The Winter 2022 installment of the Fortune/Deloitte CEO Survey finds that CEOs are ready for more growth amidst continued uncertainty.

**Maybe 2022 will be better?**

Last January, CEOs described 2021 as the year of hope. One year later and looking back on their lived experience, many CEOs describe 2021 as “challenging.” Nearly 60% of CEOs are delivering one-word sentiments that put 2021 in a distinctly negative light: in addition to “challenging,” they found the year “chaotic,” “exhausting,” “long,” “unpredictable,” and “volatile.”

But with the start of a new year, similar to the start of 2021, more than two thirds of CEOs appear determined to see sunshine on the horizon. Asked to describe 2022 in one word, a significant number of CEOs are offering less “hope” (as they did last January), but “hopeful”—in addition to “opportunity,” “optimistic,” and “recovery.”

The number of CEOs who write “hopeful” is almost exactly counterbalanced by the number of CEOs who write “uncertain,” a decidedly less sunny sentiment. Both are likely to pervade the weeks and months ahead.

In the latest Fortune/Deloitte CEO Survey, fielded January 4-12, 2022, 175 leading CEOs representing more than 15 industries share a perspective on what is both hopeful and uncertain about the next 12 months—covering growth rates to inflation rates, supply chain challenges to talent challenges, and more.

Notwithstanding the challenging societal circumstances at this moment presented by the Omicron surge, CEOs remain optimistic about the business environment and see strong growth opportunities over the next year. A new normal appears to be setting in whereby business leaders simply expect new challenges to arise continuously, and are confident they can manage through them to achieve positive business results while making a real difference in society.

— Joe Ucuzoglu, Chief Executive Officer, Deloitte US
The next 12 months: Déjà vu?

The timing of our most recent Fortune/Deloitte CEO Survey editions coincided with the rise of two COVID-19 variants: Delta in September 2021, and now Omicron. Even with the Omicron variant top of mind, CEO expectations are remarkably unchanged from four months ago—lending credence to our observation in the Fall 2021 survey that CEOs appear confident that their organizations already adjusted and adapted to a “new normal” marked by the enduring uncertainty of COVID-19. One CEO even describes 2022 in the current survey as “déjà vu.”

In June 2021, when an end to the pandemic seemed within sight for some geographies, a slim majority of CEOs said pandemic business effects would largely be over by the end of 2021, and slightly less than half said they would not. With the Delta variant at the top of the news cycle in September 2021, only 11% said by the end of 2021, 23% said by mid-2022, 35% said by the end of 2022, and nearly a third of surveyed CEOs did not see business effects ending in the “foreseeable future.”

Even with the Omicron variant top of mind now, CEO expectations are not so different from four months ago. Similar to predictions they made in September, 8% of CEOs say that the business effects of the pandemic are already over for their organization, and just under a third say they will not be over in the “foreseeable future.” About 20% say by mid-2022, and 40% say by the end of 2022.

Expectations for growth are practically identical to previous survey results, with almost two-thirds of CEOs indicating they expect their organization’s growth to be “very strong” or “strong” over the next 12 months (same in September 2021). The remaining third indicate “modest” growth (same in September 2021), and a fractional 2% expect “weak” growth (same in September 2021). The only adjustment? A redistribution of about 10% of responses from “very strong” to “strong.”

CEO responses reflect differences in their outlook on the global economy, generally, versus their own industry or company performance over the next 12 months. Nearly half of CEOs indicate they are “neutral” in their outlook when it comes to the global economy, 40% say they are “optimistic,” and 12% say they are “pessimistic.” In contrast, nearly 80% indicate they are either “optimistic” or “very optimistic” about their industry performance, and more than 90% say the same about their company performance—with a third of CEOs saying they are “very optimistic” about their company performance.

What external issues do CEOs expect to influence or disrupt their business strategy within the next 12 months? While the pandemic is still in the top three across all industries, the proportion of CEOs who name it one of their top three has fallen significantly from more than 70% in Fall 2021 to 56%. Relatively unchanged is the even greater percentage of CEOs, 71%, who select labor/skills shortage. In third place, supply chain disruption was noted as a top-three external issue for 46%.

In September 2021, only 13% of all surveyed CEOs named financial/market instability in their top three issues. Today, that number has nearly tripled to 36%—possibly due to the timely addition of “inflation” to that response option. In fact, it’s the top-ranked issue for CEOs in financial services (62%) and within the top three for CEOs in professional services (50%).

Inflation remains stubbornly high, a result of surging demand and restricted supply. Prices in November rose at their fastest rate in almost 40 years and were 6.8 percent higher than one year earlier. In the US, inflation rose 7% in 2021 to the highest rate since 1982. Asked specifically for a prediction about the inflation rate over the next 12 months, CEO predictions vary widely across both geography and industry, with strongest consensus tending to be in the 4% to 5% range. More than a third of US-based CEOs appear to be placing their bet on 4% to 5%, with about a quarter saying between 3% and 4% and about a fifth saying 5% to 6%. Outside of the US, CEO expectations, as reported, are more evenly distributed between 2% and 6%.

Taking a close look at top CEO challenges: Talent still top of mind

When CEOs were first asked in June 2021 about the biggest challenge they faced, a quarter of the responses pointed to talent-related issues. Asked the same question four months later, alignment was even stronger, with nearly half of all responses referring to talent. That emphasis continues today, with half of CEOs still referring to talent and workforce in their responses: for example, “fighting COVID fatigue with team members,” “finding/keeping the best people,” and “responding to new work paradigms.”
A notable cluster of CEOs also name challenges that relate to the ongoing uncertainty and unpredictability of the external environment. As one CEO puts it, “The constant but ever-changing external challenges the business is confronted with.”

**Nearly universal supply chain challenges**

In the January 2021 survey, 33% of CEOs indicated that their supply chain needed to be redesigned as a result of the pandemic. Since then, supply chain has clearly risen in importance for CEOs. Virtually all surveyed CEOs indicate they intend to take some set of supply chain-related actions over the next 12 months, and some even name it as the biggest challenge they are facing in their role today.

When asked what supply chain challenges their organization has experienced, more than three quarters of CEOs say they’ve experienced labor shortages, and more than half note production and/or logistics delays. About 40% of CEOs say they’ve experienced input/raw materials shortages and reduced logistics capacity, and 20% have experienced reduced manufacturing capacity.

Notably, only 8% indicate they have had issues with maintaining quality standards.

How have supply chain disruptions affected their organizations? CEOs seem aligned around their top three: nearly 80% of CEOs point to higher costs of doing business and margin impacts, 58% point to longer fulfillment cycles, and 45% say revenue losses/customer service issues. Not surprisingly, CEOs in the Consumer Products and Retail industry indicate higher levels of disruption than some of their peers: 96% say their organizations have experienced higher costs of doing business and margin impacts, 88% say longer fulfillment cycles, and 71% say revenue losses/customer service issues.

Only 8% of all surveyed CEOs say they’ve had any customer attrition, and 4% comment that they have had no supply chain disruptions at all.

When asked what supply chain-related actions they plan to take within the next 12 months, more than half of CEOs indicate that they plan to change their pricing/profit model (e.g., higher prices), likely in response to higher costs and margin impacts. A nearly equal proportion indicate they plan to expand their supply chain ecosystem with more partners. Only 47% of surveyed CEOs say they intend to expand sustainability and climate-change initiatives (e.g., green energy). About 37% say they plan to update/change their logistics network and modes, and 20% or less plan to change the product portfolio and roadmap, act on vertical integration/acquisitions, or update/re-shore production locations.

**Issues of trust**

In a multistakeholder environment, trust is the foundation of a meaningful relationship between an organization and its stakeholders at both the individual and institutional levels. Our final survey question asked CEOs to select the top three areas where they feel their organization has issues with lack of trust. In response, a number of CEOs comment that there are no areas with issues, but the majority of responses show that CEOs see issues across all areas—ranging from product quality to leadership/executive team to ESG (environmental, social, and governance).
Notably, the two areas with the most consensus are diversity, equity, and inclusion (41% of CEOs) and employee experience (30%). We plan to revisit these two topics in the Summer 2022 survey edition to check in on evolving CEO perspectives.

**The importance of the leadership team**

As CEOs navigate the on-going complexity and uncertainty in both their external and internal environments, how do they lean on their leadership team? We asked CEOs to rank order a number of roles in order of importance to their personal success, as CEO. Two-thirds of surveyed CEOs rank the chief financial officer as most important, and 55% rank business unit/regional leaders as most important, with the chief operations officer and the chief talent/HR officer not far behind. CEOs outside of the United States rank business unit/regional leaders above the chief financial officer. Compared to their US-based counterparts, non-US CEOs also appear to rank the chief talent/HR officer, board directors, the chief strategy officer, and the chief legal counsel higher in importance, and the chief operations officer and the chief information/technology officer lower in importance.

View key highlights from the survey

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1 Deloitte January Economic Report
2 US Inflation Calculator, “U.S. inflation rises 7% in 2021, marking highest rate since 1982,” January 12, 2022