Industry snapshot:

Metals

Want to learn more about the 18th Annual Global CEO Survey findings?

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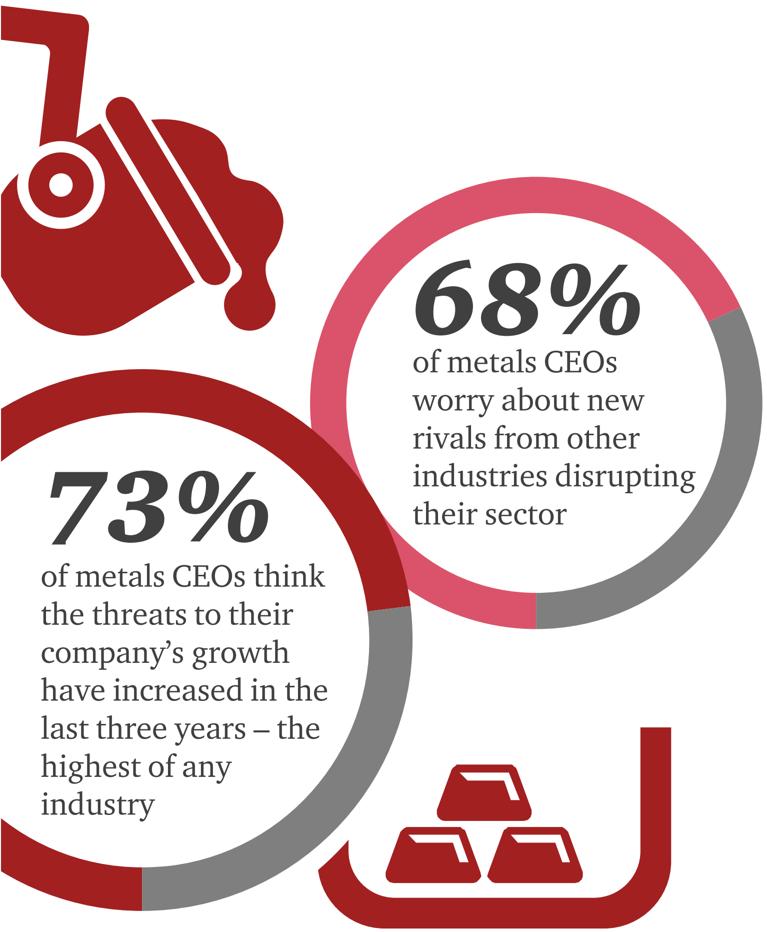
Seeking growth despite increasing dangers



Wary but determined

Metals CEOs are markedly more pessimistic about the economic outlook than their counterparts in other sectors: just 24% believe the economy will improve this year (compared to 37% of the overall sample). And fewer are very confident of growth, compared to the total sample. Nonetheless, 75% still expect to increase their company's revenues in the next 12 months. Like CEOs in other industries, they're looking to the US, China and Germany to generate growth.

Glass half-empty?

Metals CEOs are more inclined to think threats to growth have increased over the past three years than their peers in any other industry. They're particularly concerned about the increasing tax burden, impact of government indebtedness and over-regulation. And they are also less likely to think that opportunities for growth have increased.

Metals CEOs are also somewhat more anxious about the prospect of greater competition from direct and indirect competitors than CEOs in other areas of business. Of all the forces they expect to disrupt their industry in the next five years, this is by far their biggest source of concern.

Eyes on adjacent industries, diverse partnerships

More than half of all metals CEOs believe it's increasingly likely that companies from one sector will enter others in the next few years. They anticipate that most of this new competition will come from the industrial manufacturing, energy, utilities and mining, and construction industries. These are the same industries they themselves have been tracking, with an eye on the opportunities for expansion. But only 27% of metals CEOs have actually made the leap to date. That said, 22% have considered breaking into new industries, so more may follow.

New strategic alliances are another area of interest: 54% plan to partner with other entities (primarily customers, suppliers, academia or firms from other industries) in the coming 12 months. That's a huge leap from last year, when only 16% planned to collaborate. Their top reasons for collaboration are to access new/emerging technology, new customers and new geographic markets.

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Skills, cost cutting trump digital as strategic priorities

Cautious about digital transformation

Metals CEOs are distinctive in yet another respect: they place *much* less weight on almost every new digital technology for transforming their businesses than CEOs in other industries. Only 46% think mobile technologies for engaging with customers are strategically significant, for example, compared to 81% of the overall sample. In fact, the only technologies Metals CEOs rate more highly than their peers in other sectors are robotics and 3D printing. However, even 3D printing features low on the agenda for all but a third of Metals business leaders.

The percentage of metals CEOs who say digital technologies are creating very high value for their businesses is likewise much lower than it is in the total survey population. But attitudes within the industry may be partly blame here. Only 66% of metals CEOs think it's important that they champion the use of digital technologies. In our overall sample, by contrast, a full 86% of respondents believe the CEO plays a key role in encouraging take-up of such technologies.

Looking for the right people

A full 85% of metals CEOs worry about finding candidates with the right skills, compared to 73% of CEOs overall. Yet they're doing less to counteract the problem. Only 59% have widened the search for talent, and only 41% have adopted a strategy for promoting talent diversity. That's below the levels in most other industries.

Continuing to streamline operations

Metals CEOs *are* acting when it comes to operating efficiently though. 90% say they will start a cost reduction initiative this year.

Questions to ponder

- What does your organisation do really well? How are you rethinking the business you're in?
- What are you doing to attract allies, as the competition for good partners increases?
- How badly would your organisation suffer, if you get your talent pipeline wrong?

"If we continue to be the corrugated steel manufacturer that we are now, then we will have competitors. But if we are a construction material distributor, then we won't have competitors. We will only have partners in a win-win scenario."

Le Phuoc Vu, Chairman, Hoa Sen Group

Get in touch with us!

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