PwC’s 28th Annual Global CEO Survey

Reinvention on the edge of tomorrow

CEOs report early productivity gains from generative AI and rising payoffs from investments in sustainability. The challenge is to increase scope and speed.

pwc

www.ceosurvey.pwc

‘The future is already here—it’s just not evenly distributed,’ said speculative fiction author William Gibson. This sentiment echoes through the results of PwC’s 28th Annual Global CEO Survey, based on responses from 4,701 chief executives representing every region of the world economy.

Some CEOs are moving rapidly to capture the growth and value-creation potential inherent in the defining forces of our era. They’re investing in generative AI, addressing the opportunities and threats posed by climate change, and reinventing their operations and business models to create value in new ways. Yet many others are moving slowly, constrained by leadership mindsets and processes that lead to inertia.

This latter group has two options: either accelerate their reinvention efforts or bet on hope—hope that, with just a few tweaks, today’s operating and business models will continue to deliver results even as AI and the transition to a low-carbon economy set value in motion across the economy.

Among the key findings:

- Expectations for GenAI remain high. One-third of CEOs say GenAI has increased revenue and profitability over the past year, and half expect their investments in the technology to increase profits in the year ahead. Yet trust remains a hurdle to adoption.
- Investment in climate actions and sustainability is paying off. One in three CEOs report that climate-friendly investments made over the last five years have resulted in increased revenue. In addition, two-thirds say these investments have either reduced costs or had no significant cost impact.
- Sector boundaries are blurring. Almost 40% of CEOs say their companies started to compete in new sectors in the last five years. Consistent with last year’s survey, four in ten CEOs believe their company will no longer be viable in ten years if it continues on its current path.
- The pace of reinvention is slow. On average, only 7% of revenue over the last five years has come from distinct new businesses added by organisations in this period. Barriers to reinvention include weak decision-making processes, low levels of resource reallocation from year to year, and a mismatch between the short expected tenure of many CEOs and powerful long-term forces, or megatrends, at work.

- Underlining the tension across time horizons, CEOs are optimistic about the near-term outlook even as they worry about their company's long-term viability. Almost 60% expected global economic growth to increase over the next 12 months, up from 38% in last year's survey and only 18% two years ago. By a ratio of more than two to one, CEOs expect to increase rather than decrease (42% vs. 17%) headcount in the year ahead.

Two defining issues: AI and climate change

Early returns on GenAI

Only two years after GenAI appeared on the radar of most executives, companies around the world are adopting it at scale. What's more, many CEOs are seeing promising results. More than half (56%) tell us that GenAI has resulted in efficiencies in how employees use their time, while around one-third report increased revenue (32%) and profitability (34%).

These outcomes are slightly below the heady expectations CEOs shared with us a year ago, but this has not dampened their optimism. CEO expectations for GenAI impacts in the year ahead are, in fact, remarkably similar to those reported in last year's survey. About half of CEOs (49%) expect GenAI to increase the profitability of their company over the next 12 months.

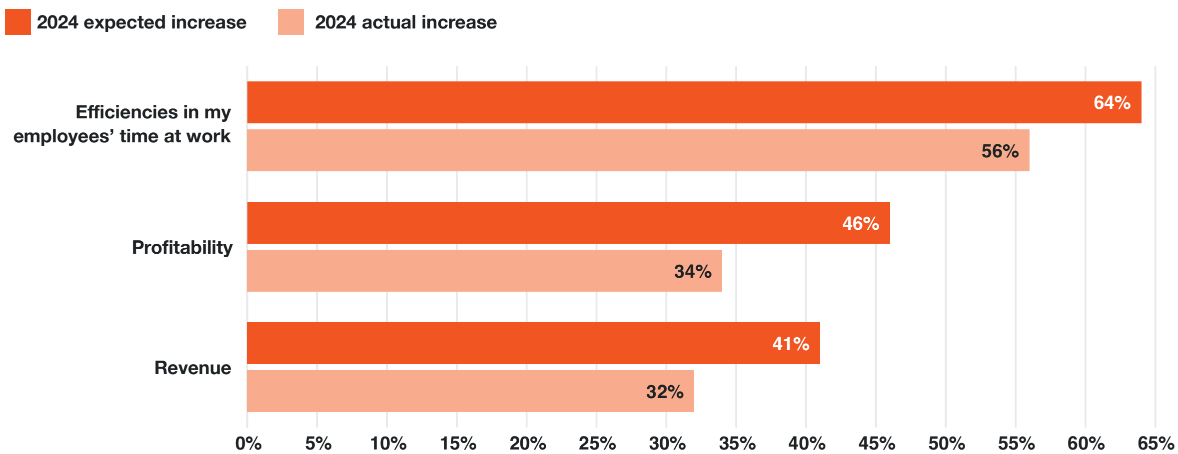
These figures are broadly consistent with other PwC research among executives, employees and investors. In PwC's Global Workforce Hopes and Fears Survey 2024, 62% of employees said they expected GenAI to increase their efficiency at work over the next 12 months. In our Global Investor Survey 2024, two-thirds of investors and analysts said they expect the companies in which they invest to achieve productivity gains from GenAI in the year ahead.

CEO predictions about the impacts of GenAI in 2024 turned out to be slightly optimistic

Question (CEO27): To what extent will generative AI increase or decrease the following in your company in the next 12 months?

Question (CEO28): To what extent did generative AI increase or decrease the following in your company in the last 12 months?

(Showing only % who answered 'Increase significantly,' 'Increase moderately' and 'Increase slightly')



Source: PwC's 27th and 28th Annual Global CEO Surveys

More CEOs say they increased headcount as a result of GenAI investments over the last year than say they decreased headcount

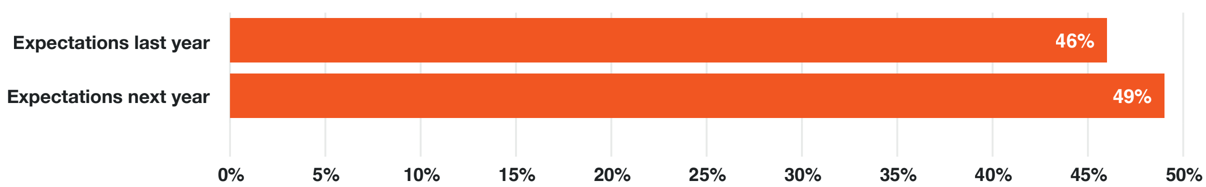
Question: To what extent did generative AI increase or decrease [headcount] in your company in the last 12 months?

Note: Not showing 'Don't know' responses
Source: PwC's 28th Annual Global CEO Survey

About half of CEOs expect GenAI to increase profitability in the year ahead, similar to expectations a year ago

Question: To what extent will generative AI increase or decrease profitability in your company in the next 12 months?

(Showing % who expected or experienced an increase)



Source: PwC's 27th and 28th Annual Global CEO Surveys

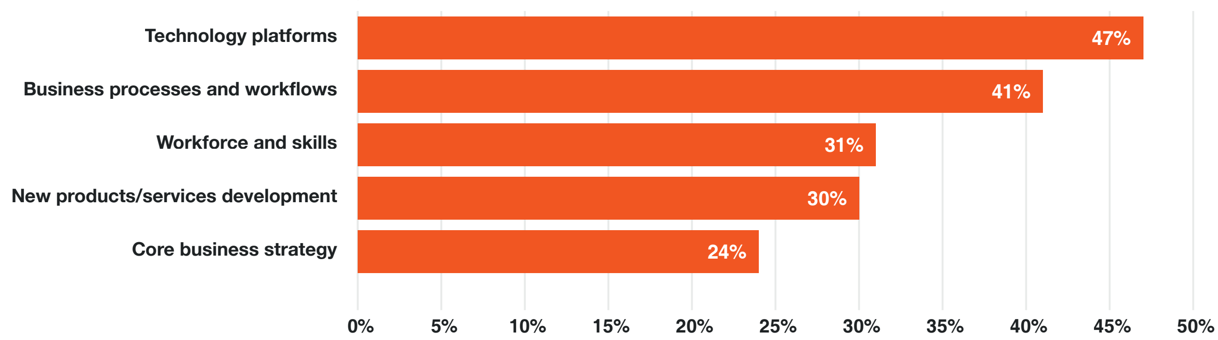
Although it is early days, there's nothing in our data to suggest a widespread reduction in employment opportunities across the global economy. Some CEOs (13%) say they have reduced headcount in the last 12 months due to GenAI; companies in insurance, retail, pharmaceuticals and life sciences were most likely to have made such cuts (16%). Yet a slightly higher percentage (17%) tell us that headcount has increased as a result of GenAI investments.

Looking forward, almost half of CEOs say that their biggest priorities over the next three years are integrating AI (including GenAI) into technology platforms as well as business processes and workflows. Fewer are planning to use AI to develop new products and services or reshape core business strategy. For most companies, this order of priorities makes sense. More surprising is that only a third of CEOs are planning to integrate AI into workforce and skills strategy. This could be a misstep. Realising the potential of GenAI will depend on employees knowing when and how to use AI tools in their work—and understanding the potential pitfalls.

Less than a third of CEOs are systematically integrating AI into workforce and skills

Question: To what extent, if at all, do you predict AI (including generative AI) will be systematically integrated into the following areas in your company in the next three years?

(Showing only 'To a very large extent' and 'To a large extent' responses)



Source: PwC's 28th Annual Global CEO Survey

Your next move: Keep your eyes on the prize. GenAI is still quite new in terms of its technical evolution, and is just starting its journey to widespread adoption in business. So, it should not be surprising that almost two-thirds of companies have yet to see concrete financial results from it. The challenge facing CEOs is to keep their organisation's eyes on the prize amid the froth that accompanies the introduction of every major technology. Capturing the productivity potential of GenAI will soon be table stakes in many industries. Realising these gains requires a systematic approach to deciding where to implement the technology, plus investment in data readiness, integration of GenAI into technology platforms and workflows, and effective programmes to build workforce skills. These foundational moves will also position organisations to seize bigger opportunities ahead, whether this means transforming a specific function or undertaking a more dramatic change of business model. The impact of GenAI will vary among sectors, but its disruptive potential in most is high.

Upside from climate action

When we asked CEOs to take stock of the financial impact of their climate-friendly investments over the last five years, we found that these moves were six times as likely to have increased revenue as to have decreased it. In addition, around two-thirds of CEOs report that climate-friendly investments have either reduced costs or had no significant impact.

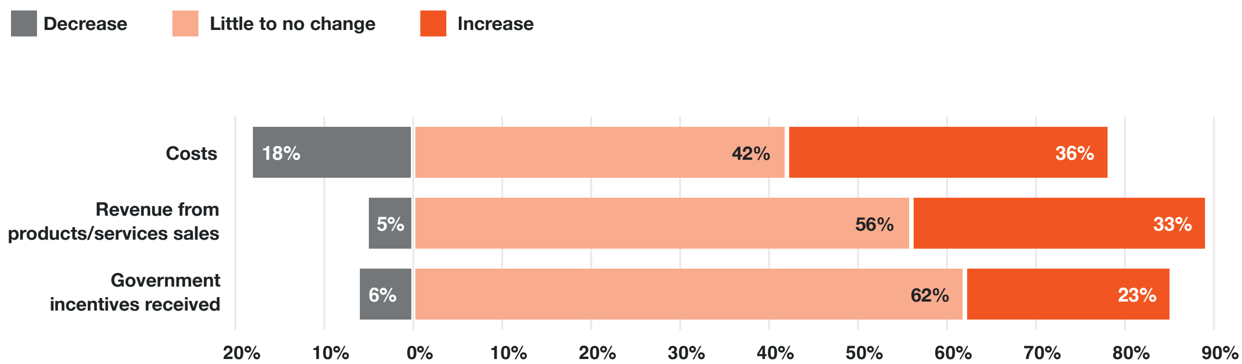
These gains and costs are not distributed equally, and the variances are driven in part by the mix of incentives and regulations in different countries. For example, around half of CEOs in Germany and France report that making climate-friendly investments over the last five years has resulted in increased costs, against only one-fifth of their US counterparts. On the flip side, CEOs in the Chinese Mainland are much more likely to report additional revenues arising from these investments (60%), as well as additional government incentives received (46%), than their counterparts in other regions of the world.

After adjusting for geography and other factors, however, we find that making climate-friendly investments is associated with higher profit margins. This finding is consistent with analysis of last year's CEO Survey data, which showed a link between a wide variety of climate actions and stronger financial performance. Also relevant is recent Harvard Business School research (published in PwC's *strategy+business*), which found faster revenue growth among firms that are transitioning their product portfolio towards climate solutions.

Crucially, most investors are persuaded by such evidence. In the recent PwC Global Investor Survey 2024, almost 70% agreed that companies should make expenditures to address sustainability/ESG issues relevant to the business, even if it reduces near-term profitability. In addition, more than half of all CEOs globally (56%) say their personal incentive compensation is linked to sustainability metrics. The higher the percentage of CEO compensation at stake, the more revenue that's likely to be coming from climate-friendly investments.

A third of CEOs report increased revenue from climate-friendly investments

Question: To what extent have climate-friendly investments* initiated by your company in the last five years caused increases or decreases in the following?



*Examples of climate-friendly investments include transitioning to energy-efficient operations, developing greener products and services, and implementing emission-reducing technologies.
Source: PwC's 28th Annual Global CEO Survey

Your next move: Search for sustainable value. Creating value from sustainability starts with CEOs challenging themselves and their top teams to bring climate-friendly products, services and technologies to market. As noted above, one-third of companies are now generating revenue from climate investments made over the last five years. This percentage will increase as economies decarbonise.

Beyond this effort, take a hard look at your company's resource use and energy consumption. This means tackling the so-called energy trilemma: simultaneously ensuring a reliable energy supply, reducing emissions and trimming costs. Value is in motion across the world's energy systems, as many organisations start to play the dual role of producer–consumer. These energy 'prosumers' might still purchase electricity from the grid—but they also produce their own electricity, store it and sell it.

One further action item: implement a data strategy for sustainability. This will enable your company to meet new reporting requirements while also providing leaders throughout the business with accurate, fact-based insights to inform decisions.

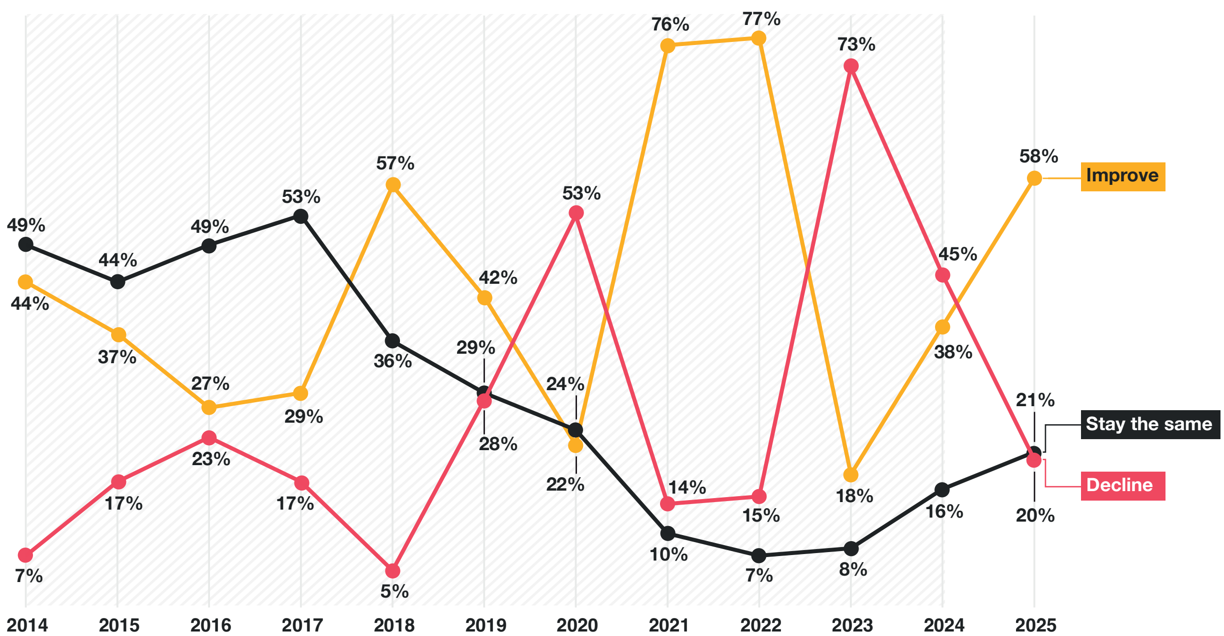
Business as (un)usual

Outlook and threats

In a finding that might seem surprising against a backdrop of geopolitical and trade tension, CEOs tell us they are optimistic about the outlook for the global economy. Almost 60% expect global growth to improve in the 12 months ahead, up from 38% in last year's survey and only 18% two years ago. They also remain broadly confident about the outlook for their own company. Notably, more than twice as many expect to increase headcount in the year ahead (42%) as expect to reduce it (17%).

Optimism about global economic growth has continued to increase from a low point in 2023

Question: How do you believe economic growth (i.e., gross domestic product) will change, if at all, over the next 12 months in the global economy?



Source: PwC's 28th Annual Global CEO Survey

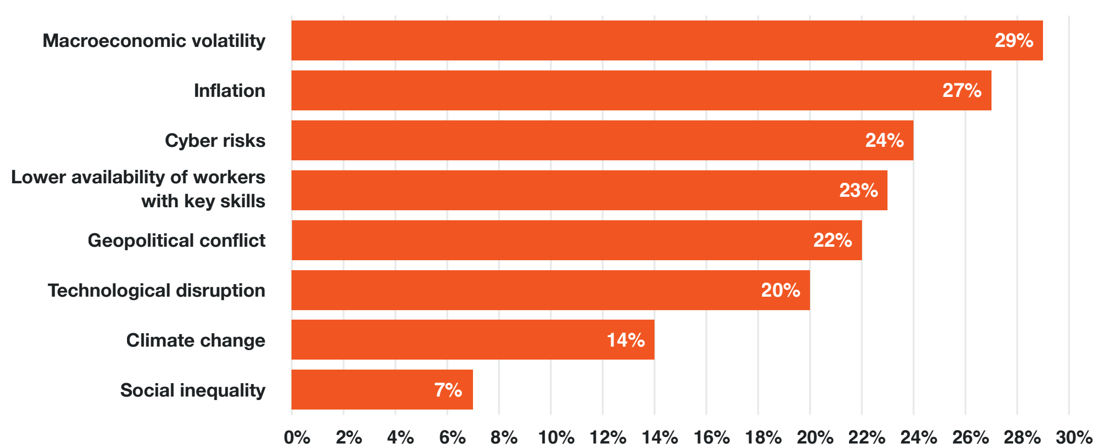
These figures represent a snapshot of sentiment in October to early November 2024, when our survey was in the field, and CEOs were by no means oblivious to the risks. Macroeconomic volatility was cited as the threat most likely to precipitate a substantial financial loss in the year ahead.

Within the broadly optimistic picture, there are also stark differences between countries. Among the G20 countries, CEOs in Germany are gloomiest about the outlook for the domestic economy, reflecting an industrial base experiencing not only weak demand but also supply shortages in energy, components, skilled labour and other areas. At the opposite end of the spectrum, CEOs in India and Argentina are most optimistic. Nine out of ten CEOs in India (87%) expect domestic economic growth to accelerate in the year ahead.

CEOs globally see macroeconomic volatility and inflation as the biggest threats in the year ahead

Question: How exposed do you believe your company will be to the following key threats in the next 12 months?

(Showing % that answered ‘Extremely exposed’ and ‘Highly exposed’)



Note: *Exposure* is the probability of significant financial loss.
Source: PwC’s 28th Annual Global CEO Survey

Your next move: Calibrate your perspective. There's no such thing as a global CEO. Even the most well-travelled executive was born somewhere, resides somewhere, and is influenced by local preoccupations. Our survey data offers an opportunity to stress-test personal assumptions against those of neighbours, peers and competitors. For example, are Italian companies, in fact, less exposed to cyberattack than their counterparts in the UK or France, as our data suggests? A sector-by-sector view is equally revealing. Although climate change is close to the bottom of the list of near-term threats in most industries, CEOs in insurance and the power and utilities sectors rank it in their top three for the year ahead. If your company relies on these companies (as most do), this is food for thought.

Consider also the connections between threats that could amplify their impacts. Many critical supply chains (for semiconductors, for example) are vulnerable both to extreme weather events and to geopolitical rivalries. Equally, the link between geopolitics and cyber risk is increasingly evident. More than ever, systems thinking is needed to anticipate what may lie ahead.

Ramping up reinvention

Many business leaders recognise the need to reinvent their business models. Consistent with our last two annual surveys, four in ten CEOs (42%) say their company will remain viable for less than ten years if it continues on its current path.

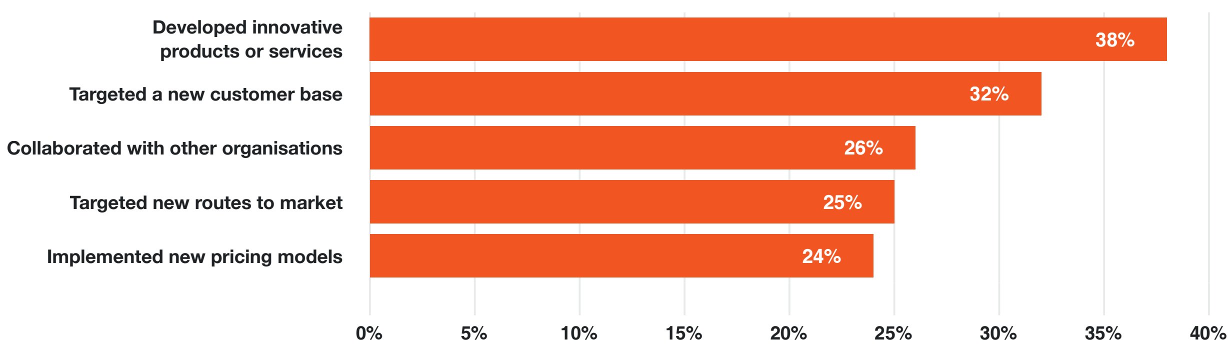
Since we first asked this question two years ago, the industries in which CEOs feel most under pressure to reinvent have been largely consistent: media and entertainment, technology, telecom, and industrial manufacturing. These are all sectors in which digitisation, decarbonisation or both are changing the basis of competition. Yet there are now signs of rising anxiety elsewhere. In 2023, only 28% of pharmaceutical CEOs said their company wouldn't be viable for more than ten years if it continued on its current path. Last year, this increased to 38%, and again this year to 45%. Among other factors, this likely reflects growing realisation that AI could revolutionise drug discovery and many aspects of patient care.

Across all sectors, just under two-thirds of CEOs (63%) report having taken at least one significant action to change how their company creates, delivers and captures value. The most common reinvention actions are product and service innovation and moves to target new customer groups. Fewer companies have taken actions that typically come with higher degrees of difficulty—such as pioneering new routes to market, implementing new pricing models or collaborating with other organisations to create new ecosystems.

The most common reinvention actions taken by companies are innovating products and services and targeting new customers

Question: To what extent has your company taken the following actions in the last five years?

(Showing only 'To a very large extent' and 'To a large extent' responses)



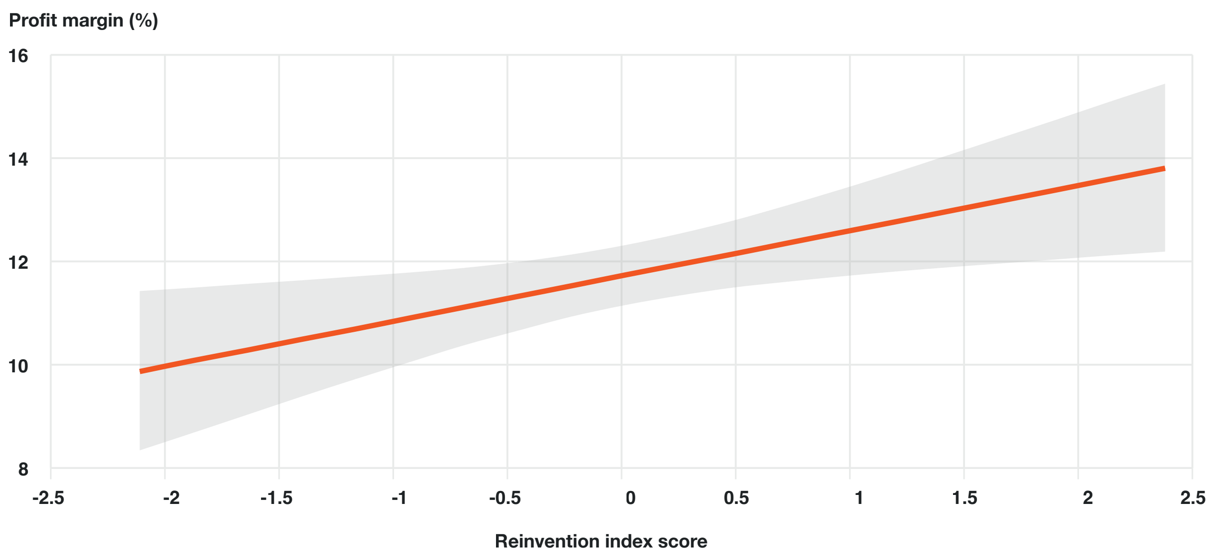
Source: PwC's 28th Annual Global CEO Survey

Will these moves be enough to power reinvention? For many CEOs, the honest answer will be *no*. Consider, for example, the percentage of revenue that companies get from new businesses, a measure of how fast they are growing beyond the core. Across our sample, on average, only 7% of revenue in the last five years has come from fundamentally distinct businesses that organisations added in this period. Companies in the Middle East and the Chinese Mainland are ahead, with 10% or more of revenue coming from new businesses. For Japanese companies, the average is only 3%.

If CEOs need further encouragement to double down on reinvention, they should note that we see a strong association in the data between the number of reinvention actions companies have taken and the profit margins they achieve. Companies taking more actions also report bigger gains from GenAI over the last year.

CEOs who have taken more reinvention actions report higher net profit margins

Question: To what extent has your company taken [reinvention] actions in the last five years?
Question: What was your company's profit margin for the most recently completed fiscal year?



Note: Index score values are derived from a factor analysis of the extent companies took the following actions in the last five years: developed innovative products or services, implemented new pricing models, collaborated with other organisations, targeted new routes to market; and targeted a new customer base. Index score values represent standard deviations from the mean—a higher score indicates more reinvention. The orange line represents predictions from regression modelling, adjusted for profit margin (the fiscal year before last), CEO tenure, market concentration, ownership, number of employees, industry sector, and territory; the shaded region represents the 95% credible interval.
Source: PwC's 28th Annual Global CEO Survey

Your next move: Look outwards. The road to reinvention starts with customers—and this maxim applies equally to B2C and B2B companies. In our experience, a determined effort to refocus on unmet needs, pain points and every other aspect of the customer experience can catalyse innovation. Importantly, this often includes changes that take the company outside its comfort zone—for example, moving beyond the product road map to consider new pricing models, new routes to market or new alliances that add value for customers in new ways. In addition, we recommend looking for external triggers that might arise quickly and create customer needs. The rise of GenAI is one such example. Consider also leading indicators that your industry or an adjacent sector is ripe for reinvention. Telltale signs include the arrival of market entrants, a rise in venture capital investment or a rapid redistribution of market share among incumbents.

The great reconfiguration

More than three decades of digitisation have already started to erode boundaries between sectors. Our strong belief is that the interactions among climate change, AI and other megatrends will hasten the process of reconfiguration and create new domains of growth that cut across sectors. Consider, for example, recent boundary-breaking moves by tech giants into nuclear power generation, reflecting the complex interplay of AI and climate change.

Nearly four in ten CEOs tell us that their companies have started to compete in at least one new sector in the last five years. Although many of these initiatives have been small, about one-third of CEOs making cross-sector moves said these represented 20% or more of company revenue over the period. There are companies of all sizes in this group, but those at the smaller end of our sample (with revenues below US$100 million) are represented more heavily. When it comes to venturing beyond sector boundaries, agility matters.

Among the sectors CEOs say they are moving into are business services (with new competitors coming from technology, telecommunications and media), health services (with new competitors coming from insurance, tech and telecom), and consumer markets (with new competitors coming from pharmaceuticals, banking and media). These findings ring true. Consider, for example, moves by telecom companies to generate additional revenue by offering business customers a range of services beyond connectivity, or moves by health insurers into healthcare provision, or moves by banks to offer consumers additional fee-based services.

Your next move: Envision your ecosystem. We expect industry reconfiguration to accelerate in the decade to come. For CEOs, the challenge is to envision the ecosystem in which their company will operate in the future. This means thinking through the impacts of megatrends (notably, but not only, climate change and AI), how customer needs will change, how value pools will shift and what roles distinct types of companies will play.

Here's what Tracy Robinson, CEO of CN Rail, one of North America's 'big six' rail operators, told us about the future of her industry: 'What [railroads] need to do is be more like trucks by getting together as a full supply chain. It can involve ports, terminals, warehouses, multiple railroads and trucks. But we need to come up with one service package that not only is easy to use and understand but also operates fast and consistently. If we can do that, I think you'll see a very positive impact, not only on the economy but also on emissions.'

Alliances and partnerships are essential sources of learning (as well as revenue) on the journey towards new domains of growth. New expertise within the executive team may also be needed, although hiring one or two new functional leaders is never the full solution. Navigating industry reconfiguration is a job for the top team as a whole, with strong support from the board.

Continual reinvention

Pay attention to decision quality

Leading a company during a period of great change requires decision-making that is well informed, disciplined and unbiased. Yet many CEOs tell us that their company's strategic decision-making processes are inconsistent at best. For example, proven practices for countering confirmation bias include making decision criteria transparent in advance, deliberately canvassing alternative points of view and intentionally seeking out information that contradicts the investment hypothesis. Only about half of companies regularly employ the full suite of these techniques for strategic decisions.

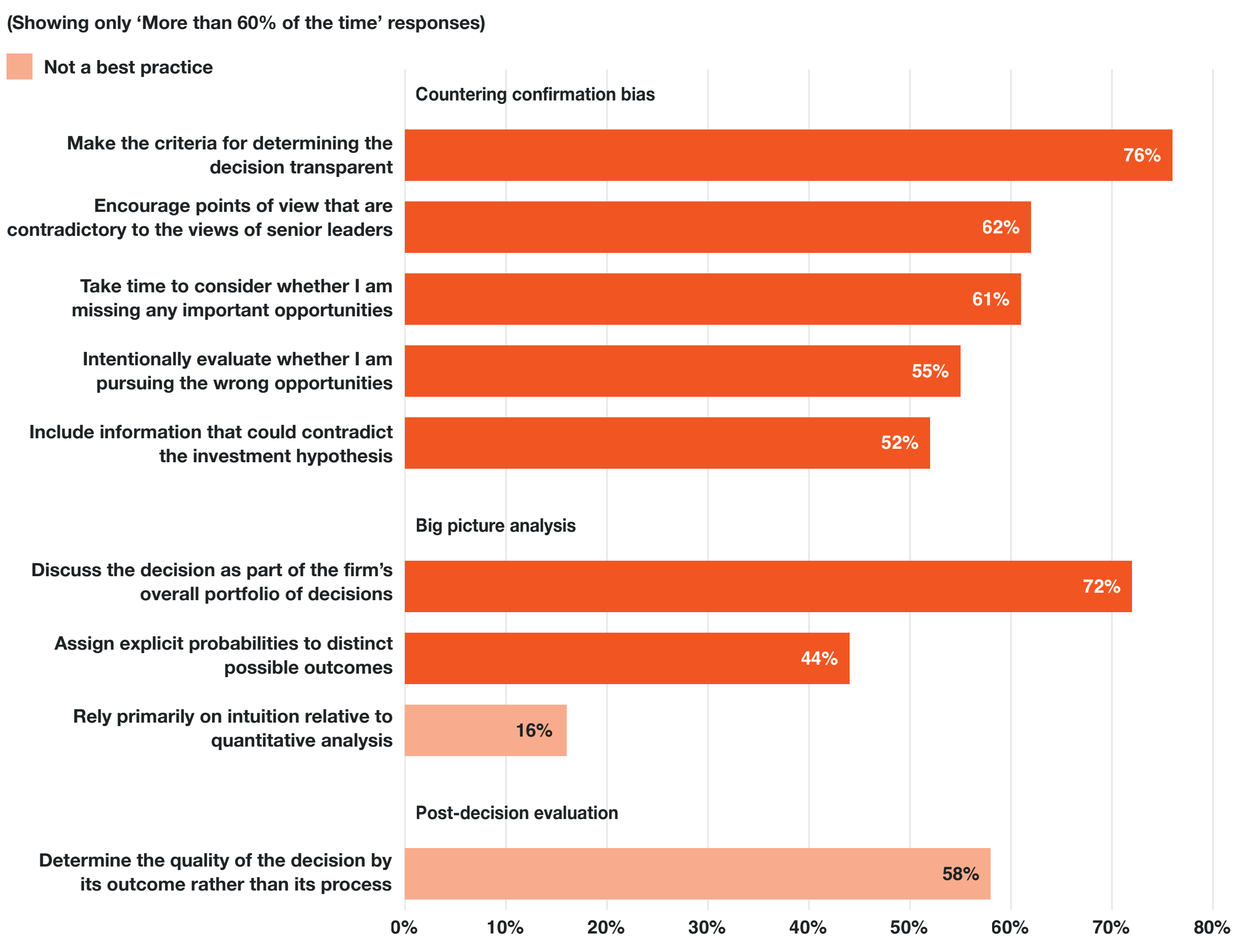
Similarly, almost six in ten CEOs told us that they usually judge strategic decisions by their outcomes, not by the quality of the process. At first glance, this makes perfect sense.

CEOs are results-oriented and take pride in that trait. The snag is that outcomes are often determined by factors, including luck, that are beyond the control of the decision-makers. The only thing leaders can fully control is the quality of the decision-making process.

Our survey results suggest that CEOs are leaving money on the table by not following the best practices of decision-making: companies with higher-quality processes for making strategic decisions report higher profit margins (as always, this is after controlling for industry, geography, company size and other factors that might skew the data).

Many CEOs are not regularly using the full suite of best practices in their strategic decision-making

Question: When making strategic decisions*, how often do you take the following actions?



*Strategic decisions are important decisions that involve commitment of significant resources and that affect long-term profitability and growth.
Source: PwC's 28th Annual Global CEO Survey

Your next move: Prioritise process. Decisions sometimes need to be made quickly, before every box has been ticked. But there is compelling evidence that stronger decision-making processes typically result in better decisions—especially under conditions of uncertainty, when intuition and experience are unreliable guides. In the current environment, with very high levels of uncertainty across multiple dimensions, decision quality is paramount.

Thorough, fact-based decision-making also comes into its own when emotions run high. On climate change, for example, CEOs are under scrutiny from customers, employees, investors and even family members. The same goes for how CEOs handle decisions related to AI, and questions about the future of legacy businesses in the face of industry reconfiguration. In these circumstances, robust decision-making processes can break deadlocks and support a bias to action. Our survey data confirms this: CEOs who report stronger decision processes also report more reinvention actions.

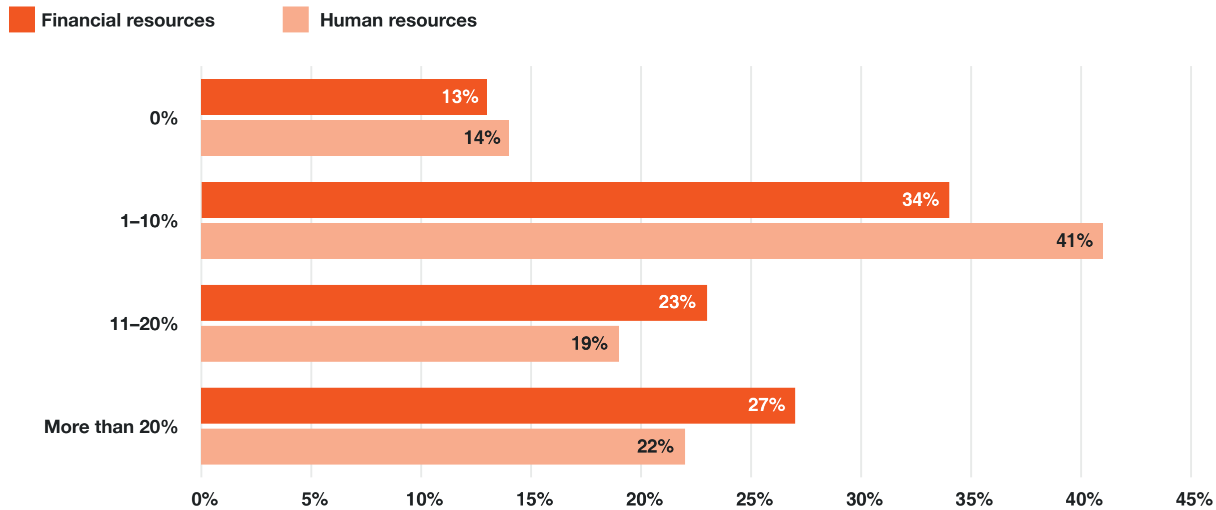
Reallocate to reinvent

Dynamic resource reallocation is a prerequisite for reinvention. For example, it is impossible to rapidly build a large new business without actively reallocating resources from lower-priority projects. Yet a large majority of companies lack agility when it comes to moving financial investments and people between projects and business units. About half of CEOs tell us that they reallocate 10% or less of financial and human resources from year to year. More than two-thirds say they reallocate less than 20%, a finding similar to that of last year's survey.

Digging into the data, we find that active reallocation of people, in particular, is associated with higher profitability. The difference in profit margin between low human resource reallocation (less than 10%) and high reallocation (30–40%) is more than 2 percentage points. There is also a strong link between higher levels of resource reallocation (both financial and human resources) and the amount of revenue coming from distinct new businesses—underlining that reinvention and dynamic resource reallocation go hand in hand.

Around half of companies reallocate no more than 10% of financial and human resources from year to year

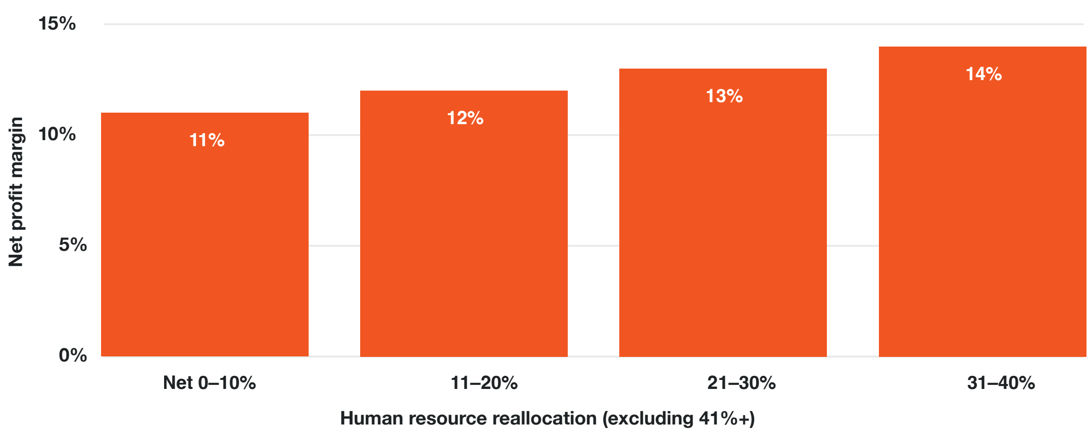
Question: What proportion of your company's financial and human resources did you and your management team reallocate across your business units between the last fiscal year and the current fiscal year?



Source: PwC's 28th Annual Global CEO Survey

Higher levels of human resources reallocation are associated with higher profit margins

Question: What proportion of your company's human resources did you and your management team reallocate across your business units between the last fiscal year and the current fiscal year?
Question: What was your company's profit margin for the most recently completed fiscal year?



Note: Values are predictions from regression modelling, adjusted for major acquisition in the last three years, net profit margin (the fiscal year before last), CEO tenure, market concentration, ownership, number of employees, industry sector, and territory. Resource allocation was modelled as a monotonic effect.
Source: PwC's 28th Annual Global CEO Survey

Your next move: Beat budgeting biases. Why don't companies reallocate resources more actively from year to year when the evidence in favour of doing so is so consistent? Cognitive biases are at work. These include anchoring (an overreliance on arbitrary benchmarks, such as last year's budget numbers) and naive diversification (the tendency to allocate resources equally across available options instead of weighting investments strategically). Organisational psychologist Robert Sutton reminded us that poorly designed incentives are also a factor: 'In so many organisations, when a manager has more people reporting to him or her, they get paid more. So, literally, we have incentives for people building larger and larger fiefdoms.'

For CEOs, the solution lies in budgeting practices that minimise the impact of these psychological factors on resource allocation. For example, power dynamics can be reduced by holding project review meetings with small groups of stakeholders who have a high degree of independence. Also consider ranking projects company-wide by profitability or return on capital to create a common fact base for discussion.

Build trust for a new era

As noted above, about half of CEOs believe that GenAI will increase the profitability of their company in the year ahead. At the same time, only a third (33%) say they have a high degree of trust in having AI embedded into key processes. As you might expect, CEOs who trust AI reported higher gains from GenAI over the last 12 months and expect higher gains from the technology in the year ahead. They are also more likely to be moving forward with integration of GenAI into technology platforms, business processes and workflows.

The wide distribution of CEO trust in AI mirrors that among the wider population. PwC's Voice of the Consumer Survey 2024 of 20,000 consumers globally found a similar spread of opinion. A key difference is that CEO opinions can have bigger consequences. The question for CEOs at the low end of the trust spectrum is whether they are actively working to understand and address the issues—or simply allowing their scepticism to get in the way of the opportunity. At this early stage of GenAI's development, 'bounded optimism' feels like an appropriate stance. Uninformed pessimism does not.

Almost a third of CEOs report a low degree of personal trust in having AI embedded into key processes

Question: To what extent do you personally trust having AI (including generative AI) embedded into key processes in your company?

Note: *Low trust* is the sum of 'Not at all or to a very limited extent' and 'To a limited extent'; *moderate trust* is 'To a moderate extent'; *high trust* is the sum of 'To a large extent' and 'To a very large extent.'
Source: PwC's 28th Annual Global CEO Survey

Your next move: Embrace Responsible AI. All CEOs need to walk before they can run with GenAI—that is, avoid hurriedly deploying the technology in ways that may undermine the trust of customers, employees or other stakeholders. In practice, this means embracing the potential of this powerful, general-purpose technology while also taking steps to manage the risks, which include the potential for inaccurate outputs ('hallucinations'), creation of biased or offensive content and intellectual property issues related to the data on which GenAI models are trained. Responsible AI practices can mitigate—though not yet eliminate—many of these issues and are most effective when baked into GenAI strategy from the start. Equally, we recommend proactively addressing the potential societal impacts of GenAI by, for example, tracking the impact of adoption on company carbon emissions.

Beware the tenure trap

Business, society and the competitive landscape are being reshaped by powerful forces that will play out over the decade to come. Yet when we asked CEOs how long they expect to remain in their current role, most answered five years or less. In addition, we see intriguing differences between the survey responses of CEOs with shorter expected tenure and those who expect to be in the role longer.

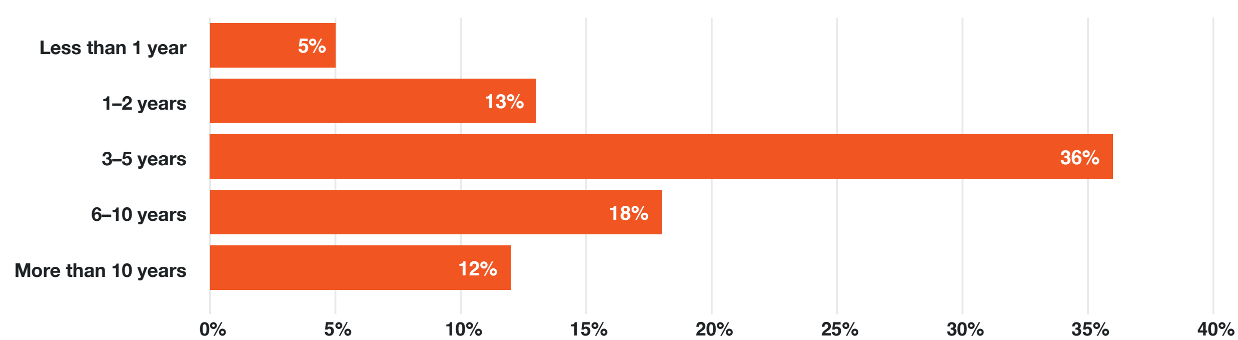
Those with long expected tenure are more likely to:

- be taking multiple actions to reinvent their company's business model (which is, in turn, associated with higher profit margins)
- report profitability gains from investment in GenAI and have higher expectations for the technology in the year ahead
- be using a range of techniques to ensure the quality of strategic decisions.

These are statistical associations. We know many CEOs with a year or two of remaining tenure who are moving decisively to reinvent their company and capture the value-creation opportunities afforded by AI. Even so, the data highlights a corporate governance dilemma that, although hardly new, takes on additional weight at this decisive moment in business history.

A majority of CEOs say they expect to remain in their current role for no more than five years

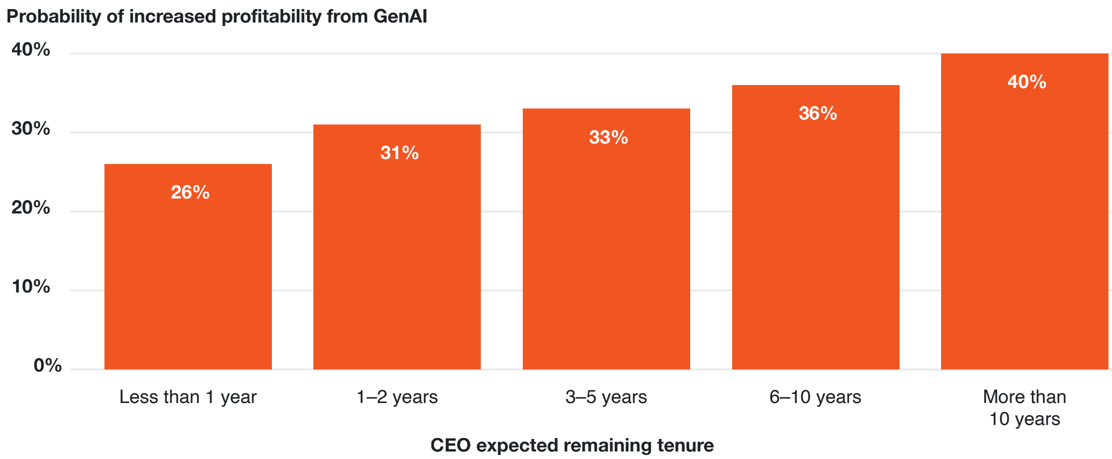
Question: How many years do you expect to remain in your current role?



Source: PwC's 28th Annual Global CEO Survey

CEOs who expect to be in the role longer are more likely to report increased profitability from GenAI

Question: How many years do you expect to remain in your current role?
Question: To what extent did generative AI increase or decrease profitability in your company in the last 12 months?



Note: Values are predictions from regression modelling, adjusted for net profit margin (the fiscal year before last), tenure, market concentration, ownership,number of employees, industry sector and territory.
Source: PwC's 28th Annual Global CEO Survey

Your next move: Stretch your horizon. We are not going to argue that CEOs should enjoy longer tenures as a matter of standard practice. There are many governance-and performance-based reasons that companies (especially public companies) may want CEOs to move on. Even so, our survey data raises an important question for corporate boards: considering the long-term reconfiguration of industries now in progress, are you doing enough to encourage a 'through-tenure' perspective across the top team, balancing demands for near-term performance against the imperative to reinvent?

Conclusion

What will the global economy look like in 2035? Although many scenarios are possible, the answer will depend significantly on how governments, corporations and civil society respond to the threat posed by climate change and the historic opportunity presented by AI. By extension, the companies most likely to thrive in the future are those that move now both to understand how these forces will reshape their industry and also to reimagine their business models, their operations, and their uses of technology, energy and other scarce resources.

Against this backdrop, a few key questions for CEOs strongly suggest themselves:

- Are you moving fast enough and with discipline to build AI (especially GenAI) into technology platforms, workflows and processes, and workforce skills? And, are you prioritising Responsible AI practices to safeguard stakeholder trust?
- What untapped opportunities exist to drive revenue growth and profitability by adding climate-friendly products and services to your portfolio?
- Do you have a clear view of the potential for your industry's structure and boundaries to shift—and of how your company's operations, capabilities and business model need to change—as technology and climate change create new opportunities and constraints?
- Are you investing enough in (and putting enough talent against) your biggest priorities?
- What steps can you take to increase the quality of your company's strategic decision-making in the face of interwoven geopolitical, economic, technological and competitive forces?
- For CEOs who expect to be in the role for only a few more years: if your remaining tenure were a decade, what would you do differently?

This year's survey confirms that some CEOs have already asked these questions and, in partnership with their top team and board, have started to develop coherent answers. The challenge for this group is to maintain momentum while remaining acutely aware of the interplay between macroeconomic conditions, geopolitical reconfigurations and other threats that could yet derail progress.

For CEOs who have barely begun to address these issues, it is not too late. But such CEOs are, without question, falling behind. Playing catchup starts with making a concerted effort to develop a systems-level view of how customer needs and the competitive environment are changing. Then comes execution: a clear set of reinvention priorities, powered by high-quality decisions and at-scale resource reallocation, sustained by bounded optimism about what tomorrow could bring.

Survey methodology

We surveyed 4,701 CEOs in 109 countries and territories from 1 October through 8 November 2024. The global and regional figures in this report are weighted proportionally to country nominal GDP so CEOs' views are broadly representative across all major regions. The industry- and country-level figures are based on unweighted data from the full sample of 4,701 CEOs, including 4,236 men, 401 women, and 64 who identified with another gender or preferred not to say. Further details by region, country and industry are available on request. All quantitative interviews were conducted on a confidential basis. Among the CEOs who participated in the survey:

- 3% lead organisations with revenues of US$25 billion or more
- 3% lead organisations with revenues between US$10 billion and US$25 billion
- 20% lead organisations with revenues between US$1 billion and US$10 billion
- 33% lead organisations with revenues between US$100 million and US$1 billion
- 36% lead organisations with revenues of up to US$100 million
- 62% lead organisations that are privately owned.

Notes

Percentages in charts may not add up to 100%—a result of rounding percentages; multi-selection answer options; and the decision in certain cases to exclude the display of certain responses, including 'Other,' 'Not applicable' and 'Don't know.'

The research was undertaken by PwC Research, our global centre of excellence for primary research and evidence-based consulting services.

About the reinvention action index

We asked CEOs about the extent to which companies took the following actions in the last five years: developed innovative products or services, implemented new pricing models, collaborated with other organisations, targeted new routes to market, and targeted a new customer base. We then combined responses to this question into an index using factor analysis, a statistical method that enables the combination of individual responses into a factor that they all have in common. Finally, we calculated a number for each CEO that represents their level of reinvention—in other words, a reinvention index score. Index score values represent standard deviations from the mean; a higher score on the index indicates more reinvention.

Advanced statistical techniques

Some analyses used advanced statistical techniques to look for relationships between questionnaire responses. These analyses went beyond dividing CEOs into groups (say, those with high levels of reinvention action and those with low levels) and comparing responses (such as average profit margin) within those groups. Rather, we employed Bayesian multilevel regression analyses within a causal inference framework to estimate counterfactual marginal effects.

Counterfactual marginal effects measure the difference in outcomes that would occur if a specific level of a variable was changed while keeping everything else the same. They help us understand 'what would happen if…?' scenarios, such as predicting how a business outcome might improve if a particular strategy were implemented differently. This approach allowed us to model the relationships between variables, while accounting for uncertainty, and identify the causal effect of one variable on another, assuming that the hypothesised causal model is correct (e.g., no other variables other than the ones adjusted for affect the two variables of interest).

For most of these analyses, we adjusted for the effects of industry (e.g., industry sector, market concentration), company characteristics (e.g., company size, geography) and CEO characteristics (e.g., tenure). Further, we modelled outcome variables based on the assumed data-generating process (e.g., linear regression for normally distributed data and logistic regression for Bernoulli-distributed data); ordinal predictors were modelled as monotonic effects.

PwC network contacts

Mohamed Kande
Global Chairman, PwC International Limited

Petra Justenhoven
Senior Partner and Chair, PwC Europe

Marco Amitrano
Alliance Senior Partner, PwC UK and Middle East

Paul Griggs
Senior Partner, PwC US

Hemione Hudson
Chair and CEO, PwC China

Carol Stubbings
Global Chief Commercial Officer

Michael Stewart
Global Corporate Affairs and Communications Leader

Antonia Wade
Global Chief Marketing Officer

Nicki Wakefield
Global Clients & Industries Leader

Allen Webb
Global Thought Leadership

Global CEO Survey content team

Catherine Moore
Research and analytics

Libby Boswell
Research and analytics

Shir Dekel
Research and analytics

Simon London
Editorial development

Elizabeth Johnson
Editorial production

28th Annual Global CEO Survey

www.ceosurvey.pwc