



Reinventing? Ask yourself five questions

How much pressure are CEOs feeling to reinvent their business? A lot, according to a key finding from PwC's 27th Annual Global CEO Survey, West Africa report which polled 43 CEOs in West Africa. CEOs anticipate significantly more pressure in the next three years compared to the past five—32% are less confident about their company's revenue growth in the next three years.

As more CEOs respond to these pressures by making big moves to support reinvention, they need to have a clear-eyed view of how their company is doing in these key areas:



Is our reinvention agenda robust?

Analysis of data from PwC's 27th Annual Global CEO Survey reveals a positive correlation between profit margin and actions associated with business-model change. Changes such as innovating new technologies and initiating strategic partnerships. The relationship holds true both for individual actions and when the actions are aggregated.

Knowing which reinvention actions to take, and how fast to take them, starts with understanding how megatrends like climate change and technological disruption may affect the environment and sectors in which you operate. This information can provide the insights you need to consider a range of initiatives that support reinvention.

Are we reallocating resources fast enough?

Further analysis of the survey findings revealed that higher levels of resource reallocation are associated with higher profit margins. That suggests more aggressive reallocation could be a powerful lever for both reinvention and financial performance. And yet, 58% of West African CEOs in our survey reported an annual level of reallocation of less than 20%.

Effective reallocation starts with a shared understanding across your leadership team of how deals, projects or other investments create value—and a shared commitment to make tough calls when necessary, whether redirecting resources away from legacy businesses or redefining industry boundaries and ecosystem partnerships.

What's our climate strategy?

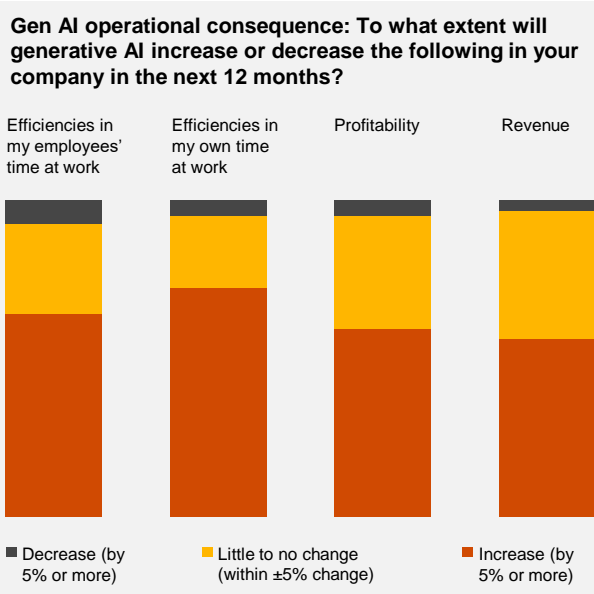
One in five West African survey respondents reported accepting lower hurdle rates for climate-friendly investments. As leadership teams move to reinforce climate strategy, they should look to the CFO as a key player who can help address core issues related to ROI, long-term capital spending and potential acquisitions and divestitures in support of climate action.

This is especially important for West African CEOs who stated 'lack of buy-in from external stakeholders' as the biggest factor stopping them from decarbonising their business models. The leadership teams should also broaden their view of climate action to include adaptation and natural ecosystems, two areas the survey shows to be underrepresented in CEOs' climate strategies.

PwC research shows that companies participating in ecosystems are 1.7 times as likely as other companies to be faster to market than peers and 2.3 times as likely to be highly innovative. Don't underestimate the value of looking beyond your company's walls, and across industry boundaries, to create value.

What's our AI game plan?

CEOs in West Africa reported that they anticipate mostly positive near-term business impacts from the adoption of generative AI. 47% of respondents expect generative AI to improve the quality of their company's products or services. 56% say it will increase competition, drive changes to their business models and require new workforce skills. More than half (67%) believe it will probably increase cybersecurity risks.



But the impetus to move quickly on AI needs to be balanced against the risks. Set clear priorities to focus on the biggest ones, and create rigorous internal controls around data privacy and how AI models are trained. Pay special attention to how vendors and other third parties manage AI risks, and monitor the regulatory landscape constantly.

And don't forget your cyber programme, which now needs more sophisticated approaches to cyber-risk modelling, such as scanning for threats using formulas specific to your company's sector and even its strategy.

Are our people aligned for transformation?

Unlike CEOs from the global survey, most West African CEOs believe the time spent on decision-making meetings and emails are efficient. Despite this, CEOs need to ensure that they are on the same page with employees.

It's critical to build alignment between leaders and employees around priorities for change. Start by identifying gaps between the views of leaders and workers. (Case in point: 84% of global CEOs believe generative AI will increase efficiency in their employees' time at work in the coming year, whereas only 31% of workers responding to a separate PwC workforce survey expected generative AI to increase their productivity and efficiency at work in the next five years.) Building trust starts with transparency, and inviting employees to play an active role in reinvention.

To close perception gaps and reduce operational friction, listen to workers' concerns, encourage workers-led innovation, find ways to reward problem-solving, and redesign career paths around skills, not jobs, so employees have more agency and opportunity as roles change.

Conclusion

The data from PwC's 27th Annual Global CEO Survey West Africa report, points to an imperative that's central to business transformation: from managing AI adoption to making the right climate investments. Disruptive megatrends like extreme weather, geopolitical conflict and novel technologies are putting enormous pressure on executives to reinvent their business model. Making the right moves starts with asking the right questions.

Note: This article is an adaptation of a PwC Global publication of the same title accessible via our website <https://www.pwc.com/gx/en/issues/c-suite-insights/the-leadership-agenda/business-model-reinvention-5-questions-to-ask.html>

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