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Broadening horizons

Reaching for growth in a world of volatility

15th Annual Global CEO Survey

Country summary: Third South African edition

pwc

Contents

Foreword

I'm pleased to report that despite some gloominess regarding the global economy, confidence among South African CEOs remains positive.

In this, the third South African edition of the PwC Annual Global CEO Survey, not only are South African CEOs optimistic about their companies' growth prospects over the coming 12 months, but even more so over the next three years.

While the previous survey saw a prominent focus on improving performance in existing markets, this time we see CEOs broadening the scope of their approach, changing strategy, increasing headcount and looking for growth opportunities in both new and existing markets.

Balancing threats with opportunities

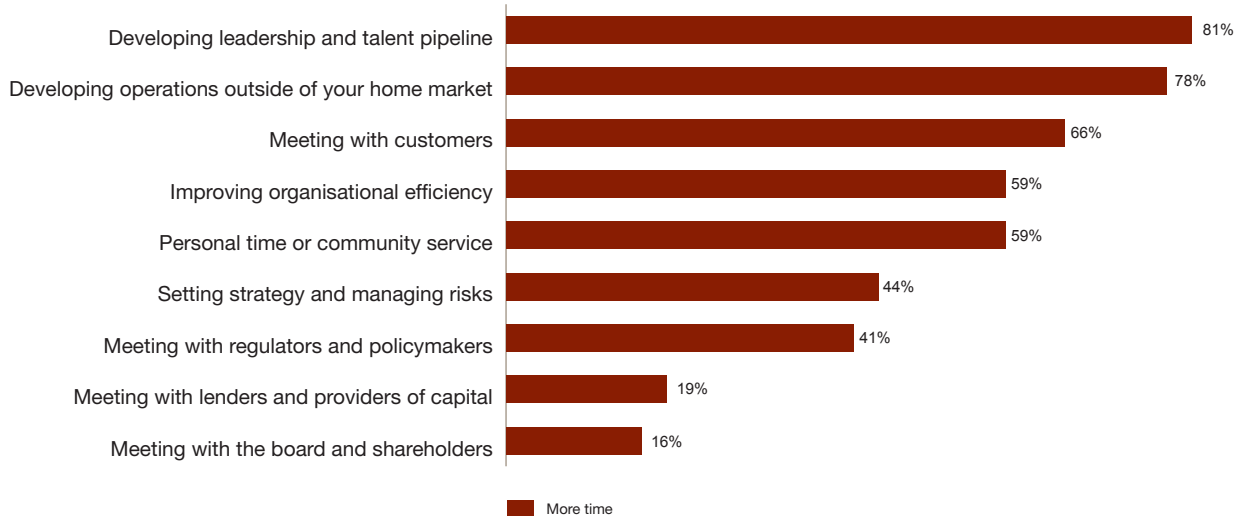
At the same time as reaching out for growth, CEOs are also making the adjustments necessary to adapt to changes in regulation, economic expectations, customer demand and their competitive environment.

Recruiting and retaining the right skills remains a critical concern, with more than half of CEOs saying it has become more difficult to employ people.

Given this situation, it comes as no surprise to learn that the biggest strategic changes anticipated in the next year are likely to be seen in CEOs' strategies for managing talent, organisational structure and technology investments.

South African CEOs would like to spend considerably more time developing talent and operations outside their home markets

Q: Do you wish that you personally could spend more time, less time, or the same amount of time on...



Useful benchmark

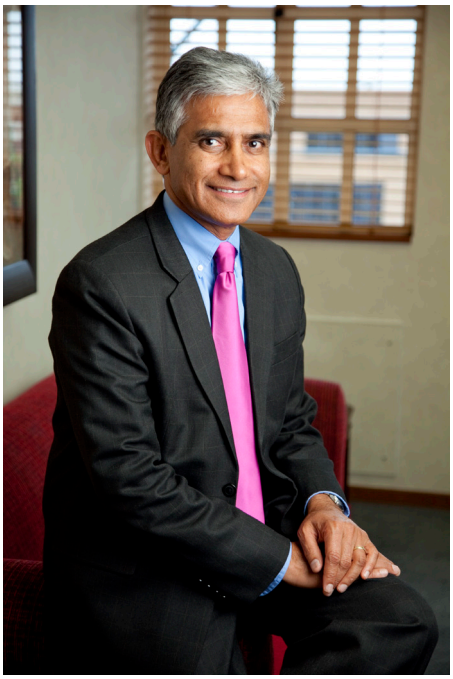
A significant benefit of this year's report is that it now includes data collected over three years. This enables us to provide more meaningful year-on-year comparisons of business leaders' views on key issues. Together with a comparison of local results with global averages, the report provides a clearer indication of CEO sentiment and significant trends than was previously possible.

Thanks and appreciation

I extend my personal thanks to the 32 South African CEOs who shared their valuable time and insights with us in this survey. Your contributions and those of your peers around the world are directly responsible for the success of the PwC Annual Global CEO Survey, now in its 15th year.

I trust you will find this report to be an informative source of insight and knowledge and look forward to receiving any feedback you may have to share.

Suresh Kana
Chief Executive Officer
PwC Southern Africa



Please note

Because of the rounding of decimals to whole numbers and the omission of 'don't know' and 'refused' responses, the combined results of survey questions may not always add up to 100%.

About the survey

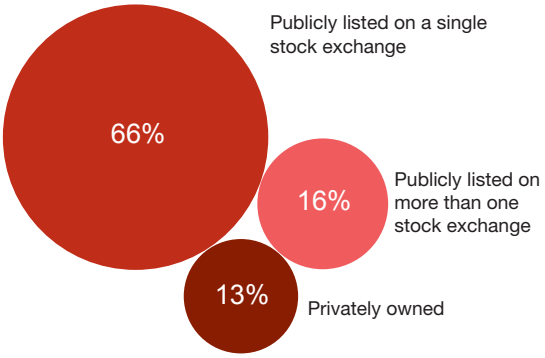
The 15th edition of the PwC Annual Global CEO Survey saw a total of 1258 CEOs from 60 countries share their opinions on a range of strategic business issues.

This, the third South African edition of the report, focuses on the views of CEOs from 32 of South Africa's leading publicly-listed and privately-owned companies. Interviews were conducted during the final quarter of 2011.

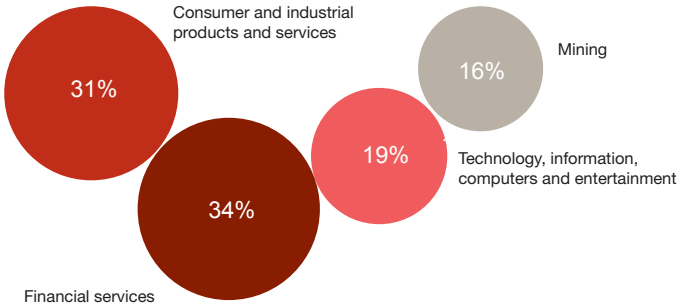
The full global survey with supporting graphics can be downloaded at www.pwc.com/ceosurvey.

Participant profile

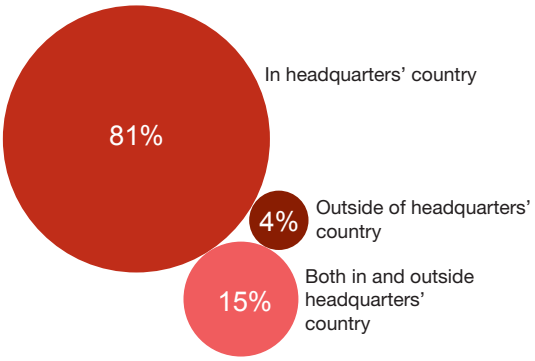
Company ownership model



Industry sector



Stock exchange listings



Economic context

Economy poised for stable growth in 2012

Uncertainty over the financial problems in the Eurozone continues to dominate market sentiment and may even force Europe into a brief recession in 2012.

Negative growth prospects in Europe, which remains the world's largest trading bloc, invariably filter through to the economic forecasting models in other countries and seems to have unnerved several local economists, not least of which at National Treasury and the Reserve Bank.

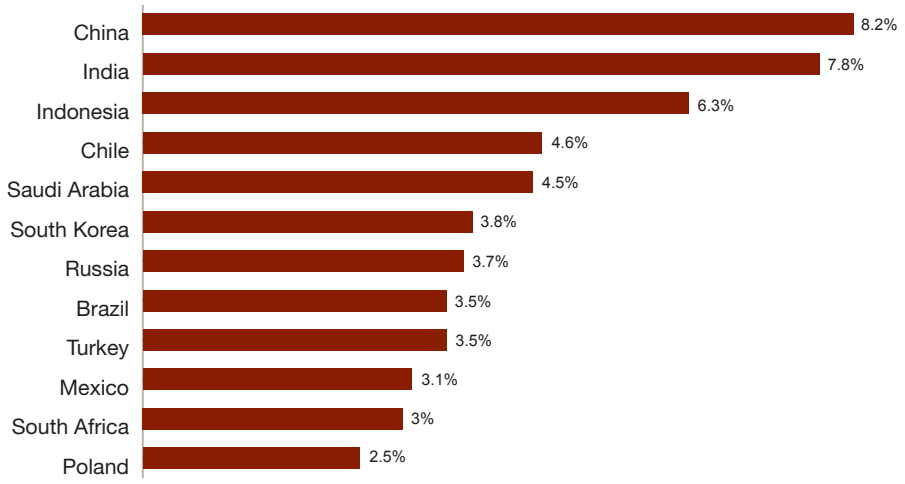
As a result, National Treasury's official gross domestic product (GDP) growth forecast for 2012 was revised downwards to 3.4% in the Medium Term Budget, delivered in October 2011.

This is in line with the latest consensus prediction of 3.3% by the panel of 34 economists polled monthly by *Finmedia*, with some research institutions having lowered their growth forecasts to below 3%.

A cursory analysis of key macroeconomic indicators suggests that current growth projections may eventually prove to have been overly conservative. A significant number of growth drivers exist that could eventually deliver economic growth of close to or even above 4% in 2012.

While the Eurozone dilemma certainly poses a threat to South Africa's exports, virtually all other key trading partners are expected to record healthy growth rates in 2012, particularly the United States and most emerging markets.

Many of South Africa's trading partners in emerging markets are expected to record healthy GDP growth rates in 2012



(Source: Economist Intelligence Unit)

Fortunately, Europe's economic problems are not related to any weakness in fundamental macroeconomic variables. The Eurozone has enjoyed an identical increase in *per capita* income levels to the US over the past decade and at 4.1%, its fiscal deficit/GDP ratio is less than half of the figure for the US and the UK.

Sustained recovery

Back home, the economy has grown in real terms for nine successive quarters and has reached a mature stage of consolidation following the recession that took hold in 2008.

Against the background of the recession and sub-optimal economic growth in several of South Africa's major trading partners, the current official annualised growth trajectory of approximately 3% may be regarded as satisfactory.

Although growth in total output has been modest since the second quarter of 2011, every key sector contributing to gross value added (GVA) has returned to positive real growth.

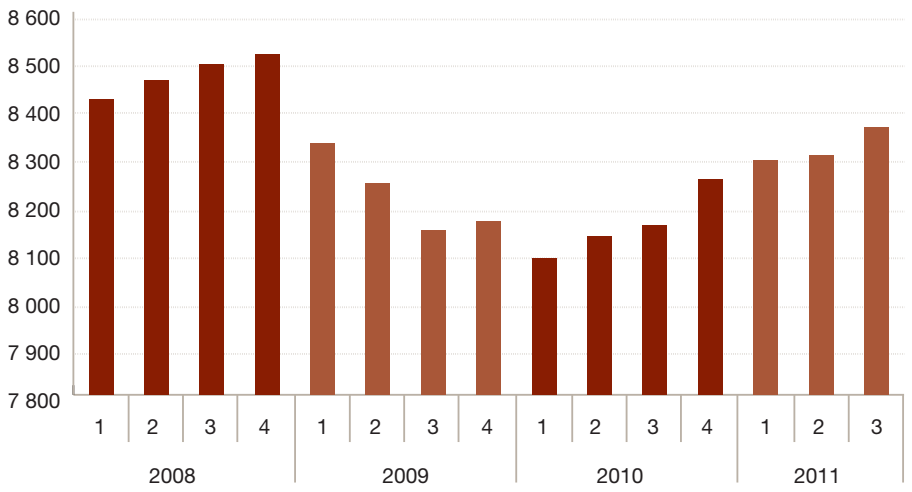
Viewed from the perspective of key components of aggregate demand, the economic recovery in South Africa is fairly broad-based and exceptionally strong in the areas of durable household expenditure and international trade.

Growth drivers

A number of economists have voiced optimism about a return to GDP growth above the conservative estimate of 3%. This is supported by several factors:

- A return to taxation revenue growth, which will obviate the need for undue fiscal restraint and free up funds allocated to infrastructure projects and hopefully speed up the pace of service delivery;
- Since 2011, the demand for imported goods has grown at a faster pace than exports, resulting in a widening of the current account deficit/GDP ratio to 3.8% in the third quarter of 2011. The subsequent depreciation of the rand translates into an international competitiveness gain of 15% between the end of 2010 and the beginning of 2012 (in real terms), which is exceptionally good news for exporters and may also benefit various manufacturing subsectors that are struggling to compete with Asian countries that enjoy the benefits of highly flexible labour markets.
- Formal sector employment creation gained some momentum during the third quarter of 2011 and has now increased for six successive quarters. At a level of just below 8.36 million, the economy has now created 273 000 new formal sector jobs since the first quarter of 2010, when this indicator dropped to a recession-induced low. Fortunately, the welcome return to job creation is fairly broad-based, with manufacturing being the only key sector that remains in deficit when compared to the first quarter of 2010;
- Prospects for a continuation of a low interest rate environment, due to a combination of relatively low inflation and a more accommodating monetary policy stance;
- Growth in several key monetary aggregates, including private sector credit extension, shows signs of shaking off the lethargy of the past two years, with the business sector in particular having developed a renewed appetite for working capital;
- A continuation of the recovery in inventory levels, which could add at least half a percentage point to the 2012 GDP growth rate; and
- Most of the world's key emerging markets are experiencing relatively high economic growth and this trend is not expected to change in 2012. Over the past decade, South Africa's global import and export trade has been characterised by a shift towards emerging markets, which to some extent negates the negative effect of slower economic growth in Europe.

Formal sector employment (000s)



(Source: Statistics SA)

Resilience underpins positive outlook

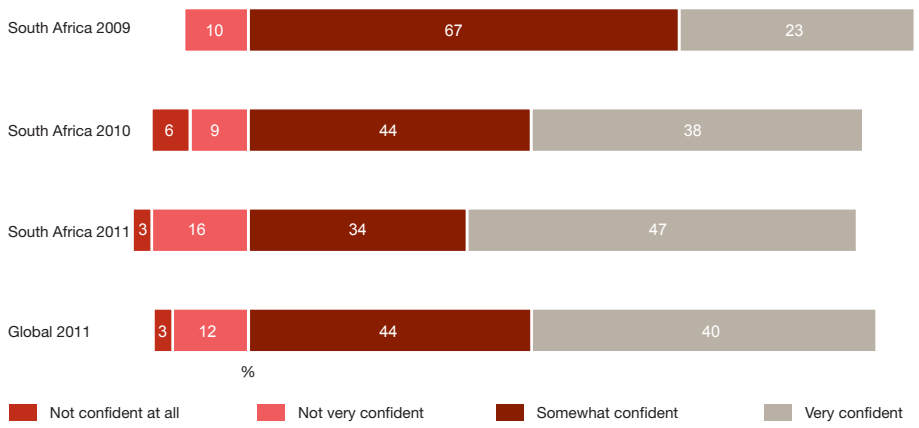
Following the buoyant early years of the century, the global economic crisis of 2008 came as a shock, its full extent remained unknown and there was cautious expectation that it would be only a temporary setback. Going into 2012, South African CEOs have come to terms with the fact that the end of the world's financial difficulties are not yet in sight and have adjusted their outlook and strategies accordingly.

In 2009, no less than 90% of South African CEOs said they were confident about their company's prospects for revenue growth in the next 12 months.

While such confidence moderated overall to 82% in 2010 and 81% in 2011, the proportion of CEOs who said they were 'very confident' about revenue prospects doubled from 23% in 2009 to reach 47% in 2011. Such optimism is 7% above the global average and in line with expectations expressed in other emerging economies.

Short-term confidence has improved

Q; How confident are you about your company's prospects for revenue growth over the next 12 months?



Since the financial crisis took hold in 2008, CEOs have learned to be better prepared to deal with an economy defined by global volatility.

During the same three-year period, the proportion of CEOs who said they were not confident about prospects for revenue growth in the short term also grew twofold, from 10% to 19%.

The percentage of those who say they are not confident is not only almost a third higher than the global average, but surprisingly also more than that found in developed markets, which suggests that some CEOs and perhaps some sectors, are finding the going a lot tougher than others.

It takes a positive approach to succeed in business and while there is no question that many are facing up to a great number of challenges, businesses overall show that they are not on the defensive and CEOs are taking calculated steps to grow in areas they believe will secure their success.

While only 3% of South African CEOs expect global economic prospects to improve over the next 12 months – compared to the global average of 15% – they are considerably more optimistic about their own companies' potential to realise growth.

Moving from a 12-month to a three-year time horizon, overall confidence increases by 16% to 97%. Although the proportion of CEOs who say they are 'very confident' declines to 44%, this is in fact an improvement on the 41% recorded in the 2010 survey.

Insight

The maintenance of a confidence level of above 80% is encouraging and not surprising when viewed against the performance of the Reserve Bank's leading business cycle indicator. Since the end of the recession in mid 2009, the latter has increased by almost 22%. Furthermore, the levels of growth in manufacturing sales and retail sales, which together account for one-third of total private sector economic activity, have both increased by more than 12% (in real terms) since the end of the recession.

The fact that both extremes on the CEO confidence scale increased represents a typical post-recession paradox. During an economic recession, some sectors experience a deeper decline in output levels than others and the same general trend holds for a recovery.

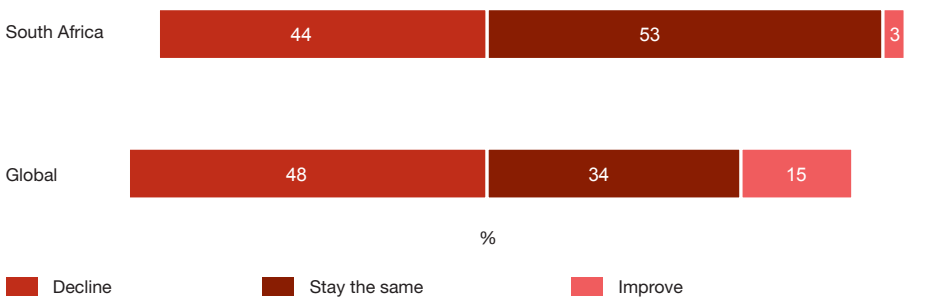
In South Africa's case, the variance in sector-specific economic recovery is exacerbated by the lack of proximity to the world's most affluent consumer markets, as well as the strength of the domestic currency during the 12 months prior to the survey.

Although every key sector of economic activity has returned to positive real growth, a significant variance remains. At the end of the third quarter of 2011, the average annual real output growth levels of agriculture (0.1%), mining (0.9%) and construction (1.3%) were much lower than for trade (retail & wholesale) and hospitality (4.1%), manufacturing (4%) and financial & business services (3%).

The economic stalemate in Europe, caused essentially by fiscal profligacy in a limited number of countries and an insufficiently integrated and risk-averse regional capital market, has undoubtedly also influenced confidence levels among CEOs.

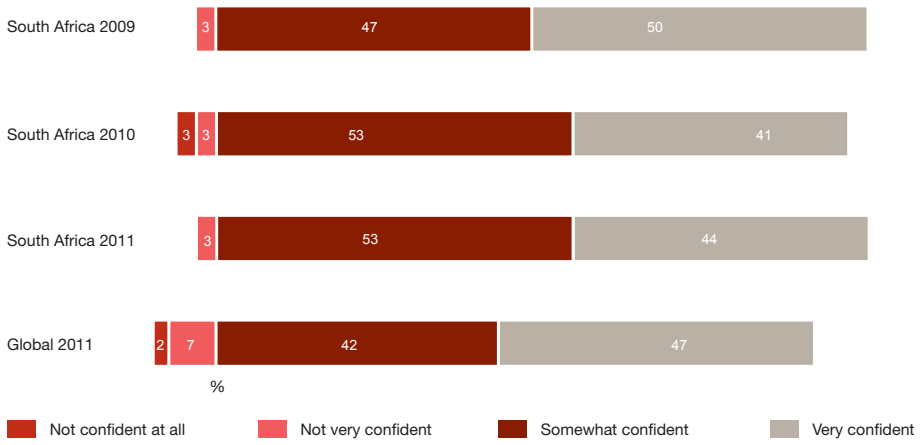
South African CEOs are cautious about prospects for the global economy

Q: Do you believe the global economy will improve, stay the same, or decline over the next 12 months?



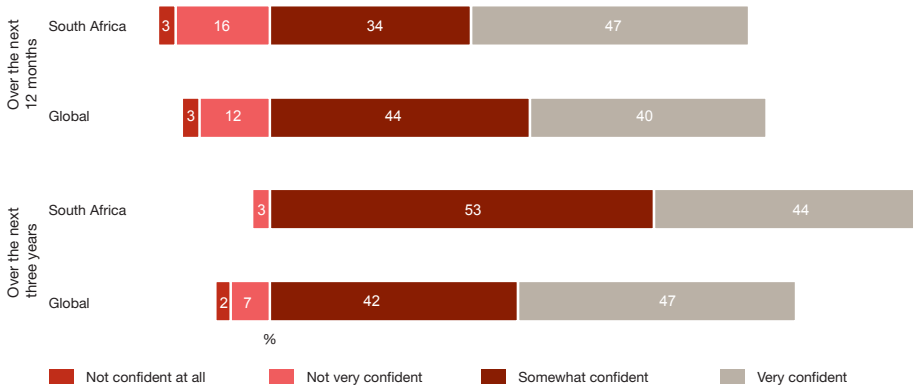
CEOs are extremely confident about prospects for revenue growth

Q: How confident are you about your company's prospects for revenue growth over the next three years?



Expectations for short and medium-term performance

Q: How confident are you about your company's prospects for revenue growth over the next 12 months and three years?



Insight

One of the most encouraging features of the survey results is the fact that South African confidence levels in the area of anticipated revenue growth have improved since the previous survey and are also ahead of the global average.

This result is correlated to an exceptionally strong increase in company profits during the latest financial reporting cycle. Separate research conducted on behalf of PwC in this regard, covering 94 companies listed on the JSE, indicates that these companies' profitability has increased significantly, while the dividend yield on their shares also grew between the fourth quarter of 2010 and the fourth quarter of 2011.

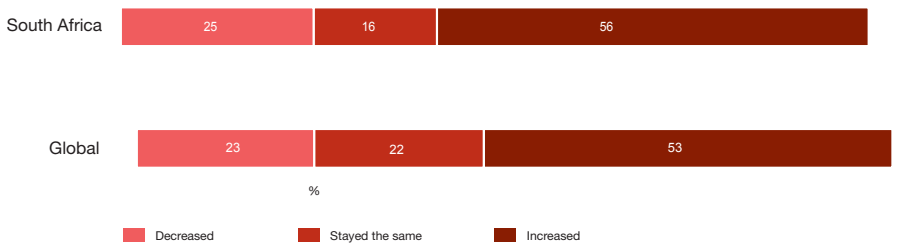
Headcount

Employment trends are arguably one of the most objective measures of a CEO's outlook. The survey reveals that more than half of South African and global CEOs increased headcount in the past 12 months, while no more than a quarter reduced numbers.

Looking forward to the coming year, this positive trend continues with 79% expecting their workforces to either stay the same or increase in size, while the percentage expecting layoffs declines below 20%.

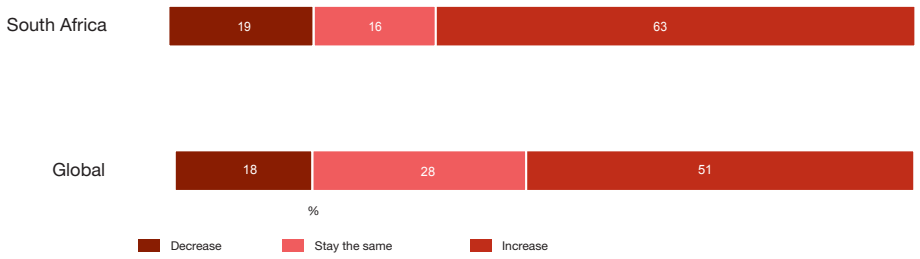
More than half of CEOs increased headcount in the past year

Q: What happened to headcount in your organisation globally over the past 12 months?



More than three-quarters of CEOs plan to grow headcount in the coming year

Q: What do you expect to happen to headcount in your organisation globally over the next 12 months?



Insight

The survey results on employment trends are compatible with official labour statistics, with the majority of respondents having expanded their workforces over the past 12 months. According to Statistics SA, the economy recorded its sixth successive quarter of formal sector employment growth in the third quarter of 2011.

The larger degree of optimism about recruitment plans during 2012 augers well for the ever-present quest to combat unemployment and could provide a solid platform for the pending implementation of the Government's job subsidy scheme for first-time employees.

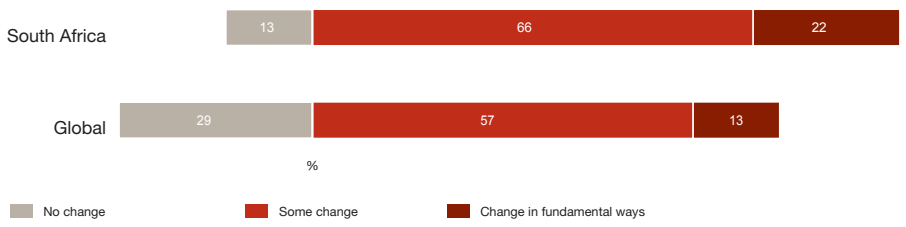
Changing strategy, realising growth

Changing circumstances call for a fresh approach and South African CEOs are actively adapting their business models to take advantage of new opportunities, while maintaining their focus on avoiding risk.

No less than 88% of local CEOs anticipate changing their business strategy in the next 12 months, compared with a global average of 70%. Almost one in four expect to change their strategy in fundamental ways.

The vast majority of CEOs anticipate changing their strategy

Q: To what extent do you anticipate your company's strategy will change over the next 12 months?

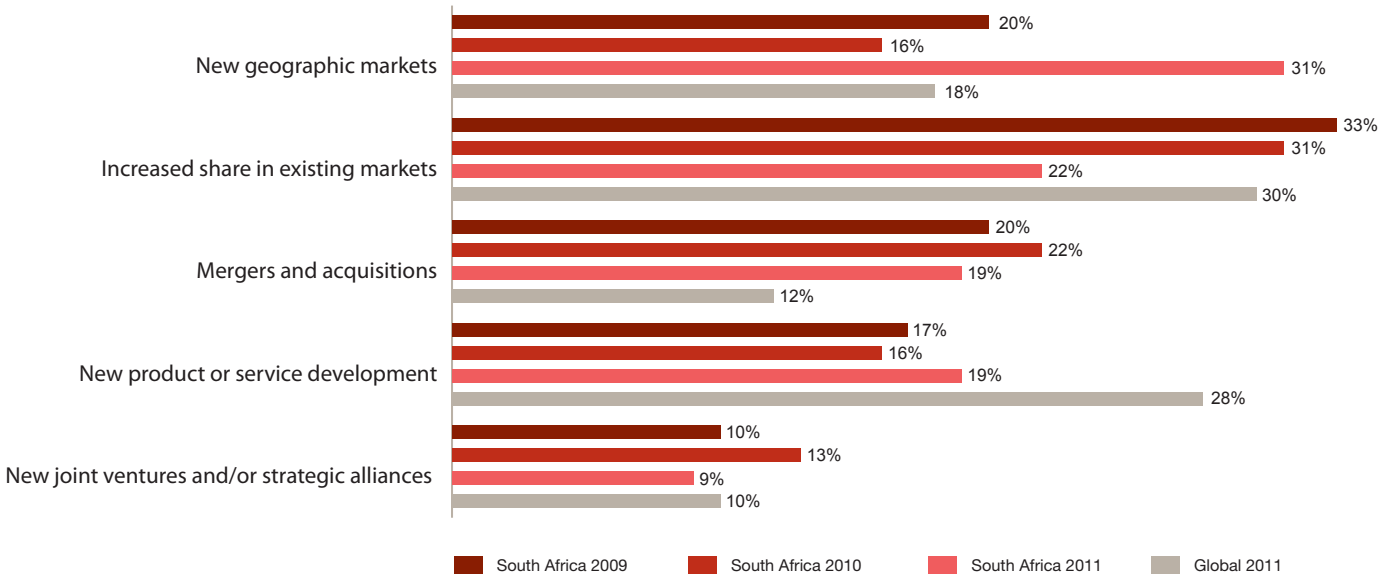


In the previous survey, just 16% of South African CEOs identified new geographic markets as a focus area for growth. Now greater attention is being paid beyond our borders, with that proportion doubling to 31%.

Meanwhile, the focus on increasing share in existing markets declined from 31% in 2010 to 22% in 2011. This is in contrast to the global picture, where increasing share in existing markets and new product or service development were identified as the most significant opportunities for growth.

New markets recognised as main opportunity for growth

Q: Which one of these do you see as the main opportunity to grow your business in the next 12 months?



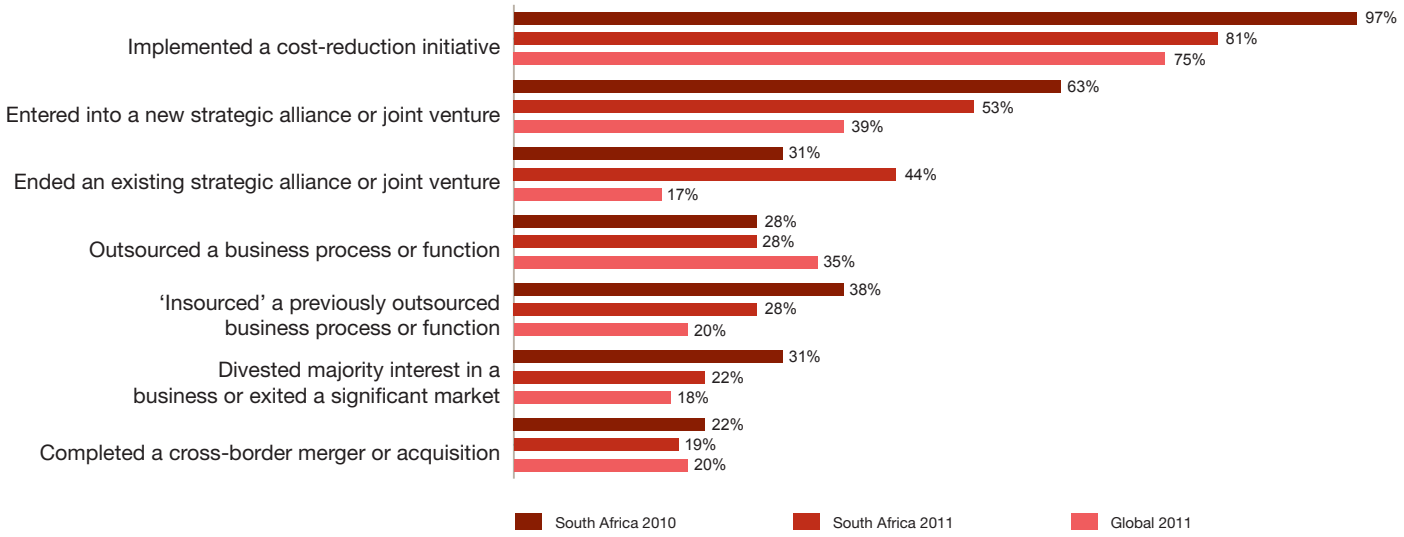
Gearing up

To capitalise on perceived opportunities for growth while continuing to streamline operations, CEOs are persevering with restructuring initiatives. Cost reduction and the initiation or termination of alliances were the most common restructuring activities undertaken by local CEOs in the last 12 months.

With South African CEOs now focussing their attention on opportunities in new geographic markets, entering into new alliances and completing cross-border mergers or acquisitions top the list of restructuring activities planned in the coming year.

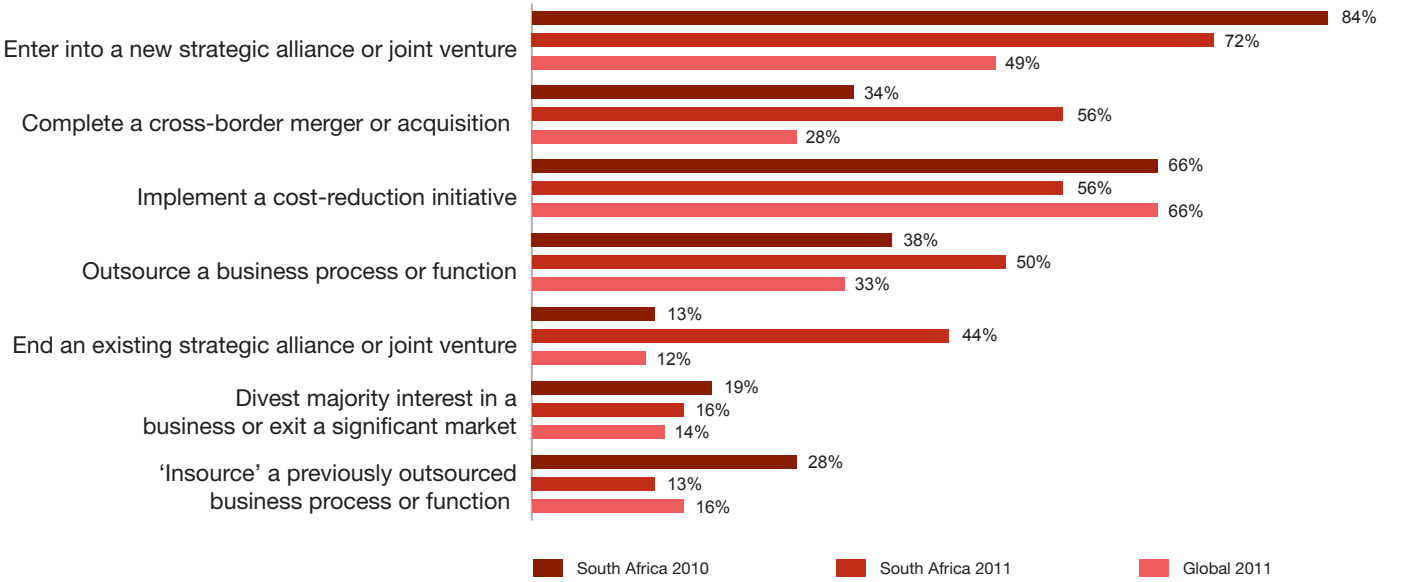
Cost reduction has been the leading restructuring activity

Q: Which, if any, of the following restructuring activities have you initiated in the past 12 months?



New alliances, joint ventures and cross-border transactions are now a priority

Q: Which, if any, of the following restructuring activities do you plan to initiate in the coming 12 months?



Regulatory changes are prompting most CEOs to change their business strategy.

Insight

The strong rise in importance of new geographic markets as a focus area for growth reflects a global trend to increase trade with emerging markets and developing countries, where significantly higher economic growth has been experienced for the last three decades. It is also correlated to a structural shift in the focus of South Africa's international trade away from traditional markets in Europe and the US towards Africa and Asia.

In the decade between 2001 and 2011, import and export trade with Europe and the US declined from 47% of South Africa's total international trade to 38%, with the bulk of the shift to new trading activity going to China, Africa, India, Japan and other emerging markets in Asia. Virtually all of these countries and regions are expected to record sound economic growth in 2012, which provides a further explanation for the relatively optimistic outlook reflected in the survey results.

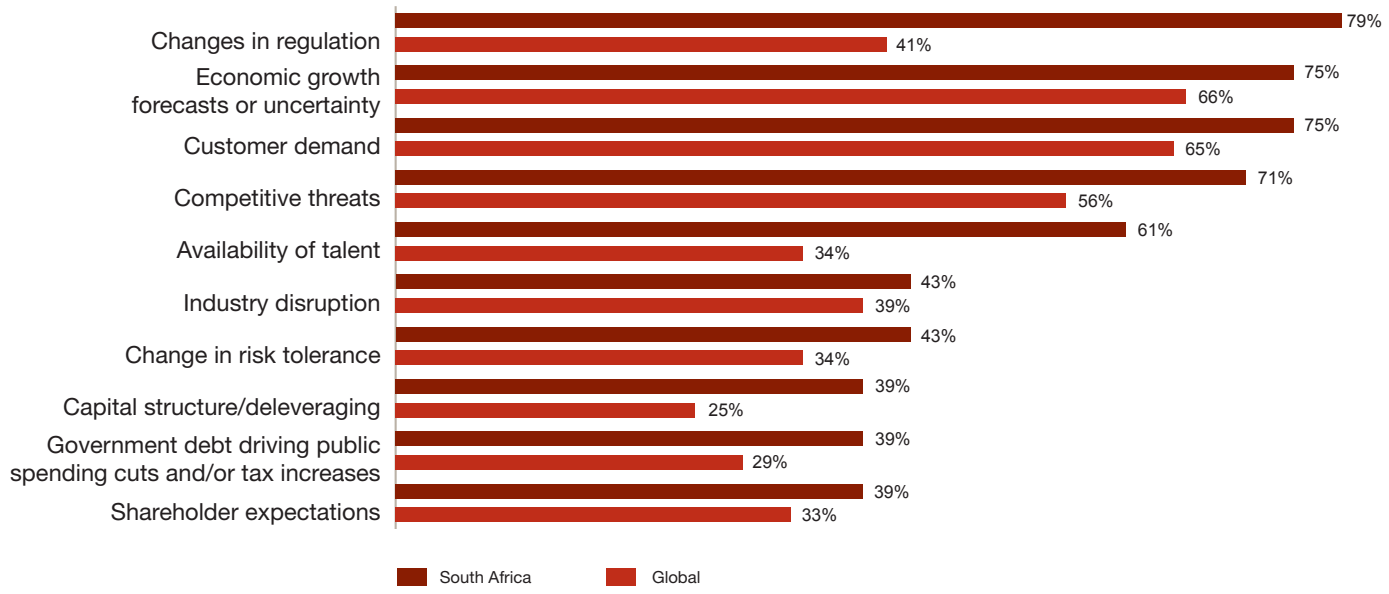
Issues influencing the need for changes in strategy

The last 12 months has seen the introduction of both the Consumer Protection Act and the new Companies Act in South Africa. With the Protection of Personal Information Act currently at an advanced stage in the legislative pipeline, it is perhaps not surprising that changes in regulation emerged as the leading factor influencing the need to change strategy among 79% of CEOs, virtually double the global average.

Regulation is closely followed by customer demand, economic concerns and competitive threats as the leading drivers of change. The availability of talent (or lack thereof) also features prominently at 61%, and at a significantly higher rate than the global average of 34%.

Factors influencing the need to change strategy

Q: Which of the following factors influence your anticipated need to change your strategy?

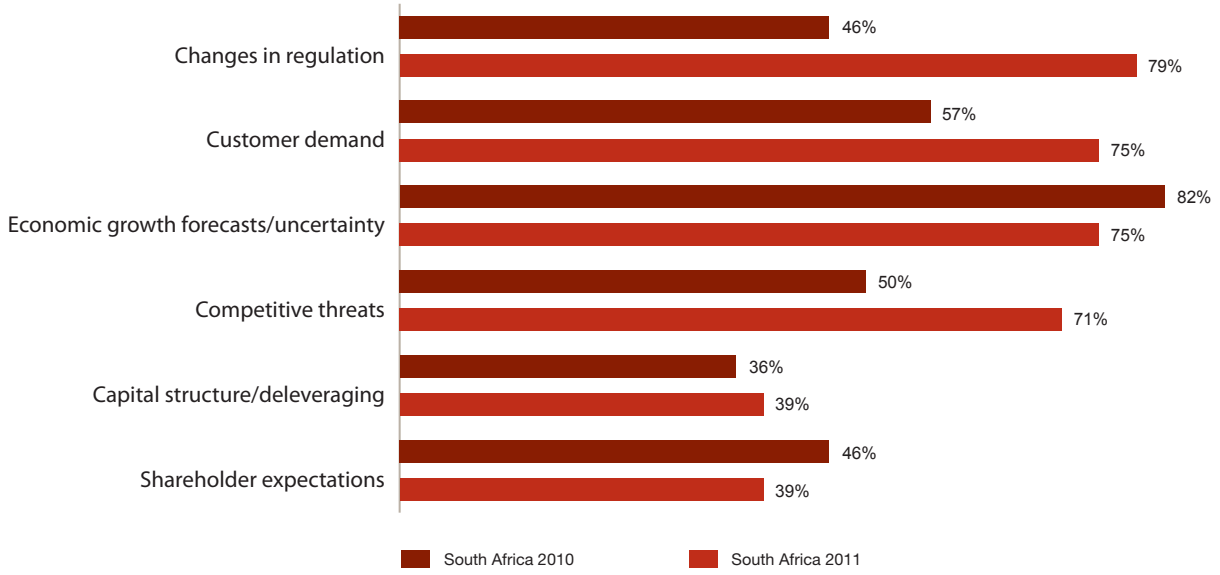


Across the board, these external factors had a far greater impact on South African CEOs than their global counterparts, with the percentage difference for each factor varying by as much as 38%.

Comparing these findings with those of the previous survey also hints at some fundamental shifts occurring in the local operating environment. Once again regulation, customer demand and competitive threats varied greatly, this time year-on-year, while economic concerns declined slightly.

Factors influencing the need to adjust strategy have changed significantly since the previous survey

Q: Of the following factors that may be impacting in your business, which have significantly influenced your need to change your strategy?



Challenges to growth and profitability

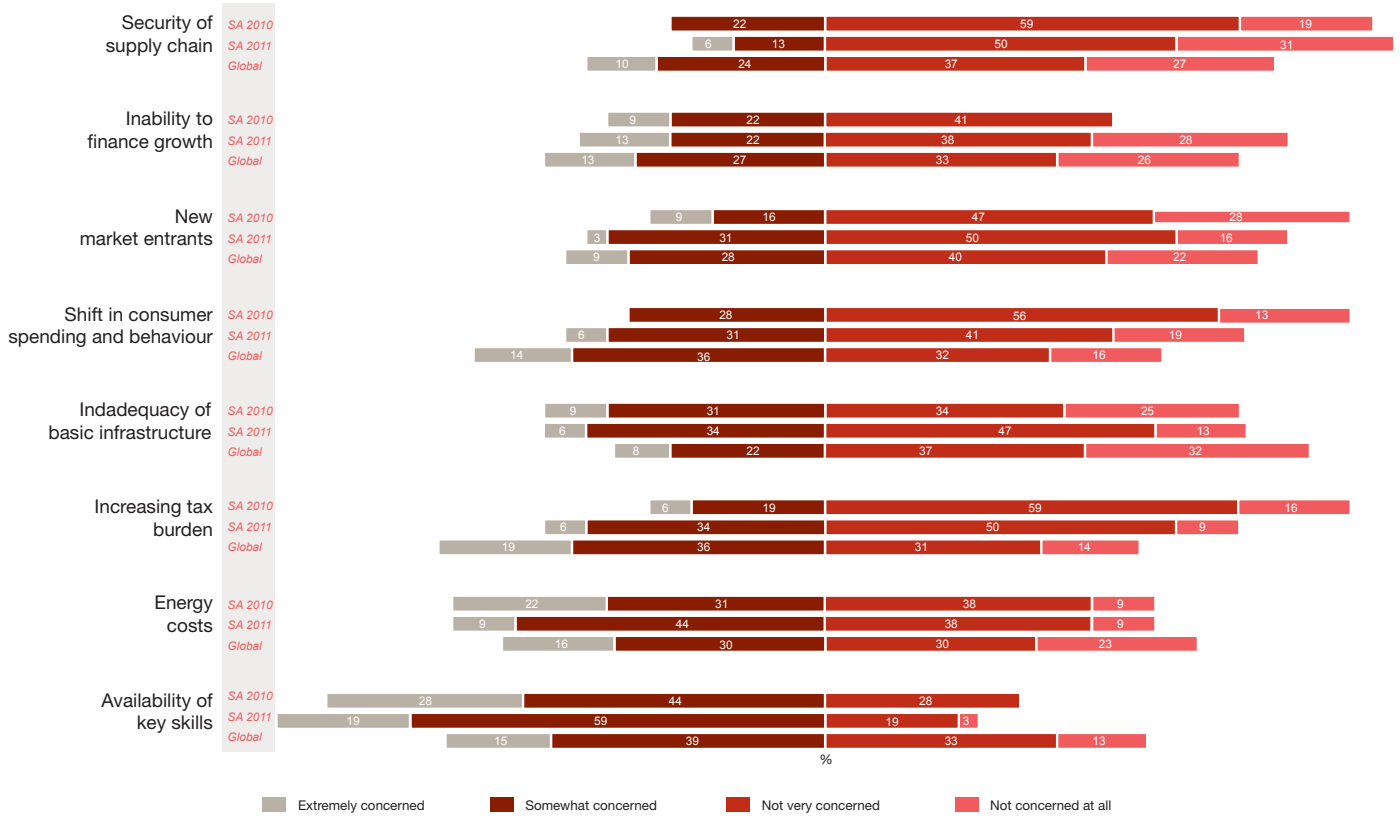
Recognising the need to adjust strategy – and being able to carry it out – is critical if CEOs are to come out on top in today's ever-changing business environment. In this year's survey, South African CEOs showed greater concern over a number of external factors, most particularly the availability of key skills. No less than 78% of local CEOs are concerned about this single issue, compared to a global average of 54%.

In comparison to the global view, South African CEOs are also significantly more concerned about energy costs and the inadequacy of basic infrastructure, although the percentage of those saying they are 'extremely concerned' has declined since the previous survey.

While remaining predominantly positive, other concerns that showed a decline in confidence include competition from new market entrants, shifts in consumer spending and behaviour, inability to finance growth and fears of an increasing tax burden.

Despite a few serious concerns, CEOs are generally positive about threats to their growth and profitability

Q: How concerned you are, if at all, about...



Insight

Several of the survey questions point to concerns amongst CEOs over both the quantity and the quality of skills in South Africa, with the perceived lack of available talent being one of the leading factors influencing the need to change business strategy in 2012.

This result is correlated to private sector research indicating the current existence of a significant shortage of skills in South Africa in the fields of management, engineering, law, finance, accounting and medicine.

The survey responses dealing with labour market issues are to some extent a reflection of the systematic erosion of South Africa's international competitiveness caused by labour market inflexibility.

According to the annual global competitiveness rankings compiled by the World Economic Forum (WEF), labour market efficiency represents South Africa's second-lowest ranking on the 12 pillars of global competitiveness. In its presentation to the presidential job summit held last year, Business Unity South Africa (BUSA) stated that South Africa's business sector was faced with an over-regulated and trade union-biased labour market.

Notwithstanding their confidence, CEOs remain focussed in their approach to dealing with a host of challenges and uncertainties.

Recognising risk

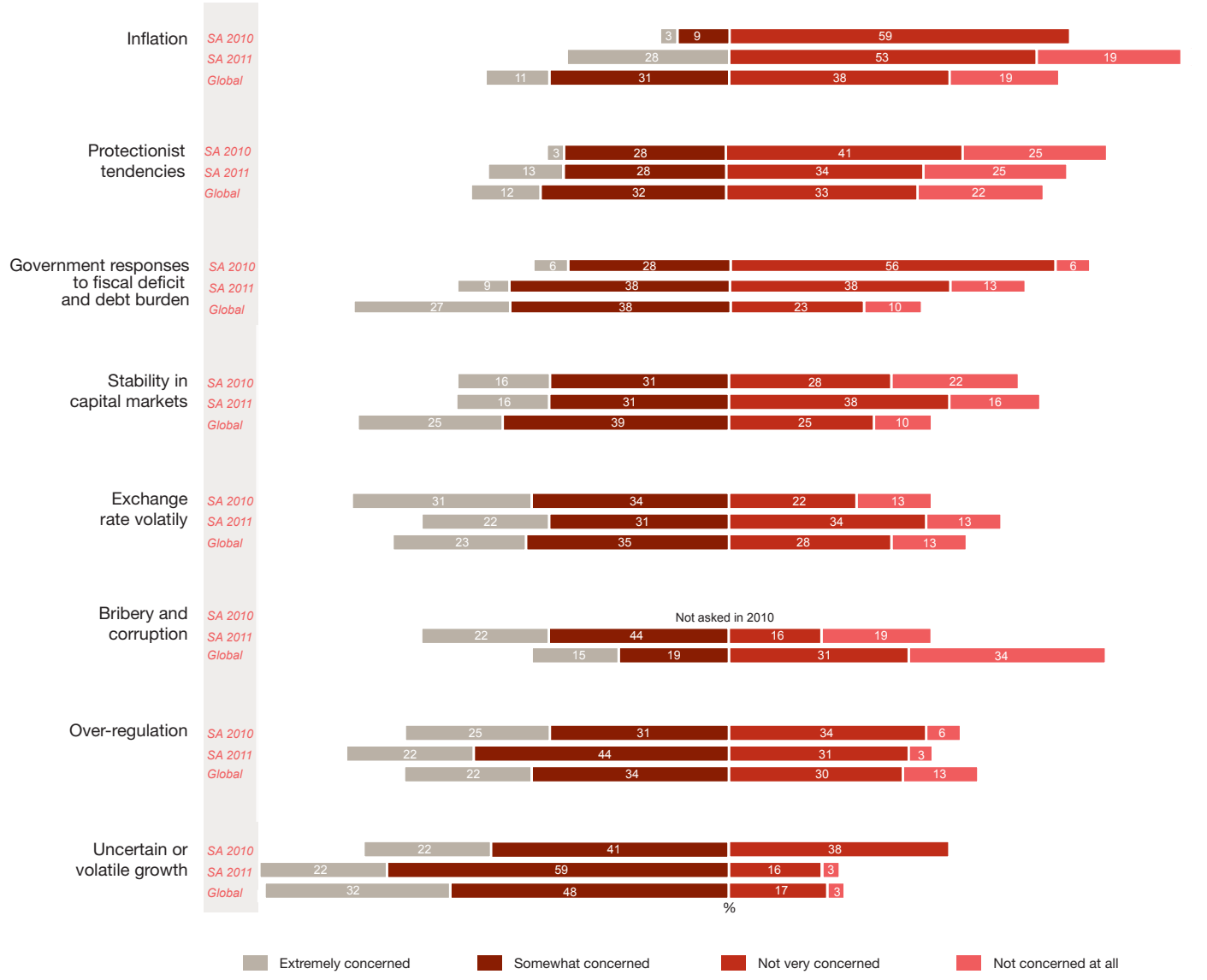
South African CEOs share many of the same concerns as their global counterparts and the 2011 results show that in many instances perceptions are becoming more closely aligned with the global outlook than they were in 2010. Concerns about over-regulation stand out as an exception to this trend, with local CEOs showing more unease than the global average.

On the positive side, South African CEOs are more optimistic about stability in capital markets and exchange rates than they were in the previous survey, and in comparison to their global peers in 2011. However, economic growth remains a universal concern.

For the first time in this year's survey, respondents were asked how concerned they are about bribery and corruption. No less than 66% of South African CEOs expressed concern, compared to 34% of global CEOs.

CEOs see over-regulation and uncertain growth prospects as the most significant challenges

Q: How concerned you are, if at all, about...



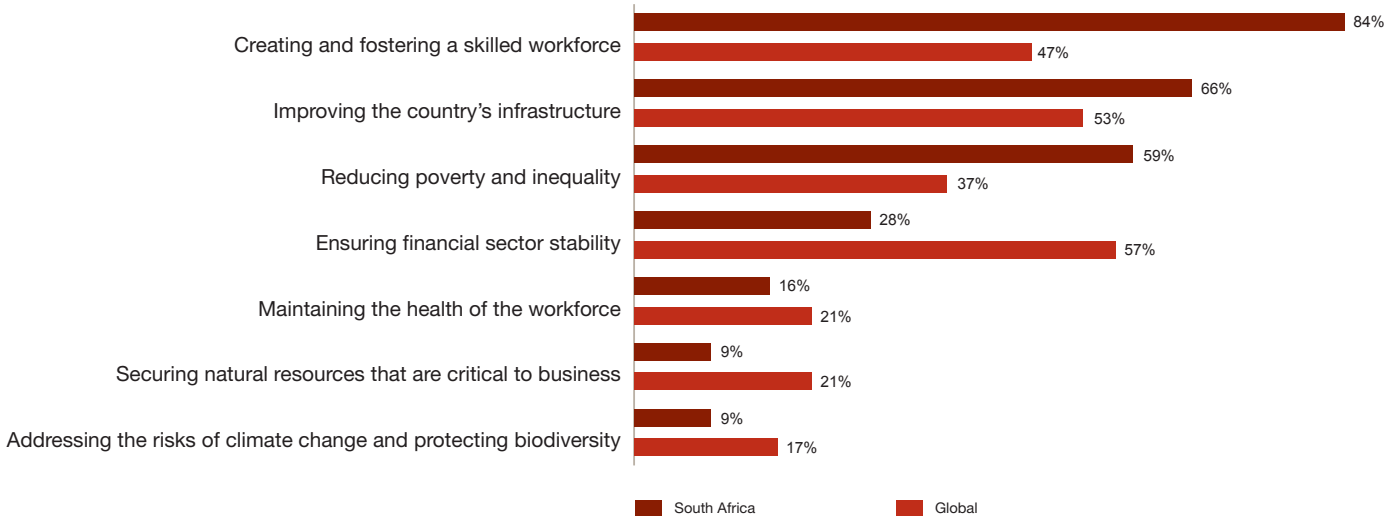
Government's role

Business, society and government are interdependent and none can flourish without the others succeeding too. An overwhelming 84% of South African CEOs believe that taking steps to create and foster a skilled workforce should be the Government's number one priority.

Improving infrastructure and reducing poverty and inequality followed as the most important areas in which the Government can make a positive difference. This contrasts somewhat with the global scenario in which ensuring financial sector stability stands out as the most significant issue.

CEOs believe improving workforce skills should be the Government's most important priority

Q: Which three areas should be the Government's priority today?



While the South Africa Government can be commended for ensuring stability in the financial sector, CEOs believe it should be doing more to develop the workforce.

Changing tactics to address changing realities

Taking into account developments in the macro environment, CEOs were asked what changes they anticipated implementing in their companies in a number of key areas over the next 12 months.

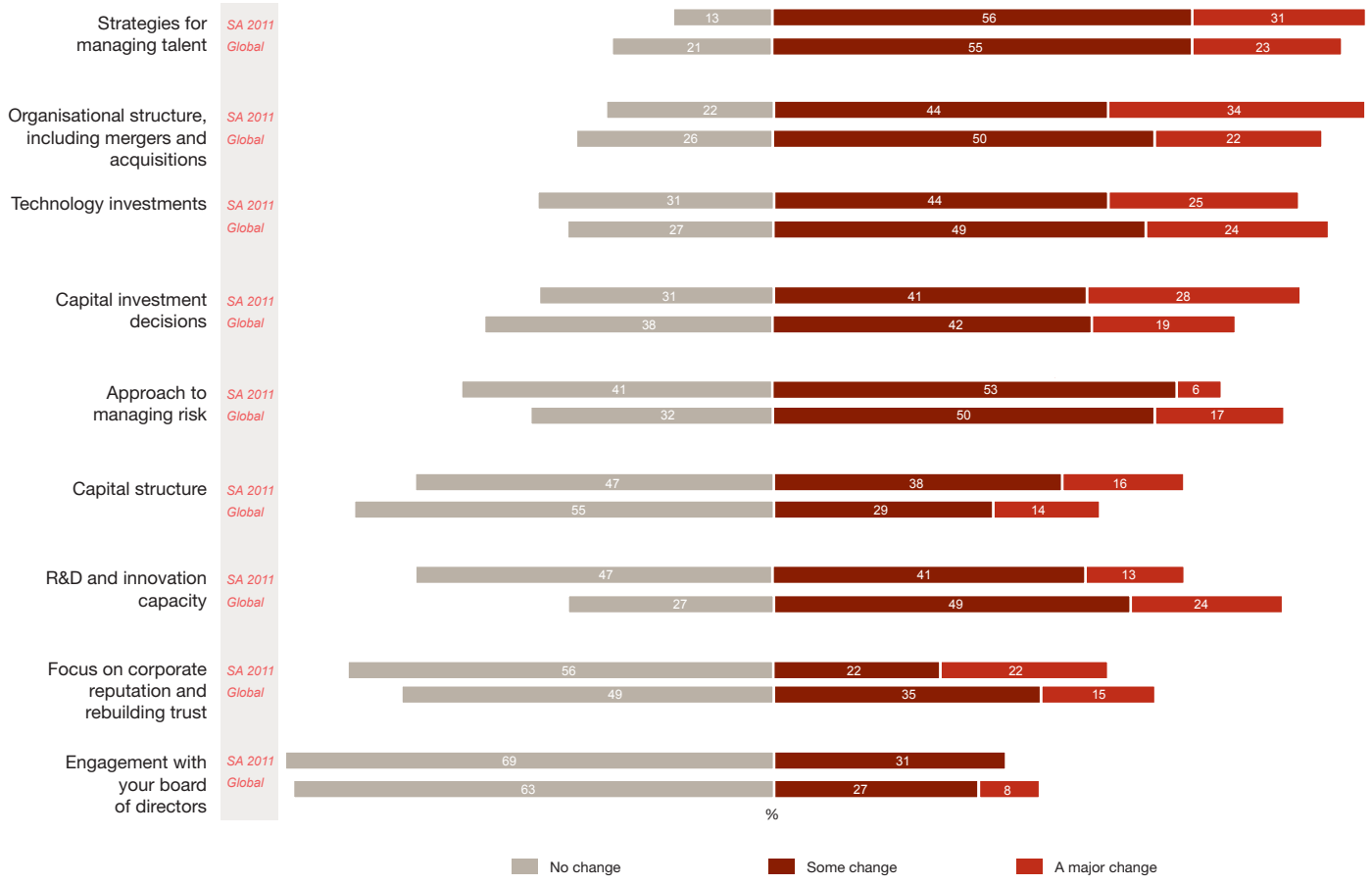
Besides engaging with their boards of directors and focussing on corporate reputation and rebuilding trust, the majority of CEOs indicate that they intend to make some or major changes in almost all areas questioned.

The biggest changes are likely to come in strategies for managing talent, organisational structure and technology investments, where the South African results echo the global view.

A significant area of difference between South African and global CEOs lies in the area of R&D and innovation capacity, with global business leaders 19% more likely to initiate change than their local counterparts.

CEOs are initiating change in many areas

Q: To what extent do you anticipate changes at your company over the next 12 months in the following areas...



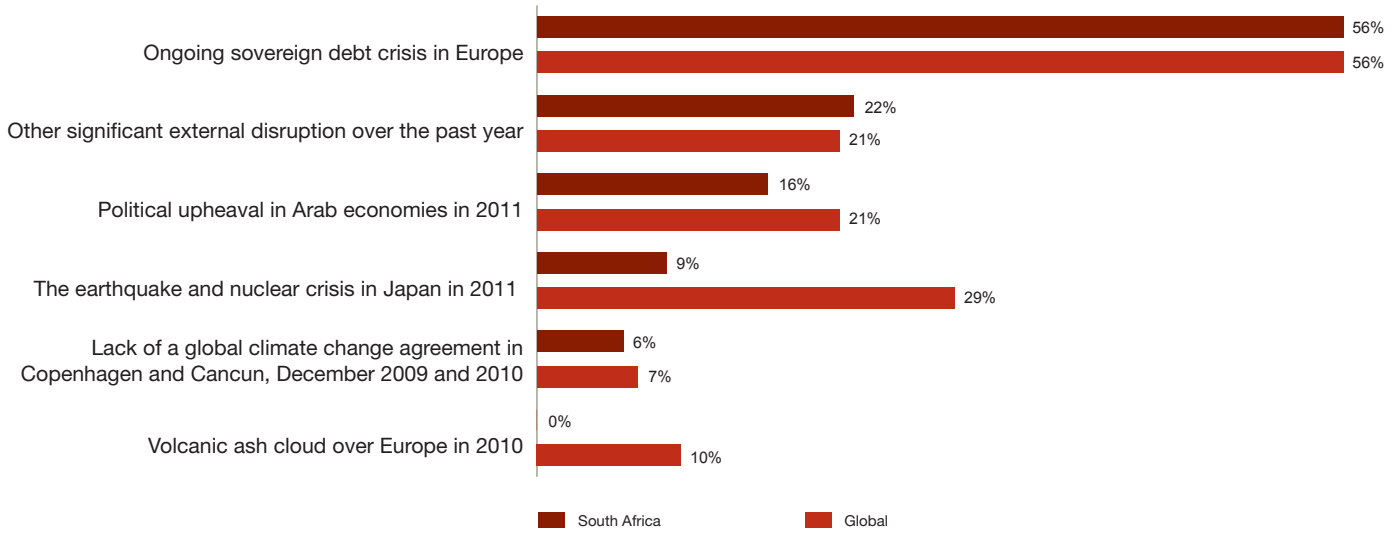
Global disruption

The integration of global economies promises many advantages, but with these come a host of threats. Not least of these is the fact that the consequences of a negative event in one place can reverberate around the world.

In this year's survey, more than half of all global and South African CEOs identified the sovereign debt crisis in Europe as the single external issue that most affected their companies financially. This was followed by political upheaval in the Middle East and the tsunami and nuclear crisis in Japan.

The Eurozone crisis has had the most significant financial impact on companies in the past year

Q: Which significant events directly affected your company financially?

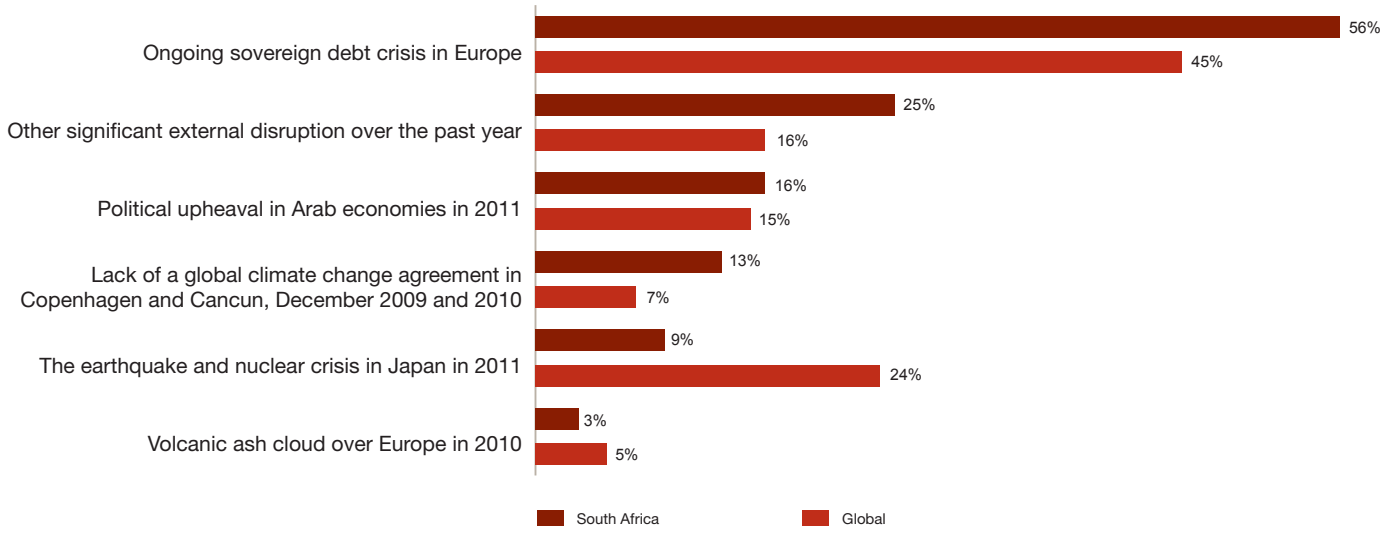


In the face of these challenges, CEOs also showed their ability to adapt by changing their strategy, risk management and operational planning. In many instances South African CEOs have made changes even though their companies have not been financially impacted by the underlying event.

While more than half of all business surveyed have been financially affected by the sovereign debt crisis in Europe, South Africa CEOs are leading the way in taking active steps to mitigate their exposure.

CEOs are taking action to mitigate global disruptions

Q: Which events triggered specific changes to strategy, risk management and operational planning?



Regional concerns reveal local realities

While the risk of global economic volatility is a common worry for all CEOs, comparing how CEOs perceive other threats to their business offers some insight into the risks they are most alert to in different regions:

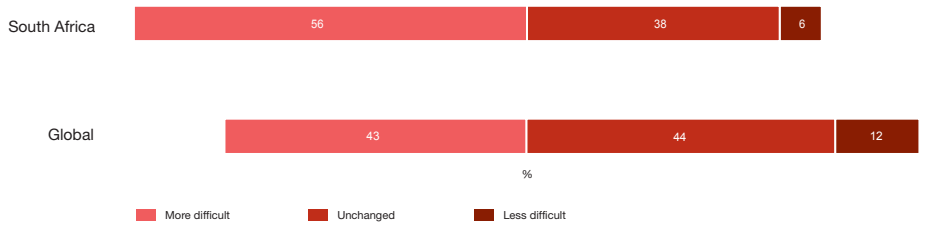
- Western Europe: Outlook for taxes and financial market stability;
- North America: Constrained state spending and skills mismatches;
- Asia-Pacific: Currency volatility and energy costs;
- Latin America: Underdeveloped infrastructure; and
- Middle East and Africa: Skills shortages and corruption.

The skills challenge

South Africa is rich in resources, but the chronic shortage of appropriate skills continues to be a major limiting factor in the country's development. More than half of South African CEOs confirmed that it was becoming more difficult to recruit workers in their industries, citing the supply of skilled candidates, changing skills needs and compensation expectations as the leading reasons for this.

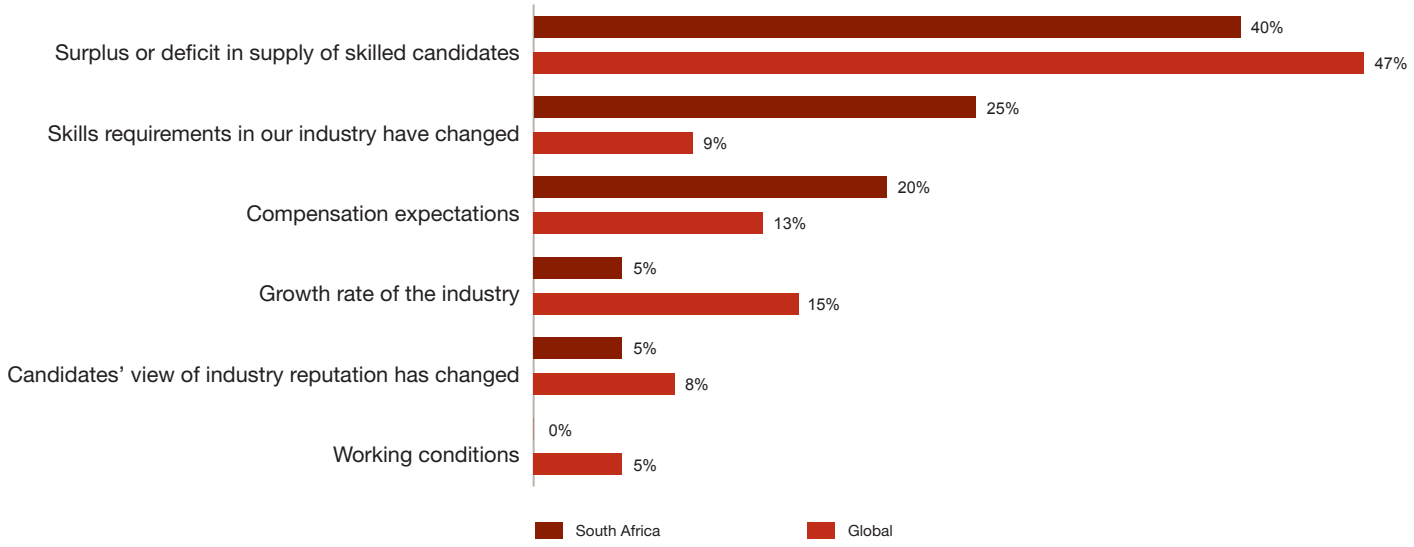
Most companies find it is becoming more difficult to hire workers

Q: In general, has it become more difficult or less difficult to hire workers in your industry?



The skills shortage remains the most significant recruitment challenge

Q: Which of the following is the primary reason why it is more difficult to hire workers?

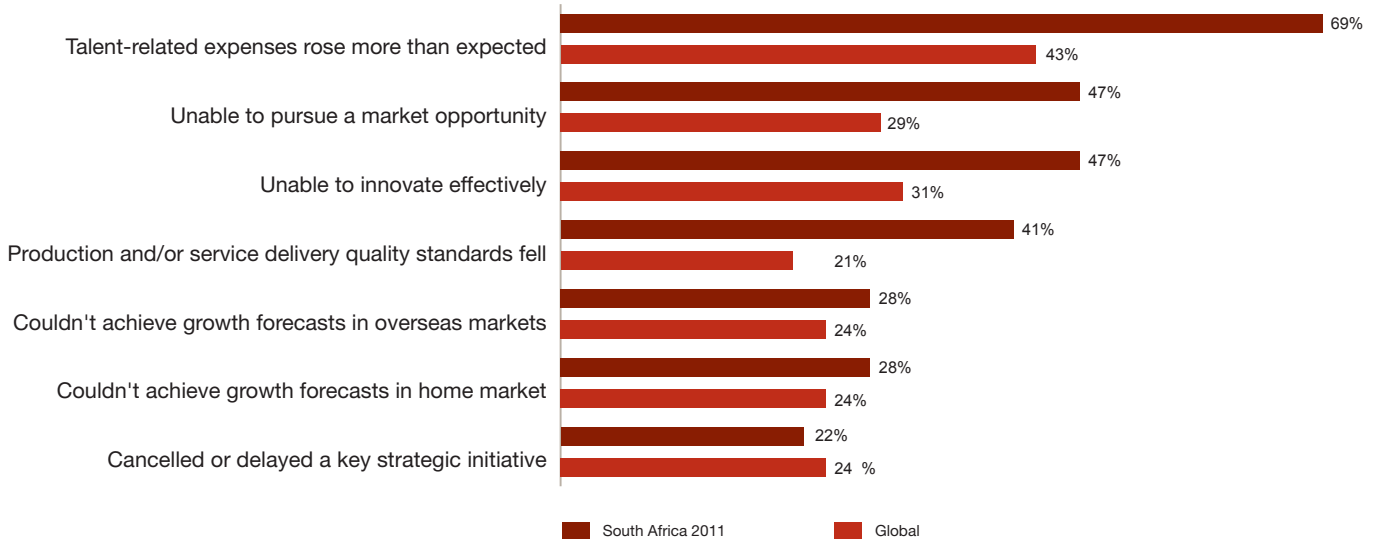


Despite these challenges, 72% of South African and 85% of global CEOs remain confident that they will be able to access the talent they require to execute their companies' strategies in the next three years.

Notwithstanding such optimism, CEOs are also candid about the impact talent constraints have had on their companies' growth and profitability in the past year, with South African companies being significantly more affected than their global counterparts in a number areas.

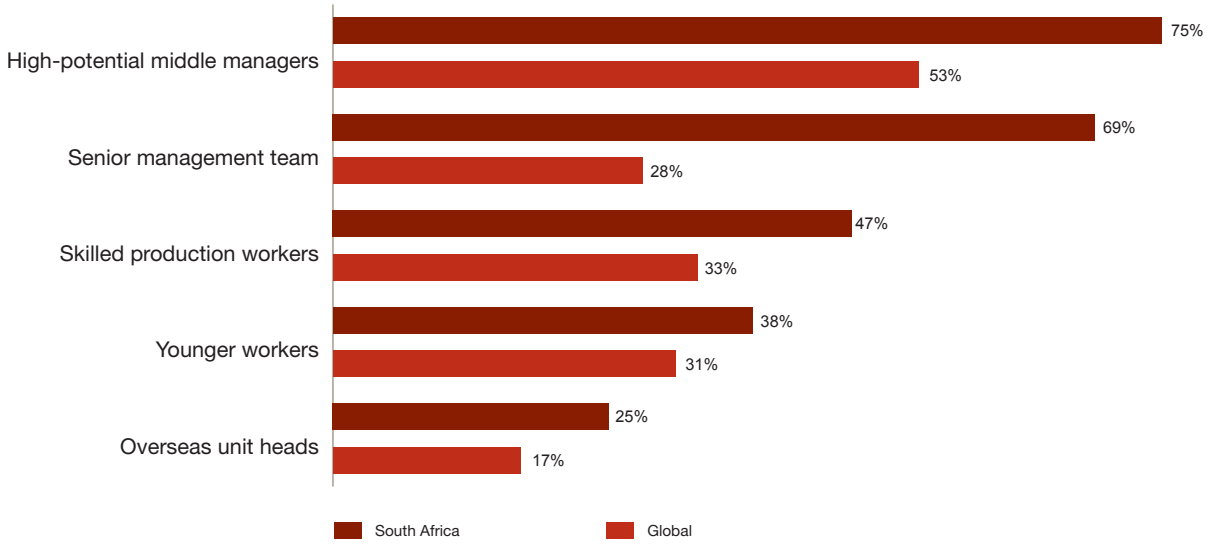
Talent poses major real and opportunity costs

Q: Have talent constraints impacted your company's growth and profitability over the past 12 months where...



Recruitment and retention of middle and senior management remains a major challenge

Q: With which of the following groups do you currently face the greatest challenges with regard to recruitment and retention?

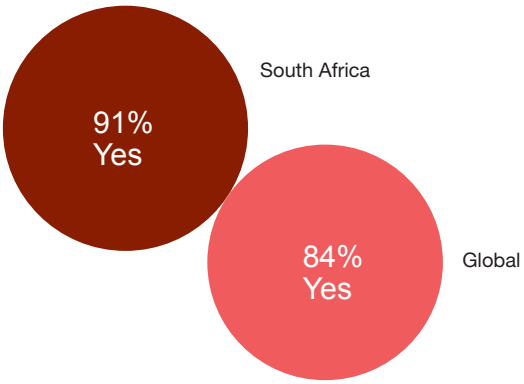


Compared to the global averages, substantially more South African CEOs identified high-potential middle managers, senior managers and skilled workers as the most difficult categories of workers to recruit and retain.

The challenges they face may be greater, but South African CEOs are also more likely than their global peers to acknowledge the role of business in workforce development and to make direct investment in this regard.

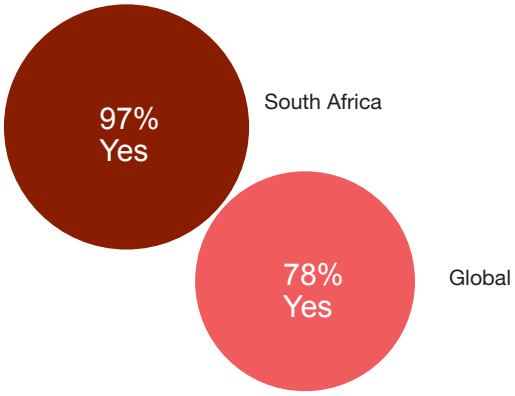
CEOs believe business has a wider role to play in workforce development

Q: Do you believe that business in general has a role in workforce development – the education and training of youths or adults other than your employees?



Business is taking an active role in workforce development

Q: Is your company making direct investments in workforce development in any of the markets where you do business?



Moving ahead

Three years into the financial crisis, uncertainty and volatility are a given. But changing conditions also present opportunities.

Globally, the rise of emerging economies, the greater mobility of goods, capital and people, together with technological advances in many industries, are supporting increasing confidence about business prospects.

The predominantly optimistic opinions of local CEOs with regard to business conditions and revenue expectations closely parallels many of the key indicators of economic activity in South Africa. Given the country's sound economic fundamentals, we should expect to see only a marginal loss in growth momentum in 2012, if at all, and this is reflected in the positive outlook of the majority of CEOs.

In addition, CEOs have built on the experience of the past few years and are better prepared to tackle emerging risks head-on. This may explain why CEOs show greater confidence in their own company's ability to grow than their expectations for the global economy.

Notwithstanding their confidence, CEOs remain focussed in their approach to dealing with a host of challenges and uncertainties. Foremost of these is the availability of key skills, regulatory changes and concerns over uncertain or volatile growth, particularly in relation to the Eurozone crisis.

Having taken action to minimise the impact of such difficulties and persevered with cost-reduction initiatives, CEOs have also reshaped their strategies to take advantage of new opportunities for growth, both in existing and new markets. The coming months will reveal how successfully their plans translate into reality and the results of this are sure to be reflected in subsequent editions of this survey.

The extended economic slowdown has taught CEOs how to lead their companies with greater efficiencies.

Global issues CEOs should be considering

We believe the findings of this survey have broad implications for business in 2012, and beyond, as companies position for long-term growth in their priority markets. The following questions are distilled from CEOs' insights and may help business leaders achieve the balance they'll need to grow their businesses in these challenging times.

Is your talent strategy fit for growth?

Cost-focussed measurements around talent strategy need to give way to measurements around returns on investment, as leaders increasingly implement new approaches to solve their talent shortage problems. Two-thirds of global CEOs are seeking relevant data and analysis from talent managers to make and inform investment decisions around people. Implementing strategic workforce planning will help leaders look beyond the talent shortages today to align the talent needed to fulfil business plans. Around a fifth of all CEOs expect they will have to make acquisitions or partnerships to fill the gaps. This may be conservative, considering the degree of challenges businesses are facing with talent.

Are your innovations creating value for your customers – or just novelty?

When it comes to innovating in and for local markets, delivering on the value that customers in those markets expect is paramount. Between a fifth and a third of all CEOs say they are creating products specifically for their important markets. It will be increasingly important to get segmentation right – at the regional, country, city or even neighbourhood level – and to design operating models around serving those segments. That means looking beyond product design to include factors such as production, distribution and marketing.

Do your strategic plans focus on how to respond to the most serious consequences you could face?

The range of CEO concerns reflects how diverse sources of risks are. For example, 25% of global CEOs are 'extremely concerned' that instability in capital markets will impact their business. The number of potential risks and their inter-relationships make it very difficult to predict what will occur where and when, but companies can better deal with uncertainty – and take a more strategic approach to risk – by focussing on likely consequences, no matter what the cause.

Where are the biggest opportunities for business and government to coordinate better?

Compliance with a growing body of regulations, particularly when operating in disparate markets, is a complex task for most businesses, which is why CEOs consistently report over-regulation as a threat to their growth. However, the successes of the private and public sectors are increasingly intertwined. Roughly half of global CEOs believe that workforce skills and infrastructure developments are top priorities for their governments, while eight out of ten say their business has a role in workforce development, other than their own employees. Areas such as infrastructure development, education, intellectual property protection, healthcare and regulatory convergence standards are ripe for increased collaboration between the public and private sectors.

Are you adapting your governance model to changing stakeholder expectations?

The organisation of the future will likely be accountable to a different mix of stakeholders from a different mix of markets. Governance models need to adapt, beginning with building a leadership pipeline that reflects potential future demands. It's a key area of focus globally, with 53% of CEOs concerned about recruiting and retaining high-potential middle managers and building more diverse leadership teams.

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