



What is at the top of C-level priority lists?

A study into the challenges of C-level executives

MetrixLab

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1. Background



- Now that the COVID-19 pandemic is slowing down in the Netherlands, ING wants to better understand the effects of the pandemic on business decisions among large organisations.
- This study focuses on the strategic priorities of top-level managers and dives deeper into a number of currently relevant topics.
- The respondents consist of C-level managers (CEO, COO, CFO, CTO, etc.) who have at least joint control over strategic planning, and work at companies that have a minimum annual turnover of €250 million.



Purpose of the study

Now that the COVID-19 pandemic is slowing down in the Netherlands, ING is interested in the effects of the pandemic on business decisions within large organisations. This mainly concerns the industries' biggest worries for the future and the accompanying short- and long-term strategic priorities that large organisations envision.



Scope

The focal point of this research revolves around strategic priorities. The study also dives deeper into a number of subjects currently relevant in the industry:

- Sustainability
- Innovation
- Geopolitical influences
- M&A activities
- Financial challenges and inflation
- Working from home



Respondents

- C-level executives (CEO, COO, CFO, CTO, etc.) who are at least partly responsible for strategic planning at a company with a minimum annual turnover of €250 million.
- Around half of these C-level executives are employed by a listed company.
- The sectors in which these executives work are representative and evenly distributed.

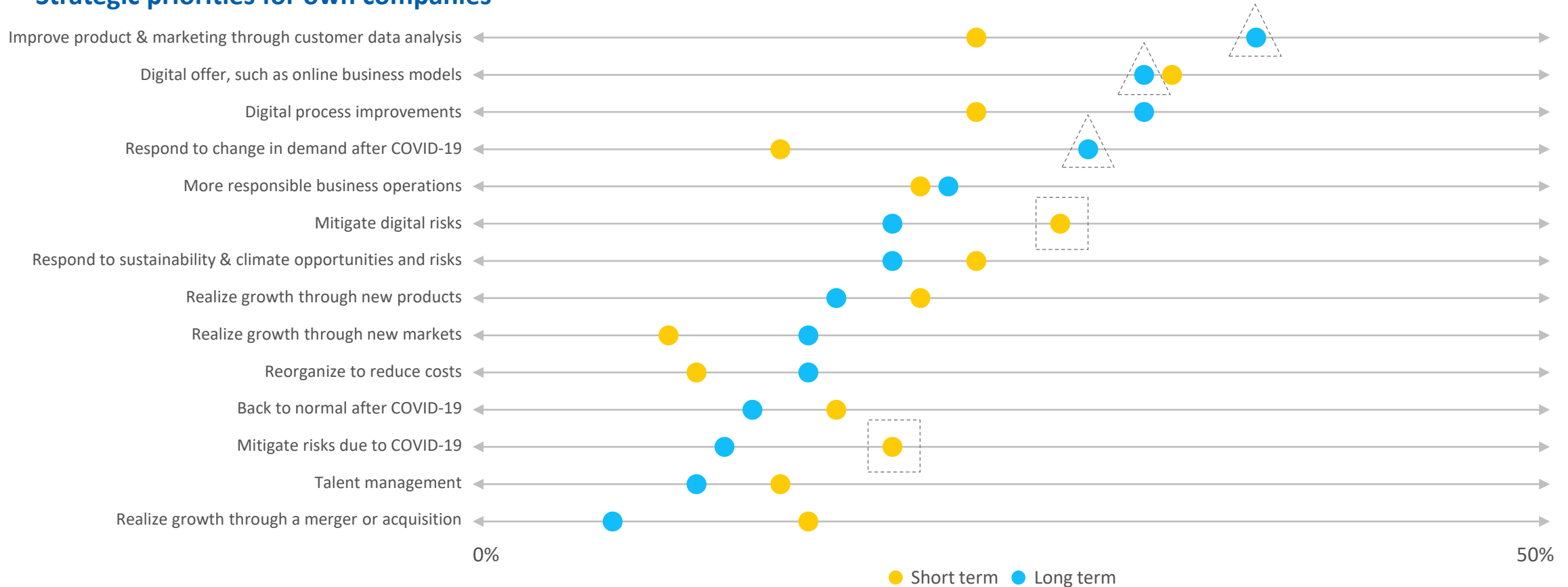
2. Strategic priorities



- While short-term strategic priorities within respondents' own companies mainly focus on mitigating risks, long-term priorities revolve around stimulating growth.
- Differences between respondents' own organisations and the general industry are perceived as minimal. However, short- and long-term priorities are perceived to be more closely aligned when looking at the general industry compared to respondents' own companies. This indicates that the top-level managers expect certain topics to be a strategic priority, but are less able to say whether these are more important in the short term vs. the long term.
- Moreover, priorities reflecting risk mitigation are thought to be more relevant for the general industry compared to the top-level managers' own companies, indicating that the C-level managers expect to be less affected by risks compared to other companies in the industry.

C-level managers expect their own companies' short-term strategic priorities to mostly revolve around mitigating risks. In the longer term, priorities are more reflective of growth strategies, e.g. by improving product & marketing, as well as digital offers.

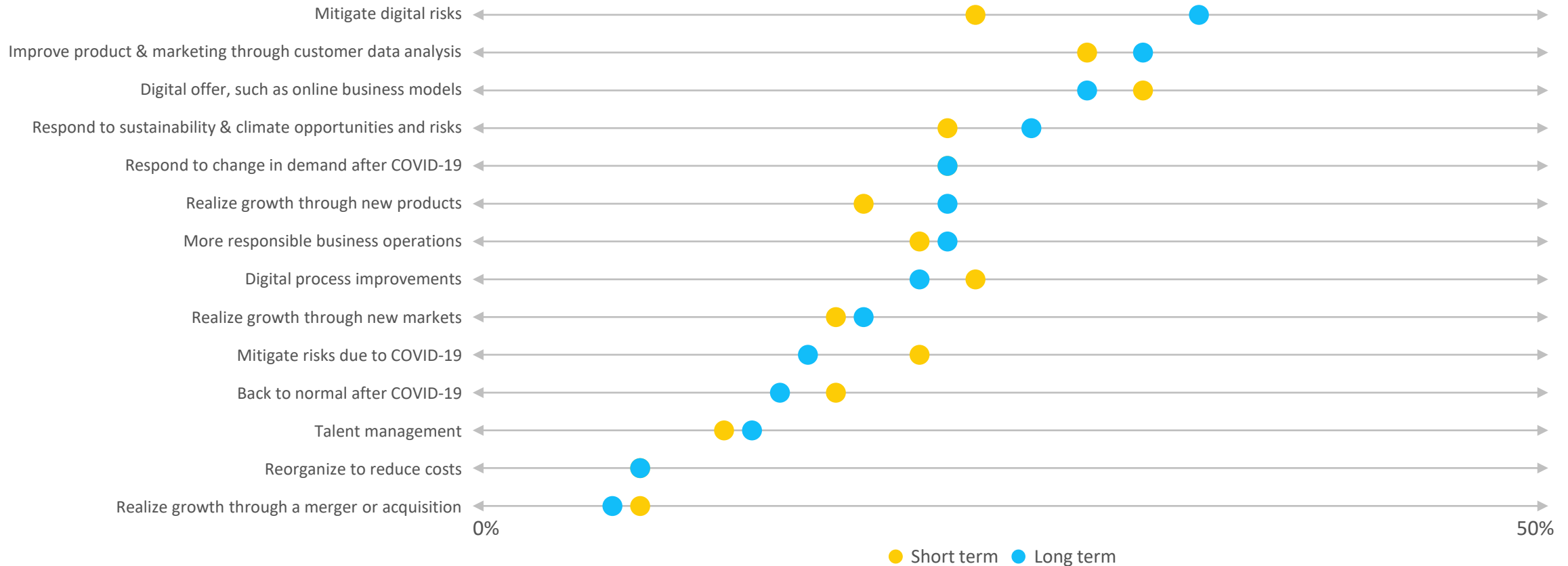
Strategic priorities for own companies



Q: Which of these do you consider to be the most important priorities for your organisation in the short term (in 2021) and in the long term (after 2021)?

When it comes to perceptions of the general industry, short- and long-term priorities are more aligned. The strategic priorities follow roughly the same pattern compared to when C-level managers were asked about their own companies. This indicates that top-level managers are better at making timing-related estimates for their own company than for the general business industry.

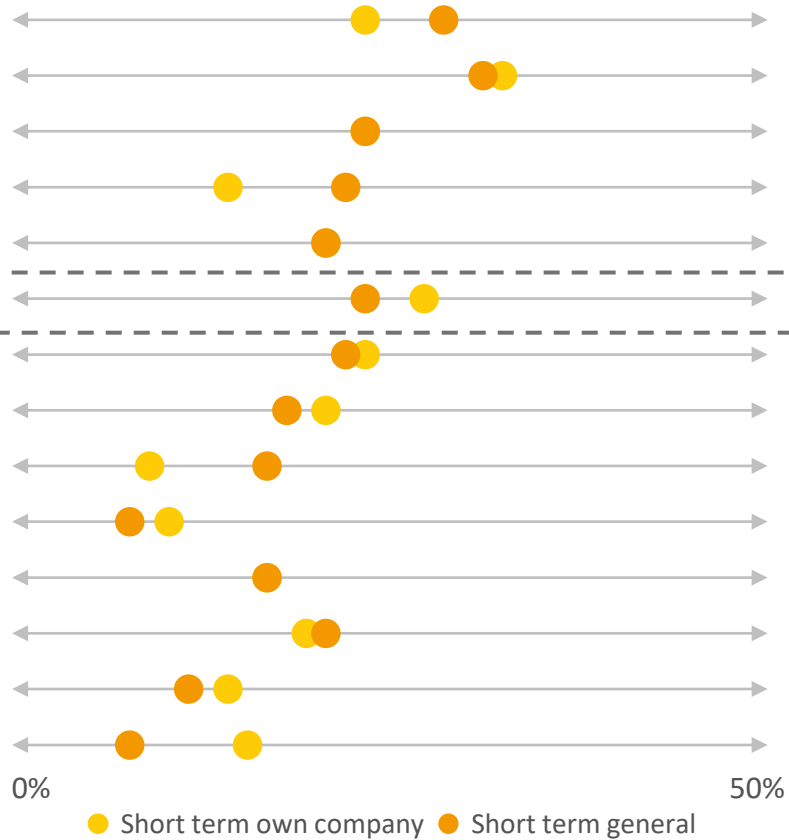
Strategic priorities of the business sector in general



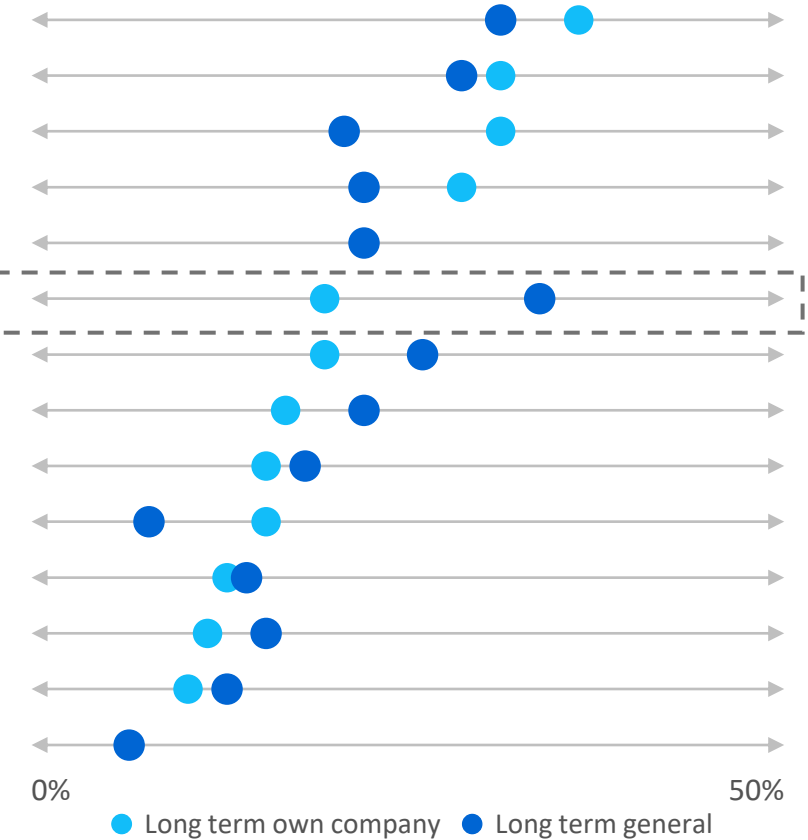
Q: Which of these do you consider to be the most important priorities for the wider business sector in the short term (in 2021) and in the long term (after 2021)?

Priorities regarding mitigating risks are perceived as being higher up on the priority list for the general industry compared to C-level managers' own companies, indicating an expectation that they will be less affected by risks than other companies. Growth through new markets or mergers & acquisitions are lower on the priority list, as are reorganizing and talent management.

Short term



Long term

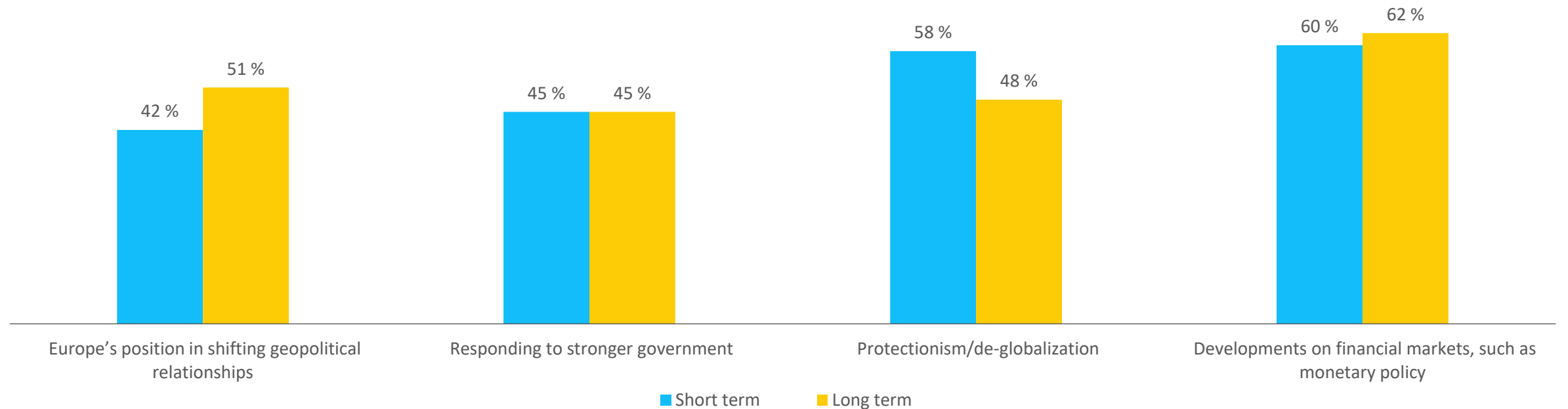


Q: Which of these do you consider to be the most important priorities for your organisation in the short term (in 2021) and in the long term (after 2021)?

Q: Which of these do you consider to be the most important priorities for the wider business sector in the short term (in 2021) and in the long term (after 2021)?

Developments on the financial markets, e.g. monetary policy, are seen as an important strategic priority, both in the short and long term. While protectionism is considered more of a short-term than a long-term priority, the opposite is the case for geopolitical relations.

Other strategic priorities for the respondents' own companies



Q: In addition to the strategic priorities you mentioned earlier, which of the following priorities do you consider to be relevant to your company in the short term (in 2021) and in the long term (after 2021)?

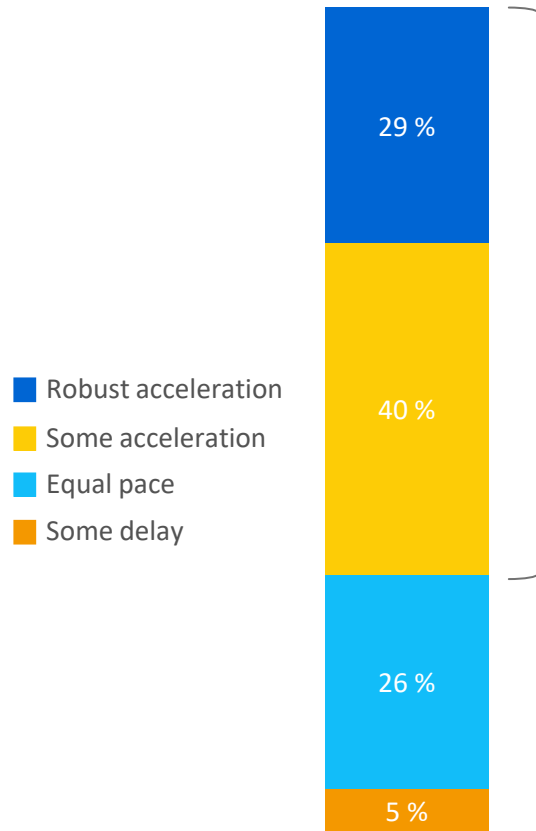
3. Sustainability



- Since COVID-19, sustainability has been higher on the agenda: the vast majority of **C**-level managers indicate that sustainability has accelerated since the pandemic.
- The main sustainability focus areas are about promoting a healthy lifestyle, greening energy consumption and reducing waste.
- The C-level managers indicate that sustainability is important to them primarily because of the importance of developing a sustainability image. However, there has also been an increased focus on sustainability because of new market opportunities and the desire to raise awareness within the organisation.

Nearly 70% of C-level managers indicate that sustainability initiatives have accelerated since COVID-19, mainly small-scale initiatives such as promoting a healthy lifestyle and community involvement. Topics such as greening energy consumption and reducing or eliminating waste are also high on the list.

Degree of acceleration

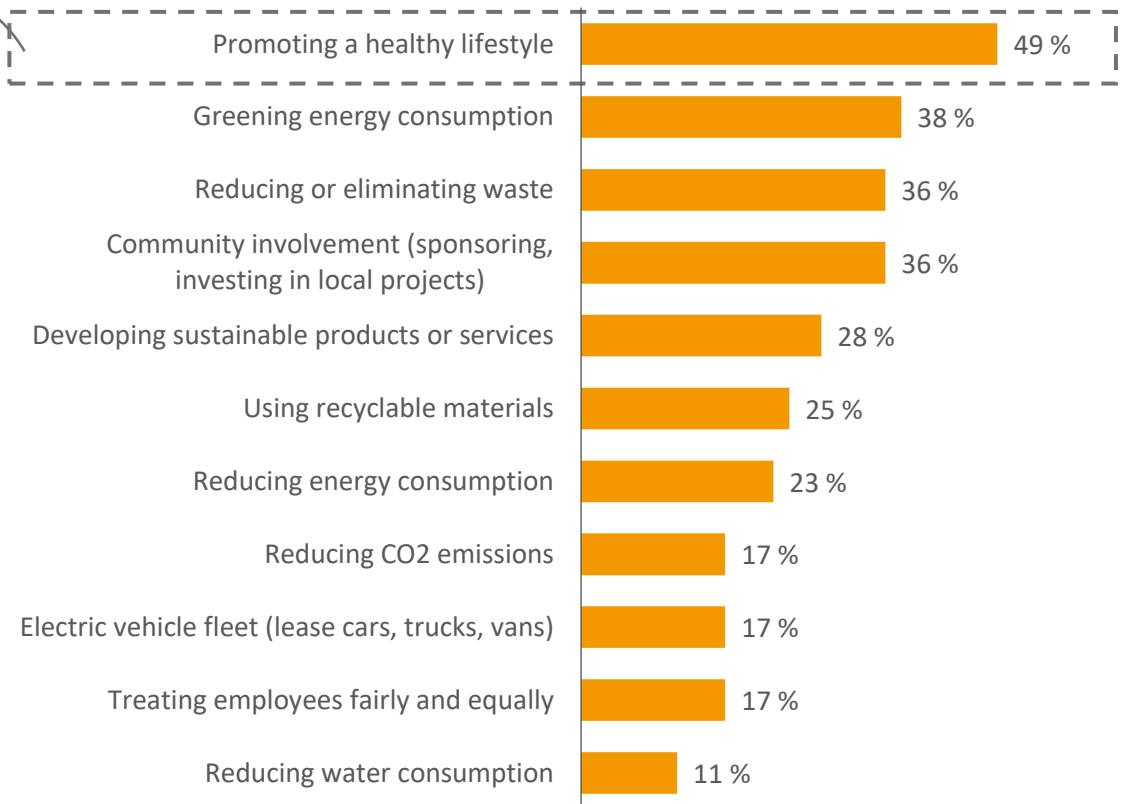


“ Advice for after COVID-19: 'Promote a healthy lifestyle' (Utility Companies)

“ 'Capitalise on opportunities and risks in the area of sustainability and climate' (Wholesale)

69% of respondents report acceleration of sustainability efforts since COVID-19.

Areas of acceleration due to COVID-19

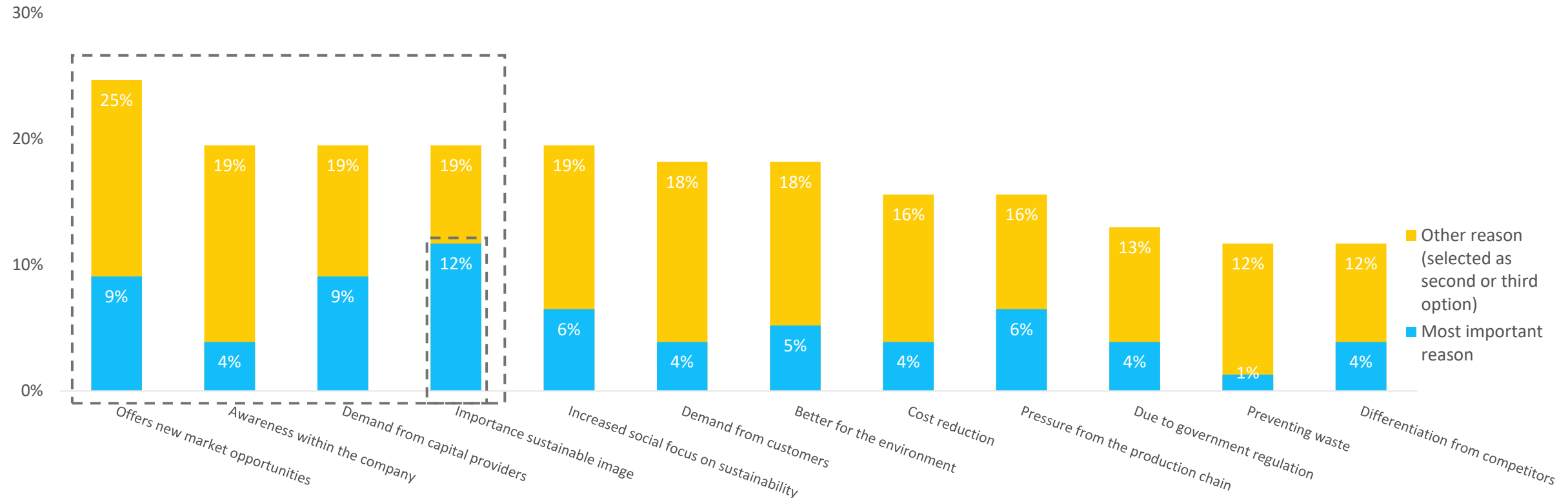


Q: Since COVID-19, what steps has your company taken with regard to sustainability compared to previous years?

Q: Since COVID-19, can you indicate the areas in which your company's sustainability efforts have been intensified compared to previous years?

The main driver behind the increased focus on sustainability since COVID-19 is the importance of having a sustainable image. Other drivers include sustainability offering new market opportunities and the importance of creating awareness within companies.

Sustainability drivers



Q: What are the most important drivers or motivators behind your company's stronger focus on sustainability since COVID-19?

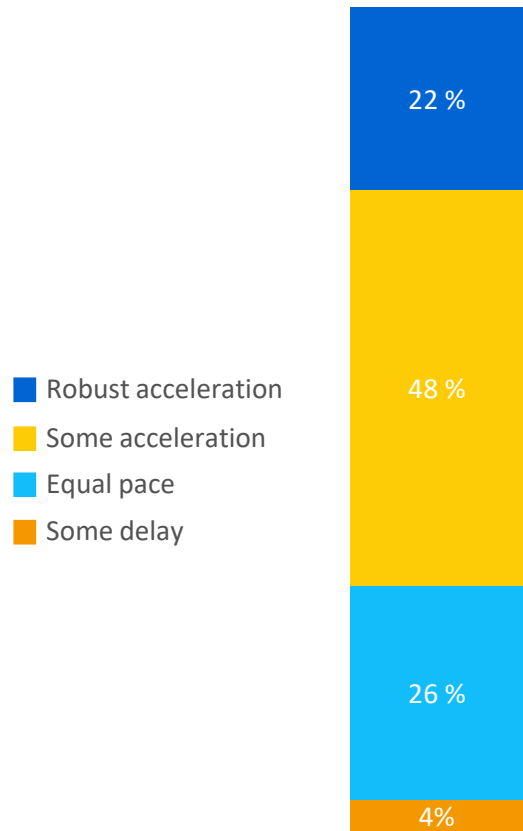
4. Innovation



- Innovation, like sustainability, has accelerated since the COVID-19 pandemic.
- In line with strategic priorities, acceleration within innovation is clearly focused on digitization, e.g. customer-oriented processes, internal processes and products.
- Innovation of new machines or R&D is considered somewhat less important at the moment; in general, this type of innovation is more expensive and is not applicable to all organisations.

Innovation has also accelerated since COVID-19 and is largely focussed on the digitization of customer-oriented processes and internal processes. Innovation of new machines or R&D is considered somewhat less important.

Degree of acceleration



Advice for after COVID-19:
 "Improve technical opportunities for digital traffic" (Real Estate)

70%
 of respondents report stronger innovation since COVID-19.

Areas of acceleration due to COVID-19



Q: Since COVID-19, what steps has your company taken with regard to innovation compared to previous years?

Q: Since COVID-19, which of the following areas within your company have undergone accelerated innovation compared to previous years?

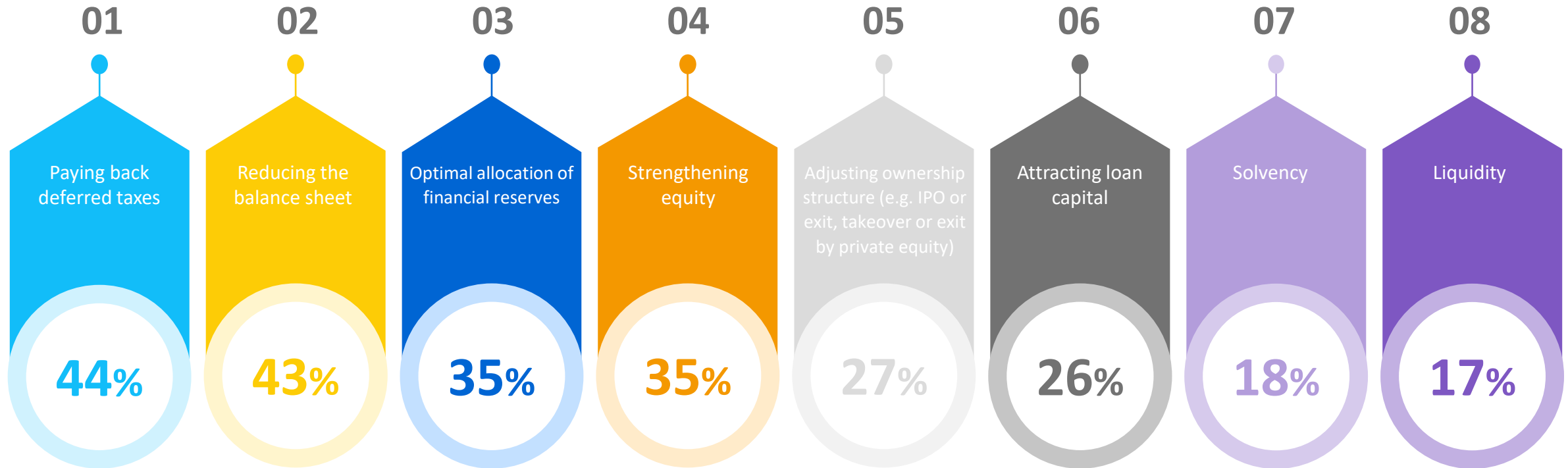
5. Financial challenges and inflation



- The most common financial issues are paying back deferred taxes and reducing the balance sheet.
- Inflation is another concern. A large percentage of top-level executives indicate that rising inflation is a concern and that they expect it to continue rising after 2022. A large number also expects to be able to pass on at least some costs.
- These C-level managers expect to be able to cover these costs by means of price increases.

When looking at financial challenges in 2021, the biggest challenges are paying back deferred taxes and reducing the balance sheet.

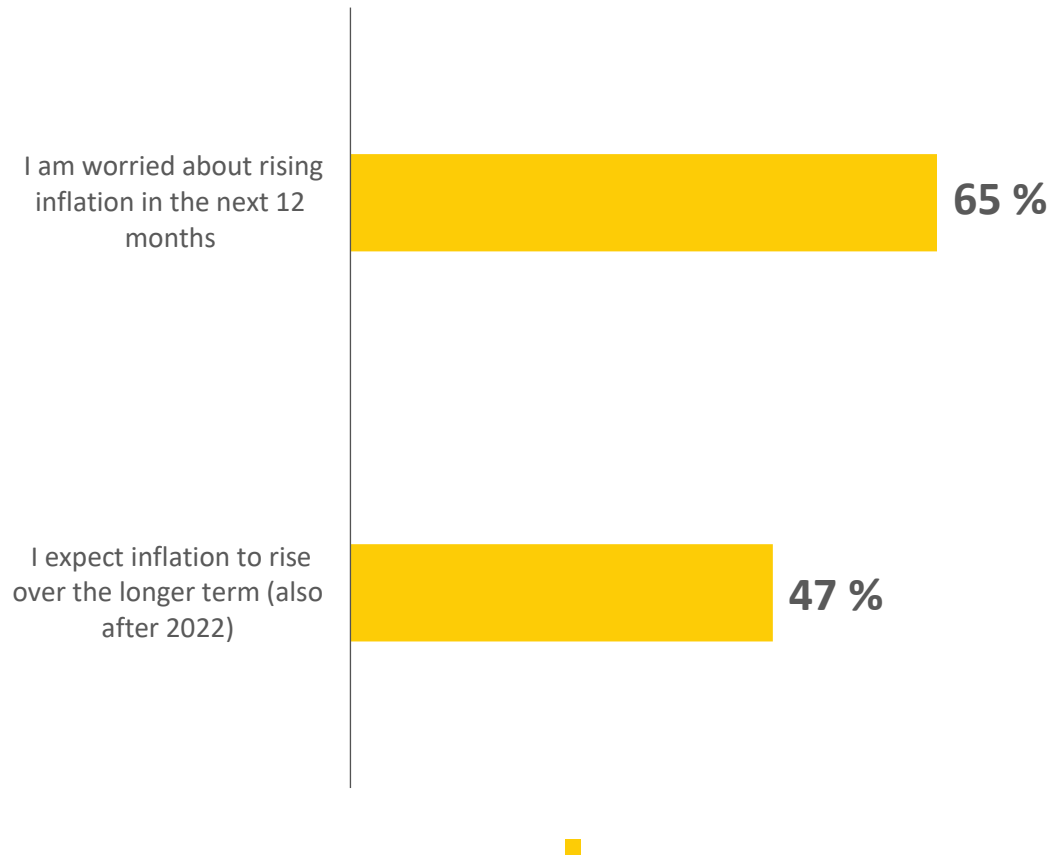
Financial challenges



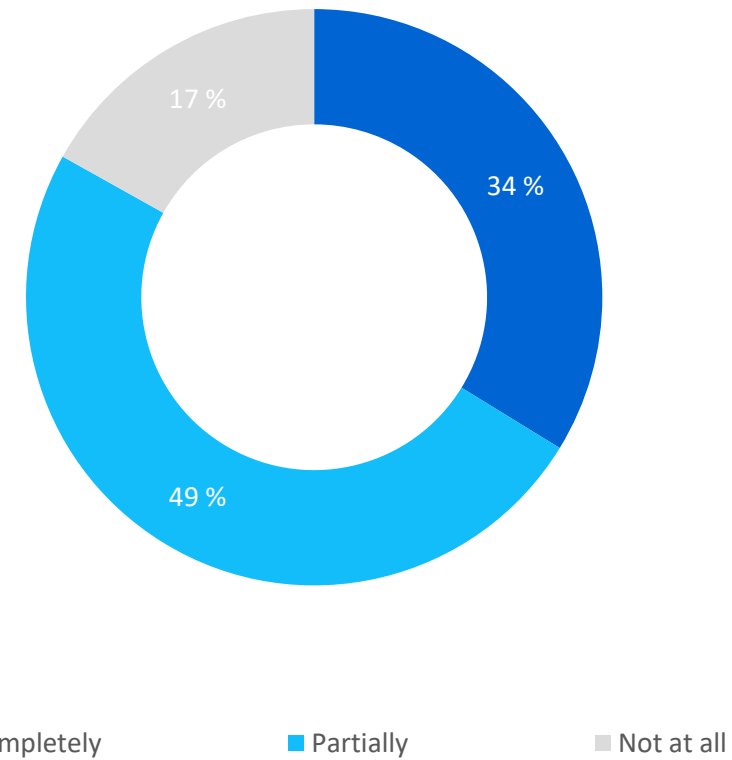
Q: Which of these pose the biggest challenges to your company for 2021?

Two out of three C-level executives are concerned about rising inflation, and one in two expects this problem to persist after 2022. A vast majority expects to pass on costs by increasing their prices.

Inflation concerns



Passing on inflation costs to customers



Q: Indicate whether you agree or disagree with each of the following statements. | Q: When you consider the impact of rising inflation on your company, do you expect to pass on the extra inflation-related costs to your customers?

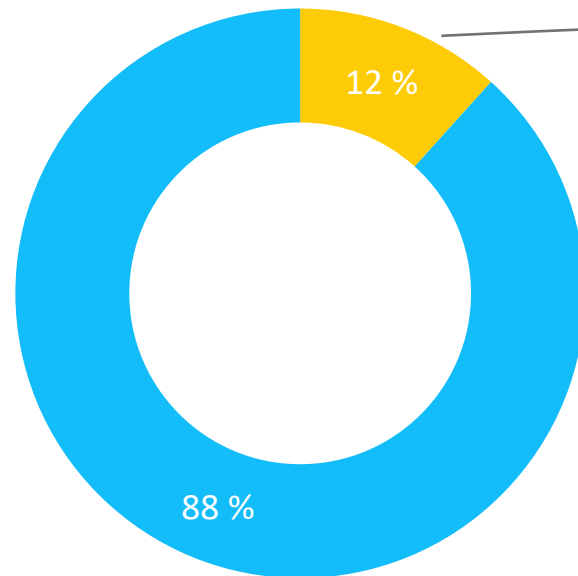
6. COVID-19



- Only 12% believes COVID-19 will structurally impact their business model in the future. The impact of the pandemic on M&A activities in 2020 prompted an increase in the sale of business units. In 2021, it has resulted in an increase in the acquisition of business units.
- Relatively few C-level executives took a crisis scenario into account prior to 2020. As a result of COVID-19, 35% decided to draw up a crisis scenario. Ultimately, only half of the top-level managers say they have a crisis scenario available.
- A lot of staff are working remotely. More than half of C-level executives expect the majority of staff to be working on site again by 2022. They expect staff will work remotely for an average of 1.5 days a week.

The vast majority believes COVID-19 will not structurally impact their business model in the future. Those that do expect it to have a structural impact believe this will be due to employees working from home as well as the loss of customers.

Structural impact of COVID-19 on the business model



■ Yes

■ No

What type of structural impact?



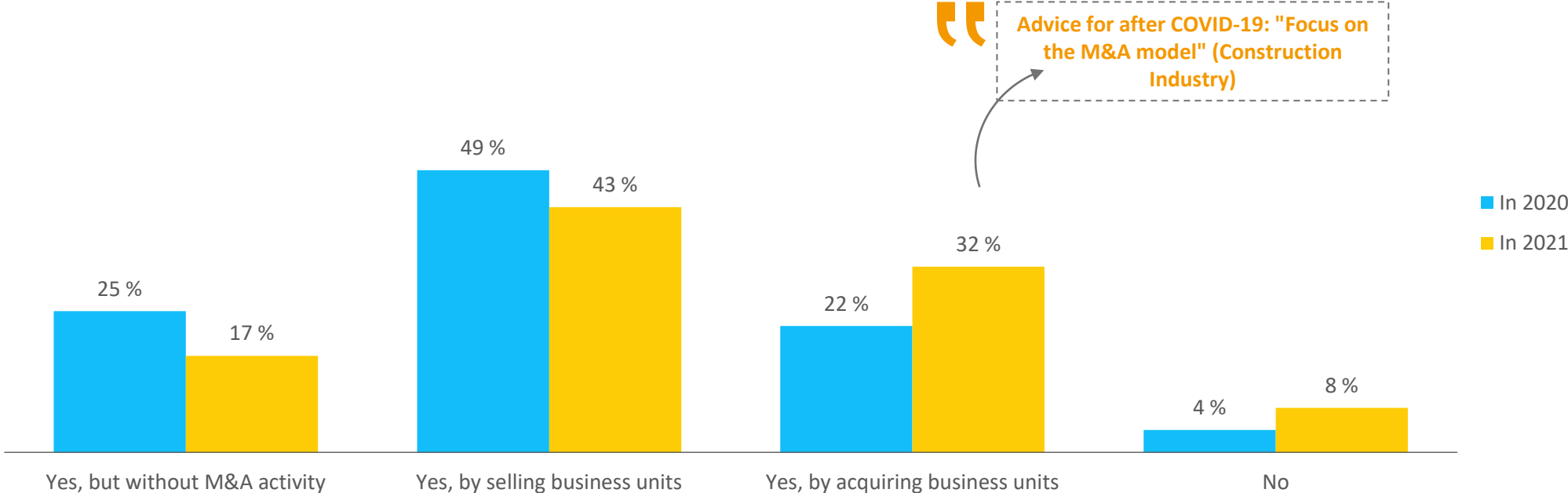
- Payment arrears and revenue (**Financial Institutions**)
- It has an enormous impact, causing a complete transformation of the company's timetable and plans (**Wholesale**)
- Staff working from home (**IT/Tech & Communication**)
- Having staff work from home is not conducive to setting up a business (**Culture, Sport & Recreation**)
- Our structure has practically gone out of the window (**Financial Institutions**)
- Expansion of sales channels (**Wholesale**)
- Loss of customers (**Other Services (Interest Groups, Repair Services, Wellness, Funeral Services)**)

Q: Will the COVID-19 crisis have a structural impact on your business model in the future?

Q: Can you indicate in what way the COVID-19 crisis will impact your company's business model?

COVID-19 impacted M&A activities in 2020, as evident from the increase in business units being sold. Business unit acquisitions has increased in 2021 compared to 2020, indicating that companies are slowly beginning to invest in growth again.

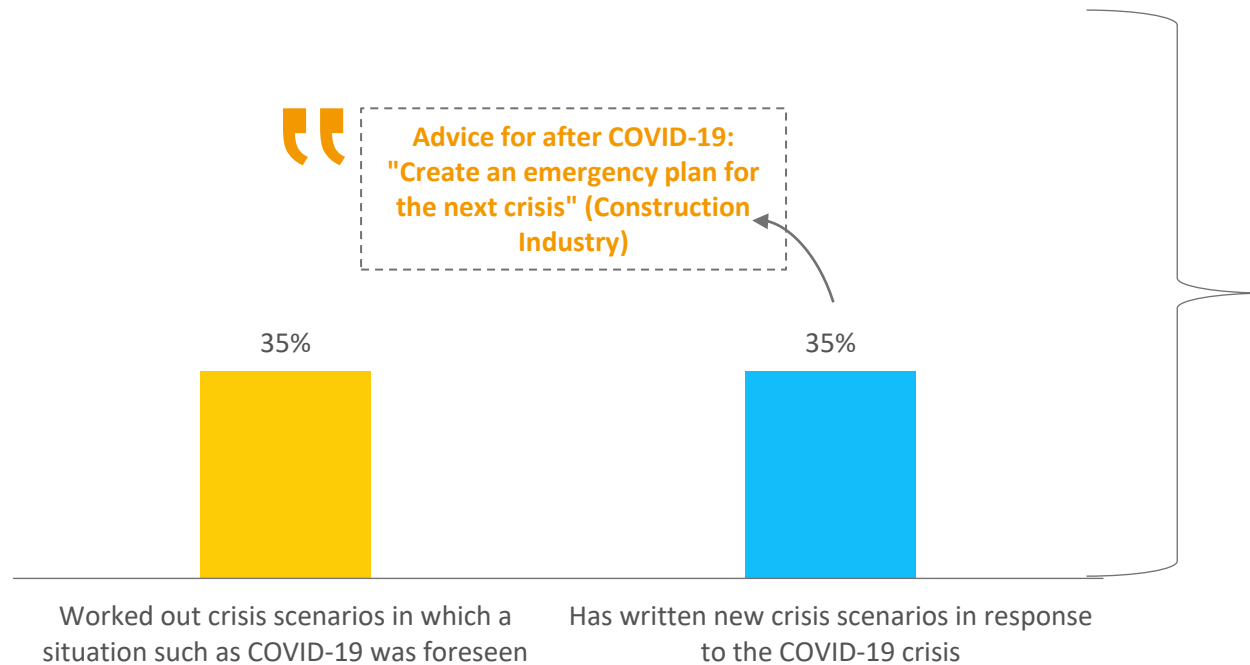
Change in the composition of business activities



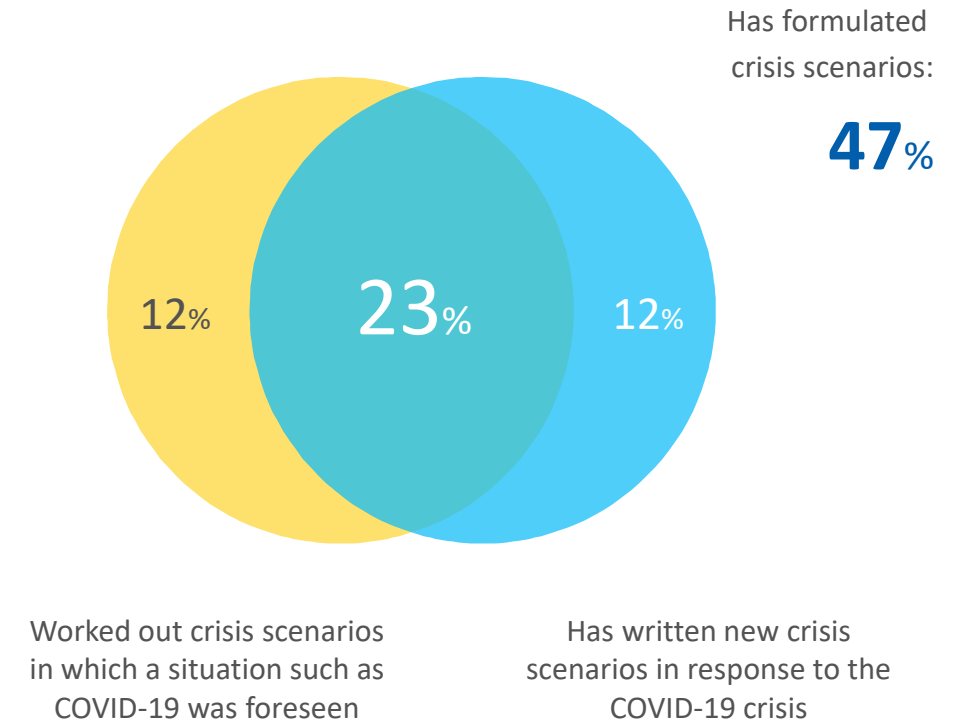
Q: Did -or will- the COVID-19 crisis necessitate changes to the composition of your business activities in 2020 or in 2021 in order to maintain the health of your business?

Most businesses did not foresee the pandemic and all of the measures taken; only 35% had drawn up a crisis scenario that foresaw a situation such as the COVID-19 crisis. Since the virus hit, another 35% has drawn up a crisis scenario. 47% has now drawn up a crisis scenario for situations such as COVID-19.

Crisis scenarios



Crisis scenario - overlap

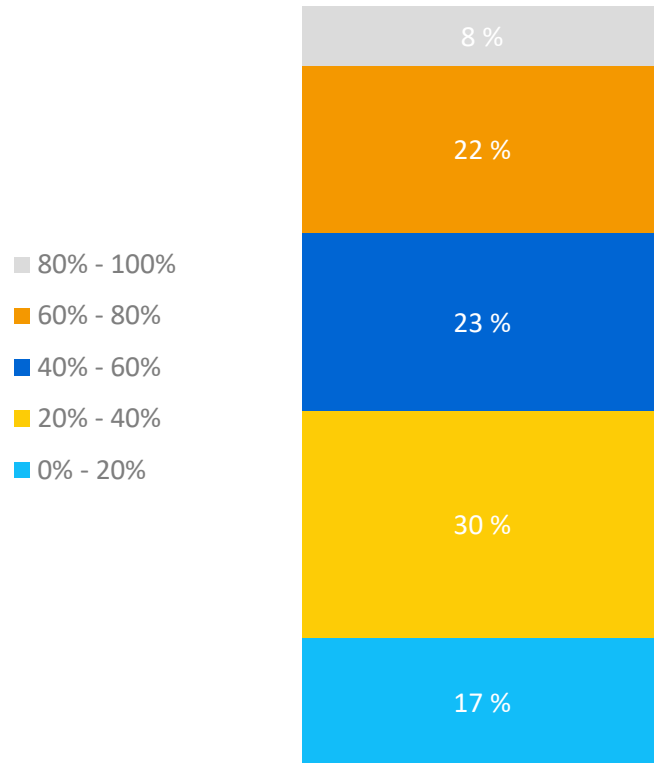


Q: Prior to 2020, had your company written crisis scenarios that foresaw situations such as COVID-19?

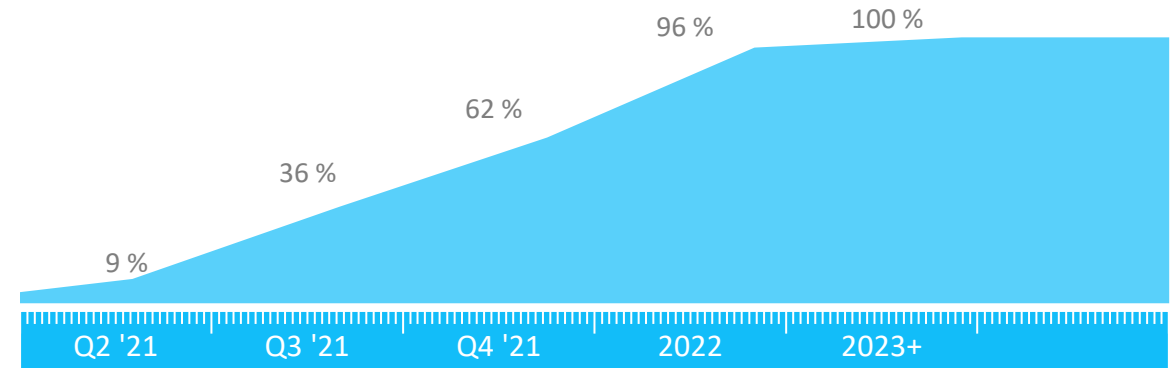
Q: Did your company write new crisis scenarios as a result of the COVID-19 crisis?

Many employees are still working from home as a result of lockdowns. Top-level managers expect the majority of employees to be working on site by 2022. After COVID-19, respondents think staff will work remotely more often than before, on average 1.5 days a week.

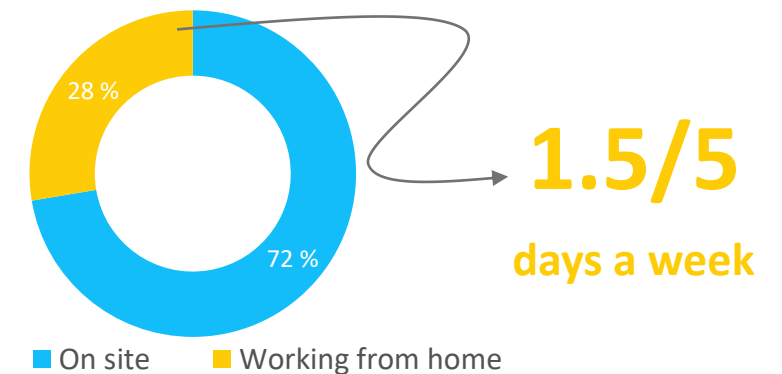
Staff working from home



Expectation of working on site



Expected home-working days



Q: What sections of your workforce are working partly or fully from home? | Q: When do you expect your staff to largely be able to work on site?

Q: When the COVID-19 crisis is over, how many days per week do you expect staff to be working from home?

7. Appendix



1. Quotes: most important advice you would give to other companies to help them continue after the COVID-19 pandemic
2. Study background
3. Demographics of C-level executives
4. Sector distribution

Quotes: advice for post-pandemic period



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Strategic Priorities at C-Level

Growth via new products/markets

- Develop new markets for products and services (Listed Companies, Financial Institutions)
- Develop new revenue models (Listed Companies, Culture, Sport & Recreation)
- Develop products and services (Financial Institutions)
- Growth via new products (Retail (Food & Agri))
- New technology (Listed Companies, Hospitality)
- New technologies and products (Real Estate)
- Develop good functions and offer the best services (Listed Companies, Education)
- Develop innovative new products (Retail (Non-Food))
- Product innovation (Listed Companies, Health & Welfare Services)

Sustainability

- Community involvement, sponsorship, investment in local projects (Retail (E-commerce))
- More responsible business strategy (Listed Companies, Real Estate)
- Develop sustainable products and services (Culture, Sport and Recreation)
- Capitalise on opportunities and risks in the area of sustainability and climate (Wholesale)
- Devise policy to maintain sustainable growth (Transport & Logistics)
- Prioritise sustainable development (Construction Industry)
- Protect the environment (Hospitality)
- Become more sustainable (IT/Tech and Communication)
- Use recyclable materials and ensure effective hygiene measures (Financial Institutions)

Digitisation

- Boost digitisation of internal processes (Retail (Food & Agri))
- Achieve growth via new markets and digitisation of products (Financial Institutions)
- Digital services such as online business models (Wholesale)
- Digital process improvement such as AI or remote service (Retail (Food & Agri))
- Improve technical opportunities for digital traffic (Real Estate)
- Digitisation of products (Listed Companies, Financial Institutions)
- Technological development of products and services (Real Estate)
- Obtain the latest digital remote working technologies (Listed Companies, Wholesale)
- Boost digital construction (Listed Companies, Construction Industry)
- Improve digital processes (Retail (E-commerce))

General strategies

- Improvement of products and marketing via analysis of customer data (Financial Institutions)
- Data analysis must be done right (Listed Companies, Retail (E-commerce))
- Focus on research and development of new products (Real Estate)
- Offer 24/7 customer service (Listed Companies, Transport & Logistics)
- Ease customers' concerns (Real Estate)
- Treat staff honestly and equally (Transport & Logistics)
- Prioritise staff health and safety (Transport & Logistics)
- Ensure a better working environment for staff (Listed Companies, Health & Welfare Services)
- Improve the revenue model (Listed Companies, Construction Industry)
- Create an emergency plan for the next crisis (Construction Industry)
- Start thinking ahead again (Other Services (Interest Groups, Repair Services, Wellness, Funeral Services))
- Build up or increase reserves as a backup for possible future crises (Listed Companies, Financial Institutions)
- Reduce damage caused by viruses (Culture, Sport & Recreation)
- Make products and services affordable (Listed Companies, Transport & Logistics)
- Invest now and think long term (Consulting, Research and Other Business Services)
- Improve talent management within your company (Construction Industry)
- Focus on the M&A model (Construction Industry)
- Refine your online business model (Construction Industry)
- Expand sales channels (Financial Institutions)
- Improve products and market strategies (Listed Companies, Retail (Food & Agri))
- Offer the best services and discounts (Listed Companies, Wholesale)
- Cost-cutting is the most vital factor (Listed Companies, Financial Institutions)
- Increase staff participation (Financial Institutions)
- Tap into new markets (Health & Welfare Services)
- Pay attention to social distancing and hygiene (Listed Companies, Wholesale)
- Promote a healthy lifestyle (Utility Companies)

Q: What is the most important advice you would give to other companies to help them continue after the COVID-19 crisis?

Study background



Fieldwork

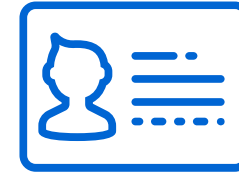
Fieldwork: May 2021

N=77



Sample size

- C-level executives (CEO, COO, CFO, etc.)
- At least partly responsible for strategic planning
- > €250 million in turnover
- Listed company? Yes (39), No (38)



Demographics

Gender:

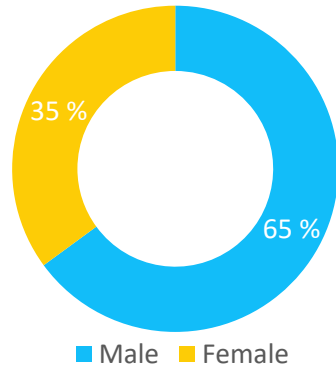
Male (50), Female (27)

Age:

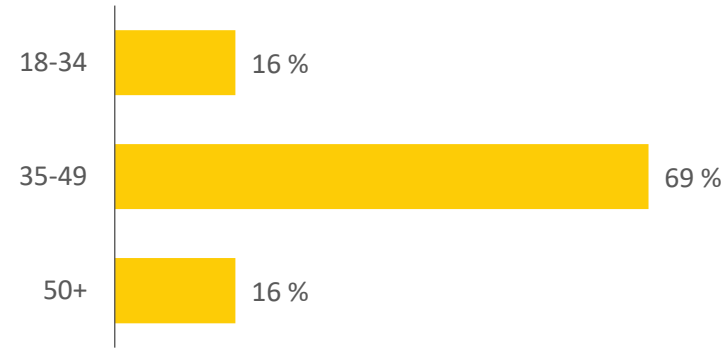
18-34 (12), 35-49 (53), 50-64 (12)

Demographics of C-level executives

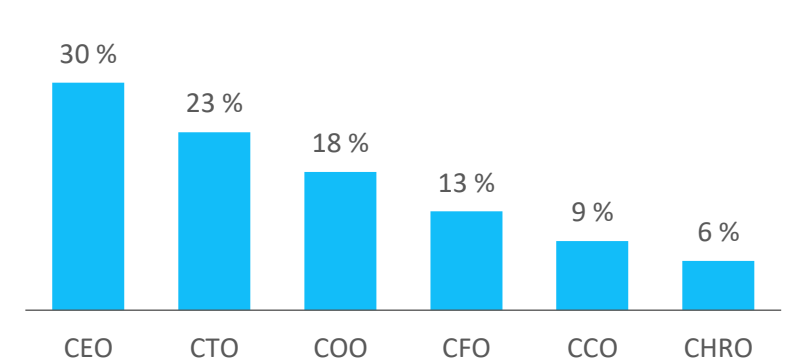
Gender



Age



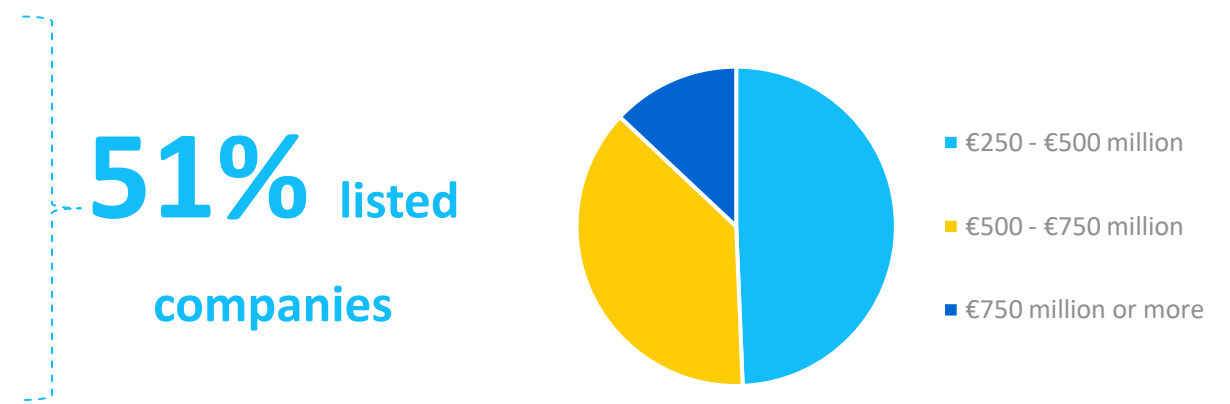
Position



Sector



Annual turnover



Q: What is your gender? | Q: What is your age? | Q: What is your position at the company? | Q: In which sector does your company operate? | Q: What is your company's estimated annual turnover? | Q: Is your company listed on the stock market?

Sector distribution

Sector	% (n=77)
Financial Institutions	18%
Construction Industry	12%
Transport & Logistics	10%
Wholesale	9%
Real Estate	9%
Health & Welfare Services	6%
Retail (Food & Agri)	5%
Utility Companies	5%
Culture, Sport & Recreation	4%
Retail (E-commerce)	4%

Sector	% (n=77)
Hospitality	4%
IT/Tech & Communication	4%
Retail (Non-Food)	3%
Education	3%
Consultancy & Research	1%
Public Administration & Government	1%
Other Services	1%
Industry	0%
Agriculture, Forestry & Fisheries	0%
Water & Waste Processing	0%

Q: In which sector does your company operate?