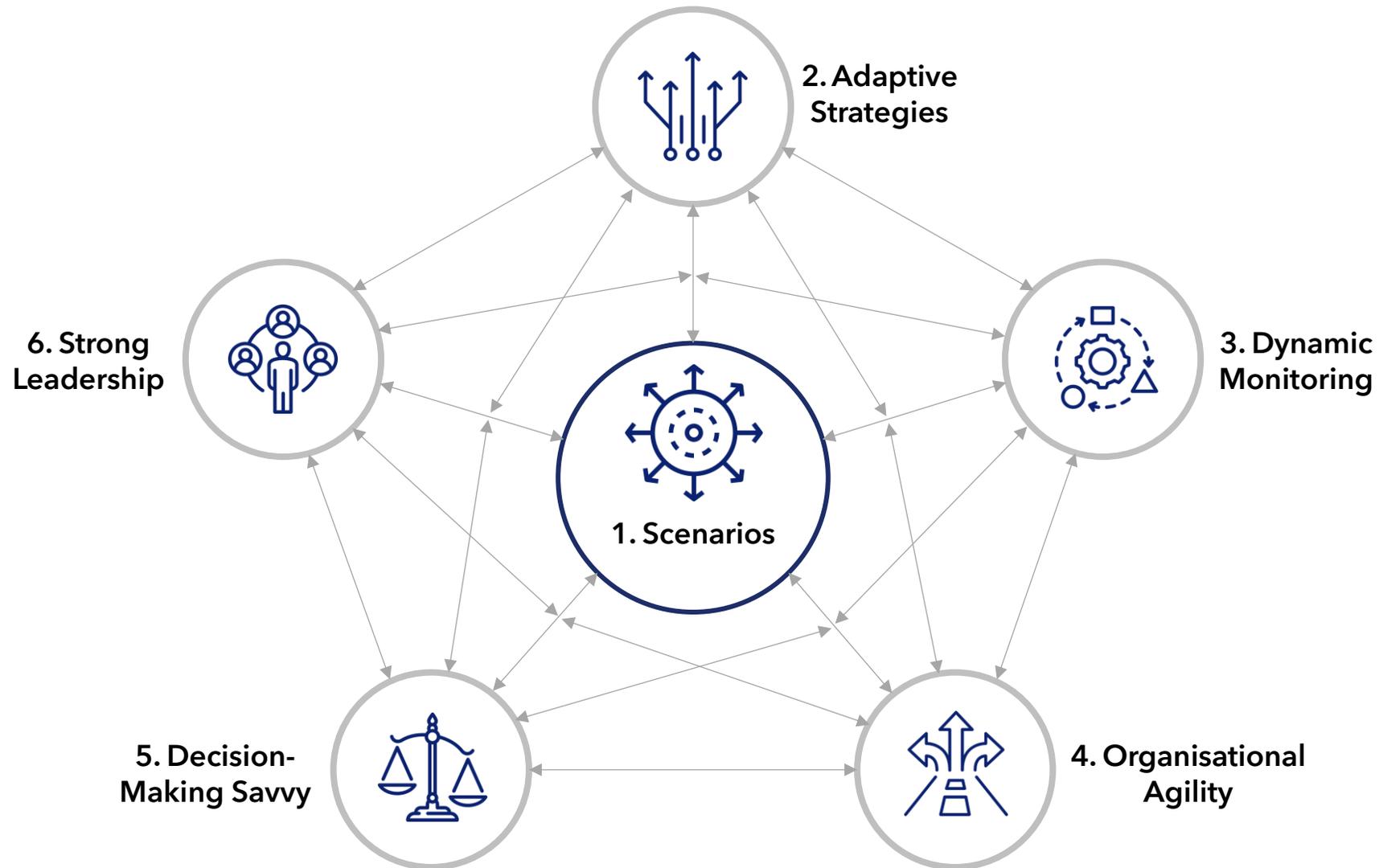
These changes mandate disclosure of automated decision-making usage where computer programs make or substantially influence decisions significantly affecting individuals' rights or interests using personal information

Core Principles for Navigating Volatility

Scenario Planning

2

Schoemaker and Phadnis (2026) suggest that scenario planning is the hub of a six-part ecosystem



Source: Schoemaker, Paul J.H. and Phadnis, Shardul S., "How to Make Scenario Planning Stick," MIT Sloan Management Review, Winter 2026

Scenario Planning

2.1

Scenario planning is an excellent way to start your preparation for uncertainty

- Made famous by Royal Dutch Shell Company when they outperformed their competitors in spite of (or because of) a major oil shock

Scenario planning is a way to synthesise enormous amounts of trend data into a vision of what might be possible - most likely multiple visions

In essence it simplifies “an avalanche of data into a limited number of strategic themes”



By preparing multiple scenarios it is possible to pick the critical strategic themes that might lead to enhanced resilience

It helps manage for both overprediction (e.g. I thought we would have colonised Mars by now!) and underprediction (e.g. Amazon becoming a global retail powerhouse from its start as a bookseller!)

Essentially

Build the scenarios

Find the themes

Invest for profit or resilience

Scenario planning is materially different from forecasting

Forecasting

- The use of historical data and statistical trends to predict the most likely outcome
- Based on the assumption that the future will be a linear extension of the past
- However, high fragility in complex environments where "Black Swan" events or non-linear shifts render historical data irrelevant

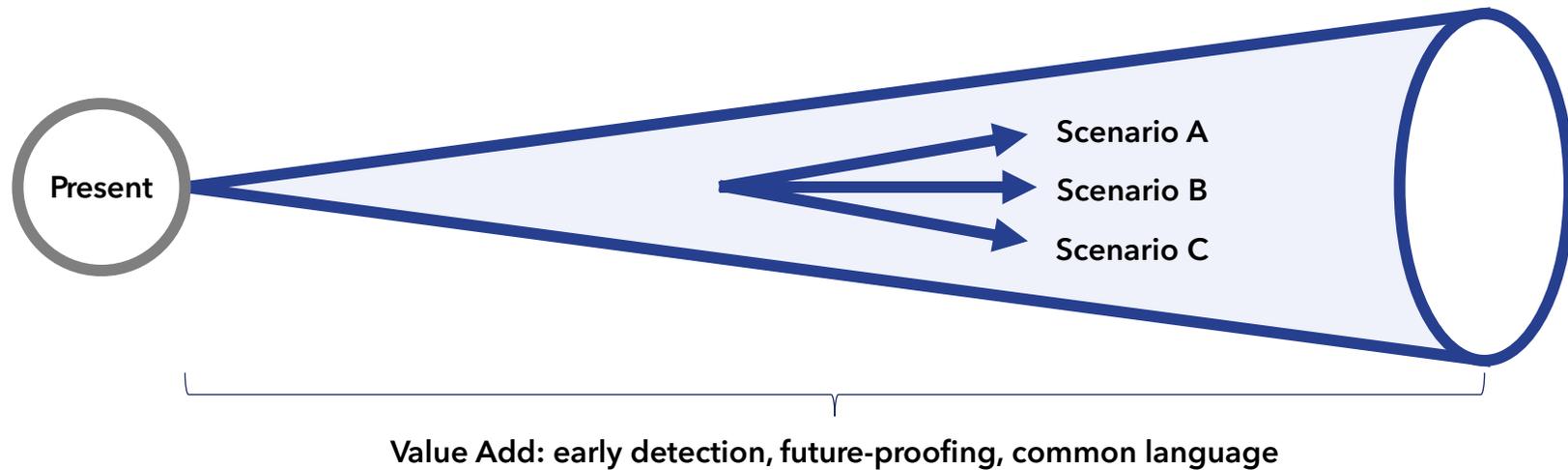
vs

Scenario Planning

- A structured method for imagining multiple, internally consistent futures based on different combinations of critical uncertainties
- To stress-test strategies against volatility and build organisational "muscle memory" for various shocks
- Allows for the identification of early warning indicators that suggest which future is beginning to manifest
- Allows for identification of potential strategies to deal with multiple scenarios

Scenario planning also creates a dress rehearsal so that decisions under pressure feel practiced rather than improvised

The goal is not to find the 'right' answer, but to **create surrogate crises that energise the organisation to change**



Identify the macro uncertainties
(economic, geopolitical, tech)

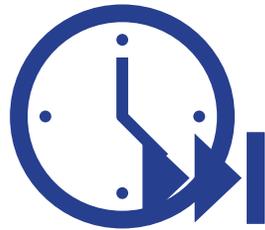
Distil into consistent narratives
(stories about the future)

Stress-test current strategies against these narratives

Traditional scenario planning is often too slow for today's volatility. A modernised approach requires three simultaneous shifts

1. Accelerate the method

- Stop boiling the ocean
- **Use AI to cut planning time and focus on user-centric assumptions**



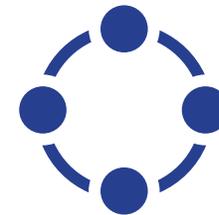
2. Anchor the foundation

- The future is not a blank slate
- Identify certainties (physical, temporal, normative) to act as guardrails for your strategy



3. Embed the ecosystem

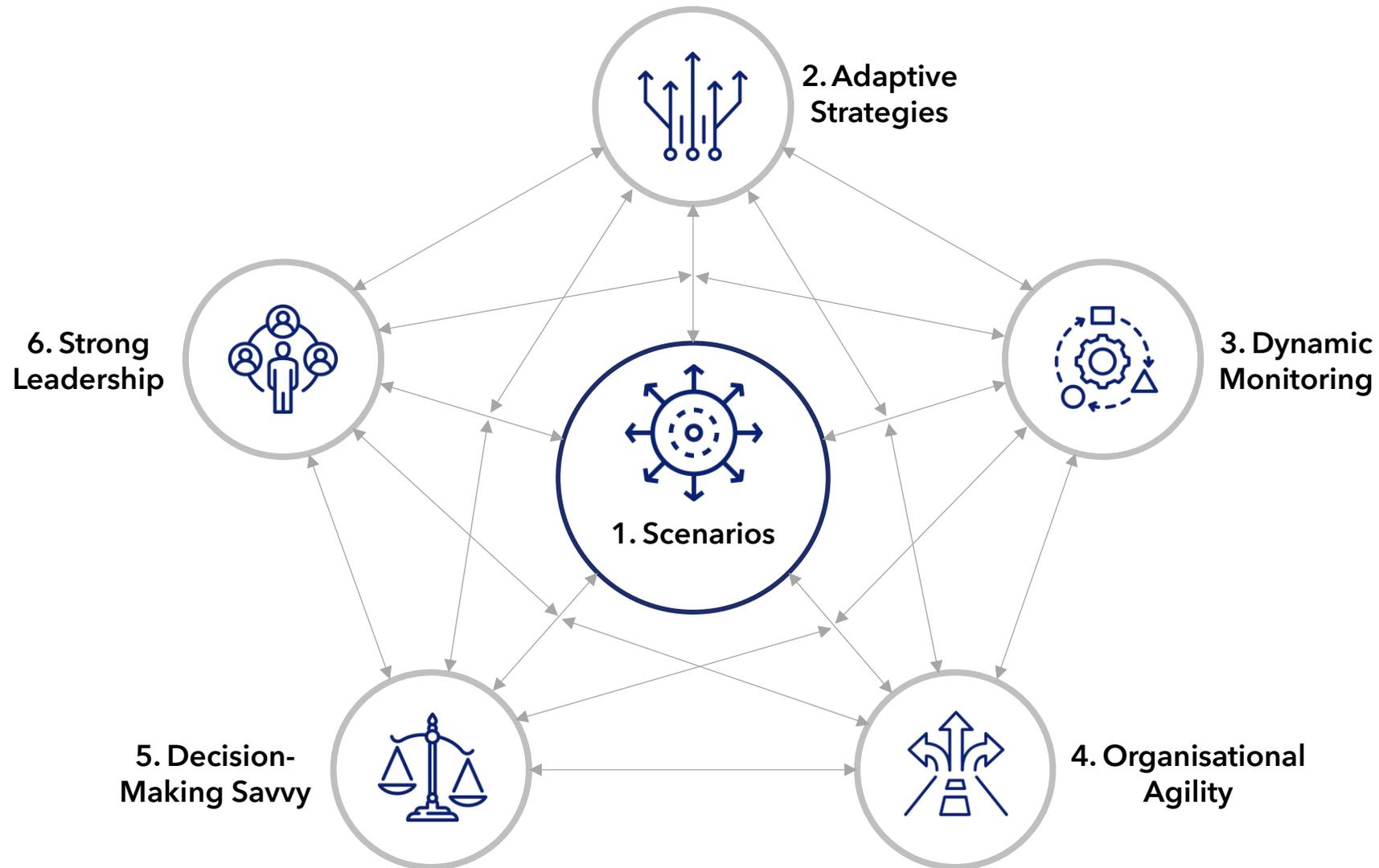
- Build the connective tissue between foresight and operations using adaptive strategies, dynamic monitoring, and agile leadership



Enterprise Resilience

2.2

By “enterprise resilience” we mean the other 5 elements of Schoemaker and Phadnis’ (2026) system

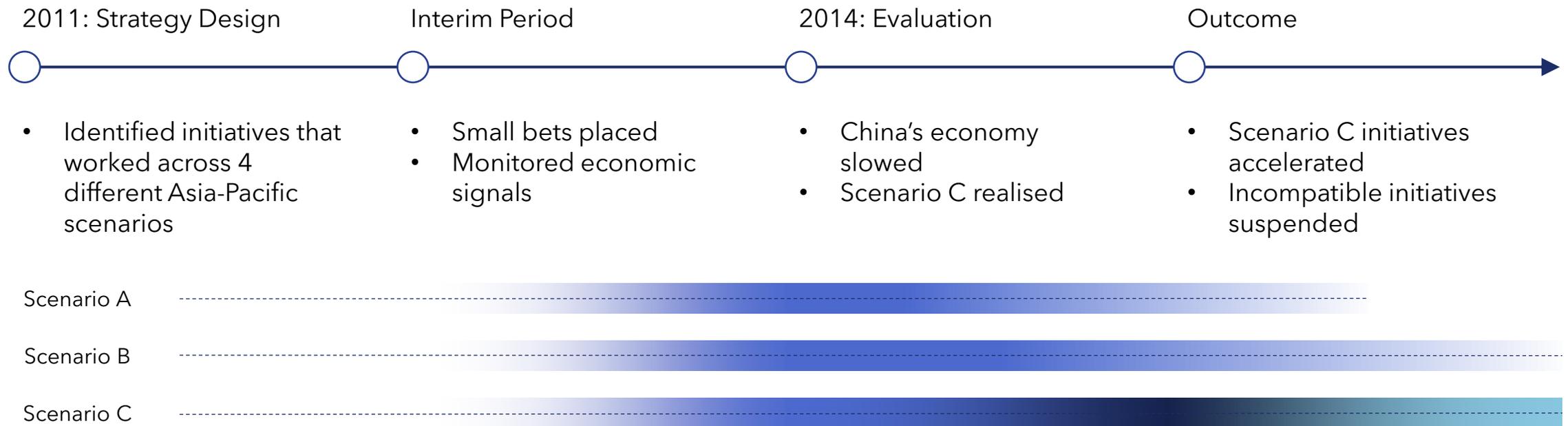


Source: Schoemaker, Paul J.H. and Phadnis, Shardul S., "How to Make Scenario Planning Stick," MIT Sloan Management Review, Winter 2026

2. Adaptive strategies are akin to investing in options, building flexibility to deal with the unexpected

- Balance 'no regret' moves with 'Call Options' (the right to acquire, but no obligation)
- Real options thinking allows you to pay a small amount to get skin in the game, wait for clarity, then commit or pull back

Case Study: Alchemy - chemical producer



Source: Schoemaker, Paul J.H. and Phadnis, Shardul S., "How to Make Scenario Planning Stick," MIT Sloan Management Review, Winter 2026

3. Dynamic monitoring tracks the external world to update strategies in real time

Build an external radar system

- Move beyond standard executive dashboards that only track internal progress or lagging financial results
- Establish a system specifically designed to **monitor the external macro environment** (e.g., geopolitical shifts, patent applications, GDP growth) outside the company's control

Neutralise plausible deniability

- Leaders often unconsciously suppress or distort warning signals that contradict their preferred narrative or strategy
- Implement a formal review process to **evaluate ambiguous indicators (weak signals)** regularly and force a debate on their implications

Prioritise "Leading" over "Lagging" indicators

- Focus on **metrics that foreshadow change** rather than confirm what has already happened
- **Privately sourced indicators** (e.g., expert panels or prediction markets) are often more valuable than public metrics, which are quickly arbitrated by the market

Value the aberrant signals

- Pay the most attention to **signals that do not fit into any of your developed scenarios**
- These anomalies are high-value warnings (like the unforeseen fall of the Berlin Wall) that suggest your fundamental scenarios or mental models need to be revised
- Use these **outliers as a trigger** to restart the scenario planning cycle or pivot strategy immediately

4. Organisational agility allows for quick pivots when there is unexpected change

Agility complements scenario planning by handling the “unknown unknowns” that scenarios might miss; it is the **capacity to mitigate disruption and seize short-lived opportunities**

The Capacity to Pivot

- Foresight is meaningless without the ability to act
- True agility requires the tangible ability to alter course, such as rapidly onboarding new suppliers or reallocating capital to emerging projects
- While scenario planning handles macro shifts (strategic changes), agility is the mechanism for handling the immediate surprises of daily operations

Systemic vs Operational Agility

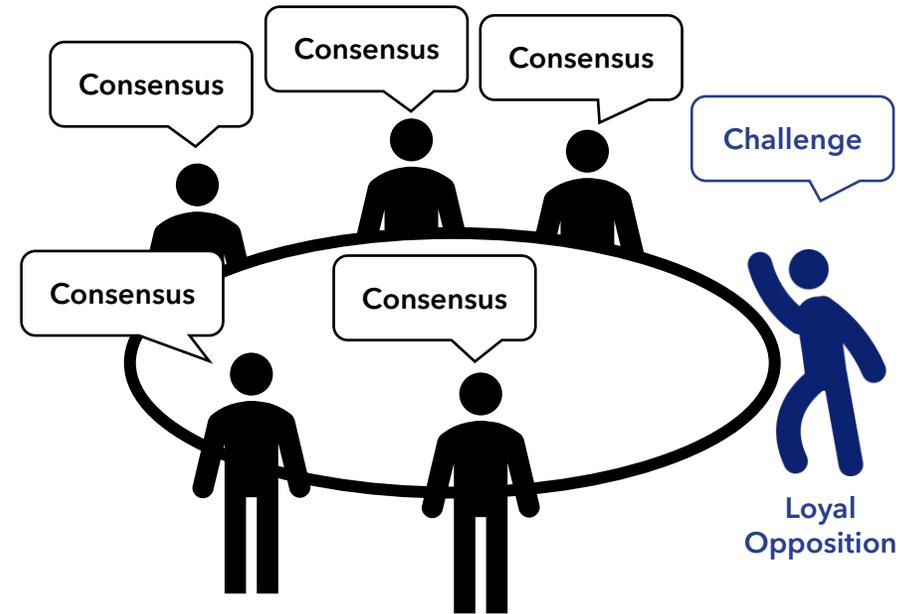
- Operational Agility is the ability to adjust internal operations (e.g., changing production shifts)
- Systemic Agility is the ability to orchestrate changes across an entire ecosystem of partners
- Agility varies by scope; sometimes you act alone, other times you must lead a network of change across systems and partners

Agility requires **flexible structures, processes, ways of working, and rewards** that allow leaders to deviate from the plan when necessary

5. Decision-making savvy enables enterprises to implement plans in smart, coordinated ways that overcome bias

Counter cognitive biases

- Uncertainty triggers deep-seated mental traps. Leaders must actively mitigate **overconfidence** (trusting their own judgment too much) and **anchoring** (getting stuck on the first piece of information)
- Groupthink often shuts down necessary debate; **savvy leaders must encourage debate** to prevent wilful blindness where warning signals are ignored because they are unwelcome
- **Scenario planning** aids intuition by acting as a "flight simulator," allowing leaders to recognise a crisis because they have already mentally rehearsed it
- Information flows determine decision quality; structure the organisation so that strategic information reaches the right decision-makers quickly



- The primary mission of a **"red team"** is to act as a formally appointed critic within the organisation, challenging the current strategy not out of malice, but to strengthen it
- They function as a stress-test for the leadership's thinking

6. Strong and visionary leadership enables organisations to deal with crises and unexpected emergencies



1

Act as the Buffer

- Leaders serve as the final defence against uncertainty; **they must absorb the initial shock of a crisis to prevent organisational panic**
- Their primary psychological role is to **create meaning** and **rekindle hope** for employees who are befuddled by unexpected changes
- Leaders must remain **visible bearers of the company's uncertainty**, acknowledging what cannot be known without losing confidence



2

Tolerate Ambiguity

- Leaders must be **trained to make decisions without complete information**, engaging in rapid sensemaking rather than paralysis by analysis
- This capability is often not innate; it must be **honed through exercises like scenario planning, war-gaming, and role-playing** before the crisis hits

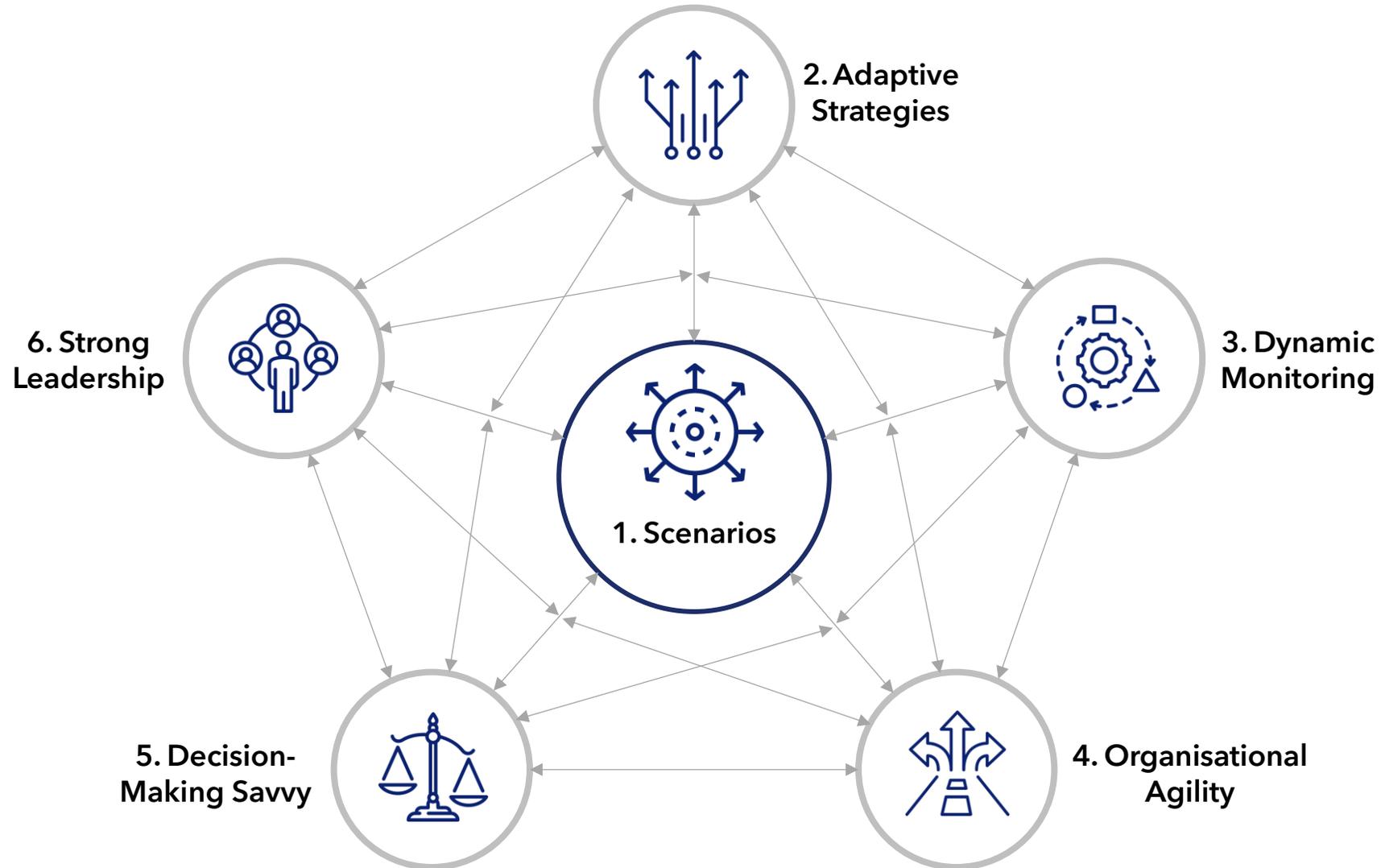


3

Orchestrate Vigilance

- **Vigilance cannot be isolated at the top**; it requires a systemic approach involving all relevant branches of an organisation
- Leaders must build **lines of communication that allow ambiguous signals detected by frontline** employees to reach strategic decision-makers quickly
- Leadership must **embrace flexible strategy-making** that can digest external uncertainties in real time

Overall, the Schoemaker and Phadnis' (2026) system is a great way to start thinking about managing in uncertainty



Source: Schoemaker, Paul J.H. and Phadnis, Shardul S., "How to Make Scenario Planning Stick," MIT Sloan Management Review, Winter 2026

The Strategic Pause

3

The strategic pause allows an organisation to conserve resources but retain options (Marquis, 2026)

- By capping the downside through a strategic pause, organisations preserve the optionality of upside later



- The **'absorb or die'** scenario occurs when an organisation attempts to soak up every market shock until capital or morale is exhausted
- A pause suggests stepping back can **stop the bleeding before damage becomes irreversible**



- A pivot is a valid alternative strategy but may destroy value by committing to an unproven path
- A pause preserves the option to resume the original, high-value mission, allowing for a more **calculated return when conditions improve**

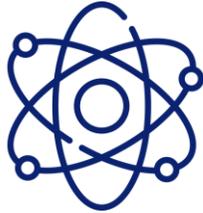


- Technologies and firms that survive dormancy can demonstrate a high level of operational robustness
- The mere act of survival may **improve market confidence and valuation post-crisis**

Examples

Context	Strategy	Outcome
US Stem Cell Hostile Bush-era funding bans (pause)	Firms moved research to more regulatory friendly countries or used private funding, keeping science in 'warm idle'	Surged when bans lifted in 2009
Indian Banking Extreme regulatory stifling (pause)	Banks focused on rural service and strict adherence rather than fighting for expansion	Post liberalisation, the bank outperformed peers who collapsed trying to game the old system
AU Breweries / Distilleries COVID-19 (pivot)	Pivoted production lines to make hand sanitiser using their alcohol expertise, preserving operations and assets amid beer demand collapse	Beechworth's Bridge Road Brewery converted excess pale ale kegs (700+) into whisky with Corowa Distilling Co., avoiding waste from shuttered pubs

Mastering the strategic pause requires discipline in three critical domains

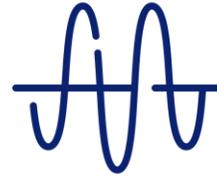


1

Maintain core assets

"Keep the lights on"

- Resist the urge to dismantle the machine
- **Identify 'non-negotiables'** (IP, specialised talent, regulatory licenses) and keep these in an **'warm idle' state**, functioning just enough to prevent atrophy
- **Remove or reduce activities that are highly vulnerable to external shocks** and do not provide guaranteed success



2

Signal intelligence

"Ear to the ground"

- The pause cannot last indefinitely. Knowing when 'winter' ends is essential
- Shift budget from expansion **to high-sensitivity monitoring** of internal and external signals
- Establish clear metrics that will automatically initiate wake from hibernation
- **Use downtime to refine** internal processes without the pressure of immediate execution



3

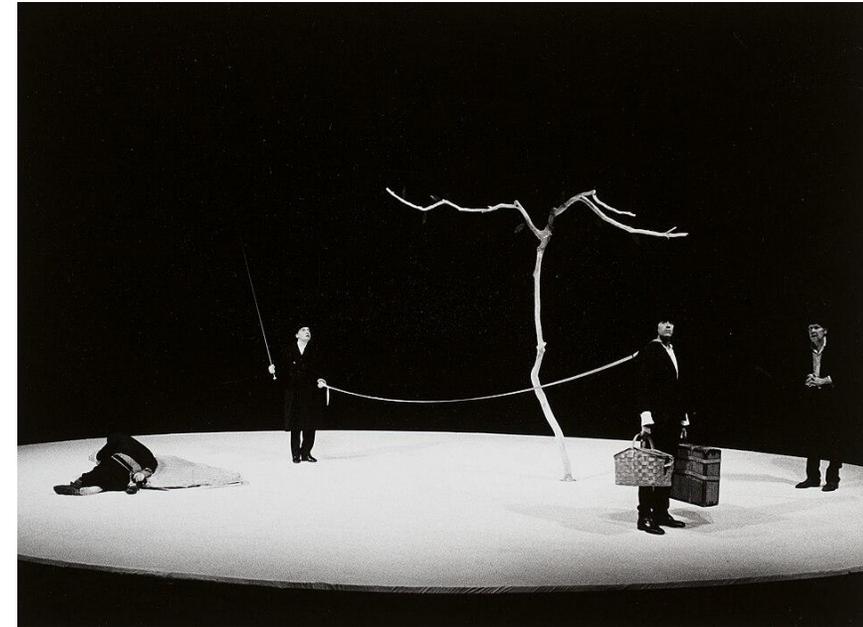
Visibility discipline

"Strategic silence"

- Recognise that in a volatile climate, high public visibility may increase a firm's **vulnerability to external shocks** and scrutiny that distract from core survival
- However, do not confuse external silence with internal silence. **Communicate heavily internally** to retain trust

However, there is a fine line between a strategic pause and obsolescence; a strategic pause is a gamble that the environment will revert to a favourable mean

Forever winter risk	<ul style="list-style-type: none">The possibility that volatility does not revert to stability and remains a permanent structural shift
Internal corrosion	<ul style="list-style-type: none">The gradual loss of intellectual capital, employee engagement, and operational momentum when an organisation remains dormant for too long
Opportunity cost	<ul style="list-style-type: none">The potential gains and market share forfeited to competitors who chose to adapt or innovate
False dawn	<ul style="list-style-type: none">The danger of misinterpreting a brief period of stability as a full recovery, leading to a premature and costly resumption of operations before volatility has passed



The 1978 Festival d'Avignon image captures Vladimir and Estragon from Samuel Beckett's *Waiting for Godot*, embodying the play's core theme of existential inaction: two men trapped in endless waiting for the elusive Godot amid fleeting opportunities they never seize

Managing a strategic pause involves a delicate equilibrium between reorganising operations and the active preservation of future strategic choices

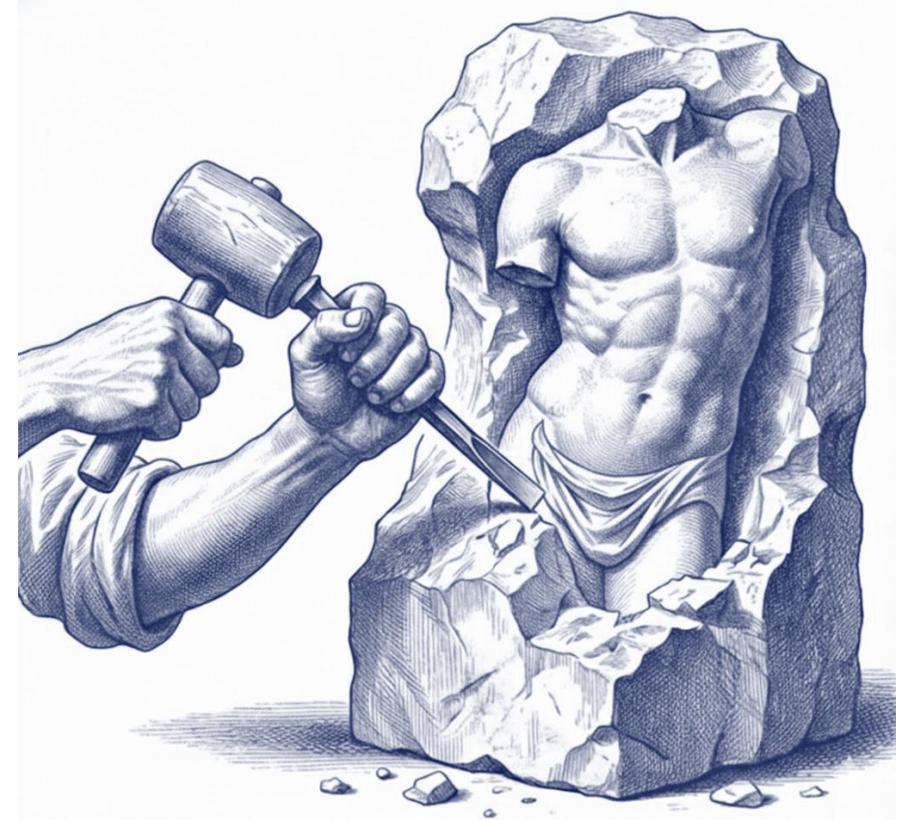
<h3>Forever winter risk</h3>	<ul style="list-style-type: none"> The possibility that volatility does not revert to stability and remains a permanent structural shift 	<ul style="list-style-type: none"> Consider using scenario planning frameworks with pre-defined indicators of a permanent market change This provides a mechanism to recognise when a pause is no longer viable
<h3>Internal corrosion</h3>	<ul style="list-style-type: none"> The gradual loss of intellectual capital, employee engagement, and operational momentum when an organisation remains dormant for too long 	<ul style="list-style-type: none"> Designate 'knowledge keepers' to prevent the erosion of core capabilities Refining standard operating procedures and ensuring knowledge is not lost during the pause may simplify the eventual re-boarding of staff and resources
<h3>Opportunity cost</h3>	<ul style="list-style-type: none"> The potential gains and market share forfeited to competitors who chose to adapt or innovate 	<ul style="list-style-type: none"> Investing in signal intelligence allows a firm to remain a "fast follower," ready to capitalise on competitor mistakes or successes once the pause ends Structure costs to be highly variable, allowing for a rapid scale-up or scale-down
<h3>False dawn</h3>	<ul style="list-style-type: none"> The danger of misinterpreting a brief period of stability as a full recovery, leading to a premature and costly resumption of operations before volatility has passed 	<ul style="list-style-type: none"> Management could look at implementing a tiered restart model where capacity is only increased after specific, verified economic milestones are achieved Renegotiating contracts and workflows to be highly scalable may allow the organisation to test the waters of recovery without committing to fixed costs

Via Negativa

4

Organisations often try to do too much, or add too much complexity

- **Humans are wired to solve problems by adding complexity** (new rules, new features, new processes)
- This bias for *addition* creates **fragile systems prone to collapse under their own weight**
- Via Negativa (The Negative Way) is a principle rooted in theology and philosophy, positing that **we know what is wrong with more clarity than what is right**
- To improve a system (a portfolio, a product, or a life) the most robust action is often to **remove the impediments to excellence** rather than attempting to engineer new sources of success



"I just remove everything that is not David." - Michelangelo

Why subtraction works or "If we avoid the losers, the winners take care of themselves" - Howard Marks (Oaktree Capital)



Finance

- Oaktree operates on the principle that if they **avoid the "big loss makers"** the winners will take care of themselves
- They outperform the market not by finding unicorns, but by rigorously filtering out high-risk points of failure
- Via Negativa prioritises **acting on the certainty of what is bad over the speculation of what might be good**



Organisations

- Before Steve Jobs returned, Apple was producing multiple versions of the same computer to please different retailers
- This "Via Positiva" approach diluted their engineering talent and confused their customers
- **When Steve Jobs returned to Apple in 1997, he killed 70% of the product roadmap**
- Subtraction allowed their best engineers to focus all their energy on a tiny surface area, **ensuring that the remaining 30% of products were world-class**

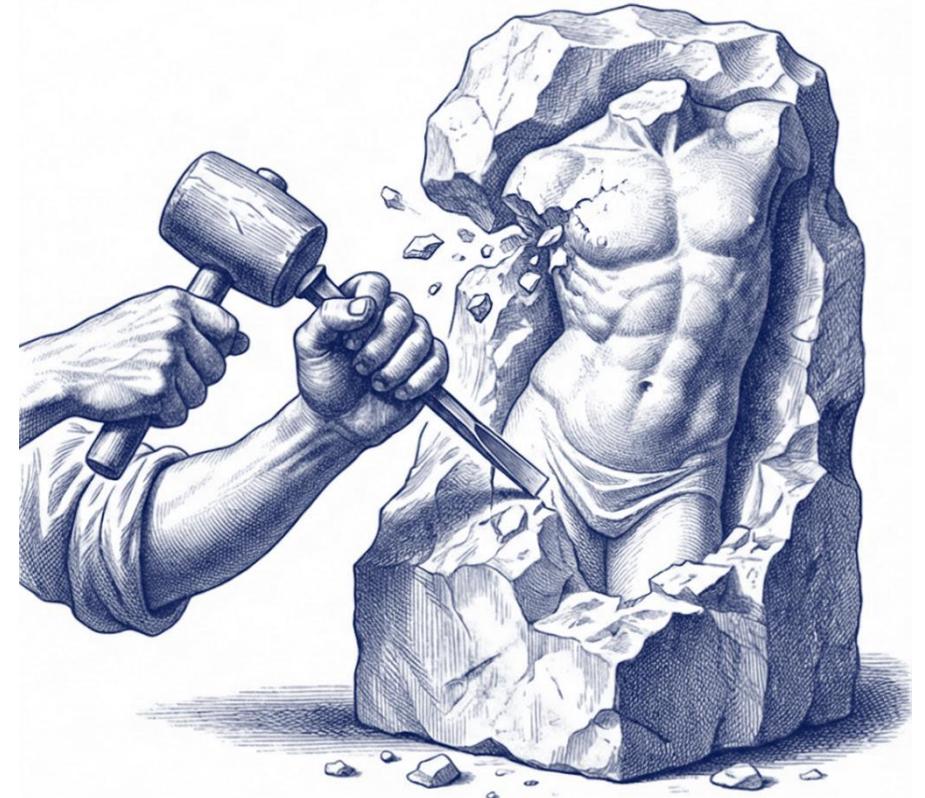


Biology

- Biological systems do not use blueprints; they use extinction through the **rigorous elimination of the unfit**
- When an organism is deprived of external resources, it doesn't die immediately, instead it recycles its own waste to fuel survival (autophagy)
- The subtractive process results in a **leaner, more efficient organism** that is better equipped to endure the pressures of natural selection

The “False Negative” trap or when subtraction can kill value

Loss of knowledge redundancy	<ul style="list-style-type: none">When you strip a team to its leanest form, you remove the "cognitive slack" that allows for cross-pollination and backup
Chesterton's fence trap	<ul style="list-style-type: none">When a process, a rule, or a department that seems to serve no purpose is eliminated, only to find later that the "fence" was crucial
Cultural atrophy and morale collapse	<ul style="list-style-type: none">When the primary mode of "improvement" is subtraction, employees operate as if the goal is survival rather than excellence
Delayed feedback loops	<ul style="list-style-type: none">Negative consequences of subtraction may not manifest for yearsBy the time the damage is visible, the system has lost the capacity to recover



Do not ask "what should we start doing?", instead invert the question "what are we doing that is impeding success?"

<h3>Loss of knowledge redundancy</h3>	<ul style="list-style-type: none"> When you strip a team to its leanest form, you remove the "cognitive slack" that allows for cross-pollination and backup 	<ul style="list-style-type: none"> Consider using scenario planning frameworks with pre-defined indicators of a permanent market change This provides a mechanism to recognise when a pause is no longer viable
<h3>Chesterton's fence trap</h3>	<ul style="list-style-type: none"> When a process, a rule, or a department that seems to serve no purpose is eliminated, only to find later that the "fence" was crucial 	<ul style="list-style-type: none"> Before any process step, role, or rule is removed, the proponent of the change must produce an explanation of exactly why it was created in the first place and what specific crisis or requirement it was meant to address
<h3>Cultural atrophy and morale collapse</h3>	<ul style="list-style-type: none"> When the primary mode of "improvement" is subtraction, employees operate as if the goal is survival rather than excellence 	<ul style="list-style-type: none"> Focus must be on removing the waste that prevents professionals from doing their best work Instead of management removing processes, empower the teams to identify the most frustrating rules that hinder their daily output
<h3>Delayed feedback loops</h3>	<ul style="list-style-type: none"> Negative consequences of subtraction may not manifest for years By the time the damage is visible, the system has lost the capacity to recover 	<ul style="list-style-type: none"> When removing complexity, "system health" metrics that pre-empt failure should be carefully monitored E.g., if "time to resolution" starts creeping up, the subtraction has gone too deep

In Summary

5

Foresight is not a prediction. It is a preparation. The question is: does your operating model have the discipline to wait and the agility to act? In summary...



Consider Schoemaker and Phadnis' six-part ecosystem to **scenario plan and build enterprise resilience**:

- Scenario Planning
- Adaptive Strategies
- Dynamic Monitoring
- Organisational Agility
- Decision Making Savvy
- Strong Leadership



Generative AI accelerates scenario modelling, but it is the **physical capacity to pivot** that converts insight into advantage

"Pause or pivot" is a strategic choice when hostile cycles demand a disciplined retreat



Complexity stifles agility, necessitating a subtractive approach to **remove bureaucratic friction and waste**

And, of course, we are here to help if you need it...

If you have any additional questions or require further information, please contact

webinar@bevingtongroup.com

This presentation and related articles will be available for viewing at www.bevingtongroup.com

We look forward to seeing you at our next webinar

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Contact details and disclaimer

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- 
Operating Model Design and Restructuring
- 
Process Reengineering and Automation
- 
Enterprise Digital, Data, and AI
- 
Accelerated Implementation
- 
Change Management
- 
Risk Intelligence

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