KPMG 2021 U.S. CEO Outlook

Plugged-in, people-focused, purpose-led

KPMG LLP

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Foreword

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Chair and CEO
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With this year's CEO Outlook, we set out to explore how CEOs are positioning their organizations for the post-pandemic future. Our survey of more than 1,300 CEOs from large, global companies, including 400 in the United States, shows that U.S. CEOs remain confident in the growth prospects of the domestic economy and their businesses as confidence in global economic growth is rising.

We found U.S. CEOs are striking the delicate balance of driving a growth strategy inclusive of M&A that is aligned with their digital acceleration plans and environmental, social and governance (ESG) initiatives while still leading their organizations through ongoing uncertainty. These intersecting risks and opportunities are providing CEOs the chance to uniquely lead and build trust with their key stakeholders, especially their employees.

Mindful of the risks associated with growth, CEOs are continuing to safeguard against major threats. They're prioritizing bolstering cybersecurity and supply chain resiliency, while searching for industrywide solutions and collaboration to help minimize these increasing risks. Tax is also top of mind for CEOs, with another round of U.S. tax reforms and the proposed global minimum tax regime on the horizon.

As we found in the research, U.S. CEOs aren't aiming to just grow their businesses but to also build a better society. To this end, a majority of CEOs are leaning into their corporate purpose and values to drive action on their ESG initiatives, recognizing both heightened expectations from stakeholders and new opportunities to gain competitive advantage. Accountability around such initiatives will become an even bigger focus of CEOs, as stakeholders expect to know where companies are on their ESG journeys.

The future of work is also top of mind for U.S. CEOs. They recognize the tremendous effort of their workforces to continue to remain productive over the last 18 months and admit that the accelerated pace of digital transformation will not be sustainable without first addressing employee burnout. The top operational priority is their employee value proposition and they are focused on their employees' mental health and well-being and making further inroads in creating an inclusive and diverse working environment.

In this report, we cover these key findings in more detail and highlight the unique ways U.S. CEOs are positioning their companies for post-pandemic growth. •

Growth strategies

Impactful M&As and digital acceleration

When it comes to their growth strategy, CEOs are heavily focused on inorganic methods, particularly M&A. Nearly half of U.S. CEOs indicated they have a high M&A appetite, and 86% are likely to be making acquisitions over the next three years.

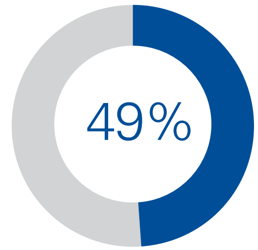
"We're seeing strong deal activity across all industries, as many companies seek to use M&A as a means for growth and to bring new and increased value to their organizations as they position for a post-pandemic economy," says Tandra Jackson, Vice Chair of Growth and Strategy, KPMG U.S. "With some $1.5 trillion of dry powder in private equity waiting to be invested, historically low interest rates and the SPAC phenomenon, turning to the deal market is a sensible and strategic growth play for many companies."

Carl Carande, Vice Chair-Advisory, KPMG U.S. and Global Head of Advisory, notes the importance of mergers and acquisitions to create the optimal portfolio of growth-generating businesses: "If you reverse-engineer how activist investors have generated above-market returns and companies with complex portfolios, it's been through a combination of portfolio actions such as divestitures, operational actions and investing in the core. And I think that approach is well suited to the current environment, which is reflected in the strong M&A activity we are seeing in the market."

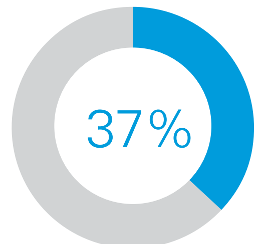
Carande adds that pursuing inorganic growth, such as M&A or strategic alliances, is no longer about financial engineering or scale. Instead, companies are leveraging inorganic strategies to drive network and revenue synergies. When considering offerings, companies analyze how complementary their customer bases are, how they can push more share of wallet or how they can drive more use of their platforms. He singles out two sectors: technology, media and telecom (TMT), where the deal volume is up due to consolidation in search of content, and the financial sector, where established firms are buying fintechs to boost their digital capabilities. Other sectors where M&A appetite is above average include insurance and auto.

U.S. CEOs are confident in the growth prospects of the domestic economy (83%) and their company (86%) but less confident in the global economy (64%). "Likely the largest factor at play in limiting growth is the unknown around the duration of the pandemic, the longer-term effects of the current delta variant and its impact on major economic factors like supply chain shortages, consumer spending, inflation and unemployment," says Jackson. "While the economy is demonstrating strength, these factors make it unclear how long the economy can endure at its current pace, and CEOs are highly attuned as they weigh every scenario that could impact key decisions about long-term growth."

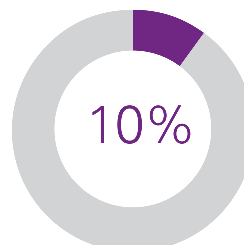
Over the next 3 years, how would you describe your organization's M&A appetite?



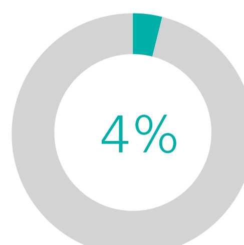
High M&A appetite
Likely to undertake acquisitions which will have a significant impact to my overall organization



Moderate M&A appetite
We will make acquisitions, but with moderate impact to my overall organization



Low M&A appetite
Unlikely we will make any acquisitions



We are seeking to be acquired ourselves

Foreword
Growth Strategies
Resilience Priorities
Sustainable Future
People-focused
Conclusion

Constance Hunter, Chief Economist, KPMG U.S., agrees that economic growth will continue to be heavily influenced by the short- and longer-term effects of COVID-19. These include the inadequate response to the pandemic in emerging markets, which are not able to match the vaccination rates or fiscal programs of developed countries. This in turn limits the potential of companies that were counting on these emerging markets for continued growth. The current labor shortages and the longer-term effects of lower immigration and diminished population increases also constrain growth potential.

On the flip side, the pandemic has led to a push for digital innovation, especially using data to derive insights, says Hunter. "At a time of high uncertainty, you want to be able to improve your forecasting and improve your visibility," she explains. "Those firms that use data and analytics to inform their decisions are going to be better off."

The acquisition strategy of RE/MAX, a leading real estate company, exemplifies how a focus on data can set companies up for future success. During the pandemic, RE/MAX bought a geospatial intelligence organization that provides location data on more than 200 million properties in the United States. This ultimately enabled the company to provide its agents and customers with timely and accurate information. "We want to make good data-based decisions in business and for the community," says Adam Contos, CEO of RE/MAX.

"Digital acceleration is a big part of our capital allocation," adds Contos. His approach is in line with the majority of U.S. CEOs, who are following an aggressive digital investment strategy intended to secure first-mover or fast-follower status (77%) and believe that they need to be quicker to shift investment to digital opportunities and divest businesses that face digital obsolescence (75%).

Ajei Gopal, President and CEO of Ansys, an engineering simulation software provider, agrees that digitalization is a key part of any growth-enhancing strategy. "The biggest risk to growth is failure to pursue digital transformation and therefore being left behind," he says. "Digital technology gives companies access to new techniques and capabilities that create a competitive advantage."

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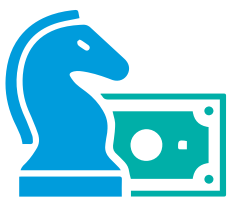
Ajei Gopal | President and CEO | Ansys



Aggressive Digital Investment

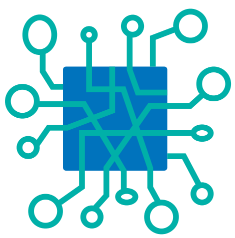
77% **of U.S. CEOs said they have an aggressive digital investment strategy intended to secure first-mover or fast-follower status.**

Digital simulation for instance, helps drive top-line revenue growth by allowing companies to bring products to market faster, explains Gopal. It also improves the bottom line by creating higher efficiencies and eliminating the costs of having to build physical prototypes. "That's a double positive that can be achieved through the effective use of digital technology," he adds.

"Digital innovation has to be intentional," adds Ray Scott, President and CEO of Lear Corp., maker of automotive seating and electrical systems. "Over the last year, it may have been easy to back off innovation and technology, but you have to continue investing and staying focused on the longer-term value creation." Scott says that his M&A strategy is innovation-driven and he's looking at companies that will accelerate Lear's Industry 4.0 capabilities. "You have to have an open mind to displace yourself even when your products are getting you a fair return—you can't stand still."

Chrissy Taylor, President and CEO of Enterprise Holdings, agrees that constant innovation is key, especially around the customer experience.

"[Our] customers are looking for more personalized, frictionless experiences—curbside rentals, pickup services, low-touch transactions and overall increased control over their rental options—and new digital capabilities will help us deliver the experience they want," says Taylor. "By listening to our customers and employees, we're confident we'll be able to keep pace and drive transformation. It's all about reimagining how we can get our customers and goods around the globe and finding the innovative solutions and emerging technologies to do so." •



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Ray Scott | President and CEO | Lear Corp

Top risk and resilience priorities

Cybersecurity, Supply Chain and Tax

Looking ahead, CEOs believe these five areas pose the greatest threat to their organization's growth: tax, supply chain, reputational risk (including misalignment with customer/public sentiment), climate change and cybersecurity.

Cybersecurity is also among organizations' top operational priorities over the next three years. Kyle Kappel, a principal who leads KPMG's Cyber Security Services Network in the U.S., points out that the increase in remote workers who now access enterprise applications from anywhere in the world and from any device has increased the potential pathways for cyberattacks. "To protect themselves, companies need to be moving to a more advanced, zero-trust architecture, which entails bringing together security, networking, end-point identity and data management," he says.

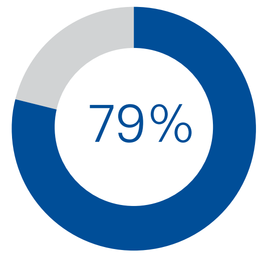
A vast majority of CEOs recognize that information security is a key strategic function that is also a source of competitive advantage. They also view cybersecurity as critical to engendering trust with stakeholders and believe that protecting their partner ecosystem is just as important as building their own company's cyber defenses.

To protect the data of his company stakeholders, George Sakellaris, President, CEO and Chairman of the Board at Ameresco, a renewable energy and energy savings efficiency solutions provider, has a three-pillar approach to cybersecurity. "We protect our data, our power plants' data and our customers' data," he says. "We also have implemented measures and protocols to make sure that our suppliers do not breach security."

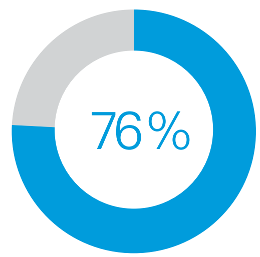
While U.S. CEOs recognize the importance of cybersecurity, most of them also acknowledge that their companies have not yet created cyber defenses that are resilient enough. Just 11% of U.S. CEOs consider their organization very well prepared for a cyberattack. "The No. 1 area is recognizing that being prepared is not a one-time event," Kappel says. "Cybersecurity is a constantly evolving landscape and organizations have to be prepared for a long journey. Companies who make cyber core to their culture, hold their business leaders accountable for security and spend a significant portion of their yearly budget on cyber are going to be better prepared."

RE/MAX has embraced a proactive approach to cybersecurity. The company regularly attempts to break into its home organization to ensure it will be able to react and respond to real-life attacks. The board and audit committee also have recurring cybersecurity briefings to discuss the testing results of these staged attacks.

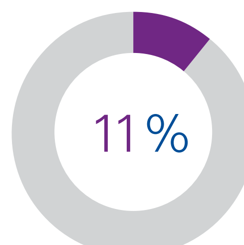
CEOs views on cybersecurity:



of CEOs believe that their organization views information security as a strategic function and as a potential source of competitive advantage



of CEOs believe that a strong cyber strategy is critical to engender trust with key stakeholders



of CEOs believe they are very well prepared for a cyberattack

"Ultimately, it's about staying vigilant about cybersecurity on a daily basis," says Contos. "This cyber awareness applies beyond our headquarters; it also applies to our franchisees and agents and the industry [as a whole]. Cybersecurity needs to be kept top of mind."

In recent months, ransomware attacks have become so prevalent that Kappel refers to them as "the new normal" of corporate America. While 65% of CEOs say they have a plan to address a ransomware attack if faced with one, 70% said an industrywide approach is necessary to properly address ransomware demands.

"While there has been a lack of direction around how companies should be communicating about ransomware attacks, we're starting to see the shift toward a more open environment where organizations are working with industry peers, including competitors, to share information about cybersecurity incidents," says Kappel.

With most companies participating in connected, multi-stakeholder ecosystems, a breach at one company can easily cascade across the whole supply chain. Eighty percent of CEOs believe that protecting their partner ecosystem and supply chain is just as important as building their own organization's cyber defenses.

"Digital risks, including cyber threat and service disruption from tech failures, are top of mind for CEOs," says Brian Higgins, Supply Chain & Operations Practice Leader, KPMG U.S. "Supply chain is front and center in terms of better managing risks, and is foundational in building digital resilience over the next three years."

The supply chain has been under increasing stress over the past 18 months, according to 47% of U.S. CEOs. "COVID-19 has brought about great challenges to the supply chain arena. There is a significant supply-and-demand disequilibrium, further exacerbated by raw material shortages, transportation congestion and delays, labor challenges and a shifting regulatory landscape," Higgins explains.

"The CEO Outlook study results show that nearly all of the top operational priorities critical to achieving growth objectives over the next three years will lean heavily on the supply chain function. For many companies, this points to a need to further grow their supply chain capabilities and partner with the business to be an engine for growth," adds Higgins. Fifty-nine percent of CEOs said they will be ensuring their supply chain is resilient in the event of a global lockdown and travel restrictions.

Supply Chain Resilience

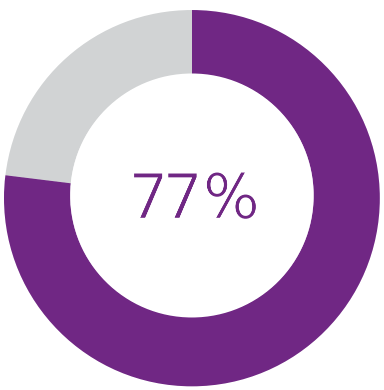
59% **of U.S. CEOs said they will be ensuring their supply chain is resilient in the event of a global lockdown and travel restrictions.**

For Scott, Lear's global supply chain, which extends from Wuhan, China, to Mexico, became the driver for building resilience capabilities. The company produced a step-by-step manual of the best protocols that plant managers could use for every potential pandemic-related scenario. After the company made the manual publicly available, it was downloaded 40,000 times. But the company took it even further to ensure the health and safety of its employers and the strength of its supply chain. In Mexico, for instance, Lear transformed its parking lots and warehouses into vaccination centers and provided more than 55,000 vaccines to not just employees but also to their families, friends and neighbors.

Tax has perhaps never been as top of mind for CEOs as it has been over the last year. "With another round of U.S. tax reform on the horizon, to a monumental global tax deal that will alter the way multinationals and digital services are taxed, to increasing tax controversies and the rising importance of the intersection of tax and ESG, it's no wonder CEOs ranked tax risk as one of their top threats to growth in this year's CEO Outlook study," says Greg Engel, Vice Chair-Tax, KPMG U.S.

In fact, seventy-seven percent of U.S. CEOs said that the proposed global minimum tax regime is of significant concern to their organization's growth goals.

"All of this looming change has CEOs and the broader C-suite on the edge of their seats asking, 'How likely?' 'How much?' and 'How soon?,'" says Engel. "This uncertainty, after corporate tax and finance departments just acclimated themselves to the major reforms ushered in by the 2017 Tax Cuts and Jobs Act, has created a great sense of unpredictability, leaving many leaders questioning how and when to prepare – but it is technology, once again, that's the white horse, helping to speed up processes, better manage risk, find new paths to revenue and create some aspect of business stability," adds Engel.



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Building a sustainable future

Embedding ESG into business strategy

With increased stakeholder pressure for businesses to increase focus on sustainability, U.S. CEOs are staying focused on ESG priorities and fulfilling their purpose. Seventy-six percent of CEOs are looking to lock in the sustainability and climate change gains they have made during the pandemic.

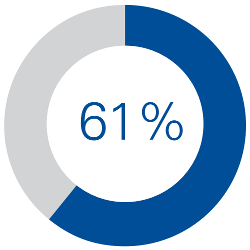
Looking ahead, a majority of CEOs (61%) believe their organization's principal objective is to embed their purpose into everything they do to create long-term value for all stakeholders. "I used to believe that the objective was to create a successful business by making the correct series of business decisions. But I don't believe that anymore," says Phil Green, Chairman and CEO of Cullen/Frost Bankers. "I believe that the objective is to create a successful institution. And you get there by making the correct series of institutional decisions along the way."

"It's important to step back and understand what's driving this ESG moment," says Scott Flynn, Vice Chair-Audit, KPMG U.S. "Today, stakeholders trust and, therefore, expect businesses to help solve our biggest societal challenges. This dynamic manifests itself in many ways. Fundamentally though, employees, customers, investors and, most recently, regulators are raising expectations on companies to deliver long-term ESG commitments."

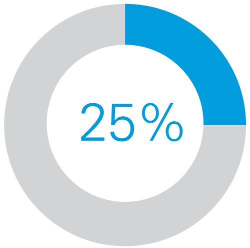
Successfully embedding purpose by implementing ESG programs requires the creation of an enterprise-wide strategy, explains Rob Fisher, KPMG IMPACT and ESG National Leader, KPMG U.S. "You have to understand and anticipate stakeholder expectations by identifying ESG issues to focus on, assessing the gaps, risks and opportunities. That effort typically includes a materiality assessment and benchmarking ESG goals against industry peers. On that basis, you can create an intentional strategy. Then, you have to operationalize that strategy, set KPIs, measure progress, and tell your ESG story through reporting to your stakeholders," he says.

Jeffrey Brown, CEO of Ally Financial, starts with the customer when devising the company's ESG strategy to benefit all stakeholders. "My philosophy always starts with caring for, and making bold actions around, the customer. That helps take care of the operations, which takes care of the financials," he says. "And that really allows you to serve every constituent from your communities to your employees to your customers to your shareholders."

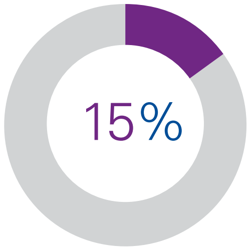
Which of the following best describes your view of the overall objective of your organization?



Our principal objective is to embed our purpose into everything we do to create long-term value for all our stakeholders, including customers, employees, investors and communities



Our principal objective is to advance the public interest and improve society



Our principal objective is to deliver economic returns to our shareholders

With investors being the stakeholder group exerting the most pressure for inclusion of ESG in growth strategies (46%), Fisher notes that they demand that organizations invest not only with purpose but also to see enhanced returns. The survey reveals that currently nearly two times more CEOs (37%) said their companies' ESG programs improve financial performance than those that said they reduce it (20%). Forty-four percent are neutral.

"We used to face this question around whether being a purpose-driven company is mutually exclusive with what our stockholders want," says Brown. "It's not at all. Ally Financial's 170% increase in stock price from 2017 proves that being a purpose-driven organization is deeply aligned with shareholder value creation."

Over the next three years, U.S. CEOs see purpose as having the biggest impact on driving financial performance (89%), building customer relationships along with brand reputation (both 87%). With inorganic growth and M&A being the top growth strategies, purpose is also shaping capital allocation, partnerships, alliances and M&A strategy (86%).

Enterprise Holdings is an example of a company willing to combine capital allocation with environmental causes. "As one of the world's largest mobility providers, we can play a meaningful role in the investment and adoption of emerging technologies like autonomous, connected and electric vehicles (EV)," says Taylor. "For example, our expansive network enables us to build consumer awareness and understanding of EVs and their supporting technology. We recently conducted a significant study into EV adoption and the implications for vehicle rental, where we analyzed more than 30 million rental transactions to define a long-term strategic direction for bringing more EV technology to market in vehicle rental."

While they yield multiple business benefits, ESG initiatives do not have to be costly to implement. Ameresco helps its clients minimize their impact on the environment. "We help our clients reduce their carbon footprint, often yielding 30% savings via 'budget neutral' energy-efficiency projects that can be financed through a third party and get paid out of the savings," says Sakellaris.

While CEOs are undertaking energy-saving and carbon-neutral initiatives, they also see a big role for the government in alleviating the progression and impacts of climate change. Seventy-four percent believe government stimulus is needed to turbocharge climate investments being made by the business community, and 78% say that leaders at the United Nations Climate Change Conference (COP26) must inject the necessary urgency in the climate change agenda.

Reporting & Transparency

52% **of U.S. CEOs said they are seeing significant demand for increased reporting and transparency on ESG issues today from stakeholders.**

Digital transformation serves as an accelerator of ESG initiatives. Seventy-four percent of U.S. CEOs said their organization's digital and ESG strategic investments are inextricably linked.

"The investments we're making are not designed only around digitalization and automation within our manufacturing plants; they're also intended to create a much more environmentally friendly production process," says Lear's Scott.

KPMG's Fisher sees parallels between digital transformation and ESG. "I would like to think of ESG for the 2020s and beyond as what digital transformation has been for the 2010s—a critical way for organizations to compete better and disrupt how they do it," he says.

With ESG initiatives embedded into the business strategy come heightened expectations about reporting and transparency. Fifty-two percent of U.S. CEOs said they're seeing significant demand for increased reporting and transparency on ESG issues today from stakeholders. Fifty-five percent expect to rely increasingly on external assurance of their ESG data to meet stakeholder/investor expectations around consistent and robust sustainability reporting.

"We believe embedding ESG within a company's strategy and purpose makes business better. Effective engagement creates value, mitigates risk, builds stakeholder trust and delivers competitive advantage," says KPMG's Flynn. "Reporting is how business proves it is making an impact on society and achieving its ESG goals."

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Jeffrey Brown | CEO | Ally Financial

RE/MAX recognizes the importance of an independent, third-party assessment of its ESG strategy and progress surrounding it. "We have been getting an unbiased external perspective about our ESG efforts, which I encourage all business leaders to do," says Contos. "It was really exciting to see the great results and also get the perspective on how best to continue."

"Each company's ESG journey is unique, but there are steps all leaders can take to prove their ESG commitments are both effective and meaningful," says Flynn. "Every company has an 'ESG story,' and if you're not telling it, the ESG raters and indexes are going to tell it for you. It may not always be perfect, but investors and other stakeholders want to know where the company is on its ESG journey." •

Over the next three years, U.S. CEOs see purpose as having the biggest impact on:

89%	Driving financial performance
87%	Building customer relationships
87%	Brand reputation
86%	Capital allocation, partnerships, alliances and M&A strategy

People-focused

Creating an employee value proposition

U.S. CEOs identified their employee value proposition as the top operational priority to achieve their growth objectives. Seventy-nine percent also said the accelerated pace of digital transformation through the pandemic will not be sustainable without first addressing burnout among their workforces.

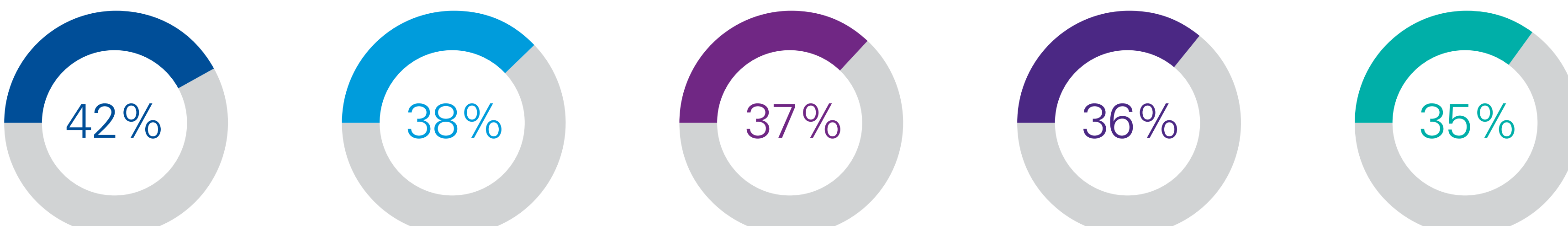
"In today's intense competition for talent, a strong employee value proposition is essential to achieving organizational growth objectives," says Laura Newinski, Deputy Chair and COO, KPMG U.S. "Employers must take a close look at the total experience they offer their people—financially, mentally, socially and physically—and identify how best to support the development and well-being of their employees, while balancing client and team needs."

U.S. CEOs believe that focusing on employees' mental health and well-being is critical to ensuring employees are engaged, motivated and productive.

Avanade, an IT consulting firm, created a sweeping employee value proposition for its current and prospective employees to highlight its people-first focus. During the pandemic, the company started "Well-Being Weeks" that reinforced specific mental health themes and encouraged people to connect with their colleagues virtually over digital happy hours and gatherings. To demonstrate gratitude for the work they'd done in the past year, Avanade also announced a one-time bonus equal to one week's pay for all employees.

Avanade has also created a new solution for helping its customers create a more collaborative and entrepreneurial spirit within their workforces. "The reality for our clients—and for all of us, really—is that what worked before won't necessarily take us where we need to go in the future. We're responding by packaging innovation as more of a service that we can offer to our clients," says Pamela Maynard, CEO of Avanade. "This is just one example of a bigger ask we're increasingly getting

What are the key success factors to ensure employees are engaged, motivated and productive in a world where hybrid work is increasingly common? (Top 5)



Focusing on employees' mental health and well-being

Having a strong voice on the big issues that matter, such as climate change and racism

Investing in digital training and upskilling to ensure employees remain future-focused

Embedding diversity, equity and inclusion so no individual/group feels disadvantaged or disenfranchised

Creating a compelling vision of the future of work from our clients: Help us strengthen our innovative culture and build the kind of innovative thinking that we need to be successful in the future."

Eighty-two percent of U.S. CEOs said the pandemic has shifted their focus toward the social component of their ESG programs. Ally Financial's Brown considers the past 18 months brutally tough in terms of the continued racism in society. "We have used these tough times as examples to try to bridge our gaps," he says. "I've tried to create and support an environment that's deeply focused on diversity and equity, but especially inclusion."

Flexibility and a hybrid workplace have emerged as issues that CEOs are zeroing in on to ensure employee well-being. Fifty-nine percent of CEOs said they will be looking at shared office spaces to allow employees to work more flexibly, and 53% will be looking to hire talent that works predominantly remotely. About one-third (35%) will have a majority of employees working remotely at least two or more days a week, and one-quarter (26%) already have or will downsize their organization's physical footprint.

KPMG's Newinski points out that responding to this desire for flexibility is nonnegotiable for organizations moving forward. "As leaders design new ways of working to meet their workforce needs today and, in the future, flexibility is paramount. But there is no one-size-fits-all model," she says.

"Seeking the advice of trusted advisors, listening to employees, using the expertise of your teams and adjusting along the way will be important to creating an optimal experience," adds Newinski. "Ensuring a successful outcome includes thinking beyond where teams work and focusing more on how teams work together—enabling purposeful, intentional interactions to help people succeed, learn and develop their careers."

RE/MAX's Contos agrees that flexibility is about much more than a workspace. There's also flexibility around the culture in your organization. Having a 9-to-5-type culture is impossible for global companies operating across multiple time zones. "We found that a flexible work environment allows you to tap into different communities and the amazing talent perspectives they offer," he says.

Avanade's Maynard says that while her company is not aggressively investing in new physical office space, it's not rushing to reduce its real estate footprint either. "Before we make any decisions either way, I think we need to see how the hybrid model shakes out in our organization and for our clients," she says.

Lear's Scott is also of the opinion that the future of work is very much a work in progress. Depending on their life and work situations, employees' preferences about how and where they want to work will differ. To strike the right balance between the needs of the company and its employees, Lear, which has some 170,000 employees in 38 countries, has leveraged the input from its employee resource groups and employees from all regions. Scott, who believes that collaboration and innovation thrive when people are working together, has so far settled on a pilot hybrid workweek that includes a minimum of 24 hours a week of in-person collaboration.

But he acknowledges that it is not yet a done deal. "I don't think you can make a decision today on what the workplace looks like long term," he says. "We need to listen, remain open to ideas and be flexible in our approach." •

"As leaders design new ways of working to meet their workforce needs today and, in the future, flexibility is paramount. But there is no one-size-fits-all model."

Laura Newinski | Deputy Chair and COO | KPMG U.S.

Conclusion

Achieving optimal post-pandemic growth

To achieve optimal post-pandemic growth while balancing top risks like cybersecurity, supply chain disruptions and tax changes, CEOs intend to stay:

Plugged-in

U.S. CEOs are seeking out strategic mergers and acquisitions, while continuing to invest in digital transformation initiatives. Gaining digital capabilities including data and analytics are an important driver for these efforts. Data-driven insights and transparency will help CEOs more confidently devise future growth strategies.

Purpose-led

U.S. CEOs recognize that their principal objective is to embed purpose into everything they do. They are also working on making sure that ESG initiatives deliver financial results while also helping solve social and environmental challenges. They are bound on using technology to perfect the outcomes of their ESG initiatives.

People-focused

Workforces are top of mind for U.S. CEOs, and many believe that a strong employee value proposition is their top operational priority over the next three years. Given that many employees are experiencing, or have experienced, burnout during the pandemic, CEOs are focusing on employee mental health and well-being.

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Methodology

The KPMG CEO Outlook provides an in-depth, 3-year outlook from thousands of global executives on enterprise and economic growth.

The KPMG 2021 CEO Outlook asked 1,325 CEOs – including 400 in the United States – from among the world's most influential companies to provide their 3-year outlook on the economic and business landscape, as well the impact that the on-going COVID-19 pandemic will have on their organizations' future. All respondents have annual revenue over US$500M and one-third of the companies surveyed have more than US$10B in annual revenue. The survey was conducted June 29 – August 6 and included leaders from 11 key markets (Australia, Canada, China, France, Germany, India, Italy, Japan, Spain, U.K, and U.S.) and 11 key industry sectors (asset management, automotive, banking, consumer and retail, energy, infrastructure, insurance, life sciences, manufacturing, technology, and telecommunications).

Note: Some figures may not add up to 100 percent due to rounding.

The views and opinions expressed herein are those of the survey respondents and do not necessarily represent the views and opinions of KPMG.

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