

**Business** *Spectator*

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# CEO *pulse*

Number 08  
September 2010



## Views from the top ...

**Australia's leading  
chief executives on:**

- Economic outlook
- Shortage of specific skill sets
- What keeps them awake at night
- Outlook for their organisation
- What they'd tell Bob Brown

**GA** RESEARCH

**Highlights from the CEOs surveyed this month:****CEOs on the Economy**

- Surveyed CEOs' optimism about prospects for the Australian economy in the next 12 months has increased this month (70% compared to 54% in August). There is a significant decrease in the number of CEOs surveyed who have moved off the fence, as those saying they are neither optimistic nor pessimistic are down to 14% from 29% last month.
- However, optimism about the prospects for their own organisation in the next 12 months has decreased slightly (77% compared to 82% in August).
- Slightly more CEOs expect capital investment, profit and sales levels to decrease in the next 12 months. Expectations of employment levels in the next 12 months remain steady. Being able to source skilled staff remains the issue mostly likely to keep surveyed CEOs awake at night at 64%, which is the highest level all year for this measure.
- Surveyed CEOs' average score of the government's performance in managing the economy has remained steady at 4.5 out of 10 (compared to 4.3 last month).

**CEOs on Skills Shortages**

- Surveyed CEOs report that they are more likely to be expecting increases in demand for staff with technical specialist skills (55%) and managerial talent (45%) than for trade and vocational skills (23%) and unskilled or lower skilled labour and service staff (29%) in the next 12 months.
- More surveyed CEOs report that technical specialist skills (84%) and managerial talent (72%) are difficult to find compared to trade and vocational skills (59%) and unskilled or lower skilled labour and service staff (24%).
- Most surveyed CEOs report that they have not had growth or investment opportunities that have been delayed or that could not be addressed because of a shortage of specific skills. However, more than one in five (21%) report that they have had some impact as a result of a shortage of specific skills.
- More than half of surveyed CEOs (57%) report having employed new internal training and skill development methods to address skills shortages. Almost half (46%) also report that that have put more investment into retraining or reskilling or existing staff.
- Around half of surveyed CEOs say that targeted immigration and skills-based training are equally important to meet the growing needs for staff with technical specialist skills (52%) and trade and vocational skills (50%). However, more report that skills-based training is the best way to meet the growing needs for managerial talent (45%) and unskilled or lower skilled labour and service staff (36%).

**CEO Advice to the Leader of the Greens, Senator Bob Brown**

- Surveyed CEOs say that the Greens Leader Bob Brown needs to balance his party's environmental policies with the likely impact on Australian business, the community and the economy. Others commented on his political mandate – some suggested The Greens should not overestimate their mandate, while others felt The Greens have a positive role to play in the new political environment and should keep the government on track and focussed on environmental issues.

## Methodology

Research design and analysis for the CEO Pulse was conducted by GA Research, an independent market and social research firm that is a member of the Association of Market and Social Research Organisations (AMSRO) and accredited to AS: ISO 20252. Fieldwork was conducted by independent operator AFS.

The sample comprised n=56 CEOs of organisations with an Australian turnover of \$100 million or more who opted to participate in a five minute survey conducted over the phone or online between Tuesday 14 September and Friday 24 September 2010. CEOs who participated in the survey did so anonymously and represented listed, unlisted and not-for-profit Australian companies as well as the Australian operations of global companies. Industry sectors included professional, commercial and other services including legal and financial services, manufacturing, healthcare, hospitality, retail, mining and agriculture.

Note that some percentages for single response questions presented in this report may not add up to 100% due to rounding. Significant differences between August 2010 and September 2010 at the 5% level (95% confidence) are reported where relevant.

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GA Research on (02) 9552 8996 or [research@garesearch.com.au](mailto:research@garesearch.com.au).

If you are a CEO and wish to register your interest in participating, please go to  
[www.businessspectator.com.au/CEOPulse](http://www.businessspectator.com.au/CEOPulse).

# CEO pulse

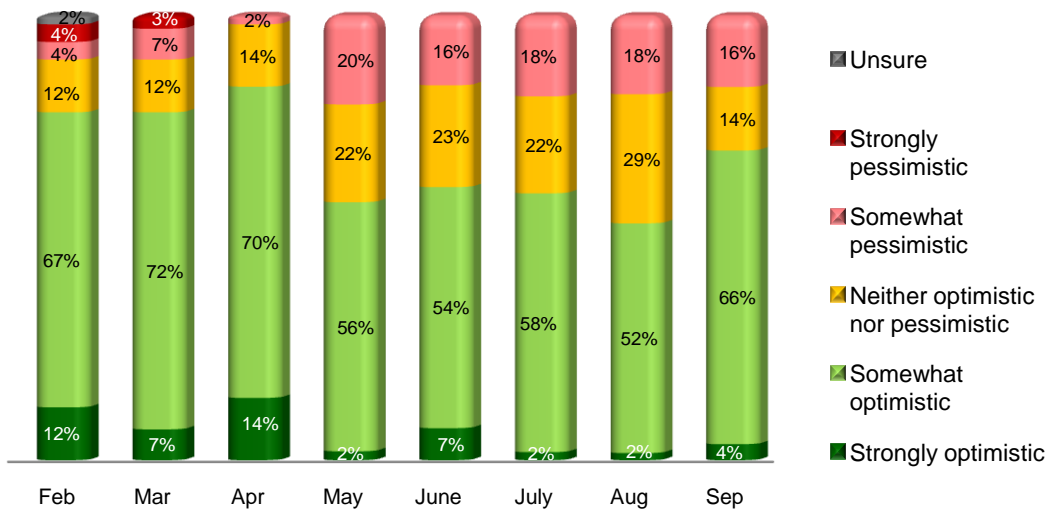
## CEO Sentiment

**Question 1: To what extent are you optimistic or pessimistic about...? (Feb 2010; n=51, March 2010; n=75, April 2010; n=56, May 2010; n=50, June; n=83, July; n=55, August; n=62, September; n=56)**

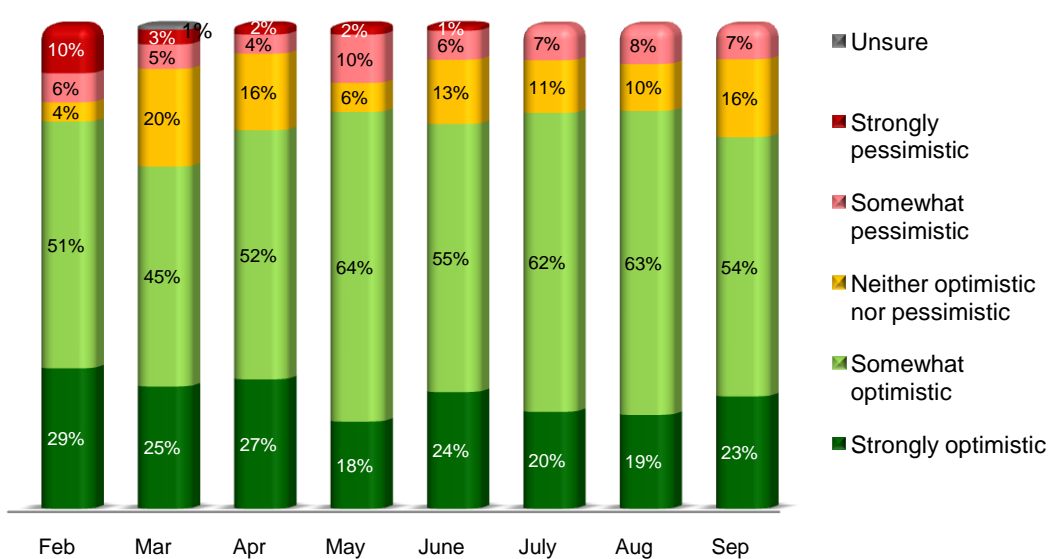
Optimism about prospects for the Australian economy in the next 12 months amongst surveyed CEOs has increased this month (70% compared to 54% in August). There is a significant decrease in the number of CEOs surveyed who have moved off the fence, as those saying they are neither optimistic nor pessimistic are down to 14% from 29% last month.

However, optimism about the prospects for their own organisation in the next 12 months has decreased slightly (77% compared to 82% in August).

**Prospects for the Australian economy in the next 12 months**



**Prospects for your organisation in the next 12 months**



# CEO pulse

## Short Term Company Outlook

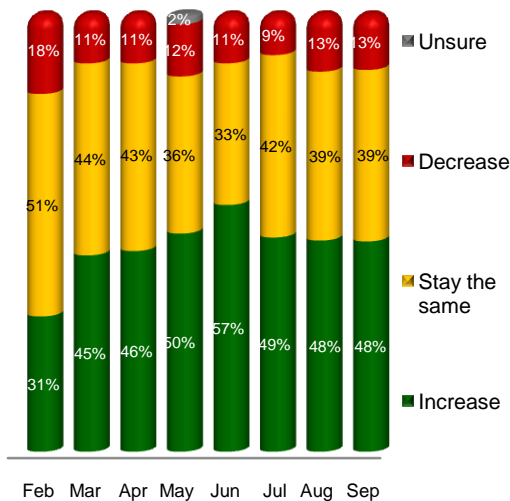
**Question 2: Thinking about your organisation in the next 12 months, do you expect the following to increase, decrease or stay the same? (Feb 2010; n=51, March 2010; n=75, April 2010; n=56, May 2010; n=50, June; n=83, July; n=55, August; n=62, September; n=56)**

There have been slight increases in expectations that profit and sales levels will decrease in the next 12 months, with fewer CEOs expecting they would stay the same.

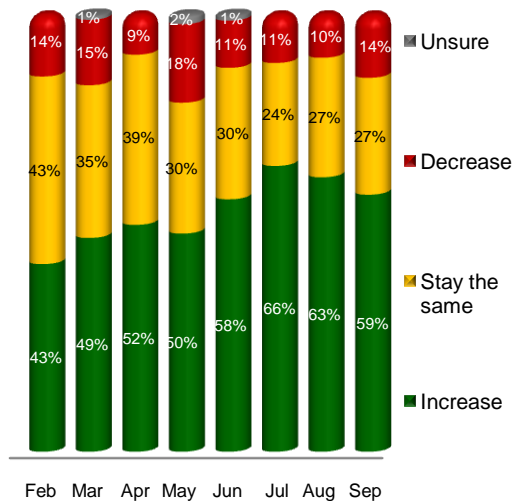
There is also a slight drop in expectations for capital investment to increase and corresponding increase in expectations that capital investment levels will decrease.

Expectations of employment levels over the next 12 months have remained steady compared to last month.

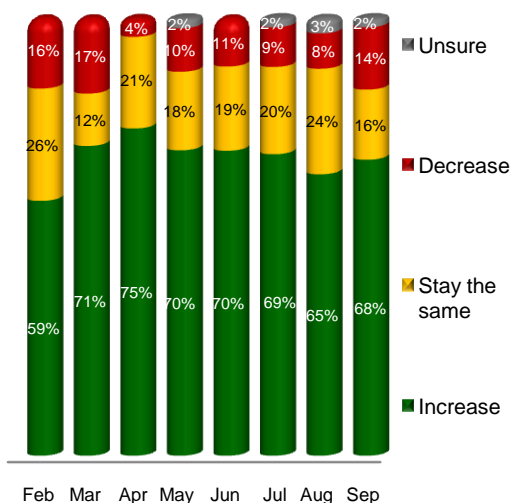
**Employment**



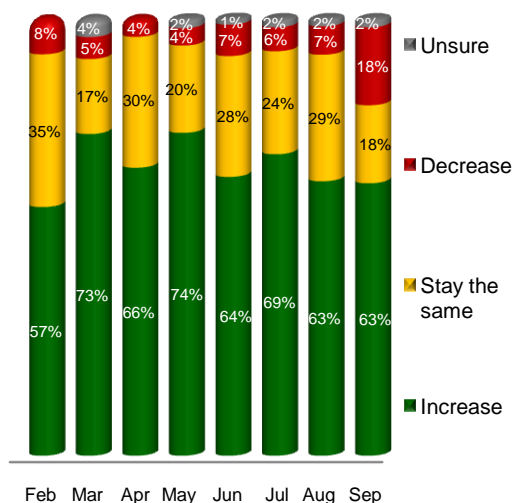
**Capital Investment**



**Profit**



**Sales**



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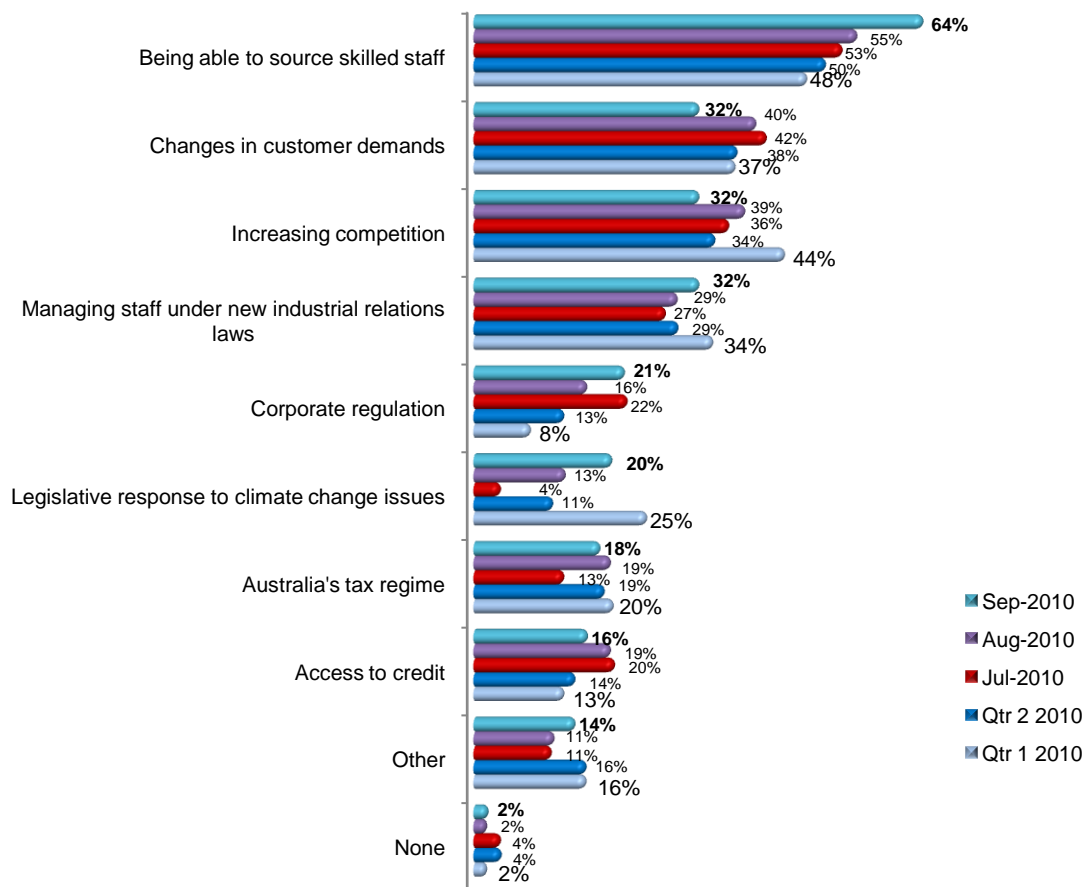
## Issues Keeping CEOs Awake at Night

**Question 3: Which, if any, of the following issues facing your company are most likely to keep you awake at night? (Qtr 1 2010; n=126, Qtr 2 2010; n=189, July; n=55, August; n=62, September; n=56) Pick up to three. [Up to three responses permitted – percentages add to more than 100%]**

As it has been all year, the issue mostly likely to keep surveyed CEOs awake at night remains 'being able to source skilled staff'. This month's results show another increase compared to last month (64% compared to 55% last month), and is at the highest level all year for this measure. Note that participants were told that this month's topic special topic was skilled staff in the survey introduction but they had not seen the questions on this topic before answering this question.

The other key issues in descending order of importance are:

- Changes in customer demand (32% compared to 40% last month)
- Increasing competition (32% compared to 39% last month)
- Managing staff under new industrial relations laws (32% compared to 29% last month)
- Corporate regulation (21% compared to 16% last month)



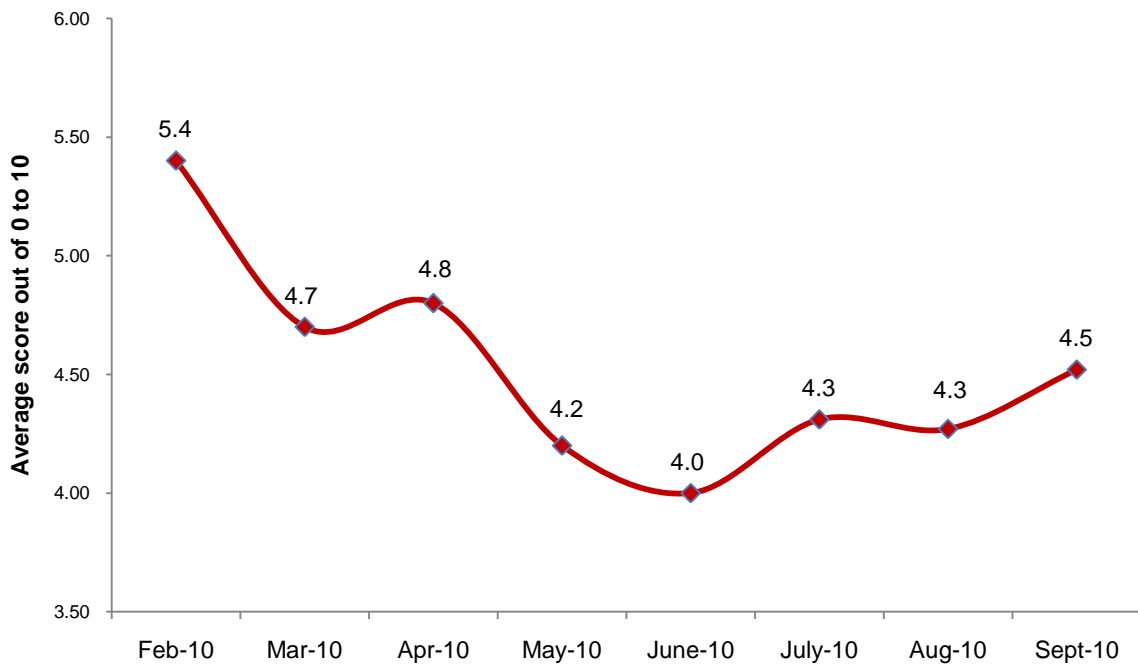
A small number of surveyed CEOs (14%) say that a range of other issues facing their company are most likely to keep them awake at night. These include concerns around regulatory decisions, exchange rates, new business opportunities and board competence.

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## Perceptions of Government Performance on the Economy

**Question 4: Give the federal government a score out of 10 on its performance in managing the economy, where 0 means it is doing an extremely poor job and 10 means it is doing an outstanding job. (Feb 2010; n=51, March 2010; n=75, April 2010; n=56, May 2010; n=50, June; n=83, July; n=55, August; n=62, September; n=56)**

Surveyed CEOs' average score of the government's performance in managing the economy has increased slightly to 4.5 out of 10 (compared to 4.3 last month). The median score also increased to 5 out of 10 (compared to 4 last month).



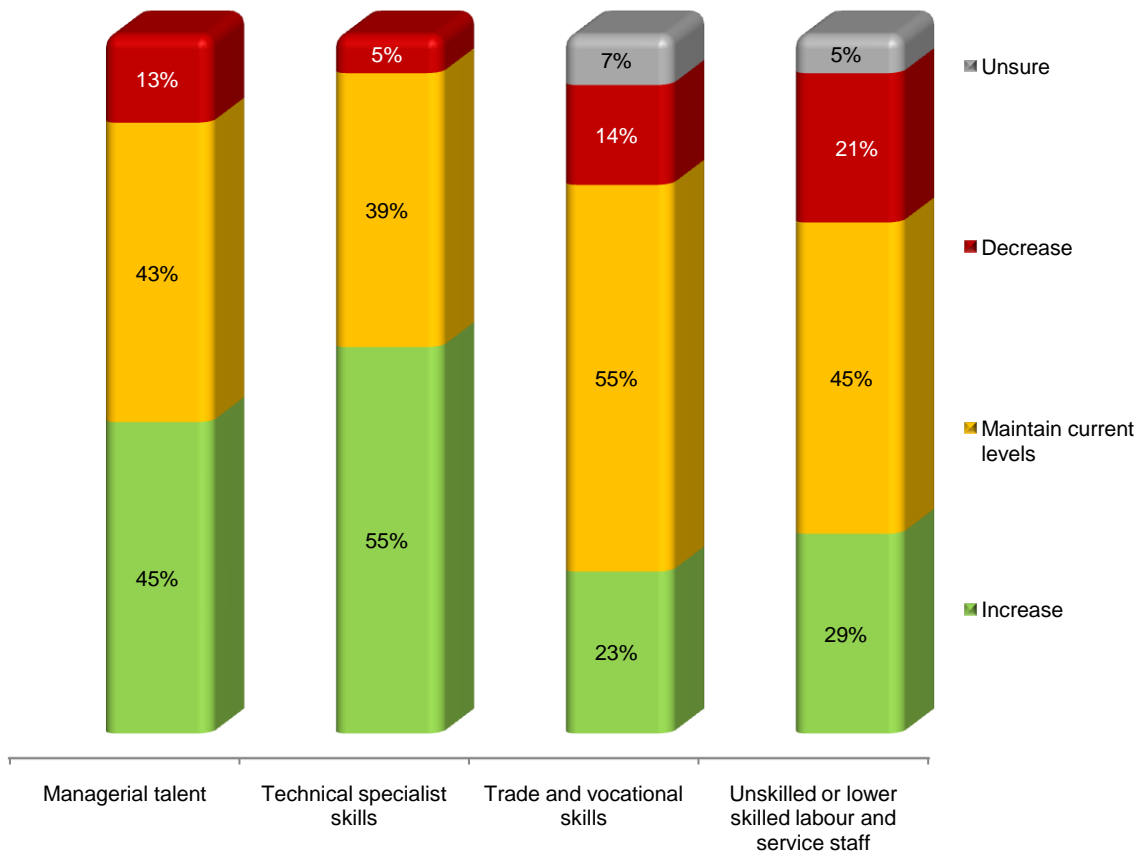
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## CEO Expected Staff Requirements

**Question 5: Over the next 12 months, do you expect that you will need to increase or decrease the number of staff in your company with the following skills? (n=56)**

Surveyed CEOs report that they are more likely to be expecting increases in the demand for staff with technical specialist skills (55%) and managerial talent (45%) than for trade and vocational skills (23%) and unskilled or lower skilled labour and service staff (29%) in the next 12 months.

Many CEO's expect the number of staff with trade and vocational skills (55%) and unskilled or lower skilled labour and service staff (45%) will be maintained at current levels.



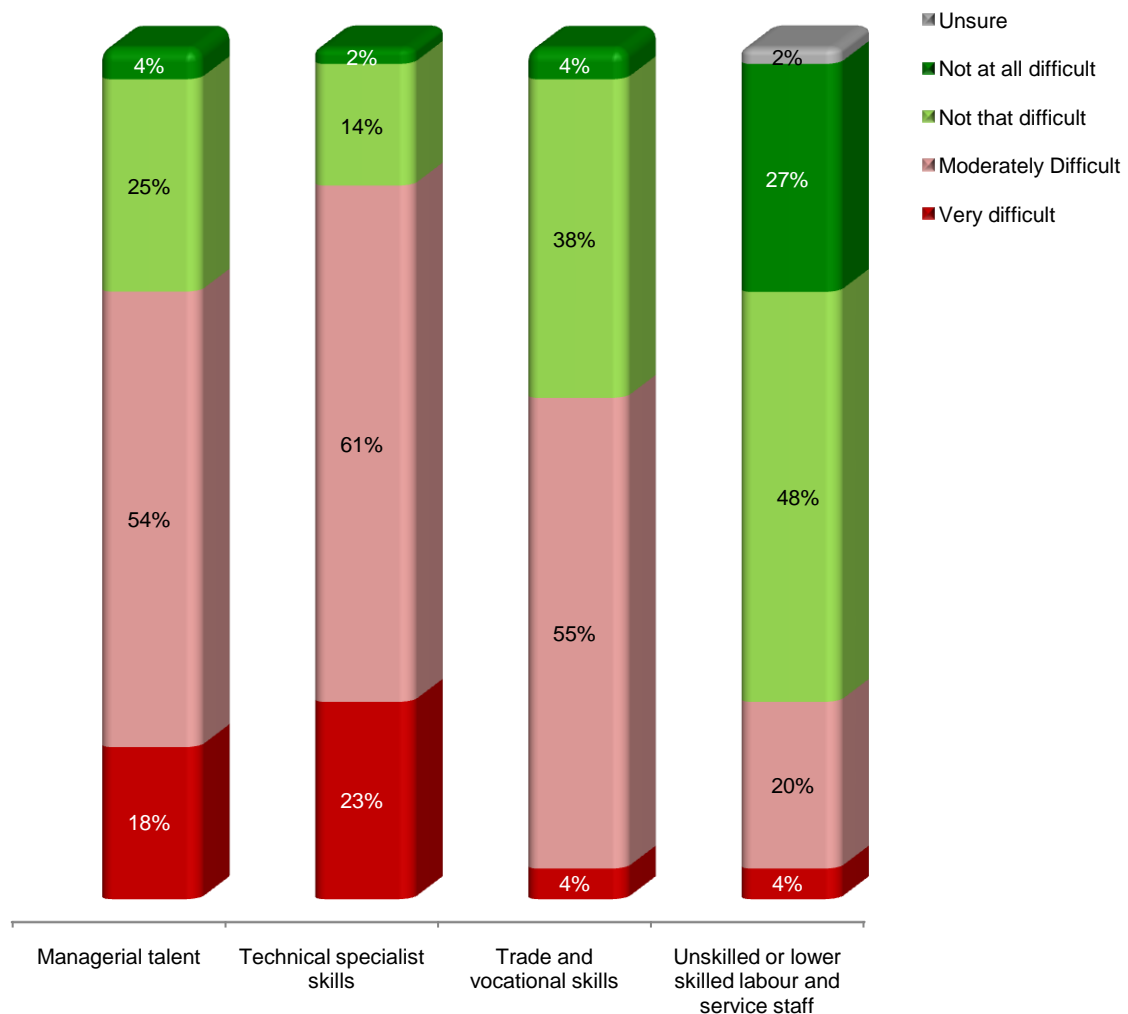
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## CEO Difficulty in Sourcing Skills

**Question 6: Currently, how difficult is it for your company to find the following skill sets? (n=56)**

More surveyed CEOs report that technical specialist skills (84%) and managerial talent (72%) are difficult to find in comparison to trade and vocational skills (59%) and unskilled or lower skilled labour and service staff (24%).

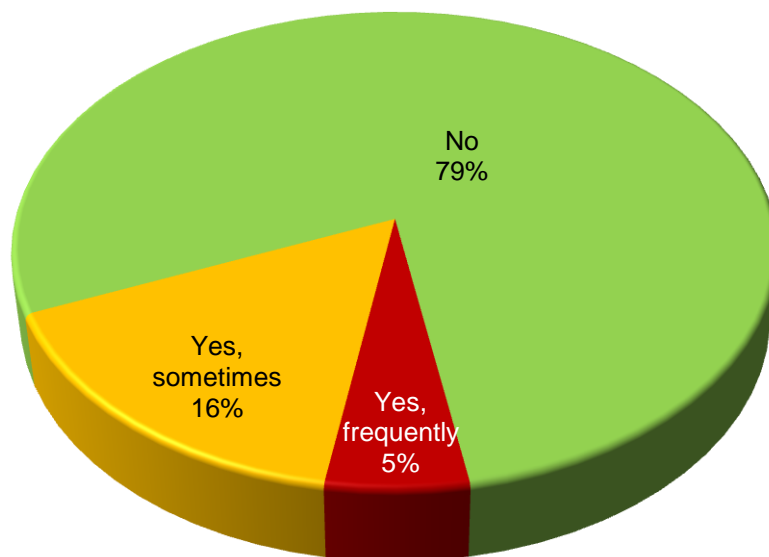
Almost one in four (23%) surveyed CEOs reported that technical specialist skills were very difficult to find and almost one in five (18%) said that managerial talent was very difficult to find.



## Impact of Skills Shortages

**Question 7: Over the last 12 months, have you had growth or investment opportunities that have been delayed or that you could not address because of a shortage of specific skills? (n=56)**

Most surveyed CEOs report that they have not had growth or investment opportunities that have been delayed or that could not be addressed because of a shortage of specific skills.



However, more than one in five (21%) report that they have had some impact as a result of a shortage of specific skills.

These include:

- Finding specialist staff to take on a new business or project
- Finding specialist staff with IT and information management skills
- Finding staff with corporate finance skills
- Attracting staff in Sydney due to the lack of transport infrastructure
- Finding staff with change management skills

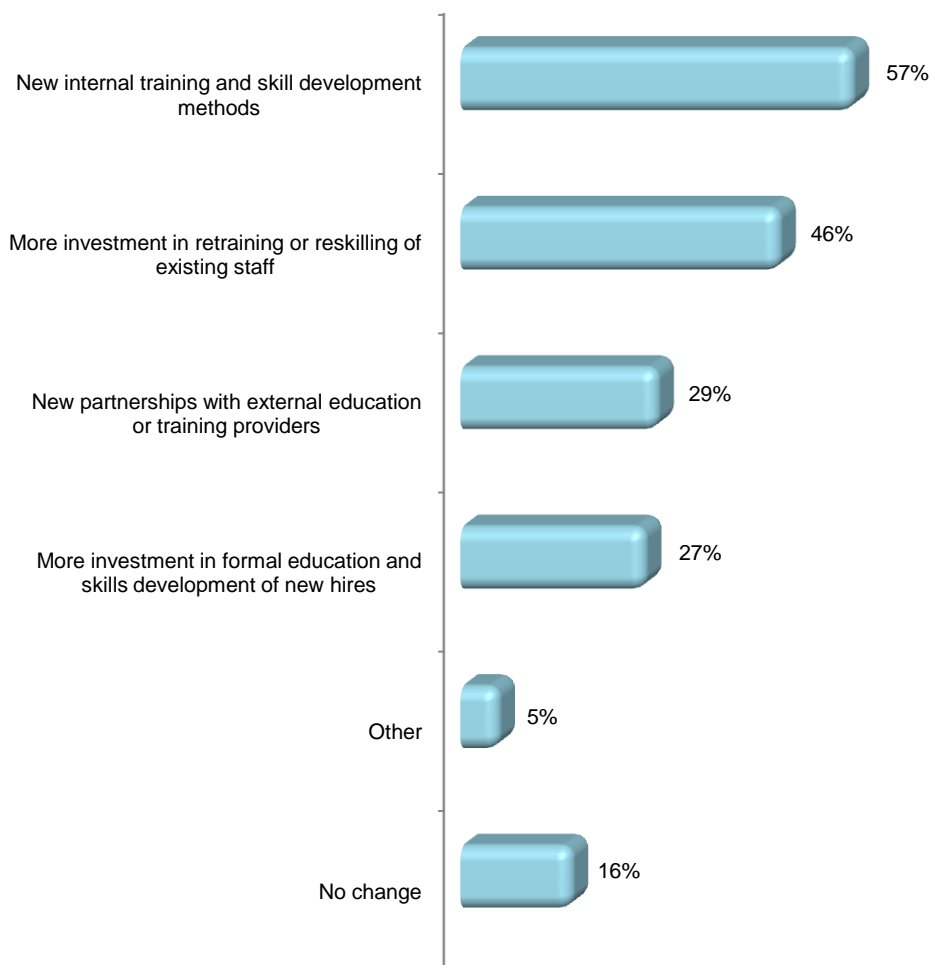
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## Changes in Approach to Skills Development

**Question 8: How have you changed your own organisation's approach to skills development to address any skills shortages? (n=56) [Multiple responses permitted – percentages add to more than 100%]**

More than half of surveyed CEOs (57%) report having employed new internal training and skill development methods to address skills shortages. Almost half (46%) also report that they have put more investment in retraining or reskilling existing staff.

Less than a third report new partnerships with external education or training providers (29%) and a similar number report more investment in formal education and skills development of new hires (27%).



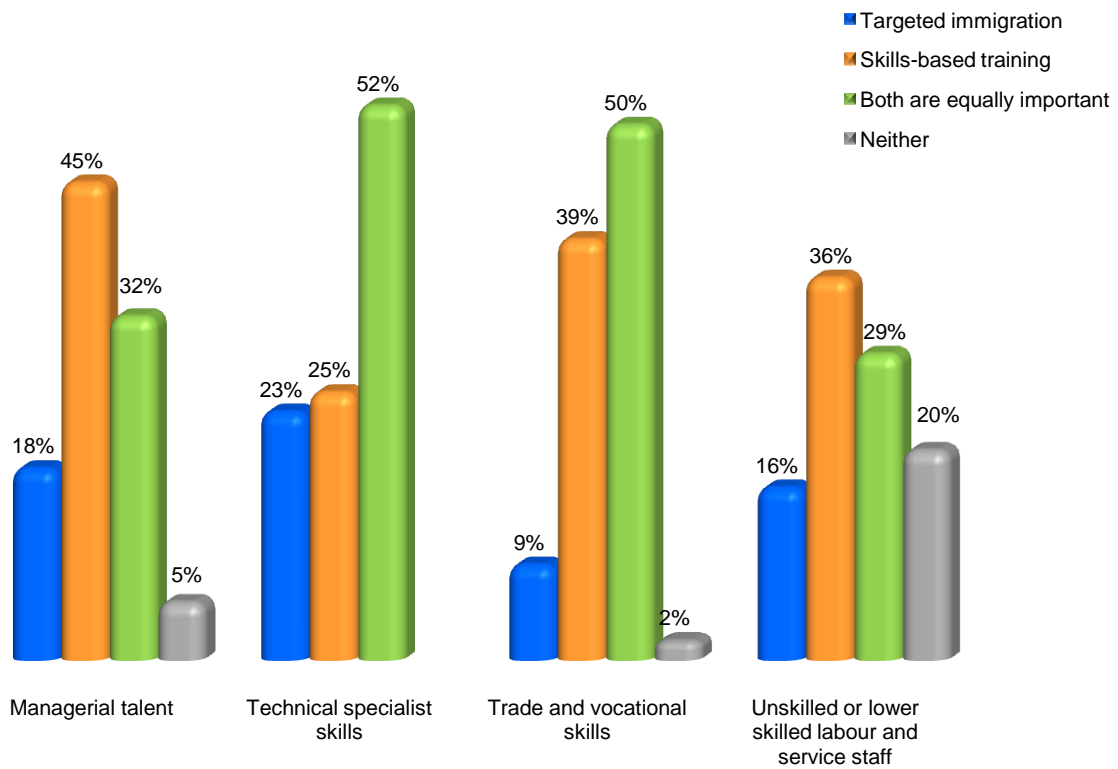
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## CEO Opinion in Meeting the Growing Need for Staff

**Question 9: Now, thinking about the Australian economy as a whole, do you think that targeted immigration or skills-based training is the best way to meet the growing need for workers with each of the following types of skills? (n=56)**

Around half of surveyed CEOs report that targeted immigration and skills-based training are both equally important to meet the growing needs for staff with technical specialist skills (52%) and trade and vocational skills (50%). However, for trade and vocational skills, a further 39% said that skills-based training was most important.

For meeting the growing needs of managerial talent and unskilled or lower skilled labour and service staff, the most common response was that skills-based training is most important (45% and 36% respectively).



## CEOs' Advice to Leading Public Figure: Leader of the Greens, Senator Bob Brown

**Question 10: Each month we will ask you to give a single piece of advice to a leading public figure. This month, what advice would you like to give the Leader of the Greens, Senator Bob Brown? Please finish this sentence: "I think Bob Brown should..." (n=56)**  
[Unprompted, open-ended question. Responses coded by GA Research into key themes]

Surveyed CEOs say that the Greens Leader Bob Brown needs to balance his party's environmental policies with the likely impact on Australian business, the community and the economy. They want The Greens to be realistic and not push the environmental agenda too far.

*Be sure to consider the overall economic outcome of his policy positions rather than just a narrow environment only focus.*

*Realise that he has to listen intently to all sections of the economy in wielding power – not just play to the Green mandate. This is too important to get wrong.*

*Economic logic needs to prevail in policy.*

*Understand that, almost by default, he now has more political power than ever but with power comes responsibility. If he attempts to push his rhetoric too far in search his Green principles, the reaction of the broader Australian public may actually have a profoundly negative impact on the party and this impact may be one that it never recovers from.*

*Take the blinkers off and understand that our approach to environment issues needs to be an evolution not a revolution.*

Some surveyed CEOs' comments related to the increased political power of the Greens and the role they should play in Australia's new political landscape. Several said that Bob Brown and the Greens should not overestimate their power as their mandate is actually quite small.

*With a minority vote stop thinking that you run the country!*

*I think Bob Brown should grow up and do away with the outlandish policies presently pushed by the Greens and realise they are supported by a minority of all voters only.*

*Define reality and stop the ego trip.*

A smaller proportion thought The Greens had a positive role to play in the new political environment and should keep the government on track and focussed on environmental issues.

*Be courageous.*

*Concentrate on sustainability and leave social issues to Labour.*

*Keep the bastards honest.*

*Keep the government on track with a well thought through and focussed policy on climate change and sustainable practices.*

*Make sure the Greens play a constructive role and try to help the Government resolve its response to climate change.*

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A blue butterfly is flying towards a pink flower stem that is being held by a chameleon. The chameleon is perched on a branch, and its tongue is extended towards the flower. The background is a dark, lush green forest with ferns.

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