KPMG

KPMG Adaptability Pulse Survey

WAVE 2

July 2026

About the KPMG Adaptability Pulse Wave 2 Survey

Adaptability in practice

In our second quarterly Adaptability Pulse Survey, more than 1,120 executives shared how their organizations are responding to disruption and the actions they are taking to adapt proactively.

About KPMG’s Adaptability research

KPMG is exploring how organizations can move beyond reacting to disruption and build the capabilities needed to perform through ongoing uncertainty.

At the center of the campaign is the KPMG Adaptability Index, a data-driven framework that points to balanced efforts across an organization's culture, strategy, and broader ecosystem of partnerships, alongside efforts to build structural readiness as the most effective approach to building adaptability.

Complementing the Index, the KPMG Adaptability Pulse surveys assess how organizations are responding to pressure, including the degree of proactivity behind those actions and the results they deliver.

> ***In a world where it's really difficult to predict what tomorrow is going to bring, you can spend a lot of time doing a lot of analysis that ultimately doesn't really help you manage the business any more effectively.***
>
> **- KPMG CFO exchange**

Executive Summary

01 Adaptability is constrained from within

Adaptability is being constrained less by market conditions and more by internal challenges, including competing priorities, slow decision-making and workforce readiness.

At the same time, AI is reshaping how leaders think about talent, operating models and future value creation.

While one-third of executives cite lack of critical talent as a leading constraint on adaptability, companies reported they are more likely to reskill than reduce the workforce.

02 C-Suite is split on top strategy to remain competitive

Organizations are concentrating on innovation, operational efficiency, and customer relationships as their primary paths to competitiveness.

However, there are notable differences in focus for executive teams; Technology leaders focus on efficiency; finance and tax leaders prioritize innovation; and CEOs place greater attention on customer retention and market position.

03 Organizations want adaptability without reinvention

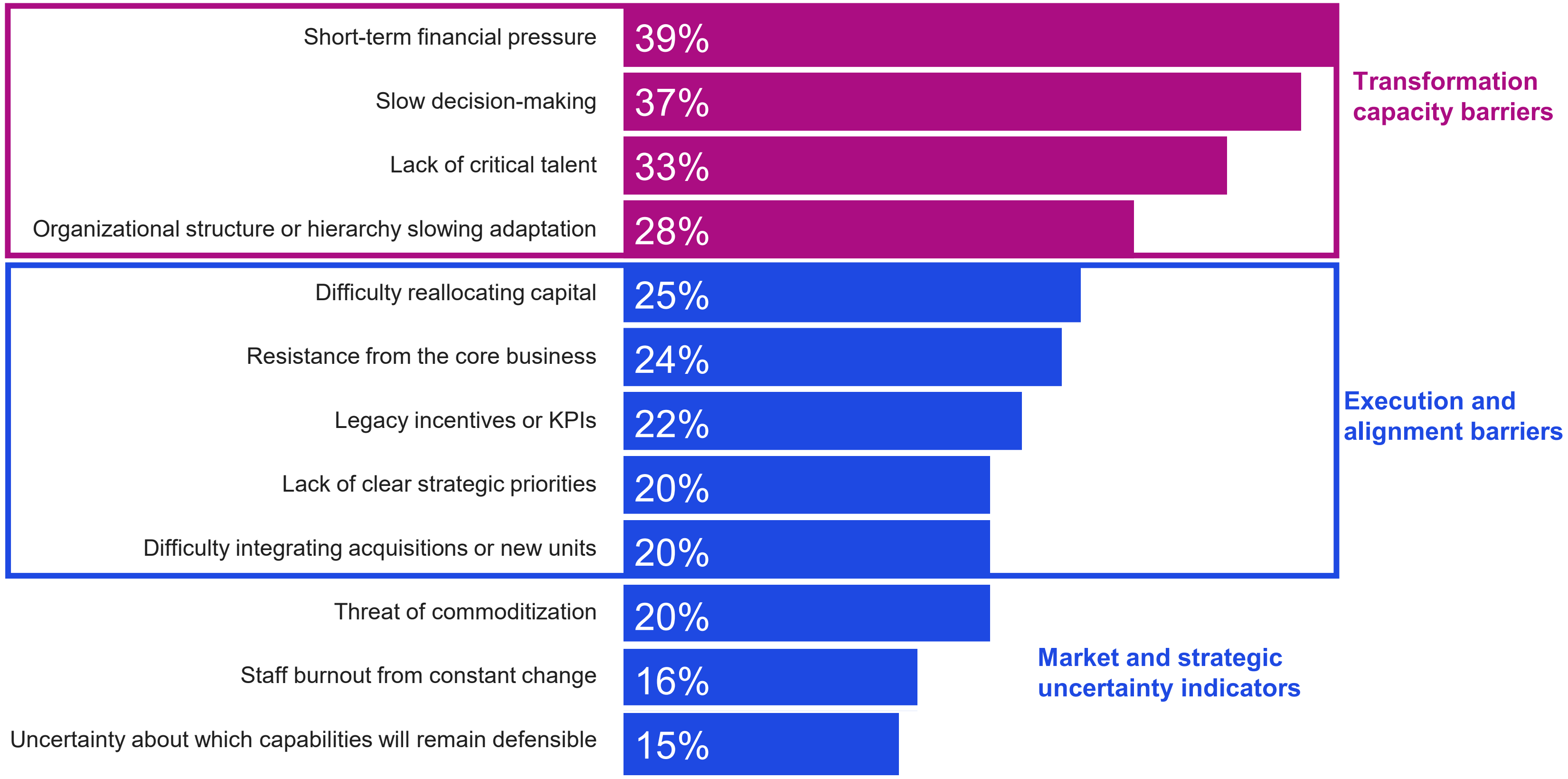
Organizations are largely strengthening existing businesses rather than reshaping their portfolio or creating new avenues for growth.

Innovation and new product/service launches alone are not a silver bullet for adaptability.

The biggest barriers to adaptability are internal

- The top barriers hindering an organization's ability to protect and grow value over the next 12 months:
    - Short-term financial pressure (39%)
    - Slow decision-making (37%)
    - Lack of critical talent (33%)
    - Organizational structure or hierarchy (28%).
- Market and strategic uncertainty indicators are least likely to be seen as a barrier to adaptability.

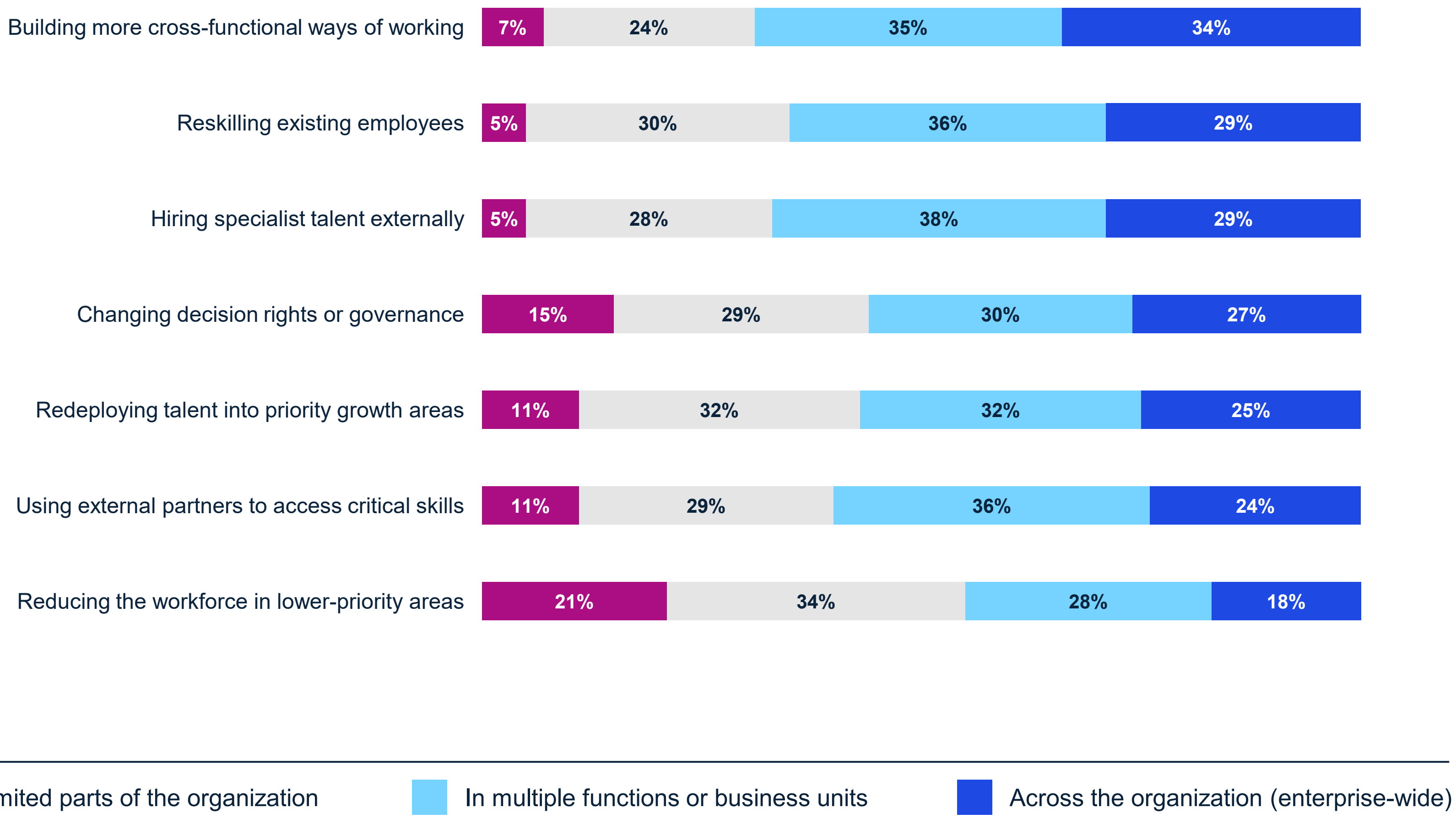
Q: In light of accelerating disruption, what will be the biggest barriers to your organization's ability to protect and grow value proactively over the next 12 months? *(Respondents may select more than one.)*



A critical lack of talent is a leading constraint on adaptability

- **One-third of executives** cite lack of critical talent (33%) as a leading constraint on adaptability.
- Companies are more likely to reskill than reduce the workforce. **21%** are not reducing the workforce and **34%** are reducing in limited parts of the organization.

Q: To what extent is your organization implementing the following talent actions to support its response to disruption?[1]

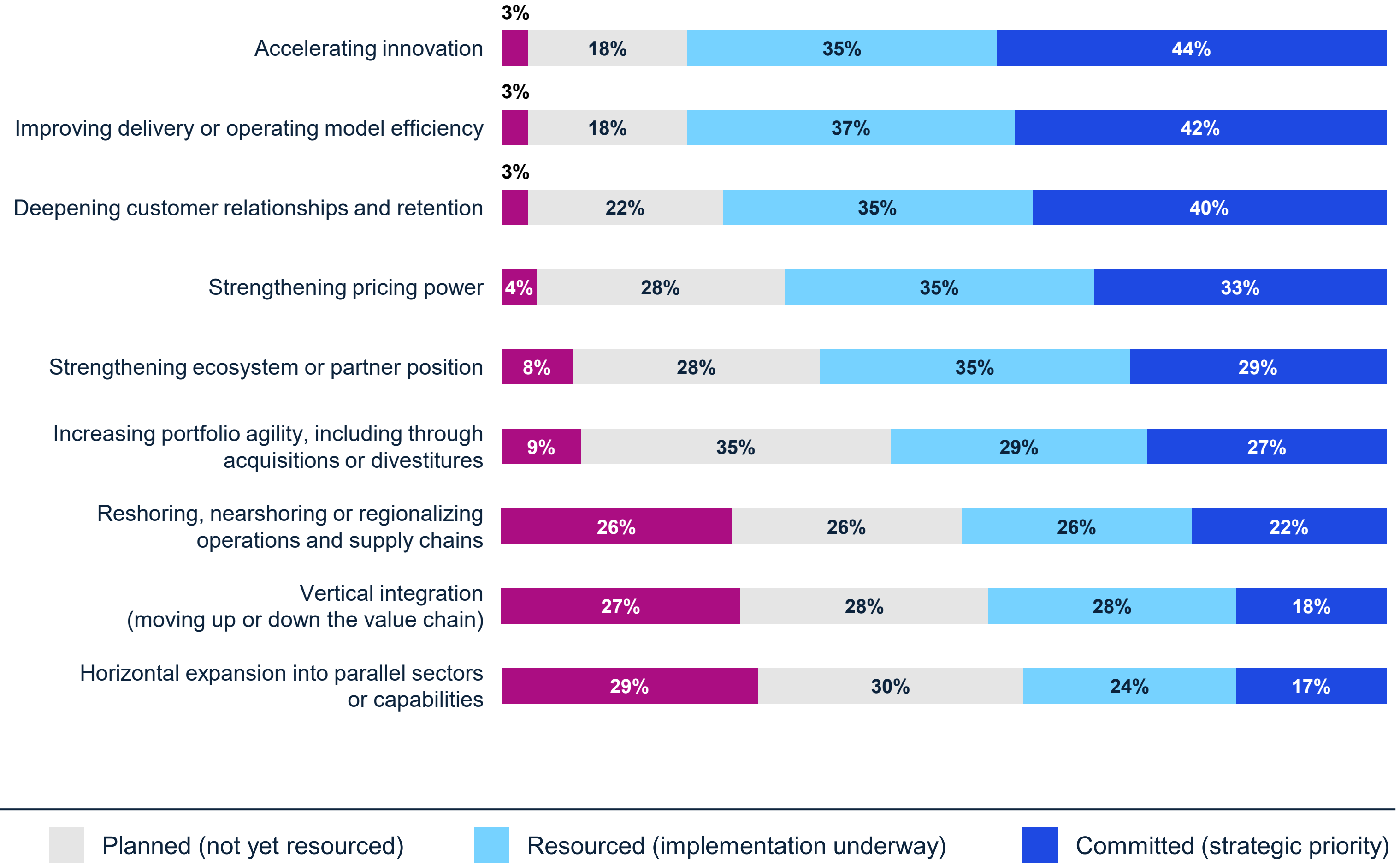


[1] Percentages may equal greater than 100% due to rounding.

Most organizations have initiatives in place to remain competitive, but few are making them a strategic priority

- Organizations are prioritizing innovation (44%), efficiency (42%), and customer retention (44%) over structural supply chain changes.
- Even after years of supply chain disruption, only 22% say nearshoring is a strategic priority.
- Organizations are about 2.6x more likely to prioritize accelerating innovation than horizontal expansion into parallel sectors or capabilities.

Q: How is your organization planning to stay competitive over the next 2-3 years?[1]



[1] Percentages may equal greater than 100% due to rounding.

The C-suite agrees on what matters least — but not on what matters most

C-suite is aligned on:

- Horizontal expansion (15–18%) and vertical integration (16–20%) rank lowest across every single role.
- Despite differing #1s, accelerating innovation lands in the top tier for all four groups (41–47%).
- Strengthening pricing power stays in a tight 29–35% band across roles. This signals a consistent approach, but never a lead priority.

They diverge on:

- Deepening customer relationships is the top CEO priority at 42%
- 47% of CFO/Chief Tax Officers are focused on accelerating innovation.
- CTO/CIO/CAIO rank improving delivery/operating model efficiency at 52% versus just 38% for both CEOs and CFOs, a 14-point gap.

Q: How is your organization planning to stay competitive over the next 2-3 years? *(Respondents may select more than one.)*

	Total	CEO and direct report	CFO/CTO and direct reports	COO and direct reports	CTO/CIO/CAIO and direct reports
Committed (strategic priority) summary					
Accelerating innovation	44%	41%	**47%**	**46%**	41%
Improving delivery or operating model efficiency	42%	38%	38%	41%	**52%**
Deepening customer relationships and retention	40%	**42%**	35%	**41%**	**41%**
Strengthening pricing power	33%	33%	29%	**34%**	**35%**
Strengthening ecosystem or partner position	29%	24%	25%	**32%**	**34%**
Increasing portfolio agility, including through acquisitions or divestitures	27%	27%	**29%**	25%	27%
Reshoring, nearshoring or regionalizing operations and supply chains	22%	21%	**23%**	19%	**24%**
Vertical integration (moving up or down the value chain)	18%	18%	16%	17%	**20%**
Horizontal expansion into parallel sectors or capabilities	17%	**18%**	**18%**	16%	15%

COO and CTO teams are more likely to reach for the mechanisms that drive adaptability

- **CEOs** are highest on portfolio approach and creating separate new-growth structures, reflecting their proximity to these areas.
- **Chief Finance and Chief Tax Officers** are top in strategic acquisitions and internal competition.
- **COOs** stand out in divestitures/carve-outs and deliberate non-integration.
- **CTO/CIO/CAIOs** are highest in separate KPIs/incentives and edge teams/ventures – some of the more experimental mechanisms.

Q: Which, if any, of the mechanisms is your organization already using or beginning to use to disrupt itself from within? *(Respondents may select more than one.)*

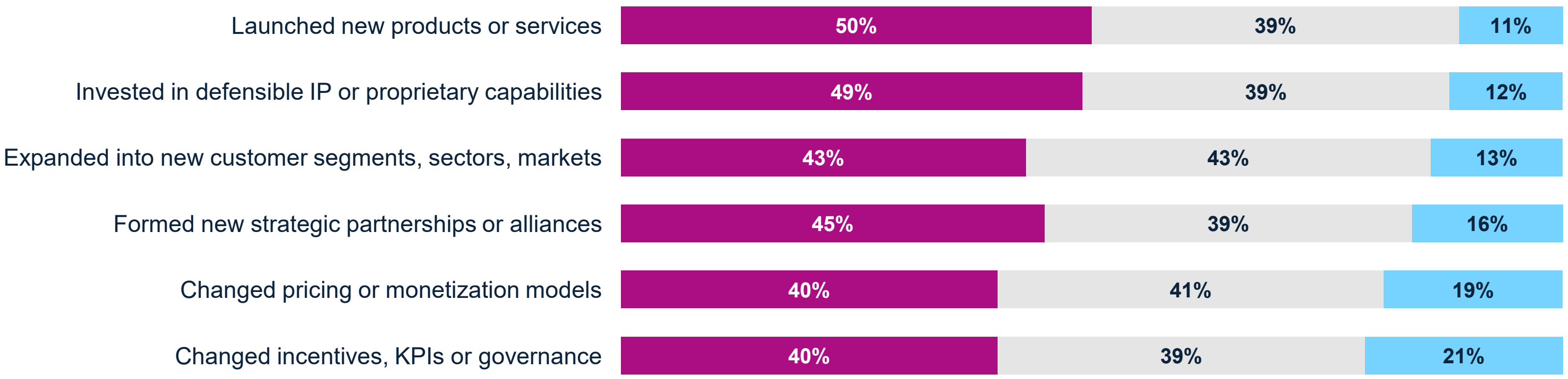
	Total	CEO and direct report	CFO/CTO and direct reports	COO and direct reports	CTO/CIO/CAIO and direct reports
Organizations are trying:					
Edge teams or edge venture	30%	29%	**32%**	28%	**32%**
Separate structures for new-growth activity	40%	**42%**	39%	39%	39%
Separate KPIs or incentives for new-growth activity	37%	35%	**39%**	34%	**40%**
Strategic acquisitions to build new capabilities	41%	**42%**	**47%**	39%	39%
Deliberate non-integration of new businesses or capabilities	29%	**30%**	28%	**33%**	25%
Divestitures or carve-outs to sharpen focus	37%	35%	34%	**40%**	**38%**
A portfolio approach that actively reallocates capital across businesses	45%	**47%**	44%	45%	44%
Internal competition between core and new-growth activity	28%	26%	**34%**	**30%**	24%

Many companies avoid the deep structural change that would improve adaptability

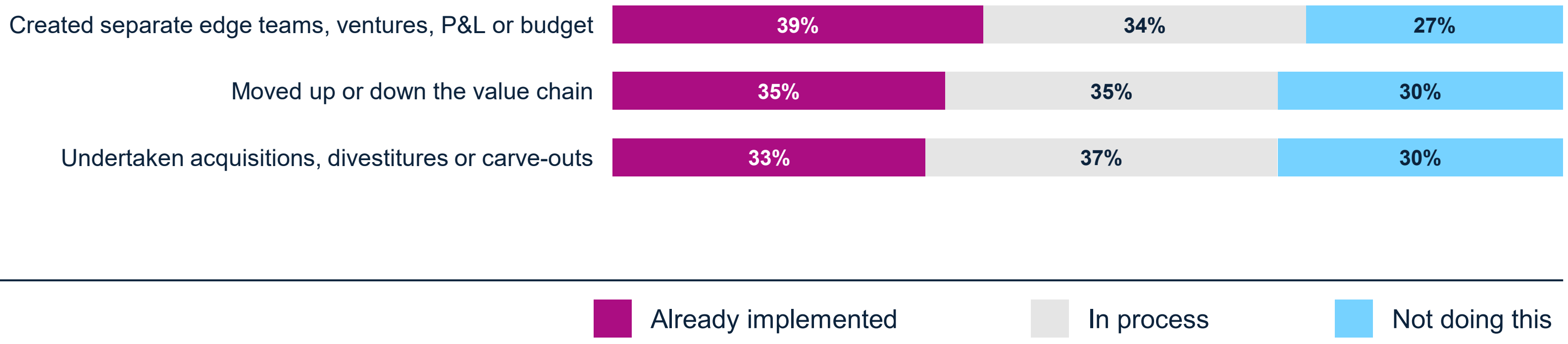
- Organizations predominantly focus on actions that extend and strengthen their current business models
- One in three organizations has no plans to establish edge operations, reposition within the value chain, or reshape their portfolio.

Q: Which of the following actions has your organization taken or begun specifically in response to disruption over the past 12 months?[1]

Extending the model: What most companies do



Restructuring the business: Harder moves are less popular, but promise more impact



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4 strategies set proactive organizations apart

01 Building edge teams and ventures to move faster and stand out

Edge teams/ventures are strongest for differentiation (56%) and improving speed in responding to market change (54%).

02 Taking a portfolio approach to drive stronger financial performance

A portfolio approach is the clearest financial performance lever. 60% say it improves overall financial performance.

03 Using M&A and pricing innovation to fuel growth and protect margins

Strategic acquisitions are delivering the strongest impact overall, particularly on revenue growth (61%), improving overall financial performance (55%), and enhancing differentiation (55%). New pricing and monetization models help organizations protect margins (56%) and grow revenue (55%).

04 Changing incentives, KPIs or governance to improve response speed and performance

Shifting governance to support new priorities improved speed of responding to market change (54%), customer retention (50%), and overall financial performance (50%).

Survey Demographics

Demographics - 1

Total number of respondents: 1,120

Fieldwork: April 28,2026 – May 15, 2026

Organization location

21% **Net: Mideast**
Delaware, District of Columbia, Maryland, New Jersey, New York, Pennsylvania

15% **NET: Far West**
Alaska, California, Hawaii, Nevada, Oregon, Washington

19% **NET: Southeast**
Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee,…

14% **NET: Great Lakes**
Illinois, Indiana, Michigan, Ohio, Wisconsin

13% **NET: Southwest**
Arizona, New Mexico, Oklahoma, Texas

8% **NET: New England**
Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

6% **NET: Plains**
Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

3% **NET: Rocky Mountains**
Colorado, Idaho, Montana, Utah, Wyoming

0% **NET: U.S. Territories**

Job title or reporting to

25% Chief Operating Officer (COO)

24% Chief Financial Officer (CFO)

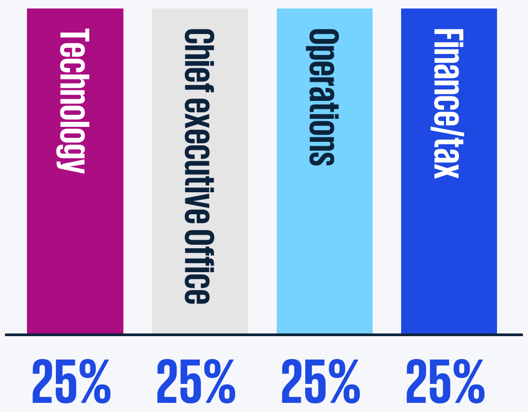
24% Chief Executive Officer (CEO)

13% Chief Information Officer

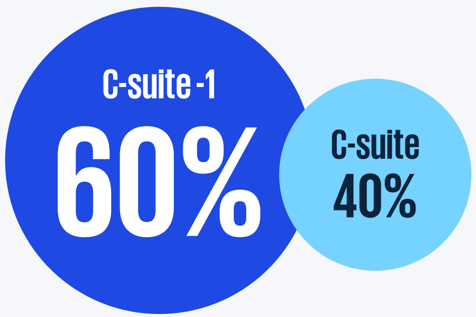
11% Chief Technology Officer (CTO)

3% Chief Tax Officer, University President/Chancellor, School Superintendent

By function



By Seniority



Demographics - 2

Total number of respondents: 1,120

Fieldwork: April 28,2026 – May 15, 2026

Primary industry

%	Industry
7%	Technology (software, hardware, IT…)
6%	Healthcare providers and services
6%	Machinery and equipment
5%	Oil and gas
5%	Utilities and power generation
5%	State/local gov't department and agencies
5%	Education and research institutions
4%	Food and beverage
4%	Retail banking
4%	Private equity
4%	Insurance
4%	Retail (online and/or physical)
3%	Alternative investment management
3%	Media (publishing, entertainment…)
3%	Aerospace and defense
3%	Wealth management (private clients)

%	Industry
3%	Telecommunications
3%	Apparel and fashion
3%	Payments and fintech
3%	Federal gov't departments or agencies
2%	Renewable energy
2%	Pharmaceuticals
2%	Other diversified industrials
2%	Automotive
2%	Investment banking
2%	Asset management (institutional and retail)
2%	Biotechnology
2%	Consumer packaged goods
1%	Medical technology (medtech)
1%	Real assets and infrastructure
1%	Healthcare payers

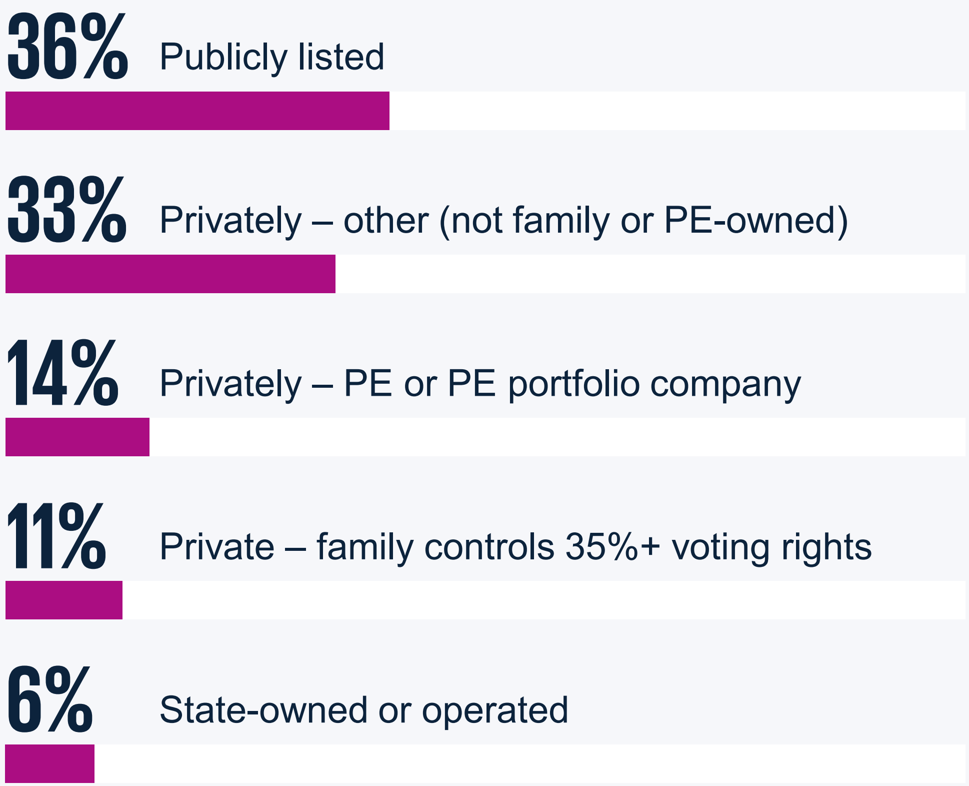
- Financial services
- Investment management
- TMT
- Energy
- Healthcare and life sciences
- Government and education
- Consumer and retail
- Industrial manufacturing

Demographics - 3

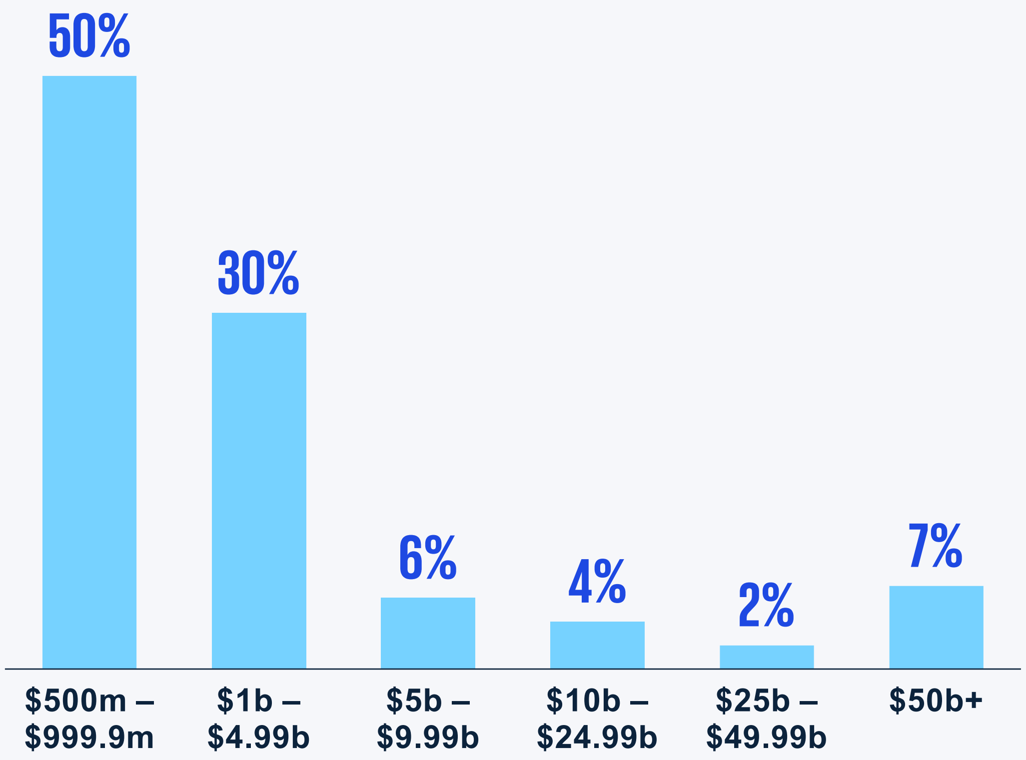
Total number of respondents: 1,120

Fieldwork: April 28,2026 – May 15, 2026

Ownership



Revenue / AUM / Budget



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