



PE-Owned Firms' Perspectives on Top Risks for 2022 and 2031

Pandemic policies, economic conditions, labor issues and inflation cited among top risk issues in the latest Protiviti NC State global survey

With unanticipated events unfolding at a record pace, PE-owned organizations are facing massive challenges, and their leaders are under growing pressure to be vigilant in preparing for emerging issues.

TOP 10 RISKS FOR 2022	TOP 10 RISKS FOR 2031
1. Pandemic-related government policies and regulation impact business performance	1. Ease of entrance of new competitors and other industry changes threaten market share
2. Unprepared to manage an unexpected crisis significantly impacting our reputation	2. Economic conditions, including inflationary pressures, constrain growth opportunities
3. Succession challenges: ability to attract and retain top talent	3. Adoption of digital technologies requires new skills or significant efforts to upskill/reskill existing employee
4. Anticipated increases in labor costs may affect our opportunity to meet profitability targets	4. Succession challenges: ability to attract and retain top talent
5. Economic conditions, including inflationary pressures, constrain growth opportunities	5. Substitute products and services arise that affect the viability of our business
6. Adoption of digital technologies requires new skills or significant efforts to upskill/reskill existing employee	6. Resistance to change culture, operations and the business model
7. Greater expectations for our workforce to "work remotely" or for a transformed, collaborative physical work environment	7. Rapid speed of disruptive innovation outpaces our ability to compete
8. Pandemic-related market conditions reduce customer demand	8. Ability to access sufficient capital/liquidity
9. Inability to utilize data analytics and "big data" to achieve market intelligence and increase productivity and efficiency	9. Hybrid work environment and changes in nature of work challenge ability to compete
10. Organization's culture does not sufficiently encourage timely identification and escalation of risk issues	10. Uncertainty surrounding the viability of key suppliers, scarcity of supply, or stable supply prices

Results are based on a survey of 1,453 board members and C-suite executives worldwide. The full survey report, *Executive Perspectives on Top Risks*, may be accessed at erm.ncsu.edu or protiviti.com/toprisks. It includes detailed breakdowns of the results by respondent role, organisation size, industry, geography and other categories.

KEY TAKEAWAYS FROM THE SURVEY

1. High-risk ratings reflect growing pressure on PE-owned firms.



Leaders in PE-owned companies rated nearly half of all risk issues at the significant level; that contrasts markedly with the global results, in which no risk issue -- even those in the top five -- rated at the highest risk level.

2. Threats from future new competitors.



The ease with which future new competitors, along with other major changes in the competitive environment, could threaten market share is constant, long-term concern.

3. Building resilience and protecting reputation are top agenda items.



The potential reputational impact of not being sufficiently resilient and/or agile enough to manage an unexpected crisis, especially those that could emanate from third-party relationships, remains top of mind for PE-owned company leaders.

4. Talent pipeline concerns.



There's increased pressure on PE-owned company leaders to groom the next generation of C-suite and VP-level executives during this tight labor market.

Protiviti is not licensed or registered as a public accounting firm and does not issue opinions on financial statements or offer attestation services.

© 2022 Protiviti Inc. An Equal Opportunity Employer
M/F/Disability/Veterans.



NC STATE Poole College of Management
Enterprise Risk Management Initiative

protiviti[®]
Global Business Consulting