

## Resilience despite Covid-19: New annual barometer from Mazars shows C-suite surprisingly optimistic about future

- 58% expected higher revenue in 2020 than in 2019 and nearly three quarters (71%) expect growth in 2021
- Economic and tech trends most likely to impact business in next 3-5 years; businesses confident in their ability to respond
- Shift towards longer-term investment suggests businesses are getting ready to reset

3 February 2021: Mazars, the international audit, tax and advisory firm, today releases its new 'Mazars 2020 C-suite barometer', a comprehensive report of business executives' views and outlook for 2021, based on insights from over 500 C-suite leaders around the world.

Hervé Hélias, CEO and Chairman of Mazars Group says: "Our inaugural C-suite barometer, capturing views from executives globally during the second half of 2020, aims to bring insights to help businesses and other stakeholders understand more about this moment in history. We explored what businesses have been doing, how the pandemic affected their views of short and long-term priorities, what they intend to do, transformations they expect, and much more. The crisis has impacted us all, and it is encouraging to see that more companies were positive than negative about their 2020 revenues, and that most expect to see growth in 2021."

### Surprisingly optimistic outlook

The survey, conducted in Q3 2020, found that businesses are generally optimistic about the future. Despite the tough environment, the majority (58%) expected to end 2020 with revenue higher than in 2019. When considering 2021, executives were even more positive: 71% expected higher revenues than in 2020.

This is not to disregard the suffering: the impact of the Covid-19 crisis is evident in the 35% who said their revenue would be lower than it was in 2019. We also found a more negative outlook from the 40 additional respondents in the Q4 pulse survey, with more executives concerned that their revenue will fall in 2021 than previously.

Respondents from Latin America have the most optimistic outlook: 91% say they have a 'positive' outlook for growth in 2021, well above the global average of 71%.

Looking ahead, business leaders predict economic and technology-related trends will have the biggest impact on their business. The good news is they are confident in their ability to manage these trends: notably, 90% of businesses feel equipped to respond to trends in technology.

### What about climate risk?

Despite climate change rising up the media, regulators and public opinion's agenda, only 20% of respondents globally said they expected this trend to have the biggest impact on their business: the lowest on the list. This figure is slightly higher among businesses in Western Europe (25%), suggesting it is higher up executive agendas there, but is less than 20% in Latin America, Africa, EE/CIS and USA.

Climate risk is also the trend leaders are least comfortable with: some 28% said they were not confident in their ability to respond to this trend (vs. 10% for trends in technology/innovation)

Commenting on these findings, Rudi Lang, Partner, Mazars says: “Expectations regarding governance, ethics and social responsibility or climate change are a reflection on what is commonly subsumed under the three letters ESG (environmental, social and governance). I think there is a common understanding that the ESG goals will impact businesses of all industries, albeit to varying degrees. My prediction would be that the ESG significance will increase over time.”

### **Significant business transformations expected in next three to five years**

Over the next three to five years, executives expect to undertake a wide variety of business transformations, including technology transformations (50%), performance improvement-related transformations (47%), and the development of new services, markets and business models (46%). Cultural transformation was considered the least likely change for organisations to go through, at 40%.

### **Getting ready to reset: shifting towards longer-term investments**

The report also explores whether an activity leads to more impact in the short-term (up to one year) or long-term (one year or more). Activities including external growth opportunities, corporate strategy and R&D/innovation were considered the longest-term, with activities such as reducing headcount, addressing immediate financing issues and managing suppliers classified as the shortest-term. Opinions varied substantially depending on company size, location, industry and function. For example, amongst automotive and manufacturing, and financial services executives, sustainability is one of the longest-term activities, but those in the tech and telco sector consider it relatively short-term.

Overall, executives plan to shift towards longer-term investment strategies (more than one-year), especially in women-led businesses<sup>1</sup>. This held true across all regions except Africa, specifically South Africa, which expects an increased focus on short-term activities including immediate financing issues and efficiency/cost reduction, and a relatively reduced focus on some longer-term activities such as sourcing new talent and corporate strategy.

Mark Kennedy, Partner, Mazars concludes: “We undertook this research as it is crucial for us, as a professional service firm, to listen to what’s happening in the market and to our clients. I was struck by the positivity for the year ahead. It shows that investing in resilience is never a waste and should be high on any business agenda.”

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### **Contact/s**

Lorraine Hackett, Brand and Communications Director, Mazars  
[lorraine.hackett@mazars.co.uk](mailto:lorraine.hackett@mazars.co.uk) / +44 (0)7881 283 962

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