

GLG

JANUARY 2020

THE GLG CEO SURVEY: 2020

Leading executives on the year to come





CEOs Brace for Global Uncertainty in 2020

With 2020 underway, the geopolitical uncertainty that marked 2019 is poised to continue impacting markets around the world. As businesses navigate these and other issues, their leaders must contend with a key question: how will they position their companies for lasting success in an atmosphere of ongoing uncertainty and conflicting streams of information?

To understand how CEOs are approaching the year ahead, GLG conducted a survey in November–December 2019 of more than 100 current North American CEOs, who lead companies in technology, manufacturing, consumer goods, and healthcare. The survey includes both quantitative data and comments from respondents, offering insight into the perspectives of CEOs on global economic outlook, pressing business challenges, corporate social responsibility, and more.

Economic Optimism Tempered by a Challenging Geopolitical Environment

Four key trends to keep top of mind



Economic Optimism

CEOs are less concerned about a recession in 2020, but wary of trade tariffs and external factors that could lead to lower earnings and availability of capital.



Geopolitical Concerns

Political challenges include the ongoing trade war and unpredictability.



Risk Mitigation

CEOs have already reviewed their cost structure and are making moves to diversify their supply chain.



Talent

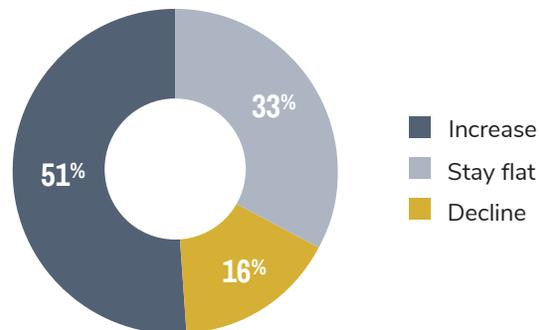
Attracting and retaining talent in a strong economy is the primary workforce challenge.

Optimism Despite Geopolitical Instability

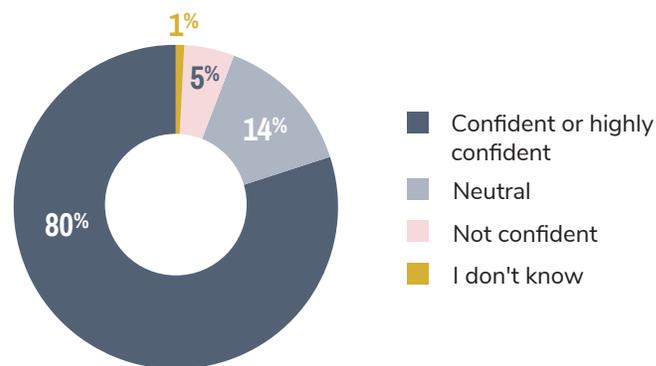
Entering 2020, CEOs are split on their expectations for global growth, are bullish about their own companies' prospects, and generally do not expect a recession in the U.S.

- 51% of respondents expect global economic growth to increase.
- 69% do not believe there will be a recession in the U.S.
- 80% are confident their company's revenue will grow.

What will happen to global economic growth in 2020?



Are you confident your company's revenue will grow in 2020?

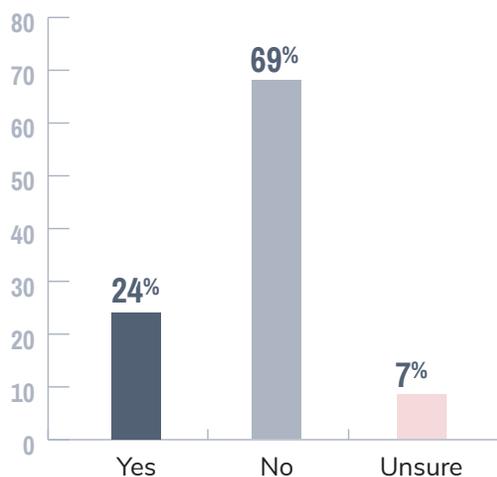


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Develop contingency plans for known risks. Be flexible. Reassess the business environment frequently.”

MANUFACTURING AND DISTRIBUTION CEO

Will the U.S. enter a recession in 2020?



Risk Mitigation Strategies

Despite this optimism, CEOs remain wary of broader macroeconomic and political uncertainty. More than 60% believe that it will impact the availability and cost of capital and resources for their organizations.

To mitigate these risks, CEOs are contemplating a range of strategies. Among a range of possible actions:

- 69% said they were likely to re-engineer costs or seek lower-cost suppliers.
- 35% said they were likely to seek sales in alternative countries, regions, or blocs.
- 19% said they were likely to relocate production and operations.

With respect to China specifically, several CEOs indicated they have already reduced their footprint in China or are contemplating doing so. Others cited a need to focus more tightly on their core business and be more selective on investment opportunities in 2020 than in previous years.

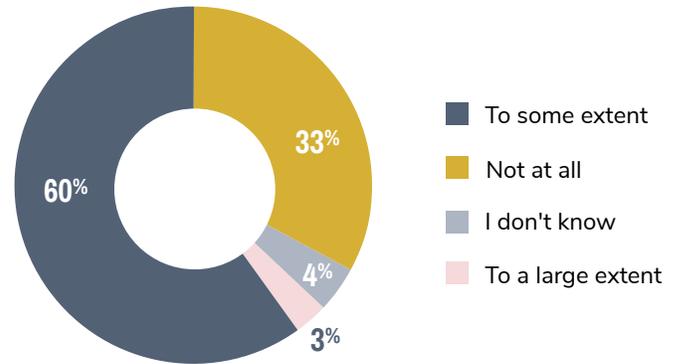
Customer Experience, Innovation, and Talent Continue to Lead Priorities

As in last year's GLG CEO survey, this year CEOs listed customer experience (CX), innovation, and human capital among their top priorities.

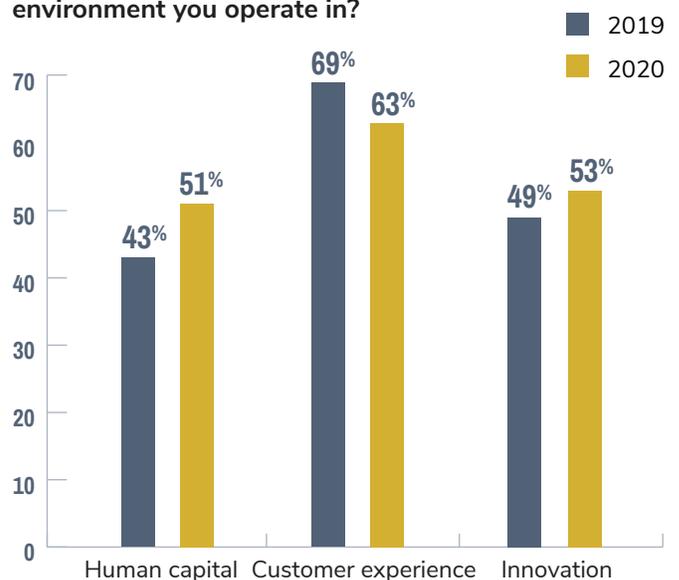
Digging deeper into human capital reveals that CEOs expect to face challenges in talent acquisition, as well as employee engagement and retention, amid historically low unemployment and increased competition in a strong and growing economy.

Less than 20% of CEOs expect their company's headcount to decrease in 2020. But more than 25% of those who do attribute that expected decrease to automation and technology.

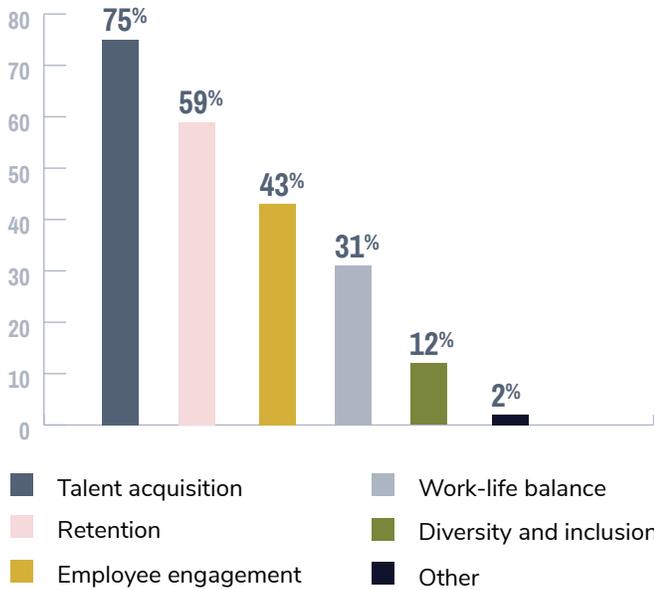
Will geopolitical uncertainty impact access to capital and resources?



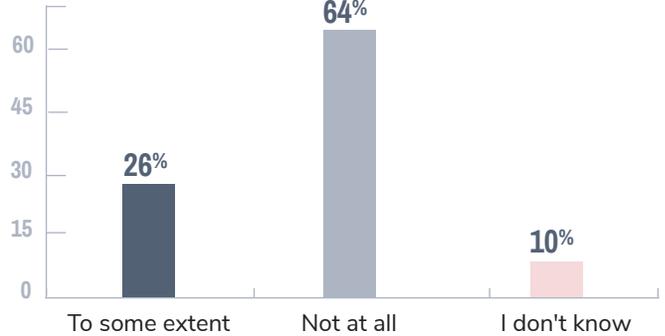
What are your top business priorities based on the environment you operate in?



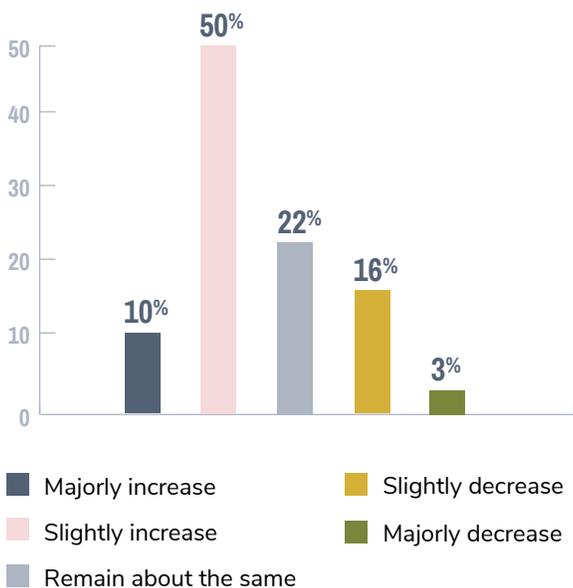
What workforce challenges are you expecting in 2020?



Is a decrease in headcount attributable to automation?



Outlook for company headcount in 2020



“
I expect to reduce my position from ‘flying at 30,000 ft.’ to a lower elevation to ensure I have my hand on the pulse of everything.”
RETAIL CEO

CEOs Respond to Changing Expectations about Corporate Social Responsibility

About 90% of CEOs agree with the Business Roundtable’s statement in August that corporations are responsible not only to shareholders, but also to their customers, employees, communities, and suppliers. CEOs placed income inequality, climate change, and gender parity atop the list of issues that the private sector has the greatest responsibility to help solve.

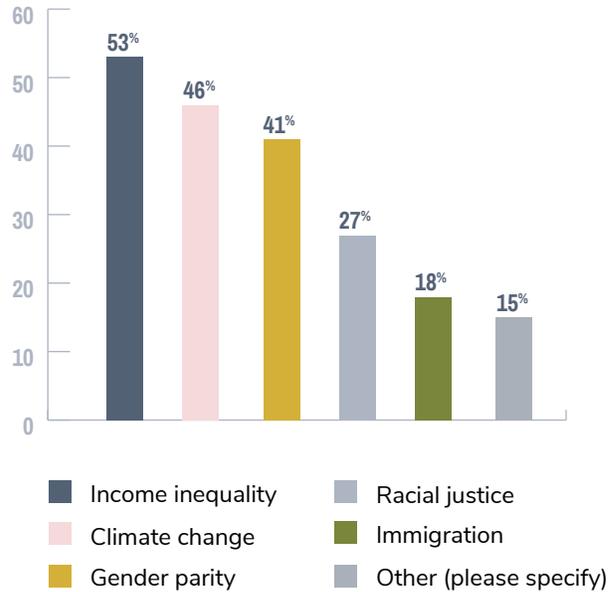
CEOs plan to actively contribute resources and adjust business and hiring practices in 2020 to address social issues.

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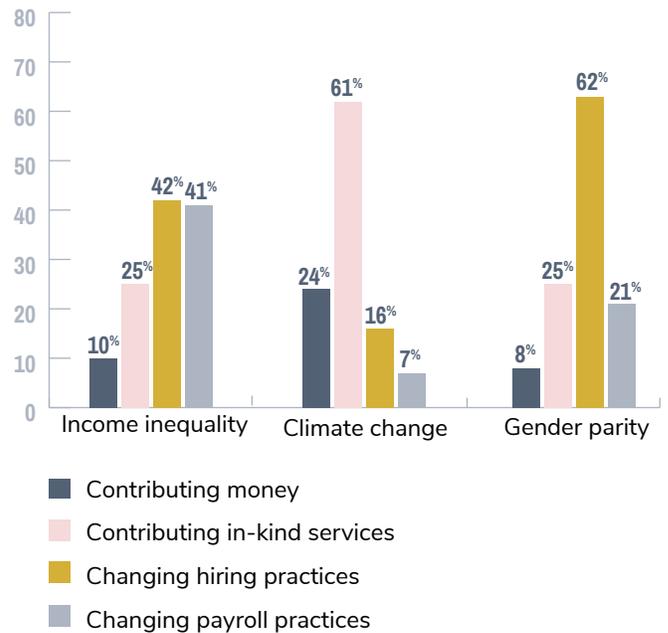
My primary responsibility will be to focus our business in a direction that makes us sustainable going forward.”

HEALTHCARE CEO

Which of the following issues does the private sector have the greatest responsibility to help solve?



What steps is your company planning to take on the following issues?



ABOUT THE RESEARCH

For this report, GLG aimed to consult the business world's leading decision makers to understand their priorities and outlook for 2020. We created a custom B2B survey panel of CEOs from our network of more than 700,000 expert professionals. The survey, conducted in November-December 2019, includes a total of 102 CEO respondents from technology, manufacturing, consumer goods, and healthcare. GLG Surveys interpreted and analyzed the results.



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