Ready to reset?

Mazars 2020 C-suite barometer

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Foreword

Hervé Hélias, CEO and Chairman

Mazars' first global C-suite barometer comes at a moment of great uncertainty for the world. We have been living with the Covid-19 pandemic for over a year now. During this time, many have faced extreme challenges; people and families across the world have lost loved ones too early and suffered previously unthinkable restrictions to their lives and livelihoods as governments, companies and other institutions battled to contain the virus.

The unique challenge for business has been how to respect the necessity to preserve life while fulfilling its duty to meet society's needs in a financially sustainable way.

As our survey shows, as well as much heartache, this challenge has also sparked incredible innovation, creativity, and resilience.

Our inaugural C-suite barometer, capturing views from executives globally during Q3 and Q4 2020, aims to bring insights to help businesses and other stakeholders understand more about this moment in history. How are businesses coping? What are they doing differently? How does this change in different places, for different industries and types of company?

The survey captures both what businesses have been doing, and what they intend to do; and to add new information to a long-standing debate: what does it mean to act for the short-term versus the long-term, and to what extent are businesses following these different paths?

The main fieldwork was done in Q3, during which time we captured the views of 540 C-suite executives from around the world. In Q4 2020 we gathered an additional 40 responses to see if and how things had evolved, and we include these findings on page 6.

Our core questions turn out to be more complex than they first appear. For one business, investing in finding new customers might seem to generate only a short-term return, while for another, it's the foundation of their future. We draw out these nuances and reveal the underlying complexities. We have also sought to show the big picture; it's encouraging to see the number of businesses that are moving from a short-term crisis response mode to investing more in planning for the long-term as we come to terms with the pandemic and begin to see, however hazily, a future beyond it.

It is also encouraging to see that so many future-oriented businesses expect to go through transformations in the coming years. The world is changing faster than ever, and businesses know they must continue to evolve with it. Technology is driving much of this, along with performance and sustainability.

I hope that you will find the insights in this report as fascinating as we do and that it will help as you look to prepare and manage your business for the future.

Hervé Hélias
CEO and Chairman, Mazars

Executive summary

In early 2020, Mazars decided to initiate a new C-suite barometer. We wanted to assess the views of C-suite leaders around the world on their activities and outlook for the coming year, understand how they manage and prioritise short- and long-term initiatives. We conducted the survey mostly in Q3 2020, with some follow up work in Q4.

The first half of 2020 was marked by a clear focus on short-term priorities.

Our online survey, capturing over 500 executives' views in Q3 2020, found that during the first half of the year – corresponding to the first wave of the pandemic in many parts of the world – businesses had shifted to concentrate (not surprisingly) on short-term challenges such as financing, reputational issues, and people and team management.

But by the middle of the year, business leaders were turning their attention to preparing to fight back and reset their approach for 2021 and beyond.

C-suite executives were preparing to place greater emphasis on longer-term priorities such as R&D, new products and services and sustainability initiatives. These activities rose up the agenda for the second half of 2020 and through 2021, particularly for larger companies.

This shift towards longer-term investment is particularly marked in women-led businesses*.

Our study found that businesses with more women in top strategic decision-making roles are predicting a bigger shift towards longer-term investment than male-led companies.

In the first six months of 2020, just over half of women-led businesses – 52% – reported a relatively short-term investment outlook (versus 45% of male-led businesses). But their attention moved decisively towards a long-term investment orientation in the second phase, with 65% expecting such a shift, markedly more than male-led businesses (59%).

> "It was our intention for the survey to form a baseline of data against which we could track how these views evolve in subsequent surveys in coming years.
>
> Unintentionally, however, we ended up capturing a snapshot of something else: how international business leaders were responding to the most severe pandemic in over a century."
>
> **Mark Kennedy**
> Partner, Mazars

The shift to longer-term held true across all the continents with the exception of Africa, where a focus on shorter-term priorities such as immediate financing concerns prevails.

Africa was the only region where businesses expected to become more short-term oriented in the second half of 2020. It moves from a slightly long-term investment orientation (53% long- vs 47% short-term) to an overall short-term orientation (51% short- vs 49% long-term). It also saw an increased focus on shorter-term objectives such as immediate financing issues and finding efficiencies and cost-reduction, along with a reduced focus on some longer-term activities such as corporate strategy.

Economic and technology-related trends are expected to shape the business outlook over the next three to five years.

What's more, businesses are relatively confident in their ability to manage these trends. Despite the pandemic, public health challenges ranked third, and a relatively high proportion – 25% – say they are not confident in their company's ability to handle this kind of challenge.

Climate risk ranks at the bottom of the trends impacting business in the next three to five years. It is also the trend leaders say they are least comfortable they know how to address. Interestingly, social and political trends are high on the agendas in Eastern Europe.

Transformations are expected across many areas.

To address these trends, executives expect their organisations to go through significant transformations in the next three to five years, across various areas.

*In this report, 'women-led businesses' refers to companies where over 50% of top strategic decision makers are women.

Executive summary

The 'long-term reset' focus looks different in different sectors.

We explored what constitutes long- or short-term and found that in the automotive and manufacturing sectors, activities related to sustainability are seen as having the longest-term impact. That might reflect the ongoing, industry-wide transition away from fossil fuels, with an increasing number of countries mandating an end to sales of fossil fuel-powered vehicles within two decades. Financial services businesses also see sustainability as an investment for the long-term.

But in technology and telecoms, sustainability initiatives are seen as one of the shortest-term activities. This group sees 'external growth opportunities' and 'regulatory issues' as the focus areas with the longest-term payoff.

Nonetheless, our survey reveals resilience and a surprising optimism across the board. We found that across sectors and markets, businesses were getting ready to reset and prepare for transformations in the coming years.

Over half of business leaders – 58% – expected revenue in 2020 to be up compared to the year before, and well over two thirds – 71% – expect to see revenues rise again in 2021.

Following an initial period of adjustment, businesses appear to be looking ahead again and expect to see significant transformations in the coming three to five years, shaped mainly by economic and technology trends, but also factoring in performance improvements, new products and services, markets, sustainability and compliance.

Given that 2020 saw the first global pandemic in living memory, our survey found business leaders had reacted with resilience and a surprising degree of optimism.

Autumn pulse survey: is optimism waning?

In Q4 2020, we gathered an additional 40 responses to find out whether recent developments had altered executives' views and outlook.

Whereas the Q3 fieldwork took place at a time when many countries, particularly in Europe, were coming out of their initial lockdown restrictions, the autumn fieldwork took place against a backdrop of the second wave of the pandemic in Europe and strict new lockdown measures in many countries, which could have changed executives' assessments of their companies' performance, immediate priorities, or expectations for 2021.

The new sample is small compared to the original. It was also quite concentrated in Western Europe. So, these data represent a quick pulse – a check-in with a subset of respondents – rather than a directly comparable sample.

We found a more negative outlook, with more executives now concerned that their revenue will fall in 2021 than previously. Whereas the summer fieldwork showed that 21% expected their revenue to decline in 2021, the autumn fieldwork found that figure rose to 28% expecting a decline in 2021.

This may be driving the lower emphasis on some long-term plans. In the summer, 53% had increased investment in corporate strategy in the previous six months, but by autumn, that was 78%. There was also a rise in those planning to invest in finding new customers, from 53% in the summer to 65% in autumn.

Digitisation also appeared to be a much more important story in the autumn. Whereas in the summer, 52% said they had increased their investment in digitisation, in the autumn that figure was 83%. Many more also plan to boost future investment in it too – 65% – compared to 50% who said the same in the summer.

Key findings

1. Businesses were surprisingly optimistic when surveyed in Q3 2020

- 58% expected revenue in 2020 to be up compared to the year before
- 71% expected to see revenues rise again in 2021
- But our pulse check in Autumn 2020 showed diminishing positivity.

2. Economic and technology-related trends are expected to shape the near future and businesses are confident in their ability to tackle these trends

- 90% expect to be able to respond to trends in technology and innovation
- 78% are confident in managing upcoming economic trends.

3. Climate risk is bottom of the list of trends executives expect to affect their business in the next three to five years, but has the highest uncertainty on how to tackle it

- 20% say climate risk will have an impact on their business
- 28% lack confidence that their business can respond.

4. Significant business transformations are expected in the next three to five years

- 50% expect their business to go through technology transformations; 47% expect a performance improvement-related transformation; 46% foresee a transformation in how they approach new services, markets and business models; 44% feel that changes in compliance and sustainability strategy are likely.

5. Whether an activity is considered to have long-term (more than one year) or short-term (less than one year) impact varies substantially by sector and company size

- Investment strategy is the longest-term activity according to large companies, but small and medium businesses place it middle.
- Sustainability is a long-term activity for auto/manufacturing and financial services, but short-term in the eyes of tech/telecoms.

6. Overall, executives planned to shift towards longer term investment

- This was particularly marked in women-led businesses
- Africa was the only region not planning to be long-term oriented.

Chapter 1
A cautiously optimistic global outlook

Continued revenue growth anticipated

The pandemic has undoubtedly caused major challenges for business, and many economies around the world have suffered deep recessions. But the impact is not spread evenly, and business is showing resilience and a perhaps surprising degree of optimism.

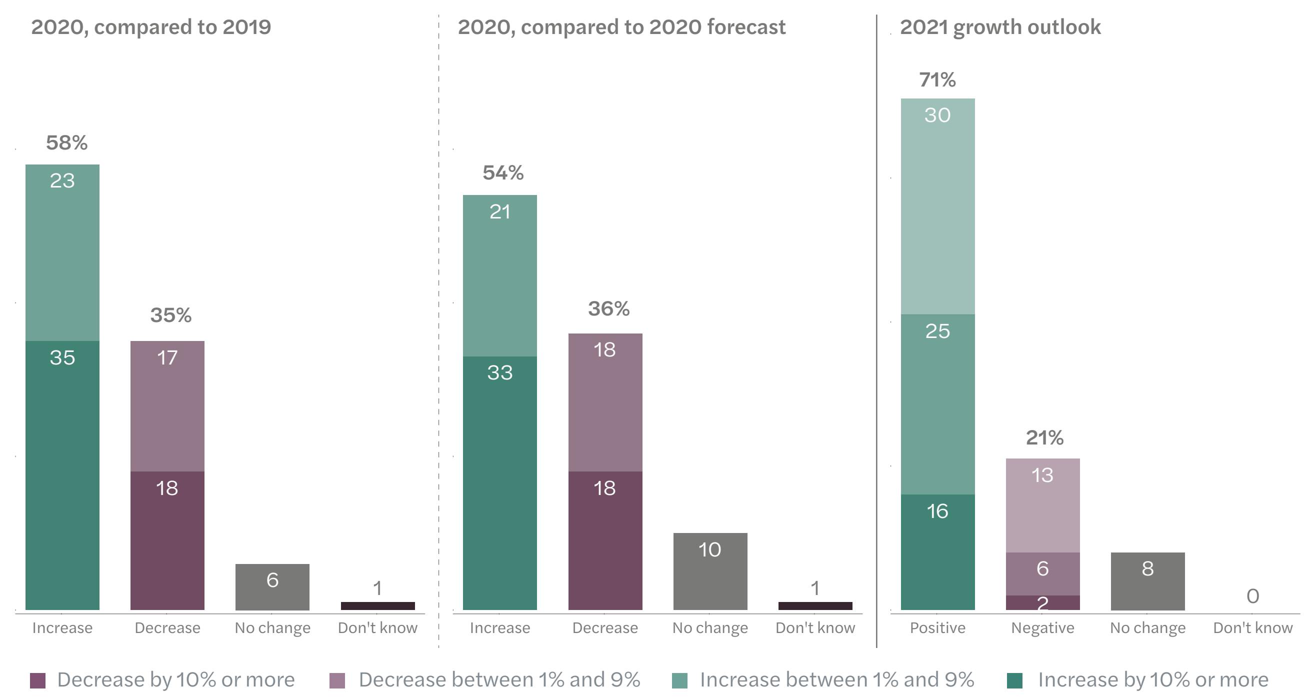
Despite the tough environment, a clear majority (58%) of C-suite respondents expected to end 2020 with revenue higher than in 2019. When considering 2021, executives were even more positive: over 70% expected higher revenues than in 2020.

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. Half of those, 18%, predicted a fall of more than 10%.

We find this is broadly consistent with other data: the same figure of 35% expected a "negative effect" from Covid-19 in the US Census Bureau's Small Business Pulse Survey in April[1], a high figure compared to historical data. Further context comes from a Dun and Bradstreet survey from 2019[2], where only 10% of US businesses with revenues between $5M and $100M expected a decline in revenue that year.

The majority expecting to increase revenues despite the pandemic shows how robust business can be in the face of unprecedented global headwinds. Nonetheless, it's clear that a major segment of the business community is going through very challenging times.

Expected change in revenue/2021 growth



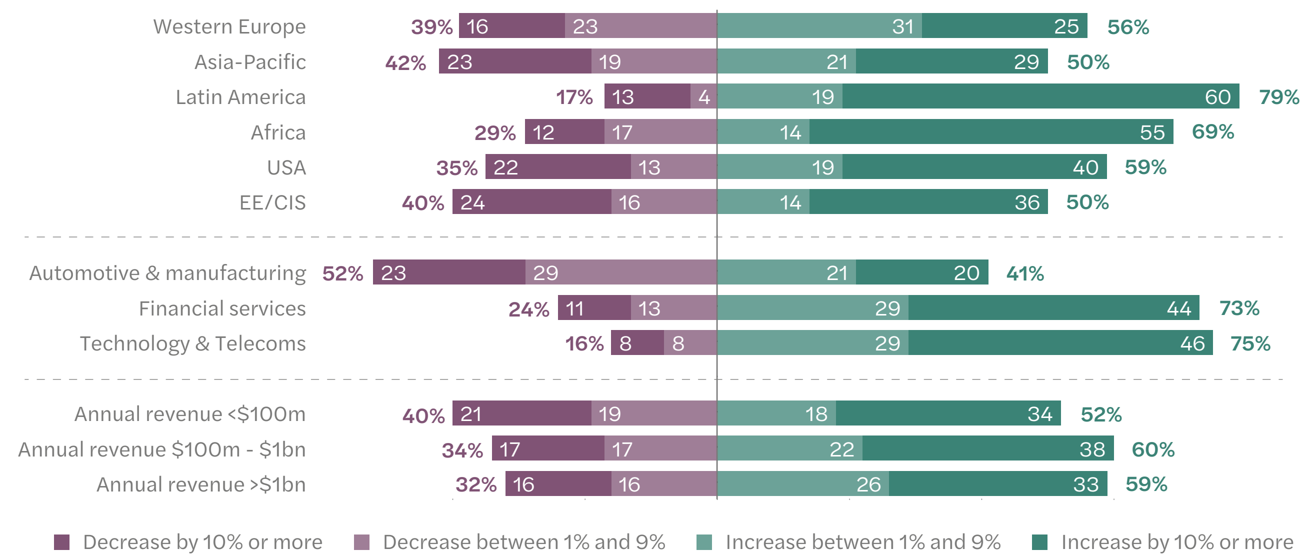
Please estimate your organisation's expected change in annual revenue for 2020, compared to 2019/its budget or plan for 2020. How do you assess your company's outlook for growth in 2021? Total n=540. Figures show percentage answering each option.

1. Cited in McKinsey & Co, Which small businesses are most vulnerable to COVID-19—and when, June 2020.
2. Pepperdine Private Capital Markets Project, 2019 Economic Forecast, Pepperdine Graziadio Business School with Dun & Bradstreet, February 2019.

Smaller companies feeling the pinch

The pandemic appears to be hitting smaller companies hardest . 40% of those with annual revenue between $1m and $100m predicted a decrease in revenue, compared to 34% of medium-sized companies ($100m-$1bn revenue) and 32% of large companies (>$1bn revenue). This is also true for 2021 growth predictions: smaller companies (<$100m) have a more negative outlook (24% negative vs 19% for companies with annual revenue of $100m+).

Expected 2020 revenue growth vs 2019



Please estimate your organisation's expected change in annual revenue for 2020, compared to 2019. Africa, n=53; Latin America, n=54; Asia-Pacific, n=128; Western Europe, n=191; EE/CIS, n=59; USA, n=55; Auto and manufacturing, n=114; Technology and telecoms, n=75; Financial services, n=91; $1-99m, n=188; $100m-1bn, n=150; $1bn+, n=202. Figures show percentage answering each option.

"Our research shows surprising resilience despite the Covid-19 crisis. Businesses are generally optimistic about the future with a strong majority expecting revenue growth in 2021."

Véronique Ryckaert
Partner, Mazars

Chapter 1

A cautiously optimistic global outlook

Unequal resilience across sectors and regions

Automotive/manufacturing businesses were notably more negative about their 2020 revenues than those in other sectors. 52% predicted a decline on 2019 (compared to 35% of the total sample), with only 41% predicting growth (compared to 58% of the total sample). This stands in stark contrast to technology & telecoms companies: only 16% of this group predicted a drop in revenue compared to 2019, with three-quarters (75%) predicting growth. Financial services executives were similarly optimistic, with 73% predicting revenue growth and 24% predicting decline.

This tallies with external data on sector-specific company performance. Some financial services firms and technology companies, in particular, reported very strong 2020 Q2 performance relative to analysts' forecasts. In the United States, with 90% of second-quarter earnings reported, Q2 earnings per share beat analyst estimates by 17% – the biggest overperformance since 2000[3]. 59% of companies beat both their profit and sales estimates, well above Bank of America's two-decade average of 39%.

2021 predictions show a similar picture: Automotive/manufacturing remain the most pessimistic, with 23% assessing their outlook for growth as 'negative' compared to 18%and 12% for financial services and tech/telecoms respectively.

Western Europe, Asia-Pacific and Eastern Europe (EE)/Commonwealth of Independent States (CIS) were the three most pessimistic regions, with 39%, 42% and 40% respectively predicting a fall in 2020 revenue versus 2019. Latin America was the most optimistic region. 79% of businesses in the region predicted growth (and 60% think this will be growth of 10% or more), compared with only 17% predicting decline.

Latin America is also the most optimistic region in their predictions for 2021: 91% are 'positive' about their outlook for growth in 2021, only 7% are negative. EE/CIS is much more optimistic about 2021 with 80% feeling positive about growth. Africa (77% positive) and USA (71% positive) are middle of the pack, Western Europe and Asia-Pacific remain the least optimistic (64% and 65% respectively).

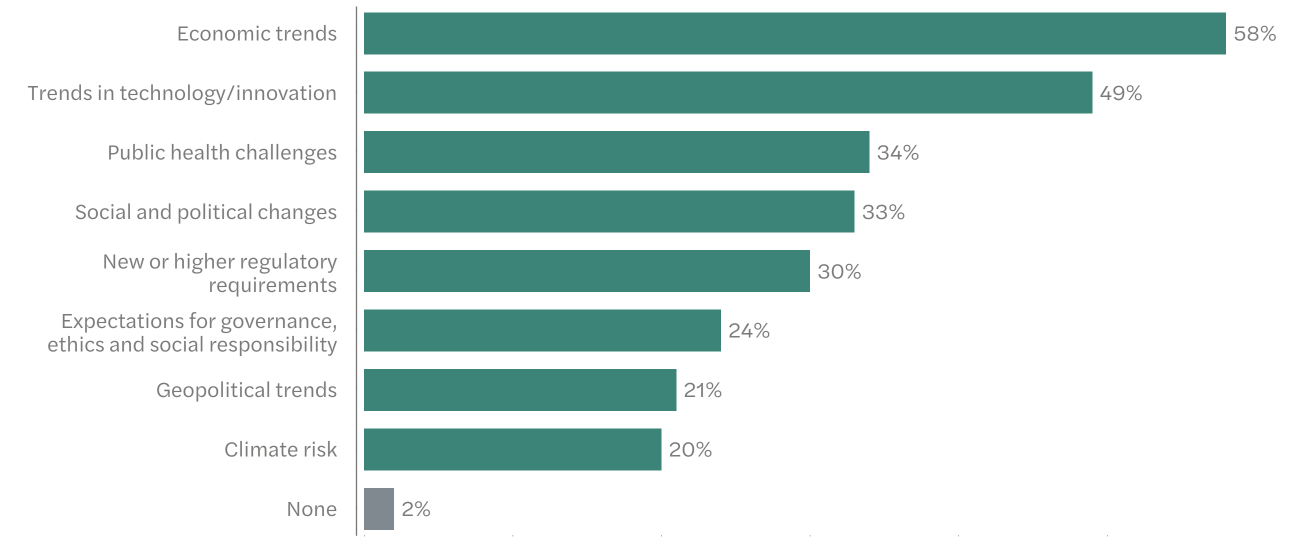
3. https://markets.businessinsider.com/news/stocks/stock-market-outlook-firms-beat-profit-forecasts-record-continue-bofa-2020-8-1029488246
4. EE/CIS represented by Russia

Economic and technology-related trends expected to shape the near future

The trends that businesses expect to have the largest impact in the next three to five years are economic and technology-related, and by some margin. Businesses expect economic trends to affect them most over the coming years, with 58% citing this as one of the three trends that will have the biggest impact. Second were trends in technology/innovation, chosen by 49% of businesses. Businesses are relatively confident in their ability to deal with these high-salience issues; 90% expect to be able to respond to trends in technology and innovation, while 78% are confident in managing upcoming economic trends. Despite the pandemic, public health challenges only came third, with 34%. Notably, a relatively high proportion (25%) of executives are not confident in their company's ability to tackle this kind of challenge.

Bottom of the list were climate risk and geopolitical trends, each chosen by about a fifth of executives. This is despite climate change rising up the media and public opinion agenda over the past couple of years as high-profile campaigns like Greta Thunberg's school strike and Extinction Rebellion cut through. As and when climate risk rises up the business agenda it could drive significant concerns, because among companies who already say it affects them, confidence in their ability to manage it is not great: 28% of executives are not confident, a higher proportion than we see for any other issue.

Trends that will have biggest impacts



Which of the following trends do you expect to have the biggest impact on your business in the next three to five years? Please select up to THREE trends that you expect to have the biggest impact. Total n=540. Figures show percentage answering each option.

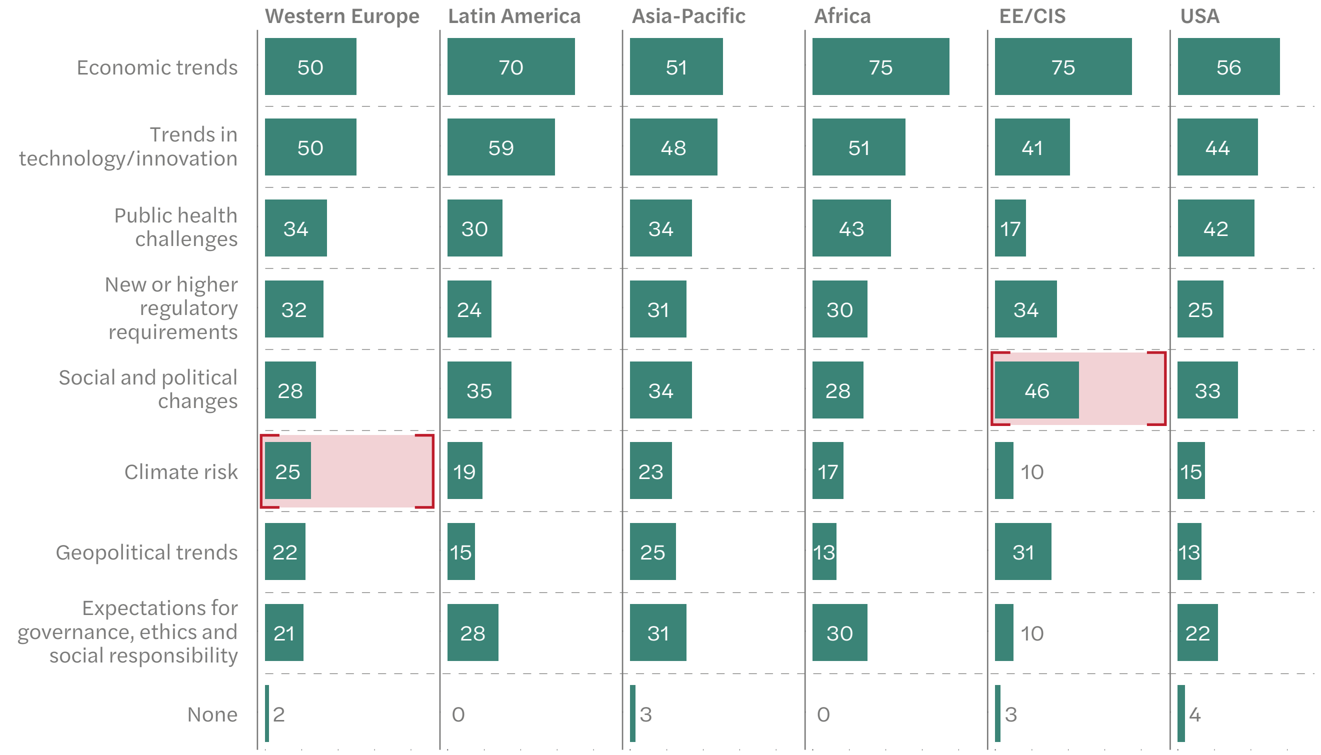
Chapter 1
A cautiously optimistic global outlook

Climate risk trend expected to impact most in Western Europe and social trends high on Eastern European leaders' agenda

Overall, climate risk is lowest on the list globally, but a quarter of businesses in Western Europe say they expect it to have a big impact. This compares to 23% in Asia-Pacific, 19% in Latin America, 17% in Africa, 15% in North America and 10% in EE/CIS. EE/CIS also has the lowest expectation that "governance, ethics and social responsibility" trends will impact them in the next three to five years, with just 10% selecting this.

Public health challenges – which include but are not limited to the pandemic – are most salient in Africa and the USA, where 43% and 42% respectively cite them as having an impact on their business. This contrasts particularly with EE/CIS (represented by Russia), where just 17% expect them to have an impact. By contrast, almost half (46%) of businesses in EE/CIS expect social and political changes to have the biggest impact on their business, and 31% cite geopolitical trends – both higher than in any other region.

Biggest impact expectations, by region



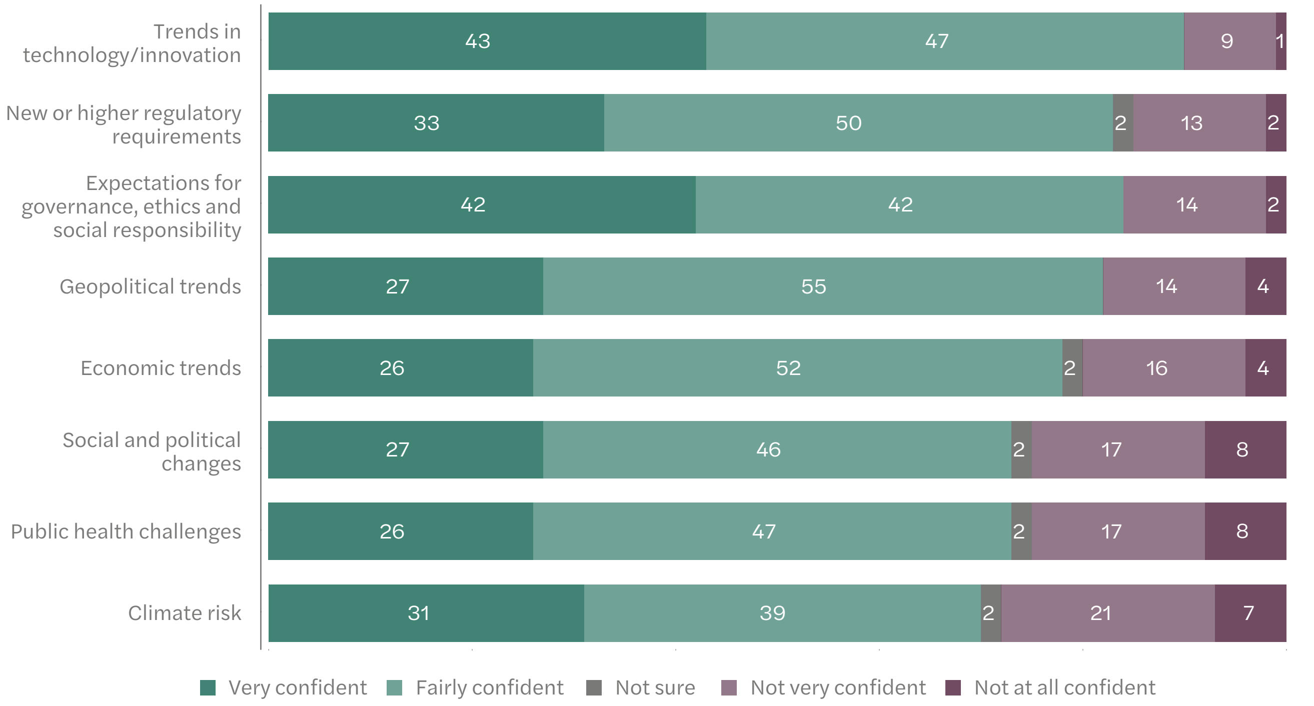
Which of the following trends do you expect to have the biggest impact on your business in the next three to five years? Please select up to THREE trends that you expect to have the biggest impact. Africa, n=53; Latin America, n=54; Asia-Pacific, n=128; Western Europe, n=191; EE/CIS, n=59; USA, n=55. Figures show percentage answering each option.

Transformations expected across many areas

In general, businesses were optimistic in their ability to tackle these trends – a majority felt confident in tackling every trend, with a high of 90% 'very' or 'fairly' confident in tackling challenges involving technology/innovation. Next came expectations for governance, ethics and social responsibility, with 84% very/fairly confident they can meet those challenges. 83% were confident in dealing with new or higher regulatory requirements, while 82% were confident in tackling geopolitical trends.

Executives were less confident in their businesses' ability to respond to some other trends. At the bottom of the list was climate risk – with 28% of businesses 'not very' or 'not at all' confident in dealing with its impact. Social/political changes and public health challenges also inspire a lack of confidence: a quarter are not confident in their ability to address them. A large proportion of businesses expect both these trends to impact them in the next three to five years. Confidence in responding to geopolitical and economic trends (the type of trend most widely expected to have an impact) is middling, with about one in five lacking confidence.

Confidence to respond to trends

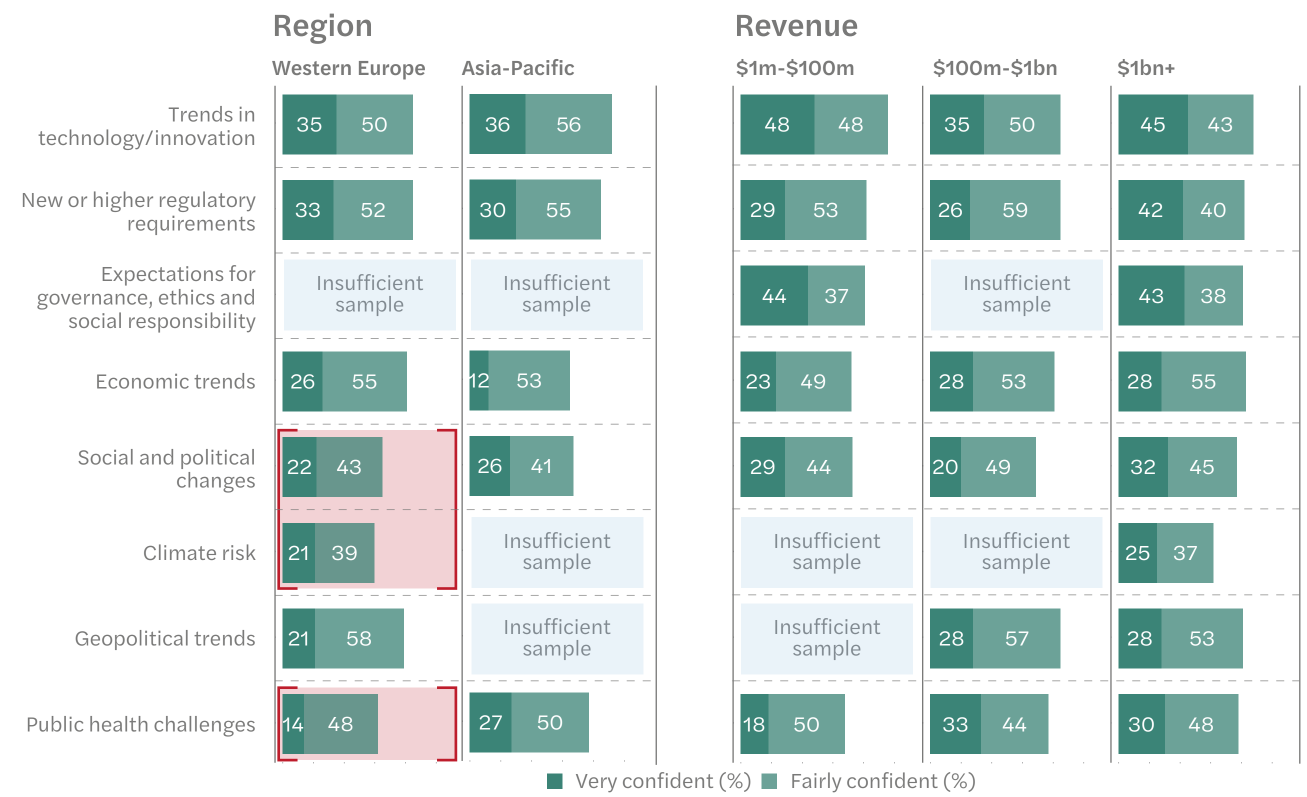


How confident are you that your business can respond to each of the following trends?
Tech, n=263; Governance, n=130; Regulatory, n=164; Climate, n=110; Geopolitical, n=114; Social, n=176; Econ, n=313; Health, n=181

Asia shows confidence to respond

Businesses in Asia-Pacific are more confident in their ability to respond to technology trends than in Western Europe, with 92% confident there compared to 85%. Western European businesses lack confidence in their ability to deal with social/political, climate and public health trends; less than 65% declared themselves 'very' or 'fairly' confident for each. Asia-Pacific businesses were much more confident than their Western European counterparts in responding to public health challenges; 77% of the former looked forward with optimism. This may reflect Asia-Pacific societies' longer experience managing epidemics, like the SARS outbreak of 2003.

Confidence to respond to trends, by region and revenue



How confident are you that your business can respond to each of the following trends?
Asia-Pacific, n=128; Western Europe, n=191; $1-99m, n=188; $100m-1bn, n=150; $1bn+, n=202

5. Most drill-down sub-group samples were not large enough to analyse (i.e. n<40), but Western Europe, Asia-Pacific, and all 3 revenue bands were.

Chapter 2
Transformations on the horizon: tech, performance and business models top agendas

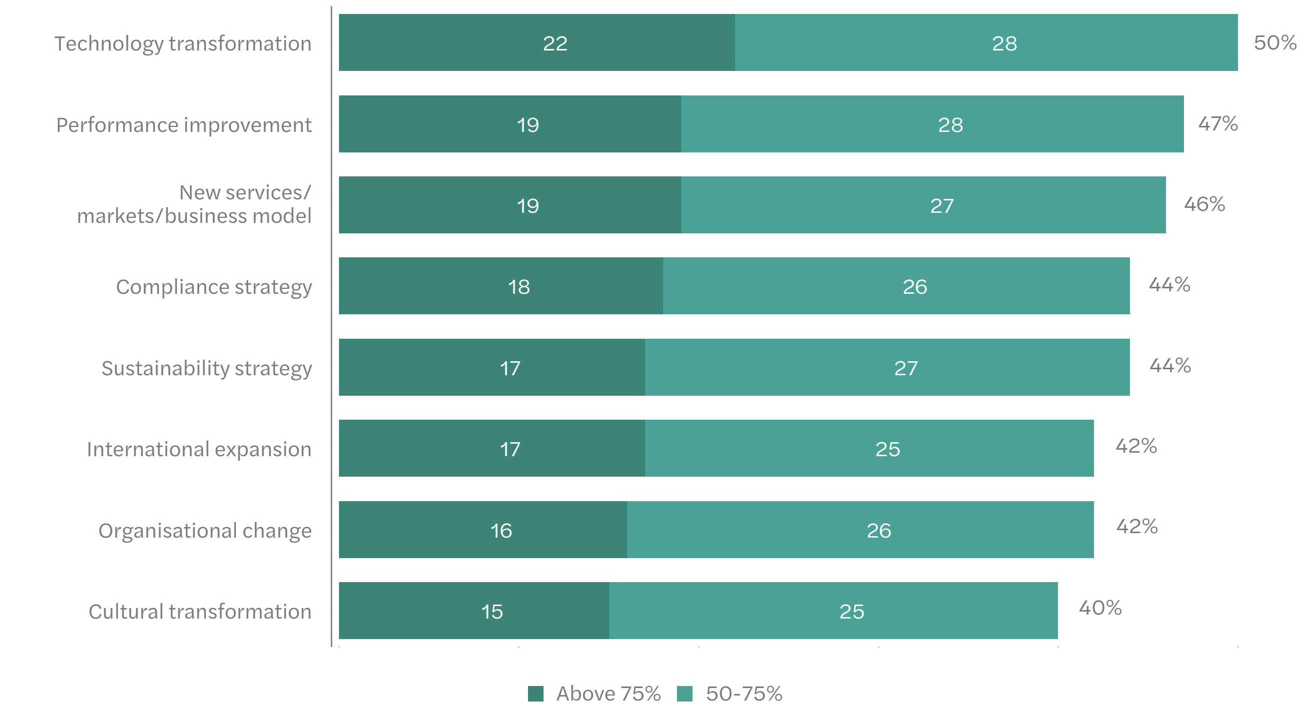
Companies feeling confident to tackle trends

Executives expect their organisations to go through significant transformations in the next three to five years. For every type of transformation tested, at least 40% expect that their company will go through such a change. In line with the expected trends discussed in chapter 1, the most likely type of transformation is technological, with half of businesses expecting to go through a tech-driven transformation. 47% of executives expect a performance improvement-related transformation, while 46% foresee a transformation in how they approach new services, markets and business models. 44% feel that changes in compliance and sustainability strategy are likely.

Half of businesses expect to go through a technology transformation in the next three to five years

Transformations relating to culture, organisational change and international expansion are expected less overall: 40% of executives forecast cultural transformation, and 42% predict organisational and international expansion-related change.

Likelihood of organisational transformation



How likely is it that your organisation will go through a transformation in each of the following areas during the next three to five years? Total, n=540. Figures show percentage answering each option.

Organisational transformations: performance improvement? Compliance? Depends where you in the world

Technological transformation is perceived as relatively likely across all regions. However, on other topics, there is some regional variation in the types of transformation expected. EE/CIS was the only region where executives thought a transformation in compliance was among the most likely to take place: 53% of them expect their business to undertake one in the next three to five years, with no other type of transformation deemed more likely. US businesses are most likely to foresee transforming their businesses to improve performance; almost half predict it. Less developed regions are more likely to predict transformation across all categories: executives from Latin America, Africa and EE/CIS say there is a high chance of the way they do business changing soon.

Likelihood of organisational transformation, by region

How likely is it that your organisation will go through a transformation in each of the following areas during the next three to five years? Africa, n=53; Latin America, n=54; Asia-Pacific, n=128; Western Europe, n=191; EE/CIS, n=59; USA, n=55. Figures show percentage answering each option.

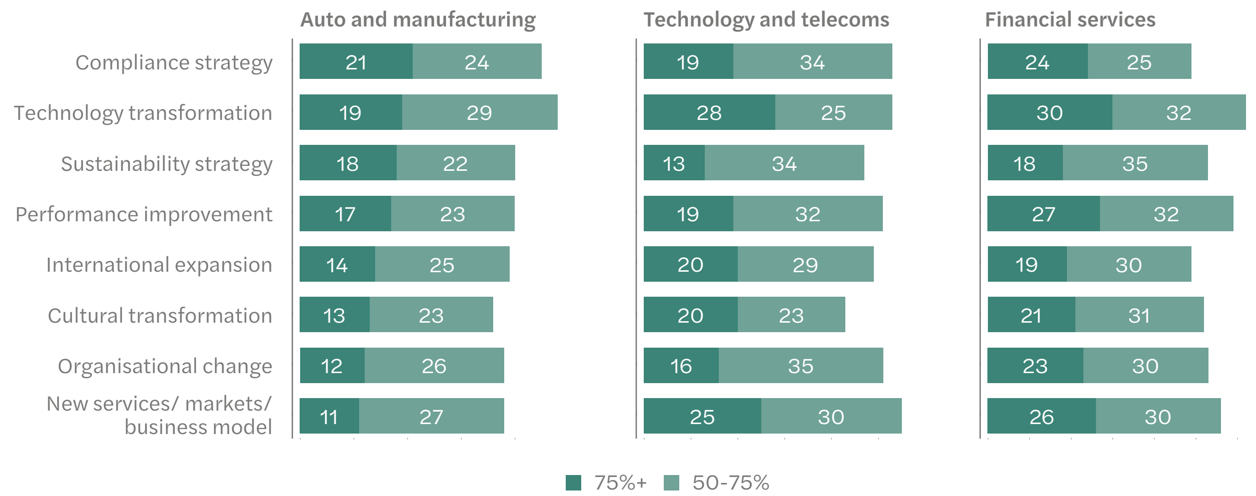
Chapter 2

Transformations on the horizon: tech, performance and business models top agendas

Expectations for transformation also vary by sector. Automotive and manufacturing businesses strongly predict technology and compliance-related transformations but are less likely to foresee changes relating to sustainability, culture or new services, markets, or business models. Executives in this sector are the least likely to predict transformation generally: those in financial services and technology/telecoms have higher expectations of all types of transformation. Financial services firms see transformations relating to performance improvement, technology and new markets on the horizon. Technology and telecoms companies also expect transformations in the way they expand into new services, markets and business models – but are less likely to predict a cultural transformation.

> "The companies surveyed see transformation as a very complex task. In addition to technology and new business models, organisations expect transformations in compliance and sustainability strategies in the near future."
>
> **Patrick Oelze**
> Partner, Mazars

Likelihood of organisational transformation, by sector

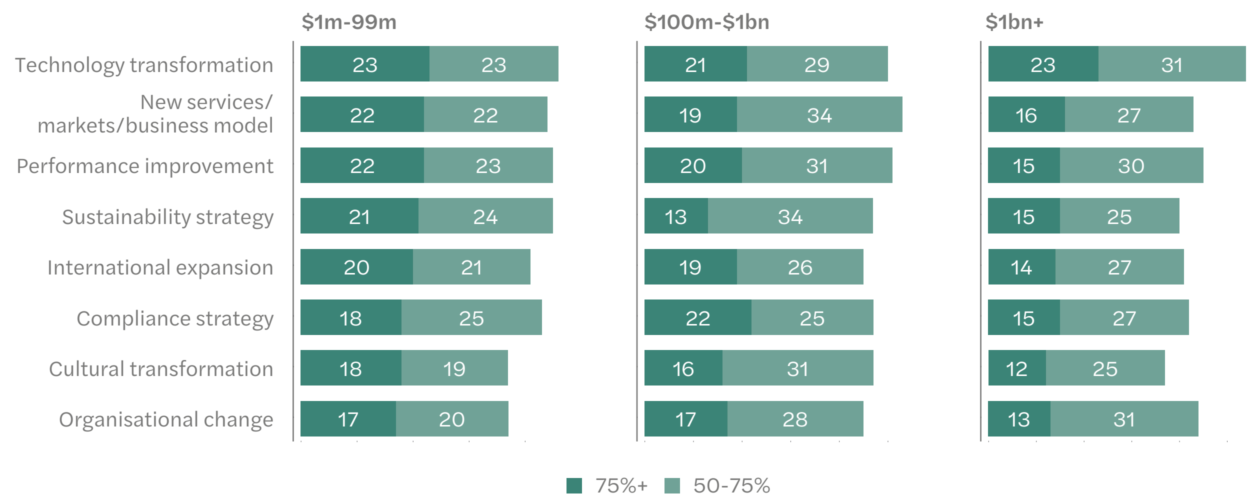


How likely is it that your organisation will go through a transformation in each of the following areas during the next three to five years? Auto and manufacturing, n=114; Technology and telecoms, n=75, Retail and consumer goods, n=40, Financial services, n=91. Figures show percentage answering each option.

The largest companies (those with revenues of $1bn+) are the most likely to see technology-related transformations within the next three to five years. Although companies of all sizes are relatively likely to expect this change, 54% of executives in large companies think that there is a >50% chance of it happening in the next three to five years. Medium-sized businesses (with revenues between $100m and $1bn) are most likely to expect transformation involving new products, services and business models. Smaller firms (those with revenues under $100m) see performance improvement and sustainability trends as more relevant to their medium-term outlook; 45% expect transformations in these areas.

> Tech transformation most likely overall, especially by $1bn+ companies.

Likelihood of organisational transformation, by revenue



How likely is it that your organisation will go through a transformation in each of the following areas during the next three to five years? $1-99m, n=188; $100m-1bn, n=150; $1bn+, n=202. Figures show percentage answering each option.

Chapter 3

The long and short of it

In this section we explore C-suite strategy in terms of long- and short-term business activities.

Activities: what constitutes long- or short-term?

Reviewing and updating a corporate strategy is almost intrinsically an activity oriented to the long-term. Among other activities ranked most long-term in their impact, two concern sources of potential long-term growth: ‘external growth opportunities, e.g. mergers, acquisitions, joint ventures’ and ‘R&D/innovation activities’. The fourth-most long-term activity relates to managing long-term risks: ‘sustainability initiatives, including environment, society, communities and diversity’. Sustainability is considered especially long-term by larger businesses (see appendix 2). The fifth-longest term activity was ‘sourcing new talent’, deemed to be long-term by 38% of executives.

The activities ranked as the shortest-term in impact were: ‘reducing headcount’, ‘addressing immediate financing issues/concerns, e.g. cashflow’, ‘managing suppliers’, ‘internal reorganisation’ and ‘reputation or crisis management, including media and social media engagement’. ‘Reducing headcount’ was the activity with the highest percentage rating it short-term, at 25%.

There are some clear contrasts between pairs of activities associated with specific functions. For Human Resources, sourcing new talent is seen as very long-term (with a net long-short-term score of +22), but reducing headcount is the shortest-term activity (with a net score of +1). Brand strategy and positioning is considered long-term (net +22), but reputation or crisis management is relatively short-term (net +12). Investment strategy is deemed a long-term activity (net +22), whereas addressing immediate financing issues/concerns is the second-shortest term activity (net +6).

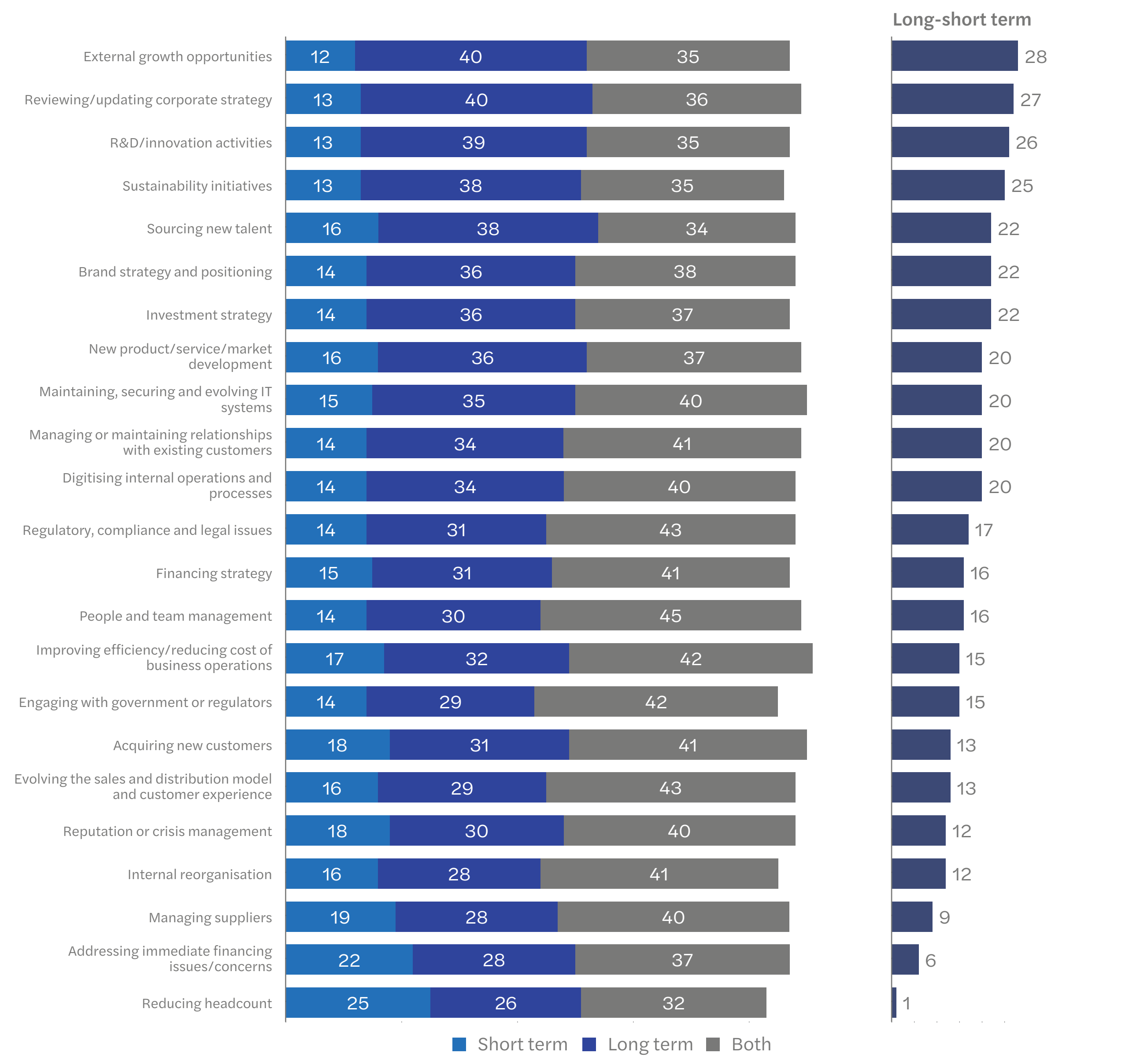
Attitudes towards keeping vs finding customers are also revealing. Overall, executives classify ‘acquiring new customers’ as relatively short-term and ‘managing/maintaining relationships with existing customers’ as long-term – indicating the significant premium placed on customer loyalty. ‘Evolving the sales and distribution model and customer experience’ was also deemed relatively short-term by executives. At the other end of the supply chain, ‘managing suppliers’ was deemed a primarily short-term activity.

Methodology for classifying short- and long-term activities

We presented respondents with a list of 23 activities that a business might invest in. They categorised each as short-term (i.e. primarily having an impact within one year), long-term (primarily having an impact after one year), having an equal impact in both timeframes, or having no impact. We ranked the activities by the difference between the percentage rating it short-term and the percentage rating it long-term.

More respondents classified every single activity as long-term than short-term, so the final classification is best understood as relative: those activities ultimately deemed “short-term” are simply less long-term oriented than others.

Short- or long-term impact



In your view, does action on each of the following lead to more impact in the short-term (up to one year) or the long-term (one year or more?). Total, n-540. Figures show percentage answering each option.

Long- or short-term activity? Opinions vary substantially by sector and company size

There is significant variation in short- and long-term classification by industry. 'Engaging with government and regulators' is regarded as one of the longest-term activities by those in the technology & telecoms and financial services sectors, but as the third-shortest term activity by automotive & manufacturing executives. 'Regulatory, compliance and legal issues' are also considered relatively short-term by automotive & manufacturing businesses, but long-term by tech/telecoms companies. financial services companies tended to place it in the middle of the pack.

There is a significant difference across industries in evaluating 'sustainability initiatives, including environment, society, communities and diversity'. auto/manufacturing and financial services respondents see this as one of the longest-term activities, but tech/telecoms businesses see it as relatively short-term. A similar pattern occurs with 'sourcing new talent' – financial services respondents see it as the single longest-term activity, auto/manufacturing place it in the middle, and tech/telecoms clearly deem it to be short-term oriented .

Short- vs long-term categorisation, by industry

Long- term

Auto and manufacturing	Technology and telecoms	Financial services
Sustainability	External growth	Sourcing new talent
Brand strategy	Regulatory issues	Government engagement
Reviewing corporate strategy	Financing strategy	R&D/innovation
External growth	Government engagement	Maintaining IT systems
Maintaining customers	R&D/innovation	Sustainability
New product/service/market	Acquiring new customers	Reviewing corporate strategy
Investment strategy	People management	Maintaining customers
R&D/innovation	Investment strategy	Brand strategy
Maintaining IT systems	Reviewing corporate strategy	External growth
Digitizing operations	Maintaining IT systems	Investment strategy
Sourcing new talent	Evolving sales model	Managing suppliers
Reputation management	Brand strategy	Improving efficiency
Improving efficiency	New product/service/market	Regulatory issues
Financing strategy	Financing issues	Financing strategy
Evolving sales model	Reducing headcount	Internal reorganisation
Regulatory issues	Digitizing operations	Digitizing operations
Acquiring new customers	Reputation management	Evolving sales model
People management	Internal reorganisation	New product/service/market
Internal reorganisation	Managing suppliers	Acquiring new customers
Managing suppliers	Sourcing new talent	People management
Government engagement	Improving efficiency	Reputation management
Financing issues	Sustainability	Reducing headcount
Reducing headcount	Maintaining customers	Financing issues

Short-term

In your view, does action on each of the following lead to more impact in the short-term (up to one year) or the long-term (one year or more?)
Auto and manufacturing, n=114; Technology and telecoms, n=75; Financial services, n=91

The picture also varies by company size. Large companies place 'investment strategy, including risk assessment and management' as the longest-term activity, which could reflect the greater importance of investment decisions and risk management for companies with larger, more diversified financial portfolios. Sustainability is the second-longest-term activity for larger companies; it is in the top third for the other two categories, but does not receive as much emphasis as a longer-term activity.

Smaller companies' focus on 'new product/service/market development' could indicate that this is one of the more accessible growth options for them; larger firms with a more developed customer/client base may have less scope to expand in this way. 'Regulatory, compliance and legal issues' are considered very long-term by the smallest companies (with revenue of \$1m-\$100m), but nearer the short-term end of the scale by medium-sized and larger companies.

Short- vs long-term categorisation, by revenue

Long-term

\$1m-\$100m	\$100m-\$1bn	\$1bn+
Reviewing corporate strategy	Brand strategy	Investment strategy
External growth	Maintaining IT systems	Sustainability
R&D/innovation	External growth	External growth
New product/service/market	R&D/innovation	R&D/innovation
Regulatory issues	Reviewing corporate strategy	Sourcing new talent
Sustainability	Sourcing new talent	Reviewing corporate strategy
Sourcing new talent	Sustainability	Government engagement
Maintaining IT systems	New product/service/market	Brand strategy
Maintaining customers	Maintaining customers	Maintaining customers
Digitizing operations	Investment strategy	Digitizing operations
Brand strategy	Digitizing operations	Maintaining IT systems
Investment strategy	Financing strategy	New product/service/market
Acquiring new customers	Evolving sales model	Financing strategy
People management	People management	Improving efficiency
Financing strategy	Improving efficiency	Regulatory issues
Reputation management	Acquiring new customers	Internal reorganisation
Improving efficiency	Internal reorganisation	People management
Government engagement	Regulatory issues	Evolving sales model
Evolving sales model	Managing suppliers	Reputation management
Internal reorganisation	Reputation management	Financing issues
Managing suppliers	Government engagement	Managing suppliers
Financing issues	Financing issues	Acquiring new customers
Reducing headcount	Reducing headcount	Reducing headcount

Short-term

In your view, does action on each of the following lead to more impact in the short-term (up to one year) or the long-term (one year or more?)
\$1-99m, n=188; \$100m-1bn, n=150; \$1bn+, n=202

Chapter 3
The long and short of it

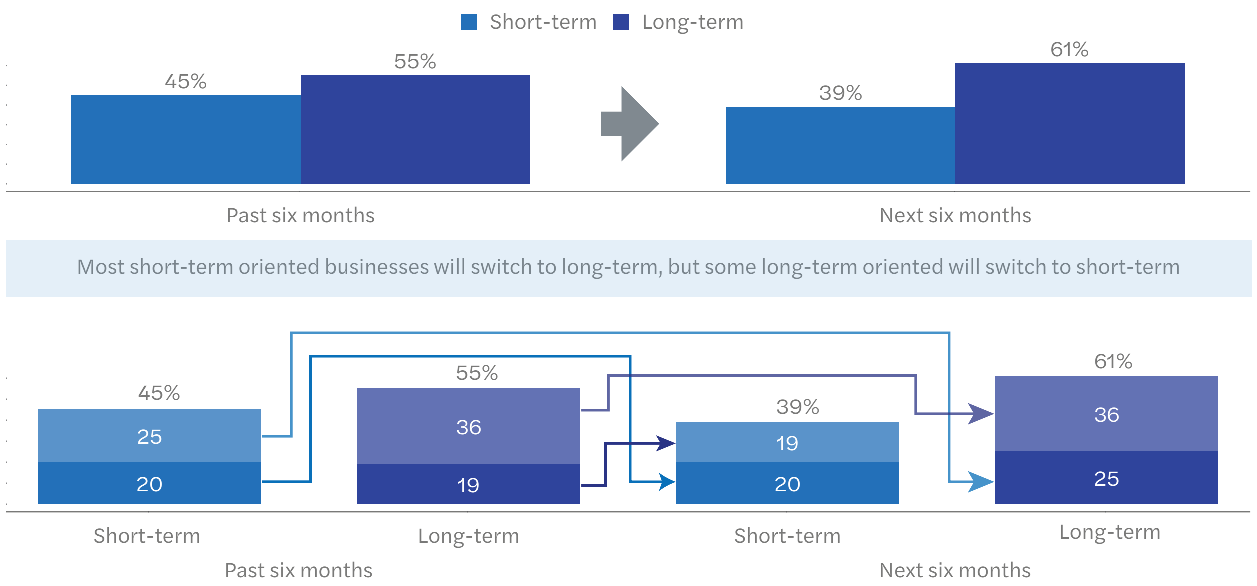
Looking ahead: it's all about the long-term orientation

A slight majority of businesses (55%) reported being more focused on long-term than short-term activities in the six months prior to completing the survey. But 61% said they expected to be more oriented to the long-term. In fact, most businesses that were short-term oriented at the time of completing the survey (Q3 2020), said they would switch to a long-term orientation in the immediate future. Meanwhile about two thirds of businesses classed as long-term planned to initially remain so, the others switching to a short-term orientation. Businesses' financial outlook seems to affect how they change orientation: those who switch from long- to short-term oriented are twice as likely to predict falling revenue in 2021 as those who will remain long-term oriented.

The most likely explanation for the general shift to the long-term is the most obvious one: the pandemic. This has likely caused a lot of businesses to focus on immediate challenges: financing, reputational challenges, supply chains, reducing staffing levels. After spending the first several months of the pandemic adjusting to it, companies arrived at a position where they could plan for the future and start thinking more long-term.

This study is designed to be tracked over time, so it will be interesting to see how businesses' short- and long-term orientations change in the second half of 2021 – hopefully a time when the pandemic will not dominate priorities to the extent it has in 2020.

Evolution of business orientation*



* Questions asked in Q3 2020, n=540

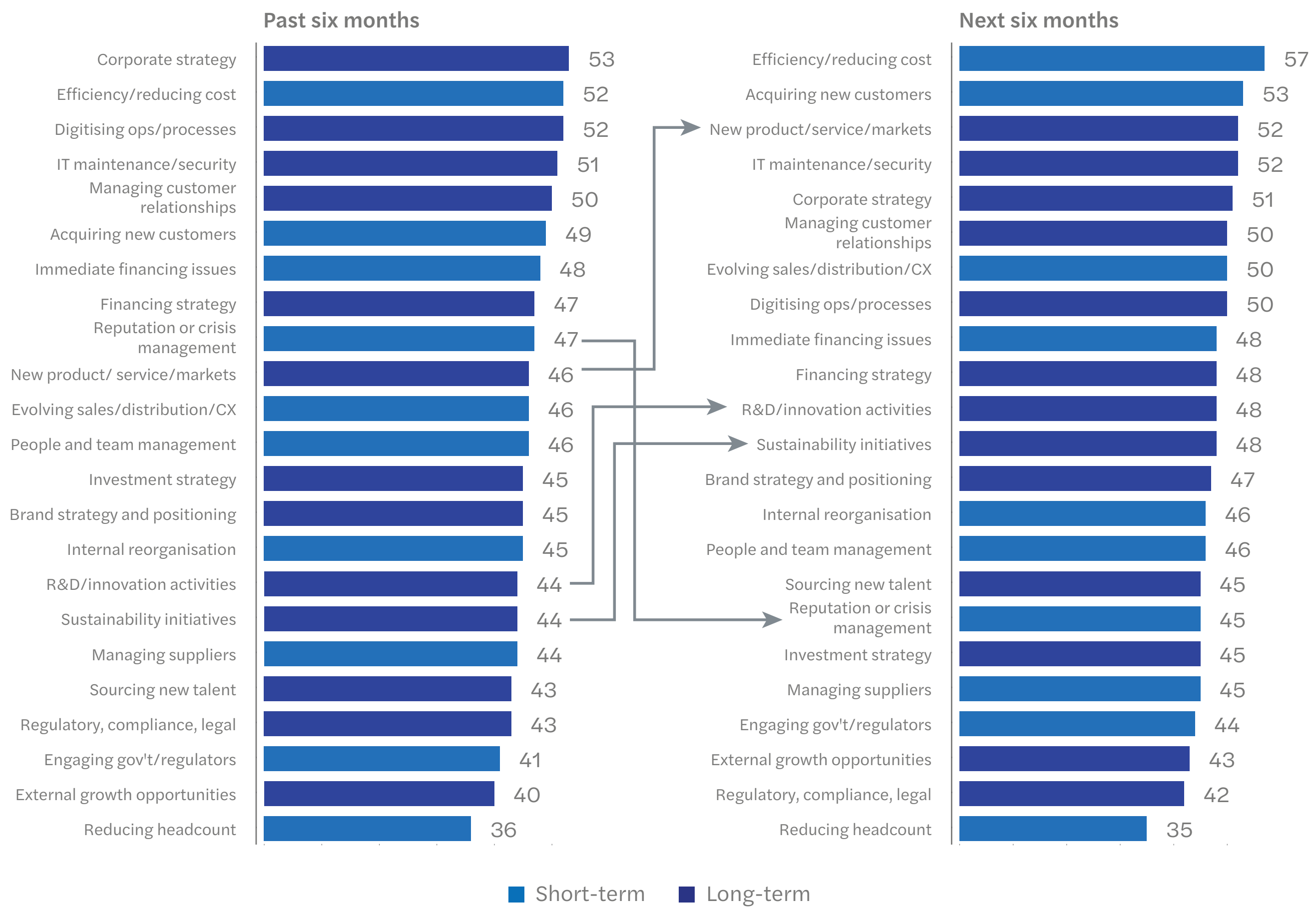
Methodology

In addition to categorizing the 23 activities as long- or short-term, respondents estimated their companies' emphasis on each activity. They indicated how much their company had increased or decreased investment in each activity over the last 6 months, then indicated how much they expected them to increase or decrease investment over the next 6 months. We categorised each respondent as either long- or short-term oriented, for both the immediate past and future, by whether their average shift in investment in long- or short-term activities was greater.

Three specific changes in how businesses plan to invest were behind the shift to a more long-term orientation in the six months after the survey was conducted:

- 46% of executives said that they had increased investment in 'new product/service/market development' in the six months before the survey; this shifts to 52% predicting an increase in the 6 months ahead. The activity moves from a mid-level priority to one of those with the highest emphasis.
- A similar shift occurs for R&D/innovation activities, which moves from 44% to 48% and from a low- to a mid-level priority. Similarly, investment in sustainability initiatives increases by the same margin and also moves from low- to middle-priority.
- On the other hand, investment in reputation/crisis management fell from 47% increasing over the six months prior to completing the survey, to 45% increasing in future, and from relatively high priority to a low overall priority.

Increasing investment*



* Questions asked in Q3 2020. Over the past/next six months, how much has your organisation increased or reduced/how much do you expect your organisation to increase or reduce its investment of time, money and other resources in each of the following areas? Total, n=540. Figures show percentage answering each option.

Moving to a longer-term orientation... apart from Africa

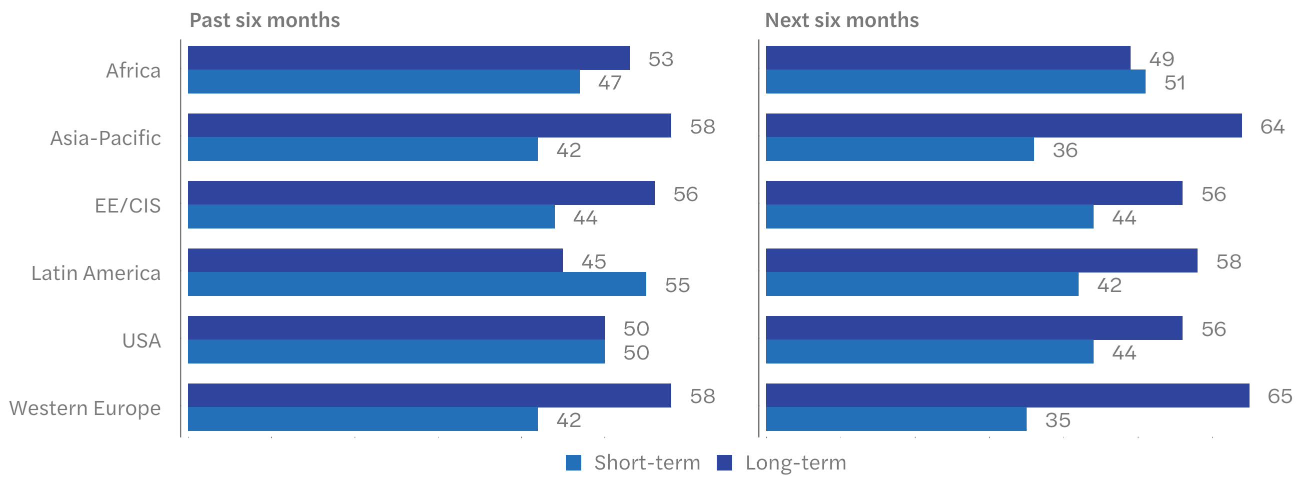
Asia-Pacific, Western Europe, Latin America and the US all move substantially towards becoming longer-term oriented in the future than they were in the immediate past. Latin America is the only region that classified itself as short-term overall in the past six months: 55% of its businesses were categorised as investing more in short-term than long-term activities, compared to 45% who reported the opposite. The EE/CIS region did not expect to change in orientation – it was 56% to 44% in favour of long-term activities in both the past and future. There is only one region that expected to become more short-term oriented in the six months following the survey: Africa. It moves from a slightly long-term investment orientation (53% long-term, 47% short-term) to an overall short-term orientation (49% long-term, 51% short-term). See appendix 3 for more detail on how investment patterns are shifting in Africa.

In Asia-Pacific, an increased future focus on existing customer relationships, financing strategy and IT systems underpinned a six-point shift in long-termism between the six months prior to and following the survey. In Latin America, a renewed focus on R&D and sourcing talent – and a hugely increased level of predicted investment overall – drove a 13-point shift in the same direction. Western Europe's seven-point shift is a result of increased investment in new products, services and markets. In North America, a six-point shift is driven by steady increases in future investment in R&D, regulatory/compliance/legal issues and sustainability. The EE/CIS region held broadly steady in the level and orientation of its investment.

Companies across all industries are looking to shift to longer-term patterns of investment. In the six months prior to completing the survey , auto/manufacturing businesses were 56% long-term oriented and 44% short-term oriented; this gap is set to grow, with 61% predicting a long-term orientation in the immediate future. Financial services and tech/telecoms presented a similar picture, extending their long-term net orientation by 17 and eight points respectively.

> Asia-Pacific, Western Europe, Latin America and the USA all move substantially towards becoming longer-term oriented in the future; only Africa expects to become more short-term oriented.

Orientation, past and next six months, by region*

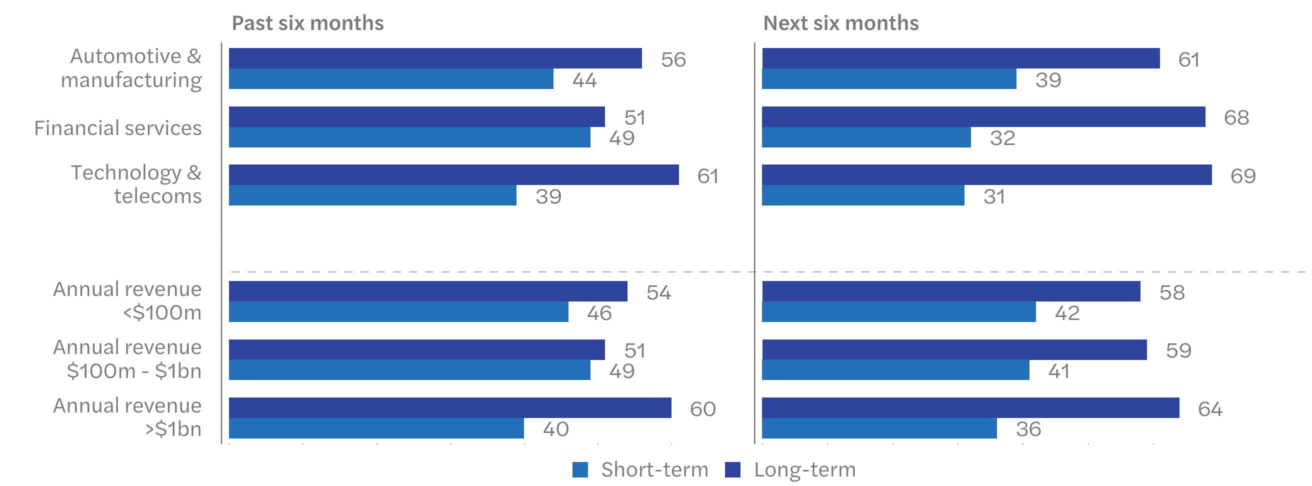


* Questions asked in Q3 2020, Africa, n=53; Latin America, n=54; Asia-Pacific, n=128; Western Europe, n=191; EE/CIS, n=59; USA, n=55. Figures show percentage classified as short- or long-term.

The activities driving this shift vary by sector. Increased future investment in managing customer relationships, brand strategy and positioning and sourcing new talent explain auto/manufacturing's five-point shift. Financial services companies expected to scale up investment in regulation, compliance and legal issues in the six months post survey; this combines with a renewed focus on financing strategy. In the tech/telecoms group, new products, services and markets and digitization were central to a longer-term investment outlook. Companies in this industry also expected to invest less time managing their suppliers, which was rated as one of the shorter-term activities a business could focus on.

Small, medium and large companies were all looking to shift from shorter- to longer-term activities: smaller companies ($1m-$100m) move by 4%, medium-sized companies ($100m-$1bn) by 8% and larger companies ($1bn+) by 4%.

Orientation, past and next six months, by industry and revenue*



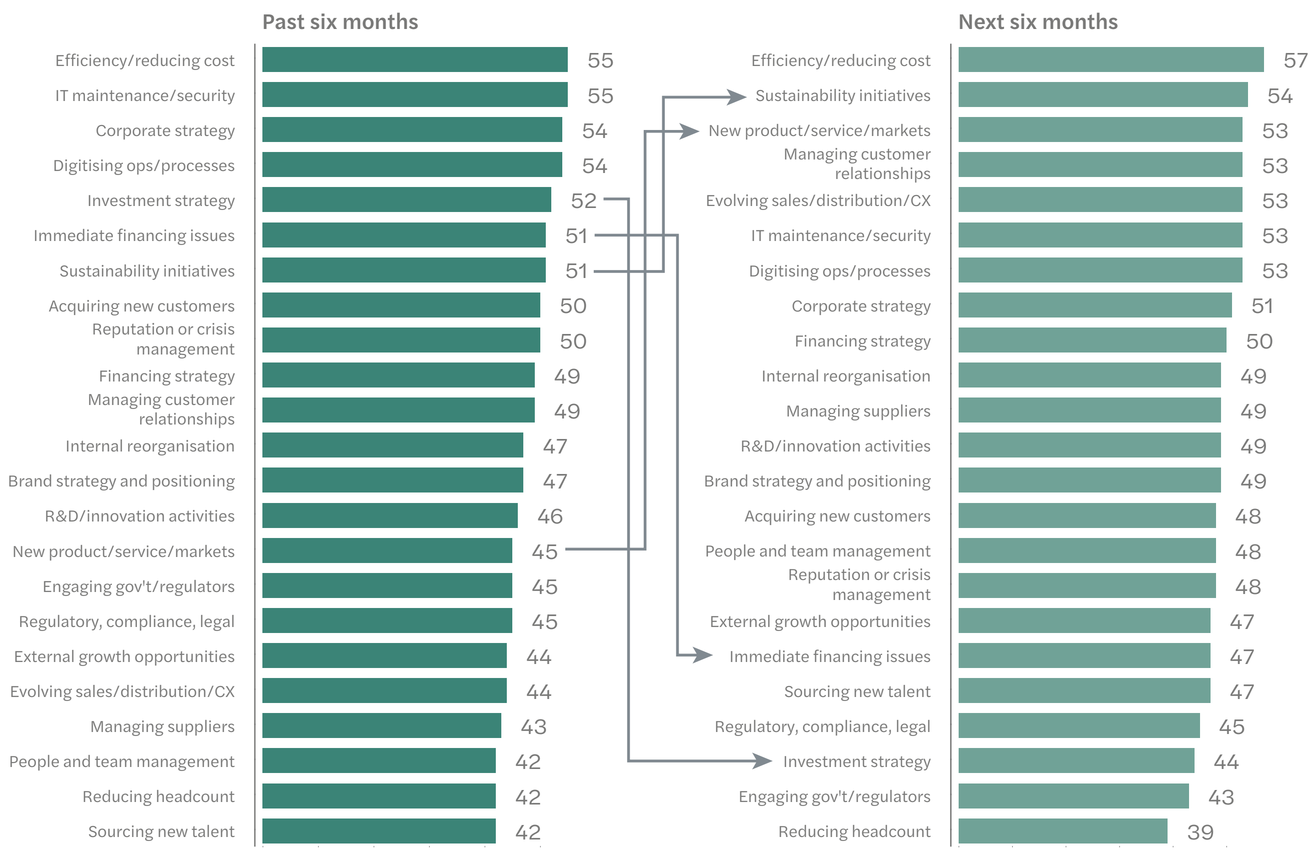
* Questions asked in Q3 2020, auto/manuf., n=114; tech/telecoms, n=75; fin. serv., n=91; $1-99m, n=188; $100m-1bn, n=150; $1bn+, n=202. Figures show percentage classified as short- or long-term.

Chapter 3

The long and short of it

For the largest companies, increased predicted investment in sustainability initiatives and new products, services and markets were the major factors. For smaller companies, an expected focus on investment strategy and new customers, combined with less attention spent on crisis management, explain the modest shift. For medium companies, increased investment in efficiency, internal reorganisation and R&D were identified as key for the next six month period.

Increasing investment, companies with revenue of $1bn+*



* Questions asked in Q3 2020. Over the past/next six months, how much has your organisation increased or reduced/how much do you expect your organisation to increase or reduce its investment of time, money and other resources in each of the following areas? Large companies, n=202. Figures show percentage answering each option.

Chapter 4

Covid-19: resetting for a post-pandemic world

Moving out of crisis mode

In chapter 3 we outlined how most companies expected revenue growth in 2020, but with a minority (35%) expecting revenue declines. The context for these predictions was the unprecedented effect that the global pandemic was having on business activity around the world. Doubtless many of the companies that predicted lower revenues in 2020 ("shrinking companies") have been adversely affected by Covid-19, and many of those that were still predicting growth ("growing companies") were doing so in spite of, not due to, the pandemic.

The shift in emphasis from more short-term activities during the six months prior to the survey, to more long-term activities expected in the next six months, may indicate companies shifting from crisis response to planning for a new, post-pandemic normality, or at least the end of the first phase of the crisis.

Investment patterns of growing vs shrinking companies

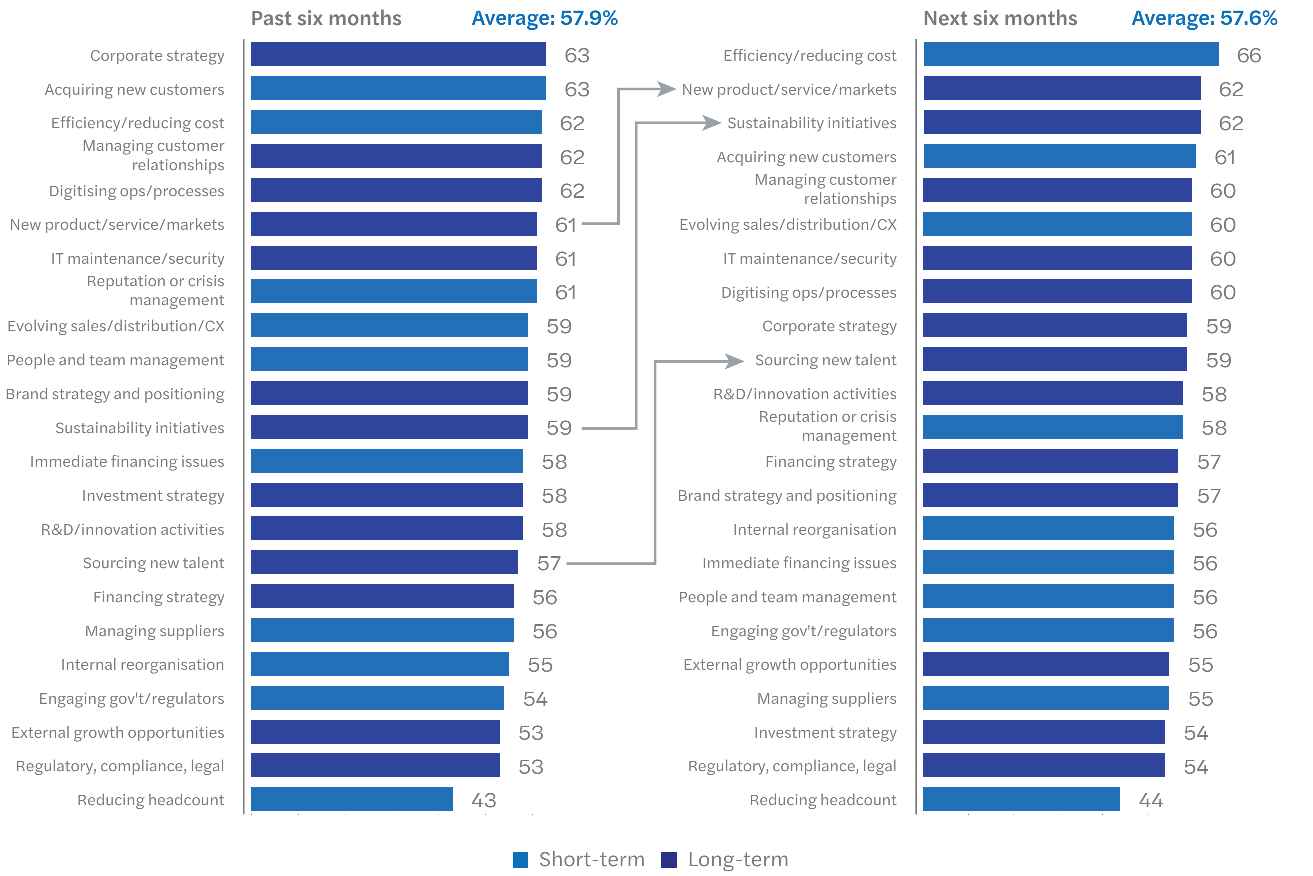
Companies that forecasted growth in 2020 relative to 2019 predicted very different investment patterns to those who expected to shrink. Growing companies have invested more recently – and are set to continue investing more – in all business activities. Shrinking companies forecast a modest increase in overall investment in the six months after the survey compared to the previous six months, but are still a long way behind growing companies.

Both growing and shrinking companies were slightly more long-term focused in the six months prior to the survey, with 55% of both groups oriented in this way compared to 45% short-term oriented. However, companies predicting growth forecast that their outlook would shift more heavily towards the long-term; 62% of businesses fell into this category in the six months after the survey, compared to 59% of shrinking companies.

This shift is primarily driven by an increased focus on longer-term activities such as sustainability initiatives, new products, services, or markets, R&D and sourcing new talent – all of which will be a relatively higher priority in the immediate future than they were over the previous half year. Managing and maintaining existing customer relationships continues to be a top focus for these executives. Although some shorter-term activities, such as reducing costs, rise in relative priority, more are set to fall down the list. Growing companies are set to shift their attention away from areas including crisis management, people and team management, and immediate financing issues in the coming months.

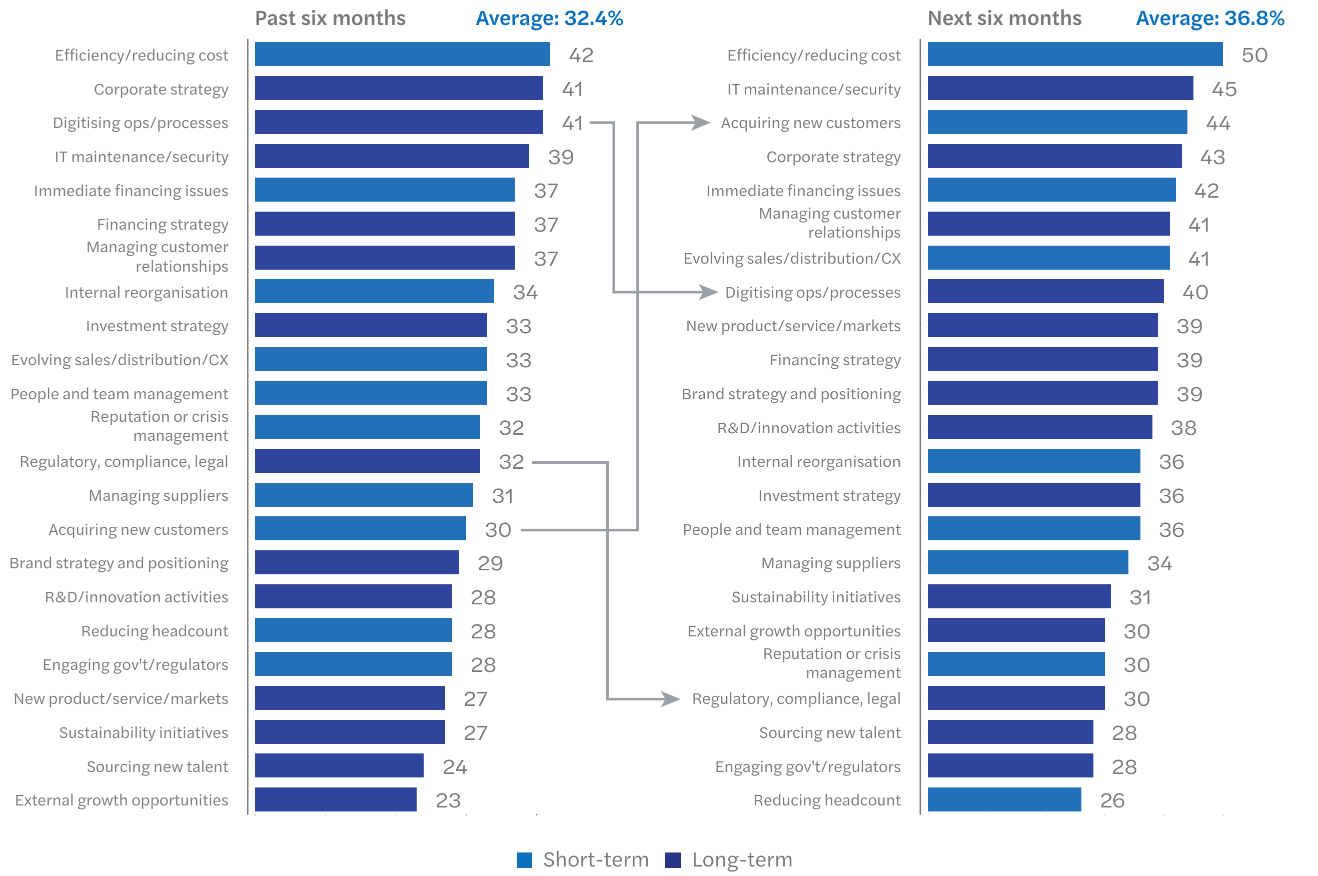
The investment outlook is very different for shrinking companies. Reducing costs and improving efficiency was their top priority before the pandemic and will continue to be. Some 42% of executives at shrinking companies were increasing investment in this area pre-Covid, and 50% will be going forwards. Some longer-term activities are set to slip down the agenda: corporate strategy slips slightly as a relative priority, while digitization of operations plummets, as does investment in regulatory, compliance and legal issues. By contrast, these executives planned to sharpen their focus on more immediate objectives, including acquiring new customers. This activity leapt up the executives' list of priorities: 30% noted increasing investment over the six months prior to the survey, but 44% will be boosting their efforts in the months after.

Increasing investment, companies forecasting 2020 growth vs 2019*



* Questions asked in Q3 2020. Over the past/next six months, how much has your organisation increased or reduced/how much do you expect your organisation to increase or reduce its investment of time, money and other resources in each of the following areas? Companies predicting growth, n=309

Increasing investment, companies forecasting 2020 decline vs 2019*



* Questions asked in Q3 2020. Over the past/next six months, how much has your organisation increased or reduced/how much do you expect your organisation to increase or reduce its investment of time, money and other resources in each of the following areas? Companies predicting decline, n=193

Chapter 5
Expectations for 2021

Key predictions for 2021

Which business areas look set to rise up the priority list for 2021?

1. **For all C-suite:** an increased relative focus on new products, services and markets, R&D and sustainability initiatives, as the business impact of Covid-19 tails off and allows companies more space to focus on their longer-term objectives.
2. **In Africa**: an increased focus on shorter-term objectives – including immediate financing issues and efficiency/cost reduction – combined with a relatively reduced focus on some longer-term activities, such as corporate strategy.
3. **At larger companies ($1bn+):** an increased emphasis on sustainability initiatives and growth through new products, services and markets, as companies with substantial cash reserves and diversified revenue streams recover strongly from the pandemic and focus on the future.
4. **At women-led businesses:** as part of the pronounced shift towards a longer-term orientation, a stronger focus on new products, services and markets and financing strategy – combined with increased investment in efficiency and cost-cutting.
5. **In the automotive and manufacturing sectors:** heightened investment in brand strategy, operating efficiency and cost reduction – alongside an increased focus on both new and existing customers – at a time when the industry is expected to recover from an especially tough time.

71%

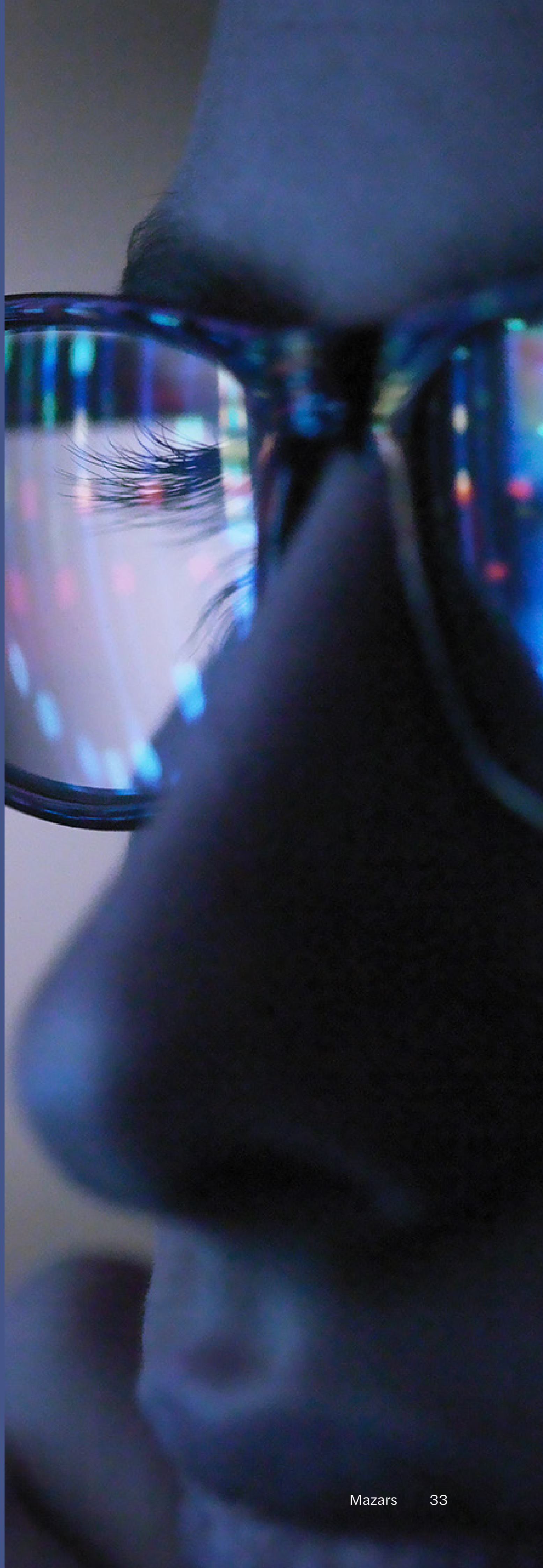
of respondents assessed their companies outlook for growth in 2021 as 'positive'.

2021 and beyond: transformations and trends

- **Transformations:** technology-based transformation is on the horizon, with half of businesses expecting this type of change in the next three to five years. Transformations relating to performance improvement and new services, markets and models will be close behind.
- **Trends:** economic trends will be at the forefront for the majority of businesses, with technology-driven trends not far behind. Public health and socio-political trends are also set to increase in impact this year. Climate risk ranked bottom of the list globally. It is slightly more 'on the radar' for leaders in Western Europe with 25% expecting it to have a big impact.
- **Confidence responding to trends:** businesses are optimistic in their ability to tackle most trends. Bottom of the list was climate risk, with 28% 'not very' or 'not at all' confident.

"The responses to the questions on "expectations for governance, ethics and social responsibility" and "climate change" are a reflection on what is commonly subsumed under the three letters ESG (environmental, social and governance). I am eager and curious to see how the response will evolve over time. 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."

Rudi Lang
Partner, Mazars



Appendix 1

Spotlight on women-led businesses: longer-term investment orientation more pronounced

Top decision makers still mainly men

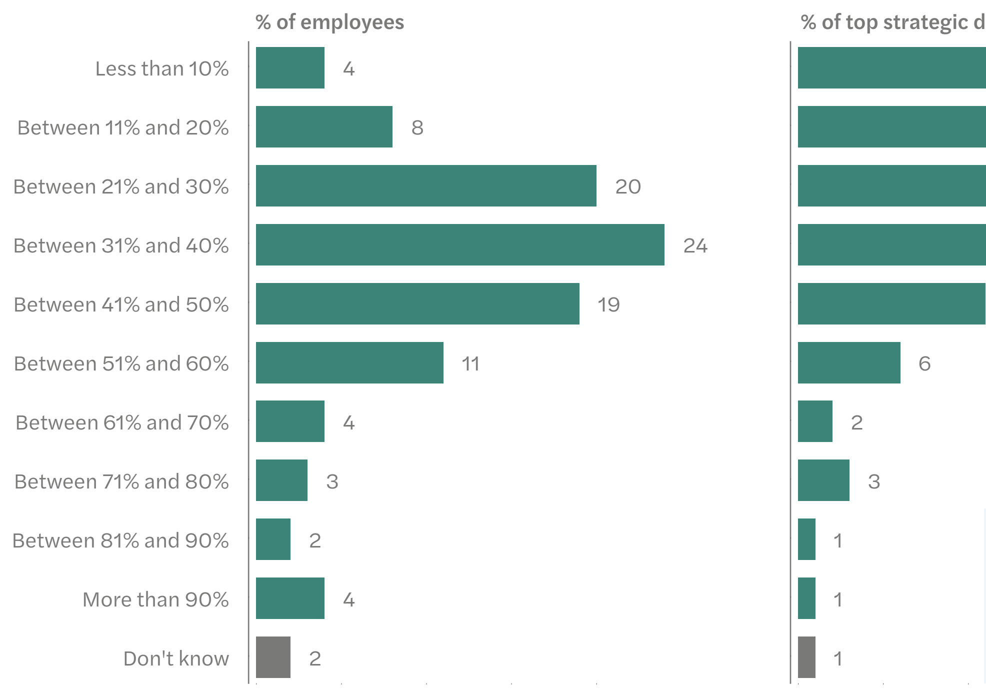
Executives indicate that their workforces are male dominated, with 75% reporting that women comprise less than half of their employees. Most often, women make up between 31% and 40% of employees at their company (about a quarter, 24%, of companies fall into this range). But there is a stark seniority gap: in 59% of companies, less than a third of the top decision makers are women . For a quarter of companies, less than 10% of top executives are women; and in only 13% of companies do women form a majority of the top management.

In the majority (59%) of companies surveyed, less than a third of top decision makers are women.

This gap is present in all regions, although comparatively speaking, Western Europe and the US are most likely to have women in top positions (women form a majority of decision makers in 16% of Western European companies and 19% of US companies).

Across industries, the disparity is most acute in the auto/manufacturing sector: only 7% of these businesses have women as the majority of decision makers, compared to 25% in tech/telecoms and 15% in financial services. Larger companies are slightly more likely to have women in top roles than smaller companies.

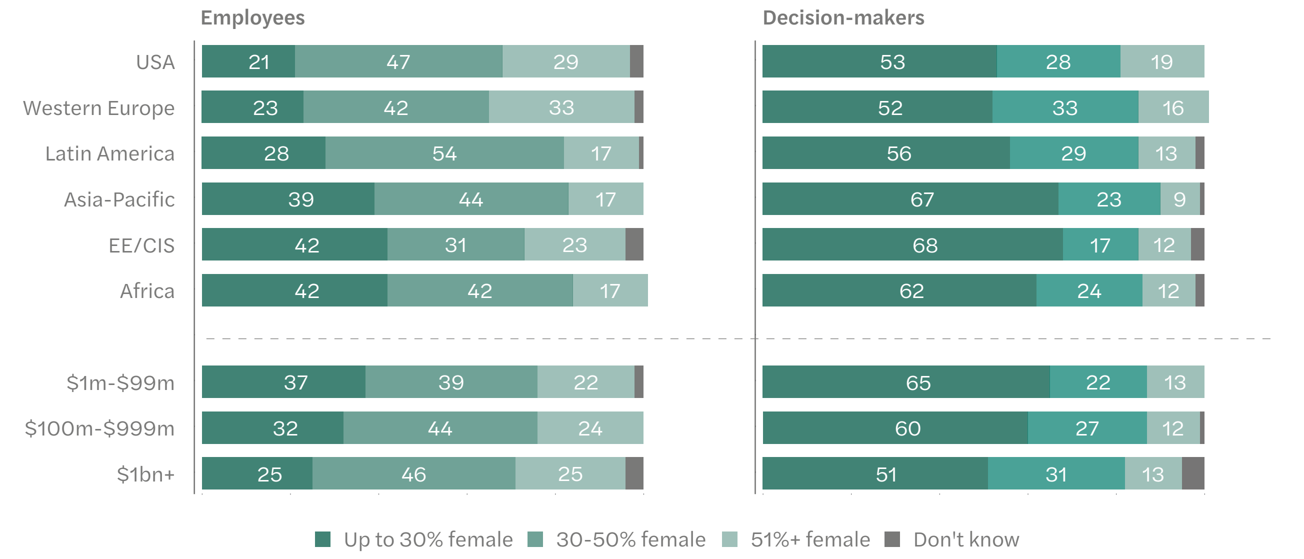
Estimated % of female employees and top strategic decision-makers



*Top strategic decision maker = "...typically, members of your company's Executive Committee or Management Board, or employees who make strategic decisions at a similar level."

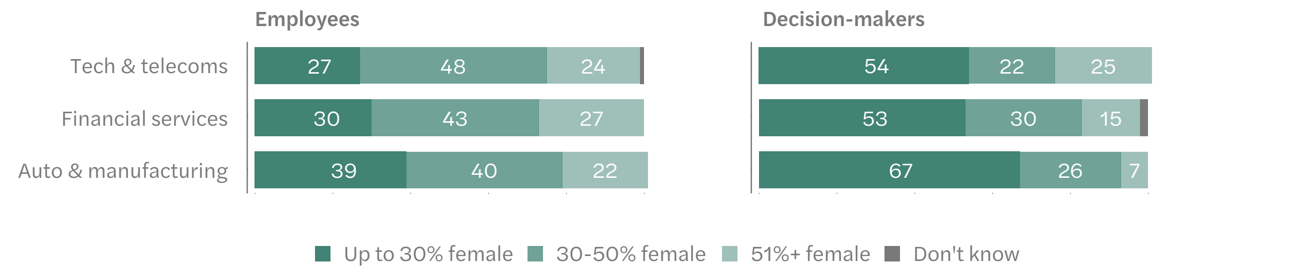
Please estimate what percentage of your company's employees/top strategic decision-makers are female.
Total, n=540

Estimated % of female employees and top strategic decision-makers*, by region and revenue



Please estimate what percentage of your company's employees/top strategic decision-makers are female.
*Top strategic decision maker = "...typically, members of your company's Executive Committee or Management Board, or employees who make strategic decisions at a similar level." Africa, n=53; Latin America, n=54; Asia-Pacific, n=128; Western Europe, n=191; EE/CIS, n=59; USA, n=55; $1-99m, n=188; $100m-1bn, n=150; $1bn+, n=202. Figures show percentage answering each option.

Estimated % of female employees and top strategic decision-makers*, by sector



Please estimate what percentage of your company's employees/top strategic decision-makers are female.
*Top strategic decision maker = "...typically, members of your company's Executive Committee or Management Board, or employees who make strategic decisions at a similar level." Auto/manufacturing, n=114; tech/telecoms, n=75; financial services, n=91. Figures show percentage answering each option.

Appendix 1

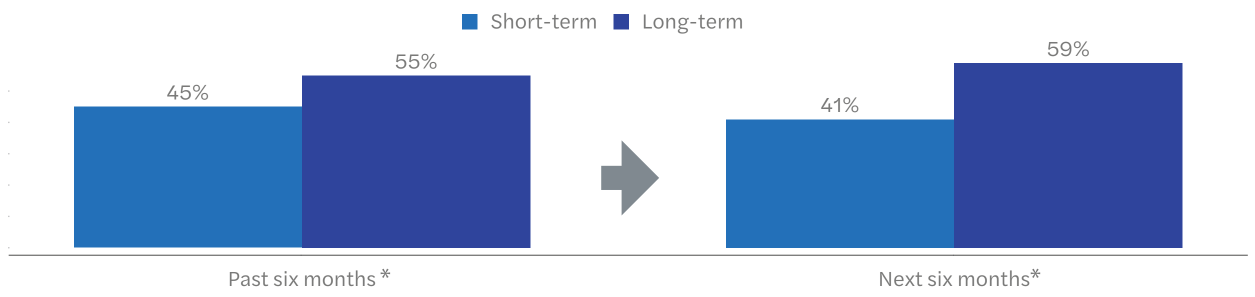
Spotlight on women-led businesses: longer-term investment orientation more pronounced

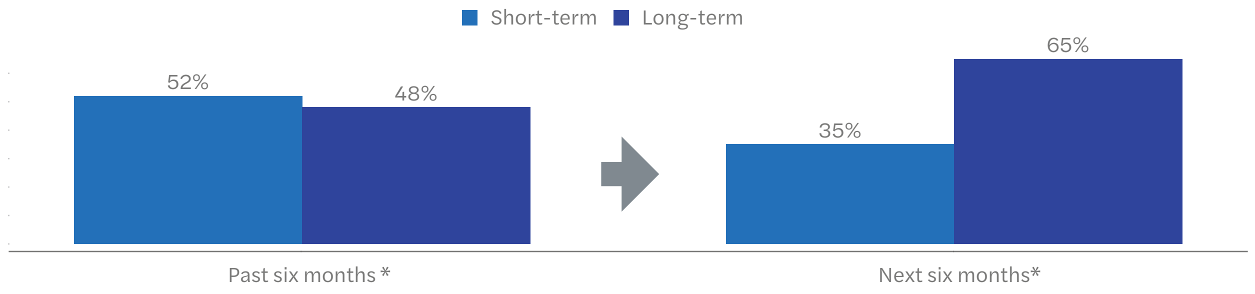
Companies with more female decision-makers plan to shift more towards a longer-term orientation

Businesses with more women in top strategic decision-making roles are predicting a bigger shift towards longer-term investment than male-dominated companies. In the six months prior to the survey, 52% of women-led businesses reported a relatively short-term investment outlook, compared to 48% who had a longer-term outlook. This changed dramatically when asked about the next six months:

65% of executives in women-led companies predicted a long-term investment orientation, compared to only 35% who predicted short-termism. Male-dominated businesses were relatively long-term oriented (55% long-term in the six months prior to the survey) but they planned only a small shift in the next six months, to 59% long-term.

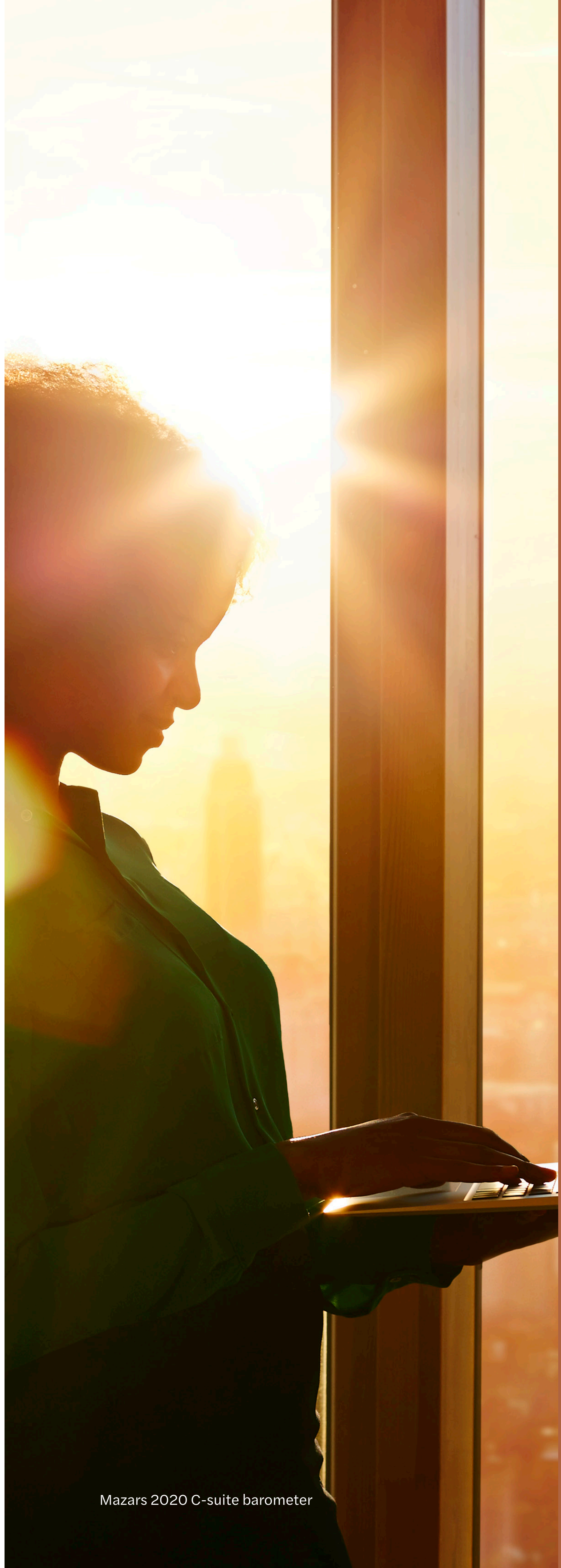
Evolution of business orientation, businesses with <30% and 51%+ female decision makers*





* Questions asked in Q3 2020

6. https://markets.businessinsider.com/news/stocks/stock-market-outlook-firms-beat-profit-forecasts-record-continue-bofa-2020-8-1029488246



"What emerges from this year's survey is that businesses with more women in top strategic decision-making roles expect a greater shift towards longer-term investment than those with more men in strategic decision-making roles. 65% of executives in women-led companies predict a long-term investment orientation, compared to only 35% who predict short-termism.

One of the features of 2020 has been growing media focus on the different approaches between male and female national leaders' handling of the pandemic. This result invites a greater focus on the different approaches between male and female corporate leaders as well."

Cécile Kossoff
Group Chief Brand, Marketing and Communication Officer

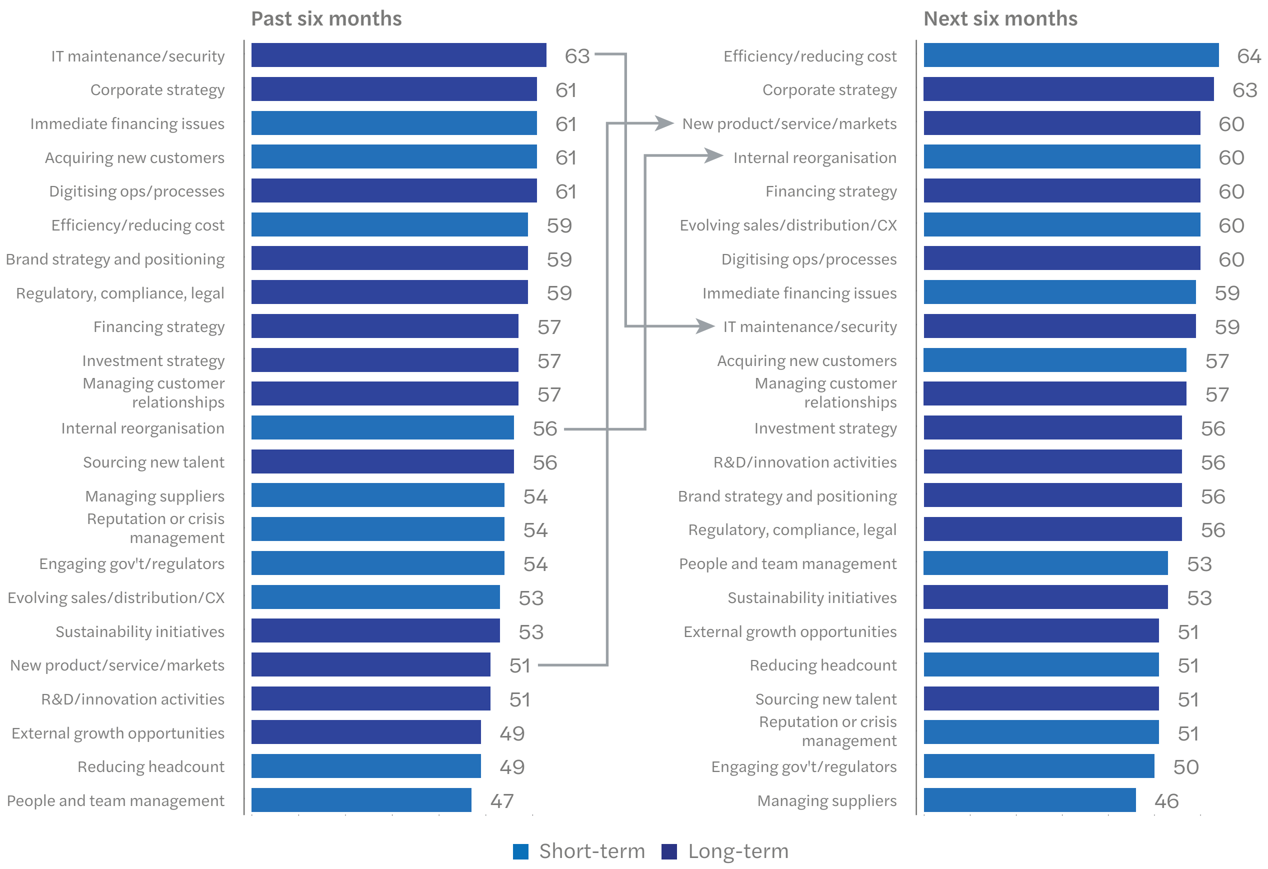
Appendix 1

Spotlight on women-led businesses: longer-term investment orientation more pronounced

Both male- and female-led businesses predicted that they would be longer-term in their outlook over the next six months than over the past 6 months (with female-led businesses more emphatic on this point), but the business activities driving each shift are very different. Women-led businesses record and predict higher levels of overall investment, in both the recent past and the immediate future.

Women-led businesses are looking to maintain their focus on corporate strategy, significantly increase their investment in new products, services and markets, internal reorganisation and evolution of sales/distribution channels and customer experience. Business activities set to fall down the list of priorities for these executives include IT maintenance and security, crisis management and brand strategy. Engaging government and regulators and managing suppliers are also short-term business activities predicted to fall in relative importance as women-led businesses look to exit the Covid-19 pandemic.

Increasing investment, businesses with 51%+ female decision-makers*

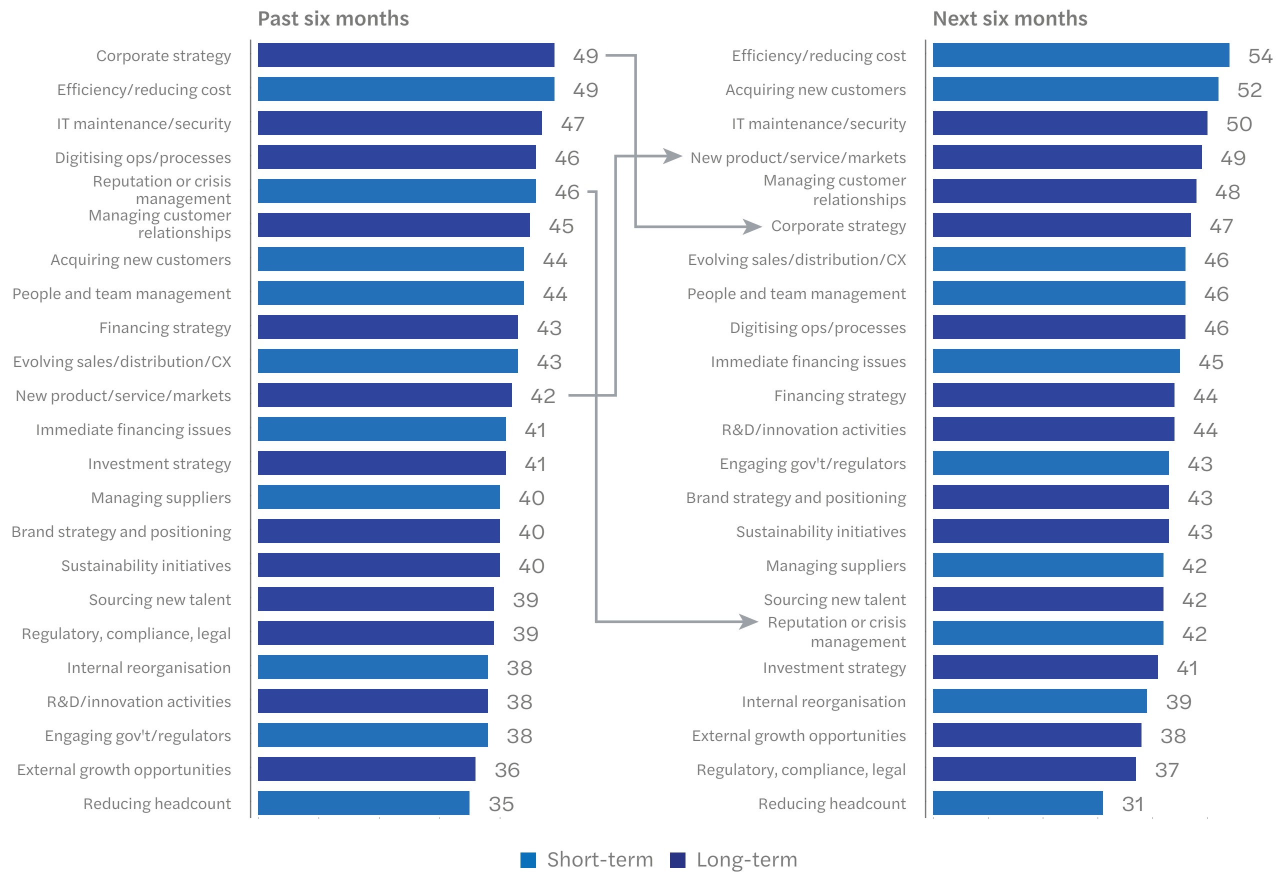


* Questions asked in Q3 2020. Over the past/next six months, how much has your organisation increased or reduced/how much do you expect your organisation to increase or reduce its investment of time, money and other resources in each of the following areas? Businesses with 51%+ female decision makers, n=70

Male-dominated companies also predicted a shift towards longer-term investment, which is less pronounced and driven by different business activities. As with women-led businesses, these companies are increasingly looking towards new products, services and markets and disinvesting in crisis management. However, acquiring new customers will take centre stage in future investment.

Activities such as IT maintenance/security and brand strategy are not predicted to slip down on the list of priorities, as they do in women-led businesses. Male-led companies also expect to reduce their focus on some business activities, including supplier management, corporate strategy and dealing with regulatory, compliance and legal issues.

Increasing investment, businesses with <30% female decision-makers*



* Questions asked in Q3 2020. Over the past/next six months, how much has your organisation increased or reduced/how much do you expect your organisation to increase or reduce its investment of time, money and other resources in each of the following areas? Businesses with <30% female decision makers, n=317

Appendix 2

Spotlight on sustainability: a long-term priority for most but not all

Views of sustainability vary by company size and sector

Overall, respondents consider investing in sustainability initiatives to be a relatively long-term business activity, rating it the fourth longest-term out of 23 activities, behind only external growth opportunities, corporate strategy and R&D. But this assessment differs greatly by company size and sector.

For auto and manufacturing companies, sustainability initiatives are the longest-term activity of all – ahead of brand and corporate strategy. This may reflect the ongoing, industry-wide transition away from fossil fuels, with an increasing number of countries mandating an end to sales of fossil fuel-powered vehicles within two decades.

In the financial services sector, there's a similar picture: sustainability initiatives are deemed to be the fifth longest-term activity, behind sourcing new talent, government engagement, R&D and maintaining IT systems. However, for technology and telecoms companies, sustainability initiatives are viewed as one of the shortest-term activities. External growth opportunities and regulatory issues are the two longest-term categories for this group, which also views acquiring customers as a longer-term activity than maintaining customers, contrary to the views of financial services and auto/manufacturing companies.

Taken together, this paints a picture of an industry that sees high growth as key to its long-term as well as short-term future; and one that is less concerned about its physical footprint and managing long-term external risks than other, older industries.

Short- vs long-term categorisation, by industry

	Auto and manufacturing	Technology and telecoms	Financial services
Long-term	Sustainability	External growth	Sourcing new talent
	Brand strategy	Regulatory issues	Government engagement
	Reviewing corporate strategy	Financing strategy	R&D/innovation
	External growth	Government engagement	Maintaining IT systems
	Maintaining customers	R&D/innovation	Sustainability
	New product/service/market	Acquiring new customers	Reviewing corporate strategy
	Investment strategy	People management	Maintaining customers
	R&D/innovation	Investment strategy	Brand strategy
	Maintaining IT systems	Reviewing corporate strategy	External growth
	Digitizing operations	Maintaining IT systems	Investment strategy
	Sourcing new talent	Evolving sales model	Managing suppliers
	Reputation management	Brand strategy	Improving efficiency
	Improving efficiency	New product/service/market	Regulatory issues
	Financing strategy	Financing issues	Financing strategy
	Evolving sales model	Reducing headcount	Internal reorganisation
	Regulatory issues	Digitizing operations	Digitizing operations
	Acquiring new customers	Reputation management	Evolving sales model
	People management	Internal reorganisation	New product/service/market
	Internal reorganisation	Managing suppliers	Acquiring new customers
	Managing suppliers	Sourcing new talent	People management
	Government engagement	Improving efficiency	Reputation management
	Financing issues	Sustainability	Reducing headcount
Short-term	Reducing headcount	Maintaining customers	Financing issues

In your view, does action on each of the following lead to more impact in the short-term (up to one year) or the long-term (one year or more?)
Auto and manufacturing, n=114; Technology and telecoms, n=75; Financial services, n=91

Breaking this down by company revenue shows that larger ($1bn+) companies are most likely to consider sustainability as a longer-term business activity. These organisations rate sustainability the second-longest term activity, behind only investment strategy. This may reflect the fact that they have the resources to build a sustainability program, but also the greater external pressure on large and recognisable businesses to address sustainability issues. Executives from smaller and medium-sized companies still regard sustainability as a relatively long-term activity, but both groups still characterise it as shorter-term than activities such as R&D, corporate strategy and external growth.

Short- vs long-term categorisation, by revenue

	$1m-$100m	$100m-$1bn	$1bn+
Long-term	Reviewing corporate strategy	Brand strategy	Investment strategy
	External growth	Maintaining IT systems	Sustainability
	R&D/innovation	External growth	External growth
	New product/service/market	R&D/innovation	R&D/innovation
	Regulatory issues	Reviewing corporate strategy	Sourcing new talent
	Sustainability	Sourcing new talent	Reviewing corporate strategy
	Sourcing new talent	Sustainability	Government engagement
	Maintaining IT systems	New product/service/market	Brand strategy
	Maintaining customers	Maintaining customers	Maintaining customers
	Digitizing operations	Investment strategy	Digitizing operations
	Brand strategy	Digitizing operations	Maintaining IT systems
	Investment strategy	Financing strategy	New product/service/market
	Acquiring new customers	Evolving sales model	Financing strategy
	People management	People management	Improving efficiency
	Financing strategy	Improving efficiency	Regulatory issues
	Reputation management	Acquiring new customers	Internal reorganisation
	Improving efficiency	Internal reorganisation	People management
	Government engagement	Regulatory issues	Evolving sales model
	Evolving sales model	Managing suppliers	Reputation management
	Internal reorganisation	Reputation management	Financing issues
	Managing suppliers	Government engagement	Managing suppliers
	Financing issues	Financing issues	Acquiring new customers
Short-term	Reducing headcount	Reducing headcount	Reducing headcount

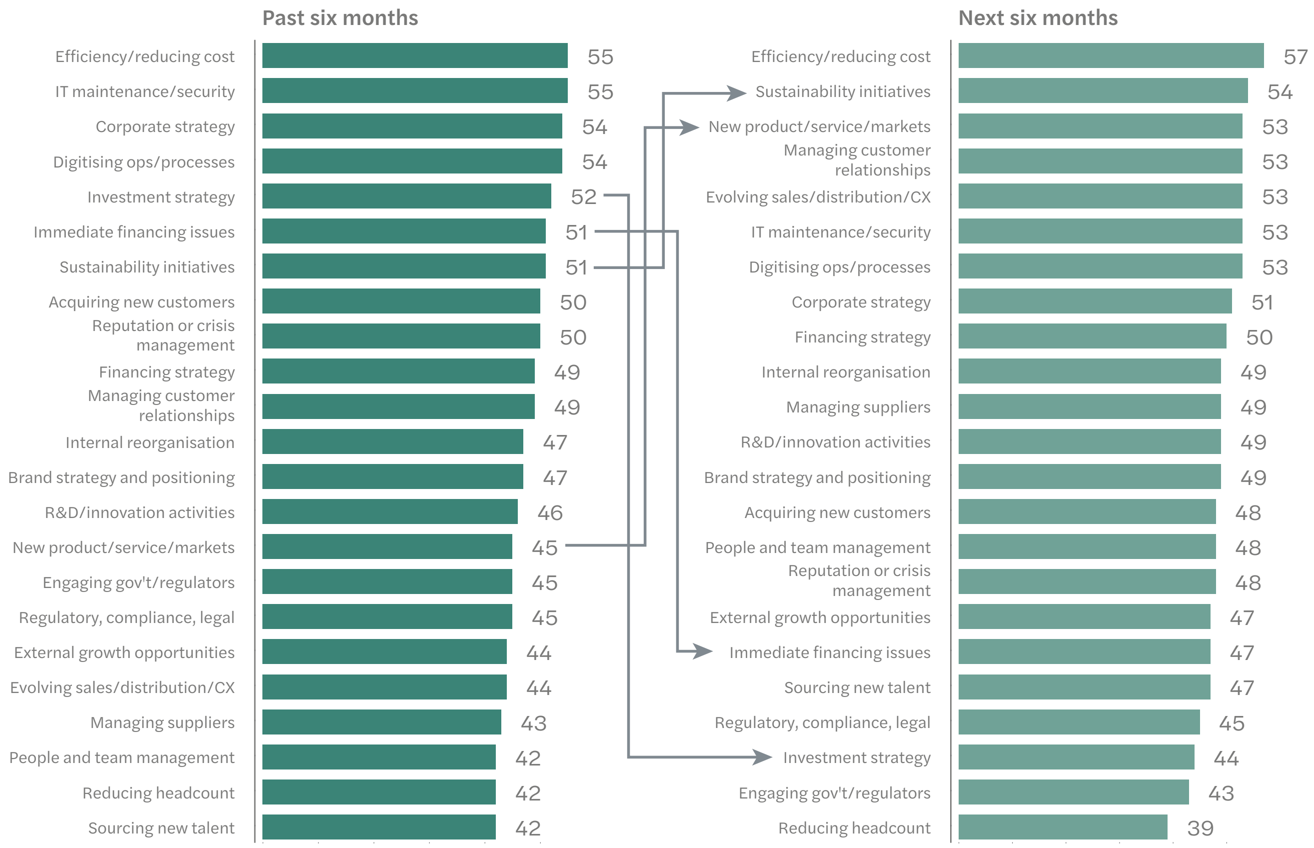
In your view, does action on each of the following lead to more impact in the short-term (up to one year) or the long-term (one year or more?)
$1-99m, n=188; $100m-1bn, n=150; $1bn+, n=202

Appendix 2

Spotlight on sustainability: a long-term priority for most but not all

Larger companies' view of sustainability initiatives as a longer-term business activity is also reflected in their planned level of investment in them. 51% of executives in these companies reported increasing their investment in sustainability initiatives in the six months prior to the survey, and 54% expected to increase investment in sustainability in the next 6 months. Smaller and medium-sized companies also planned to increase their investment in sustainability, but sustainability does not rise in their list of priorities as much as it does for $1bn+ businesses. Smaller businesses instead look set to focus on investment strategies and new customers; medium companies on R&D, efficiency and internal reorganisation. The only activity that larger businesses plan to boost investment in more than sustainability is improving efficiency/reducing cost.

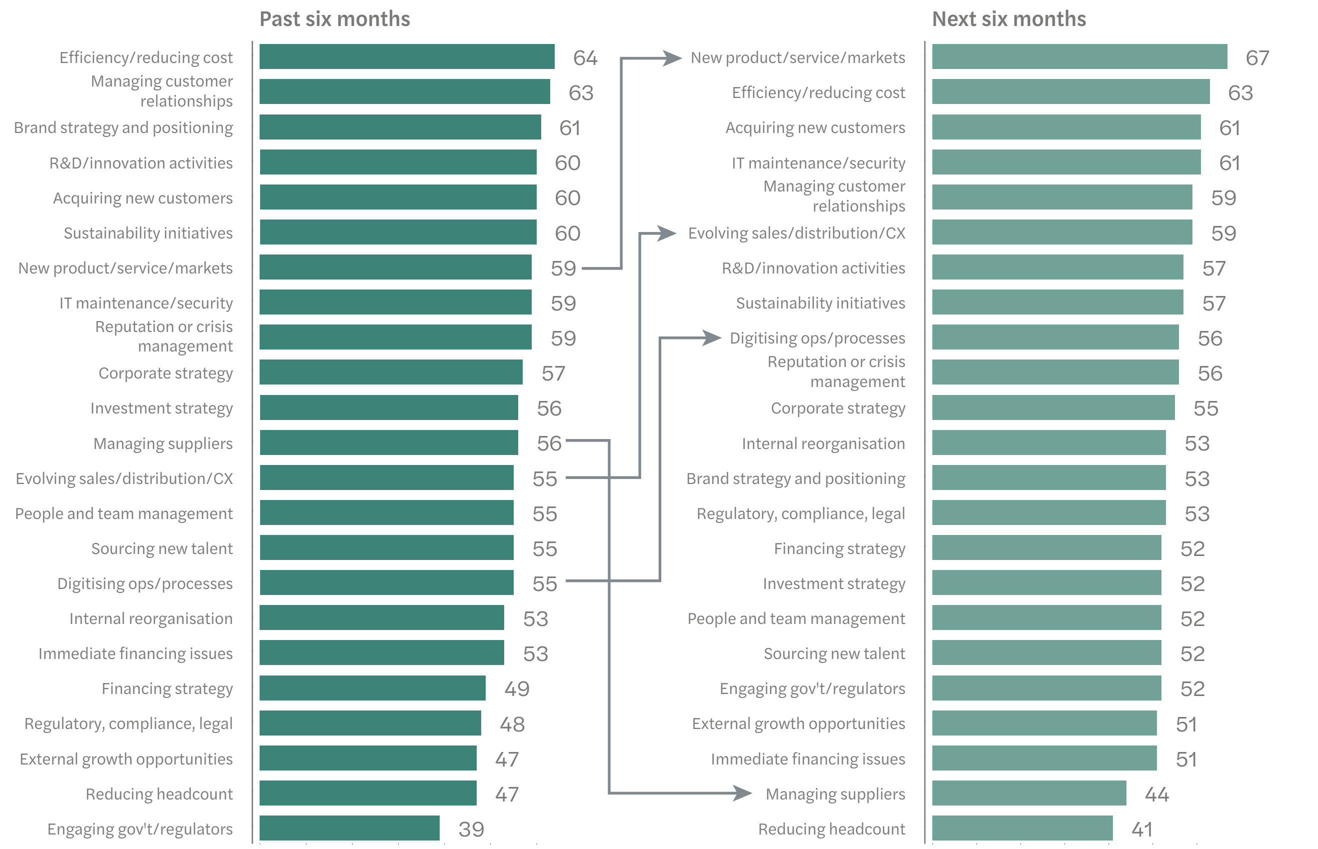
Increasing investment, companies with revenue of $1bn+*



* Questions asked in Q3 2020. Over the past/next six months, how much has your organisation increased or reduced/how much do you expect your organisation to increase or reduce its investment of time, money and other resources in each of the following areas?
Large companies, n=202

A similar trend is seen by sector: those who see sustainability as a longer-term initiative predict a greater increase in their own investment in it in the immediate future. Only technology & telecoms companies were set to de-emphasise investment in sustainability: 57% see this business area as set to increase in investment, compared to 60% reporting increased investment in the previous six months. In contrast, financial services and auto & manufacturing executives expect to sharpen their focus on sustainabilit, with a modest (3% and 1% respectively) increase in investment expected in both industries.

Increasing investment, technology and telecoms*



* Questions asked in Q3 2020. Over the past/next six months, how much has your organisation increased or reduced/how much do you expect your organisation to increase or reduce its investment of time, money and other resources in each of the following areas?
Technology & telecoms, n=75

Appendix 3
Spotlight on Africa: immediate financing concerns prevail

Africa shifts towards a shorter-term orientation

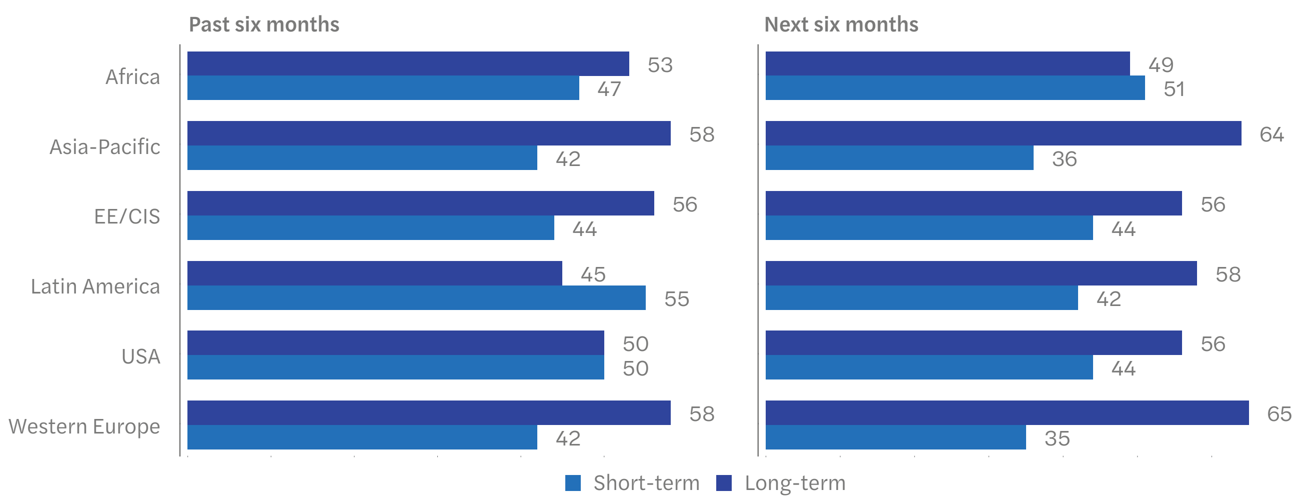
Africa was the only region that predicted a shift towards a shorter-term future orientation. In the six months prior to the survey, overall investment had been low in the region, possibly reflecting a Covid-related slowdown – but was set to increase in the following six months.

The shift is driven by an increased focus on short-term objectives. According to executives, immediate financing issues are set to rise up their agenda. 58% reported having increased their investment in this area in the previous six months, and 79% planned to increase investment in the next half year. Improving efficiency/reducing costs also rose up the agenda: 64% of African companies reported increased focus on this area, rising to 75% in the months ahead. People and team management, also deemed a short-term activity by the majority of executives, was the third-highest priority over the next 6 months for African businesses, with 74% predicting a boost in investment in this area.

The other side of this shift is African executives' predictions of a relative drop in investment in some longer-term business activities. Sourcing new talent is an area where companies are predicting a slowdown: it drops from 11th to 20th place. Financing strategy – a business activity with a longer-term impact horizon – also looks set to slip down the priority list.

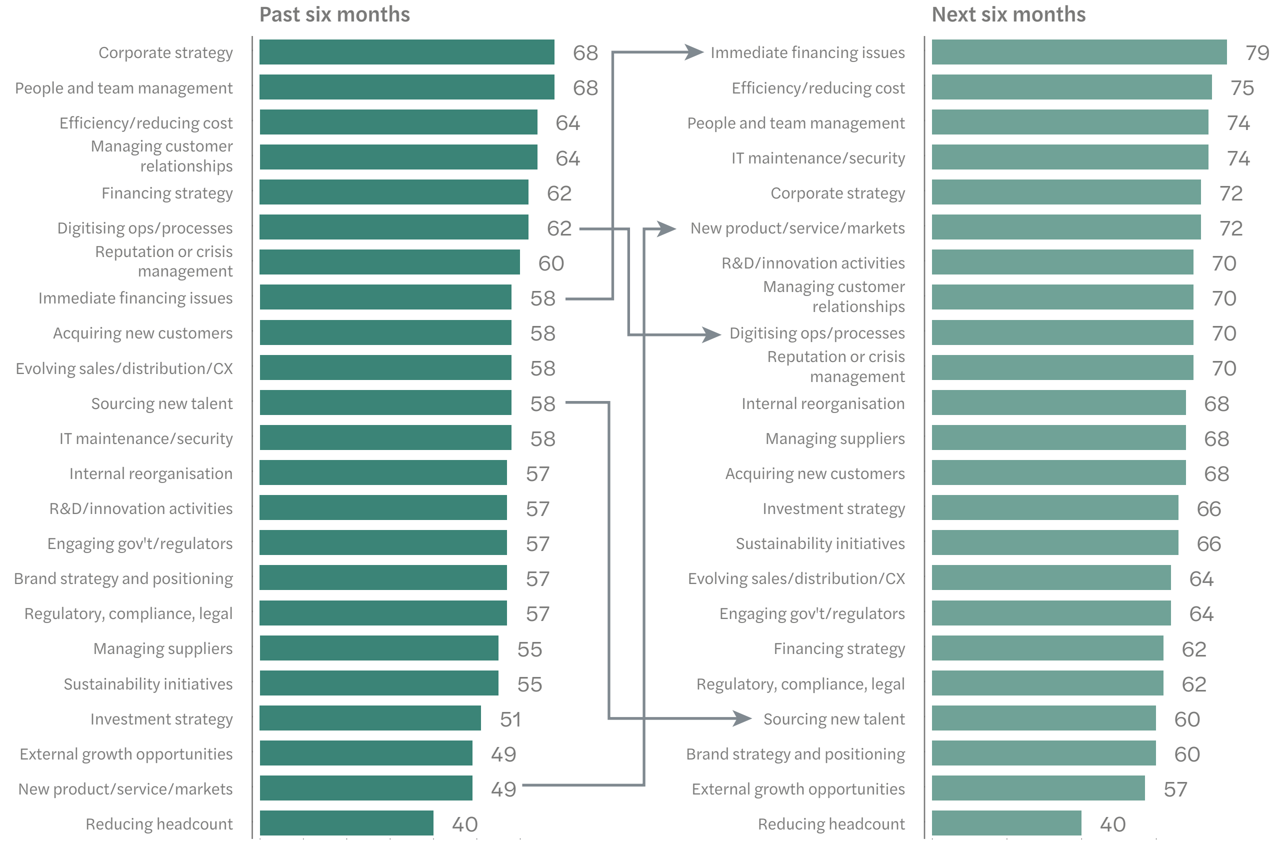
> "The research shows leaders plan to reduce time, money and other resources on their financing strategy, focusing instead on immediate financing issues to see them through these challenging times."
>
> **Taïbou M'Baye**
> Partner, Mazars

Orientation, past and next six months, by region*



* Questions asked in Q3 2020. In your view, does action on each of the following lead to more impact in the short-term (up to one year) or the long-term (one year or more)?. Africa, n=53; Latin America, n=54; Asia-Pacific, n=128; Western Europe, n=191; EE/CIS, n=59; USA, n=55. Figures show percentage answering each option.

Increasing investment, Africa*



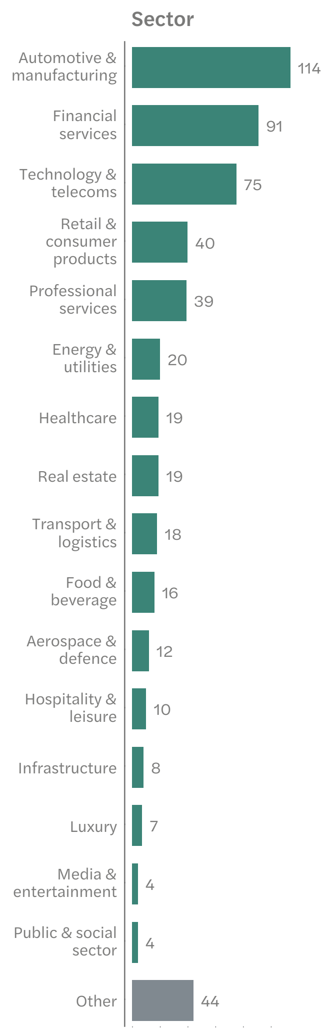
* Questions asked in Q3 2020. Over the past/next six months, how much has your organisation increased or reduced/how much do you expect your organisation to increase or reduce its investment of time, money and other resources in each of the following areas? Africa, n=53. Figures show percentage answering each option.

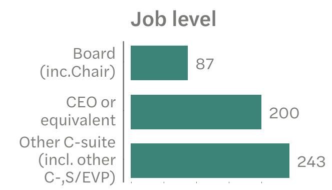
Appendix 4
Methodology

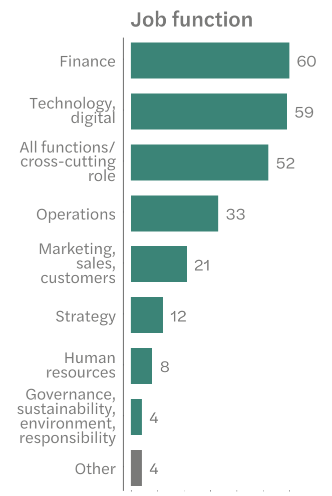
The Mazars C-suite barometer was designed and conducted by GQR Research, in collaboration with Mazars. The main part of the data (540 interviews) was gathered between 14 July and 19 August, 2020. A further 40 follow-up responses were gathered between September and November, 2020.

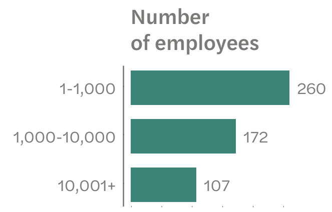
Respondents were surveyed online. The total sample is N=580, with 511 sourced from online panels and 69 invited via email directly from Mazars. A breakdown of the main sample (n=540) follows (raw respondent numbers):

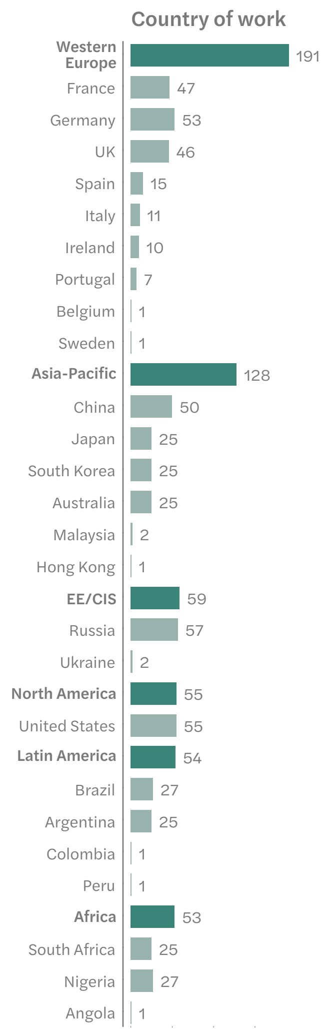
Job role		Region		Annual revenue		Industry	
CEO or equiv.	200	Latin America	54	$1m-$100m	188	Automotive & manufacturing	114
CFO or equiv.	60	Africa	53	$100m-$1bn	150	Financial services	91
CTO or equiv.	59	Asia-Pacific	128	$1bn+	202	Technology & telecoms	75
COO or equiv.	33	Western Europe	191			Retail & consumer goods	40
Other C-suite role	188	EE/CIS (Russia)	59			Other industry	220
		N. America (USA)	55				

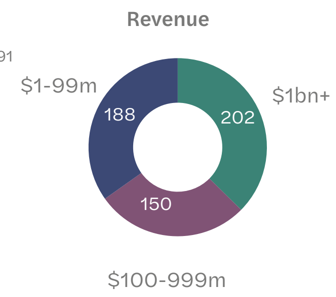


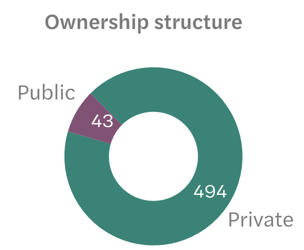


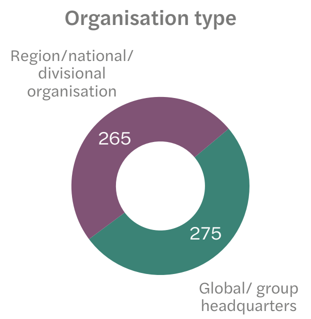












Design

The 2020 Mazars C-suite barometer was designed to measure the views of C-suite leaders (responsible for a business function or region), around the world, on the following topics:

- Their business outlook for 2020 and 2021
- Their view of the short- and long-term impacts of different business activities
- The extent to which their business is increasing or reducing investment across different business activities, and how this outlook may change in the near future
- The trends they expect to impact their business, and how well-prepared they are for them
- Transformations they expect their business to undergo in the coming three to five years

The 2020 data is intended to form a baseline from which these topics can be tracked in future years.

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