

# A glimpse into the mind of your CEO:

## KPMG New Zealand survey



KPMG CEO, Godfrey Boyce

### *What's on the mind of your CEO? And how does their thinking compare to their global counterparts?*

Results from a recent KPMG survey show that New Zealand CEOs are leading the way in several respects. They are more confident about their company's growth prospects over the next three years. They're more open to new influences and collaborations than at any other point in

their career. And they feel a greater sense of responsibility towards their customers than do their international peers.

KPMG's Chief Executive, Godfrey Boyce, reflects below on some of the survey findings; as well as providing some take-out messages for boards and directors.

The inaugural 2017 KPMG New Zealand CEO Outlook Survey is drawn from a global KPMG survey of more than 2,000 CEOs across 52 countries. Of these CEOs, 51 were from New Zealand.

### **96% of New Zealand CEOs are confident about their growth prospects over the next 3 years. (cfd 83% of global CEOs)**

"This is a very encouraging metric – it shows our organisations have strong levels of optimism and appetite for future opportunities. Given the geo-political upheaval they've witnessed in the past year, we couldn't blame them for feeling a little uncertain. The global survey showed that confidence had declined in the ASPAC region,

so Kiwi CEOs are bucking the trend in our part of the world. New Zealand is a growth environment; so we're fundamentally starting from a better place. I also think it's a function of size. In a country like ours, where there's less optimisation of volume at the expense of margin, it's a little easier to step up and try new things."

**The governance take-out:** "I think our Boards should be applauded for supporting our CEOs to have this proactive, searching mindset. We can contrast this with some cultures where failure only has one result – and that's resignation or forced departure. Culturally, we don't have the big disincentives around failure that make us unduly risk-averse."

### **98% of New Zealand CEOs agree that they're more open to new influences and collaborations than at any other point in their career. (cfd 70% of global CEOs)**

"This is definitely reflected in our own journey at KPMG over the past three years. We've become more open to new technologies and ways of doing business, collaborative alliances and investment in



new growth initiatives. We're first to admit that we've tried some things that haven't worked. But we learn from those, and it only helps to refine and improve our game-plan. What's more important is that we've definitely stayed the course in terms of our over-arching strategy for growth – which is to understand the markets in front of us, and deliver on what those markets want. And that's seen us grow revenue year-on-year and increase our headcount by 20%."

The governance take-out: "Being open to new ideas is not about chasing the latest shiny bauble. The role of the Board is to hold a steady course against the strategy and make sure each new opportunity is judiciously assessed. That means being very clear around three things before stepping into a new investment – what is the benchmark return? How will return be measured post-investment? And what is the timeframe for meeting the threshold?"

**100% of NZ CEOs feel an increase in responsibility to represent the best interests of the customer. (cfd 70% of global CEOs)**

"It's heartening to see Kiwi CEOs so committed to their customers. A business is truly customer-centric when their strategic focus and business metrics are all about

getting the right answer for the customer. As an overall ethos, that is hugely powerful.

"However the survey also found that a lack of quality data is a problem in New Zealand...and it's hindering the depth of customer insights our organisations can obtain. So there's a bit of a disconnect there – we passionately want to understand our customers better, but we don't necessarily have the tools to do so."

**The governance take-out:** "Considering all board decisions through a customer-centric lens will support the CEO in this approach. Secondly, looking at ways to improve your quality of data should be a key consideration at governance level."

**98% of New Zealand CEOs agree that they correlate being a more empathetic organisation with higher earnings." (cfd 72% of global CEOs)**

"Again, it's great to see our CEOs are ahead of the curve in recognising this. To put it bluntly, a business that tries to operate behind closed doors will no longer be sustainable long-term. So what does it mean to be an empathetic organisation? It's about having clear ethical values and

living up to the promises – both explicit and implicit – that you make to your teams, stakeholders and customers.

"We all remember the Gold Coast theme park tragedy, and the awful way the company responded in the immediate aftermath. That set a course that made it almost impossible for them to come back in terms of trust, with both their customers and the wider public. Being able to respond to failure – and respond in a way that shows you care about the impact on others – is fundamentally important."

**The governance take-out:** "Building trust is all about tone from the top. When the board is seen to live and breathe the company's values and never compromise them when under pressure; that will permeate right through the organisation."

#### LIKE TO KNOW MORE?

You can download a copy of the 2017 KPMG New Zealand CEO Outlook Survey report, as well as the 2017 KPMG Global CEO Outlook Survey report from [kpmg.com/nz](http://kpmg.com/nz). We are also happy to share further insights – including benchmarked data by industry sector – with interested parties. Please feel free to contact us via our website.