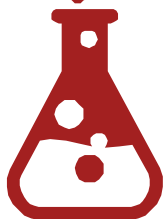


Chemicals CEOs are taking a fresh look at what business they're in

72%

of Chemicals CEOs think there are more growth opportunities than there were three years ago, compared to just 61% of the overall sample

**Top countries to generate growth:
US, China**



Cautious confidence

Chemicals CEOs are in broad agreement with their counterparts in other sectors about the global economic outlook: 38% believe things will pick up in the coming 12 months. Most are also confident that they can increase revenues in the short and longer term, although fewer are very confident, compared to the total sample. They're looking primarily to the US and China to generate this growth.

Less worried about disruption

Chemicals CEOs are well aware of the threats that could derail their ambitions, particularly over-regulation and high or volatile energy costs, although the latter concern may start to ease as energy costs go down. Many are also mindful of the consequences of government indebtedness and geopolitical turbulence.

Yet they're less nervous about the disruptive forces refashioning the environment in which they operate than their peers in other sectors. True, more than half are concerned about the prospect of disruption from heavier regulation and greater direct and indirect competition – from both new and existing rivals. But our respondents as a whole

worry even more about how these forces may radically change the business environment.

What business are you in?

Chemicals companies are, however, already thinking concretely about megatrends like urbanisation and climate change. They know that to grow profitably they must rethink how they create value for customers – for example, by delivering solutions that help them operate more sustainably.

The focus on customers, rather than traditional competitive boundaries, is causing forward-thinking CEOs to increasingly question just what business they're really in. It's also actively taking businesses into adjacent or completely new sectors. Half of chemicals CEOs think it likely that companies will increasingly compete in new industries over the next three years. And 63% have already entered, or considered entering, a new industry themselves. For chemicals CEOs, we think that probably includes new end markets.

Question to ponder

What does your organisation do really well? How are you rethinking the business you're in?

Seeking a new competitive edge

Dynamic partnerships, different paths

The percentage of chemicals CEOs planning to form a new strategic alliance or joint venture has increased over the past 12 months. Most want to partner with customers, academia or suppliers in the hope of getting access to new technologies or geographic markets. But they also see collaboration as a means of boosting their company's ability to innovate.

Half of all chemicals CEOs also plan to hire more people this year, but more than two-thirds of all respondents in the sector are concerned about the availability of key skills. To respond, 63% are actively searching for talent in different countries, industries or demographic segments, and 57% have a strategy for promoting talent diversity.

Nearly all of those who do have such a strategy report that it enhances their company's reputation as well as attracting talent. And most say it enhances internal collaboration and innovation efforts. So other chemicals companies might want to overhaul their recruitment and development procedures and follow suit.

Tapping the power of digital technologies

Chemicals CEOs are increasingly concerned about the speed at which technology is evolving. In our view, chemicals companies that want to compete will need to embrace digital transformation. Some are doing just that – two-thirds of chemicals CEOs recognise the strategic importance of cybersecurity and data mining and analysis. And more than three fifths believe mobile technologies for customer engagement and new battery and power technologies could enhance their businesses.

Chemicals CEOs say they get the most value from digital when it helps them analyse data more accurately, operate more efficiently, innovate more extensively and fend off cyber threats.

Questions to ponder

- What are you doing to attract allies, as the competition for good partners increases?
- How ready is your organisation to attract and keep tomorrow's workforce?
- Are you getting enough value from digital investments?



“We’re on the cusp of a technology wave that could drive us forward if we get it right. If you miss it, and others play it better than you do, it could be transformative in a bad way.”

*Douglas M. Baker, Jr.
Chairman and Chief
Executive Officer, Ecolab, Inc.*

Get in touch with us!

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