



CFO Signals™

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

High-Level Report

2nd Quarter 2014

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

CFO Signals

About the CFO Signals survey

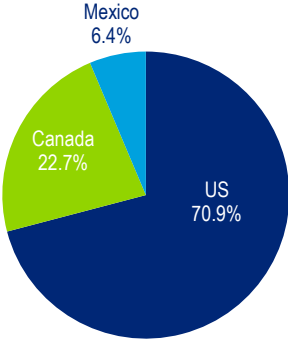
Each quarter, *CFO Signals* tracks the thinking and actions of CFOs representing many of North America’s largest and most influential companies. This is the second quarter report for 2014.

For more information about the survey, please see the methodology section at the end of this document or contact nacfosurvey@deloitte.com.

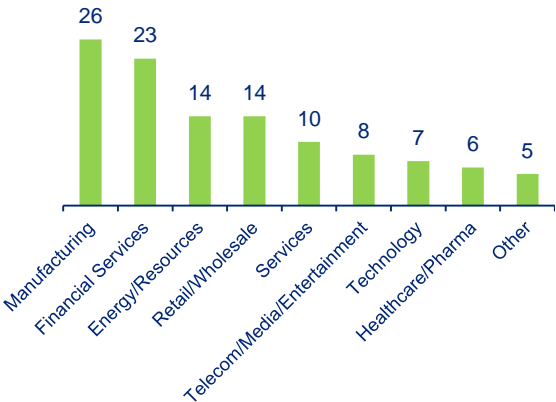
Who participated this quarter?

One hundred and thirteen CFOs responded during the two-week period ending May 23. Seventy-one percent of respondents are from public companies, and 81% 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. Please see the Appendix for more information about survey methodology.

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.

Findings at a Glance	3
Summary	4
Key Charts	6
Topical Highlights	8
Longitudinal Data Tables	22
About the Survey	24
Additional findings available in full report	
(please contact nacfosurvey@deloitte.com for full report)	
• Detailed findings (by industry)	
• Industry-by-industry trends	
• Country-by-country trends	

Findings at a Glance

Business Environment

Which external factors will substantially drive and/or impede your company's performance over the next year? The North American economy, industry factors, and technology advancements repeat as the top tailwinds. Policy, regulation, and talent costs are the top impediments. [Page 8.](#)

How do you regard the current and future status of the North American, Chinese, and European economies? Views of North America declined slightly with 40% now describing conditions as good (42% last quarter), and 60% expecting better conditions in a year (62% last quarter). Twenty-four percent regard China's economy as good (well below last quarter's 37%), and just 21% expect improvement (33% in 1Q14). Just 7% now describe Europe as good, and only 27% see it improving over the next year. [Page 9.](#)

Company Priorities and Expectations

What is your company's business focus for the next year? CFOs still indicate a bias toward "pursuing opportunity" over "limiting risk," and growth is again biased toward new offerings and existing geographies. [Page 10.](#)

Compared to the past 12 months, how do you expect your key operating metrics to change over the next 12 months?* Sales growth expectations rose significantly from last quarter's 4.6% to 6.1% this quarter. Overall, earnings expectations bounced back from a survey-low 7.9% last quarter to 8.9% this quarter, but expectations declined among U.S. CFOs. Capital spending rose slightly to 6.8%, but U.S. CFOs' expectations declined from last quarter. Domestic hiring expectations rebounded from last quarter's 1.0% to 1.6%. [Pages 11-13.](#)

How does your optimism regarding your company's prospects compare to last quarter? Coming off of five straight net-positive quarters, net optimism held steady this quarter at +26. Sentiment declined substantially, however, for Manufacturing CFOs. [Page 14.](#)

Overall, what external or internal risk worries you the most? Worries about economic health and government policy are still common, but industry- and company-level concerns ramped up steeply this quarter. [Page 15.](#)

What steps is your company taking in response to the Russian/Ukrainian conflict? Overwhelmingly, CFOs say the Russian/Ukrainian conflict has little bearing on their business. Retail/Wholesale and Healthcare/Pharma are the most likely sectors to be taking action, and their responses typically center on delaying or canceling investments and scaling back operations. [Page 16.](#)

Company Priorities and Expectations (continued)

Where does your company stand in its preparations for the Foreign Account Tax Compliance Act (FATCA)? Most CFOs say FATCA does not apply to them or that they do not know their company's progress. Thirty-seven percent say they have determined or will be determining FATCA classifications for their legal entities. One quarter have determined or will be determining the implications for their non-U.S. employee benefit plans, and 29% are putting processes in place for making the necessary withholdings. [Page 17.](#)

What steps has your company taken around social media? CFOs report substantial effort and success in establishing formal policies around employee use of social media and in educating staff around the risks and benefits of their social media use. Almost 70% say they have utilized social media as a brand-building channel or plan to do so, but more than 25% of the 35% who already have say results have been poor. Most CFOs have no plans to leverage social media for investor relations purposes. [Page 18.](#)

Finance Priorities

What is your best insight for building a strong finance staff? CFOs' most common suggestions revolve around setting the right structure and culture, recruiting the right people, and developing and keeping the best staff. They say executive leadership is critical, that recruitment is where the rubber hits the road, and that development is the key to retention. [Page 19.](#)

Personal Priorities

What is your CEO asking you to focus on in this business environment? Cost reduction is the top priority by a significant margin in most sectors. When cost is not the top focus, either performance management or revenue growth is. And more often than not, CFOs say they are being asked to address all three of these areas in concert. [Page 20.](#)

How often do you personally use social media (other than email)? Just over half of CFOs use social media to communicate with family and friends at least occasionally. About 45% use it to network with peers, and about the same proportion use it to identify and recruit new talent. Only about 25% use it to communicate with employees, while another quarter say they do not use social media at all for any of the purposes we asked about. [Page 21.](#)

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

Summary

A mixed bag of sentiment and expectations

For the last two quarters, there has been a significant disconnect between CFOs' sentiment and their expectations. On one hand, CFOs have been feeling increasingly positive about the status and trajectories of major world economies, and they have been mostly optimistic about their companies' prospects looking forward. On the other hand, their expectations for year-over-year sales, earnings, investment, and hiring have been relatively low and, in some cases, declining.

So, has CFOs' sentiment been too rosy? Or have their growth expectations erred on the side of conservatism?

This quarter's findings add little clarity. CFOs' steady optimism regarding their companies' prospects and their improving year-over-year growth expectations seem to reflect growing confidence that conditions are stabilizing. But CFOs' weakening perceptions of major economies, lower growth expectations among U.S. CFOs, and faltering optimism among Manufacturing CFOs suggest some unsettling undercurrents.

Sentiment vs. expectations

CFOs' perceptions of several major economic zones took a significant hit this quarter on the heels of mostly disappointing global economic growth. Assessments of North America declined but are still relatively strong. But perceptions of the European and Chinese economies declined substantially, with China reaching a new survey low.

Even so, CFOs' sentiment regarding their own companies' prospects proved quite durable this quarter. Following five consecutive quarters in which CFOs expressed more optimism than pessimism, nearly 45% again expressed rising optimism, and we saw our highest-ever proportion of "no change" from the previous quarter.

On another positive note, growth expectations rebounded this quarter. Expectations for year-over-year earnings, capital spending, and domestic hiring reached their highest levels in a year, and sales growth expectations rose to their highest level in two years. Moreover, the proportions of CFOs expecting growth rates above zero percent rose significantly for several of these metrics.

But there are still substantial signs of trepidation. For one, this quarter shows a strong deterioration of sentiment among CFOs in the Manufacturing sector—where pessimists now outnumber optimists. And

Sentiment and expectations compared to last quarter



perhaps more importantly, year-over-year growth expectations for U.S. CFOs have declined for both earnings and capital spending since last quarter.

Growth still constrained

CFOs again indicate a bias toward growth over reducing costs and toward pursuing opportunity over limiting risk. But year-over-year expectations for capital investment are still modest by historical standards. This quarter's 6.8% expectation is better than we have seen in a year, but it is still well below the four-year average of 8.3%.

In past surveys, disconnects between high-growth aspirations and slow-growth expectations have been accompanied by elevated CFO frustration with factors they believe are impeding growth. These frustrations have mostly centered on economic uncertainty, regulatory burdens, and policy wrangling in Washington, D.C.

This time around, complaints about economic uncertainty seem less pronounced, but patchy economic growth is clearly still constraining growth efforts. On the government front, CFOs' are voicing less concern about monetary and fiscal policy than they have in the recent past. But concerns about the clarity, pace, scope, and cost of government regulation are back with a vengeance—and not just within sectors like Financial Services, Healthcare/Pharma, and Energy. In fact, the scope of regulatory worries expressed in this quarter's survey is the broadest we have seen.

Summary (cont.)

Limited effects of the Ukrainian crisis and FATCA¹

This quarter we asked CFOs about two factors that might be affecting their expectations and planning—the Russian/Ukrainian crisis and pending deadlines around the Foreign Account Tax Compliance Act (FATCA), which requires foreign banks to turn over U.S.-owned account information to the Internal Revenue Service and has compliance implications for many multinationals.

Few companies have taken significant steps in response to the on-going conflict between Russia and Ukraine. But rising mention of geopolitical issues among CFOs' most worrisome risks may indicate that the conflict is at least giving them a reason to consider the possibility and impacts of other potential crises.

With deadlines approaching for compliance with FATCA, this quarter's findings show that well over half of CFOs either do not believe FATCA applies to their company or are not sure where their company currently stands. Overall, about one-third of CFOs say they have taken the most basic step—determining the FATCA classification for each of their entities—and fewer have taken additional steps.

Costs, performance management, and growth

This quarter we asked CFOs where their CEOs were asking them to focus their efforts, and cost reduction appears to be the top priority by a significant margin in most sectors. When cost is not the top focus, either performance management or revenue growth is. And more often than not, CFOs say they are being asked to address all three of these areas in concert.

Outside the top three focus areas, priorities vary considerably by sector. Managing internal risks is a top priority for Energy/Resources, and managing stakeholder relationships is a top focus for Technology. On the balance sheet side, working capital management is a top priority for Manufacturing and Healthcare/Pharma, and managing capital is a substantial focus for Manufacturing and Financial Services.

¹ FATCA is designed to prevent U.S. citizens and organizations from using foreign bank accounts to hide income from the Internal Revenue Service, and its central requirement is for non-U.S. financial institutions to report the earnings of American account holders to U.S. tax authorities.

² http://online.wsj.com/articles/fed-officials-growing-wary-of-market-complacency-1401822324?mod=djemCFO_h

Insights for building a strong finance team

We asked CFOs' for their best insights around building a strong finance function, and resoundingly they say executive leadership is critical—that CFOs need to do their due diligence in establishing the vision, goals, standards, and culture that will define the organization's role and success factors.

In addition, they say recruitment is where the rubber hits the road, and that CFOs need to recruit talent who are not only top-notch, but also fit the long-term needs and culture of the organization. And they encourage hiring not simply for technical skills, but also for mindset, breadth, and partnering ability.

Finally, CFOs say retention is worth the effort. On top of rewarding top staff with praise and higher pay, they suggest giving staff opportunities to learn the business, take on more responsibility, and interact with executives.

Approaches to social media vary by sector

The rise of social media has created both opportunities and obligations for most companies. And across sectors, there is one area that has received consistent attention: risk management. CFOs across industries say some of their highest efforts and best successes have been in establishing formal policies for employees' social media use and educating staff around risks and benefits.

Substantial proportions of companies have been proactive in setting formal social media strategies, managing their presence, and interacting with customers—with Retail/Wholesale the most aggressive. And while there has been little use for investor relations activities, such as announcing and facilitating earnings calls, about 60% do say they are using social media channels to distribute material company information or plan to do so.

What's next?

This quarter's CFO sentiment and expectations are challenging to interpret and reconcile, but they do seem to suggest a growing confidence that conditions are stabilizing and possibly improving. And this sentiment seems consistent with equity markets that have held steady after a strong run-up last year.

Officials at the U.S. Federal Reserve have recently begun expressing worries about unusually low market volatility, suggesting the possibility of undue complacency and excessive risk-taking.² Let's hope CFOs' improving sentiment is based on accurate assessments of broader business conditions and company fundamentals.

Key Charts: Sentiment

CFOs' sentiment regarding the health of major economic zones and their companies' prospects

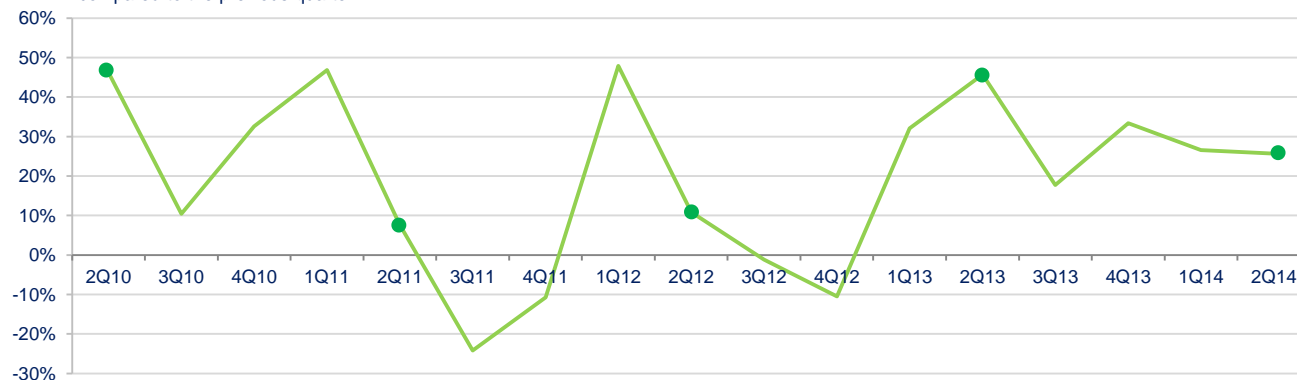
Economic optimism

Average CFO 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



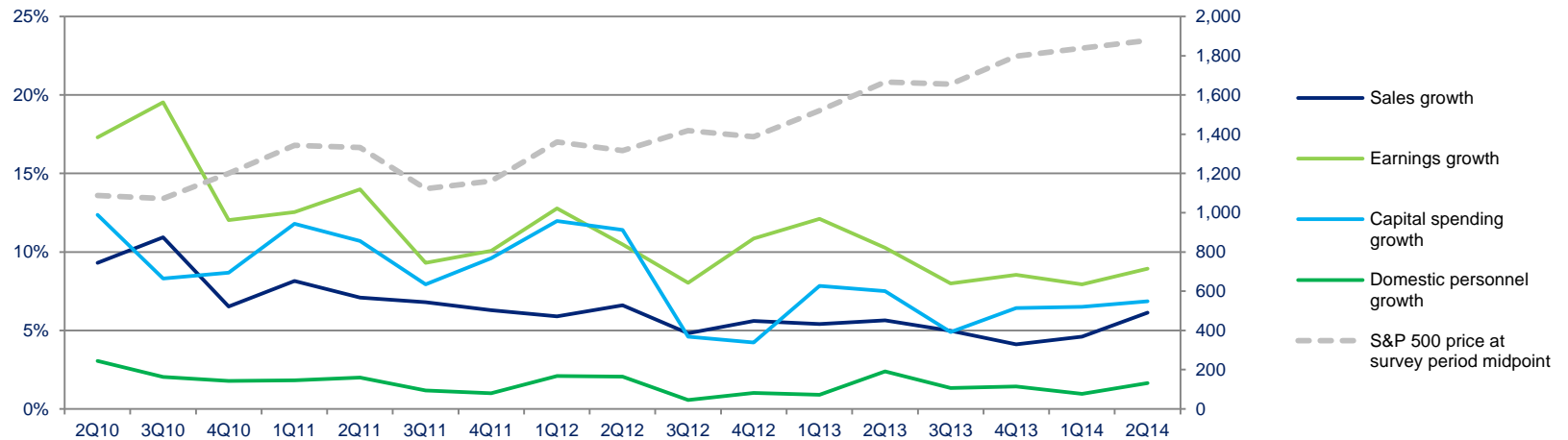
● = Second quarters of calendar years

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=113*)	U.S. (n=78)	Canada (n=25)	Mexico (n=7)	Manufacturing (n=26)	Retail / Wholesale (n=14)	Technology (n=7)	Energy / Resources (n=14)	Financial Services (n=23)	Healthcare / Pharma (n=6)	T/M/E (n=8)	Services (n=10)
Sales growth	6.1%	5.4%	8.6%	6.9%	5.0%	6.5%	5.7%	4.5%	7.4%	7.3%	6.9%	5.8%
Earnings growth	8.9%	8.1%	11.3%	7.4%	7.7%	10.1%	8.9%	4.6%	11.9%	6.2%	8.8%	6.4%
Capital spending growth	6.8%	5.1%	11.1%	4.4%	9.5%	9.7%	-1.7%	0.1%	9.3%	-2.0%	6.0%	5.7%
Domestic personnel growth	1.6%	1.4%	2.4%	0.3%	1.4%	1.5%	1.3%	1.1%	3.3%	1.5%	1.4%	1.4%

Highest two industry expectations
Lowest two industry expectations

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

Business Environment

Aids and impediments to growth

Across the broader business environment, which factors do CFOs believe will substantially help or hinder their companies' growth?

North American economies, industry factors, and technology advancements repeat as top tailwinds:

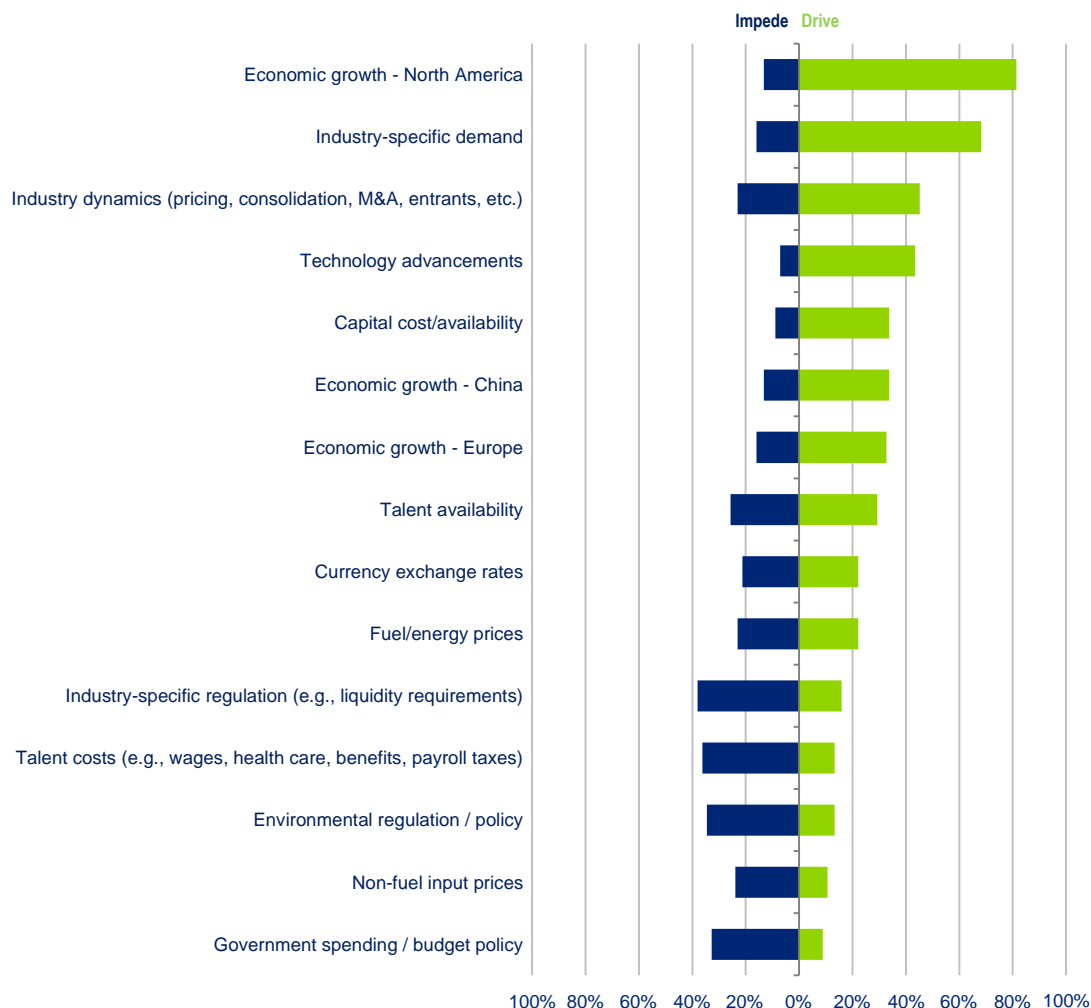
- **North American economies** are again the top growth aid, cited by 81% of CFOs (down from 86%)—well ahead of China (34%, down from 37%) and Europe (33%, up from 29%). Only Technology and T/M/E are below 70% for North America.
- **Industry-specific demand** is a substantial growth aid for 68% of companies (69% last quarter), driven mostly by positive sentiment in Manufacturing, Retail, and Healthcare/Pharma (note, however, that one-third of Healthcare/Pharma CFOs consider industry-specific demand an impediment rather than an aid).
- **Industry dynamics** are a positive factor for 45% of CFOs overall (46% last quarter) and a negative factor for 23% (down from 28%). Retail/Wholesale CFOs are about equally likely to regard this factor as an impediment or and aid.
- **Technology advancements** remain substantial aids for 43% of CFOs, but slipped from 55% last quarter. Technology and Retail/Wholesale are highest at 57% each.

Policy and regulation continue to be top impediments; talent costs are ascending:

- **Industry-specific regulation** is the top impediment this quarter, cited by 38% of CFOs (36% last quarter). Healthcare/Pharma (83%), Technology (57%), and Financial Service CFOs (48%) are most likely to name this factor an impediment.
- **Talent costs** ranks as the second most-named impediment at 36%, resonating most with CFOs in the Technology (57%), Healthcare/Pharma (50%), and Services (50%) sectors. **Talent availability** declined as an impediment to 26% this quarter from 39% last quarter.
- **Government spending/budget policy** rose as a top impediment to 33% this quarter from 26% last quarter. All Healthcare/Pharma CFOs named it a top impediment (note that the small sample size is just six this quarter).

Which external factors will substantially drive and/or impede your company's performance over the next year?

Percent of CFOs selecting each factor (n=113)



Business Environment

Assessment of economies

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

Perceptions of China and Europe slumped:

North America

Perceptions declined somewhat, but North America is still the bright spot.

- Forty percent of CFOs describe the North American economy as good or very good (down slightly from 42% last quarter), and just 6% describe it as bad (about the same as last quarter).
- Sixty percent believe conditions will be better a year from now (slightly below the 62% from last quarter), and just 4% expect them to be worse (about the same as last quarter).

Europe

Confidence in Europe's economy declined this quarter, as did confidence in its trajectory.

- Just 7% of CFOs describe Europe as good or very good. Nearly 55% now describe the economy as bad (up from 47% last quarter), but this is still a notable improvement from the 63%, 80% and 90% levels we saw in the last three quarterly surveys of 2013.
- Twenty-seven percent of CFOs expect the economy will be better a year from now (down from 32% last quarter), and 23% expect it to be worse (up from 14% last quarter).

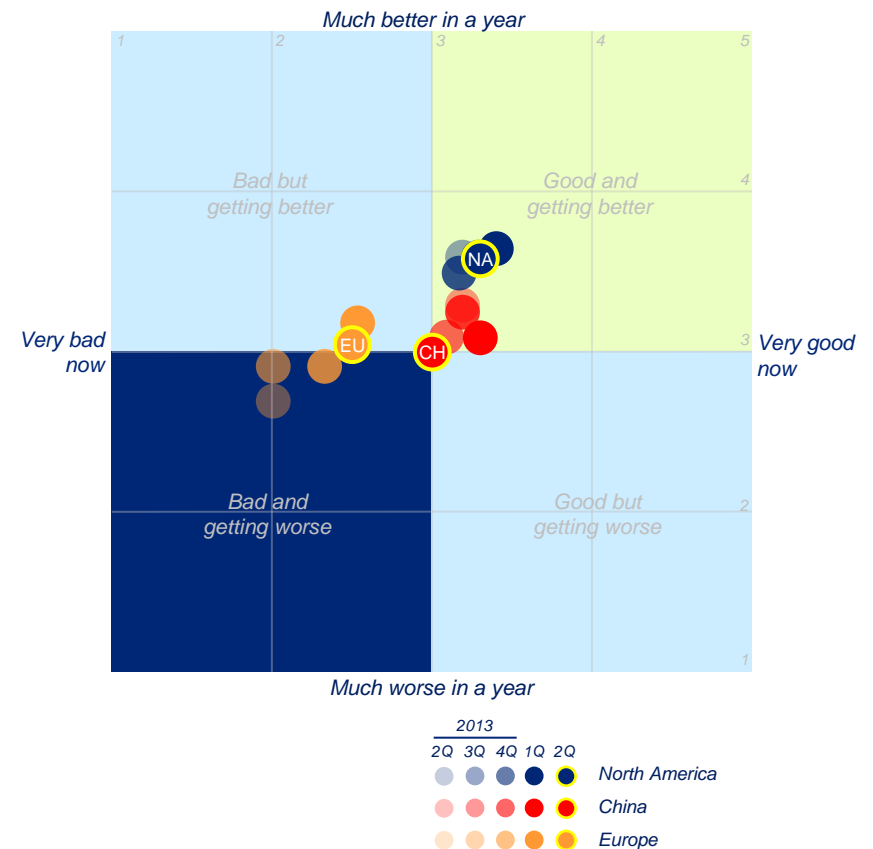
China

Perceptions of China's economy declined to a new survey low.

- Just under one-quarter of CFOs say China's economy is good, down significantly from the 37% and 32% levels we saw in 1Q14 and 4Q13, respectively. Nearly 20% now regard the economy as bad (up from 11% last quarter).
- Just 21% of CFOs believe the economy will be better a year from now (down from 33% last quarter and 38% the quarter before), and about 20% believe it will be worse (the same as last quarter).

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

CFOs' assessment based on 5-point Likert scales: "very bad" to "very good" and "much worse" to "much better" (n=109)



Company Expectations and Priorities

Business focus

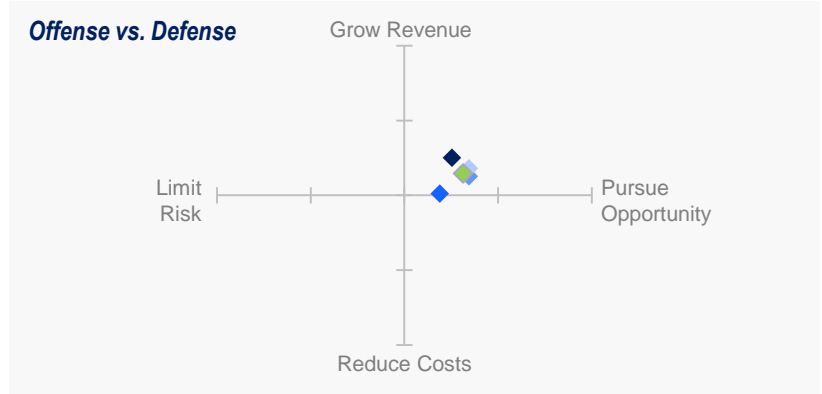
Where do CFOs say their companies are focusing their efforts?

Companies remain more focused on offense than defense:

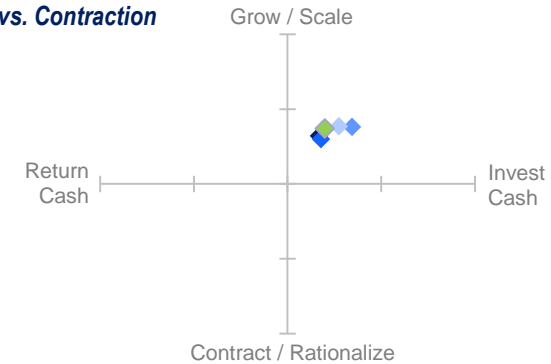
- **Offense over defense:** All sectors indicate a bias toward “pursuing opportunity” over “limiting risk,” and only two are biased toward “reducing costs” over “growing revenue.” Retail/Wholesale’s heavy focus on risk reduction last quarter has subsided, and only Energy/Resources is currently close to the risk/opportunity midpoint. Financial Services indicates the strongest bias toward revenue growth, and Energy/Resources shows a very strong bias toward cost reduction.
- **Growth over contraction:** All sectors indicate a bias toward “investing cash” over “returning cash,” and all sectors except Technology are biased toward “grow/scale” over “contract/rationalize” (Technology is about evenly split).
- **Focus is on new offerings and current geographies:** The bias is again slightly toward “new offerings” over “current offerings” and substantially toward “current geographies” over “new geographies.” Technology is biased heavily toward new offerings. Retail/Wholesale is the only sector biased toward new geographies, and only slightly so.
- **Organic growth over inorganic growth:** The bias is again firmly toward organic growth. Only Healthcare/Pharma is biased toward inorganic growth.

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

CFOs’ assessments based on 5-point semantic differential scale with opposing choices as noted (n=113)



Growth vs. Contraction



New vs. Current



Inorganic vs. Organic



Company Expectations and Priorities

Sales and earnings

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

Sales*

Sales growth expectations rose to their highest level in two years:

- Sales growth expectations, after two quarters hovering around their survey lows, jumped to 6.1%—their highest level since the second quarter of 2012. The median is again 5%, with 90% of CFOs expecting year-over-year gains. Variability of expectations is at a survey low.
- Country-specific expectations are 5.4% for the U.S. (up from 4.9%), 8.6% for Canada (up sharply from 3.4% last quarter), and 6.9% for Mexico (up from 5.5%).
- Financial Services and Healthcare/Pharma are both above 7%; Manufacturing and Energy/Resources trail at or below 5%.

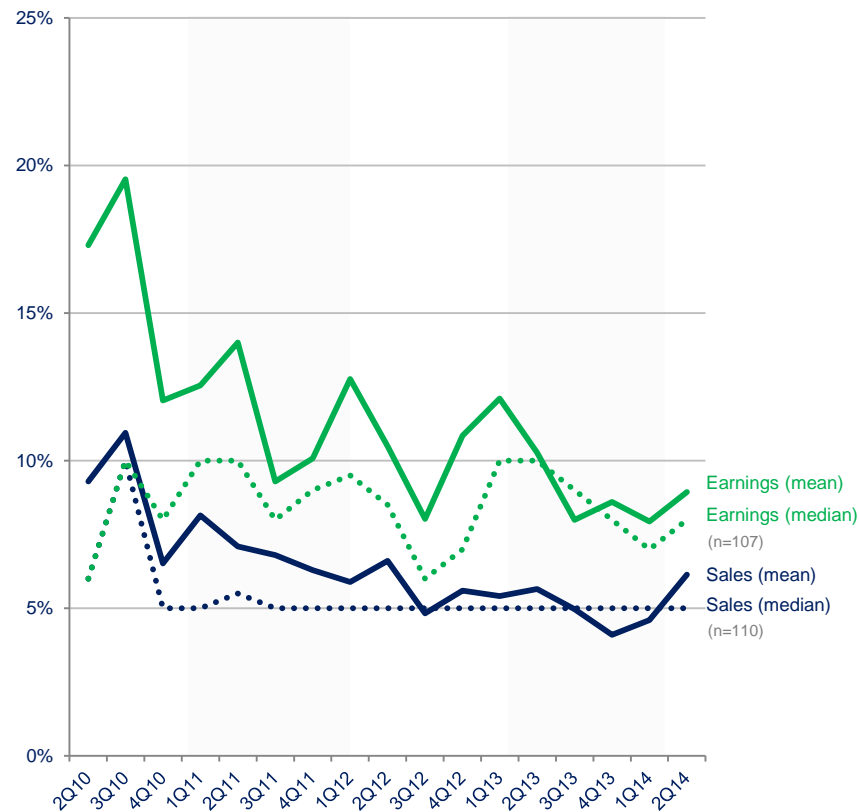
Earnings*

Earnings growth expectations bounced back, driven mainly by Canada and the Retail/Wholesale and Financial Services sectors:

- Earnings expectations rebounded from last quarter's survey low of 7.9% to 8.9% this quarter—the highest since the second quarter of 2013. The median expectation rose from 7.0% to 8.0%, and 83% of CFOs expect year-over-year gains. Variability of expectations is comparatively low.
- Country-specific expectations are 8.1% for the U.S. (9.3% last quarter), 11.3% for Canada (4.1% last quarter), and 7.4% for Mexico (6.8% last quarter).
- Retail/Wholesale and Financial Services are both above 10%; Energy/Resources and Healthcare/Pharma are both below 7%.

Compared to the past 12 months, how do you expect your sales 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.

Company Expectations and Priorities

Dividends and investment

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

Dividends*

Dividend growth expectations returned to normal:

- Dividends are expected to rise 4.1%, down from last quarter's 5.7%. The median is again 0%, and 45% of CFOs expect year-over-year gains (relatively high).
- Country-specific expectations are 4.5% for the U.S. (6.1% last quarter), 4.4% for Canada (5.0% last quarter), and 0.8% for Mexico (4.2% last quarter (note that the sample size is just seven for Mexico this quarter).
- Manufacturing, Retail/Wholesale, and Financial Services are all at or above 5.0%.

Capital investment*

Expectations rose, mostly driven by Canada and the Manufacturing and Retail/Wholesale sectors:

- Capital spending expectations rose to 6.8%, up from last quarter's 6.5%—the highest level we have seen since the second quarter of 2013. The median rose sharply from 3.0% to 5.0%, the highest we have seen in two years. Sixty-four percent of CFOs expect year-over-year gains, also the highest we have seen in two years.
- Country-specific expectations are 5.1% for the U.S. (6.1 % last quarter), 11.1% for Canada (4.7% last quarter), and 4.4% for Mexico (13.4 % last quarter).
- Manufacturing and Retail/Wholesale are both above 9.5%; Technology and Healthcare/Pharma are both below zero.

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.

Company Expectations and Priorities

Employment

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

Domestic hiring*

Hiring rebounded based on acceleration in the U.S. and Canada:

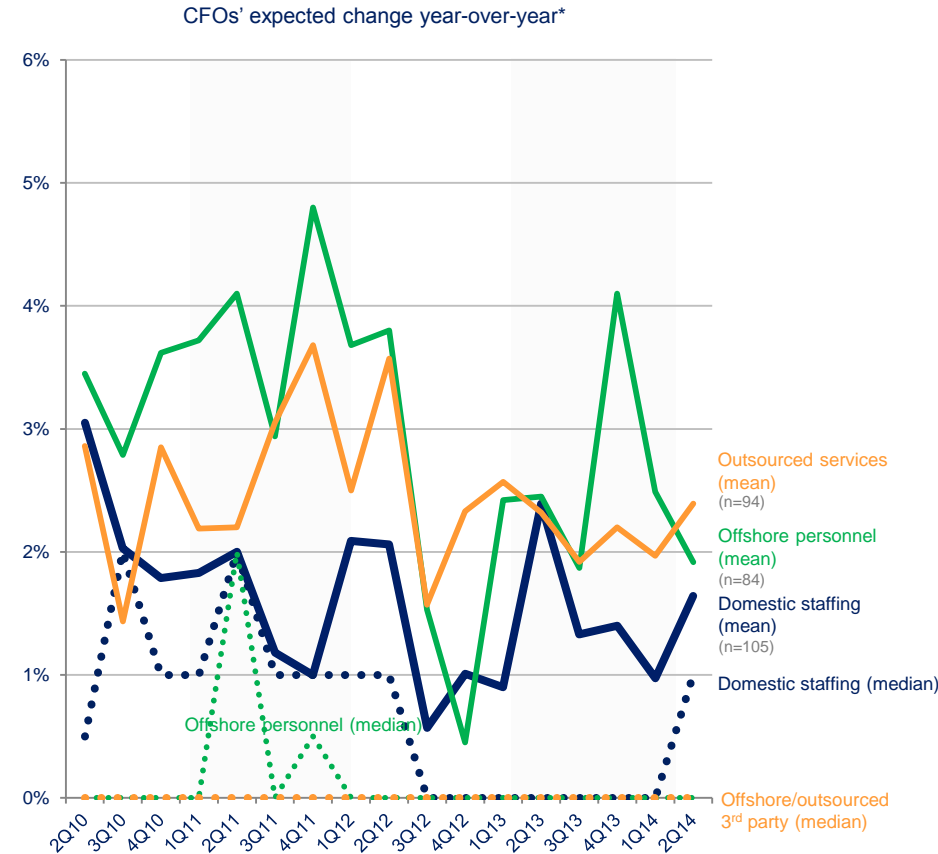
- Domestic hiring expectations rebounded from last quarter's 1.0% to 1.6% this quarter. The median rose to 1.0%, and 58% of CFOs now expect year-over-year gains—well above last quarter's 42% and the highest level we have seen in two years. Just 16% expect cuts (comparatively low). Variability of expectations matches the lowest levels in the survey's history.
- Country-specific expectations are 1.4% for the U.S. (1.1% last quarter), 2.4% for Canada (0.4% last quarter), and 0.3% for Mexico (1.1% last quarter).
- Financial Services is the bright spot at 3.3%; all other sectors are close to the average.

Offshore hiring and outsourcing*

Growing proportions of CFOs are expecting year-over-year gains in offshore hiring and outsourcing:

- Offshore hiring fell from 2.5% last quarter to 1.9% this quarter—well below the longer-term average of about 3%. Manufacturing has the highest expectation at 3.3% growth, and 42% of CFOs do expect year-over-year gains (comparatively high).
- Outsourcing is expected to rise 2.4%, up from 2.0% last quarter and about even with the longer-term average of 2.5%. The median is still 0.0%, with 48% of CFOs expecting gains (second-highest in the last four years of the survey). Technology is highest at 7%.

Compared to the past 12 months, how do you expect your number of domestic personnel, number of offshore personnel, and use of outsourced services to change over the next 12 months?



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

Company Expectations and Priorities

Own-company optimism

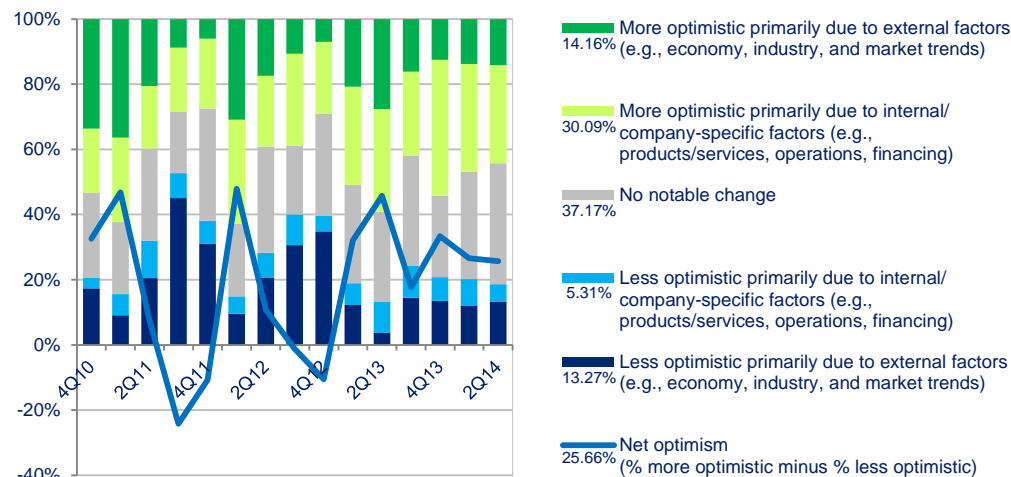
How do CFOs feel about their company's prospects compared to last quarter?

Optimism is proving durable in all sectors except Manufacturing and Services:

- **Optimism holding:** 2013 was the first calendar year in which net optimism stayed positive for all four quarters. Last quarter's strong +27 continued this trend, and this quarter follows suit at +26. Forty-four percent of CFOs express rising optimism (down slightly from 47% last quarter), and just under 19% express rising pessimism (a slight improvement over the last two quarters).
- **Signs of stabilization?:** The proportion of CFOs expressing improving optimism slid slightly from last quarter and is well below the +46 we saw this quarter of last year. But most of that decline is to be expected after five straight quarters of rising sentiment. Indeed, this quarter shows the survey's highest-ever proportion of "no change" and one of the lowest pessimism levels on record. Taken together, these indicators may reflect significant stabilization of CFO sentiment.
- **External factors not helping much:** Similar to last quarter, only about one-third of CFOs' optimism is driven by external factors, while about 70% of the pessimism is driven by external factors.
- **All three countries upbeat:** Net optimism for Canada is again highest at +44. The U.S. trails at +22, up slightly from +21 last quarter. Mexico slumped from +40 last quarter to +14 this quarter.
- **Manufacturing and Services significantly pessimistic:** The good news is that Retail/Wholesale's overwhelming pessimism from last quarter has dissipated. The bad news is that nearly 40% of Manufacturing CFOs now report declining optimism, yielding this quarter's only net-negative sector (at -8). Services CFOs also report significant pessimism, with net optimism of only +10.
- **Energy/Resources, Healthcare/Pharma, and Technology most optimistic:** All three sectors indicate net optimism above +40. But note that the sample size for the latter two are 6 and 7, respectively. Energy/Resources and Healthcare/Pharma were the most optimistic last quarter, too.

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

Percent of CFOs selecting each sentiment/reason combination (n=113)



Company Expectations and Priorities

Most worrisome risks

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

Economic and government policy worries are still very common, but industry- and company-level concerns ramped up steeply:

- **Economic worries:** CFOs expressed growing worries about the global economy, with renewed concerns about Europe and China in particular. Concerns about the U.S. housing market are the highest in more than two years, and concerns linger about slow job growth and the ripple-through effects on consumer demand.
- **Competition:** Worries about competition escalated this quarter, driven by concerns about tactics of large and small competitors, irrational behavior by competitors, poor margins, industry headwinds, and pricing pressures.
- **Regulation:** Concerns about additional regulations, lack of clarity, costs of compliance, and unintended consequences made regulatory concerns the most consistently-voiced worry this quarter—even more than in last quarter's survey.
- **Execution:** Execution concerns are the highest on record, driven by concerns about executing against strategies, business plans, and priorities. Specific concerns ranged from executive management alignment to capacity rationalization to safety issues.
- **Cyber-security:** Concerns about data security continued to rise.
- **Quantitative easing:** Worries about monetary policy and the wind down of quantitative easing continued to decline.

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

Consolidation and paraphrasing of CFOs' free-form comments* (n=93)

Macro / Economy

Economy

- Direction of world economies (9)
- European economy (6)
- U.S. economy (4)
- Housing recovery (4)
- Geopolitical risks (4)
- China economy (3)
- Market bubbles
- Climate change

Demand

- Lack of job growth in U.S. (2)
- Demand for products/services (2)
- Increasing wealth disparity

Capital / Currency

- Interest rate increases/decreases (4)
- Exchange rate volatility
- Inflation

Government

Policy

- Taxes / tax policy (4)
- Government spending/fiscal policy (2)
- Governments do by fiat/regulatory agency what they cannot get done legislatively
- Congressional grid-lock re: infrastructure funding
- Poor decisions around energy sector/exports
- Government over-reaction to improvements in economy

Regulation

- Federal regulation – new/burdensome (21)
- U.S. government continuing to add costs to businesses
- Tariffs/rules with unintended consequences
- Pace of political decision-making processes
- Complexity of regulatory environment
- Encroachment of Federal Reserve and federal government into regulation of insurance
- Overregulation of the housing industry
- Lack of clarity around regulations
- Securities regulation at the state and federal level
- Government regulation of health care
- Unanticipated impacts from government regulation

Industry / Company

Competition

- Competitiveness of large competitors
- Small nimble competitors
- Competitive retail environment
- Irrational behavior/pricing by competitors
- Competition for new investment
- Irrational competitor behavior
- Hyper-competition across major lines of business
- Industry headwinds
- Market pressures on clients translating into pricing pressure on our company
- Lower economic activity will damage licensing / increase piracy
- Poor margins
- Cost inflation
- New technologies
- Falling below the marginal cost curve
- Industry demand
- Maintaining prices in the marketplace

Internal Execution

- Ability to execute (2)
- Business plan execution (2)
- Execution of priorities
- Execution of initiatives
- Execution of sales strategy
- Executive management alignment
- Ability to scale and control spending
- Capacity rationalization and timing of shutdowns
- Safety issues at plants
- Retaining business and strategic momentum

Talent

- Availability of qualified workers (4)

Security

- Cyber-security (5)

* 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.

Company Expectations and Priorities

Response to Russian/Ukrainian conflict

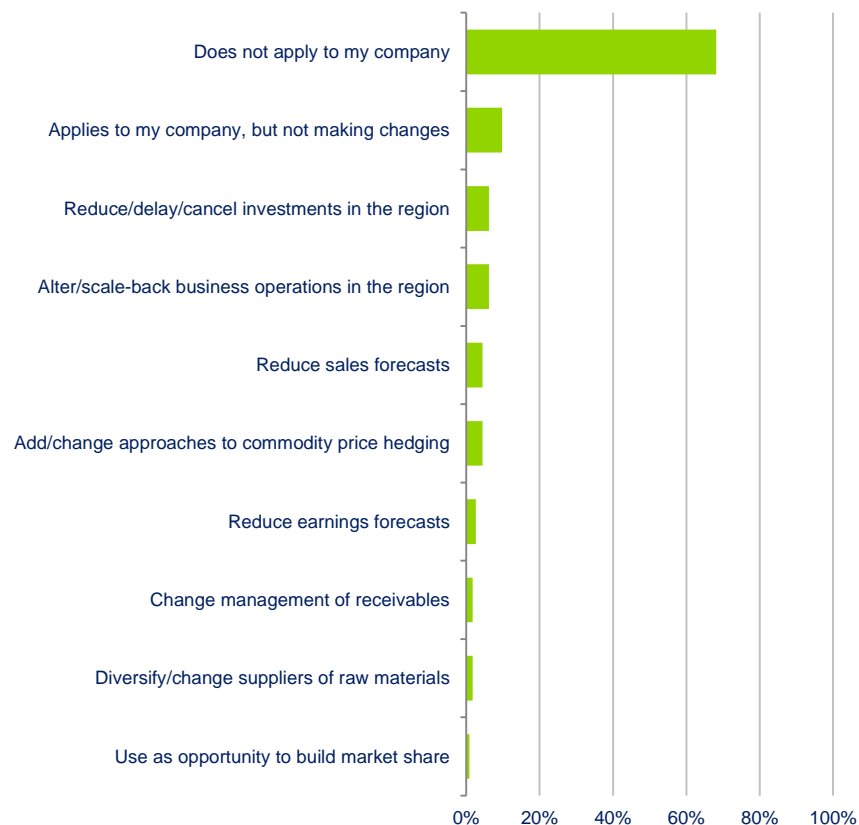
What, if anything, are companies doing in response to the Russian/Ukrainian conflict?

Overwhelmingly, CFOs say the Russian/Ukrainian conflict has little bearing on their business, their sourcing, or their planning.

- Some 68% of CFOs say the current situation has no impact on their business. Another 10% say it *does* impact their business, but that they are not making any changes.
- For those companies who *are* responding, the most common steps are reducing or delaying investments in the region (6%); scaling back operations in the region (6%); reducing sales forecasts (4%); changing approaches to commodity price hedges (4%); and reducing earnings forecasts (3%).
- Companies in the Healthcare/Pharma and Retail/Wholesale sectors are the most likely to have made changes—mostly by delaying or canceling investments and/or scaling back operations.

What steps is your company taking in response to the Russian/Ukrainian conflict?

Percent of CFOs citing each response (n=113)



Company Expectations and Priorities

Preparation for the Foreign Account Tax Compliance Act?

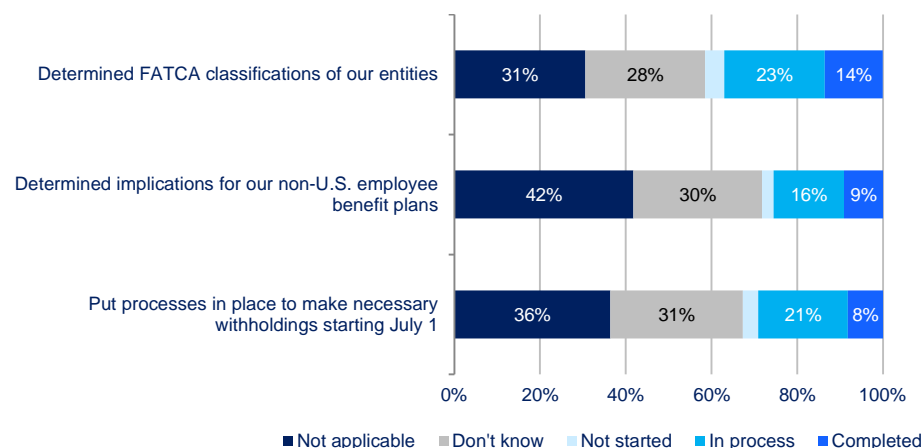
Where do companies stand in their preparation for FATCA*?

Most CFOs say that FATCA does not apply to them or that they do not know their company's progress.

- **Not applicable for most:** Across the board, large percentages of CFOs say that the major work streams associated with FATCA compliance do not apply to their companies (determining FATCA classifications for entities—31%; determining implications for non-U.S. employee benefit plans—42%; putting processes in place for making the necessary withholdings starting July 1—36%). The exception is in the Technology sector, where only 14% of CFOs reported “not applicable” across all three work streams.
- **Most progress made classifying entities:** Fourteen percent of companies have completed the classification effort, while 23% report that the process is underway. Financial Services CFOs are more likely than others to have this completed (41%), while Technology CFOs are more likely to have it in process (43%).
- **Little progress made on determining benefit plan implications:** Only 9% of CFOs report that their companies have figured out how FATCA affects their non-U.S. employee plans, while another 16% are in the process. Financial Services CFOs are again more likely to have this completed (23%), but more than 40% of Manufacturing, Technology, and Services CFOs are unsure where their companies' stand with this.
- **Few processes in place to meet the deadline:** Only 8% of companies report that they have processes in place to make the necessary withholdings as of July 1. However, another 21% are in the process of instituting procedures—at least 15% in each industry. Not surprisingly, Financial Services CFOs are more likely to have this completed than others (18%).

Where does your company stand in its preparations for the Foreign Account Tax Compliance Act (FATCA)?

Percent of CFOs citing each type of preparation (n=113)



*The Foreign Account Tax Compliance Act (FATCA), passed in 2010 and effective as of July 1, 2014, requires foreign banks to turn over U.S.-owned account information to the Internal Revenue Service (IRS). The law also has compliance implications for many multinationals that may have Foreign Financial Institutions (FFIs) within their expanded affiliated group and for the non-U.S. employee benefit plans they provide to their non-U.S. staff. In addition, to the extent organizations make FATCA “withholdable” payments, which include payments made with respect to borrowing money or premiums paid for insurance to U.S. or foreign companies, they are required to collect documentation or may face exposure. While the IRS has provided some transition relief which relaxes the July 1 deadline somewhat, many of the steps necessary to comply are both complicated and long-term in nature. Survey results, however, show that many CFOs say that FATCA does not apply to them or that they do not know their company's progress.

Company Expectations and Priorities

Approaches to social media

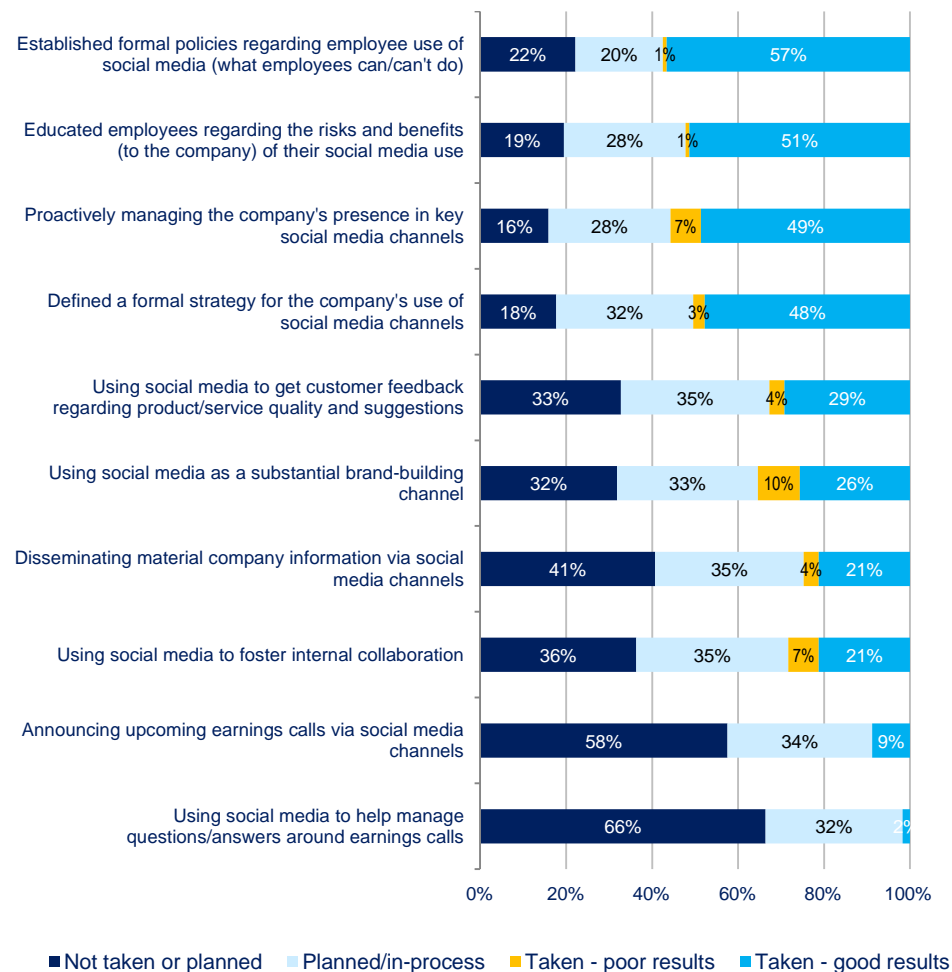
What are companies doing to utilize and manage social media?

Social media utilization varies considerably by industry, but the most consistent progress has been around risk management:

- **Strategies, policies, and education:** CFOs report some of their highest efforts and best successes in the areas of establishing formal policies around employee use of social media (57% have already taken this step with good results), educating staff around the risks and benefits of their social media use (51%), and establishing formal social media strategies (48%).
- **Brand-building challenges:** Almost 70% of CFOs say their companies have either established social media as a substantial brand-building channel or are planning to do so, but more than one quarter of the 35% of companies who already have say results have been poor. Only 30% report success in getting customer feedback and suggestions through these channels.
- **Limited stakeholder management use:** Most CFOs say their companies have no plans to leverage social media either to announce upcoming earnings calls or to facilitate questions/answers around those calls. But about 60% say they do plan to use these channels to distribute material company information (i.e., information that may affect the perceived value of the company once it is disclosed to the public) or are already doing so.
- **Major industry differences:** Retail/Wholesale companies appear much more aggressive than average, particularly when it comes to setting strategies, actively managing their presence in social media channels, and getting feedback from customers. Financial Services is comparatively strong when it comes to establishing formal policies and educating employees, but weaker when it comes to customer interaction and brand building. Services organizations are about average in their scope of efforts, but they tend to report poor results in most areas.

What steps has your company taken around social media?

Percent of CFOs citing each step (n=113)



Finance Priorities

What is your best insight for building a strong finance staff?

Consolidation and paraphrasing of CFOs' free-form comments* (n=85)

How to build a strong finance staff

What are CFOs' best insights?

CFOs recommend setting the right structure and culture, recruiting the right people, and developing and keeping the best staff:

- **Executive leadership is critical:** Respondents said CFOs need to set the vision, goals, standards, and culture that will define the organization's role and success factors.
- **Recruitment is where the rubber hits the road:** CFOs recommend recruiting not just top-notch talent, but also people who fit the long-term needs and culture of the organization. They say hiring for mindset, breadth of skills, and partnering ability is very important, and they recommend proactive hiring and succession planning.
- **Development is the key to retention:** CFOs say retaining top performers is worth the effort. Giving strong staff opportunities to learn the business, learn new finance skills, take on more responsibility, and interact with executives is very important. So is rewarding top staff with praise, higher pay, and promotions.

Leadership

Vision / Goals

- Bring characteristics that make talent want to work for you
- Set clear goals
- Have strong vision – work toward what future will look like
- Provide a common vision
- Focus on strategic decision-making and value creation
- Hold staff accountable for building collaborative relationships
- Sell staff on being business partners and not just analysts

Structure

- Create alignment between responsibility/authority (2)
- Define roles around shared objectives rather than tasks
- Develop a holistic talent management approach
- Hire the right people and empower them to do the job
- Create broad, meaningful roles with right set of experiences

Communication

- Communicate regularly (3)
- Share information, direction, challenges
- Communicate business developments/plans

Standards / Culture

- Hire top talent (4)
- Create an environment where ambitious talent can thrive
- Create a outstanding work environment
- Provide challenging work and treat people fairly
- Establish an analytical culture
- Establish a process-driven culture
- Foster a good feedback culture (upwards and downwards)
- Demand a lot and change out low performers
- Consistently evaluate talent; continuously upgrade

Recruiting

Traits

- Attract qualified and broad-thinking staff
- Hire capable people with good core values and innate curiosity
- Focus on business process excellence and strategy skills
- Recruit for attitude and potential rather than experience
- Hire people with talent, desire to learn, interpersonal skills
- Focus on ability to be business partner rather than technician

Quality

- Build around fewer, better people
- Hire good people – do not limit yourself to current employees
- Hire the right people with the long term in mind
- Recruit best talent possible – top schools and accounting firms; never compromise on definition of top quality talent
- Experience can be gained; attitude, initiative, and character are much harder to develop and should be the focus for hiring

Fit

- Recruit and develop talent with the right cultural fit
- Get the right fit – you get hired for what you know and fired for who you are
- Hire people who share your same values
- Focus on values consistent with your culture – the specifics of the job can always be taught

Timing / Succession

- Hire ahead of the curve
- Be proactive vs. reactive
- For super talent, hire if you have a specific job or not
- Have a robust succession plan for all finance roles

Retention and Development

Strategy

- Retaining quality is far easier than finding it externally, so the ROI to retain good people is usually worth it
- The most effective means for building a strong and vibrant finance staff is for senior leaders to actively drive staff development

Rewards

- Reward the top performers
- Pay well for top talent and focus intently on development and career progression
- Provide loyalty, continuity, and competitive pay
- Reward the best both financially and verbally
- Identify key employees and focus on their well-being (i.e., pay, diversity of assignment, work/life balance)

Development

- Provide breadth of experience / diverse experiences (5)
- Get people out of their comfort zone (2)
- Give team a clear understanding of career path/potential
- Provide internal mentors and defined career paths
- Provide guidance and opportunity for growth
- Encourage staff to do more – projects and more responsibility
- Establish strong mentorship programs

Exposure

- Provide exposure to the business itself
- Make sure staff is getting exposure to line activities
- Provide lateral job movement
- Cross-train and use rotations to develop broader, deeper skills
- Provide venues for staff to develop a connection to the leadership of the department
- Train people to be effective partner to business units

* This chart presents a summary of CFOs' free-form responses. Comments have been consolidated and paraphrased. Parentheses denote counts for particular responses.

Personal Priorities

Where CEOs want their CFOs to focus

Where are CEOs asking CFOs to focus their efforts?

Cost reduction is CEOs' top priority for CFOs, but managing performance and growing revenue are not far behind:

- **Cost reduction:** More than half of CFOs (58%) cite cost control as their CEOs' top priority. All Healthcare/Pharma and T/M/E CFOs report this as a top focus; Financial Services CFOs are the least focused on cost reduction (35%).
- **Monitoring performance:** Forty-seven percent of CFOs say a top focus is monitoring progress against targets. Retail/Wholesale, Energy/Resources, and T/M/E are all above 60%.
- **Revenue growth:** Revenue growth is a top focus area for 43% of CFOs. Technology (71%) and Healthcare/Pharma CFOs (67%) are most likely to report this as a focus area; T/M/E CFOs are least likely (13%).
- **Monitoring and managing risks and opportunities:** Managing internal risks is a top priority for 27% of CFOs, with Energy/Resources the highest at 36%. Twelve percent of CFOs say monitoring the external business conditions is a top priority; Financial Services is the highest at 17%.
- **Balance-sheet priorities:** Lower on CFOs' list is managing core balance-sheet items like PP&E, working capital, and capital/financing. Overall, no more than 20% of CFOs cited any one of these choices in their top three. Manufacturing and Healthcare/Pharma CFOs, however, indicated a higher-than-average focus on working capital, and both Manufacturing and Financial Services indicated a stronger focus on capital/financing.
- **Stakeholder relationships:** Managing relationships with the investor and analyst community is a top focus for 36% of CFOs. Technology CFOs are most likely to focus on stakeholder relationships (71%) and Healthcare/Pharma CFOs the least (17%).

What is your CEO asking you to focus on in this business environment?

Percent of CFOs placing each focus area in their top three (n=113)



Personal Priorities

CFO use of social media

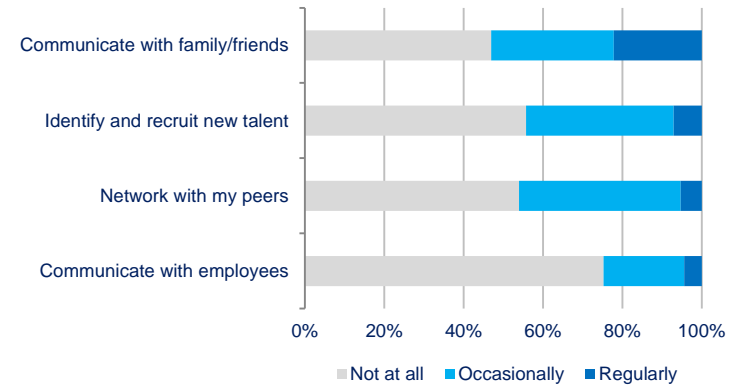
To what extent are CFOs personally using social media?

Sectors vary considerably, but CFOs are relatively unlikely to use social media for business purposes:

- **High abstention:** One quarter of CFOs say they do not use social media *at all* for any of the four purposes we asked about. Only 27% say they use it regularly for *any* of these purposes, and only 8% use it for all of them. Energy/Resources CFOs are the biggest non-users, with at least 64% saying they shun it for all four uses.
- **Substantial personal use:** Just over half of CFOs use social media to communicate with family and friends either occasionally (31%) or regularly (22%). Manufacturing, Retail/Wholesale, and T/M/E are all above 60%; Technology, ironically, is not. Energy/Resources and Financial Services are both around 35%.
- **Networking big for some sectors:** About 46% of CFOs use social media to network with peers, but only 5% do it on a regular basis. Technology and T/M/E are both above 75%, while Financial Services and Services are both below 15%.
- **Notable recruitment use:** Just under 45% of CFOs use it to identify and recruit new talent, and only 7% do so regularly. Manufacturing and Technology are closer to 60%, while Energy/Resources, Services, and T/M/E are all around 30%.
- **Little leadership communication:** Only about 25% of CFOs use social media to communicate with employees. Only Retail/Wholesale is notably higher at 50%.

How often do you personally use social media (other than email)?

Percent of CFOs selecting each frequency (n=113)



Longitudinal Trends

Expectations and sentiment

CFOs' Year-Over-Year Expectations*

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

		<u>2Q10</u>	<u>3Q10</u>	<u>4Q10</u>	<u>1Q11</u>	<u>2Q11</u>	<u>3Q11</u>	<u>4Q11</u>	<u>1Q12</u>	<u>2Q12</u>	<u>3Q12</u>	<u>4Q12</u>	<u>1Q13</u>	<u>2Q13</u>	<u>3Q13</u>	<u>4Q13</u>	<u>1Q14</u>	<u>2Q14</u>	<u>Survey Mean</u>	
Operating Results	Sales	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%	6.4%	
		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%	5.4%
		84%	93%	81%	89%	80%	83%	87%	79%	85%	82%	83%	81%	84%	78%	82%	90%	90%	90%	84%
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%	11.3%	
		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%	8.5%	
		89%	93%	80%	83%	83%	82%	84%	79%	81%	84%	76%	84%	83%	82%	82%	84%	83%	83%	
Investment	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%	
		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%	36%	
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%	8.3%	
		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%	4.4%	
		62%	58%	57%	61%	69%	59%	61%	68%	70%	53%	43%	57%	57%	54%	59%	57%	64%	59%	
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%	1.6%	
		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%	0.7%	
		50%	60%	48%	61%	64%	52%	51%	51%	52%	40%	40%	43%	46%	47%	48%	42%	58%	50%	
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%	2.9%	
		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%	0.1%	
		41%	49%	47%	41%	57%	37%	50%	43%	41%	30%	32%	39%	36%	33%	42%	34%	42%	41%	
Use of offshore/outsourced third parties		2.9%	1.4%	2.8%	2.2%	2.2%	3.1%	3.7%	2.5%	3.6%	1.6%	2.3%	2.6%	2.3%	1.9%	2.2%	2.0%	2.4%	2.4%	
		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%	
		35%	37%	32%	41%	31%	36%	49%	26%	30%	28%	28%	35%	31%	38%	40%	45%	48%	36%	

CFO and Equity Market Sentiment**

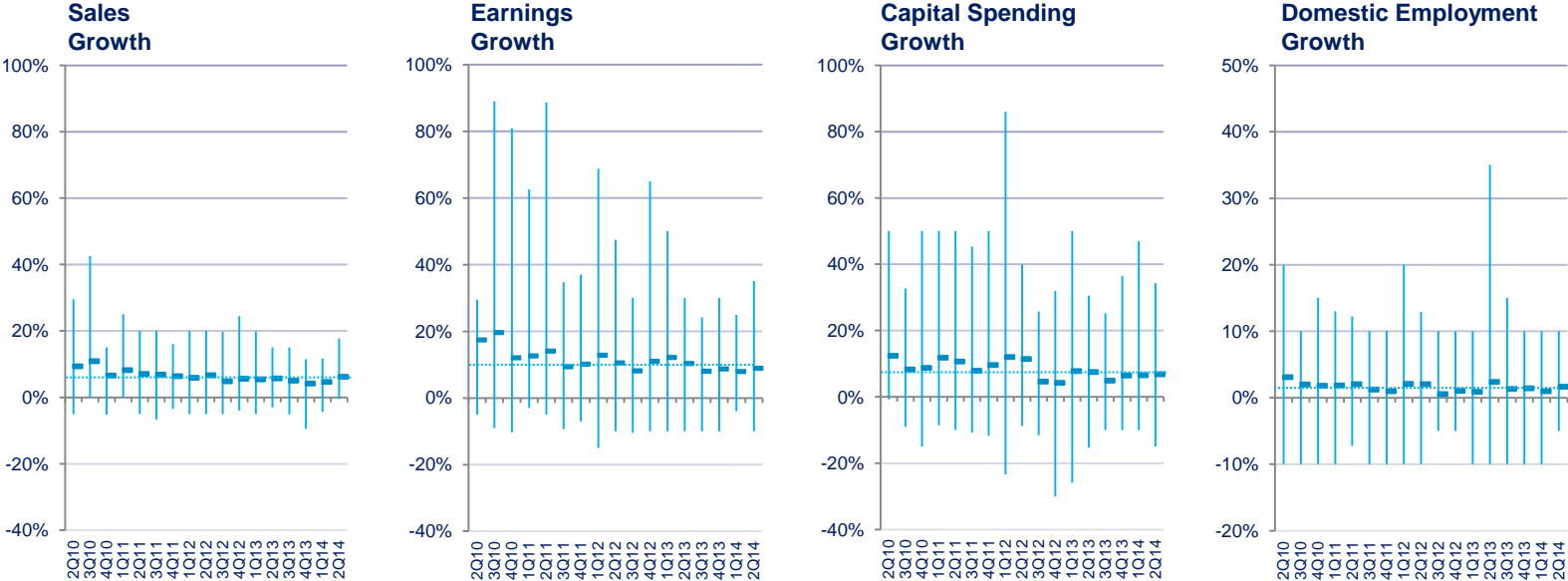
		<u>2Q10</u>	<u>3Q10</u>	<u>4Q10</u>	<u>1Q11</u>	<u>2Q11</u>	<u>3Q11</u>	<u>4Q11</u>	<u>1Q12</u>	<u>2Q12</u>	<u>3Q12</u>	<u>4Q12</u>	<u>1Q13</u>	<u>2Q13</u>	<u>3Q13</u>	<u>4Q13</u>	<u>1Q14</u>	<u>2Q14</u>	<u>Survey Mean</u>
Optimism	Optimism (% more optimistic)	63.5%	46.8%	53.3%	62.4%	39.7%	28.6%	28.6%	63.0%	39.1%	38.8%	29.1%	51.0%	59.0%	41.9%	54.2%	46.8%	44.3%	46.5%
	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%	27.4%
	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%	26.6%
	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%	19.8%
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	1,421
	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%	3.8%

* 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



Vertical lines indicate range for responses between 5th and 95th percentiles.

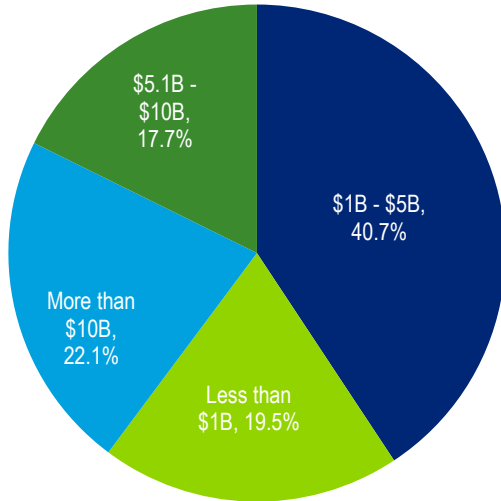
Horizontal marks indicate outlier-adjusted means.

Dotted lines indicate 3-year average (mean).

Demographics

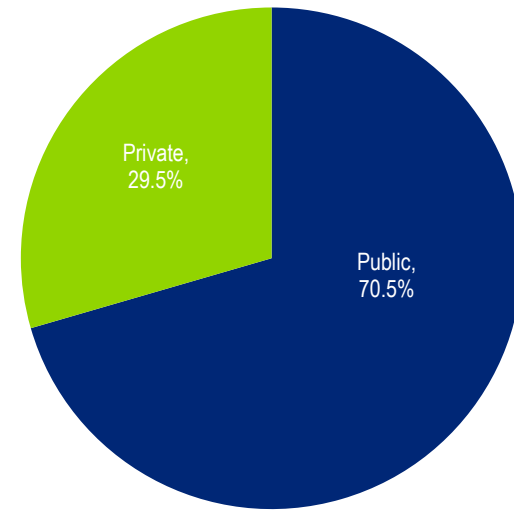
Annual Revenue (\$U.S.)

(n=113)



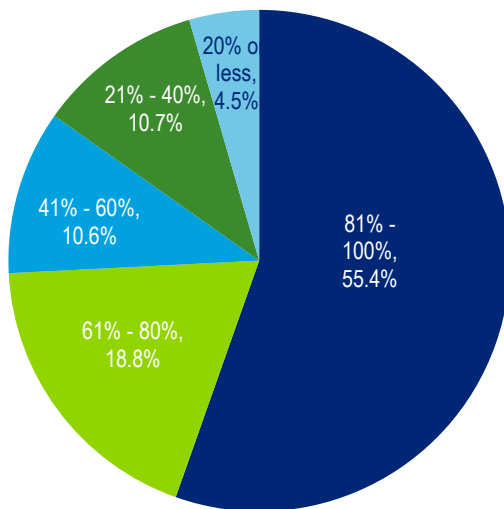
Ownership

(n=112)



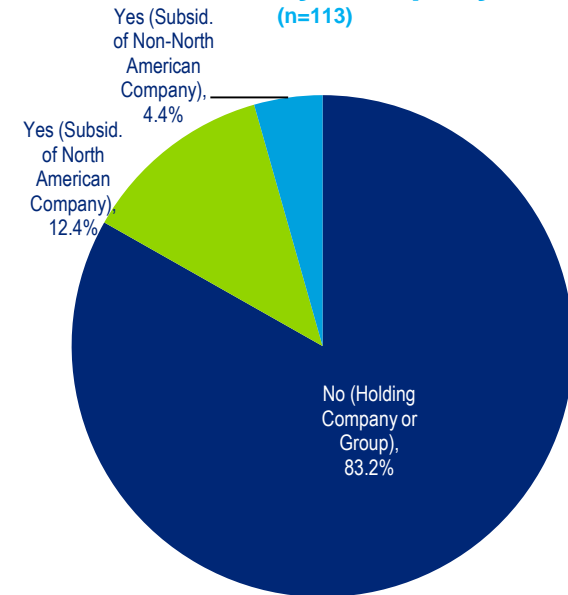
Revenue from North America

(n=112)



Subsidiary Company

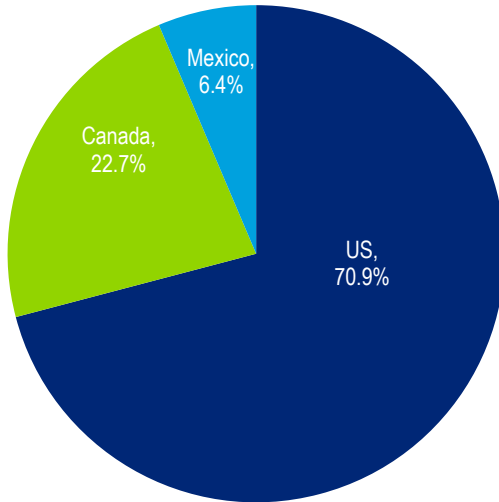
(n=113)



Demographics (cont.)

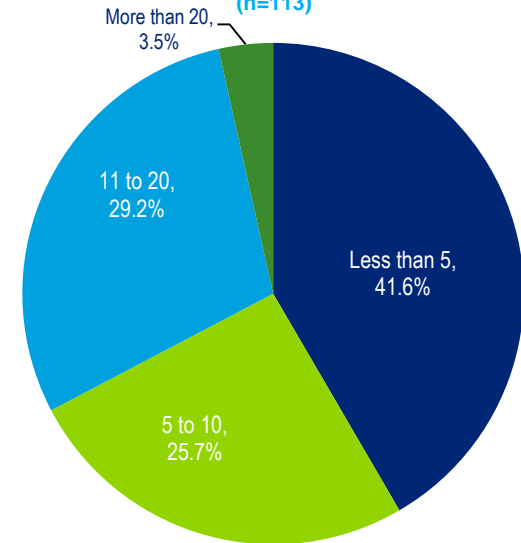
Country

(n=110)



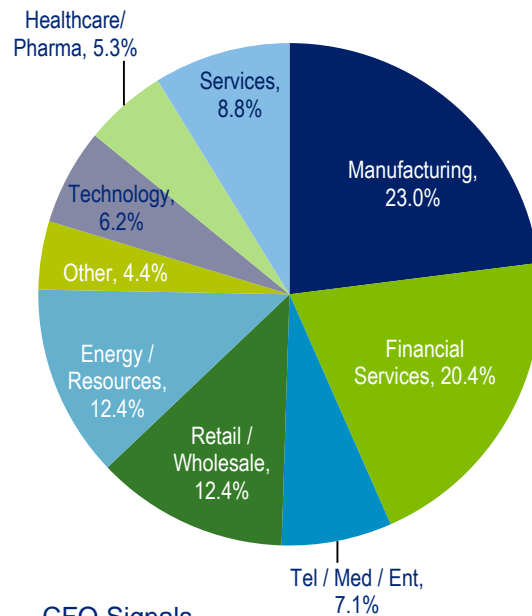
CFO Experience (Years)

(n=113)



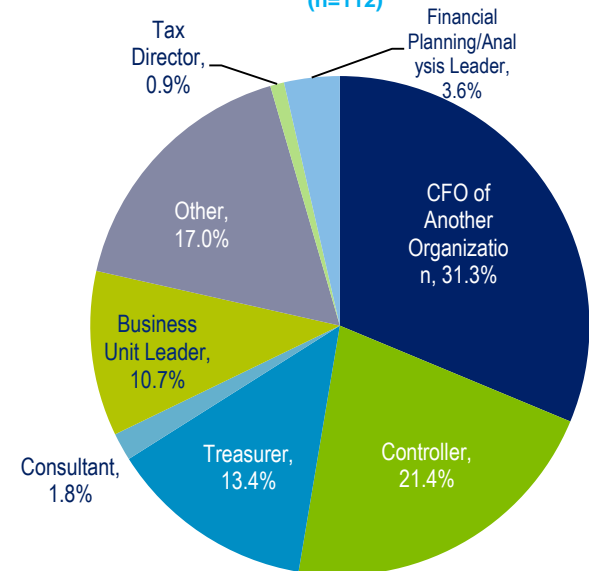
Industry

(n=113)



Previous CFO Role

(n=112)



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 five areas: CFO career, finance organization, company, industry, and economy.

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.

As used in this survey, "Deloitte" means Deloitte LLP and its subsidiaries. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2014 Deloitte Development LLC. All rights reserved.

Member of Deloitte Touche Tohmatsu Limited.