



Report on Business  the gandalf group

C-Suite Survey Findings Executive Summary

December 19, 2011 - This quarter, in our 25th survey with C-Suite executives, we examined global economic conditions, government debt and deficits, sustainability and responsibility measures as well as the Keystone XL pipeline delay. The survey, sponsored by KPMG, was conducted by phone with 150 C-level executives between November 25th and December 9th, 2011. The results are featured in *The Globe and Mail-Report on Business* and on BNN. The full presentation of these and previous quarters' results is available at www.GandalfGroup.ca.

Economic Outlook

- For two years, from 2009 to summer 2011, almost all C-Suite executives believed the economy was on the rebound after a very bad 2008. For two quarters now we have seen a worsening of opinion: this quarter, 69% of executives surveyed predict growth, while 29% foresee decline.
- As a result, we've seen a shift in expectations for the federal deficit. In past surveys most opposed the government's intention to run deficits over multiple years. Today most agree the federal government has no choice; 74% support the federal government's intention to run a deficit until 2016.
- To be sure, they see Canada's situation as vastly different from the situation facing the US and Europe. Executives are very concerned about European and US debt and recessions, as well as another credit crunch. There is far less concern about Canadian public debt and therefore little serious pressure on the federal government to address the deficit aggressively in the near term.
- Western executives are the most concerned about the delay to the construction of the Keystone XL pipeline.

Corporate Outlook

- One year ago at this time, the vast majority expected their companies to grow and nearly half expected strong growth.
- This quarter continues a trend towards more modest expectations.

- Most expect at least moderate growth for their companies but now 27% of executives expect strong growth, down from 47% a year ago.
- Resources companies are in a class by themselves, driving the most positive outlook: 43% expect strong growth for their companies, well ahead of services or manufacturing sector forecasts. But even for resources executives, this is down from a year ago when 60% expected strong growth.

CSR & Sustainability

- This quarter we asked about corporate responsibility and sustainability. Most executives believe responsibility and sustainability are an essential part of business now.
- Most are embracing energy efficiency measures but less than half believe these initiatives will reduce their costs on balance.
- Only among large corporations is it common to issue annual responsibility reports.
- Government involvement or leadership in this area is neither a barrier nor desired by most executives. Only among resources companies is there significant liaison with governments on responsibility objectives.
- Resources firms are the most engaged in efforts to seek social and government permission to operate. They are far more likely than companies in other sectors to make it a top priority to address environmental and social impacts in communities where they operate.

The Gandalf Group is an opinion research and communications consulting firm. The firm's principals are recognized leaders in research and communications strategy, providing advice to business, industry associations, public sector agencies and media outlets. The Gandalf Group has been conducting quarterly editions of the C-Suite survey on behalf of KPMG, The Globe and Mail's Report on Business and BNN since 2006. Past editions of reports on survey findings are available at GandalfGroup.ca .