



2020 CEO Outlook Brazil: Special Covid-19 edition

**Executive Summary:
Main conclusions**

KPMG in Brazil

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Strategies to overcome the crisis

2020 was an unusual year. Marked by the Covid-19 crisis, the pandemic that started in the first quarter of 2020 forced people worldwide to follow health care rules that, among other things, imposed social distancing on most people. Locked down in their homes for periods that varied from country to country, in different parts of the world, all members of society saw in digitalization an alternative to relieve the pressure caused by the sudden changes in the life routines they were all used to.

This fact alone, of major proportions and consequences, could have completely foiled corporate expectations. Actually, the global economy has been severely affected by the pandemic, but organizations have been able to face the challenges posed to them over the lockdown period. Despite some expected differences, particularly because of the unstable political and economic situation in Brazil – and because of uncertainties that, at different levels, have had an impact

on the other countries covered by the survey–, the main conclusions of the 2020 CEO Outlook, which are described below, confirm our hypothesis that global leaders continue to do business safely by relying on their experience and on robust corporate strategies.

Covid Pulse Survey

- The new corona virus crisis has spread worldwide in a manner never seen in the current century before, and has affected directly or indirectly 60% of Brazilians and 39% of the global population.
- The pandemic has boosted the pace of transformation in organizations. Living under lockdown restrictions in all countries, people saw in the digital world a way to communicate with family members, have access to entertainment options and work remotely from their offices. So much so that for 40% of Brazilian CEOs and 50% of global CEOs digitalization and the creation of the next generation of operating models have accelerated in a couple of months.
- Service improvements have been necessary even for those who used digital platforms for their operations, so as to offer an even more satisfactory experience to consumers and service users. This reflects on numbers: 67% of Brazilian CEOs and 75% of global CEOs have speeded up improvements in their platforms.
- Before the health crisis, technology investment was already a priority and such demand has been confirmed for 53% of Brazilian CEOs and 67% of global CEOs who intend to focus more on this strategy from now on.
- Distance working has turned out to be an efficient resource that can improve communication between teams and reveal new talents who used to go unnoticed by their direct bosses. For that reason, no less than 100% of Brazilian CEOs and 69% of global CEOs think about reducing the physical space of their offices.



Brazil 2019 x 2020

- The health crisis is not the only one affecting economies worldwide. Since mid 2014 Brazil's domestic scenario has been impacted by political and economic disruption. Despite that, leaders remained optimistic and expected growth in a range of segments over the following three years, although at percentages lower than those reported in 2019 and 2020. Although confidence remains at a high level, results show a slightly different reality: in 2019, more than half (74%) of companies reported increased revenues, while in 2020 only 58% of them did that.
- Considering the trend in the global scenario of countries to close their economies, this threat to business expansion is one of the fears of leaders. In Brazil, 10% pointed out this risk in 2019 and now they are 20%; but
- CEOs also fear emerging technologies, threats to cyber security and climate change, at percentages very close to that.
- Organizations continue to be actively disruptive in the segments where they operate, according to 70% of respondents (the same rate as that reported in the previous year), given that 100% view technological disruption as an opportunity to gain market share.
- However, the number of CEOs who considered that resources like artificial intelligence and robotics would create more jobs instead of eliminating them fell by 10 percentage points in the twelve-month period. The number of respondents who stated that they encouraged their employees to innovate also decreased (74% in 2019 and 68% in 2020).

Brazil x Global

- According to the survey, the leaders of the countries that make up the Global group were also optimistic when they answered the questions. They were confident that their country's economies would expand over the next three years (77%, against 82% in Brazil), as well as the global economy (74% and 64% in Brazil), their business segments (82%, against 76% in Brazil) and their companies (85% and 92% in Brazil).
- Pursuing innovation, the companies of the two groups are well placed to strive for disruption. Both Brazilian CEOs (78%) and the global CEOs (76%) tend to take the lead in the search for disruption in the segments where they operate, without waiting for competitors to do it first. Investments are abundant, given that 88% of Brazilians CEOs and 69% of the members of the Global group of CEOs stated that they have an aggressive strategy to that end.
- Issues like brand protection, ethical conduct and social and environmental responsibility remain the focus of companies. In order to build and protect the reputation of organizations, 26% of Brazilian CEOs and 28% of Global CEOs consider that the most important factor is to commit organizations to a corporate purpose attractive to all stakeholders. For 80% in both groups ESG management will be of utmost importance for boosting long-term growth. Moreover, factors such as social inequalities and climate change pose a real threat to their companies' growth, according to 82% of Brazilian CEOs and 62% of the members of the Global group of CEOs.

Brazil x South America

- As seen above, Brazil remains optimistic about the expansion expected over the next three years. The other countries in South America do not think in a much different manner: 60% of respondents are confident that their domestic economies will grow, 55% are confident that the global economy will grow, 71% are confident that their business segments will grow; and 73% are confident that their companies will grow.
- Like the countries of other economic blocks, Brazil and the other South American countries are alert to the shifts in emerging markets in their search for geographical expansion over the next three years: 56% of Brazilian CEOs and 61% of South American CEOs are expected to invest in these places to expand their operations.
- Regarding social and environmental responsibility, particularly the risk of climate change, 57% of Brazilian CEOs and 74% of South American CEOs declared that adopting efficient measures that can mitigate the harmful effects of climate change on future generations is moderately urgent.
- As for technological innovation, Brazilian CEOs have a slightly higher level of disruptive approach: 78% of them say they adopt this strategy, against 67% of South American CEOs.
- 80% of Brazilian CEOs and 70% of South American CEOs naturally expect that chief officers play a leadership role and boost social change. In order to implement a culture of integrity and ethics in their organizations, 70% of Brazilian CEOs and 69% of South American CEOs consider that they should reinforce this proposed behavior in their daily work.



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