



Ipsos MORI

2018
Findings

Captains of Industry

As the only survey of its kind offered in the UK,
the Captains of Industry study is the authoritative
source of opinion from Britain's most senior
business leaders.



Foreword

Over the last four decades, we have interviewed the most senior business people every year to examine their changing views of what shapes British industry. Our face-to-face interviews continue to garner the most candid insights into the matters that concern them the most. So, what has this year – the 38th consecutive Captains study – told us?

Brexit, unsurprisingly, dominates their concerns. There is scant confidence in the Government's ability to manage Brexit.

Our interviewees feel it is having a more profound impact on British business than they did a year ago; 67% now think their company is worse off, compared to the just over half that predicted that would be the case a year ago. More than half still view the decision to leave the EU as a significant risk to their company.

The overwhelming majority (95%) see the resolution of uncertainty around Brexit as the most important issue facing Britain today. However, three in ten feel that, since the referendum, the situation for their company remains unchanged.

The gloom doesn't begin and end with Brexit, however. Our Captains are equally despondent about the economy as a whole: three-quarters expect the general economic condition of the country to decline over the next 12 months. This has increased from two-thirds in December 2017, and is the third year of increasing pessimism surrounding the economy. Just 8% expect it to improve in 2019.

Looking ahead, more than three-quarters of business leaders think that leaving the EU with no deal will be bad for their business, but Brexiteers will take heart from the fact that 92% are confident that their company can adapt to the consequences of Brexit.

We also look at Captains' views on diversity in British business and in their organisations in particular, infrastructure – or lack thereof – and their investment in technology such as AI.

I hope you find this overview of our latest Captains survey an intriguing look into the minds of our business leaders, and an example of how your organisation can take advantage of the changing landscape around us.

If you'd like any more information on our findings, or want to get involved with the forthcoming survey, don't hesitate to get in touch with us.



Ben Page
Chief Executive
Ipsos MORI



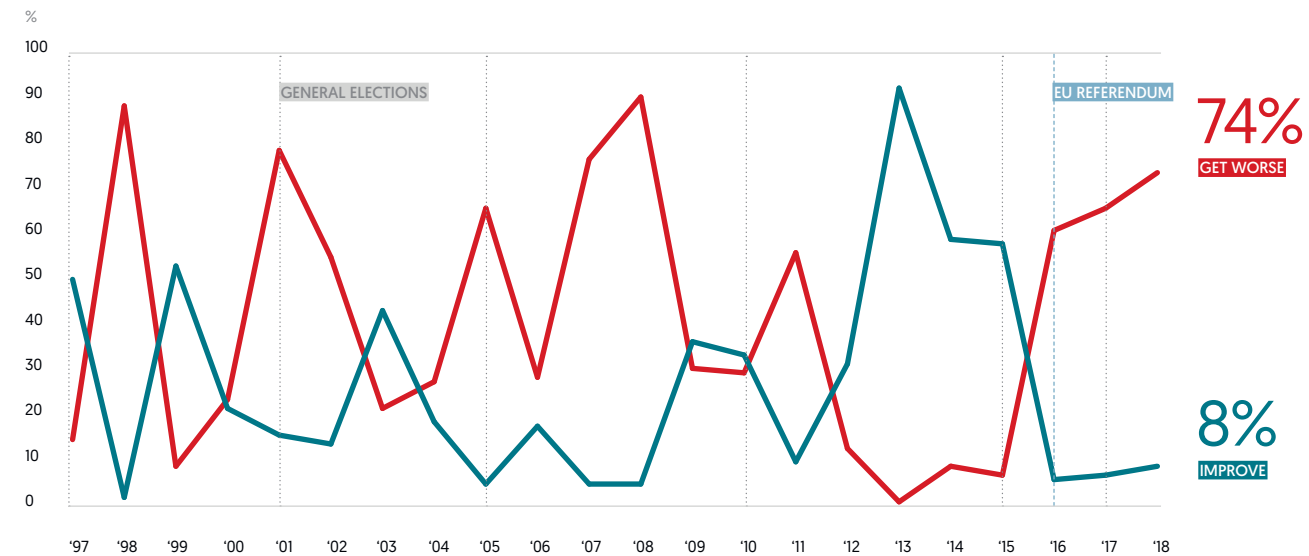
The Economy

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Three-quarters of Captains expect the economic condition of the country to get worse over the next 12 months, up from two-thirds this time last year.

ECONOMIC OPTIMISM SINCE 1997

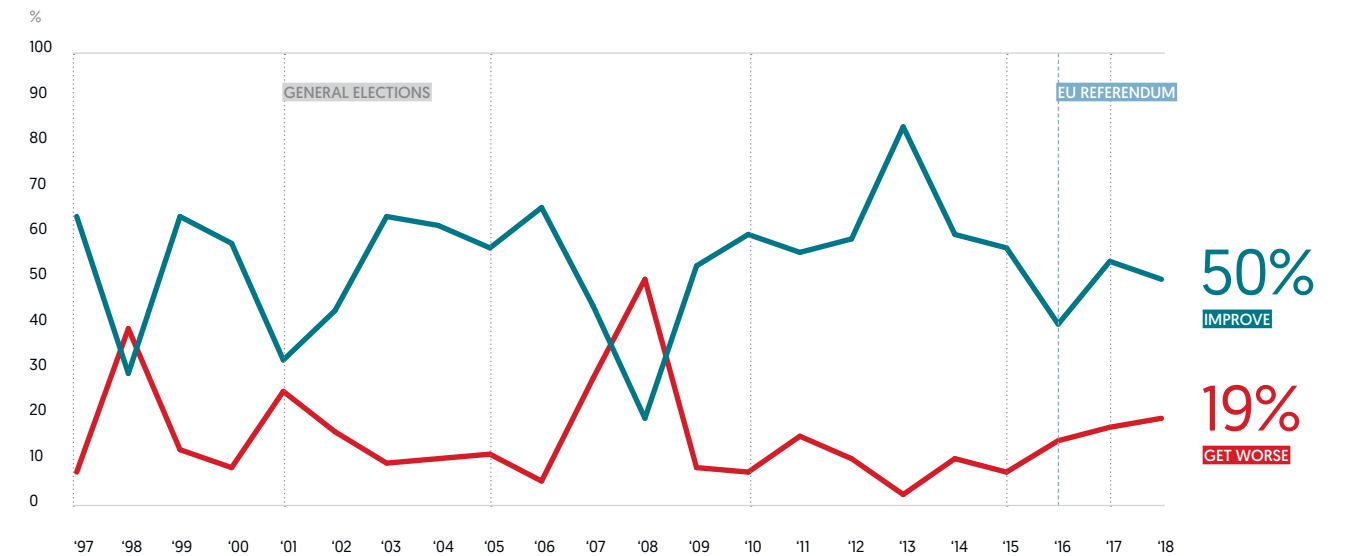
Do you think that the general economic condition of the country will improve, stay the same or get worse over the next 12 months?



Half of Captains think that business for their own company will improve over the next 12 months, with one in five thinking that it will get worse.

COMPANY OPTIMISM

Do you think that business for your own company will improve, stay the same or get worse over the next 12 months?



LABOUR'S POLICIES

To what extent do you agree with the following statement? Labour's policies would improve the state of the British economy.

2%

of Captains think that Labour's policies would improve the state of the British economy. 94% disagree.

KEY ISSUES FACING BRITAIN TODAY

What do you see as the most important issues facing Britain today? And what other important issues face Britain today?

95%

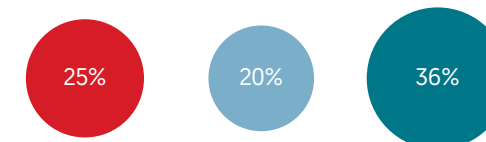
of Captains think Brexit uncertainty is by far the most important issue facing Britain today. One-fifth of Captains (19%) see international trade and exporting as an important issue, followed by access to skilled labour and freedom of movement (17%).

MOST IMPORTANT PROBLEMS FACING YOUR COMPANY

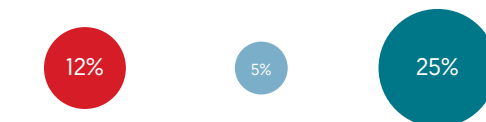
What are the most important problems facing your company today? What other problems are particularly important?

TOP MENTIONS

UNCERTAINTY AROUND BREXIT



FINDING AND RETAINING THE BEST STAFF



2016

2017

2018

Uncertainty around Brexit remains the most important problem for companies specifically this year, increasing to 36% from 20% last year. One quarter are worried about finding and retaining the best staff.



Brexit

IMPORTANCE OF BREXIT NEGOTIATIONS

To what extent do you agree with the following statement? How well the Government handles Brexit negotiations is vital to my business.

78%
of Captains see the handling of Brexit as vital to their business.

LIMITED NEW OPPORTUNITIES AS A RESULT OF BREXIT

To what extent do you agree or disagree with the following statements about the UK's relationship with the EU? The decision to leave the EU will bring significant new opportunities for my company.

73%
of Captains do not think that Brexit will bring significant new opportunities for their company. Just 9% see significant new opportunities.

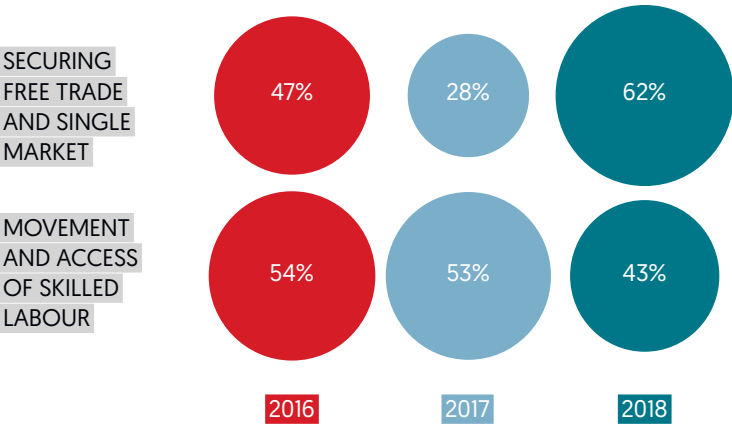
COMPANIES CAN ADAPT TO LEAVING THE EU

To what extent do you agree or disagree with the following statements about the UK's relationship with the EU? I am confident my company can adapt to the consequences of leaving the EU.

92%
of Captains are confident in their company's ability to adapt to the consequences of leaving the EU, although the proportion strongly agreeing has fallen from 52% to 42% over the last year.

EU NEGOTIATIONS

During the negotiations to leave the EU, what are the most important things for your business for the UK to try to obtain?



Free movement of goods and freedom of movement of skilled labour are by far the most important things for the UK to try to obtain during negotiations to leave the EU.

EFFECT OF NO DEAL ON BUSINESS

Overall, would the UK leaving the EU with No Deal have a positive or a negative impact on your business?

78%
of Captains think that leaving the EU with No Deal would have a negative impact on their business.

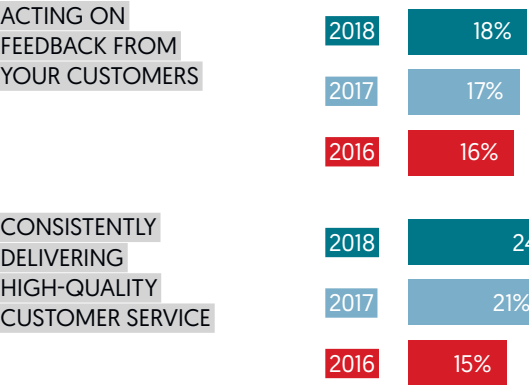


Customer Experience

ACTING ON CUSTOMER FEEDBACK AND DELIVERING HIGH-QUALITY CUSTOMER SERVICE

Currently, how would you rate your organisation on a scale of 0 to 10, where 0 is extremely poor and 10 is extremely good, on each of the following statements?

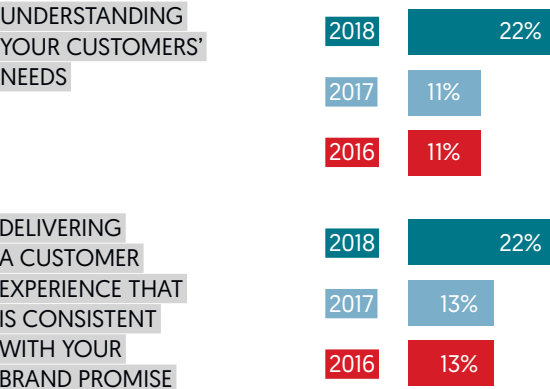
% THAT RATED THEIR ORGANISATION AS POOR



CUSTOMERS' NEEDS AND BRAND PROMISE

Currently how would you rate your organisation on a scale of 0 to 10, where 0 is extremely poor and 10 is extremely good, on each of the following statements?

% THAT RATED THEIR ORGANISATION AS POOR



Nearly 1 in 5 Captains [19%] rate their own organisations as poor at acting on feedback from their customers. 1 in 4 captains [24%] rate their own organisations as poor at consistently delivering high quality customer service. The number of Captains rating themselves as poor has increased since 2016.

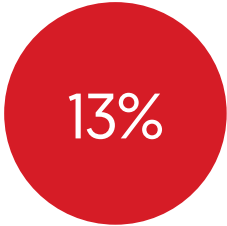
1 in 5 Captains [22%] rate themselves as poor at understanding their customers' needs and rate themselves as poor at delivering a customer experience that is consistent with their brand promise.

CUSTOMER EXPERIENCE VISION

Currently how would you rate your organisation on a scale of 0 to 10, where 0 is extremely poor and 10 is extremely good, on each of the following statements?

% THAT RATED THEIR ORGANISATION AS POOR

HAVING A
CLEAR VISION
OF THE CUSTOMER
EXPERIENCE YOU
WANT YOUR
ORGANISATION
TO DELIVER



ALIGNING YOUR
CUSTOMER FACING
STAFF TO THE
NEEDS OF YOUR
CUSTOMERS



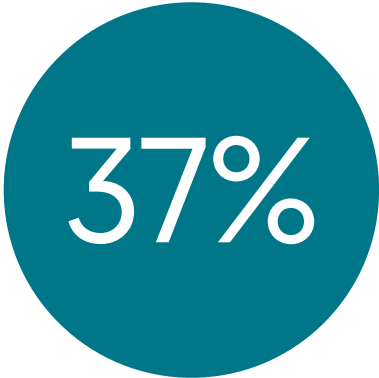
Captains recognise the importance of customer experience with 40% having a clear vision of the customer experience they want their organisation to deliver. However, there is some way to go to align their customer facing staff to the needs of their customers.

TOP THREE CUSTOMER EXPERIENCE CHALLENGES

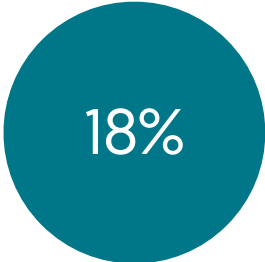
What do you see as the biggest challenges over the next 3 years in achieving improved customer experience within your organisation?

Over a third [37%] of Captains see changing customer expectations as the biggest challenge they face in improving customer experience in their organisation.

UNDERSTANDING
CHANGING
CUSTOMER
EXPECTATIONS



IT /
TECHNOLOGY



QUALITY /
AVAILABILITY
OF STAFF



Women and Diversity

92% of Captains agree that they actively promote and champion diversity and inclusion in their companies. The proportion who strongly agree has increased from 44% to 65% since 2016.

DIVERSITY AND INCLUSION

To what extent do you agree or disagree with the following statement?
We actively promote and champion diversity and inclusion in our company.



4 in 5 Captains [78%] agree that they are actively trying to increase the number of women on their main board which reflects commitment to diversity and the heightened profile of gender equality.

FEMALE BOARD MEMBERS

To what extent do you agree or disagree with the following statement?
My company is actively trying to increase the number of women on our main board.



However, the number that are actively trying to increase the representation of ethnic minorities is far lower, with just half of captains agreeing.

BOARD MEMBERS FROM ETHNIC MINORITIES

To what extent do you agree or disagree with the following statement?
My company is actively trying to increase the representation of ethnic minorities on our main board.



AI and Automation

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IMPACT OF AI AND AUTOMATION

How likely or unlikely do you think it is that these roles or functions below senior management within your organisation will be replaced by artificial intelligence (AI) or technology in the next 5 years, if applicable?



Data analysts are seen as the most likely function [70%] to be replaced by AI in the next five years, up from 48% last year. Three fifths of Captains also think that cyber security and fraud prevention will be replaced.

TECHNOLOGY INVESTMENT

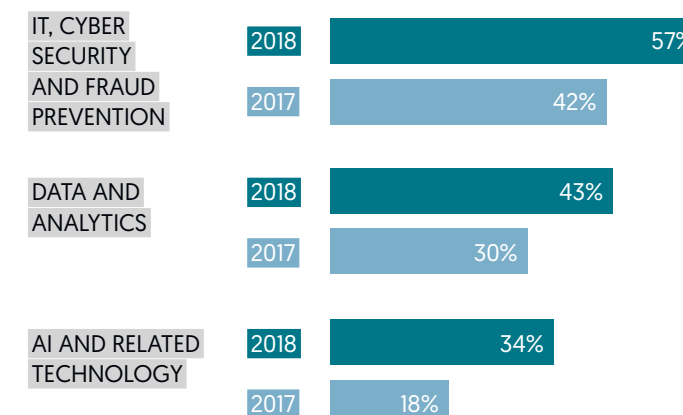
Which, if any, of these technology systems / platforms, have you invested in or upgraded within your organisation over the last 3 years?



Cyber security and fraud prevention software remains the most invested in/upgraded technology system, followed by data and analytics software.

AREAS OF FINANCIAL INVESTMENT

Finally, for this section, over the next 12 months, what do you expect will be the top three areas of financial investment for your organisation?



Over half of Captains see IT, cyber security and fraud prevention as the top three areas of financial investment over the next year, followed by data analytics and AI.



National Infrastructure

NATIONAL INFRASTRUCTURE

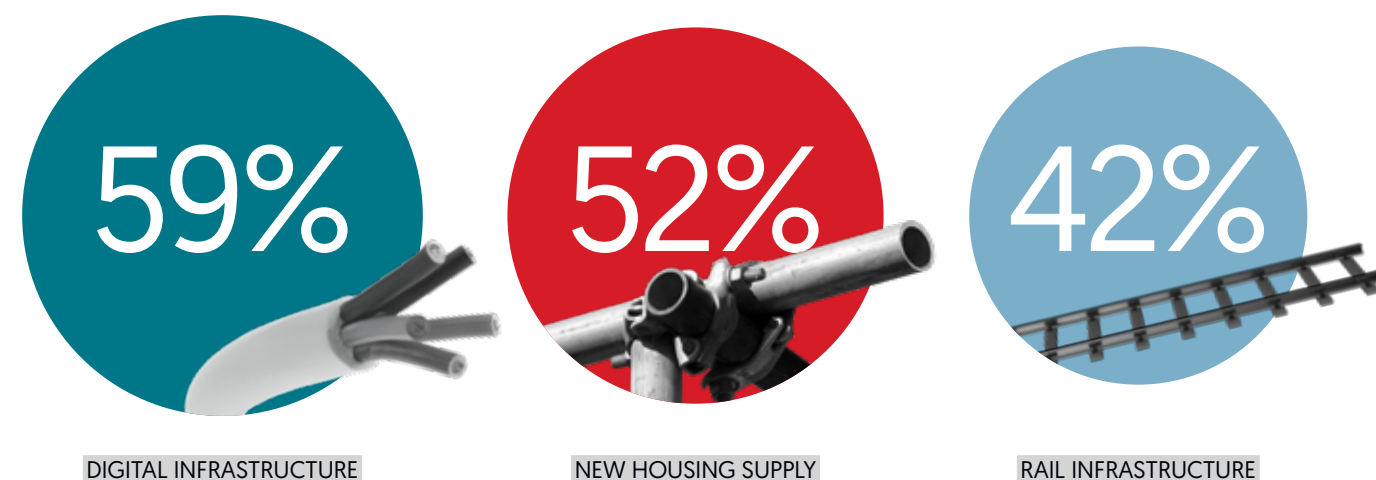
Overall, how satisfied or dissatisfied are you with the UK's national infrastructure?

58%

Three-fifths of Captains are dissatisfied with the UK's national infrastructure overall.

TOP THREE INFRASTRUCTURE PRIORITIES

Which of these types of infrastructure, if any, do you think should be made priority for investment for the UK?



Captains see digital infrastructure, new housing supply and rail infrastructure such as tracks and stations as the priorities for infrastructure investment in the UK.

BROADBAND CONNECTION

To what extent do you agree or disagree with the following?

82%

of Captains are satisfied with the reliability of their company's broadband connection.

72%

of Captains are satisfied with the speed of their company's broadband connection.

DIGITAL INFRASTRUCTURE

How do you rate the current quality of digital infrastructure such as high speed broadband, full fibre networks (FTTP), 5G?

61%

of Captains rate the quality of digital infrastructure as poor.

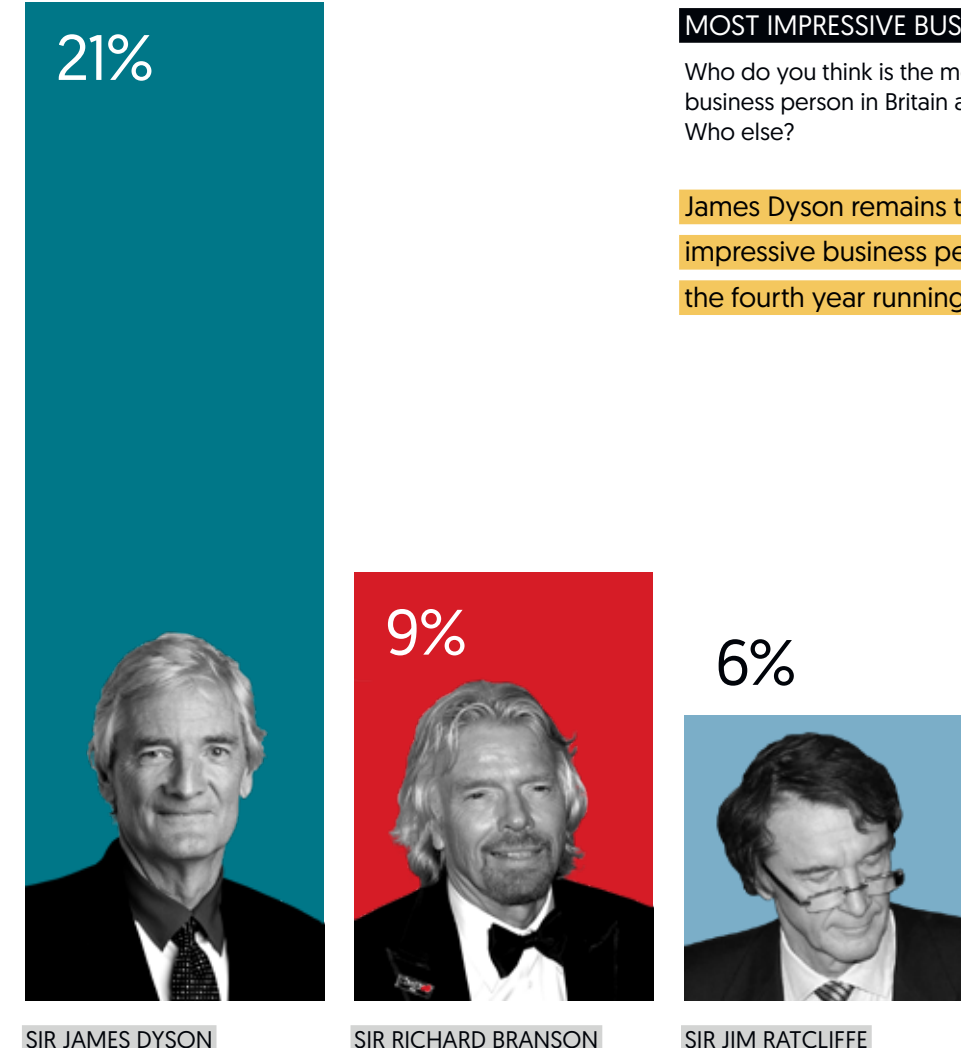
Business Leaders

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MOST IMPRESSIVE BUSINESS PERSON

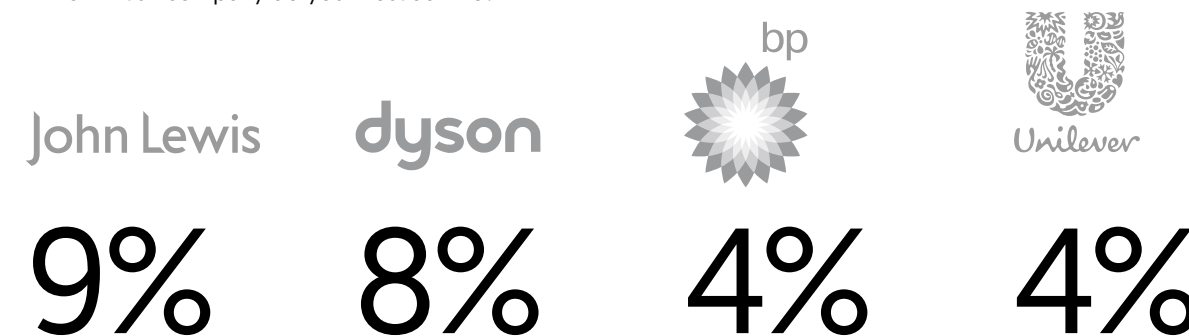
Who do you think is the most impressive business person in Britain at the moment? Who else?

James Dyson remains the most impressive business person for the fourth year running.



MOST ADMIRED BRITISH COMPANY

Which British company do you most admire?



The Captains of Industry Study

There is no doubt about it – UK Business leaders are anxious about the year ahead and worried about ‘No Deal’, but they are confident in their ability to adapt after Brexit.

Captains remain pessimistic about the Government and business confidence, with the majority expecting the economic condition of the country to decline over the next 12 months. Most are not confident in the ability of the Government to negotiate a good deal for UK businesses with the EU.

Despite their pessimism, nearly all Captains agree that they are confident that their company can adapt to the consequences of leaving the EU and half of business leaders expect business for their own company to improve over the next 12 months.

While Brexit dominates the agenda – 95% of Captains see Brexit as the most important issue facing Britain today – the vast majority are actively promoting and championing diversity in the boardroom. This commitment stretches as far as actively promoting gender equality, although the focus on ethnic minorities is far further down the agenda.

A quarter of Captains rate their own organisations as poor at consistently delivering high-quality customer service, and see customer engagement as an increasing issue. Meanwhile, more than a third of Captains see changing customer expectations as the biggest challenge they face in improving customer experience in their organisation.

Cyber, IT and fraud prevention, as well as data and analytics are the most notable areas for investment this year, with nearly all Captains saying they have invested and upgraded these systems in the last three years. More than two-thirds of Captains agree that these functions are the most likely to be replaced by AI and/or technology within the next five years, which is a clear demonstration of the strengths of these technologies.

So, Captains do have priorities that supersede Brexit, but whether or not they are able to focus on them in 2019 remains to be seen.

Responsible for a large proportion of the UK economy, Britain's most senior business leaders have tremendous power to shape both the corporate and political worlds, but finding out what they think can be very difficult.

As the only survey of its kind offered in the UK, the Captains of Industry study is the authoritative source of opinion from Britain's most senior business leaders. The study has been running for 38 consecutive years.

Over the last four decades, we have interviewed many of Britain's most prestigious business people to examine their changing views of what is shaping British industry. With around 100 face-to-face interviews conducted with leaders from the top 500 companies in the UK, we get to the very heart of their opinions, enabling you to:

- **Understand** Captains' disposition towards your organisation and how you can shape it;
- **Benchmark** against your competitors and other organisations;
- **Evaluate** the effectiveness of your communications and business relations;
- **Gain insight** into topical issues affecting your organisation and wider sector;
- **Pinpoint** areas for improvement and plan future communications strategies.

Fieldwork runs from September to December, with results available in January.

The study is syndicated, so it is a cost-effective way to reach senior business leaders. To find out how your organisation could benefit from being involved, please get in touch:

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Ipsos MORI

Get in touch

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Technical Note

Ipsos MORI conducted 100 interviews with participants from the top 500 companies by turnover and the top 100 by capital employed in the UK. Participants were Chairmen, Chief Executive Officers, Managing Directors/Chief Operating Officers, Financial Directors or other executive board directors.

Interviews were primarily carried out face-to-face (6 were carried out over the telephone) between September and December 2018. Only top mentions indicated throughout. For more information, please visit:

www.ipsos-mori.com/captains

