



Winter 2023 Fortune/Deloitte CEO Survey

For the third year, CEOs are starting the new year on a positive note

However, a more nuanced observation of their responses suggests that this current optimism may not just be because of the season.

Key takeaways

1. CEO optimism is on the upswing, and pessimism is down, surpassing June 2022 levels—this may suggest CEOs did not anticipate or fully account for evolving market events that have transpired over the past month.
2. CEOs are prioritizing core business transformation and new product and market innovation with a recognition there will be a strong dependence upon acquiring the right talent and digital maturity.
3. CEOs appear to be taking a pragmatic approach with AI. While they recognize the compelling need to invest in and more deeply understand AI, their organizations may not be fully prepared to take advantage of more emerging applications like generative AI.

Déjà vu or are better days ahead?

When comparing the findings from the most recent February 2023 Fortune/Deloitte CEO survey with prior survey findings, a distinct pattern emerges regarding CEO outlook and expectations for the year ahead. Despite exiting what they deemed a challenging year, CEOs once again expressed positive sentiments for the year ahead.

Upon initial review, we wondered: are we noticing a momentary 'beginning of the new year' attempt to shake the past year's challenges? Or are things actually on a more enduring upswing? After digging deeper into the survey findings—for which 149 leading CEOs shared their predictions, perspectives, and planned approaches for addressing current challenges—we came to believe that CEOs may indeed be seeing an upturn ahead. It is worth noting that the survey was fielded before the current set of issues facing the financial markets occurred.

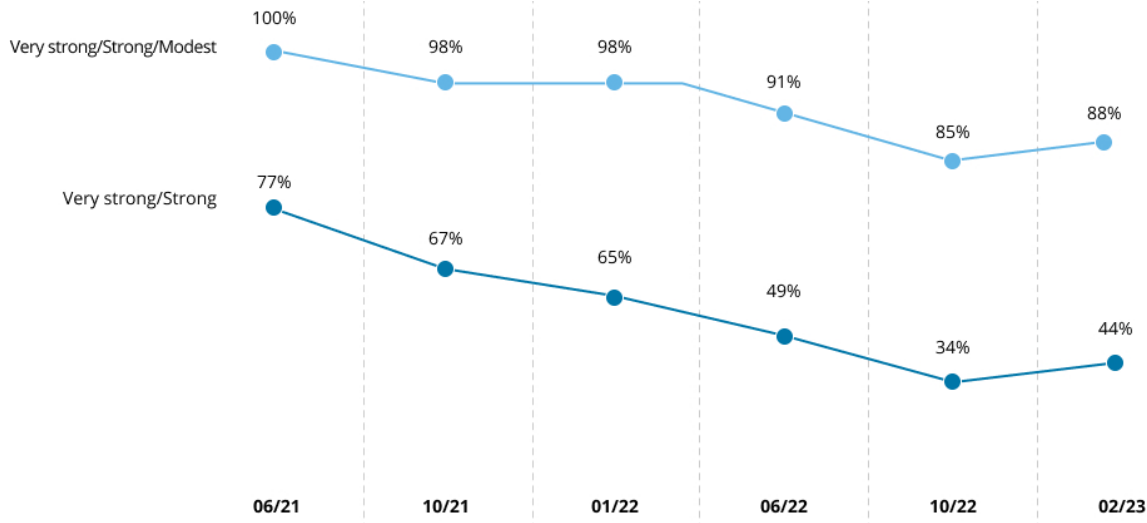
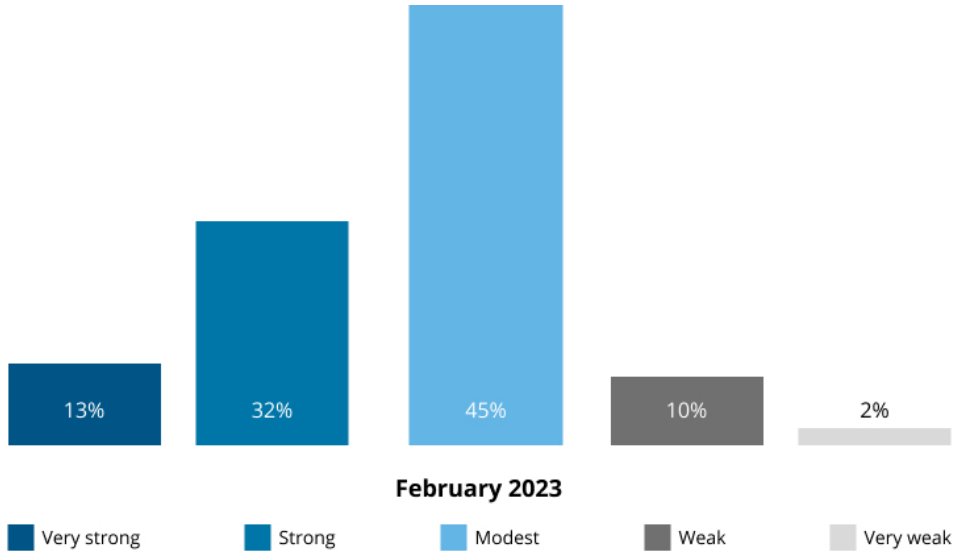
After what many CEOs agree was another year of disruption and complex challenges, it's incredibly promising to see increasing optimism among CEOs for the year ahead and the expectation that their organizations will continue to grow. While inflation and an uncertain economy are certainly on the minds of CEOs, they appear undeterred from prioritizing investments in key areas like core business transformation, talent, and market innovation that may help drive long-term growth.

– Jason Girzadas, CEO Elect, Deloitte US

Entering the new year, growth expectations and optimism are on the upswing

While not up to the same levels from a year ago (65%) or Summer of 2022 (49%), heading into the new year, CEO growth expectations for their own organizations have ticked up from Fall of 2022, with 45% expecting strong or very strong growth (as compared with 34% in Fall 2022). Factoring in modest growth expectations, this proportion increases to 88% (up from 85% in Fall 2022).

Over the next 12 months, I expect my organization's growth to be:



Factoring modest expectations in, this growth expectation raises to 88% (up from 85% in Fall 2022)

Along the same lines, personal optimism is on the upswing (Own company: 81%; Industry: 46%, and Global economy: 12%) and pessimism is down (Own company: 5%; Industry: 12%; and Global economy: 37%), surpassing not just Fall, but also Summer 2022 levels, perhaps suggesting that optimism may have bottomed out, and pessimism peaked in Fall of 2022.

Navigating inflationary pressures and a more challenging economic environment.

- CEO Survey respondent (when asked about the biggest challenge they face)

Balancing growth objectives with market and economic reality.

- CEO Survey respondent (when asked about the biggest challenge they face)



Inflation remains the top disruptor, but is predicted to decrease by mid year

Consistent with prior findings, the top three disruptors were inflation (61%), geopolitical instability (51%), and labor/skills shortages (48%). While inflation remains the top disruptor, the proportion indicating this (61%) is down substantially from Fall 2022 (74%) and Summer 2022 (82%). Moreover, CEOs predict that the current inflation rate will continue to decrease reaching a 5% annual rate by mid-year. This will be accompanied, according to their predictions, with an increase in the Federal funds interest rate to about 5% by mid-year. While there was a significant uptick in concerns around financial/market instability (44%) from Fall 2022 (34%), CEOs may not have fully anticipated or accounted for the evolving market events that have transpired over the past month.

Navigating the macro.

- CEO Survey respondent (when asked about the biggest challenge they face)

Balancing short-term demands of investors with long-term value.

- CEO Survey respondent (when asked about the biggest challenge they face)

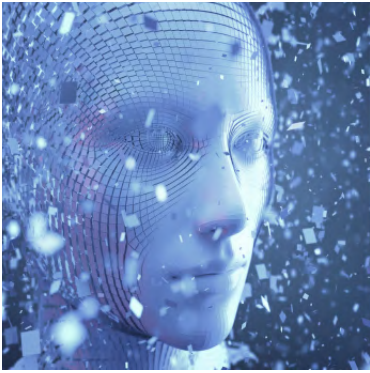
The Ambidextrous CEO: Simultaneously focusing on the present and the future

CEOs are also almost evenly split in their desire to increase time spent on long term threats and need to focus on short-term economic considerations (e.g., financial performance). Specifically, while investment areas and priorities are many, over two thirds of CEOs ranked core business transformation (67%) and talent acquisition (67%) within their top three priority investment areas and well over half (62%) included new market innovations as one of their top three priority investment areas. This suggests a commitment toward balancing both immediate issues (like labor shortages), with continuous disruption and volatility. As a result, CEOs continue to pursue longer-term strategic goals, by investing in business transformation and innovation, while not sacrificing focus on the short-term.



Time to focus on the strategic vision of the company as I am bogged down by tactical needs and people planning/support issues.

- CEO Survey respondent (when asked about the biggest challenge they face)



Even when investing in advanced technology, CEOs seem to maintain a pragmatic mindset

CEOs recognize the compelling need to invest in and more deeply understand AI and how it is going to affect the business model of their organization. As evidence, our Fall 2022 CEO survey uncovered that 91% plan to invest to some degree in AI over the next 12 months. This indicates a clear commitment to AI technology. Our most recent findings suggest most CEOs are taking a pragmatic approach. Specifically, the majority of CEOs appear to be focused on the foundational aspects of AI technology with most viewing it as a platform for advanced predictive analytics (85%), sophisticated data analysis (80%), and, to a somewhat lesser degree, recommendation engines (52%). Those focusing on the more emerging applications of AI remain the exception as less than half (39%) currently view AI as a platform for generative AI and only a fourth (27%) envision AI as a platform for autonomous decision making. Similarly, CEOs also recognize the implementation difficulties of moving into the future with AI. When asked about the barriers to creating business value with AI, over half mentioned identifying the right use cases (55%), data challenges (51%), and organizational digital maturity/technical capabilities (51%). Only 5% see a barrier to creating business value with AI being that of lacking a clear vision (“an inspiring leader”). These findings further suggest that CEOs may not be fully prepared to take advantage of more emerging applications like generative AI and Large Language Models (LLM) due to a lack of the right use cases, data, and talent.

The realistic CEO: Collaborating on broad societal issues, while directly tackling matters within their control

Recognizing that for some issues—particularly broader concerns—the whole may be greater than the sum of the parts, the vast majority of CEOs (85% - 93%) indicate that collaboration vs. competition will be the best course of action for addressing ESG (Environmental, Social, and Governance), institutional trust, cybersecurity risks, and ethical technology issues. However, this by no means suggests today’s CEOs have lost their competitive spirit or willingness to solve complex problems. As evidence, when it comes to the development of advanced technologies (e.g., AI, quantum, blockchain, metaverse, etc.), CEOs are split as to whether collaboration (54%) or competition (46%) will be the best course of action. Along the same lines, when asked what they viewed to be the biggest challenge, once again, talent issues, such as acquisition, retention, alignment, and development were mentioned most. Perhaps this unseating of inflation and geopolitical instability suggests that when it comes to what is challenging, today’s CEOs are focusing more on what is in their control and taking action to address those issues. If we look at the broader context of their responses, we see active words such as ‘navigate,’ ‘balance,’ and ‘control.’ These verb choices not only reinforce the notion that CEOs are dealing with competing forces, but also suggest today’s CEOs’ desire and intent to actively take on these competing forces—rather than let circumstances run their course.



Navigating through a very uncertain economic future.

– CEO Survey respondent (when asked about the biggest challenge they face)

The talent equation – absolutely critical for our growth and execution going forward.

– CEO Survey respondent (when asked about the biggest challenge they face)

Similar but different: Gaining energy from challenges and moving from hope to optimism

Once again, we asked CEOs to describe the year behind and year ahead in one word. Upon first glance, CEOs repeatedly characterize the year behind as challenging, while again deeming the new year optimistic. This may suggest that CEOs, by their nature, tend to be optimistic in order to lead their organizations through challenges they fully expect will come in the year ahead. However, when digging deeper, we observe that the other words chosen to describe the year behind in prior surveys had a much weightier undertone, such as sad, tough, and difficult (Figures 1 and 2). The words emerging in this recent survey’s lookback suggest that while the past year may have once again been challenging, it also was transformational, strong, and resilient (figure 3). Thus, rather than wearing the CEOs down, these challenges may be propelling them forward. Similarly, in terms of the year ahead (figures 4, 5, 6), it appears that hopeful, a positive feeling, has been unseated by optimism, an expectation for a positive outcome.

Figure 1: Year behind (2020)²



Figure 2: Year behind (2021)³



Figure 3: Year behind (2022)⁴



Figure 4: Year ahead (2021)⁵



Figure 5: Year ahead (2022)⁶



Figure 6: Year ahead (2023)⁴



On a semantic level, this change in language suggests that CEOs have shifted their mindset from “hopeful” to “optimistic” representing a much more positive outlook for the future. CEOs will undoubtedly continue to be faced with several opposing forces they’ll need to navigate. However, they will likely continue to use these challenges as a source of energy for themselves and their organizations and as motivation to continue to learn, grow, reimagine, and propel themselves forward.

Continually identifying further ways to add value to our customers and stakeholders vs. our competition.

- CEO Survey respondent (when asked about the biggest challenge they face)

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1. [Ambidextrous leadership and the CEO | Deloitte Insights](#)
2. [Winter 2021 Fortune/Deloitte CEO Survey](#)
3. [Winter 2022 Fortune/Deloitte CEO Survey](#)
4. [Winter 2023 Fortune/Deloitte CEO Survey](#)
5. [Winter 2021 Fortune/Deloitte CEO Survey](#)
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