



## CFO Signals™

What North America's top finance executives are thinking – and doing

High-Level Report

4<sup>th</sup> Quarter 2014

A decorative graphic at the bottom of the page featuring several overlapping, wavy, translucent blue lines that create a sense of motion and depth.

## About the CFO Signals survey

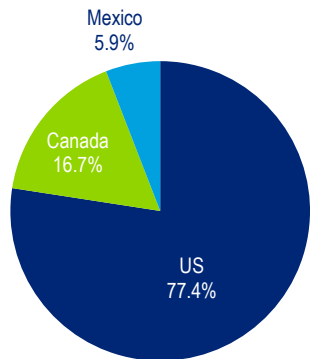
Each quarter, *CFO Signals*™ tracks the thinking and actions of CFOs representing many of North America’s largest and most influential companies. This is the fourth quarter report for 2014.

For more information about the survey, please see the methodology section at the end of this document or contact [nacfosurvey@deloitte.com](mailto:nacfosurvey@deloitte.com)

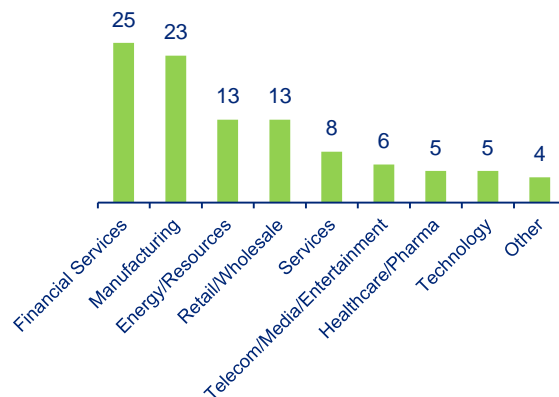
## Who participated this quarter?

One hundred and two CFOs responded during the two-week period ending November 21. Seventy-two percent of respondents are from public companies, and 82% are from companies with more than \$1B in annual revenue. For more information, please see the “About the survey” section of this report.

Participation by country



Participation by industry



## IMPORTANT NOTES ABOUT THIS SURVEY REPORT:

All participating CFOs have agreed to have their responses aggregated and presented.

Please note that this is a “pulse survey” intended to provide CFOs with quarterly information regarding their CFO peers’ thinking across a variety of topics. It is not, nor is it intended to be, scientific in any way, including in its number of respondents, selection of respondents, or response rate, especially within individual industries. Accordingly, this report summarizes findings for the surveyed population but does not necessarily indicate economy- or industry-wide perceptions or trends. Except where noted, we do not comment on findings for segments with fewer than 5 respondents.

This publication contains general information only, and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, tax, legal, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decisions that may impact your business, you should consult a qualified professional advisor.

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## Additional findings available in full report

(please contact [nacfosurvey@deloitte.com](mailto:nacfosurvey@deloitte.com) for full report)

- Detailed findings (by industry)
- Industry-by-industry trends
- Country-by-country trends

# Findings at a Glance

## Perceptions

**How do you regard the current and future status of the North American, Chinese, and European economies?** Views of North America are again strongest, with a very high 63% of CFOs describing conditions as good (up from 44% last quarter), and the same proportion expecting better conditions in a year (up from 55% last quarter). Thirty-four percent regard China's economy as good (up from 27% last quarter), and 25% expect improvement (down from 29% last quarter). Just 2% describe Europe as good, and only 13% see it improving over the next year. [Page 8.](#)

**What is your perception of the capital markets?** Forty-nine percent of CFOs say external financial and economic risks are higher than normal, and 61% believe US markets are overvalued (both numbers are about the same as last quarter). An overwhelming 88% say debt is currently an attractive financing option, and 48% of public company CFOs view equity financing favorably (up sharply from 30%). [Page 9.](#)

## Priorities

**What is your company's business focus for the next year?** CFOs again indicate a substantial bias toward growing revenue and investing cash over lowering costs and returning cash—despite the fact that their capital spending expectations remain muted (see below). They are biased toward growth in current geographies over new geographies and toward organic over inorganic growth. [Page 10.](#)

## Expectations

**Compared to the past 12 months, how do you expect your key operating metrics to change over the next 12 months?** Revenue growth expectations, which reached their three-year high last quarter, receded from 6.8%\* to 6.0%\* but are still comparatively strong. Earnings expectations, coming off their highest level in more than a year, declined from 10.9%\* to a still-strong 9.7%\*. Capital spending rose from 5.0%\* to 5.5%\*—mostly because US CFOs' estimates bounced back from last quarter's survey-low 3.5%\* to 5.8%\* this quarter. [Pages 11-13.](#)

## Sentiment

**Compared to three months ago, how do you feel now about the financial prospects for your company?** Continuing a string of seven straight quarters of positive net optimism, net optimism rose to a very strong +33.3. Forty-nine percent of CFOs express rising optimism (44% last quarter), and just 16% express declining optimism. Net optimism is lowest for Manufacturing, Energy/Resources, and Services. [Page 14.](#)

**Overall, what external or internal risk worries you the most?** CFOs' most worrisome risks largely focus on the degree to which troubles in Europe, Asia, and Latin America will ultimately impact performance at home. And many relay worries that policymakers will struggle in trying to spur growth. [Page 15.](#)

\*These averages are means that have been adjusted to eliminate the effects of stark outliers.

## Special Topic: Uncertainty

**Which sources of uncertainty are most impacting your business planning?** CFOs' answers are diverse and largely industry-dependent. Where most sectors agree, however, is around uncertainty related to North American economies, geopolitical events, and industry-specific regulation. Also common are concerns about monetary policy (and related interest rates) and input prices. [Page 16.](#)

**What is the most important thing you have done as CFO to help your company manage uncertainty?** Tactics vary considerably, but most revolve around one of three themes: ensuring business performance (increasing focus on strategies, efficiencies, and key decisions); managing operating risk (strengthening risk management priorities, risk awareness, and risk management approaches); and managing balance sheet risk (strengthening balance sheets, ensuring liquidity, and managing exposure to interest and FX rates). [Page 17.](#)

## Special Topic: Rates and Prices

**How are you approaching the current environment of low interest rates and low energy prices?** About three-quarters of CFOs expect higher interest rates over the next year, but only about one-third say this expectation is affecting their pricing plans. Higher energy prices are generally not expected and are mostly not built into pricing plans either. CFOs say prices are largely back to pre-recession levels—and headed higher. Just under half say their prices are higher now than pre-recession, and well over half say their prices will be higher in a year. [Page 18.](#)

## Special Topic: Retirement Risk

**How aggressive have you been in de-risking your pension/retirement obligations?** Compared to 3Q13, companies appear more likely to have utilized aggressive risk reduction tactics. Use of voluntary lump-sum pay-outs for both retirees and former employees has risen, as have outright plan terminations. [Page 19.](#)

**Assuming adoption of new mortality tables that increase your GAAP pension liability, what "premium" would you pay to settle all/part of your plan(s)?** Forty-three percent of CFOs said they are willing to pay a premium above their GAAP liability, with Healthcare/Pharma, Retail/Wholesale, and Manufacturing most likely to express interest. Few are willing to pay a premium above 5%, and nearly half say they do not know what premium they would pay or would not terminate their plans. [Page 20.](#)

# Summary

## Despite global concerns, strong optimism heading into 2015

Last quarter, CFOs' sentiment built on positive momentum that had emerged in the second quarter of this year. And their much-improved year-over-year performance expectations made a compelling case for sustained economic acceleration going forward.

Since then, further strengthening of economic indicators suggests the US economy is finally on a strong, self-sustaining growth path. But are large-company CFOs buying it?

The short answer, based on this quarter's survey findings, is yes. Despite lingering concerns about the potential frailty of the global economic recovery, growing worries about geopolitical disruptors, and uncertainty in the aftermath of US mid-term elections, the tenor of CFOs this quarter is clearly one of rising optimism and confidence.

### Confidence despite concerns

Many important macroeconomic events have transpired since our last survey, and most seem to add uncertainty, raise the likelihood of future disruptive events, or both. Performance of several major economic regions has gotten decidedly worse, geopolitical issues have not subsided, and US equity markets have been rattled. And, not surprisingly, CFOs' outlooks for European and Chinese economies have faltered.

Still, performance of the US economy has been strong—enough so that the US Federal Reserve ended its bond-buying program on schedule and is considering dates for raising interest rates. Accordingly, CFOs' confidence in North American economies remains high, and that appears to be fueling confidence in their own companies' prospects. Net optimism\* rose from a very strong +32.0 last quarter to +33.3 this quarter, extending an already-long positive streak. Moreover, just 16% of CFOs express declining optimism—again one of the lowest proportions in the history of this survey.

### Summary of sentiment and expectations

(Optimism is measured relative to prior quarter, and growth numbers are expectations for next 12 months)



Behind this sentiment are performance expectations that remain near recent highs. Revenue growth expectations, which reached their three-year high last quarter, receded slightly but are still comparatively strong. Earnings expectations, coming off their highest level in more than a year, declined but are also relatively strong. Domestic hiring expectations declined but are still near their four-year high, and 60% of CFOs again expect gains (matching the highest proportion in three years).

### Emerging patterns in capital investment?

So what are companies doing in response to these positive outlooks? For several quarters (including this one), CFOs have indicated a bias toward growing revenue over reducing costs and toward investing cash over returning it. But capex expectations have not followed suit, and last quarter's US expectation hit its lowest level in the survey's history. This quarter's expectations are only marginally higher, even though the expected dividend growth rate is also near its survey low.

Last quarter we posited that already-established capacity, rising use of cheap-to-scale digital technologies, and the exchange of company-owned assets for outsourced cloud-based services provided at least part of the explanation, and this quarter's findings appear to further support this hypothesis.

### Sources of uncertainty

This quarter we asked CFOs about the sources of uncertainty that are most affecting their business planning, and the answers were diverse and largely industry-dependent. Where most sectors agree, however, is around uncertainty related to geopolitical events, industry-specific regulation and (if cracks materialize) North American economies. Also common were concerns about monetary policy (and related interest rates) and input prices.

CFOs' most worrisome risks mirror these findings, with strong concerns about the degree to which troubles in Europe, Asia, and Latin America will ultimately impact performance at home. And they remain worried that policymakers will struggle in trying to spur growth.

\* Net optimism is calculated as the difference between the proportions of those expressing rising and falling optimism. Accordingly, this metric does not explicitly account for the level of "no change" responses.

# Summary (cont.)

## How CFOs are combatting uncertainty

Obviously, such uncertainties make planning difficult, so this quarter we asked CFOs for the most important things they have personally done to help their companies navigate in the current business environment.

Tactics vary considerably, but most revolve around one of three themes: ensuring business performance (increasing focus on strategies, efficiencies, and key decisions); managing operating risk (strengthening risk management priorities, risk awareness, and risk management approaches); and managing balance sheet risk (strengthening balance sheets, ensuring liquidity, and managing exposure to interest and FX rates. Please see page 18 for specific examples.

## Interplay of interest rates, energy costs, and company prices

Most companies have also been planning around uncertain futures for interest rates and energy costs. Accordingly, this quarter we asked about CFOs' expectations for both and their impacts on their own companies' pricing.

About three-quarters of CFOs expect higher interest rates over the next year. But well under one-quarter express high confidence, and only about one-third say their interest rate expectations are actually affecting their pricing plans—possibly a reflection of lingering doubts. Higher energy prices, on the other hand, are generally not expected and are mostly not built into pricing plans.

Whatever the case, it appears prices are largely back to pre-recession levels—and headed higher. Just under half of CFOs say their prices are higher now than pre-recession, and 21% say they are lower. Moreover, well over half say their prices will be higher in a year, and just 18% say they will be lower.

## Reducing exposure to retirement risks

With new Society of Actuaries (SOA) mortality tables coming into play that will increase pension liabilities for many companies, we asked CFOs about their efforts to reduce retirement plan risks and their willingness to buy out of their GAAP pension liabilities.

Compared to results from our 3Q13 survey, companies appear increasingly likely to have utilized relatively aggressive risk reduction tactics. Use of voluntary lump-sum pay-outs for both retirees and former employees has risen, as have outright plan terminations. Moreover, 43% of CFOs expressed willingness to settle their pension plans at a premium above their GAAP liability.

## What's next?

As we enter 2015, “quantitative easing” has ended, corporate performance is generally strong, US equity markets are near historic highs, the US government appears funded (at least for now), and both interest rates and oil prices are near record lows.

This quarter, CFOs added an eighth-straight quarter to their streak of positive sentiment—a streak that has largely proved to be on the mark. But the relative health and resiliency of North American economies again underlies a good portion of their sentiment. And this begs important questions about how long North America can continue to accelerate if the rest of the global economy continues to struggle.

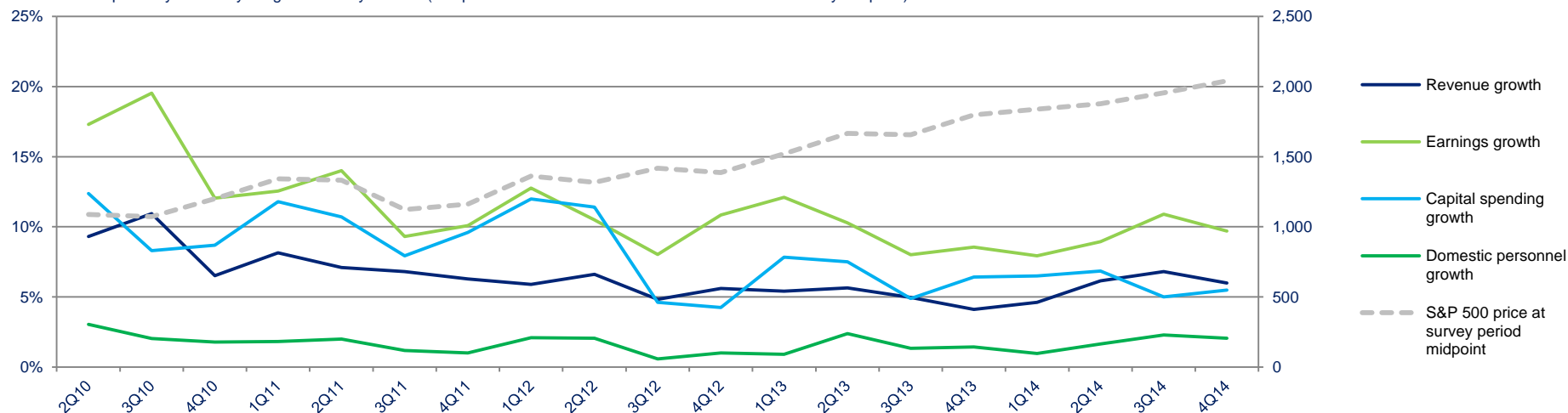
On the horizon are important decisions within several major economies about monetary and fiscal policy, the continuation of several geopolitical conflicts, and the emergence of new agendas within the US Congress. Continued performance will require navigating these challenges and surely several others not yet apparent. Accordingly, CFOs' streak of optimism seems likely to be tested over the next calendar year.

# Key Charts: Expectations

CFOs' expected year-over-year increases in key metrics

## Consolidated expectations

CFOs' expected year-over-year growth in key metrics (compared to the value of the S&P 500 index at the survey midpoint)



## Breakdown by country and industry

	Total (n=102*)	U.S. (n=79)	Canada (n=17)	Mexico (n=6)	Manufacturing (n=23)	Retail / Wholesale (n=13)	Technology (n=5)	Energy / Resources (n=13)	Financial Services (n=25)	Healthcare / Pharma (n=5)	T/M/E (n=6)	Services (n=8)
Revenue growth	6.0%	5.9%	5.0%	9.8%	5.3%	4.6%	6.8%	4.0%	6.8%	12.1%	8.4%	5.0%
Earnings growth	9.7%	10.8%	4.5%	10.5%	13.5%	6.7%	9.6%	3.4%	5.9%	24.5%	23.0%	7.2%
Capital spending growth	5.5%	5.8%	2.7%	8.3%	4.2%	5.7%	16.0%	5.7%	9.6%	-1.3%	0.8%	-5.0%
Domestic personnel growth	2.1%	1.7%	2.2%	6.1%	2.9%	1.8%	1.8%	1.7%	1.9%	-0.5%	2.4%	1.8%

\* Sample sizes may not sum to total due to responses from "other" categories.

Highest two industry expectations  
Lowest two industry expectations



# Key Charts: Sentiment

Sentiment regarding the health of major economic zones, industries, and capital markets

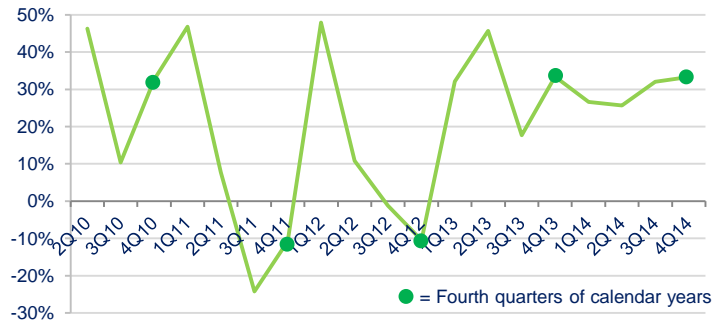
## Economic optimism

Average rating based on five-point scales for current state ("very bad" to "very good") and expected state one year from now ("much worse" to "much better")



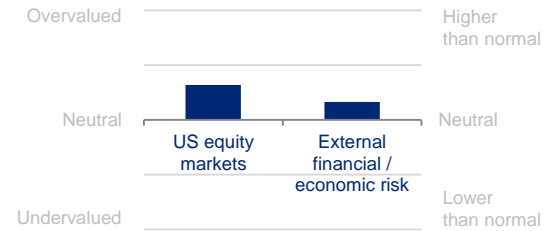
## Own-company optimism

Difference between the percent of CFOs citing higher and lower optimism regarding their company's prospects compared to the previous quarter



## Capital market sentiment

Average rating based on five-point scales for US equity markets ("undervalued" to "overvalued") and external financial/economic risk ("lower than normal" to "higher than normal")



# Perceptions

## Assessment of economies

How do CFOs regard the current and future health of some of the world's major economic zones?

**North America remains the bright spot—by a widening margin:**

### North America

**Current conditions hit a new high; expectations for the next year remain strong.**

- A very high 63% of CFOs describe the North American economy as good or very good (up from 44% last quarter), and just 4% describe it as bad (3% last quarter).
- Sixty-three percent believe conditions will be better a year from now (up from 55% last quarter, and about even with the first two quarters of this year). Just 3% expect conditions to be worse (equal to last quarter), and 34% expect them to stay the same.

### Europe

**Perceptions of Europe's position and trajectory declined sharply.**

- Just 2% (5% last quarter) of CFOs describe Europe's economy as good or very good. Seventy-three percent describe the economy as bad, far above last quarter's 47% and an abrupt reversion to the low confidence indicated in our surveys at the end of last year.
- Just 13% of CFOs expect the economy to be better a year from now (down from 23%, 27%, and 32% over the last three quarters), and 37% expect it to be worse (up from 26%, 23%, and 14% over the last three quarters).

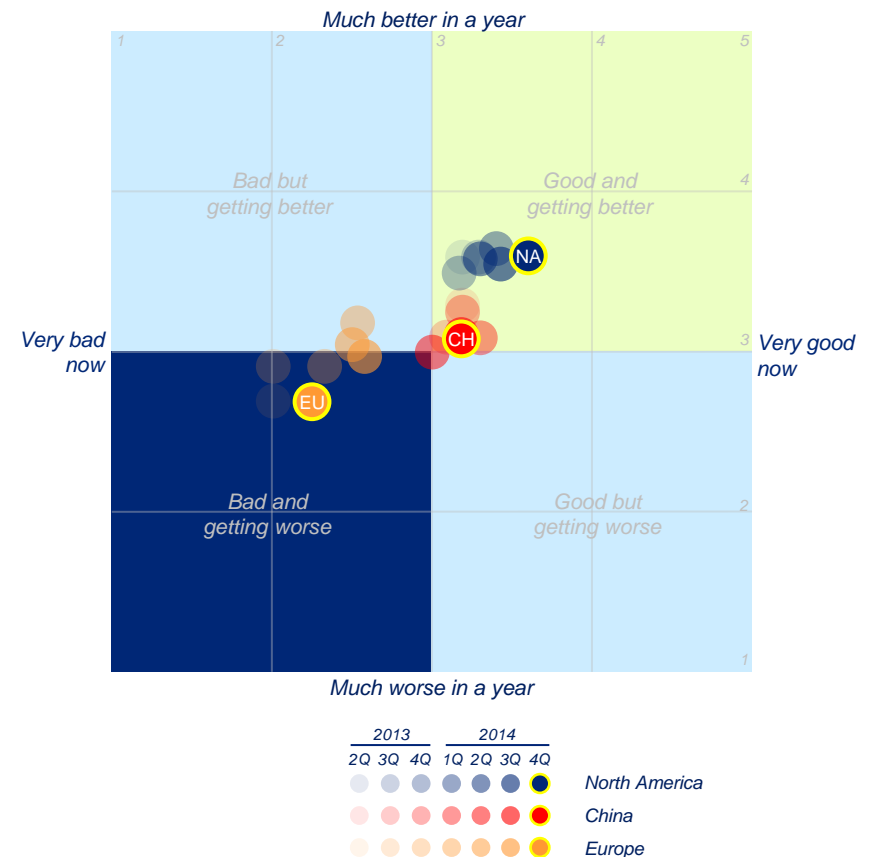
### China

**Perceptions of China's economy remain mediocre.**

- Thirty-four percent of CFOs say China's economy is good, up from 27% last quarter and about even with the levels from the end of last year. Twenty percent now regard the economy as bad (up from 13% last quarter and about even with levels earlier in the year).
- Twenty-five percent of CFOs believe the economy will be better a year from now (down from 29% last quarter and well below the levels from the end of last year), and 17% believe it will be worse (15% last quarter).

## How do you regard the current and future status of the North American, Chinese, and European economies?

CFOs' assessment based on five-point Likert scales: "very bad" to "very good" and "much worse" to "much better" (n=102)





# Perceptions

## Assessment of markets

How do CFOs perceive pricing and risk within the financial markets?

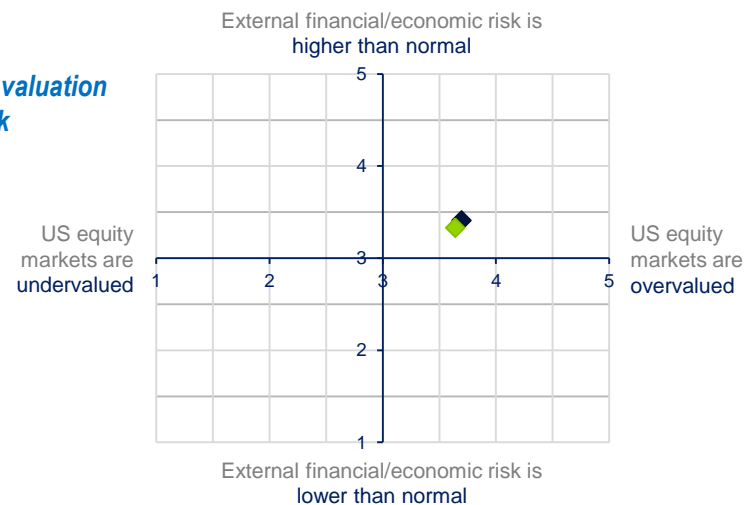
### Risk perceived as high, but financing availability is good and improving:

- Risk is higher than normal:** Forty-nine percent of CFOs say external financial and economic risks are higher than normal (47% last quarter); 17% say they are lower (14% last quarter). Financial Services CFOs are again most likely to see higher risk (68%), and Technology CFOs are lowest (20%). Nearly 60% of Canadian CFOs see higher risk, while the US and Mexico are at 47% and 50%, respectively.
- US markets are overvalued:** Only 5% say US equity markets are undervalued, and 61% say they are overvalued (7% and 63% last quarter, respectively). More than 80% of CFOs from Financial Services and Technology say markets are overvalued, while Healthcare/Pharma CFOs are most likely to see them as correctly valued.
- Debt financing is very attractive:** An overwhelming 88% say debt is currently an attractive financing option (86% last quarter), and nearly two-thirds of all CFOs say it is a very attractive option (same as last quarter). All industries are 75% or higher; Mexico is lowest among the countries at 50%.
- Equity financing's attractiveness is mixed:** Forty-eight percent of public company CFOs say equity is attractive (30% last quarter), and 22% say it isn't (36% last quarter). About 40% of private company CFOs say it is attractive (up from just 20%), and just 21% say it isn't. Technology and Energy/Resources are most likely to say equity is attractive (both about 61%), and Healthcare/Pharma is the outlier at 0%. Canada is the highest among the countries by a wide margin at 59% (The US and Mexico are at 43% and 33%, respectively).

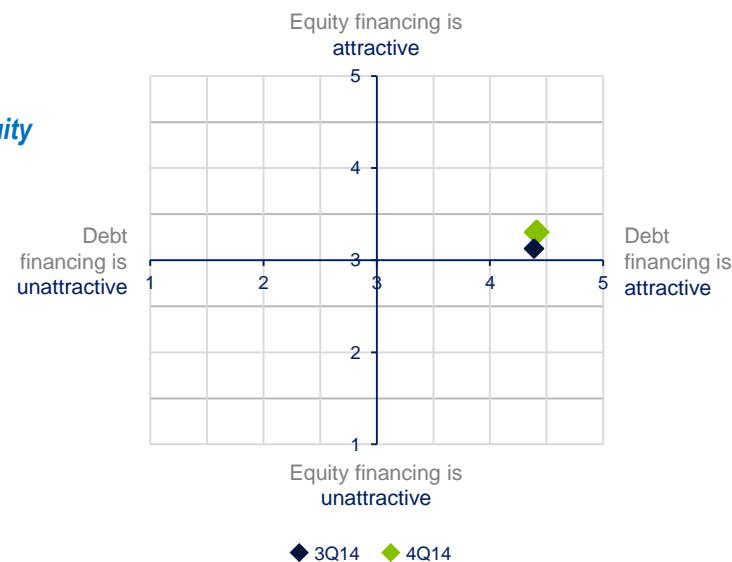
## What is your perception of the capital markets?

CFOs' assessments based on five-point semantic differential scale with opposing choices as noted (n=102)

### Market valuation and risk



### Debt and equity



# Priorities

## Business focus

Where do CFOs say their companies are focusing their efforts?

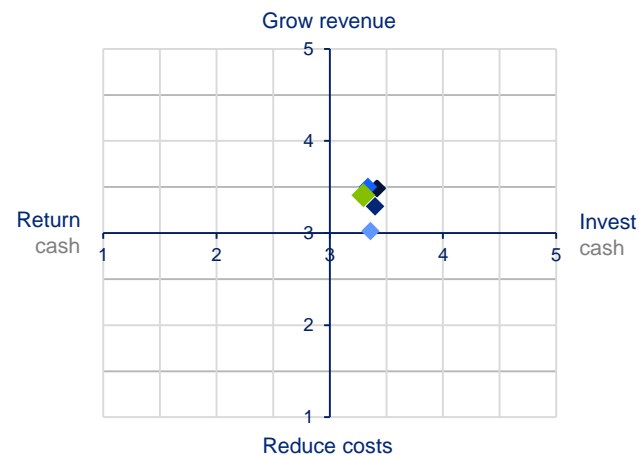
### Growth remains the clear focus:

- Revenue over cost:** There is still a significant bias toward growing revenue over reducing costs, but sector differences became more notable this quarter. Overall, about 54% of CFOs say they are biased toward revenue growth, and 25% claim a focus on cost reduction. Financial Services and Manufacturing are the most growth-oriented (both above 65%), and Energy/Resources is lowest at just 23%.
- Investing cash over returning it:** There is again a focus on investing cash over returning it to shareholders (43% vs. 26%), but sector differences became more notable in this area as well. Retail/Wholesale is the most biased toward investing cash at 62%, with Manufacturing second at 52%. On the other hand, 60% of Technology CFOs say they are biased toward giving cash back.
- A mix of new and old products:** Overall, 47% of CFOs say their companies are focused on new offerings over old ones, and 38% claim the reverse. The real story is at the industry level, however. Manufacturing, Energy/Resources, and Services CFOs are focused predominantly on current offerings, while the rest are focused on new offerings (Technology and Healthcare/Pharma are highest at about 80%).
- Mostly current geographies:** Overall, 58% of CFOs say their companies are predominantly focused on current geographies versus 28% who cite new geographies. Only Retail/Wholesale and T/M/E are mostly focused on new geographies.
- Organic growth over inorganic growth:** The bias is again firmly toward organic growth over inorganic (53% versus 26%), with Energy/Resources the most biased toward inorganic growth at 39%.

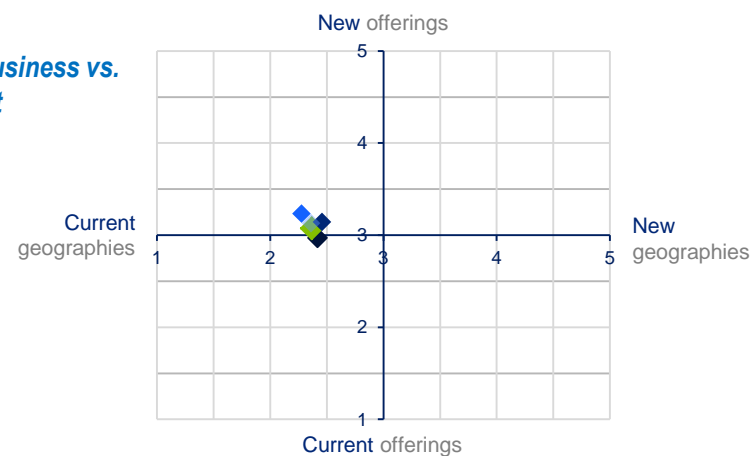
## What is your company's business focus for the next year?

CFOs' assessments based on five-point semantic differential scale with opposing choices as noted (n=102)

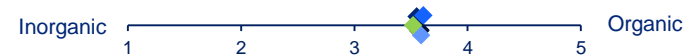
### Offense vs. defense



### New business vs. current



### Inorganic vs. organic



◆ 4Q13 ◆ 1Q14 ◆ 2Q14 ◆ 3Q14 ◆ 4Q14

# Expectations

## Revenue and earnings

What are CFOs' expectations for their companies' year-over-year revenue and earnings?

### Revenue\*

**Revenue growth expectations declined, but are still among the highest in the last three years:**

- Revenue growth expectations fell to 6.0% from 6.8% last quarter. The median is again 5.0%, with 90% of CFOs expecting year-over-year gains. Variability of responses is near the survey low for this metric.
- Country-specific expectations are 5.9% for the US (down from 6.2%), 5.0% for Canada (down from 9.3%), and 9.8% for Mexico (up from 8.8%).
- Healthcare/Pharma and T/M/E have the highest expectations at 12.1% and 8.4%, respectively, while Energy/Resources and Retail/Wholesale CFOs have lowest expectations at 4.0 and 4.6%, respectively.

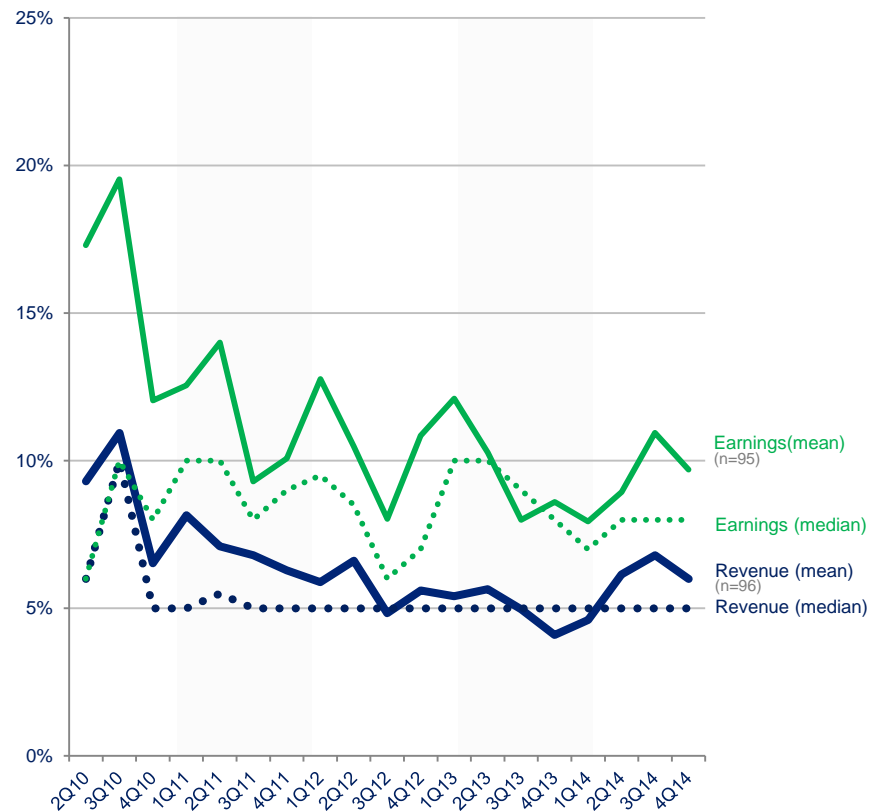
### Earnings\*

**Earnings growth expectations declined, but are still relatively strong—bolstered mostly by the Healthcare/Pharma and T/M/E sectors:**

- Earnings expectations fell to 9.7% from 10.9% last quarter. The median remained at 8.0%, and 86% of CFOs expect year-over-year gains. Variability of responses is again comparatively low.
- Country-specific expectations are 10.8% for the US (11.6% last quarter), 4.5% for Canada (10.2% last quarter), and 10.5% for Mexico (7.2% last quarter).
- Healthcare/Pharma and T/M/E CFOs have the highest expectations at 24.5% and 23.0%, respectively; Energy/Resources and Financial Services are lowest at 3.4% and 5.9%, respectively.

**Compared to the past 12 months, how do you expect your revenue and earnings to change over the next 12 months?**

CFOs' expected change year-over-year\*



\*All averages have been adjusted to eliminate the effects of stark outliers.

# Expectations

## Dividends and investment

What are CFOs' expectations for their companies' year-over-year dividends and capital investment?

### Dividends\*

#### Dividend growth expectations continued to decline:

- Dividend growth expectations declined to 3.0% from last quarter's 4.1%. The median is again 0%, and 44% expect year-over-year gains.
- Country-specific expectations are 3.1% for the US (down from 3.8% last quarter), 3.1% for Canada (up from 2.6% last quarter), and 1.8% for Mexico (drastically down from 12.4% last quarter).
- Energy/Resources reported 3.9%; Services reported 0.4%.

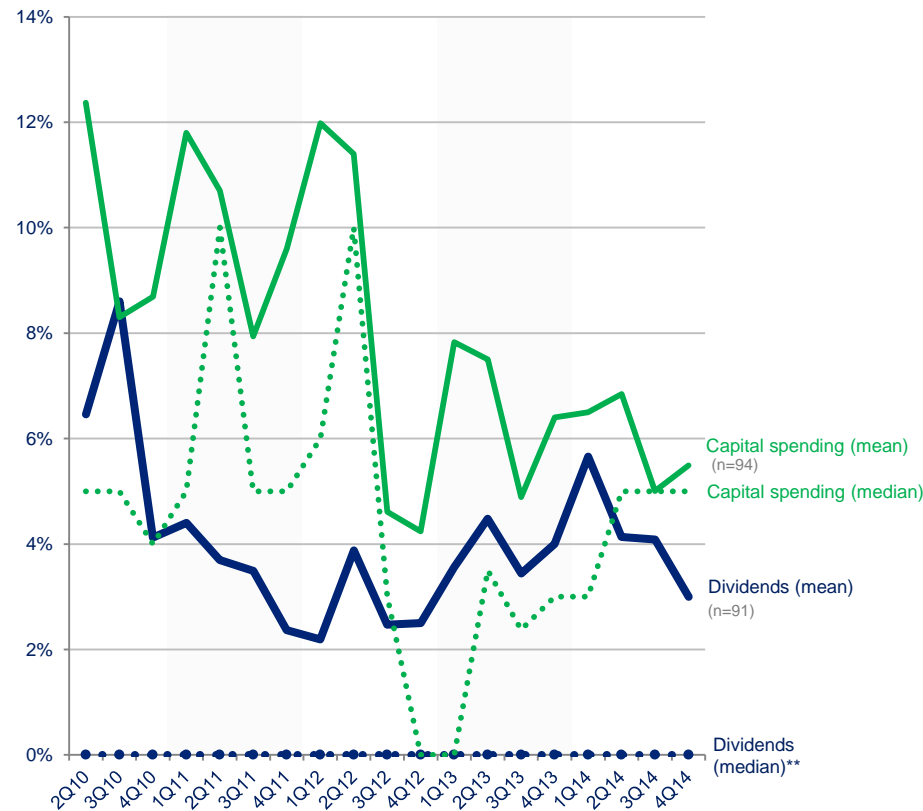
### Capital investment\*

#### US expectations rebounded substantially from last quarter's lowest-ever levels, but Canada fell substantially:

- Capital spending expectations rose to 5.5%, up from last quarter's 5.0%. The median remained the same at 5.0%. Sixty-two percent of CFOs expect year-over-year gains, up slightly from last quarter's 60%. Variability of expectations increased significantly, but is still in-line with most quarters.
- Country-specific expectations are 5.8% for the US (above the survey low of 3.5% last quarter), 2.7% for Canada (9.7% last quarter), and 8.3% for Mexico (9.9% last quarter).
- Technology reported the highest expectations at 16.0%. Healthcare/Pharma and Services both expect a contraction in capital expenditures compared to the previous 12 months.

## Compared to the past 12 months, how do you expect your dividends and capital spending to change over the next 12 months?

CFOs' expected change year-over-year\*



\* All averages have been adjusted to eliminate the effects of stark outliers.

\*\* Dividend averages include only public companies; the median has been zero for all quarters.

# Expectations

## Employment

What are CFOs' expectations for their companies' year-over-year hiring?

### Domestic hiring\*

**Hiring expectations declined, but are again near their four-year high:**

- Domestic hiring expectations fell to 2.1%, down from last quarter's 2.3%. The median remained at 1.0%, and 60% of CFOs expect year-over-year gains, consistent with last quarter's level.
- Country-specific expectations are 1.7% for the US (same as last quarter), 2.2% for Canada (3.5% last quarter), and 6.1% for Mexico (6.5% last quarter).

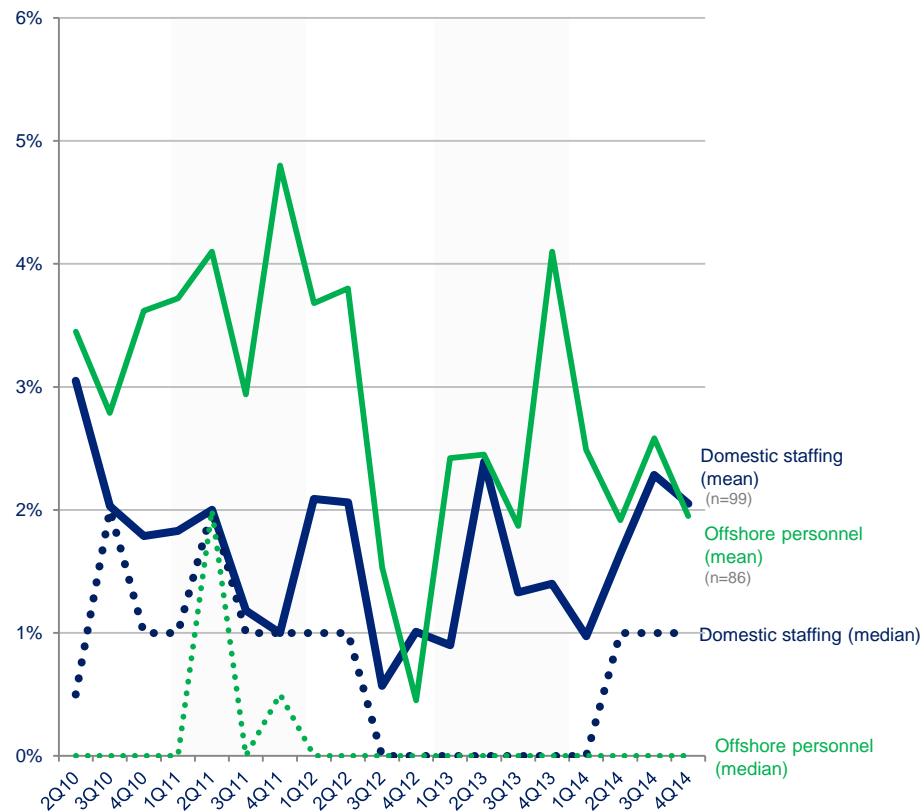
### Offshore hiring\*

**Offshore hiring expectations declined, but are still relatively high:**

- Offshore hiring decreased to 2.0% from last quarter's 2.6%. The median remained at 0.0%.
- Country-specific expectations are 2.1% for the US, 1.3% for Canada, and 2.0% for Mexico.
- T/M/E CFOs have the highest expectations at 3.8%. Retail/Wholesale, and Services reported less than 1.0%. Forty-four percent of CFOs expect year-over-year gains.

**Compared to the past 12 months, how do you expect your domestic and offshore hiring to change over the next 12 months?**

CFOs' expected change year-over-year\*



\*All averages have been adjusted to eliminate the effects of stark outliers.

# Sentiment

## Own-company optimism

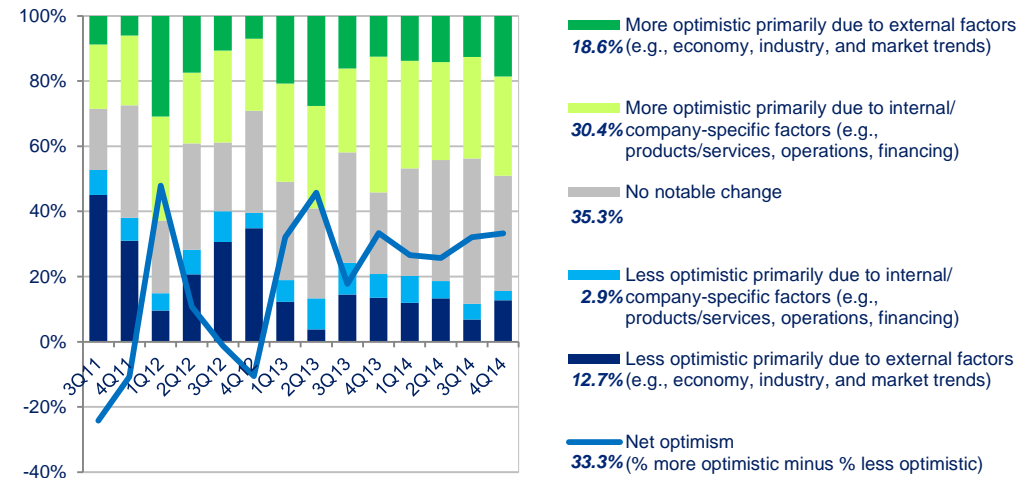
How do CFOs feel about their company's prospects compared to last quarter?

**Sentiment still improving; Manufacturing CFOs again among least optimistic (three quarters in a row):**

- **Optimism holding:** After seven straight quarters of positive net optimism, CFOs' outlooks are still improving. Forty-nine percent of CFOs express rising optimism (above last quarter's 44%), and just 16% express declining optimism—up a bit since last quarter's all-time low, but still one of the lowest levels in the 19-quarter history of this survey.
- **More signs of stabilization:** When sentiment hits a low, it is usually in the third or fourth quarter of a calendar year. This year is different, with optimism remaining strong (and even rising) going into the end of this year.
- **US and Canada very upbeat:** Net optimism for Canada is highest at +41, down slightly from +44. The US rose from +29 last quarter to +34 this quarter, and Mexico fell from +71 to zero.
- **Manufacturing, Energy/Resources, and Services again significantly pessimistic:** About 20% of Manufacturing and Energy/Resources CFOs report declining optimism, as do 38% of Services CFOs. Net optimism is lowest for Manufacturing and Energy/Resources at +13 and +15, respectively.
- **Healthcare/Pharma, Financial Services, Technology, and T/M/E very optimistic:** All four sectors indicate net optimism at or above +44.

## How does your optimism regarding your company's prospects compare to last quarter?

Percent of CFOs selecting each sentiment/reason combination (n=102)





# Sentiment

## Most worrisome risks

Which internal and external risks do CFOs regard as most worrisome?

### Economic worries returned, and geopolitical worries continued to escalate:

- **Economic worries:** After declining last quarter, worries about the global economy—specifically about the durability of the global economic recovery—rose across nearly all industries. Concerns about the US continued to decline, but those around Europe and China escalated.
- **Interest rates and FX:** Worries about interest rate movements and shocks rose sharply (especially within Financial Services), as did concerns about exchange rates (especially within Manufacturing).
- **Geopolitical events:** Geopolitical risk concerns rose again this quarter, with continuing concern about the Ukraine crisis and the Middle East across most industries.
- **Competition:** Concerns earlier in the year about hyper-competition, irrational competitor behavior, poor margins, industry headwinds, and pricing pressures continued to decline this quarter.
- **Policy and regulation:** Concerns about new regulation, heavy-handedness, and costs of compliance declined again this quarter, but concerns about tax reform continued to rise, as did worries about governments' ability to pass reforms and spur growth.
- **Execution:** Execution concerns, which hit a high last quarter, largely continued this quarter. The concerns are diverse, ranging from executing against strategies to managing operating risks to being second-guessed by activist investors.
- **Cyber security:** Concerns about data security stayed about the same.

## Overall, what external or internal risk worries you the most?

Consolidation and paraphrasing of CFOs' free-form comments\* (n=92)

### Macro / Economy

#### ↑ Economy

- ↑↑ • Frailty of global economic recovery (14)
- ↑↑ • European economy (11)
- ↑ • China economy (6)
- ↓ • US economy
- ↓ • Market bubbles/corrections
- Conditions in Latin America
- Housing recovery

#### Demand

- Unemployment
- Consumer confidence/spending

#### Capital / Currency

- ↑↑ • Interest rate increases/decreases (13)
- ↑ • Exchange rates/volatility (5)
- Inflation

#### ↑ Geopolitics

- ↑ • Geopolitical risk (11)
- Wars in Ukraine (2)
- Wars in Middle East (3)
- Latin American conflict

### Government

#### ↑ Policy

- ↑ • Tax policy/reform (4)
- Pace of political decision-making/gridlock (3)
- Government spending/fiscal policy (2)
- Government ability to spur growth
- Inability of US Government to pass meaningful reforms

#### Regulation

- ↑ • Federal regulation – new/burdensome (16)
- State-level regulation
- Lack of clarity around regulations
- Mexican energy reform
- Complexity of regulation
- Emerging and uncertain accounting/capital rules
- Risk that regulators' actions will inhibit growth
- Environmental regulation
- Slowing permitting
- ↓ • Government regulation of health care

### Industry / Company

#### ↓ Competition

- ↓ • Irrational competitor behavior
- Price competition at retail
- Online competition
- ↓ • Competitive forces
- Brand perception

#### Margins

- ↑↑ • Oil/gas prices (7)
- Cost control (3)
- ↓ • Input prices
- Construction costs
- Industry pricing
- Cost of providing benefits to employees

#### Internal execution

- Pension obligations
- Slowing growth of our largest business unit
- Acquisition integration risk
- Managing operations
- Strategy execution
- Product performance
- Being second-guessed by (short-term-oriented) activist investors
- Operating risks

#### Talent

- Succession planning
- Hiring good senior talent
- ↓ • General talent availability

#### Security

- Cyber security (2)

\* Arrows indicate notable movements since last quarter's survey. Category movements are indicated by block bullets. Strong movements are indicated by multiple arrows.

This chart presents a summary of CFOs' free-form responses. CFO comments have been consolidated and paraphrased, and parentheses denote counts for particular response themes.

# Special topic: Uncertainty

## Impact of uncertainty

To what degree is uncertainty affecting business planning?

### North America is the key source of economic uncertainty:

- **North American economies a very strong factor:** Nearly fifty-five percent of CFOs say economic uncertainty is significantly affecting their planning, with nearly 20% citing very high impact. Energy/Resources and Retail/Wholesale are highest.
- **Geopolitical events a major factor:** Nearly half of CFOs say uncertainty in this area is having a substantial impact. Technology and Healthcare/Pharma are more likely to cite higher impact.
- **Chinese and European economies relatively minor:** Only 26% of CFOs say uncertainty around the European economy is significantly affecting their planning, and only 25% say the same for the Chinese economy. Services is highest for both economies.

### Policy uncertainty is strongly impacting business planning:

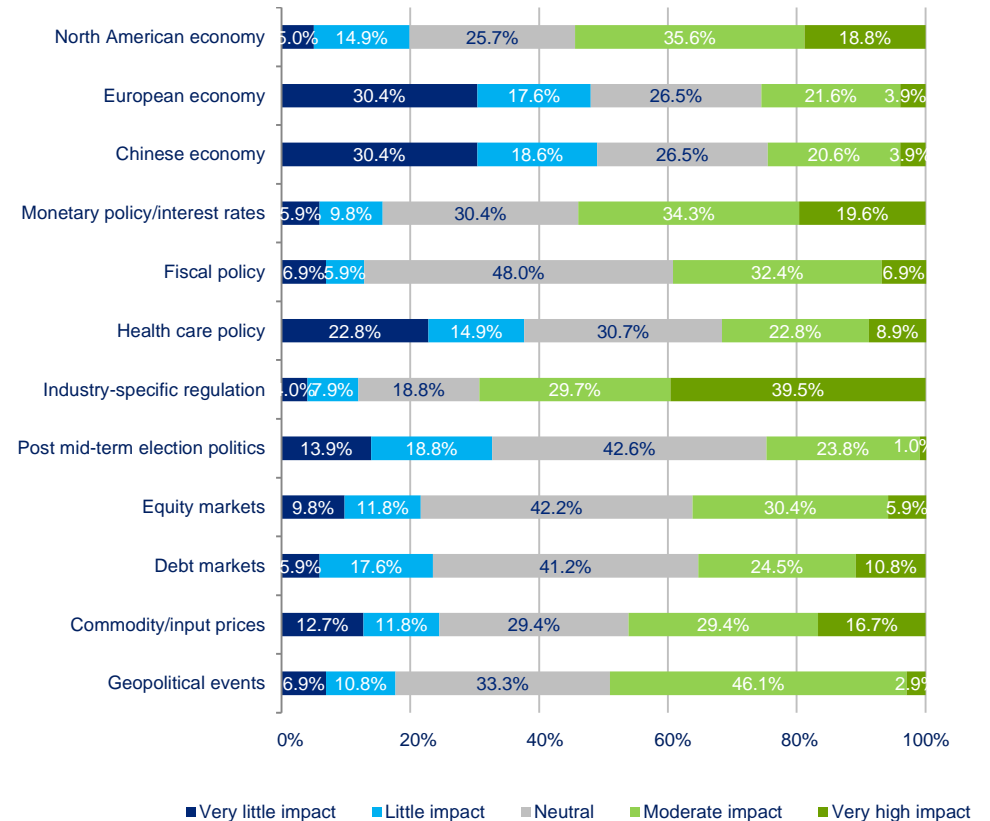
- **Industry-specific regulation a strong impediment to business planning:** Nearly 70% of CFOs say uncertainty is affecting their planning (40% say to a high degree). Healthcare/Pharma and Energy/Resources are highest at more than 92%.
- **Monetary policy also an important factor:** Nearly 55% of CFOs say uncertainty is affecting their planning (20% say to a high degree). Financial Services is highest at 96%.
- **Fiscal policy impacting planning:** Nearly 40% say uncertainty in this area is affecting their planning (7% say to a high degree). Financial Services is again highest at 68%.
- **Health care policy and post-election politics relatively minor:** About 32% say health care policy uncertainty is significantly affecting their business planning (Healthcare/Pharma is at 100%), and 25% say post-mid-term election politics are doing so.

### Capital and commodity markets are having moderate impact:

- **Commodity/input prices a substantial factor:** Forty-six percent say uncertainty is a factor (17% claim high impact). Manufacturing and Energy/Resources are highest at 74% and 69%, respectively.
- **Capital markets a significant factor:** Both debt and equity markets are a significant factor for about one-third of CFOs. Financial Services is highest at more than 70%.

## To what degree is uncertainty around the following areas affecting business planning?

Percent of CFOs citing the degree of uncertainty regarding the following areas (n=102)



### CFOs' write-in responses:

- Latin American economies
- Environmental regulations
- Tax policy/environment
- Cyber security
- Security and stability

# Special topic: Uncertainty

## What is the most important thing CFOs have done to help their companies manage uncertainty?\*

(n=93)

### CFOs' response to uncertainty

What have CFOs done to help their organizations manage in uncertain times?

**CFOs' actions vary, but most revolve around the following:**

- **Ensuring business performance:** Establishing new strategies, focus, cost efficiency, financial plans, and analytical approaches.
- **Managing operating risk:** Establishing comprehensive risk management strategies, general risk awareness, and risk management approaches/systems.
- **Managing balance sheet risk:** Strengthening balance sheets, ensuring liquidity and flexibility, and managing exposure to interest and FX rates.

### Ensure Performance

#### BUSINESS STRATEGY

- Provide clearer roadmap to future
- Comprehensive strategic planning
- Drive focus
- Improve governance
- Put stronger emphasis on 3 year strategic plan
- Align multi-year strategy/plan with current plan
- Pace investment spend with top line trends
- Align changing revenue trend, cost base, cash flow
- Focus on efficiency and increasing gross margins
- Drive efficiencies and productivity
- Create optionality in operations
- Emphasize profitable growth
- Focus on innovative growth
- Invest in competitive differentiation
- Eliminate underperforming assets
- License out most operations of losing segment

#### COST / EFFICIENCY MANAGEMENT

- Reduce costs (4)
- Reduce fixed cost base
- Reduce overhead costs
- Focus on cost, cycle time, and quality of processes
- Make cost structure more variable where possible
- Support work to reduce cost with rate base approaches
- More centralized approach to management of spend

#### PLANNING

- Ensure action plans for downside/upside scenarios
- Prepare for downside scenarios and communicate
- Tail-scenario modeling and action plans
- Scenario planning
- Single enterprise-wide ERP and forecast/planning tool to enable scenario planning
- Attempt to "guarantee" returns on specific projects
- Increase visibility around forecasting
- Doing better forecasts

#### ANALYSIS

- Increase capability around analysis / cash modeling
- Report expense drivers to help decide to cease/outsource activities and determine volume needed for scale
- Critical thinking discipline and analytical rigor
- Better internal understanding of leverage in units
- Rigorous, company-wide monthly reporting and reforecasting process - forces organization (not just Finance) to consider trends emerging in businesses
- Provide information to assess risks and opportunities
- Explain tradeoffs around investment, risk, and cash

#### REPORTING / COMMUNICATION

- Communicate reality to senior management group
- Transparency and visibility into the financials
- Good accounting and strict principles
- Facilitate better communication among business leaders to drive sharing of best market intelligence

### Manage Operating Risk

#### RISK STRATEGY

- Develop risk mitigating strategies
- Reduce overall company/market risks
- Reduce risk in supply chain
- Take risk off of the table opportunistically
- Diversify product and revenue base
- Maintained disciplined allocation of capital and risk/return hurdles
- Hedge interest rates and commodities
- Look at M&A opportunities to expand our scope of business and hedge our bets

#### RISK AWARENESS

- Improve dialogue on risks
- Greater assessment of risk on projects
- Invest more time in ensuring we fully understand/ integrate risks and enhance strategies to mitigate
- Raise awareness of risks and force prioritization conversations
- Increased awareness of risks and risk mitigation plans, focus on what we can control (continuous improvement)
- Provide analysis and support to quantify risks associated with our business drivers
- Ensure businesses understand own risks - often overlooked or under-appreciated

#### RISK PREPAREDNESS / MANAGEMENT

- Implement ERM (3)
- Developed more robust ERM process
- Implemented compliance function
- Improved implementation of enterprise risk management regimen
- Put in place contingency operating plans
- Establish formal contingency planning process
- Introduce contingency planning
- Highlight areas of risk and involve SBUs in mitigation activities - communication and resolution
- Forecast scenarios to drive discipline on managing risk

#### REGULATORY / RISK

- Aggressively manage regulatory relationships
- Clarify regulatory implications
- Contingency planning around regulatory uncertainty

### Manage Balance Sheet Risk

#### GENERAL BALANCE SHEET

- Enhancing balance sheet
- Ensure strong balance sheet
- Strengthening balance sheet
- Bullet-proof the balance sheet
- Protect the balance sheet
- Conservative capital management
- Maintain financial strength and flexibility
- Provide a conservative balance sheet and have strong relationships with banks
- Ensure strong balance sheet; hedge revenue
- Use financial derivatives to reduce exposure and volatility

#### DEBT / LEVERAGE

- Extend debt maturities
- Extended debt maturity profile across portfolio
- Extend debt maturity profile
- Deleverage
- Manage financial risks
- Restructure
- Reduce leverage
- Lower cost of capital
- Access new channels of financing - investment grade and unsecured bond market

#### LIQUIDITY

- Increase liquidity to allowed continued risk taking
- Put greater liquidity onto balance sheet
- Improve liquidity
- Maintain strong liquidity
- Manage cash
- Conservative cash position
- Own asset-liability management to ensure company is taking appropriate risk without putting company at risk of big interest rate movements
- Introduce cash flow planning
- Focus on cash flow

#### INTEREST RATES

- Locked in 90% of interest rate exposure for the next 10 years
- Hedge interest rates and commodities

#### CURRENCY/FX

- Currency hedging
- Locked in foreign exchange for next 24 months for most exposed currencies

\* This chart presents a categorized summary of CFOs' free-form responses. Most responses are completely or nearly verbatim, but some have been paraphrased or edited for clarity. Parentheses denote counts for a particular response theme. The number of responses does not match the number of respondents because some CFOs provided more than one response.

# Special topic: Rates and prices

## Views on interest rates and energy prices

How are companies viewing and approaching current low interest rates and low energy prices?

**Higher interest rates are anticipated, higher energy prices are not—and neither is strongly affecting pricing plans yet:**

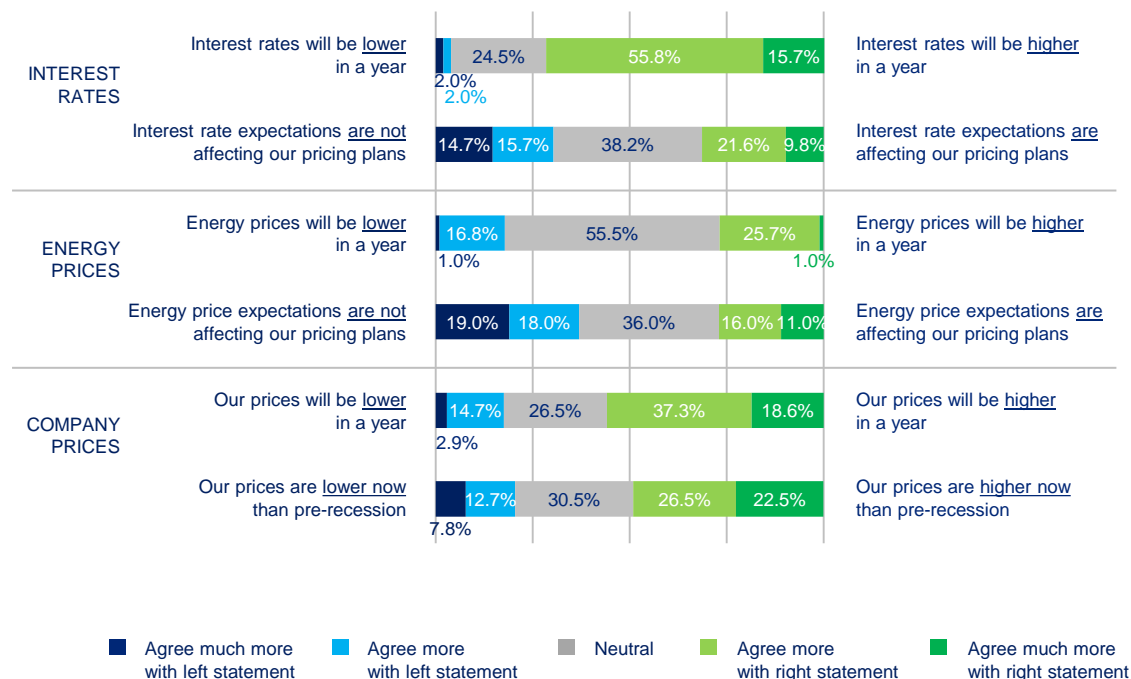
- **Higher interest rates expected, but not strongly affecting pricing plans:** Overall, 72% of CFOs believe interest rates will be higher in a year. Only 16% express high confidence, so there still appears to be some doubt. This may explain why only about one-third of CFOs say interest rates are affecting their pricing. Among Financial Services CFOs, however, 64% expect higher rates, and 72% say their expectations are affecting their pricing.
- **Higher energy prices not expected, and mostly not built into pricing plans:** Only 27% of CFOs believe energy prices will be higher in a year, and very few express high confidence. CFOs from Energy/Resources are the most likely to expect higher energy prices (31%), and more than 60% of these say their energy prices expectations are affecting their own companies' pricing plans (in other industries, only Manufacturing is above 25%).

**Even with low interest rates and low energy prices, companies' pricing is high—and headed higher:**

- **Prices are largely back to pre-recession levels:** About half of CFOs say their prices are higher now than pre-recession, with all industries more likely to say their prices are higher now, and just 21% overall saying they are lower. Retail/Wholesale, Technology, and Healthcare/Pharma CFOs are highest at about 60%, and Financial Services and Energy/Resources are lowest at about 45%.
- **Enough confidence to plan for higher prices:** About 55% of CFOs say their prices will be higher next year, and just 18% say they will be lower. All industries are more likely to expect higher prices, led by Manufacturing at 65%, and both Retail/Wholesale and Technology next at roughly 61%. Healthcare/Pharma and T/M/E are lowest at 40% and 33%, respectively.

## How are companies approaching low interest rates and low energy prices?

CFOs' selections based on five-point semantic differential scale with opposing choices as noted (n=102)



# Special topic: Retirement obligations

## Retirement risk

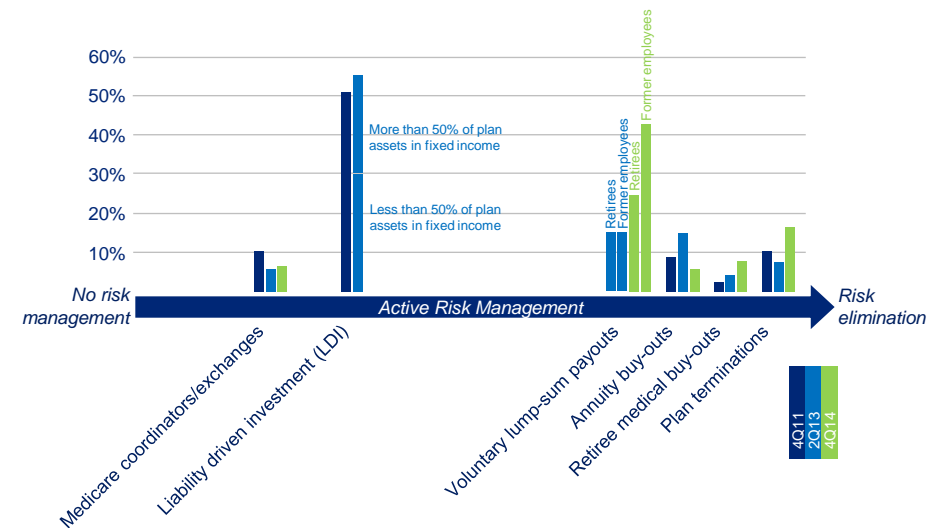
How are companies managing their retirement risk?

**Companies appear increasingly likely to have utilized more aggressive tactics for managing their retirement risk:**

- **Approximately 75% of respondents have pension plans:** (This is deduced from the fact that 75% of CFOs considered this question relevant to them.) Manufacturing, Energy/Resources, and Healthcare/Pharma appear most likely to have plans; Technology and Services appear least likely.
- **Nearly 45% of those who have (or have had) pensions plans have utilized at least one “aggressive” de-risking tactic:** There are substantial differences across industries. At the high end are Manufacturing, Energy/Resources, and Healthcare/Pharma (all at or above 60%). On the low end are Technology, TME, and Services (all at or below 27%). These patterns are similar to those in our previous surveys and are likely due to a substantial difference in industries’ respective use of retirement plans.
- **Use of several aggressive risk management tactics has increased:** The attractiveness of eliminating (or greatly reducing) retirement risks has led to accelerated use of voluntary lump-sum pay-outs for both retirees (25% of CFOs) and terminated employees (42% of CFOs). Outright plan terminations, a component of which is annuity buy-outs, have risen as well (to 17%).
- **Liability-driven investment (LDI) is still popular as a less-aggressive risk management strategy:** In our 3Q13 survey, about 55% of CFOs indicated some degree of LDI use, and just under half of those were doing so with 50% or more of their plan assets. While we did not ask about LDI in this survey, our recent experience with clients indicates rising LDI usage with a trend toward moving higher proportions of assets into fixed income investments (although this trend has been tempered somewhat by expected increases in interest rates).

## How aggressive have you been in de-risking your pension/retirement obligations?

Percent of CFOs citing past use or intended use (within a year) of each strategy (n=77)\*



\* Those without current or past plans were asked to skip this question

Number of strategies employed already or within year	Proportion of respondents claiming use of strategies
At least one	44%
1	29%
2	16%
3	10%
4	1%
5	1%

# Special topic: Retirement obligations

## Value of settling pension plans

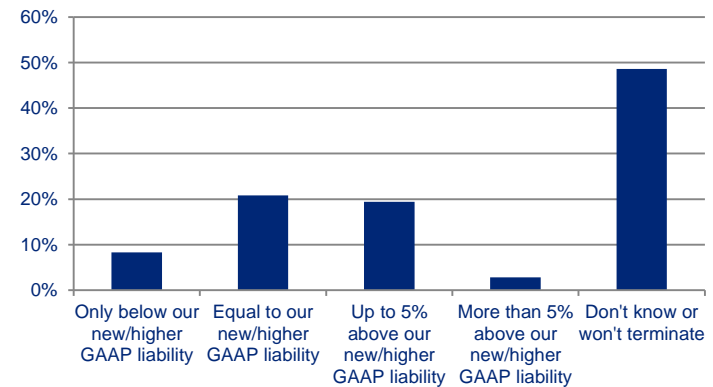
With new mortality tables coming out that are likely to increase many companies' pension liabilities, what are companies willing to pay to settle their pension plans once and for all?

**About half of companies are willing to settle their pensions, and about half are not:**

- **Forty-three percent willing to pay a premium above their GAAP liability:** Healthcare/Pharma, Retail/Wholesale, and Manufacturing are most likely to express interest at 80%, 67%, and 53%, respectively.
- **Few willing to pay a premium above 5%:** Only 3% of CFOs indicate willingness to settle at above 5% of their GAAP liability—sentiment that may have been influenced by other organizations' recent settlement of their plans at par. Our recent client experience suggests retiree buyouts can likely be done at or near par once the impact of new mortality tables has been incorporated—suggesting buyouts will gain traction as the new tables are adopted.
- **Many unlikely to terminate their plans—at least in the near term:** Nearly half of CFOs say they do not know what premium they would pay or would not terminate their plans (consistent with our previous question regarding pension risk, where about two-thirds of companies had not considered plan terminations or had considered them but decided against them). Energy/Resources appears most reluctant to terminate their plans, with 64% of CFOs in the “don't know or won't terminate” camp, and 27% in the “only below our GAAP liability” camp.

## Assuming new mortality tables increase your GAAP pension liability, what “premium” would you pay to settle all/part of your plan(s)?

Percent of respondents citing each level of premium they would be willing to pay (n=72)\*





# Longitudinal trends

## Expectations and sentiment

### CFOs' Year-Over-Year Expectations\*

(Mean growth rate, median growth rate, and percent of CFOs who expect gains)

		2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	
Operating Results	Revenue	9.3%	10.9%	6.5%	8.2%	7.1%	6.8%	6.3%	5.9%	6.6%	4.8%	5.6%	5.4%	5.7%	5.0%	4.1%	4.6%	6.1%	6.8%	6.0%	
		6.0%	10.0%	5.0%	5.0%	5.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
		84%	93%	81%	89%	80%	83%	87%	79%	85%	82%	83%	81%	84%	78%	82%	90%	90%	89%	90%	
Investment	Earnings	17.3%	19.5%	12.0%	12.6%	14.0%	9.3%	10.1%	12.8%	10.5%	8.0%	10.9%	12.1%	10.3%	8.0%	8.6%	7.9%	8.9%	10.9%	9.7%	
		6.0%	10.0%	8.0%	10.0%	10.0%	8.0%	9.0%	9.5%	8.5%	6.0%	7.0%	10.0%	10.0%	9.0%	8.0%	7.0%	8.0%	8.0%	8.0%	
		89%	93%	80%	83%	83%	82%	84%	79%	81%	84%	76%	84%	83%	82%	82%	84%	83%	90%	86%	
Employment	Dividends	6.5%	8.6%	4.1%	4.4%	3.7%	3.5%	2.4%	2.2%	3.9%	2.5%	2.5%	3.6%	4.5%	3.4%	4.0%	5.7%	4.1%	4.1%	3.0%	
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
		38%	39%	28%	36%	35%	41%	27%	31%	33%	30%	29%	38%	40%	39%	37%	47%	45%	45%	44%	
Employment	Capital spending	12.4%	8.3%	8.7%	11.8%	10.7%	7.9%	9.6%	12.0%	11.4%	4.6%	4.2%	7.8%	7.5%	4.9%	6.4%	6.5%	6.8%	5.0%	5.5%	
		5.0%	5.0%	4.0%	5.0%	10.0%	5.0%	5.0%	6.0%	10.0%	3.0%	0.0%	0.0%	3.5%	2.4%	3.0%	3.0%	5.0%	5.0%	5.0%	
		62%	58%	57%	61%	69%	59%	61%	68%	70%	53%	43%	57%	57%	54%	59%	57%	64%	60%	62%	
Employment	Number of domestic personnel	3.1%	2.0%	1.8%	1.8%	2.0%	1.2%	1.0%	2.1%	2.1%	0.6%	1.0%	0.9%	2.4%	1.3%	1.4%	1.0%	1.6%	2.3%	2.1%	
		0.5%	2.0%	1.0%	1.0%	2.0%	1.0%	1.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	1.0%	1.0%	
		50%	60%	48%	61%	64%	52%	51%	51%	52%	40%	40%	43%	46%	47%	48%	42%	58%	58%	60%	
Employment	Number of offshore personnel	3.5%	2.8%	3.6%	3.7%	4.1%	2.9%	4.8%	3.7%	3.8%	1.5%	0.5%	2.4%	2.5%	1.9%	4.1%	2.5%	1.9%	2.6%	1.9%	
		0.0%	0.0%	0.0%	0.0%	2.0%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
		41%	49%	47%	41%	57%	37%	50%	43%	41%	30%	32%	39%	36%	33%	42%	34%	42%	45%	44%	

### CFO and Equity Market Sentiment\*\*

		2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
Optimism	Optimism (% more optimistic)	63.5%	46.8%	53.3%	62.4%	39.7%	28.6%	28.6%	63.0%	39.1%	38.8%	29.1%	51.0%	59.0%	41.9%	54.2%	46.8%	44.3%	43.7%	49.0%
	Neutrality (% no change)	19.3%	16.8%	26.0%	22.0%	28.3%	18.6%	32.1%	21.9%	32.6%	21.2%	31.3%	30.1%	27.7%	33.9%	33.4%	33.0%	37.2%	44.6%	35.3%
	Pessimism (% less optimistic)	17.2%	36.4%	20.7%	15.6%	32.0%	52.8%	39.3%	15.1%	28.3%	40.0%	39.6%	18.9%	13.3%	24.2%	20.8%	20.2%	18.6%	11.7%	15.6%
	Net optimism (% more optimistic less % less optimi)	46.3%	10.4%	32.6%	46.8%	7.7%	-24.2%	-10.7%	47.9%	10.8%	-1.2%	-10.5%	32.1%	45.7%	17.7%	33.4%	26.6%	25.7%	32.0%	33.3%
S&P	S&P 500 price at survey period midpoint	1,088	1,072	1,200	1,343	1,333	1,123	1,161	1,361	1,317	1,418	1,387	1,520	1,667	1,656	1,798	1,839	1,878	1,955	2,040
	S&P gain/loss QoQ		-1.5%	11.9%	11.9%	-0.7%	-15.8%	3.4%	17.2%	-3.2%	7.7%	-2.2%	9.6%	9.7%	-0.7%	8.6%	2.3%	2.1%	4.1%	4.3%

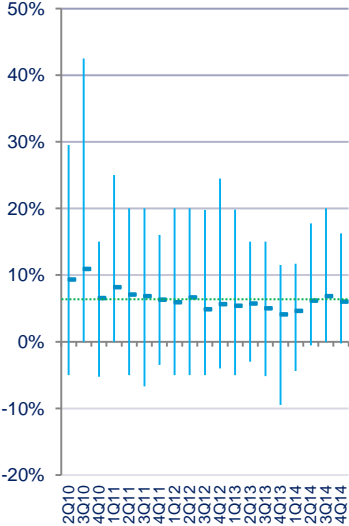
\* All means have been adjusted to eliminate the effects of stark outliers. The "Survey Mean" column contains arithmetic means since 2Q10.

\*\* Averages for optimism numbers may not add to 100% due to rounding.

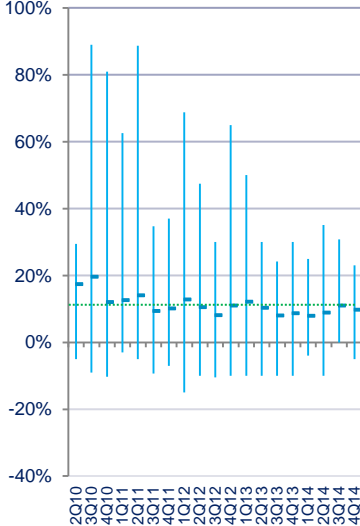
# Longitudinal trends

## Means and distributions for key metrics

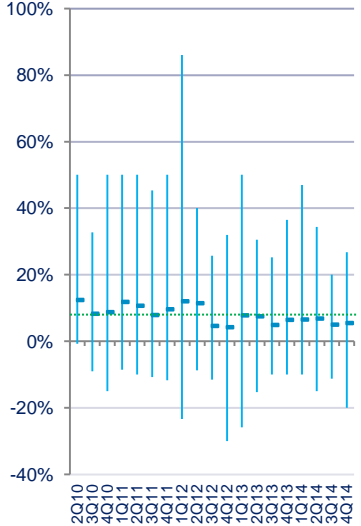
### Revenue growth



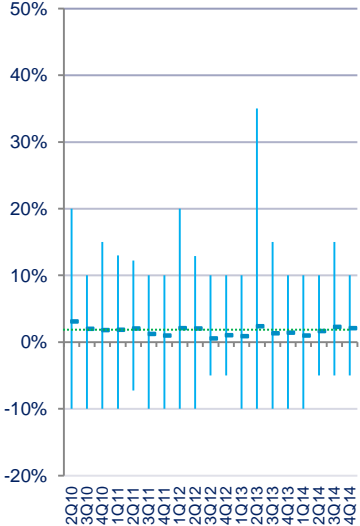
### Earnings growth



### Capital spending growth



### Domestic employment growth



**Vertical lines** indicate range for responses between 5<sup>th</sup> and 95<sup>th</sup> percentiles.

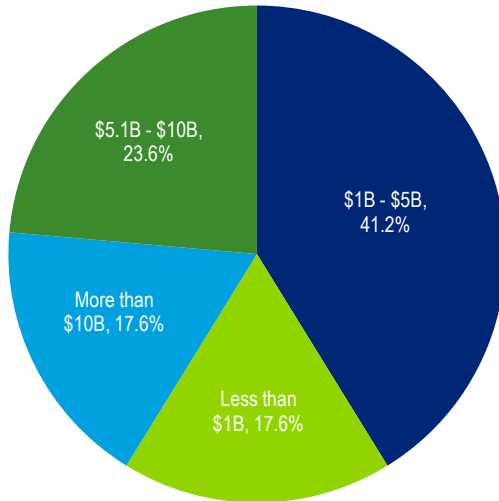
**Horizontal marks** indicate outlier-adjusted means.

**Dotted lines** indicate 3-year average (mean).

# Demographics

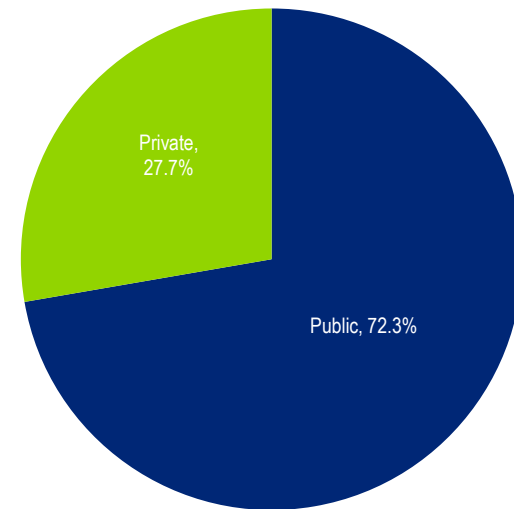
## Annual Revenue (\$US)

(n=102)



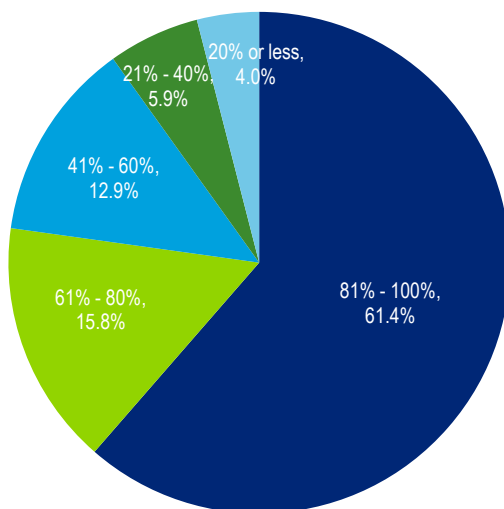
## Ownership

(n=101)



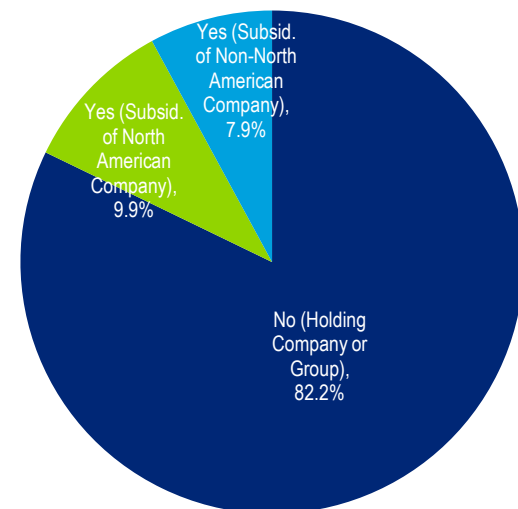
## Revenue from North America

(n=101)



## Subsidiary Company

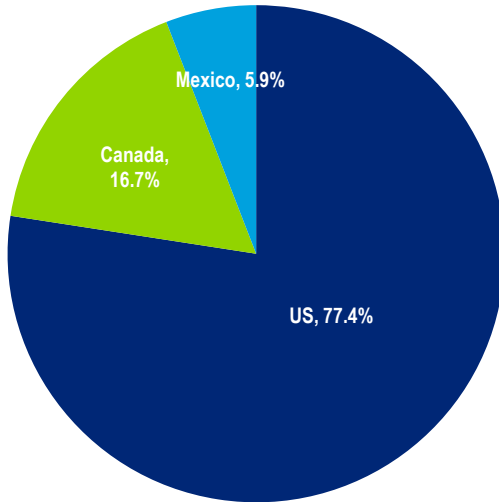
(n=101)



# Demographics (cont.)

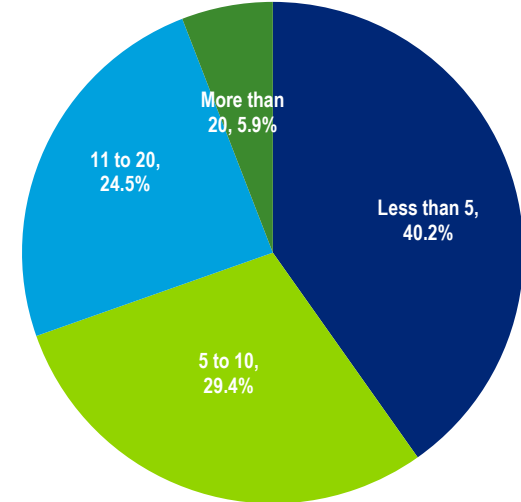
### Country

(n=102)



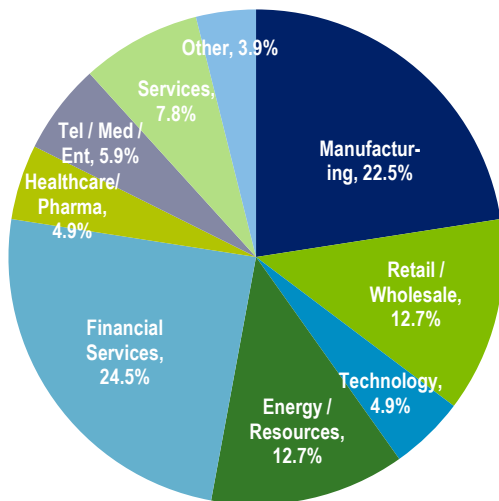
### CFO Experience (Years)

(n=102)



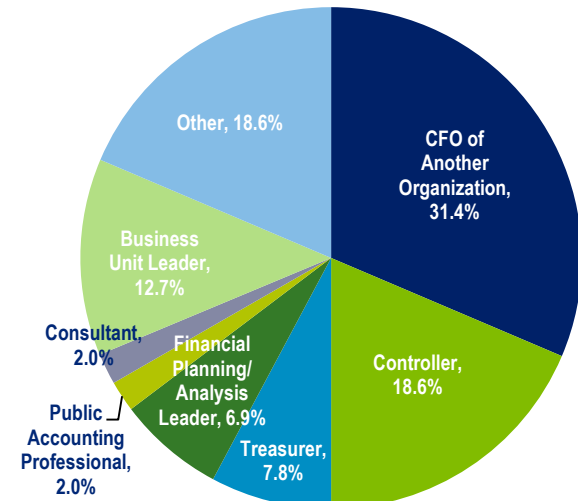
### Industry

(n=102)



### Previous CFO Role

(n=102)



# Methodology

## Background

The Deloitte North American CFO Survey is a quarterly survey of CFOs from large, influential companies across North America. The purpose of the survey is to provide these CFOs with quarterly information regarding the perspectives and actions of their CFO peers across four areas: business environment, company priorities and expectations, finance priorities and CFOs' personal priorities.

## Participation

This survey seeks responses from client CFOs across the United States, Canada, and Mexico. The sample includes CFOs from public and private companies that are predominantly over \$3B in annual revenue. Respondents are nearly exclusively CFOs. Participation is open to all sectors except for government.

## Survey Execution

At the opening of each survey period, CFOs receive an email containing a link to an online survey hosted by a third-party service provider. The response period is typically two weeks, and CFOs receive a summary report approximately two weeks after the survey closes. Only CFOs who respond to the survey receive the summary report for the first two weeks after the report is released.

## Nature of Results

This survey is a “pulse survey” intended to provide CFOs with information regarding their CFO peers' thinking across a variety of topics; it is not, nor is it intended to be, scientific in any way, including in its number of respondents, selection of respondents, or response rate – especially within individual industries. Accordingly, this report summarizes findings for the surveyed population but does not necessarily indicate economy- or industry-wide perceptions or trends.

# Deloitte.

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