

Executive Perspectives on Top Risks 2021 and 2030 Chemicals Industry

“The effects of the pandemic on customer behavior, workplace design and industry dynamics have shaped the challenges most materials and chemicals companies will face in 2021. But more than that, our survey results reflect forward-looking challenges related to such issues as the economy, future of work, digital transformation, cybersecurity and privacy, talent development and operational resilience and agility.”

Some of the key trends and takeaways that we expect to impact the Materials & Chemicals sub-sector for the next decade or more include:

- Impact on the sub-sector by evolving government policies and regulations as a result of continued emergence from the pandemic, including how customer demand and sales channels might change in the mid to long term.
- Adapting to rapidly changing economic conditions triggered by COVID-19 and concerns about the ability to attract talent and skills to support the rapid deployment of digital technologies needed to survive in a virtual environment.
- As businesses invested in technology solutions to adapt to a new workplace dynamic, the risk of cyber threats and related liabilities continues to grow. Traditional manufacturers are gaining access to new and expanded data and must ensure their technical capabilities expand at a commensurate rate.
- Ongoing assessment of the surge in product demand and manufacturing capacity throughout 2020 in order to support the production of critical components and finished products for health and wellness necessities, both for personal and commercial use, including hand sanitizers, PPE, and other cleaning products. The challenge in 2021 and beyond is right-sizing this manufacturing capacity surge and re-tooling to reflect ongoing market demands.
- New market entrants emerged in 2020 as other manufacturing organizations re-tooled to support market needs for pandemic related products. This channel expansion appears to be temporary to address critical shortages however sub-sector participants will need to evaluate competitor risk as the COVID response matures, supply levels re-stabilize, and these temporary players return their capacity to normal products.

- by Sean Humphreys, Director

Top 10 Risks for 2021

	N=29
Pandemic-related policies & regulation impact business performance	6.59
Pandemic-related market conditions reduce customer demand, including shifts in consumer behavior to digital channels	6.38
Economic conditions constrain growth opportunities	6.36
Adoption of digital technologies may require new skills or significant efforts to upskill and reskill existing employees	6.29
Ease of entrance of new competitors into the industry and marketplace or other significant changes in the competitive environment may threaten our market share	6.21
Inability to utilize data analytics to increase productivity and efficiency	6.21
Our organization may not be able to adapt its business model to embrace the evolving "new normal" imposed on our business by the current pandemic and emerging social change	6.21
Geopolitical shifts, regional conflicts and instability in governmental regimes or expansion of global terrorism may restrict the achievement of our global growth and profitability objectives	6.10
Anticipated volatility in global financial markets and currency exchange rates may create significantly challenging issues for our organization to address	6.07
Ability to manage an unexpected crisis significantly impacting our reputation	6.07

Top 10 Risks for 2030

Substitute products / services may arise that affect our business model	5.24
Geopolitical shifts, regional conflicts and instability in governmental regimes or expansion of global terrorism may restrict the achievement of our global growth and profitability objectives	5.17
Ease of entrance of new competitors into the industry and marketplace or other significant changes in the competitive environment may threaten our market share	5.17
Shifts in ESG preferences may be difficult for us to identify and address on a timely basis	5.07
Pandemic-related market conditions reduce customer demand, including shifts in consumer behavior to digital channels	5.07
Anticipated volatility in global financial markets and currency exchange rates may create significantly challenging issues for our organization to address	5.03
Economic conditions constrain growth opportunities	5.00
Political uncertainty surrounding the influence and continued tenure of key global leaders may impact national & international markets to significantly limit our growth opportunities	4.97
Inability to utilize data analytics and "big data" to achieve market intelligence and increase productivity and efficiency	4.97
Adoption of digital technologies may require new skills or significant efforts to upskill and reskill existing employees	4.96