

What's on the mind of your CEO?

A New Zealand perspective for Non-Executive Directors

It's never been more important for CEOs and boards to work together to achieve their goals.

Earlier this year we launched our 20th CEO Survey in New Zealand and our findings will mirror many of the conversations CEOs and boards are having across the country.

Here are those findings and what they mean for New Zealand boards.



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Growth

The bottom line is certainly top of mind for New Zealand CEOs. Almost all (97%) are confident about their growth prospects for the next three years. CEOs are also looking to work with other organisations to help them achieve their growth targets.

While businesses working together is a strong sign, boards have to remain vigilant to ensure shared projects have the right oversight and are meeting the company's long-term goals.

Q: How are you assessing the opportunities and risks that a strategic alliance could offer your business?



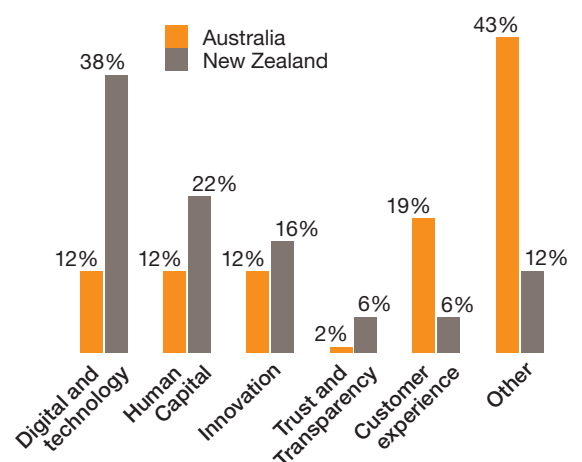
People

Riding on the back of a strong economy and a growing population, just over half of our CEOs (53%) reported that they will be increasing headcount. Having access to a highly flexible pool of employees is now becoming paramount, with New Zealand firms leading the rest of the world in their use of contractors, freelancers and outsourcing arrangements.

Boards need to be talking to their exec team about how they are managing their people strategy, from developing their leadership pipeline to growing the right skills and building a diverse workforce that is fit for the future, all while managing the new risks arising from more flexible ways of operating.

Q: Are you addressing the new risks that outsourcing/freelancing/contracting bring to a business?

Q: Which of the following do you want to strengthen to capitalise on new opportunities?



Technology

Some 41% of our CEOs felt their industry has been completely reshaped by technology in the last five years alone and 38% think their industry will be completely reshaped again in the next five years.

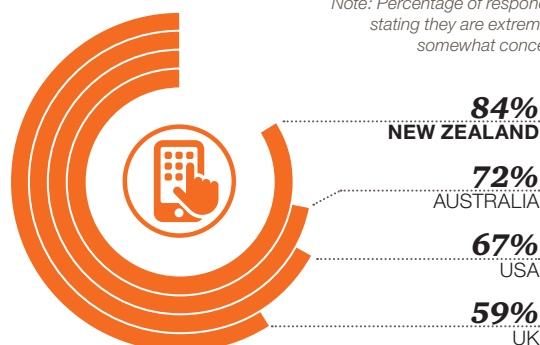
For boards, it's time to push their executive team to rethink how technology-enabled start-ups will affect their organisation, both positively and negatively. It's also time to refocus on the organisational transformation that digital is driving, and the implications this has for the way we structure and grow businesses.

Q: Which technologies are you discussing with your executive? How are you assessing their potential?

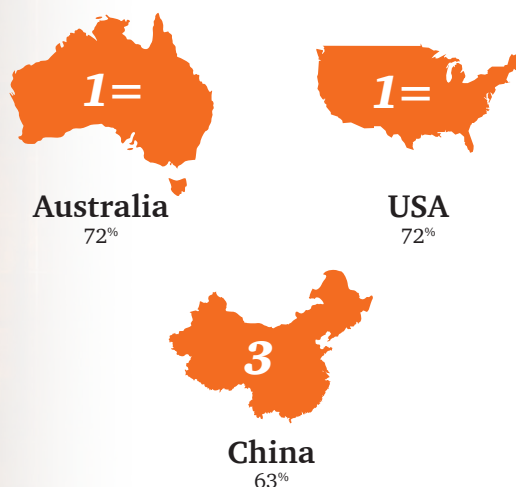
Speed bumps

Q: How concerned are you about the speed of technological change?

Note: Percentage of respondents stating they are extremely or somewhat concerned



Top markets for overseas growth are:



Trade and globalisation

When we asked about the global economic landscape, New Zealand respondents were more cautious than those overseas, with only 22% expecting growth, compared to 29% internationally. Australia and the United States were the two most popular markets: both appealed to 72% of our CEOs. China rounded out the top three on 63%.

While globalisation has clearly created new opportunities, boards have to be aware of the new risks they are facing overseas, while still pressing for organisations to be actively engaged with overseas markets.

Q: How are you managing the risks that come with global economic uncertainty? How will they impact your company's local growth plans?

Trust

Trust is a major challenge for the CEOs we spoke to, especially as a result of new technologies. 94% are concerned about cyber breaches while 87% see social media as a risk. As well as putting controls in place, 94% said a strong corporate purpose is more important in a digital world.

Boards are playing a huge part in making business more transparent and building trust in their companies. They also have a big role to play in ensuring information and data is handled responsibly and safely within an organisation.

Q: Could your company be more transparent with shareholders/the public/regulators?

Q: Does your company have plans in place to quickly and effectively address cyber attacks, data breaches and adverse social media comments?

Cyber's impact on trust

Q: How concerned are you about cyber attacks?

Note: Percentage of New Zealand respondents stating they are "somewhat" or "very concerned"



To read our full NZ CEO Survey findings and our range of CEO interviews, visit our website:

pwc.co.nz/CEOSurvey