Executive summary

Welcome to KPMG’s 2019 Canadian CEO Outlook, our annual review of the opportunities, issues, and headwinds driving today’s C-suite leaders. We have gathered perspectives and opinions from CEOs across the country for a uniquely Canadian view of this important moment in time. We have also drawn insights from our subject matter experts to provide a fulsome look at how domestic organizations are bracing for the changes ahead and where they align with the world.

Interestingly, both Canadian and global CEOs told us the environment, territorialism and disruptive technologies were their top three concerns. For Canadian companies, lack of consensus on environmental issues weighs heavily given our disproportionate dependence on the resource sector. And while nearly a third of our GDP is tied to exports, growing trade differences with and between Canada’s two largest trade partners raises concerns about the ongoing health of our economy. While our leaders are carefully watching how these national and geopolitical issues pan out, they are putting their focus on technology.

To that end, transformation and disruption have been recurring themes in our past CEO Outlooks. This year is no exception. CEOs within every industry are acutely aware of the new technologies, competitors, and workforce trends at their doorstep, and many are making agility and innovation their priority. Canadian CEOs are no different, although their current strategies and concerns reveal room to grow before they can lead their international peers.
A few interesting soundbites from the 2019 Canadian CEO Outlook:

**The ‘I’ word**
- **Suddenly less eager to innovate.** Only 69 percent of Canadian CEOs want to be disruptors in their market, compared to 96 percent just one year earlier.
- **Bolder than their peers.** Seventy-three percent are confident in their ability to react to disruption (Global 69 percent), and 45 percent are assured in their ability to scale up quickly (Global 32 percent).
- **Caution or complacency?** While 75 percent of Canadian CEOs want to empower a workforce culture of innovation without fear of failure, they are somewhat more reluctant to innovate than their global counterparts (Global 84 percent).

**Cyber (in)security**
- **‘When’ not ‘if’.** Fifty-four percent of Canadian leaders view cyber security as a significant risk, compared to only 7 percent in 2018, while the majority believe an attack is only a matter of time.
- **Less prepared for an attack.** Despite rising anxieties, only 59 percent of Canadian organizations feel ‘well prepared’ for a cyber attack (Global 68 percent).
- **Lagging in cyber awareness.** A majority of Canadian CEOs (64 percent) view information security as a strategic function and source of competitive advantage, but not at the rate of their Global counterparts (77 percent).

**The hybrid workforce**
- **Feeling the talent crunch.** Most Canadian organizations (63 percent) say their inability to find the workers they need is negatively impacting growth.

**A call to arms**
- **Partners in an uncertain time.** Economic and political uncertainties have driven a third of Canadian CEOs to pursue strategic alliances with third parties as their top growth strategy (up 14 percent from 2018) over mergers and acquisitions, joint ventures, and organic growth.
- **Selective alliances.** Canadian CEOs are more interested in quality over quantity when it comes to forging new partnerships (60 percent vs. Global 71 percent).
- **There are no guarantees.** A majority of Canadian leaders (60 percent) admit they had to reconsider promising third-party partnerships because they did not align with their goals or culture.

**The agile CEO**
- **No time for complacency.** Three-quarters of Canadian CEOs agree there is a higher need to ‘act with agility’, an increase of 14 percent over 2018.
- **Short-term goals for future gains.** With a shorter average tenure than Global CEOs, Canadian leaders are most interested in delivering short-term growth to fuel longer-term objectives (25 percent).

- **Leaving more than a name.** Canadian CEOs are less concerned about leaving a personal legacy than their Global peers, with only 55 percent actively working to ensure their personal vision is realized after their tenure, compared to 79 percent of their Global counterparts.

**Making the connections**
2019’s Canadian CEO Outlook reveals a country of big thinkers and even bigger ambitions. It also indicates that Canadian organizations are at different stages in their journey than their global peers. Chalk it up to less experience with new technologies or the cautious ‘Canadian way,’ but Canada has been slow to catch up to the new digital ‘normal.’ We are on our way, but now is no time to put our investments, workforce initiatives, and innovative strategies on cruise control.

Our thanks go to all the CEOs who gave their time and spoke so candidly about the issues they face in their roles.

Now join us as we dive deeper into the key themes from this year’s report and touch on some of the biggest issues impacting Canadian businesses.

We welcome the opportunity to discuss how your business can gain from these insights.

And when you are ready to get started, so are we.

**Let’s do this.**
INNOVATION DISCONNECT

- 27% decrease in desire to actively disrupt their sector
  - 69% 2019
  - 56% 2018

- 75% want their employees to innovate without fear of failure
  - 78% 2019
  - 66% 2018

WORKFORCE 4.0

- 25% increase in perceived data scientist effectiveness
  - 38% 2018
  - 63% 2019

- 17% increase in perceived emerging technology specialist effectiveness
  - 3% 2019
  - 56% 2018

- 13% increase in belief that AI/robotics will create more jobs than they eliminate
  - 78% 2019
  - 66% 2018

BUILDING AN ALLIANCE ECOSYSTEM

- 14% increase in strategic alliances as top growth strategy
  - Alliances
    - 32% 2019
    - 18% 2018

- 11% decrease in M&A
  - M&A
    - 15% 2019
    - 26% 2018

A NEW PLAYBOOK ON AGILITY

- 73% see a higher need to act with agility considering their short tenure

CYBER (IN)SECURITY

- 10% increase in certainty of cyber-attacks
  - 60% 2018
  - 50% 2019

- 47% increase in viewing cyber as a significant cause for concern
  - 54% 2019
  - 7% 2018