

Mitigation and transformation:

Mitigating today's challenges and transforming for tomorrow

PwC's 26th CEO Survey was conducted over a six-week period in October and November 2022. It received 64 responses from Chief Executive Officers (CEOs), or equivalent, of 42 privately-owned and 22 publicly-owned companies in Australia across almost 20 industry sectors out of 4,410 responses globally.

6-12
months

Inflation and declining economic growth

CEOs in Australia are taking actions to mitigate against declining economic growth and rising cost pressures, while trying to avoid reductions in their workforces, deals or investments.

Our take: CEOs are cautiously optimistic they can navigate the inflation challenges and still achieve their companies' long-term growth plans.

70%

of CEOs expect the Australian economy to decline in 2023

89%

have already or plan to reduce operating costs

78%

have already or plan to raise prices of product and services

1-5
years

Skills shortages, cyber risks and climate change

CEOs in Australia are more worried than their global peers about skills shortages, cybersecurity and climate change, and consequently are more likely to be investing in measures to address these issues.

Our take: Each of these challenges requires transformation of the entire organisation, finding new solutions for both now and the long-term.

86%

are investing in **upskilling** their workforce

77%

are considering increasing investments in **cybersecurity or data privacy** to mitigate against exposure to geopolitical conflict

5-10
years

Transformation, disruption and long-term growth

CEOs have a burning platform for transformation. Almost a third acknowledge their company won't last beyond a decade unless they take a different path.

Our take: How fast CEOs keep up with changes in customer demands and technology will be determined by how fast they can manage the skill sets in their workforces, respond to changes in regulation, and collaborate to find new sources of value and solutions to society-wide problems.

3 out of 10

CEOs in Australia believe their company won't exist 10 years from now if they continue on the same path

82%

see **labour/skills shortages** impacting industry profitability to a moderate to very large extent over the 10 years.

Tom Seymour
CEO,
PwC Australia

"I'm optimistic that, in general, Australian businesses will be able to mitigate the short-term impacts from inflation and interest rate rises. I believe the more difficult leadership challenge is keeping up the pace of business transformation."

Three actions for CEOs

6-12
months

1 Mitigate against economic challenges and plan for long-term growth

With inflation and interest rates providing some challenging economic conditions, business leaders will naturally focus on protecting profit margins and delivering results in the short-term. Those who can manage this effectively can ensure their company is well positioned for investments into long-term growth and broader value creation. Australia's economic fundamentals are still in good shape beyond 2023.

Rob Silverwood
Deals Business
Leader Leader,
PwC Australia

1-5
years

2 Check your blind spots - what are your risk priorities?

Workforce management, technology and cybersecurity continue to be key areas of risk focus. CEO Survey data indicates business leaders in Australia have a lower level of concern for risks associated with supply chain disruption and energy transition. Perceptive leaders will pay close attention to these undercurrents as they prioritise risks for their company in the short to medium term.

Corinne Best
Trust & Risk
Business Leader,
PwC Australia

5-10
years

3 Take a broad approach to transformation, both inside and outside of your company

Transformation doesn't happen in silos. Upskilling isn't just an HR issue and technology isn't just about IT. Companies need to take a whole-of-organisation approach to addressing long-term disruptors such as reskilling, regulation and technology advancements such as AI. CEOs also need to ensure they are looking outside of their own company and even their own industry. Seek out the people who are thinking ahead, create partnerships with universities, entrepreneurs and NFPs, and develop new pipelines for talent.

Rohit Antao
Cloud &
Digital Leader,
PwC Australia