

THE BUSINESS

ACTION BRIEF

A quarterly executive brief on strategy, execution, and value creation

Q4 2026 | EXECUTIVE LEADERSHIP EDITION

Current through October 5, 2026

QUARTERLY THEME

Disciplined Growth

EXECUTIVE OVERVIEW

Q4 opens with continued economic growth, but less room for broad assumptions. Real GDP grew at a 2.2% annual rate in Q2, while September payroll growth slowed to 29,000 and unemployment held at 4.2%. Inflation remains elevated, and the Federal Reserve raised its target rate to 3.75%-4.00%.^{1,2,3}

Business conditions vary by sector. Texas manufacturing accelerated sharply in September and energy activity remained solid, while service-sector revenue stalled and cost pressure increased. Executive sentiment has improved from midyear lows, but remains cautious.^{4,5,6}

The leadership challenge is disciplined growth: protect margin and cash where pressure is high, while investing where demand, capacity, and measurable returns are visible.

Q4 BUSINESS DASHBOARD

INDUSTRY	DEMAND & REVENUE	MARGIN & COST	LABOR & CAPACITY	OUTLOOK & INVESTMENT
Energy & Oilfield Services	FAVORABLE	PRESSURED	MIXED	FAVORABLE
Manufacturing	FAVORABLE	PRESSURED	MIXED	FAVORABLE
Construction	MIXED	PRESSURED	PRESSURED	FAVORABLE
Services	MIXED	PRESSURED	MIXED	MIXED
Retail	PRESSURED	PRESSURED	MIXED	MIXED

EXECUTIVE TAKEAWAY Growth is available, but not evenly distributed. The right Q4 posture is neither broad expansion nor broad restraint. Protect cash and margin where conditions are weak; commit resources where demand, capacity, and returns are visible.

Dashboard synthesis: Dallas Fed and NFIB sector data^{4,5,10}

Q1 2027 WATCH LIST

DEMAND & PIPELINE Where is demand strong enough to support our Q1 sales, hiring, and capacity plans?	PRICING & MARGIN Where are costs moving faster than our ability to reprice, redesign, or improve productivity?	CASH & CAPITAL What happens to cash flow if rates remain elevated or demand, collections, or inventory move against plan?
LABOR & CAPACITY Do we have the people, systems, and capacity for committed work - not simply forecast assumptions?	INVESTMENT Can we show measurable business results from each major capital, technology, and AI investment?	SUPPLY CHAIN & ENERGY Where would another energy, trade, or logistics disruption hit cost, delivery, or inventory first?

WHY WE PUBLISH To help executives translate economic data and trusted business research into practical strategy, clear choices, and actions that produce visible, measurable results.

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PRIORITY 1

Protect margin and cash

Growth should strengthen the business, not strain it.

Q4 SIGNAL Texas firms report 4.9% input-price growth versus 3.0% selling-price growth over the past 12 months. Margin pressure can exist even while revenue grows.⁴

Revenue growth can hide margin pressure

KEY INSIGHT More sales do not automatically create more profit. When costs rise faster than pricing or productivity, growth can put additional pressure on margin and cash.

SUPPORTING EVIDENCE September Dallas Fed surveys also showed elevated cost pressure in both manufacturing and services. Texas firms expect input prices to rise 4.6% over the next 12 months versus 3.5% for selling prices, while the Federal Reserve continues to describe inflation as elevated.^{2,4}

LEADERSHIP IMPLICATION

Company-wide revenue and gross margin can hide where profit is actually being gained or lost. Leaders need visibility by customer, product, service, project, or location - not just at the total-company level.

RECOMMENDED ACTION

Review the largest customers, products, services, or projects for revenue, gross margin, capacity required, and cash impact. Reprice, redesign, renegotiate, or exit work that consistently falls below an acceptable return.

EXECUTIVE QUESTION Where are we growing revenue without improving profit or cash?

Cash should shape the pace of investment

KEY INSIGHT Investment is still important. The discipline is deciding what deserves cash now, what can wait, and what should not be funded.

SUPPORTING EVIDENCE Business investment contributed to U.S. economic growth in Q2, and the Federal Reserve describes capital investment as robust. Texas manufacturers and service businesses also continue to report positive capital spending. At the same time, the Fed raised its target rate to 3.75%-4.00% in September, while executive expectations remain mixed.^{1,2,4,6}

LEADERSHIP IMPLICATION

A good investment can still create problems if the timing, financing, or expected return is unclear. Capital decisions should consider working capital, debt service, hiring, inventory, and the amount of cash the business needs to operate comfortably.

RECOMMENDED ACTION

For every major investment, document the business need, total cash requirement, expected result, owner, timing, and review date before committing capital.

EXECUTIVE QUESTION If revenue comes in 10% below plan, which investments continue, slow down, or stop?

GROWTH DISCIPLINE DASHBOARD

MARGIN	CASH	WORKING CAPITAL	CAPACITY	INVESTMENT
Gross margin by customer, offer, or project	13-week cash outlook	Receivable and inventory days	Backlog, utilization, and overtime	Expected result and review date

Trend these measures monthly and define the point that requires leadership action - not just explanation.

PRIORITY 2

Create capacity to execute

Growth only works when the organization can carry the work.

Q4 SIGNAL The Dallas Fed expects Texas employment to grow 1.2% in 2026, below the state's long-run average of 2%. Year-to-date growth through August was 1.0%.⁵

Capacity is more than headcount

KEY INSIGHT Additional capacity does not automatically mean additional people. Capacity can be created by stopping low-value work, simplifying processes, clarifying roles, improving systems, delegating decisions, automating work, or hiring where additional people are truly needed.

SUPPORTING EVIDENCE The Dallas Fed says the slower Texas job-growth pace is more consistent with labor-supply constraints. U.S. payroll employment increased by only 29,000 in September, while 7.1 million job openings remained in August.^{3,5}

LEADERSHIP IMPLICATION

Before adding people, leaders should understand where capacity is actually constrained. Some problems require another person. Others require clearer priorities, better scheduling, simpler processes, stronger systems, or work that should no longer be done.

RECOMMENDED ACTION

Identify the three areas where additional growth would create the most strain. For each, determine what should be stopped, simplified, delegated, automated, or staffed before demand increases further.

EXECUTIVE QUESTION *Where are we adding demand faster than we are creating capacity?*

Clear ownership improves execution

KEY INSIGHT Execution improves when people know what matters, who owns it, and what happens next.

SUPPORTING EVIDENCE McKinsey finds that organizations with strong role clarity are more than twice as likely to hold people accountable and nearly five times more likely to be organizationally healthy. PwC also identifies an execution gap: only about one in four CEOs report disciplined processes for stopping initiatives that are not working.^{7,8}

LEADERSHIP IMPLICATION

Too many priorities divide attention. Unclear ownership slows decisions. Meetings that only review information can consume leadership capacity without improving execution. A small number of clear priorities, with visible ownership and regular follow-through, makes it easier for people to act.

RECOMMENDED ACTION

For each major Q4 and Q1 priority, name one accountable owner, the result expected, the next milestone, and the date leadership will review progress.

EXECUTIVE QUESTION *What are our most important priorities - and can every leader name the owner and next milestone?*

EXECUTION CAPACITY TEST

PRIORITY	OWNERSHIP	CAPACITY	AUTHORITY	FOLLOW-THROUGH
Do we know what matters most?	Is one person accountable?	Do they have the people, time, and systems?	Can they make the decisions required?	Is progress reviewed consistently?

If one of these is unclear, execution risk is already present.

PRIORITY 3

Choose where to grow

Not every opportunity deserves the same time, people, or capital.

Q4 SIGNAL Texas manufacturing accelerated sharply in September: new orders rose to 30.7 and production to 29.5, while service-sector revenue fell to -0.9, indicating essentially no change from August.⁴

Not all growth is equally valuable

KEY INSIGHT The best growth opportunities combine real demand, healthy economics, a reason to win, and the capacity to deliver well.

SUPPORTING EVIDENCE Consistent growth is difficult. PwC reports that only 11% of companies in its sustaining-growth research produced multiyear revenue increases. Its research points toward concentrating investment in the capabilities and markets where a company has a real advantage rather than continually searching for revenue wherever it appears.⁸

LEADERSHIP IMPLICATION

An opportunity can produce revenue and still be the wrong place to put scarce people, cash, or leadership attention. Growth should be compared against other available choices - not evaluated one opportunity at a time.

RECOMMENDED ACTION

Rank the three most important growth opportunities for 2027 using the same five questions: demand, advantage, margin, capacity, and cash required. Decide where to increase focus, where to test before committing, and where not to pursue growth.

EXECUTIVE QUESTION Where do we have the strongest opportunity to win?

Strategy also means saying no

KEY INSIGHT Every new priority competes with work that is already using people, money, and attention.

SUPPORTING EVIDENCE PwC recommends regularly reviewing where resources are committed and moving them away from businesses or activities that no longer create enough value. Its 2026 CEO research also points to a common execution gap: only one in four CEOs report disciplined processes for stopping underperforming initiatives.⁸

LEADERSHIP IMPLICATION

Companies can dilute good opportunities by trying to pursue too many of them. Adding a priority without changing anything else does not create focus - it divides it. This also connects directly to Page 3: capacity can be created by removing work as well as by adding resources.

RECOMMENDED ACTION

For every major new Q1 priority, identify what will receive less attention, what will be delayed, and what will stop. Move people and resources toward the opportunities that matter most.

EXECUTIVE QUESTION What are we willing to stop so our best opportunities get enough attention?

GROWTH DECISION FILTER

DEMAND	ADVANTAGE	MARGIN	CAPACITY	CASH
Is the demand real?	Why should we win?	Is the return worth it?	Can we deliver it well?	Can we fund the growth?

A good opportunity should make sense across all five - not just one or two.

PRIORITY 4

Prepare for disruption

Growth is more durable when leaders know where the business is exposed.

Q4 SIGNAL Inflation remained the most widely cited outlook concern among Texas firms in September, followed by geopolitical uncertainty and demand. Concern about interest rates and domestic policy uncertainty also increased.⁴

Know where the business is vulnerable

KEY INSIGHT Leaders cannot prepare for every disruption. They can know what the business depends on and where a failure would hurt most.

SUPPORTING EVIDENCE PwC reports that CEOs continue to identify macroeconomic volatility, cyber risk, geopolitical conflict, and tariffs among significant near-term threats. Texas manufacturers also reported longer delivery times and higher raw-material prices in September.^{4,8}

LEADERSHIP IMPLICATION Risk becomes concentrated where the business depends heavily on one customer, supplier, person, system, or source of capital and there is no practical alternative.	RECOMMENDED ACTION Identify the five dependencies that would create the greatest disruption if they became unavailable. For each, document the exposure, alternative, owner, and first response.
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EXECUTIVE QUESTION What are we depending on that would be difficult to replace quickly?

Protect the systems and data the business depends on

KEY INSIGHT Technology risk is business risk when a system failure, data loss, or security incident can interrupt operations, customers, or cash flow.

SUPPORTING EVIDENCE PwC reports that 31% of CEOs now cite cyber risk as a major threat, up from 24% a year earlier. IBM estimates the global average cost of a data breach reached \$4.99 million in 2026, while AI-driven attacks increased 56%.^{8,9}

LEADERSHIP IMPLICATION Cybersecurity does not need to become a technical discussion for the leadership team. Leaders need to know which systems and information matter most, who has access, whether recovery is possible, and who takes charge when something goes wrong. The same discipline applies as businesses add new technology and AI tools.	RECOMMENDED ACTION Identify the systems and information the business cannot operate without. Confirm access controls, backups, vendor contacts, recovery procedures, and one accountable response owner.
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EXECUTIVE QUESTION What would stop the business if it were unavailable tomorrow?

BUSINESS RESILIENCE CHECK

CUSTOMERS	SUPPLIERS	PEOPLE	SYSTEMS & DATA	RESPONSE
Where are we too dependent on one relationship?	What is difficult to replace?	Who holds critical knowledge or access?	What must remain available and secure?	Who owns the first response?

Focus first on exposures that could interrupt revenue, operations, or cash flow.

FROM INSIGHT TO ACTION

A practical executive agenda for disciplined growth

1 Protect margin and cash Review margin and cash by customer, product, service, or project. Identify where pricing, cost, working capital, or investment decisions need attention. OUTPUT: Three prioritized margin or cash actions.	2 Create capacity to execute Identify the three areas most likely to limit growth. Decide what should be stopped, simplified, delegated, automated, or staffed. OUTPUT: A focused capacity plan with owners and dates.
3 Choose where to grow Rank the strongest 2027 opportunities using demand, advantage, margin, capacity, and cash required. Decide what will receive more - and less - attention. OUTPUT: Ranked growth priorities.	4 Prepare for disruption Identify the five customer, supplier, people, system, or capital dependencies that could create the greatest disruption. Define an alternative, owner, and first response. OUTPUT: A prioritized resilience plan.

WHEN AN OUTSIDER'S PERSPECTIVE ADDS VALUE

Some issues benefit from experience, challenge, or capacity beyond the leadership team. An outside advisor can add the most value when leaders need specialized expertise, additional capacity, an objective challenge to current thinking, or disciplined follow-through to move an important issue from discussion to execution.

Strategy & Growth	Clarify priorities, evaluate growth opportunities, strengthen the business model, and translate strategy into measurable plans.
Financial Performance	Improve margin visibility, pricing, forecasting, cash planning, working capital, and management dashboards.
Leadership & Team	Clarify ownership and accountability, strengthen management capability, develop leaders, and improve team execution.
Systems & Execution	Simplify and document critical processes, improve operating rhythms, reduce dependency, and create capacity without automatically adding headcount.
Succession & Value Creation	Reduce owner or key-person dependency, strengthen transferable business value, and prepare leadership, systems, and financial performance for future transition.

Outside support should strengthen internal capability - better decisions, stronger leadership, better systems, and consistent execution - not replace management.

CITED SOURCES

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4. **Federal Reserve Bank of Dallas.** [Texas Manufacturing Outlook Survey; Texas Service Sector Outlook Survey; Texas Business Outlook Surveys Special Questions](#). Sept. 28-29, 2026.
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7. **McKinsey & Company.** [Execute to Win: How Healthy Organizations Turn Vision into Results](#). July 21, 2025.
8. **PwC.** [What's Important to the CEO in 2026; 29th Global CEO Survey](#). 2026.
9. **IBM.** [Cost of a Data Breach Report 2026](#).
10. **NFIB Research Center.** [Industry-Specific Small Business Economic Trends Survey](#). Aug. 25, 2026.

METHOD NOTE Superscript numbers identify cited evidence. Dashboard assessments, interpretations, and recommended actions are the publisher's synthesis. National, Texas, and industry data provide context; business decisions should also use the company's own financial, customer, workforce, operational, and market data.