News release

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**Private companies confident about own prospects but underprepared for cyberattacks**

**Key findings:**

* Only 68% of private company CEOs are concerned about the speed of technological change
* 41% of private company CEOs are not concerned about cyber threats
* 60% of private company CEOs are rethinking their HR function
* Problem-solving (79%) and leadership (72%) are the skills private company CEOs place high value on when recruiting
* One in four CEOs of privately-owned companies are keen to collaborate with entrepreneurs or start-ups

**LONDON – 16th March 2017 –** For the first time in five years, CEOs of private companies are more confident of revenue growth in the next 12 months than their public counterparts. They are also more confident about recruiting a larger number people in the year ahead. At the same time, while private companies are more at risk of cyber threats, they seem less prepared to protect themselves against attacks.

These are the main findings from the report *Undaunted, but underprepared?,* part of PwC’s 20th Global Survey of 1,379 CEOs which focuses specifically on the threats and opportunities facing the 781 private company CEOs who participated.

Eighty-six percent of private company CEOs are confident about their company's revenue prospects over the next 12 months, up 5% from 81% in 2016. In fact, it's the first time in five years that private company CEO confidence has been higher than that of public company CEOs. A further 55% of private company CEOs expect to be recruiting more people in the next year, compared to 48% of those heading publicly listed companies.

In contrast, only 30% of private company CEOs believe global growth will increase in the next year, up slightly from 28% in 2015, but down from 37% in 2014, and 43% in 2013. Some 57% of private company CEOs also think it’s getting harder to balance competing in an open global marketplace with trends toward more closed national policies, and this fear is even higher among family-run businesses (66%).

As the private company view of the 20th CEO Survey shows, many of the business issues facing private company CEOs have remained constant over the last two decades. Talent and overregulation retain top spots on the typical private company CEO’s list of concerns, just as innovation tops the list of strategic priorities. The difference now is the speed and scale of change. In PwC’s view, that means private companies urgently need to focus on three key areas: technology, trust and talent.

**Technology**

Every organisation will be transformed by technology. New technologies are not just changing what companies sell, but also how and where they sell it, how they run their operations, and how they find, manage and communicate with staff. PwC’s CEO Survey shows 29% of private company CEOs believe that technology has already completely reshaped competition in their industry, higher than publicly listed companies (25%). And as many as 74% of private companies expect their markets to be transformed by technology over the next five years.

While 74% of public companies are worried about accelerating technological change, and 65% about cyber threats, private companies, by contrast, register 68% and 59%, respectively.

Stephanie Hyde, PwC UK, Global Entrepreneurial & Private Business Leader, says:

“The fact that private company CEOs are less concerned about technology and cyber compared to their public counterparts is worrying, not least because private companies often have fewer resources available to them to invest in new technology and cyber security. This may make them more vulnerable to cyberattacks, so in theory they should be *more* concerned about these threats, not less. In our view, this is probably the single most worrying finding in our report, especially in light of growing evidence that hackers are now targeting smaller and private businesses, thinking they will not be so well protected.”

**Trust**

Back in 2002, trust wasn't very high on the typical CEO’s radar; in fact, only 29% of CEOs thought an erosion of public trust in the corporate sector posed a serious threat to growth, whereas now, that number is 58%. All CEO respondents agree that the biggest threat to stakeholder trust in their business is the risk of breaches in data privacy and ethics, and this is also the number one concern among private company CEOs, scoring 55%. The score for family firms is much lower, at 45%. This may suggest either a degree of complacency, or a lack of understanding of the full implications of the costs and risks involved in data breaches.

**Talent**

This year, 60% of private company respondents told PwC they are rethinking their HR function, and 77% have changed their people strategy at least to some extent to reflect the skills and employment structures they need for the future. But at least for now, the skills all CEOs really want are those that machines cannot really replicate. Private company CEOs, in particular, ascribe high importance to problem-solving (79%), leadership (72%), adaptability (63%), and creativity and innovation (60%), with digital skills coming sixth at 30%.

It remains tough to attract the best, and even more so for private companies, with for instance 65% finding it hard to hire people who are good at problem-solving (as against 55% for public companies) and 78% who are struggling to find the right leadership skills (as against 71% for public companies).

Stephanie Hyde, PwC UK, Global Entrepreneurial and Private Business Leader, adds:

“All CEOs want a workforce that’s agile and well-rounded – better able to adapt to the changing world, and to find new opportunities. CEOs also recognise that the human element is as important as it’s ever been, indeed perhaps more so, in an increasingly virtual world.

We see that private companies are confident and competitive, but there are undoubtedly significant challenges ahead. They need to digitise, invest in data security, actively look for and hire the right talent for their business, to be able to face these challenges head on.”

**Ends**

**Note~~s~~ to editor:**

PwC’s report *Undaunted, but underprepared?* is based on the response from 781 private company CEOs in 79 countries. To see the full results of PwC’s 20th Global CEO Survey, please visit [ceosurvey.pwc​](http://ceosurvey.pwc)

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