

# Odgers Berndtson

## Executive Management Survey

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*“Continued optimism despite increased geopolitical tensions”*



# Introduction

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In spring 2023, Odgers Berndtson invited Denmark's top CEOs to participate in the Odgers Berndtson 2023 Executive Management Survey.

The survey is concentrated on three current and highly important financial, leadership, and company specific topics:



All answers have been kept strictly confidential.

We thank you for your participation and encourage you to contact us with any questions you may have.

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# Executive Summary

## Key findings

- Continued positive revenue expectations, as close to 2 out of 3 expect growth of more than 2% in 2023.
- Increased geopolitical tensions and inflationary pressure are seen as the largest challenges.
- Digital experience is the area where the board could contribute even more.



### CURRENT SITUATION

- 16,7% of the respondents expect revenue growth of +10% in 2023.
- 66,7% believe that Danish companies shall cease activities in China if the country invades a sovereign state.



### PEOPLE & LEADERSHIP

- 30,3% state digital understanding as the main criteria when recruiting new executive team members.
- 97,0% believe that C-level talent acquisition has grown as a strategic focus area in the recent years.



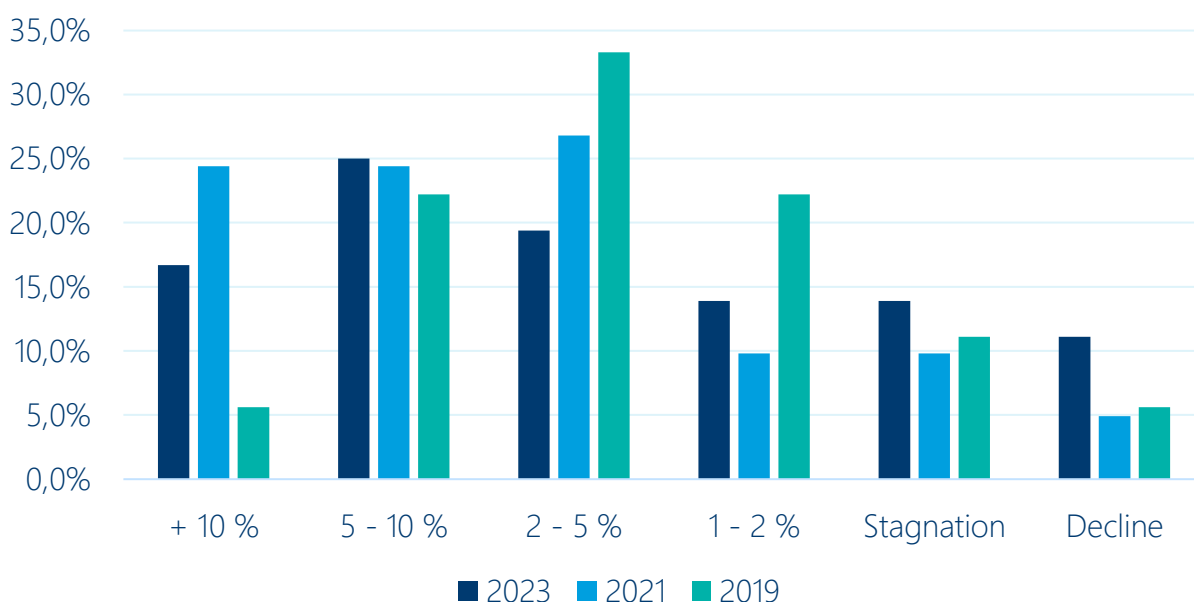
### BOARD COLLABORATION

- 51,6% see areas where their Board of Directors could contribute even more.
- 80,6% believe that their Board of Directors has the relevant competencies.



# Revenue expectations

## Which level of revenue growth do you expect of your company in 2023?



Among the surveyed CEOs, close to 2 out of 3 expect revenue growth of more than 2% in 2023, indicating an overall positive outlook. However, the picture is mixed as the proportion of respondents expecting decline has grown from 4,9% in 2021 to 11,1% in 2023.

It is worth noting that many economic analysts predict that the global economy will continue to recover from the impacts of the COVID-19 pandemic in the coming years, which could also have a positive effect on revenue expectations for 2023.

# Current affairs

## Your position on events and incidents happening at the present time



### Geopolitical tensions on the rise

61,1% of respondents see increased geopolitical tensions as the largest challenge for their company. Many companies have ceased activities in Russia due to the country's invasion of Ukraine, and 2 out of 3 CEOs believe that Danish businesses should likewise terminate activities in China if the country invades a sovereign state. Adopting a proactive approach to managing geopolitical risks by e.g., investing in risk management, building resilience, and engaging in responsible business practices, can position corporations to succeed in a world characterized by increased geopolitical tensions.

### Increased ESG/sustainability reporting

The EU Taxonomy Regulation, which became applicable in January 2022, establishes a classification system intended to identify the extent to which economic activities can be considered environmentally sustainable.

Asked whether these changes add value to their company, 58,4% of the surveyed CEOs either do not consider them making any difference or even see them as an increased regulatory burden only.

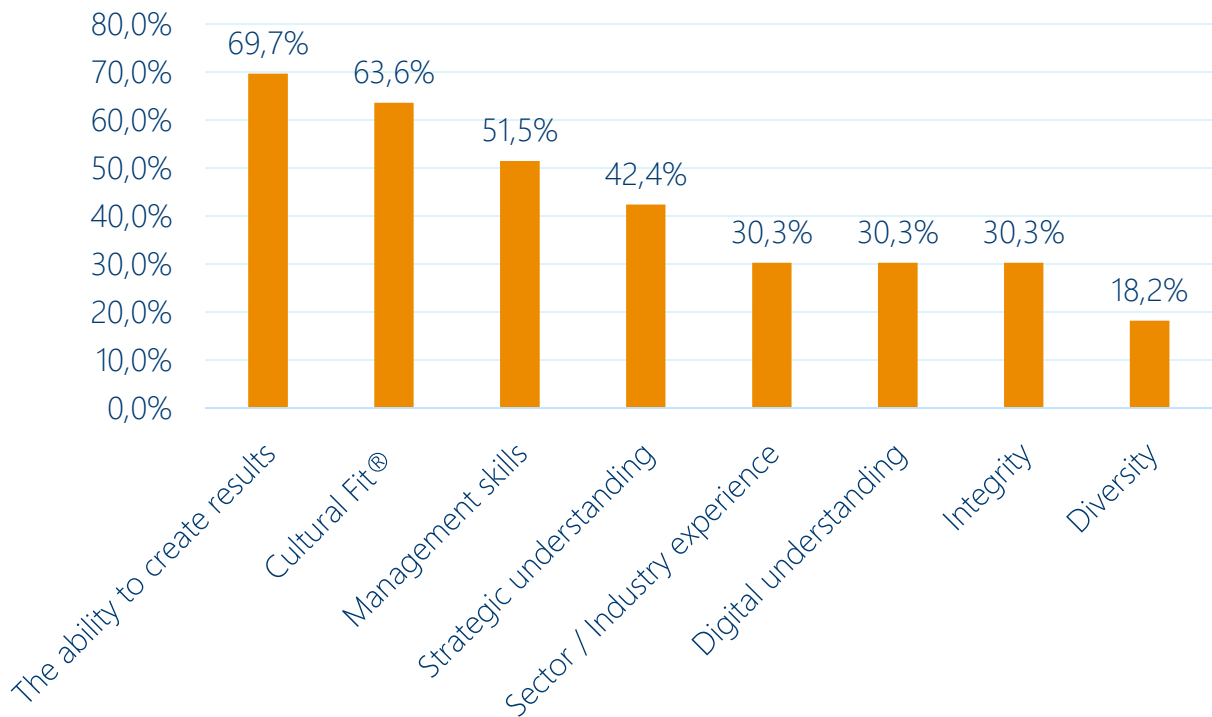


### Cyber security

The majority of respondents is prepared to react to cyber threats and protect its assets and sensitive data. Thus, 67,6% have a recovery plan ready and tested if a cyber attack should hit their company. However, it is worth noting that 29,4% have a recovery plan ready but without completing a test to ensure it is effective and up to date. This can involve conducting penetration testing, vulnerability assessments, and other security assessments.

# Recruitment

Please state the main criteria when recruiting new members of the Executive Management Team



Overall, when recruiting new members of the Executive Management Team, it is considered particularly important to look for candidates who possess the ability to create results. This question has been included in the Odgers Berndtson Executive Management Survey since 2005, and the ability to create results has always been a top criteria.

New members of the Executive Management Team should also be a good Cultural Fit®. They should share the company's values and vision and be able to work collaboratively with others. This criterion has increased its importance and has grown from being a main criterion with 51,3% of surveyed CEOs in 2021 to 63,6% in 2023.

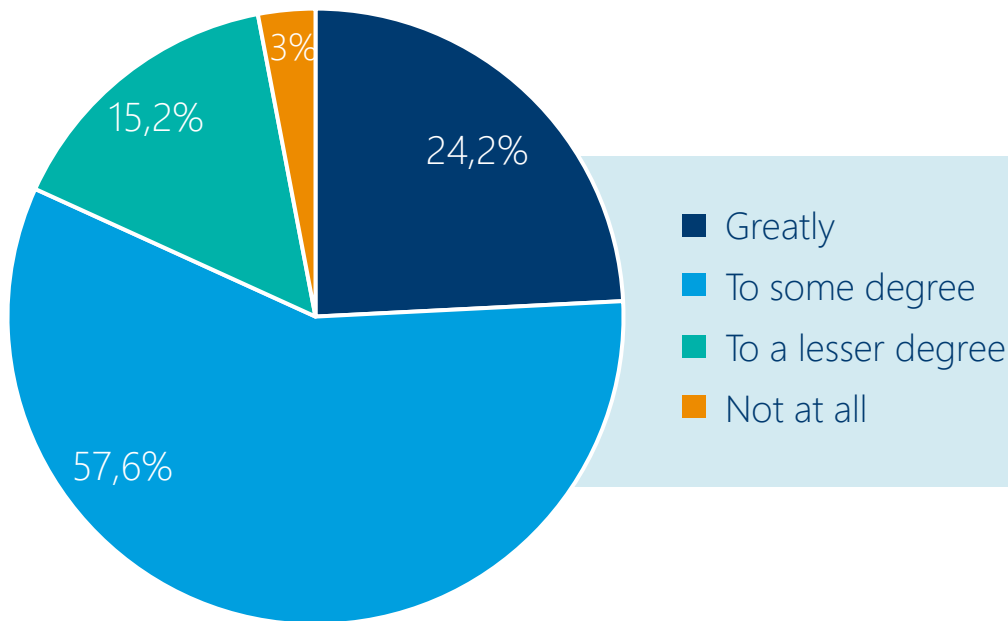
Correspondingly, we see a significant increase in the proportion of respondents that consider digital understanding as a main criterion. In a world where digital technologies continue to transform businesses and industries this is to be expected, and it is clearly seen in this year's survey, where the proportion of CEOs choosing digital understanding as a main criterion has increased from 15,4% in 2021 to 30,3% in 2023.



Note: The respondents were able to choose 4 out of 13 criteria. The most notable have been included in the graph above.

# Talent acquisition

To which degree has C-level talent acquisition grown as a strategic focus area during the past 5 years?



The importance of acquiring top talent for C-level positions has always been recognized, but in recent years, it has become an even greater priority. Thus, 97% of respondents believe that C-level talent acquisition has grown as a strategic focus area during the past 5 years. This proportion is up from 92,3% in 2021 and can be due to several factors such as:

- The rapid pace of technological change has created new leadership roles requiring a different skill set than more traditional leadership roles.
- The COVID-19 pandemic has accelerated the shift towards remote work and digital transformation calling for leaders who can drive innovation and navigate the new corporate and digital landscape.

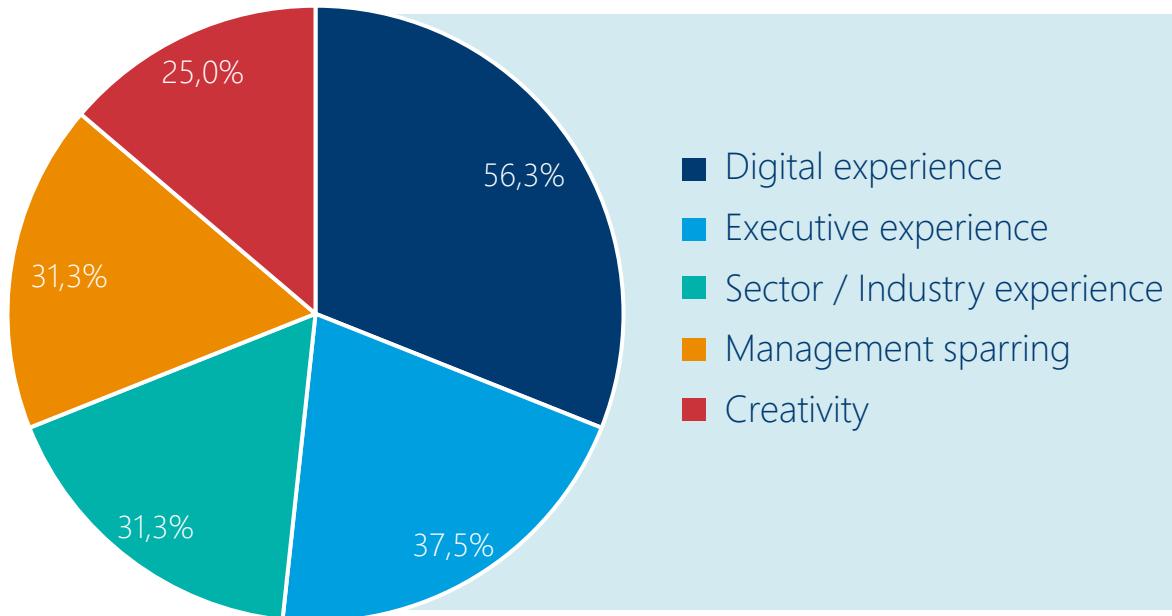
It is also important to note that 90,6% of the surveyed CEOs have a succession plan in place for the Executive Management Team which is a substantial increase from 77,0% in the 2021 survey.

# Board contribution

## Do you see areas where the Board of Directors could contribute even more?

Yes; 51,6 %

No; 48,4 %



The Board of Directors play a critical role in the success of an organization, and slightly more than half (51,6%) of the surveyed CEOs see areas where the board could contribute even more.

As can be seen in other parts of this survey, digital experience is also a sought-after factor here with 56,3% of respondents seeking more contribution in this area. At Odgers Berndtson, we see a similar picture in many of the conversations we have with clients. Digital strategy impacts business strategy and is no longer just an IT issue as cyber security risks are increasing, and digital marketing has become an essential component of customer engagement.

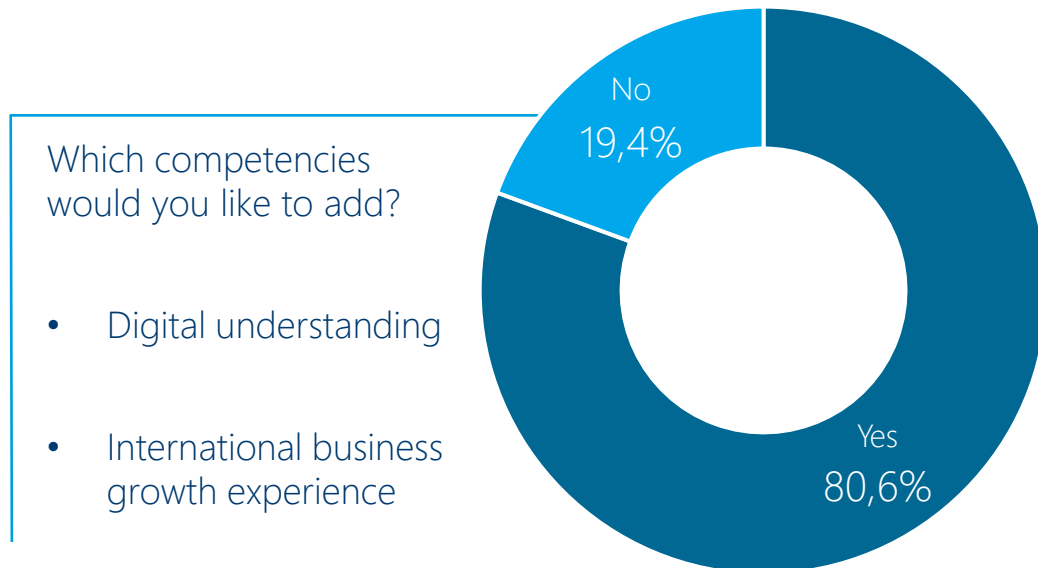
37,5% of respondents see executive experience as an area where the board could contribute even more.





# Board competencies

Do you believe that your board has the relevant competencies?



The vast majority (80,6%) of CEOs surveyed believes that their board has the relevant competencies.

When asking those who answer No (19,4%) to the question, they highlight

- a) digital understanding
- b) experience with international business growth

as the two main competencies they would like added to their boards. The first point underlines the general need for digital understanding and experience, as the overall results of this year's survey clearly show.



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