2026 EDITION

EXECUTIVE PERSPECTIVES ON TOP RISKS AND OPPORTUNITIES

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Global Business Consulting

The COO's Firefighting Mandate: Extinguishing Costs While Igniting Growth

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Successful companies view even challenging times as catalysts for innovation and growth, actively seeking opportunities where others see obstacles.

Over the last 13 years, we have issued annual research reports on the top risks faced by leaders all over the world. This year, we have added an emphasis on opportunities to set the tone for identifying and responding proactively to emerging trends, market shifts and evolving customer expectations. Organizations balancing risk management with a strong focus on seeking growth are better equipped to innovate products and services, enhance their resilience, adapt to change, and achieve top-line growth and strategic differentiation. It is all about unlocking opportunity.

Our 14th annual **Executive Perspectives on Top Risks and Opportunities Survey** contains insights from 1,540 board members and C-suite executives around the world regarding their views on:

- Three specific areas for growth considering the current environment;
- Opportunities and challenges associated with the transformative impact of artificial intelligence (AI) on their organizations;
- The top risks on the horizon for the near-term (two to three years ahead) related to 28 specific risks across three dimensions (macroeconomic, strategic and operational) and for the long-term (a decade from now) related to 12 risk themes that consider the strategic and operational near-term risks; and
- A discussion of their organizations' near-term strategic investment priorities, given the opportunities and the risks they face.

Our survey participants shared their views through an online survey conducted from early September through mid-October 2025. This paper offers specific insights into these issues from the perspective of the Chief Operating Officer (COO).

Where do COOs see the greatest opportunities for their organization over the next two to three years?

In the next three years, clear-cut winners and losers will emerge across most industries, especially those underpinned by the consumer. Muscling their organizations into the top tier requires COOs to fulfill their dual mandate of enabling growth and containing costs. While the best growth opportunities involve revenue uplift, enhancements to alliances and partnerships, and geographic expansion, major obstacles loom.

Supply chains are lean and fragile. Hiring freezes and flat budgets abound amid tariffs that are driving cost increases and pressure to reduce internal costs. Despite a laser-like focus on cost containment, many COOs are charged with posting 20% to 30% annual revenue growth rates over the next two to three years. Although the U.S. government shutdown created a temporary blind spot in the economic indicators that the National Association for Business Economics and other analysts rely on, many COOs are contending with market conditions consistent with recessionary pressures. This forces operational leaders to find new ways to offset large swaths of costs beyond their control.

COOs are rapidly deploying artificial intelligence (AI) and other forms of advanced automation to expand organizational capabilities without inflating existing cost structures. Some organizations are fundamentally overhauling decades-old business process outsourcing (BPO) models by integrating AI solutions into domestic operations to replace large volumes of manual tasks previously performed by BPO providers. Supply chain transparency represents another critical growth enabler. Establishing this visibility requires access to accurate, near real-time data. The value of those data-driven insights also hinges on decision-makers' ability to act on analytics and indicators quickly, decisively and correctly.

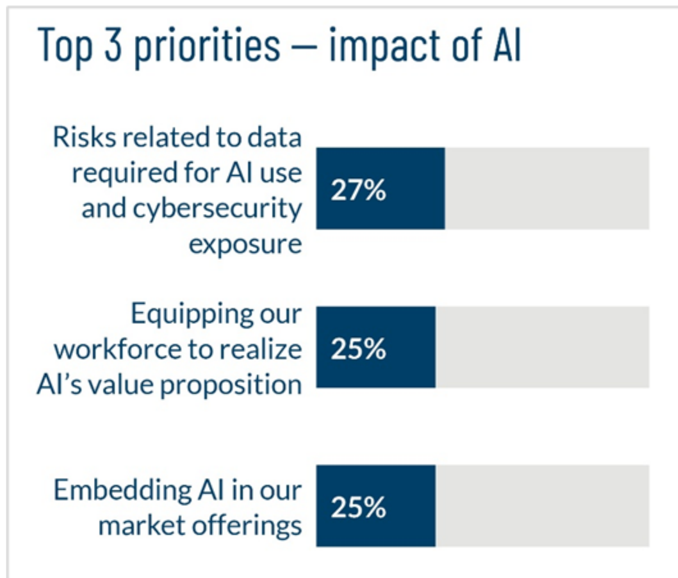
There is optimism for potential growth opportunities

Based on a five-point scale assessing agreement/disagreement.
Percentages reflect sum of "Agree completely" and "Agree somewhat" responses.

COOs who satisfy the imperative to simultaneously drive growth, contain costs and maintain operational flexibility through AI adoption will gain decisive advantages in next 24-36 months. Organizations that cannot do so will risk falling behind competitors who have mastered these new operational fundamentals

What will be the organization's most significant challenges regarding the impact of AI over the next two to three years?

In *some* companies, COOs are overseeing the development of AI agents – those developed internally or sourced from external technology parters – to take on larger portions of production-line activities, perform simulation modelling (e.g., creating a virtual model of a regional supply chain), or automate warehouse fulfillment. These AI solutions do not require funding approval or the IT group's involvement given that the money comes directly from the operating budget.



That said, *most* COOs must clear substantial hurdles as they integrate AI into enterprise operations during the next two to three years. A majority of organizations have run highly fragmented, siloed technology applications for decades. AI and related next-generation technologies do not allow organizations to magically eliminate legacy infrastructure and systems; they do enable business to be run based on different perspectives and more intelligent approaches. Some of AI's most dramatic impacts will stem from helping operational leaders respond to 6 a.m. alerts that the day's execution plan is already blown up and next best actions (NBAs) are required. AI solutions can respond to real-time triggers, analyze a wide range of possible responses, and then prescribe a plan, or plans, designed to achieve the desired business objective.

Getting these solutions in place – and deriving tangible value from them - requires technology modernization efforts; adherence to evolving AI governance and data privacy and security policies; and upskilling and change management activities that equip the workforce with the competencies and mindsets required to maximize the AI value proposition.

Under severe pressure to contain costs and enable growth, more COOs are becoming the organization's fastest movers with regard to AI use, advanced automation, and related technology modernization work. Rather than waiting on AI policies to be finalized or updated, more COOs are operating with a "it's my dollar, it's my decision, it's my operation" mindset as they deploy advanced technologies to find new paths to operational efficiency and revenue growth.

What are the most significant short-term (two to three years) concerns and risks on the minds for COOs?

While COOs identify cyber threats, third-party risks, tariffs and trade policies, and AI adoption obstacles as critical short-term risk concerns, two less tangible, highly pervasive challenge looms equally larger: speed and visibility.

There are growing signs that a widening organizational speed gap – between COOs and many of their C-suite colleagues – calls for remediation. COOs are concerned that CFOs, CIOs and CROs are not moving quickly enough for the organization to adequately respond to rapidly evolving market dynamics, threats and opportunities. The groups these C-suite leaders oversee can impose guardrails that that impede progress. In response, more COOs are independently advancing operational initiatives – particularly those involving AI deployments – when traditional protocols prove too clunky. Reducing these speedbumps also requires cross-functional diplomacy from COOs. The accelerating pace of global business change and technological advancements demands organizational speed and agility that many enterprises lack.

Top global near-term risks

2026 rank	Risk issue	Average*	2025 rank
1	Cyber threats	3.09	6
2	Third-party risks	3.05	8
3	Operations and legacy IT infrastructure unable to meet performance expectations	2.92	18
4	Changes in global markets and trade policies	2.87	15
5 (tie)	Adoption of new and emerging technologies elevating the need to upskill/reskill our workforce	2.85	11
5 (tie)	Emergence of new risks from implementing AI	2.85	16

* Average based on a five-point scale where 1 reflects "No impact at all" and 5 reflects "Extensive impact."

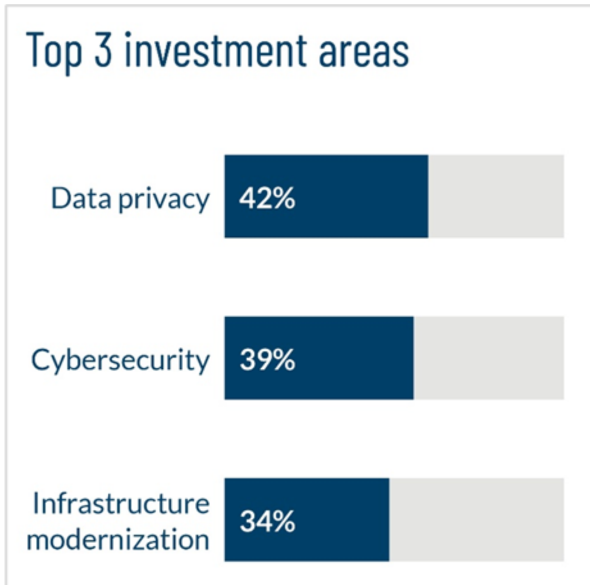
Cyber threats remain a top COO concern as bad actors increasingly target operational systems directly, taking control of core business operations and holding organizations hostage until ransom demands are met. Recent high-profile cybersecurity incidents have triggered multi-month operational disruptions, underscoring the need for a stout yet adaptive cybersecurity capability that responds quickly to ever-changing modes of attack.

Two forms of third-party risks also challenge COOs. First, tariffs and economic volatility are increasing credit and solvency risks, particularly among smaller suppliers. As the line between winners and losers hardens in the coming months and years, the deteriorating financial health of certain suppliers and vendors may pose higher risks of supply disruption. Second, geopolitical and geoeconomic confrontations elevate risks associated with supply chain opacity. Many organizations lack visibility into third and nth-party suppliers, which limits their ability to identify suppliers that maintain relationships with hostile governments, run afoul of other trade restrictions or pose concentration risks in vulnerable geographic regions.

Based on these near-term risk issues, in what areas is the organization likely to invest the most over the next two to three years, and why?

Maximizing the upside of short-term investments also requires an understanding of their long-term implications. While COOs certainly recognize this dynamic regarding infrastructure modernization – which helps pave the way for the integration of AI and other advanced technologies – they should keep this in mind when it comes to investments in human capital management and workforce upskilling.

COOs' two-to-three-year investment plans prioritize a mix of table-stakes necessities (cybersecurity and data privacy improvements along with technology modernization) and enhancements (supply chain management, third-party risk management, and sustainability initiatives) that set the stage for longer-term improvements to organizational performance and resilience.



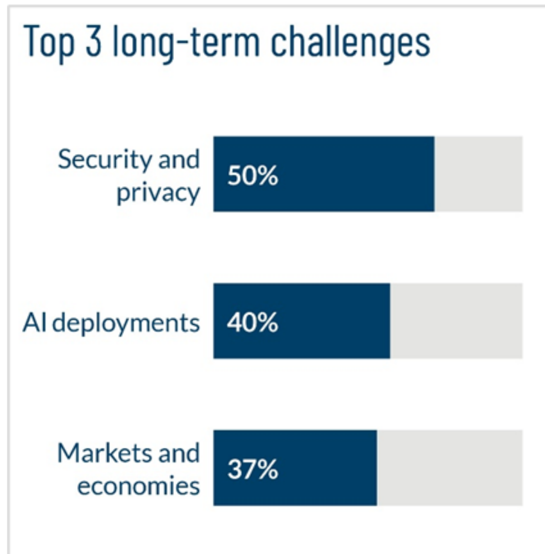
During the next three years, operational leaders plan to invest in a broad range of third-party and supply chain management enhancements, including those related to:

- Supply chain visibility and analytics: These initiatives include real-time tracking systems to monitor bill of materials (BOM) components throughout the supplier and nth-party ecosystem.
- Dynamic scenario planning: Advanced planning systems can model multiple tariff, regulatory and extreme-weather scenarios simultaneously, allowing operational teams to stress test supply chain configurations and pricing strategies against evolving risks.
- Strategic sourcing: More diverse and flexible sourcing strategies and alternative supplier networks can reduce geographic concentration risks.
- AI and advanced automation: Given reshoring complexities and labor constraints, it may be beneficial to prioritize capital-intensive automation that can support domestic manufacturing without overwhelming dependence on workforce availability.
- Supply chain restructuring: Reshoring, nearshoring and "friend-shoring" initiatives require comprehensive evaluations of raw-materials access, logistics networks and manufacturing capacity along with AI other advanced tools to support new manufacturing operations.

COOs also recognize that investments in infrastructure modernization take numerous forms – building new plants, updating legacy technology environments, and implementing AI and other advanced technologies. These investments generate higher returns when the workforce is trained and equipped to optimize these tools and to run the core business, which is becoming more difficult due to talent and skilled-labor limitations.

How do COOs view the 10-year risk outlook for their organization?

Given the high-stakes, high-pressure, highly dynamic nature of their roles, COOs operate in dog years. A day in the life of an operational leader feels like a week; a year feels like seven. Ask a COO what risks they expect to contend with in 2036 is like asking them to forecast a lifetime. So it’s no surprise that current risk urgencies also figure prominently in COOs’ 10-year risk outlooks. What may be more surprising to some is that COOs expect risks related to markets, economies, customers and competition to occupy a large chunk of their time 10 years from now.



However, there is a sound explanation for why current COOs expect to address highly strategic risks in the future: many of them will be CEOs in 2036. The hard-earned experiences and new perspectives operational leaders have amassed in recent years while fighting endless fires, leading the way on AI implementations, and threading the needle between cost containment and revenue growth makes them stronger candidates for the top seat. Last year, COOs represented the largest portion (among other C-suite titles) of incoming CEOs; and nearly have of COOs (46%) believe their current role provides a clear path to becoming a CEO versus only 30% of the broader C-suite.

Overall, COOs plan to remain focused on the capabilities they can control in the coming decade, and these priorities boil down to tools and talent. Getting their technology environments and skill sets where they need to be will help them exert operational control over the chaos they contend with on a daily basis. Tame that chaos, and the CEO seat awaits.

Guidance/call to action for next two to three years

COOs continue to operate as the organization's chief firefighter, responding to early-morning distress calls that require decisive assessments and immediate responses. The following actions can help COOs survive the intense heat of the operational cauldron during the next two to three years:

- Deploy AI applications and advanced technology tools that enable new types of work, faster execution cycles, and shorter implementation timeframes – and that produce benefits with value propositions that exceed one-time efficiency gains.
- Create frameworks that allow operational budgets to fund AI initiatives that drive revenue growth without waiting for lengthy IT approval processes or updated AI policies.
- Develop alternative supplier networks and more flexible sourcing strategies that reduce dependence on single regions or vendors, particularly as tariffs, geopolitical confrontations, and economic volatility increase credit solvency, legal/compliance, and concentration risks among suppliers.
- Address the organizational speed gap between COOs and other C-suite leaders by establishing faster decision-making protocols and rethinking guardrails that impede progress.
- Prioritize the protection of core operational systems that bad cyber actors increasingly target directly.
- Conduct realistic assessments of reshoring feasibility while evaluating limited access to raw materials and rare earth minerals, substantial capital requirements, supply chain overhauls, and labor supply constraints.
- Ensure that third party risk management programs monitor the financial health of key suppliers – and provide visibility into fourth and nth parties to identify relationships with hostile governments, trade restriction violations, or concentration risks in vulnerable regions.
- Treat third party relationships as opportunities to pursue revenue-generating partnerships, joint ventures, and geographic expansion that competitors with higher cost structures and less flexibility cannot profitably leverage.
- Equip the workforce with the competencies and mindsets required to maximize AI value proposition and operate increasingly automated systems.
- Recognize that infrastructure investments must be accompanied by human capital development to address long-term talent and skilled labor limitations.

About the author

David Petrucci is a Managing Director and the Global Leader for Protiviti's Supply Chain and Operations practice. He has 30 years of experience in operational improvement and innovation, working across industry, technology and consulting organizations. His specialty is developing new business and organizational models enabled by the intersection of business and technology.