The CEO Imperative: Will bold strategies fuel market-leading growth? (PART 1)

ISAAC SARPONG: Isaac is the Partner in charge of Tax Services. He has over 26 years' experience in the provision of multi-faceted advice to both local and international clients in taxation, accountancy, audit & assurance, and corporate law, among others. Isaac is a Chartered Accountant, a Chartered Tax Practitioner and a Lawyer.

EY
Building a better working world

New realities, new strategies: leading CEOs look beyond short-term pressures to invest in long-term value creation in 2022.

In brief

- Leading CEOs are resetting their risk radar and reframing their investment strategy for growth in a new environment.
- M&A remains a critical strategic option to boost capabilities in technology, talent and innovation as well as ESG/sustainability strategies.
- Most CEOs have investor support, but a fifth (21%) face challenges to safeguard future growth plans with backers.

Many companies are now laser-focused on transformation – embracing the changes initiated or accelerated by the pandemic. Given the huge scale of investments in M&A and organic measures in 2021, it's clear that many companies are reshaping themselves to capture the upside of the economic rebound. Within this competitive context, CEOs not yet designing and delivering ambitious investment strategies for growth risk falling behind in the race to transform for a better future.

In this edition of the CEO Imperative Series, which provides critical answers and actions to help CEOs reframe the future of their organizations, we explore how CEOs are responding to the pandemic and the recovery and offer recommended actions to help them fuel market-leading growth in the year ahead.

CHAPTER 1

Managing new opportunities, mitigating new types of risk

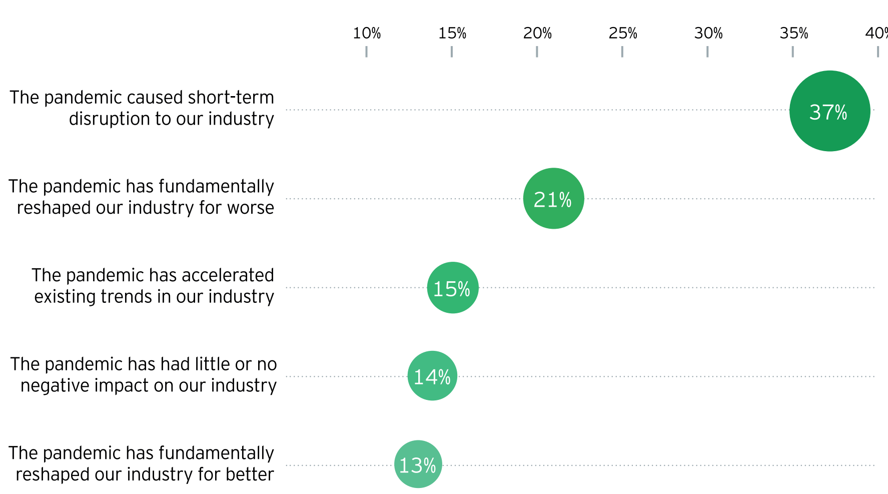
Many CEOs are responding to the impact of the pandemic, according to the EY CEO Survey 2022. The survey of 2,000 global CEOs unsurprisingly shows that the vast majority (86%) have been impacted by the pandemic.

In a reshaped landscape they are positioning for growth and anticipate significant upside opportunities. Early and bold choices on portfolio-transforming investments, particularly acquisitions and divestments, proved decisive in the wake of the global financial crisis. And risk-vs.-return history could be repeating itself for those with the right strategies.

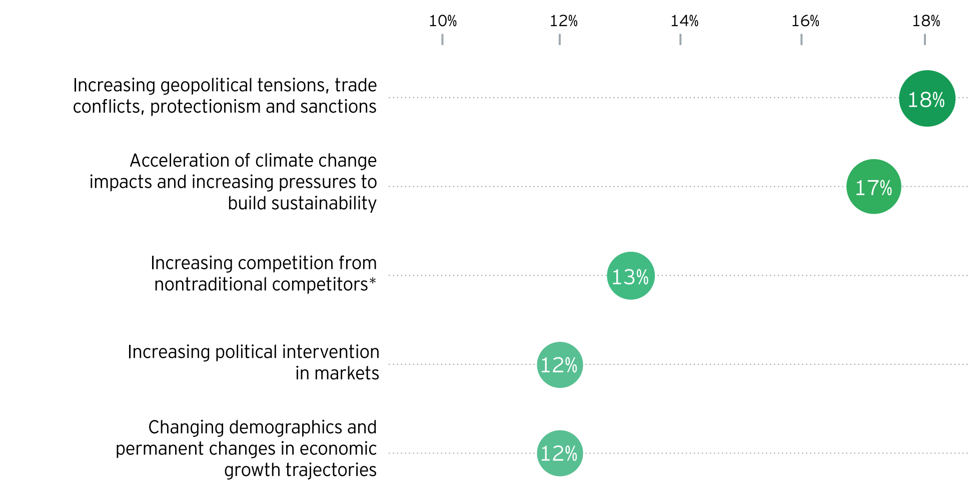
But there are potential downsides. Exogenous risks – geopolitical tension, political market interference and the climate emergency – are top CEO concerns. Risks they can better control, such as managing conflicting stakeholder demands and the cost of talent, come further down the list.

Geopolitical tension is shifting portfolio investments. Many CEOs are rethinking cross-border operations. Increasing neo-statism is redefining a global operating environment largely defined by competition and cooperation among the US, EU and China.

Which of the following statements most accurately reflects the impact of COVID-19 on your industry?



Which of the following issues are the most critical risks to your future growth strategy?

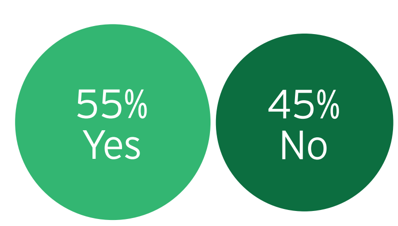


In this context, many CEOs are reconfiguring supply chains to reduce costs and minimize uncertainty. They are presiding over companies with the same products and services, but the way in which those are produced and delivered has completely changed. The pandemic has demonstrated how supply security can be a competitive advantage.

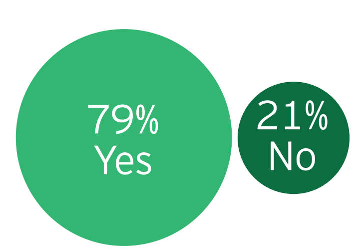
Companies are making these changes while adapting to an increasingly multipolar regulatory environment with complicated – and often conflicting – demands.

But this is not the end of globalization. Of those CEOs adjusting investment plans, nearly half (45%) have increased cross-border investments: there is no sign of domestic retrenchment – yet.

Are geopolitical challenges forcing you to adjust strategic investment?



Have you adjusted or are you planning to adjust your global operations or supply chains?



The respondents were allowed to select all the applicable responses. The percentages are prorated to 100%.

But the most immediate and increasingly international issue of concern is inflation, which has returned in a way that many of today's CEOs have not experienced.

There is no one cause of the input pricing issues being seen across all sectors. In the past two years, pandemic-related shutdowns have wreaked havoc on global supply chains. Labor and energy costs have risen, as have the costs of raw materials. Freight rates have jumped more than 400% from their 2019 levels.1 Add mounting warehousing costs and sales lost due to delays and it all adds up to an increased cost of doing business across the board.■

(CONTINUED IN NEXT EDITION)

LEADING AFTER THE PANDEMIC

Our purpose is building a better working world. It starts with better questions. The better the question. The better the answer. The better the world works. The EY Lens for Better cuts through complexities to reframe business and drive durable change for better. For access, please send an email to **isaac.sarpong@gh.ey.com** and copy in **kofi.akuoko@gh.ey.com**

About EY

EY is a global leader in assurance, tax, strategy and transaction and consultancy services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, clients and for our communites.

Find out more:
Address: 60 Rangoon Lane, Cantonments City, Accra.
P. O. Box KA16009, Airport, Accra, Ghana.
Telephone: +233 302 772001/772091
Email: info@gh.ey.com,
Website: ey.com