



2015 CFO SENTIMENT STUDY REPORT SUMMARY

Middle Market CFOs focus on the Customer & Human Capital Optimization to Deliver Growth in 2015

The CFO Alliance, a global community of senior financial leaders and decision makers, promoting connectivity and knowledge sharing amongst leading financial executives conducted its annual CFO Sentiment Study to provide insights into the strategic planning and financial outlook of CFOs across the country for 2015. Over 600 responses from a broad sample of senior financial executives across the United States offer an in-depth perspective regarding how CFOs plan to deliver on optimistic expectations for their companies in the face of what they characterize as global macro-economic headwinds. CFOs plan to focus on collaborating with marketing to raise their understanding of their customers to a genius level, making investments in the acquisition and optimization of human capital, and focus on driving top line growth through existing product lines to deliver on optimistic growth and revenue targets for 2015.



The following is a summary of this year's sentiment report. The full report that compares year over year trends and a deeper analysis by revenue, type of company and industry can be **downloaded here:** www.thecfoalliance.org/reports.

Setting the Stage for 2015: Macro and Industry Level Economic Outlook

CFOs have a relatively optimistic view of the current state of the U.S. while having a pessimistic view of the global economy. CFOs have a relatively positive outlook relative to the industries of their businesses. In terms of current general macroeconomic conditions, a few key survey results are as follows:

- Over 61% characterize the current state of the U.S. Economy as strong, which is in stark contrast to CFO sentiment in December 2013 when almost 70% of 2014 CFO Sentiment Study respondents characterized the state of the US Economy going into 2014 as weak
- Over 70% characterize the current state of the Global Economy as weak

The following results reflect the optimism of CFOs relative to the industries in which their companies operate, and the expectations of their company's financial performance in 2014:

- 64% categorize the current state of the industries in which they operate as strong
- 79% expect to see higher top line revenue in 2015 – up from the 66% who reported anticipated higher revenues in last year's survey
- 66% expect to see higher earnings in 2015 – up slightly from the 64% who reported anticipated higher revenues in last year's survey
- 49% expect to see improved margins in 2015

Delivering Results in 2015

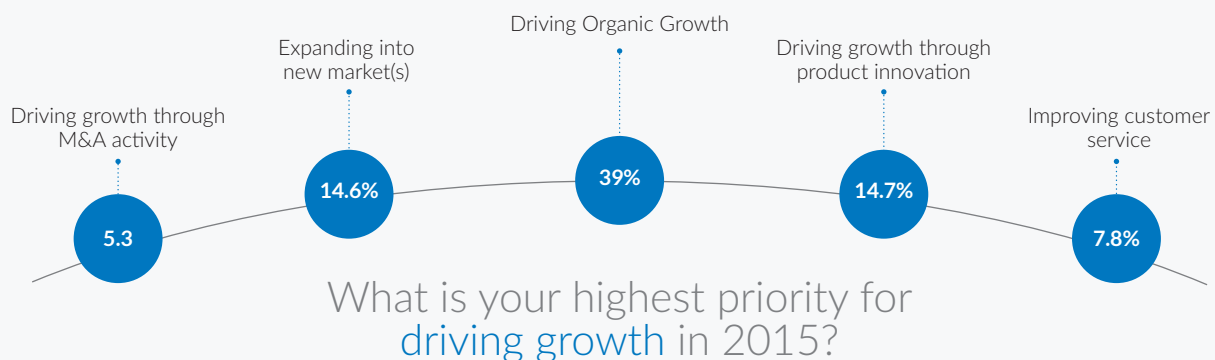
Leading improvements in both top line and bottom line growth requires companies to understand their customers, what they want, when they want it, and why they want it like never before to deliver.

Key tactics and strategies CFOs expect to leverage in 2015 to drive successful growth initiatives include the following:

- Become more customer centric
 - 46.1% feel growing their customer's experience is the most important driver of top line growth
 - 51% rate improving responsiveness/meeting customer expectations as of the highest importance when asked to characterize their top operational challenges for 2014
 - 61.5% of Finance Executives indicate that their marketing initiatives will be the number one factor impacting their company's success
- Spend & invest in technology
 - 67% expect an increase in overall spending in 2015
 - 52% expect to spending more on technology
 - 45% expect to spending more on data security/cloud computing, social media marketing, and on hardware and software
- Acquire and inspire the right human capital
 - 70% plan to increase spending on employee wages and benefits – up from the 66% who reported anticipated higher spending in last year's survey
 - 57% of respondents identified acquiring high performing talent as an area of increased spend where they would spend more and realize a high ROI
 - 53% of respondents identified employee development and training as an area where they would spend more and realize a high ROI in terms of addressing top operational issues impacting 2014 results relative to budget and forecast
 - 66% of Finance Chiefs are concerned or greatly concerned about talent acquisition and retention in 2015

“As a Technology company providing solutions and services, we plan to increase our overall payroll expense to retain and attract top talent.”

Richard Swinyard, CFO



Summary

As CFOs embrace an ever-increasing role and responsibility for setting corporate direction and strategy, and recognize the value of truly understanding their customers, their confidence and ability to affect top to bottom organizational performance increases. Confidence in their own ability to execute and embrace the role of the Social CFO by playing a more active role in directing human capital investments and the professional development of employees across the enterprise may explain their optimism to deliver both top and bottom line growth in 2015 despite current headwinds in the global economy from a macro-economic perspective. Companies will look to become more customer-centric, make investments in the acquisition and optimization of human capital, and leverage existing growth channels to deliver results in 2015.

The full 2015 CFO Sentiment Study report contains a much deeper analysis of internal and external factors impacting 2015 financial & operational strategies, leadership strategies, demographic trends by industry and company size, and reveals more details regarding how CFOs will engage and better understand their customers, leverage human capital, and spend to acquire the right talent and spend in other key areas to drive growth in 2015. Download the Full Study.

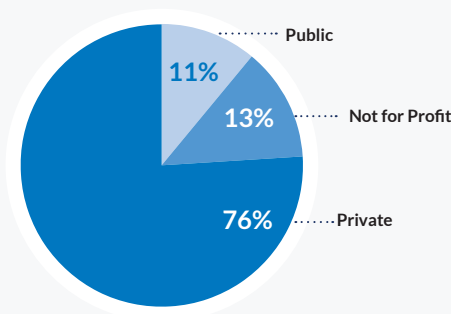
About the Study

The 2015 CFO Sentiment Study was conducted by the CFO Alliance over the months of November and December, 2014. A broad sample of senior finance leaders predominantly from middle-market U.S. based organizations was invited to respond to the web-based survey; 605 participated. Most questions asked for a response on a 5-point scale. The standard error of measurement was approximately 0.11.

The majority of respondents were from privately held companies, located in the upper mid-east. 62.7% were CFOs.

Roughly 53% percent of companies had revenues less than 50 million, one third (33.3%), had revenues between 50 million and 500 million and 12.9% were over 500 million. Survey results were weighted toward the manufacturing sector (88 respondents). The majority of respondents were CFOs (67.6%).

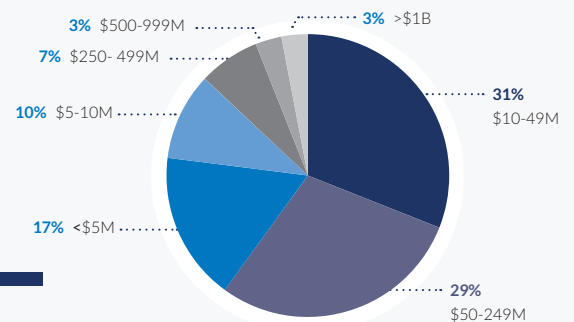
Company Type



Top Industry Concentrations



Annual Revenue



The questions in this study were used to compare this year's sentiment as it compared to previous years. The following contributors provided questions and analysis, Drinker Biddle & Reath LLP, FinancialForce.com, Radius Worldwide, AFEX, ACCA and the National Center for Middle Market.

For additional information on this study or specific questions as it relates this study, The CFO Alliance or any of our contributors, please contact:



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