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percent are concerned about how to keep up with the differing wants and needs of millennials.

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With chief executives in the United States dealing with a time of unprecedented change, 65 percent acknowledge that the next three years will be more critical for their industries than the past 50. CEOs are responding by stepping up their customer focus and transforming into significantly different entities with many pursuing a growth strategy that calls for increased partnerships and alliances, according to a study released today by KPMG LLP, the U.S. audit, tax, and advisory firm.

“Today’s top business leaders understand that long-term success in this era of fast-paced technological change and global economic shifts requires a new way of thinking and operating,” said Lynne Doughtie, Chairman and CEO, KPMG LLP. “In fact, the corporate playbook is being rewritten and replaced by one that takes business agility to a level we have never seen before.”

The 400 U.S. CEOs surveyed in the [KPMG U.S. CEO Outlook 2016 report](#) expressed a high degree of confidence over the longer term. In fact, 83 percent are confident about growth prospects for their companies in the next three years. Yet, underlying that optimism, are many risks and concerns. Cyber security was designated the top risk, while 91 percent expressed concern about the impact of global economic forces on their businesses. Customer loyalty and keeping current with new technologies also are major concerns.

“CEOs see new entrants disrupting their business models and acknowledge that they are not in a position to be a disruptor themselves,” said Doughtie. “One major issue is that the majority of CEOs acknowledge that they haven’t adopted a strategic innovation approach and a safe-to-fail environment.”

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offerings.

Pursuing Collaborative Growth

To drive shareholder value in the next three years, 65 percent of the CEOs said they will be pursuing a collaborative growth strategy that includes external partnerships and alliances, a higher percentage than organic growth (61 percent) and inorganic growth (58 percent). “These leaders recognize that the opportunities and the pressures they face to grow are greater than what they can achieve internally,” said Doughtie.

Yet, low percentages of CEOs feel that their organizations are highly capable of connecting in a beneficial way with startups (32 percent) as well as universities and other research institutes (30 percent).

Transformations on the Rise

Thirty-nine percent of CEOs indicated that they are transforming their companies into significantly different entities in the next three years. “Most transformational changes are outside of the core competencies of the average organization,” Doughtie said. “CEOs find themselves managing and monitoring incredibly complex ecosystems that extend far beyond the walls of their businesses.”

Confidence on U.S. Growth, Jobs

The majority of CEOs were confident about the economy and job growth over the next three years. Twenty-three percent are “very confident” about growth for the U.S. economy and 59 percent are “confident.” When asked to assess countries offering the greatest potential for new growth, the CEOs selected India, followed by the United States and China.

As to adding jobs, 54 percent anticipate hiring in the 6-10 percent range in the next three years, and 21 percent predict increases of more than 11 percent.

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