

CEOs rewrite the rulebook in pursuit of growth

CEOs are faced with a stark choice. In the face of unparalleled environmental, economic and technological change, they are looking to grow their businesses by creating the organisational agility to disrupt existing business models and challenge long-held market orthodoxies.



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According to the fifth KPMG [International Global CEO Outlook](#), just over half of CEOs are confident they will succeed but are realistic, with 53% projecting cautious three-year growth of up to 2% (down from 55% in 2018). As with 2018, they are also maintaining a positive three-year growth outlook for the global economy, although this has slightly fallen from 67 to 62% over the last 12 months. This confidence is also shown by their commitment to hire, with 36% of CEOs projecting to add more than six percent to their workforce in the next three years.

“A successful CEO now needs to be an agile CEO,” said Bill Thomas, global chairman, KPMG International. “Succeeding in a world of volatility and uncertainty requires different leadership skills, particularly in large, multi-national organizations. It’s no longer a question of simply defending your position and using scale to maintain competitive advantage. Today, CEOs need to be comfortable disrupting their business models by forging new strategic partnerships, considering alternate M&A strategies and increasing the skills of their workforces.”

Climate change driving a multi-risk operating environment

CEOs named climate change the biggest risk to their organisation’s growth, the first time in five years it was rated a top concern compared to technological, territorial, cyber and operational risks. But with only a small margin between each of them, it paints a picture of a complex and ever shifting risk landscape.

The innovation disconnect

A majority of CEOs (84%) believe a ‘fail-fast’ culture is required in today’s marketplace, in which lessons from failures are learned quickly, yet only 56% say that kind of culture is in place in their organization. Eight out of 10 CEOs (84%) are looking to change the makeup of their leadership teams to disrupt the status quo.

Cyber security to innovation

Cyber continues to be high on the CEO agenda, despite falling from the second highest risk last year to fourth this year. In 2019, a larger group of CEOs (69% vs 55% in 2018) say a robust cyber security strategy is critical to driving trust with key stakeholders and most (71%) view information security as a key factor in their broader innovation strategy.

Acquiring expertise through M&A

For many CEOs, M&A presents the best opportunity to upgrade digital capabilities with pace. A proactive M&A strategy is on the agenda for 84% of CEOs who have a moderate or high M&A appetite for the next three years. Driving this appetite is the ability of M&A to transform a business model faster than organic growth.

Capital investment

When asked to prioritise between buying new technology or developing their workforce to improve their organisation's resilience, CEOs favoured technology two to one (68 vs 32%).

AI experts take note

Artificial intelligence (AI) is on the minds of CEOs, yet only 16 percent have implemented AI and automation programmes. A further 31% are still at the pilot stage, while 53% admit to undertaking a limited AI implementation. Yet 65% of CEOs believe the inclusion of AI and automation will create more jobs than it eliminates.

“All together, this year's survey is telling us that we've entered a new era of leadership. Agility comes from balancing a CEO's instinct with having confidence in what the data is telling you. Strategic decisions require data that has bias removed. It's no longer enough to seek “big” data, instead CEOs must use technology to uncover quality data. Only through this will they create the organisational resilience to drive growth.”

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