



CFO Signals™

What North America's top finance executives are thinking—and doing
2nd quarter 2023



Dear CFOs,

When I reviewed the results of this quarter's *CFO Signals* survey—our 53rd, by the way—I came away asking myself: How in the world can a business navigate the many challenges and priorities they face? More than half of the surveyed CFOs tell us that their CEOs want them to focus foremost on cost reduction in today's business environment. At the same time, more than one-third say their CEOs want them to focus on strategy/transformation, performance management, revenue growth, investment, and capital/financing. And more than one-quarter of CFOs report that their CEOs want them to focus on working capital efficiency and risk management.

Shifts in CFOs' chief risk concerns. Speaking of risk, 81% of CFOs put economic/financial market risks at the top of their organizations' most worrisome external risks. Geopolitical risks followed, indicated by just over half (57%) of CFOs. That was somewhat of a surprise given that geopolitics had stood at the top of external risks in several prior *CFO Signals* surveys. That said, geopolitics and market instability appear to continue to cast a shadow over CFOs' views of the economic outlook for the five regions tracked by our North American *CFO Signals* survey. Across the board, CFOs dialed down their 12-month outlook for North America, Europe, China, South America, and Asia excluding China, compared to the prior quarter.

What didn't make it to the top of CFOs' risk concerns is also telling. Take supply chain disruption, for example. Less than one-third of CFOs cite that as a key external risk; they may be signaling that supply chains have eased up somewhat. Talent risks also fell from their historical top spot among CFOs' most worrisome internal risks, to a close second after execution risks to strategies and transformations.

Enterprise risk and regulation, this quarter's special topic. If the last few years have shown anything, it's that threats, like opportunities, can take shape rapidly. That heightened sense of dynamism may account for CFOs' evolving risk concerns. That said, their understanding of risk has likely fueled their awareness of needing better systems to identify and react to a variety of threats.

Slim proportions of CFOs describe their companies as "very satisfied" with their ability to identify internal (15%) or external (7%) risks in a timely manner.

When we asked CFOs about their greatest challenges in managing enterprise risk and regulation, they mention most frequently changing and/or increasing regulations and working with regulators; implementing processes to identify, monitor, and address risks; and managing resources, costs, and business constraints. Among proposed regulations, two-thirds of CFOs expressed interest in environmental, social, and governance risks (ESG), citing the impact on their ability to comply, among other factors. To a lesser extent, cyber risk disclosures, data privacy, and tax regulations (domestic and international) are also of interest. I encourage you to read the report for steps many CFOs are taking to enhance processes for managing enterprise risk and regulatory compliance.

Mixed signals for growth. This quarter's survey results reveal a slightly smaller proportion of CFOs feeling optimistic about their own companies' financial prospects, compared to the prior quarter, and a smaller proportion of CFOs say now is a good time to be taking greater risk, compared to 1Q23. Still, CFOs have higher expectations for year-over-year growth for revenue, dividends, and capital investment. On the other hand, they have lower growth expectations for earnings—which had the largest pullback, compared to last quarter—followed by domestic hiring and domestic wages/salaries.

With the financial markets and geopolitical landscape continuing to create challenges, we invite you to join our [CFO 4Sight webcast](#) on June 29, which will feature perspectives from a guest CFO and explore the implications of the current economic environment. Expect more details to follow in the coming weeks. Thank you for taking time to participate in our second-quarter 2023 *CFO Signals* survey. We hope that, among your many priorities, you'll include spending time this summer relaxing with family, friends, and colleagues.



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CONTENTS, CONTACTS, SURVEY LEADERS, AND PARTICIPATION PROFILE

Contents

Longitudinal business outlook highlights	4
Assessments	5
• Regional economies	6-8
• Capital markets and risk-taking	
Performance and Investment expectations	9
• Own-company prospects	10
• Growth/decline in key metrics	11
• Where CEOs want CFOs to focus	
Special topic: Enterprise risk and regulation	12-19
Appendix table of contents	20
• Longitudinal data—cross-industry	21-29
• Responses to open-ended text questions	30-35
• Additional reports from the Deloitte <i>CFO Signals</i> library	36
• Survey background	37

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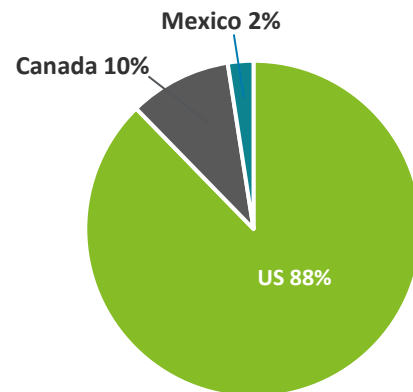
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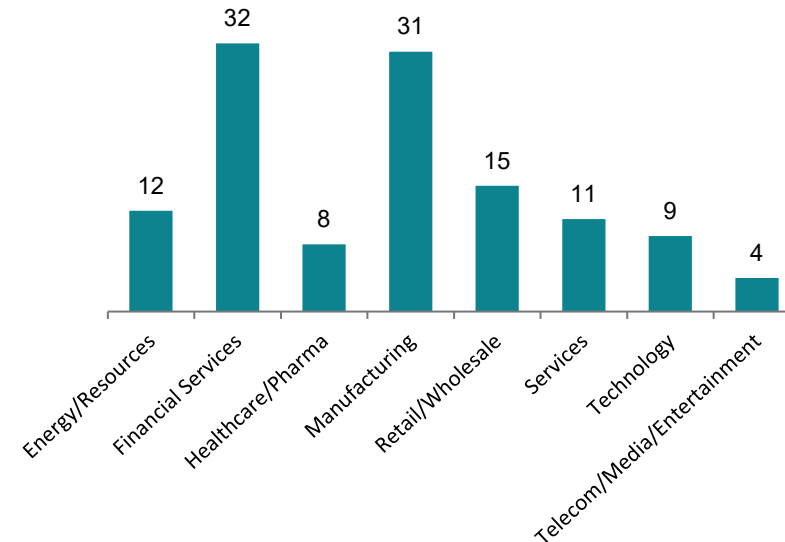
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Participation: A total of 122 CFOs participated: 70% from public companies and 30% from privately held firms. About one-third (33%) of the CFO participants have more than 10 years' experience, and another 30% have between 5 to 10 years' experience, while the remainder have less than five years' experience. Respondents are from the U.S., Canada, and Mexico, and the vast majority are from companies with more than \$1 billion in annual revenue. The 2Q23 *CFO Signals* survey was conducted from May 1-15, 2023. For other information about the survey, please contact nacfosurvey@deloitte.com.

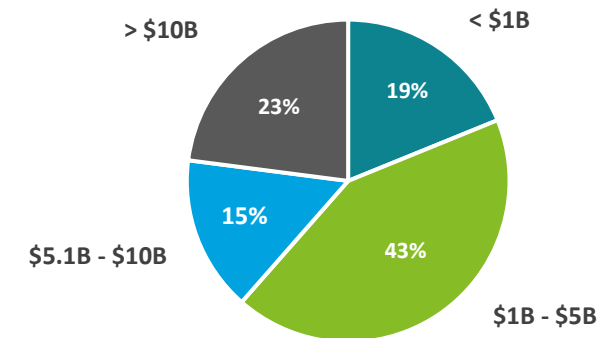
By country



By industry



By company size



2Q23 LONGITUDINAL BUSINESS OUTLOOK HIGHLIGHTS

Compared to the previous quarter, a higher proportion of CFOs view current economic conditions as good across four of the five regions tracked by *CFO Signals*. The exception: North America, with CFOs’ sentiment falling measurably. Looking a year out, CFOs have lower expectations for economic conditions to improve across all five regions. They also express lower net optimism than in the prior quarter for their own companies.

Economic assessment by region

North America: Thirty-four percent of CFOs rate current economic conditions as good or very good, down from 40% in 1Q23. Thirty-four percent of CFOs also expect conditions to improve in a year, down significantly from 54% in the prior quarter.

Europe: Eight percent of CFOs view current economic conditions as good or very good, up slightly from 5% in 1Q23. Fifteen percent expect improvement 12 months out, less than half the 32% of CFOs who expressed that sentiment in 1Q23.

China: Seventeen percent of CFOs consider current economic conditions as good, up more than double the 6% of CFOs who held that view in 1Q23. Thirty percent of CFOs expect better conditions in a year, a decrease from 41% in 1Q23.

Asia, excluding China: More than one-fourth (28%) of CFOs view the current economy as good or very good, up from 22% in 1Q23, while 27% of CFOs expect better conditions a year out, a decrease from the prior quarter’s 32%.

South America: Eight percent of CFOs consider current economic conditions good, up slightly from 6% in 1Q23, and 7% of CFOs expect a better economy in 12 months, down from 17% in 1Q23.

Company outlook

CFOs’ **own-company net optimism** (the percentage of CFOs citing rising optimism for their companies’ prospects minus the percentage citing falling optimism) was +6, down from +13 in 1Q23.

The **performance index** (average of percentages of CFOs citing positive year-over-year (YOY) revenue and earnings growth) slightly increased to +75 from +71 in 1Q23.

The **expansion index** (average of percentages of CFOs citing positive YOY growth in capital investment and domestic hiring) declined to +54 from +62 in 1Q23.

Views on North America’s economy

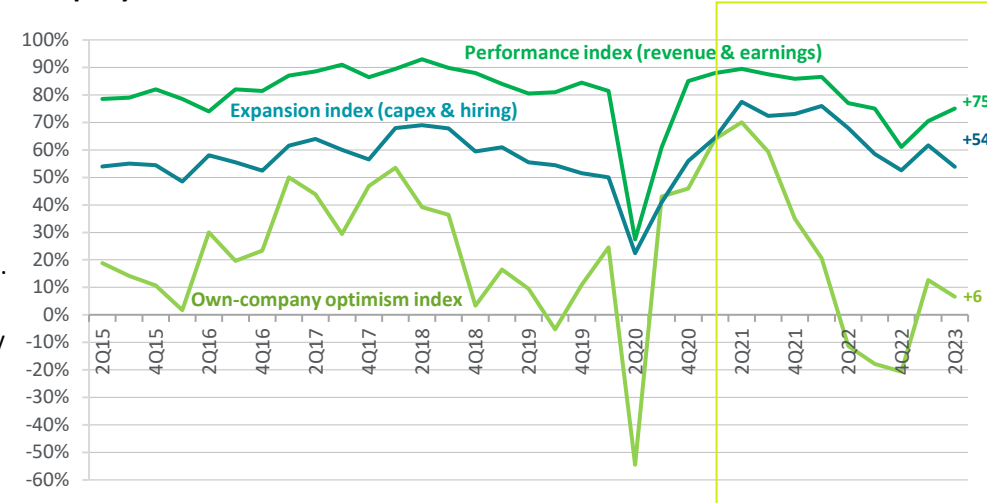


Economy optimism

	Good now	Better in a year	Last quarter	2-yr. avg
North America	34%	34%	40/54	51/37
Europe	8%	15%	5/32	15/24
China	17%	30%	6/41	19/31
Asia, excl. China	28%	27%	22/32	39/32
South America	8%	7%	6/17	16/21

*U.S. GDP = percent change from preceding quarter in real U.S. gross domestic product (source: Bureau of Economic Analysis table 1.1.1)

Company indexes



Company optimism and YOY growth expectations

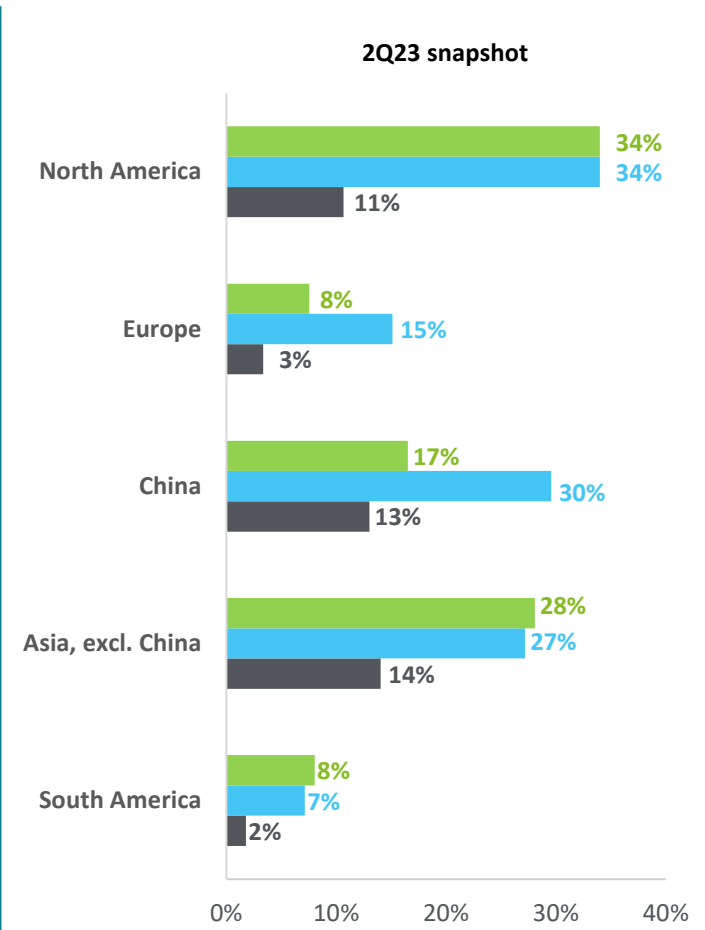
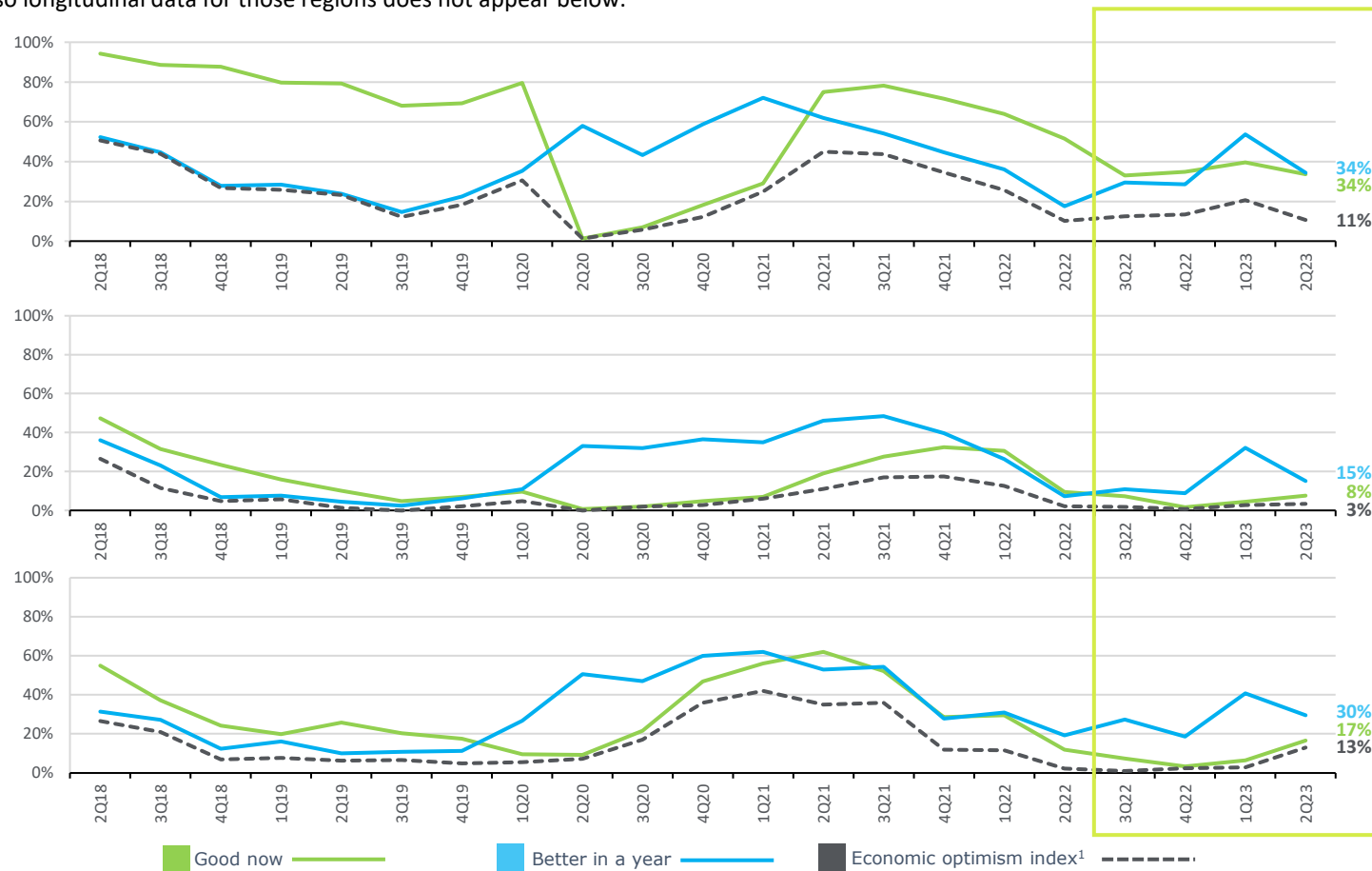
	This quarter	Last quarter	2-yr. avg.
Own-company optimism (net)	+6	+13	+10
Revenue	4.9%	4.4%	6.6%
Earnings	4.4%	5.4%	7.4%
Dividends	2.9%	2.4%	3.5%
Capital investment	6.6%	5.7%	7.9%
Domestic hiring	1.4%	2.3%	3.7%
Domestic wages/salaries	3.8%	4.3%	4.7%

ASSESSMENTS OF REGIONAL ECONOMIES

This quarter, surveyed CFOs appear somewhat more optimistic about the current status of the regional economies—with the exception of North America—than they were in 1Q23. Their assessments of the economies’ future, however, dipped from the prior quarter. Continued high inflation, interest rate increases, geopolitics, and the uncertainty over the debt ceiling likely influenced CFOs’ outlook.

How do you regard the current and future status of the following economies?

Note: 3Q21 was the first time CFO Signals asked CFOs for their assessments of the economies of Asia, excluding China, and of South America, so longitudinal data for those regions does not appear below.



Note: The percentages of CFOs indicating North America’s economy as “Good now” and “Better in a year” are equal due to rounding.

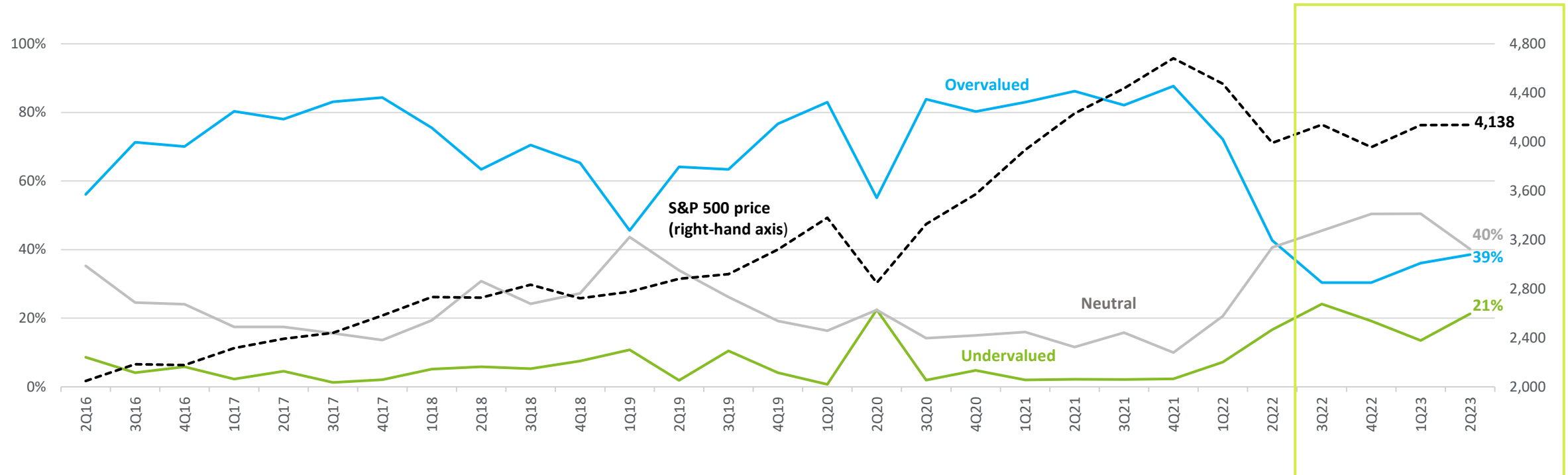
¹ This index reflects the percentage of respondents who rated both the current economic conditions as “good” or “very good” and the economic conditions in a year as “better” or “much better.”

ASSESSMENTS OF CAPITAL MARKETS AND RISK: VALUATION OF US EQUITY MARKETS

This quarter, the gap narrowed between the proportion of CFOs who believe U.S. equity markets are overvalued and those who see it as undervalued, compared to the prior quarter, but not as much as it had in the same period a year ago. The proportion of CFOs saying U.S. equity markets are overvalued in this quarter’s survey rose to 39%, a slight uptick from 36% in 1Q23. Meanwhile, the proportion of CFOs considering U.S. equity markets undervalued increased to 21% from 14% in the prior quarter.

How do you regard U.S. equity markets valuations? (N=122*)

Percent of CFOs saying U.S. equity markets are overvalued, undervalued, or neither. Note, responses are compared to S&P 500 at survey midpoint. The S&P 500 stood at 4,138 at the midpoint of the 2Q23 survey data collection on May 8, 2023, a marginal increase from the 1Q23 survey midpoint of 4,136 on February 14, 2023.



*122 (100%) of respondents across eight industries answered.

ASSESSMENTS OF CAPITAL MARKETS AND RISK: ATTRACTIVENESS OF DEBT AND EQUITY FINANCING

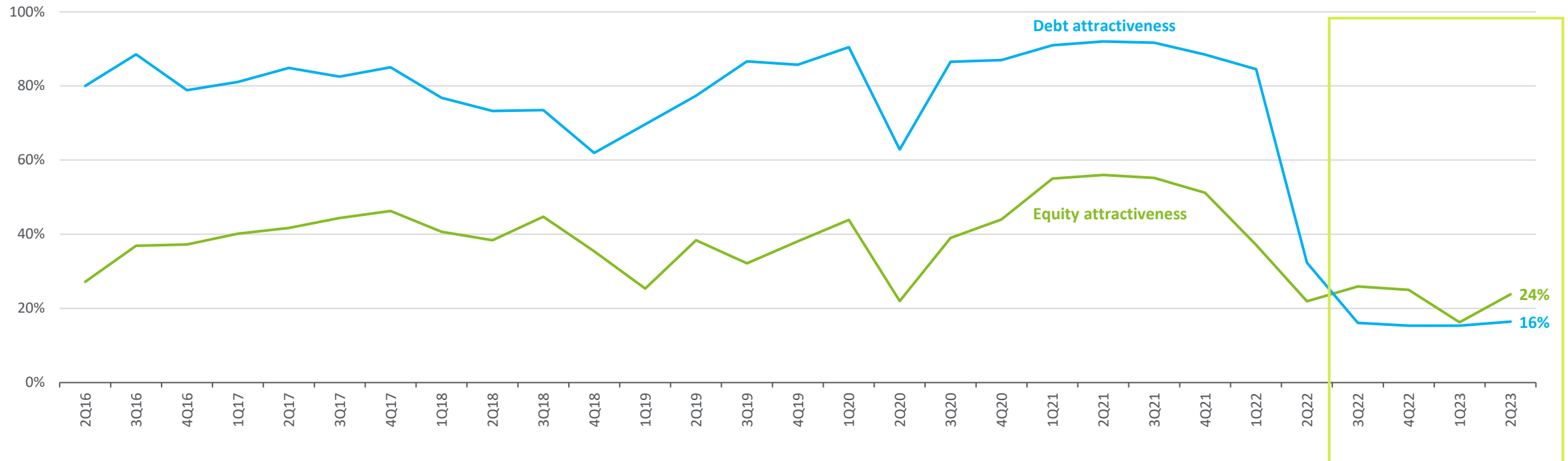
Only 16% of surveyed CFOs consider debt financing attractive in this quarter's survey, a slight increase from 15% in the prior quarter, but still among the lowest levels since *CFO Signals* has been tracking CFOs' views on this topic beginning in 2014. Nearly one-quarter of CFOs (24%) find equity financing to be attractive, up from 16% in 1Q23 and slightly higher than in 2Q22 and 2Q20. CFOs' views may be taking into consideration inflation, higher interest rates, and overall macroeconomic uncertainty.

Attractiveness of debt financing among public/private companies: Debt financing is attractive to 19% of surveyed CFOs of publicly traded companies, up slightly from 16% in 1Q23. Only 11% of CFOs surveyed from private companies find debt financing to be attractive, down from 15% in the previous quarter.

Attractiveness of equity financing among public/private companies: Twenty-seven percent of surveyed CFOs of publicly traded companies find equity financing attractive, up from 17% in the previous quarter. Among private companies, 16% of surveyed CFOs consider equity financing as attractive, down slightly from 15% in 1Q23.

How do you regard debt/equity financing attractiveness? (N=122*)

Percent of CFOs citing debt and equity attractiveness (both public and private companies)



*122 (100%) of respondents across eight industries answered.

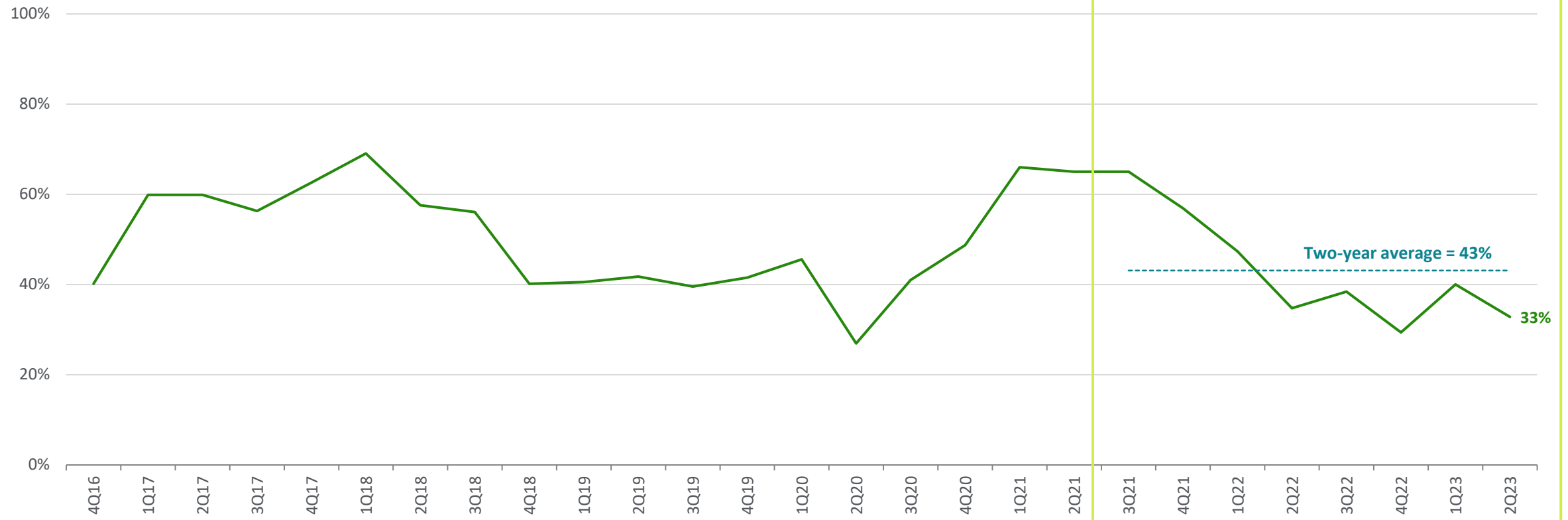
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ASSESSMENTS OF CAPITAL MARKETS AND RISK: RISK APPETITE

Nearly one-third (33%) of surveyed CFOs say now is a good time to be taking greater risks, a decline from 40% in the previous quarter and below the two-year average of 43%. The decrease in some CFOs' risk appetite could reflect their reluctance to take on new risks amid continued high inflation, rising interest rates, uncertainty in the markets, and geopolitical instability. Interestingly, the results for this quarter are slightly above what they were in 2Q20 during the pandemic.

Risk appetite: Is this a good time to be taking greater risks? (N=122*)

Percent of CFOs saying it is a good time to be taking greater risks



*122 (100%) of respondents across eight industries answered.

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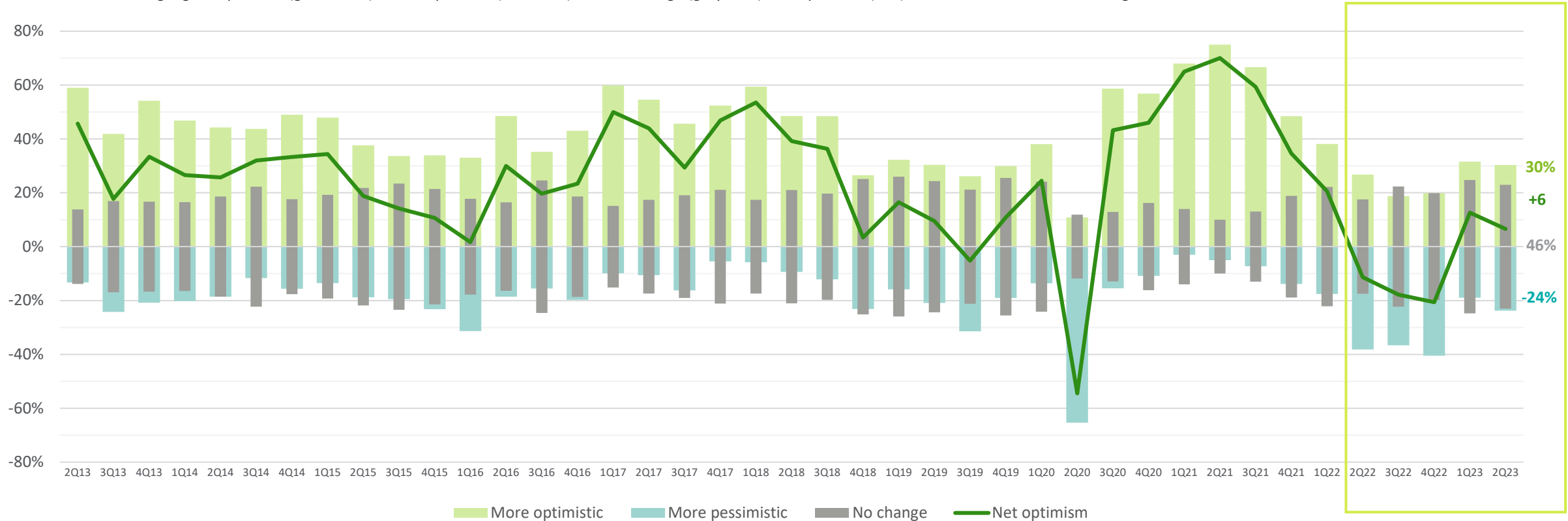
EXPECTATIONS FOR OWN COMPANY'S FINANCIAL PROSPECTS

CFOs' level of optimism for their own companies' financial prospects took a slightly downward turn this quarter, compared to the prior quarter when they reversed the trendline of steadily declining optimism. CFOs' views appear to be in line with their declining assessments of the regional economies 12 months out.

The proportion of CFOs feeling more optimistic about their companies' financial prospects fell to 30% this quarter from 32% in 1Q23. Meanwhile, the proportion of those expressing greater pessimism for their own companies' financial prospects increased to 24% in this quarter's survey from 19% in the prior quarter. As a result, CFOs' net optimism slid to +6 from +13 in the prior quarter.

Compared to three months ago, how do you feel now about the financial prospects for your company? (N=122*)

Percent of CFOs citing higher optimism (green bars), lower optimism (blue bars), and no change (gray bars); net optimism (line) is the difference between the green and blue bars.



*122 (100%) of respondents across eight industries answered.

EXPECTATIONS FOR YEAR-OVER-YEAR GROWTH IN KEY METRICS

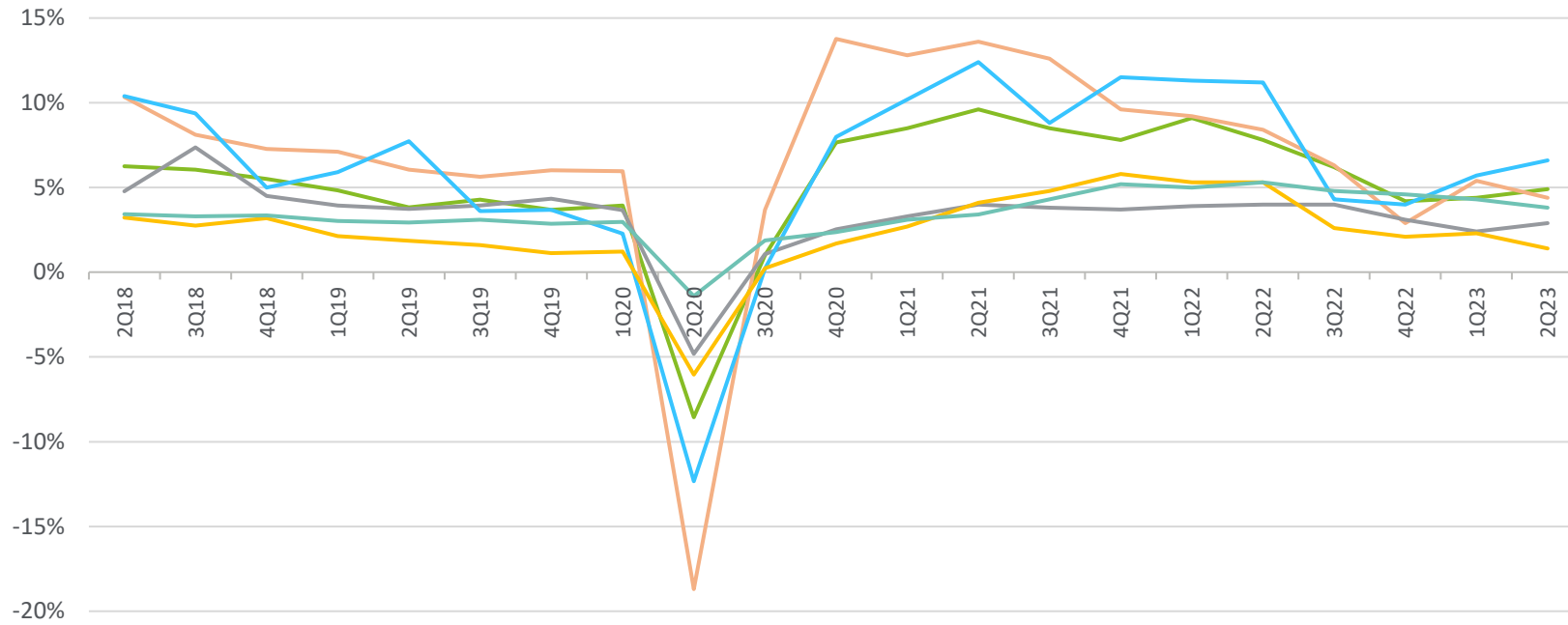
CFOs signaled expectations for higher year-over-year growth in revenue, dividends, and capital investment this quarter, compared to 1Q23, while dialing down their expectations for YOY growth in earnings, domestic hiring, and domestic wages and salaries.

CFOs’ expectations for year-over-year revenue growth continued to rise, at 4.9% this quarter, up from 4.4% in 1Q23 and 4.2% in 4Q22. Their expectations for YOY growth in earnings, on the other hand, fell this quarter, to 4.4% from 5.4% in 1Q23. CFOs also signaled lower growth expectations for key employment metrics, estimating YOY growth in domestic hiring and domestic wages/salaries at 1.4% and 3.8%, respectively, down from 2.3% and 4.3% in the prior quarter.

CFOs’ expectations for year-over-year growth in capital investment reflected the greatest increase, jumping to 6.8% this quarter, from 5.7% in 1Q23 and 4.0% in 4Q22. Their growth expectations for dividends increased to 2.9% from 2.4% in the prior quarter.

Performance and investment expectations

Compared to the past 12 months, how do you expect key metrics to change over the next 12 months?



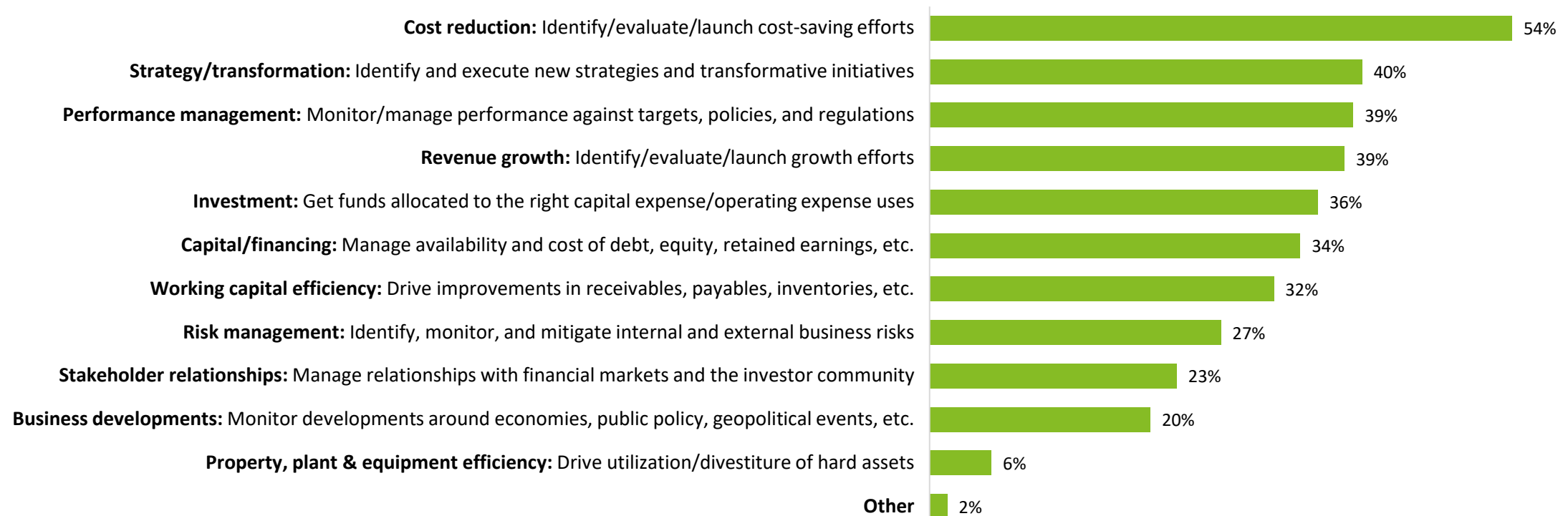
	2Q23	1Q23
Revenue	↗ 4.9%	4.4%
Earnings	↘ 4.4%	5.4%
Dividends	↗ 2.9%	2.4%
Capital investment	↗ 6.6%	5.7%
Domestic hiring	↘ 1.4%	2.3%
Domestic wages/salaries	↘ 3.8%	4.3%

CEOS' EXPECTATIONS OF CFOs IN CURRENT BUSINESS ENVIRONMENT

In today's business environment, slightly more than half of the surveyed CFOs report that their CEOs are asking them to focus on cost reduction. More than one-third of CFOs say their CEOs want them focused on strategy/transformation, performance management, revenue growth, investment, and capital/financing. And more than one-quarter of CFOs indicate their CEOs are asking them to focus on working capital efficiency and risk management.

Other areas CFOs cited are stakeholder relationships; business developments; property, plant, and equipment; and talent management and systems. The focus on cost reduction, strategy/transformation, performance management, and revenue growth are in line with CFOs' top priorities for 2023. (See [Deloitte's 4Q22 CFO Signals survey](#).)

What is your CEO asking you to focus on in this business environment? (N=122*)



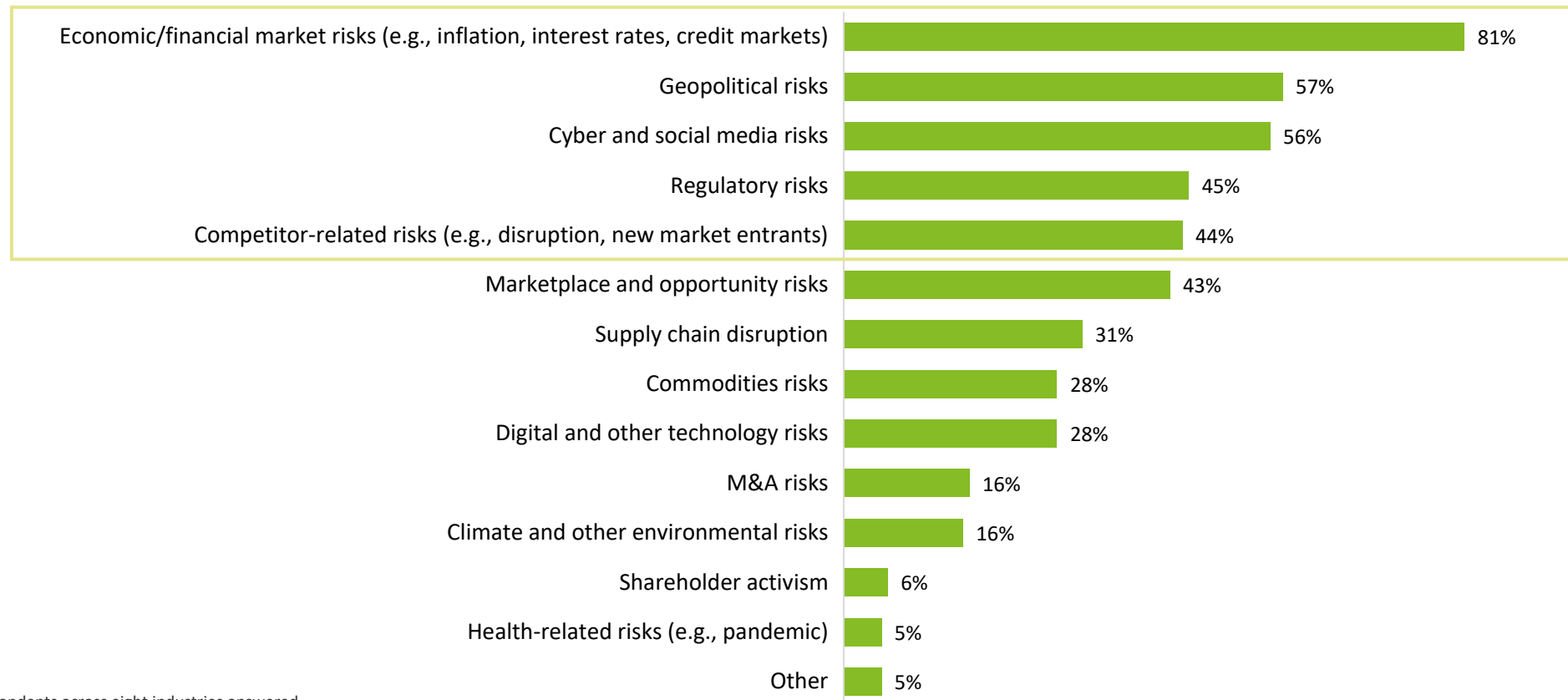
*122 (100%) of respondents across eight industries answered.

SPECIAL TOPIC – ENTERPRISE RISK AND REGULATION

Economic/financial market risks stand at the top of surveyed CFOs' five most worrisome external risks, cited by more than three-quarters (81%) of CFOs. Geopolitical risks (57% of CFOs), cyber and social media risks (56%), regulatory risks (45%), and competitor-related risks (44%) round out the remaining top five external risks that worry CFOs most. These risks might partially explain the decline in CFOs' assessments of regional economies and their overall optimism for their companies' financial prospects.

CFOs cited marketplace and opportunity risks (43%) just behind competitor-related risks. More than one-quarter of CFOs indicate supply chain disruption, commodities risks, and digital and other technology risks as their most worrisome external risk concerns. To a lesser extent, they cite M&A risks, climate and other environmental risks, shareholder activism, and health-related risks.

What are your organization's top five most worrisome external risk concerns? (N=122*)



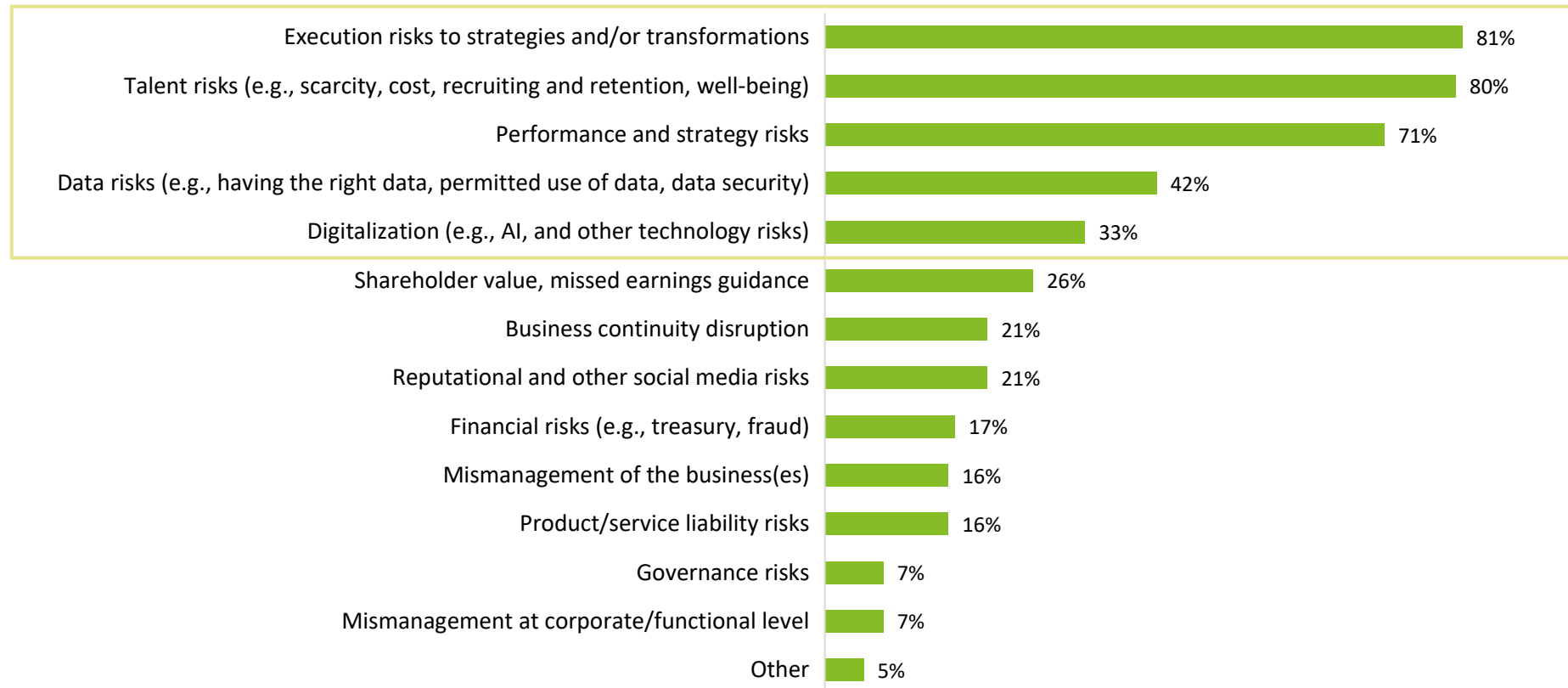
*122 (100%) of respondents across eight industries answered.

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SPECIAL TOPIC – ENTERPRISE RISK AND REGULATION

Looking at CFOs' top five most worrisome internal risks, execution risks to strategies and/or transformations and talent risks are neck and neck, at 81% and 80%, respectively. Performance and strategy risks (71% of CFOs), data risks (42%), and digitalization (33%) follow among CFOs' top five most worrisome internal risks. More than one-fifth of CFOs cite shareholder value or missed earnings guidance, business continuity disruption, and reputational and other social media risks each as their most worrisome internal risks.

What are your organization's top five most worrisome internal risk concerns? (N=121*)



*121 (99%) of respondents across eight industries answered.

SPECIAL TOPIC – ENTERPRISE RISK AND REGULATION

CFOs indicate changing and/or increasing regulations and working with regulators; implementing processes to identify, monitor, and address risks; and managing resources, costs, and business constraints as their top three greatest challenges in managing enterprise risk and regulatory compliance. Other challenges mentioned less frequently are managing macroeconomic risks, their impact, and uncertainty, and recruiting and retaining the right talent to manage risks.

As CFO, what are your three greatest challenges related to managing enterprise risk and regulatory compliance? (N=96*)

Most frequently cited comments by category (number of CFOs citing each category)**



Sample comments (While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated some comments in the interest of space and participant confidentiality.)

- Capabilities and processes to quickly respond—a more systematic approach to track and manage risks.
- Changing regulations being more restrictive.
- Competitive dynamics in a softer macroenvironment.
- Constantly evolving space. Risks seem to be changing by quarter (interest rates, commodities, bank failures).
- Ensuring systematic controls.
- Fundamental uncertainty with regard to cyberattacks despite our best efforts.
- Geopolitical risks.
- Global minimum tax.
- Increasing/changing governmental requirements/oversight.
- Investment required to mitigate risk.
- Leading through change.
- Multiple priorities.
- Regulatory complexity.
- Talent retention.
- Technology evolution.

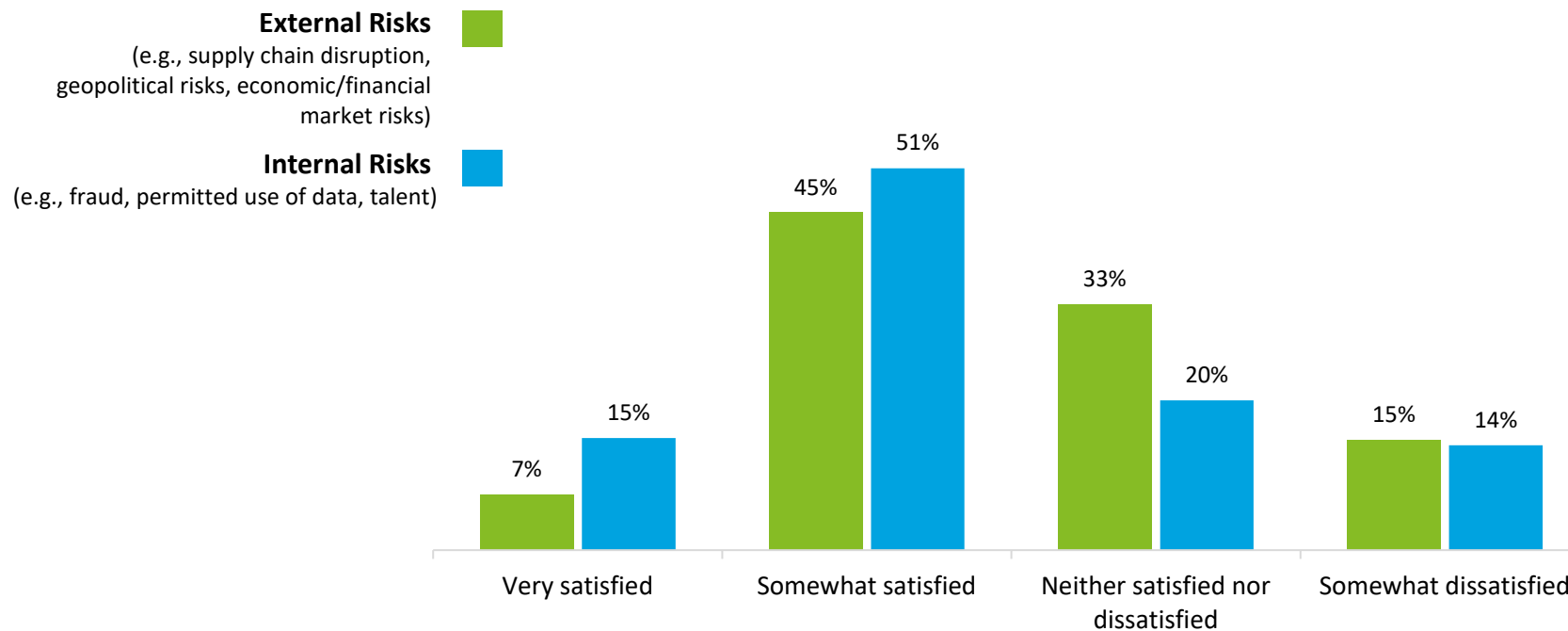
*96 (79%) of total respondents of respondents across eight industries answered.

**Note, these categories were developed based on responses to open-ended text questions.

SPECIAL TOPIC – ENTERPRISE RISK AND REGULATION

More CFOs are satisfied with their companies' ability to identify internal risks than external risks. Just over half of CFOs (52%) indicate they are satisfied with their companies' ability to identify external risks in a timely manner; that compares with 66% of CFOs who say they are satisfied with their companies' ability to identify internal risks in a timely manner. Still, there's room for improvement: 15% of CFOs report they are somewhat dissatisfied with their companies' ability to identify external risks, while 14% of CFOs say the same regarding internal risks.

Overall, how satisfied are you with your company's ability to identify internal and external risks in a timely manner? (N=122*)



*122 (100%) of respondents across eight industries answered.

Note, none of the CFOs surveyed indicated they are very dissatisfied with their companies' abilities to identify internal or external risks in a timely manner.

SPECIAL TOPIC – ENTERPRISE RISK AND REGULATION

When asked for the top three actions their organizations are taking to enhance processes for managing enterprise risk and regulatory compliance, CFOs most frequently mention strengthening governance and reporting; bolstering leadership, talent, capabilities, and training; and establishing or improving ERM systems, technology, and data.

Other actions mentioned by CFOs include creating a process and cadence for review, assessment, and/or communication of risk; making business, functional, and process improvements; and using other levers to monitor and/or manage risk.

What top three actions is your organization taking to enhance processes for managing enterprise risk and regulatory compliance? (N=84*)

Most frequently cited comments by category (number of CFOs citing each category)**



Sample comments (While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated some comments in the interest of space and participant confidentiality.)

- Automation, process improvement, and board engagement optimization.
- Ensuring that our IT personnel are educated on the constantly evolving cybersecurity risks.
- Focusing on the top risks versus everything, enhancing internal systems, and utilizing outside resources.
- Implementing new software to run sensitivity analysis and engaging with outside advisors on regulatory matters.
- Migration to enterprise risk intelligence, not just mitigation.
- Promotion of key talent to (monitor) key risks.
- More focus on enterprise risk management and more focus on government affairs.
- Read-across of external events to internal processes and increased escalations and governance.
- Regular internal risk self-assessment, active government and regulatory affairs function, and participation in industry organizations.
- Revamped leadership and commitment from CEO to communicate the responsibility of colleagues.
- Staying close to customers and suppliers.

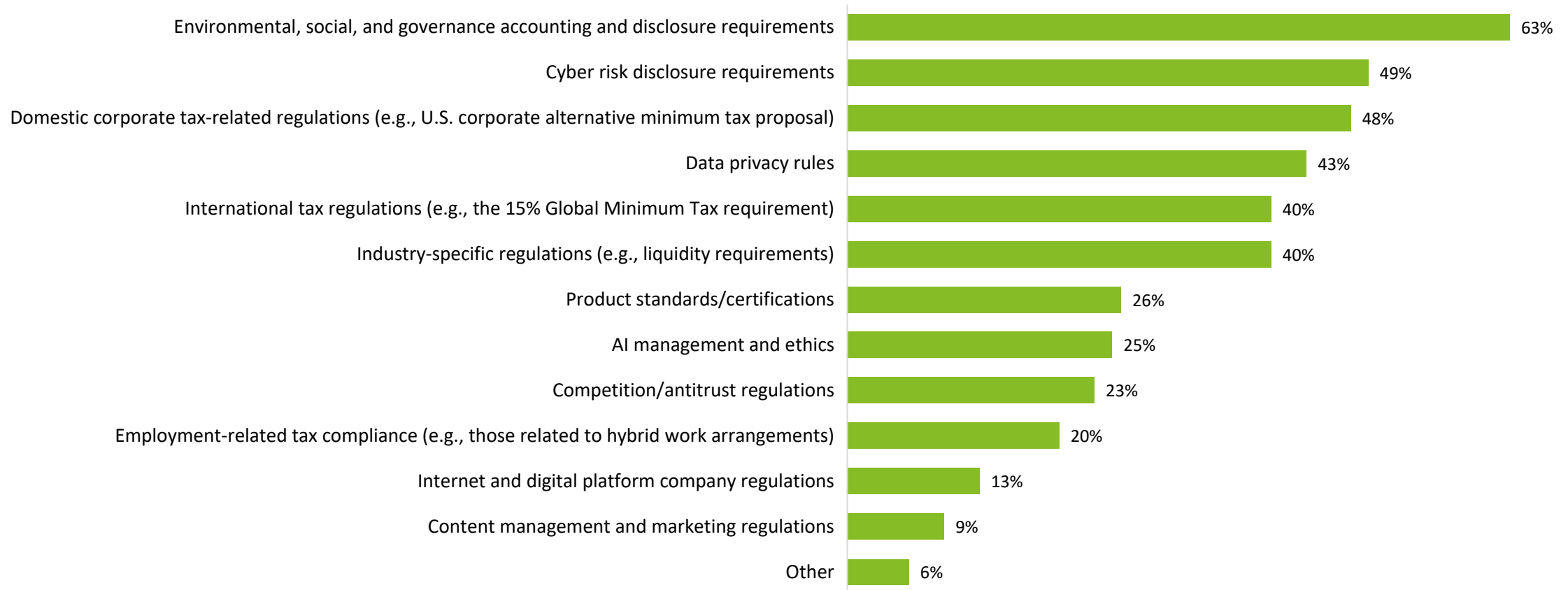
*84 (69% of total respondents). Total number of comments is more than the total number of respondents to this question because some CFOs cited multiple actions.

**Note, these categories were developed based on responses to open-ended text questions.

SPECIAL TOPIC – ENTERPRISE RISK AND REGULATION

For nearly two-thirds (63%) of surveyed CFOs, environmental, social, and governance (ESG) accounting and disclosure requirements are of most interest to their organizations due to the impact on their ability to comply or other factors. Nearly half (49%) of CFOs indicate that cyber risk disclosure requirements are of most interest, followed by domestic corporate tax-related regulations and data privacy rules. Interestingly, only 25% of CFOs say AI management and ethics proposed rules and regulations are of most interest, but that could be due to the early stage of regulation over these matters.

Which proposed rules or regulations are of most interest to your organization due to their impact on your ability to comply or other factors? (N=120*)



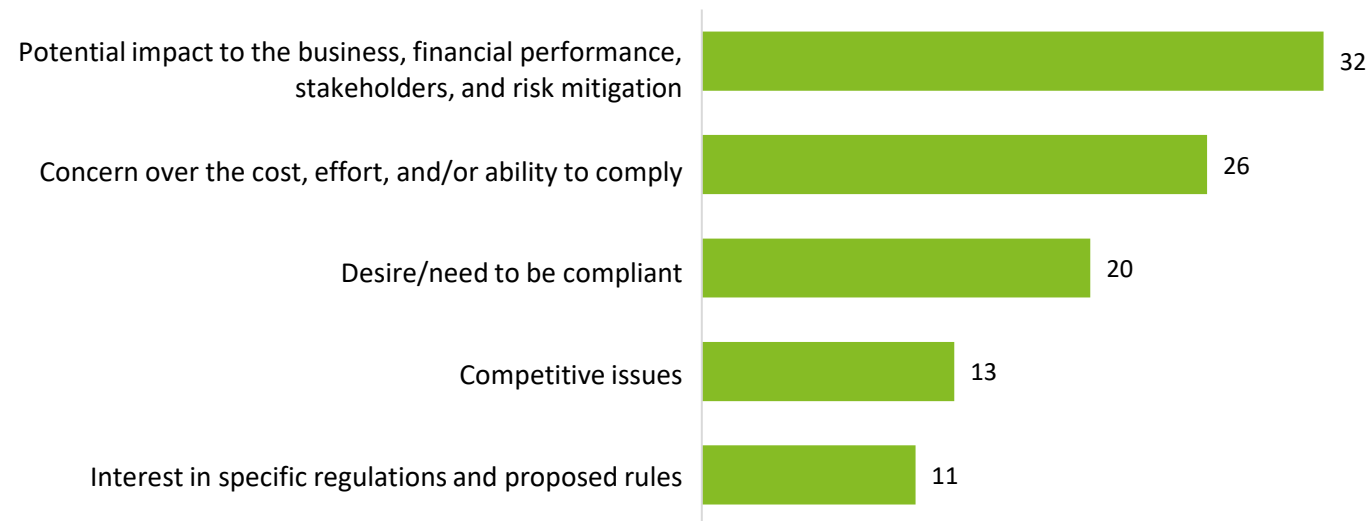
*120 (98%) of respondents across eight industries answered.

SPECIAL TOPIC – ENTERPRISE RISK AND REGULATION

Among surveyed CFOs, the leading factor driving their organizations' interest in proposed rules or regulations is the potential impact of rules and regulations on their business, financial performance, stakeholders, and risk mitigation. That factor is followed by concern over the cost, effort and/or ability to comply, as well as the desire or need to be compliant. Competitive issues and interest in specific regulations and proposed rules, such as those related to ESG, also are driving factors, but to a lesser extent.

What are the driving factors in your organization's interest in proposed rules or regulations? (N=78*)

Most frequently cited comments by category (number of CFOs citing each category)**



Sample comments (While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated some comments in the interest of space and participant confidentiality.)

- Ability to comply and potential impact on corporate strategy and execution.
- As a global company, we need to assess how these rules impact our operations and costs.
- Being able to compete with global competitors on a level playing field.
- Compliance and capitalization on opportunities.
- Customer demands and brand/reputation protection.
- Ensuring compliance and staying competitive.
- Government aversion to industry consolidation may impact our M&A success.
- (How) EPA rule-making will impact demand for our products.
- How it changes our business model—it is becoming clear we will need multiple business models that vary by state due to regulations.
- Impact to bottom line and how we serve clients.
- Increased reporting burden and costs.
- Maintain ability to grow efficiently.
- Protecting shareholder value. Ensuring there are not unintended complications from new laws and regulations.
- Risk to plan execution in changing playing field.

*78 (64% of total respondents). Total number of comments is more than the total number of respondents to this question because some CFOs cited multiple actions.

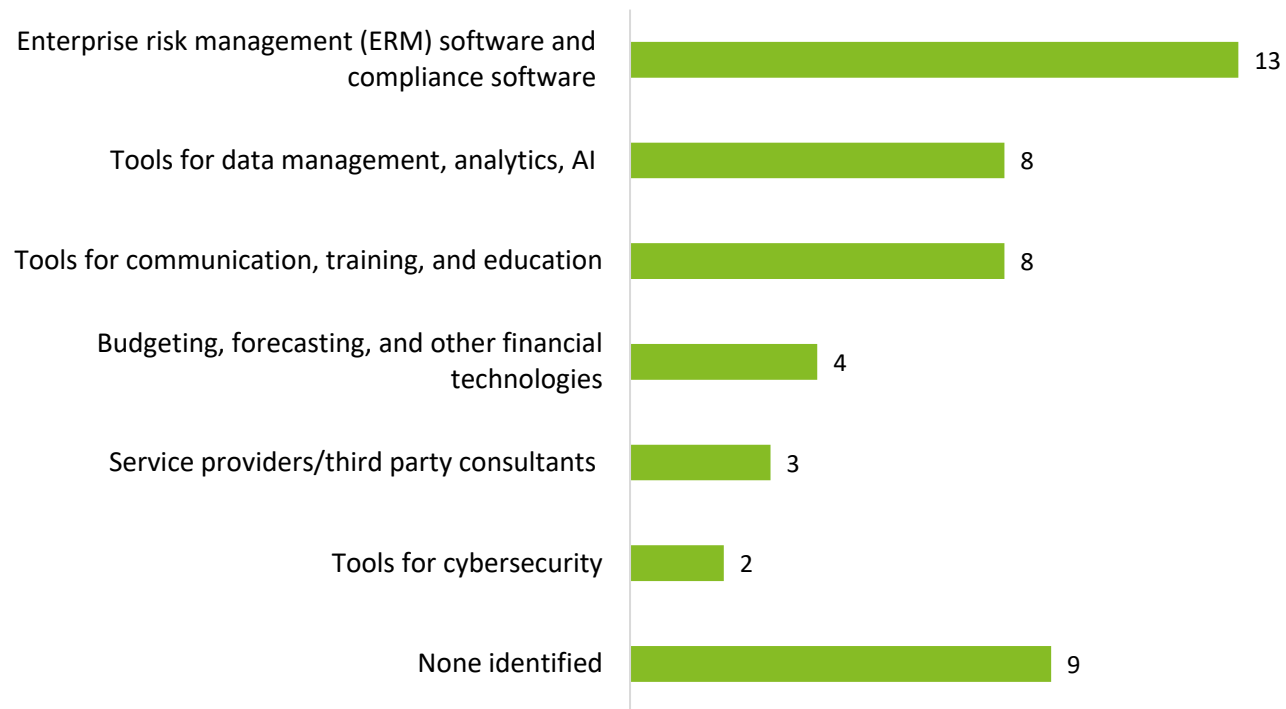
**Note, these categories were developed based on responses to open-ended text questions.

SPECIAL TOPIC – ENTERPRISE RISK AND REGULATION

CFOs frequently cite enterprise risk management and compliance software as the most helpful technologies for managing enterprise risk and regulatory compliance. Several CFOs also mention analytics, AI, communication and training tools, and financial technologies as helpful. Still, some CFOs indicate difficulty in finding effective tools and technology to manage risk effectively.

Which technologies do you find most helpful in managing enterprise risk and regulatory compliance? (N=38*)

Most frequently cited comments by category (number of CFOs citing each category)**



Sample comments (While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated some comments in the interest of space and participant confidentiality.)

- Accounting software.
- Budgeting software.
- Consistency in global finance systems.
- Document management.
- Enterprise risk management software.
- Governance, risk, compliance software and enterprise risk management platforms.
- Harmonized data management and access controls.
- In-house developed systems.
- Less tech and more forward-looking knowledge and relationships.
- Limited tools on market to adequately accomplish this currently; lot of promises, but few actually work as intended or needed.
- None, difficult to find really effective risk management tools.
- Online training tools.
- Quick forecasting capabilities.
- Tools associated with cyber defenses.
- Transactional systems.

*38 (31% of total respondents). Total number of comments is more than the total number of respondents to this question because some CFOs cited multiple actions.

**Note, these categories were developed based on responses to open-ended text questions.

Appendix

Longitudinal trends

Responses to open-ended text questions

Survey background

APPENDIX

Longitudinal trends

Cross-industry expectations and sentiment (current quarter and last 24 quarters)

CFOs' year-over-year expectations^{1,2}(Mean growth rate, median growth rate, percent of CFOs who expect gains, and standard deviation of responses²)

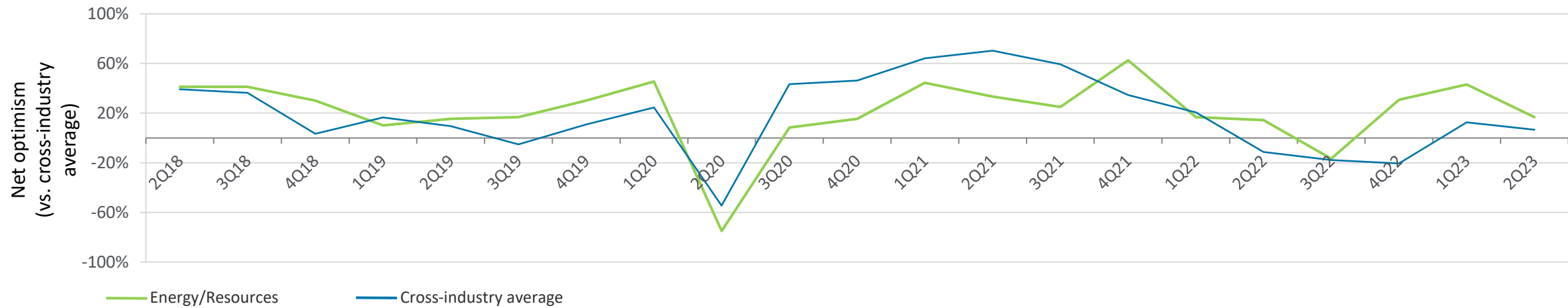
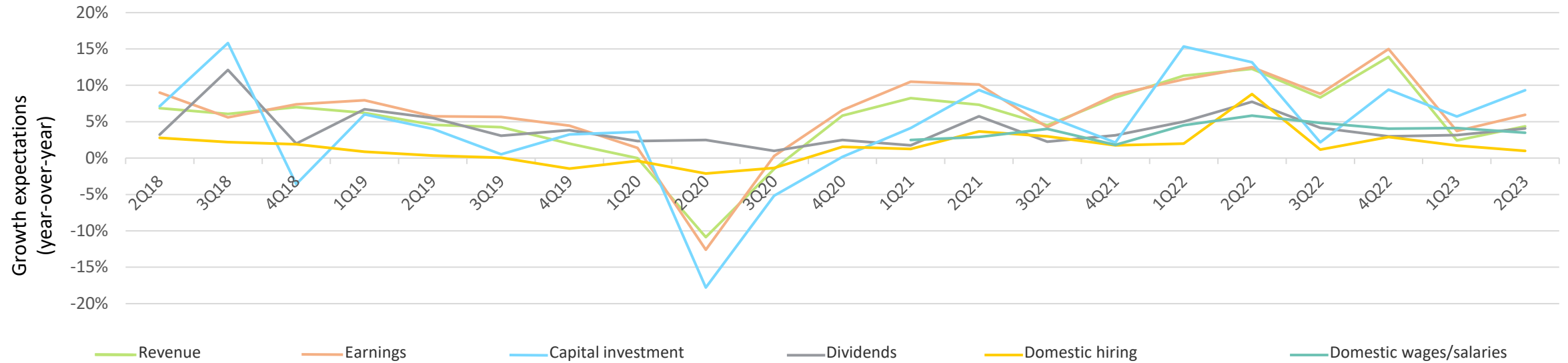
			Survey																								2-year			
			2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	mean	mean	
Operating results	Revenue	Mean	5.6%	5.7%	4.7%	5.9%	6.3%	6.1%	5.5%	4.8%	3.8%	4.3%	3.7%	3.9%	-8.6%	1.0%	7.7%	8.5%	9.6%	8.5%	7.8%	9.1%	7.8%	6.2%	4.2%	4.4%	4.9%	5.5%	6.6%	
		Median	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	-5.0%	3.0%	5.0%	6.0%	9.0%	6.0%	6.0%	8.0%	7.0%	5.0%	5.0%	5.0%	5.0%	4.9%	5.9%
		%>0	89%	92%	87%	91%	92%	91%	91%	86%	81%	82%	86%	81%	28%	59%	85%	90%	93%	90%	90%	90%	80%	79%	63%	76%	80%	83%	81%	
		standard deviation	4.4%	3.9%	4.0%	4.1%	4.6%	5.0%	4.3%	4.4%	5.1%	4.9%	3.9%	4.7%	12.7%	10.6%	12.4%	7.1%	7.5%	6.9%	6.3%	8.0%	9.1%	7.1%	9.8%	6.9%	6.2%	6.2%	7.6%	
Operating results	Earnings	Mean	8.7%	7.9%	8.4%	9.8%	10.3%	8.1%	7.3%	7.1%	6.1%	5.6%	6.0%	6.0%	-18.7%	3.7%	13.8%	12.8%	13.6%	12.6%	9.6%	9.2%	8.4%	6.4%	2.9%	5.4%	4.4%	8.6%	7.4%	
		Median	8.0%	7.5%	8.0%	8.0%	10.0%	8.0%	8.0%	7.0%	6.0%	5.0%	5.0%	5.0%	-10.0%	5.0%	10.0%	10.0%	10.0%	8.0%	8.0%	9.0%	9.0%	7.0%	3.5%	5.0%	5.0%	7.2%	6.8%	
		%>0	88%	90%	86%	88%	94%	89%	85%	82%	80%	80%	83%	82%	27%	63%	85%	86%	86%	85%	82%	84%	74%	71%	59%	65%	70%	81%	74%	
		standard deviation	8.6%	5.7%	7.5%	7.7%	7.0%	5.8%	6.2%	4.4%	7.4%	7.0%	6.6%	6.9%	26.9%	16.5%	25.0%	13.4%	14.1%	14.0%	11.5%	8.7%	12.3%	12.0%	12.9%	13.4%	10.5%	11.7%	11.9%	
Investment	Dividends	Mean	3.7%	3.8%	3.8%	4.7%	4.8%	7.4%	4.5%	3.9%	3.7%	3.9%	4.3%	3.7%	-4.8%	1.1%	2.5%	3.3%	4.0%	3.8%	3.7%	3.9%	4.0%	4.0%	3.1%	2.4%	2.9%	3.7%	3.5%	
		Median	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%	0.0%	0.5%	0.0%	2.0%	1.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%	0.0%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%	
		%>0	46%	43%	45%	49%	47%	51%	43%	44%	50%	48%	55%	54%	26%	34%	45%	45%	52%	47%	47%	54%	46%	47%	41%	41%	45%	42%	46%	
		standard deviation	5.5%	6.0%	5.8%	6.6%	6.3%	12.8%	4.7%	6.6%	4.6%	4.6%	5.5%	4.3%	13.7%	4.5%	4.2%	5.0%	5.6%	5.9%	4.9%	4.8%	5.8%	6.0%	6.2%	3.6%	3.9%	5.7%	5.1%	
Investment	Capital spending	Mean	9.0%	7.3%	6.5%	11.0%	10.4%	9.4%	5.0%	5.9%	7.7%	3.6%	3.7%	2.3%	-12.3%	0.2%	8.0%	10.2%	12.4%	8.8%	11.5%	11.3%	11.2%	4.3%	4.0%	5.7%	6.6%	6.8%	7.9%	
		Median	5.0%	4.5%	3.0%	5.0%	5.0%	5.0%	2.0%	3.0%	2.0%	2.0%	0.0%	2.0%	-5.0%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.5%	0.0%	5.0%	4.0%	3.7%	4.2%	
		%>0	66%	61%	59%	70%	73%	70%	58%	58%	57%	53%	49%	56%	26%	41%	61%	69%	80%	73%	66%	71%	57%	56%	49%	61%	61%	60%	62%	
		standard deviation	17.8%	14.2%	12.2%	14.9%	12.2%	14.3%	10.6%	9.7%	14.0%	9.1%	14.0%	9.4%	20.4%	14.4%	18.8%	14.8%	16.8%	9.1%	14.5%	14.3%	18.4%	10.7%	12.0%	9.8%	9.3%	13.8%	12.3%	
Talent	Number of domestic personnel	Mean	2.1%	2.6%	2.0%	3.1%	3.2%	2.7%	3.2%	2.1%	1.9%	1.6%	1.1%	1.2%	-6.0%	0.2%	1.7%	2.7%	4.1%	4.8%	5.8%	5.3%	5.3%	2.6%	2.1%	2.3%	1.4%	2.0%	3.7%	
		Median	2.0%	2.0%	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.0%	1.0%	1.0%	0.0%	0.0%	0.0%	1.0%	2.0%	3.0%	3.0%	5.0%	4.0%	4.5%	2.0%	1.0%	2.0%	0.0%	1.2%	2.7%	
		%>0	62%	59%	54%	66%	65%	66%	61%	64%	54%	56%	54%	44%	19%	41%	51%	60%	75%	72%	82%	81%	79%	61%	56%	62%	47%	55%	67%	
		standard deviation	2.7%	3.8%	3.3%	4.4%	4.4%	3.7%	4.5%	3.3%	3.5%	3.5%	3.5%	3.7%	13.7%	4.9%	3.8%	3.5%	3.9%	5.6%	6.1%	5.4%	6.1%	4.3%	4.5%	3.8%	4.0%	4.7%	5.0%	

CFOs' own-company optimism^{2,3} and equity market performance

			Survey																								2-year		
			2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	mean	mean
Optimism	Optimism (% more optimistic)	Mean	54.6%	45.6%	52.4%	59.4%	48.5%	48.5%	26.5%	32.3%	30.4%	26.2%	29.9%	38.1%	10.9%	58.7%	56.8%	67.2%	75.0%	66.7%	48.5%	38.1%	26.8%	18.8%	19.8%	31.5%	30.3%	43.3%	39.5%
		Median	34.8%	38.1%	42.2%	34.8%	42.1%	39.4%	50.4%	51.9%	48.7%	42.4%	51.0%	48.3%	23.7%	25.8%	32.4%	29.7%	20.0%	26.0%	37.7%	44.3%	35.1%	44.6%	39.7%	49.5%	45.9%	35.5%	38.1%
		%>0	10.6%	16.3%	5.4%	5.8%	9.4%	12.1%	23.1%	15.8%	20.9%	31.4%	19.1%	13.6%	65.4%	15.5%	10.8%	3.1%	5.0%	7.3%	13.8%	17.5%	38.1%	36.6%	40.5%	18.9%	23.8%	21.3%	22.4%
Equities	Net optimism (% more optimistic minus % less optimistic)	Mean	43.9%	29.4%	46.9%	53.5%	39.2%	36.4%	3.4%	16.5%	9.5%	-5.2%	10.9%	24.5%	-54.5%	43.2%	46.0%	64.1%	70.0%	59.4%	34.7%	20.6%	-11.3%	-17.9%	-20.6%	12.6%	6.6%	22.0%	17.1%
		Median	2,391	2,441	2,582	2,732	2,728	2,833	2,722	2,776	2,881	2,919	3,120	3,380	2,848	3,328	3,573	3,935	4,233	4,436	4,682	4,475	3,991	4,140	3,957	4,136	4,138	2,499	4,243
		%>0	3.2%	2.1%	5.8%	5.8%	-0.1%	3.8%	-3.9%	2.0%	3.8%	1.3%	7.0%	8.3%	-15.7%	16.9%	7.4%	10.1%	7.6%	4.8%	10.6%	-4.4%	-10.8%	3.7%	-4.4%	4.5%	4.6%	2.8%	0.7%
Equities	U.S. equity valuations (% who say overvalued)	Mean	78.0%	83.1%	84.4%	75.5%	63.4%	70.5%	65.3%	45.6%	64.2%	63.4%	76.7%	83.0%	55.1%	83.9%	80.3%	82.8%	86.2%	82.1%	87.7%	72.2%	42.7%	30.0%	30.0%	36.0%	36.0%	65.1%	55.9%
		Median	78.0%	83.1%	84.4%	75.5%	63.4%	70.5%	65.3%	45.6%	64.2%	63.4%	76.7%	83.0%	55.1%	83.9%	80.3%	82.8%	86.2%	82.1%	87.7%	72.2%	42.7%	30.0%	30.0%	36.0%	36.0%	65.1%	55.9%

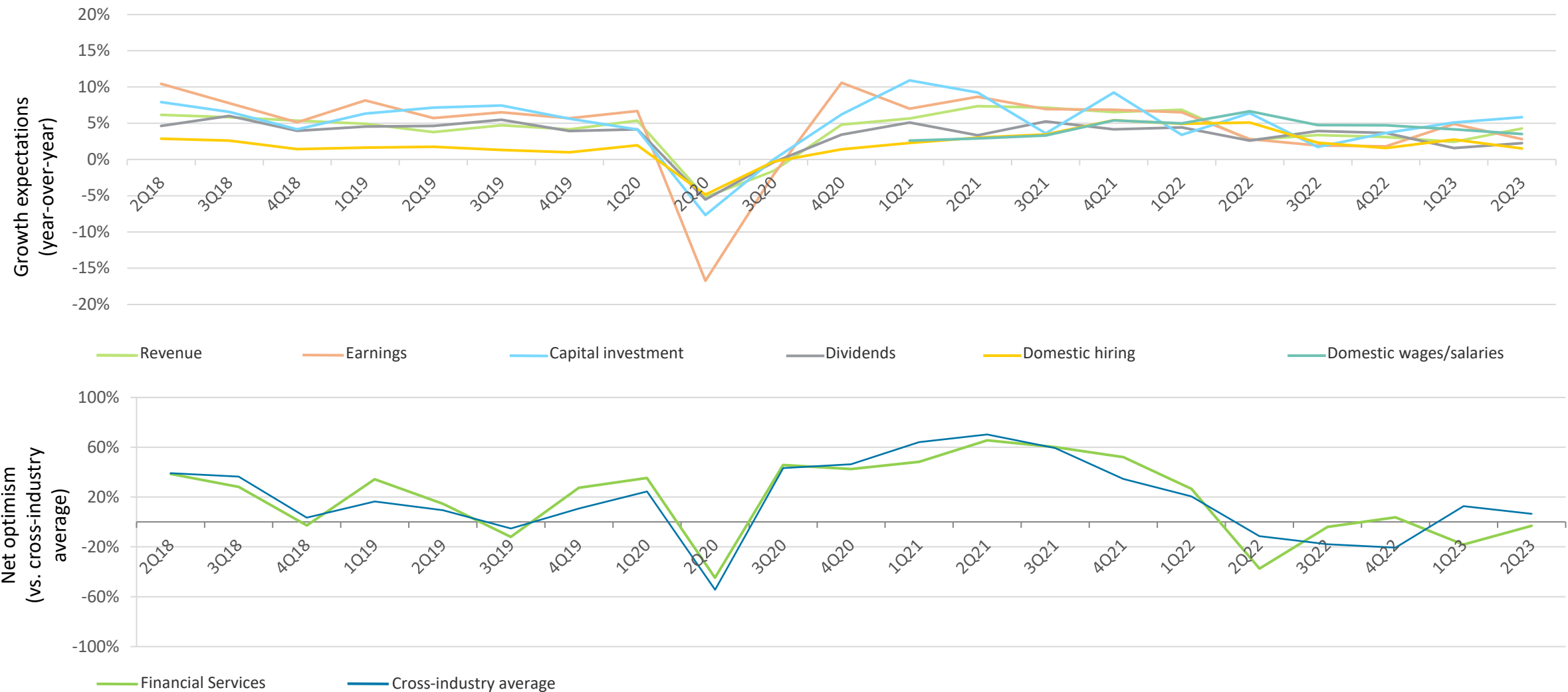
¹ All means have been adjusted to eliminate the effects of stark outliers. The "survey mean" column contains arithmetic means since 2Q10.² Standard deviation of data winsorized to 5th/95th percentiles.³ Averages for optimism numbers may not add to 100% due to rounding.Please contact nacfosurvey@deloitte.com for data as far back as 2Q10.

Energy/Resources trends—Expectations and sentiment



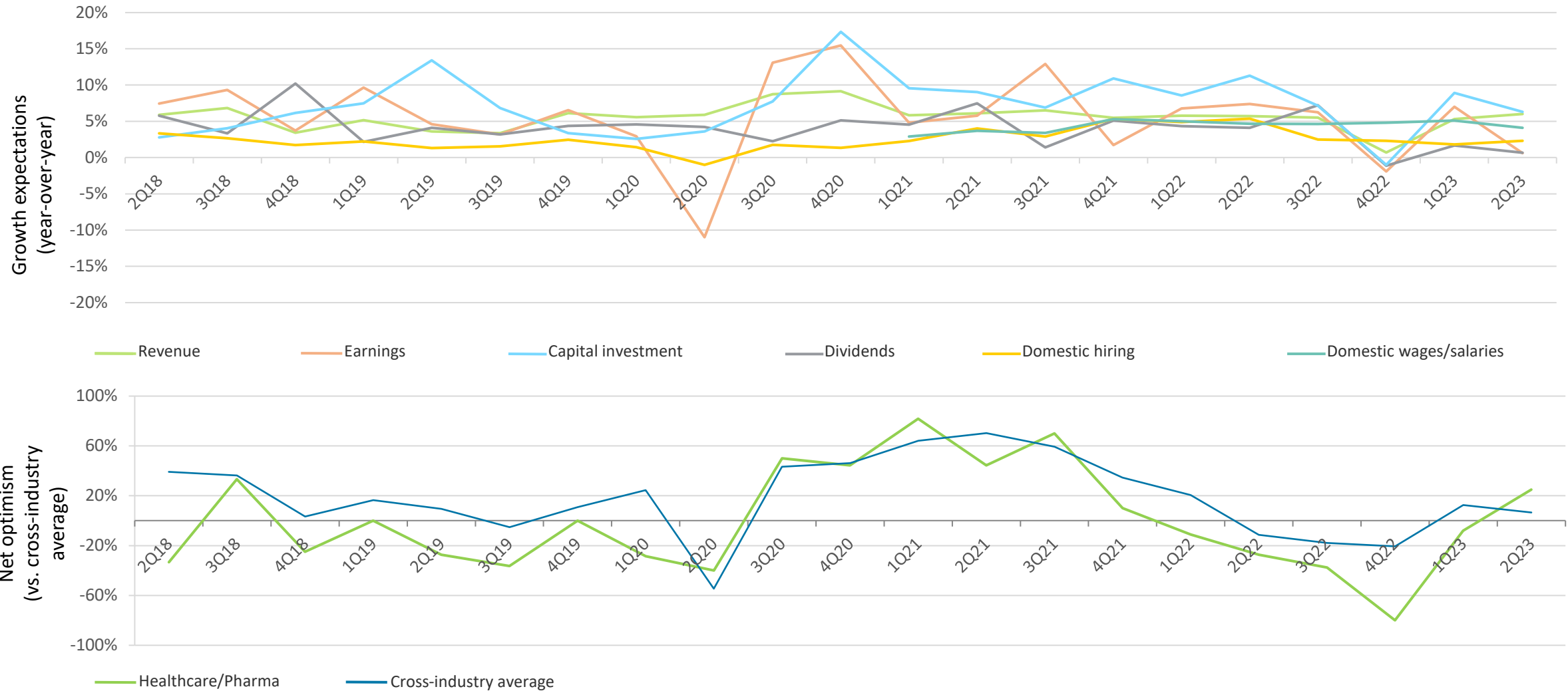
Composition: Respondent base was comprised mostly of power and utilities (67%), with the remaining companies from oil, gas, and mining; 92% of respondents are from public companies.

Financial Services trends—Expectations and sentiment



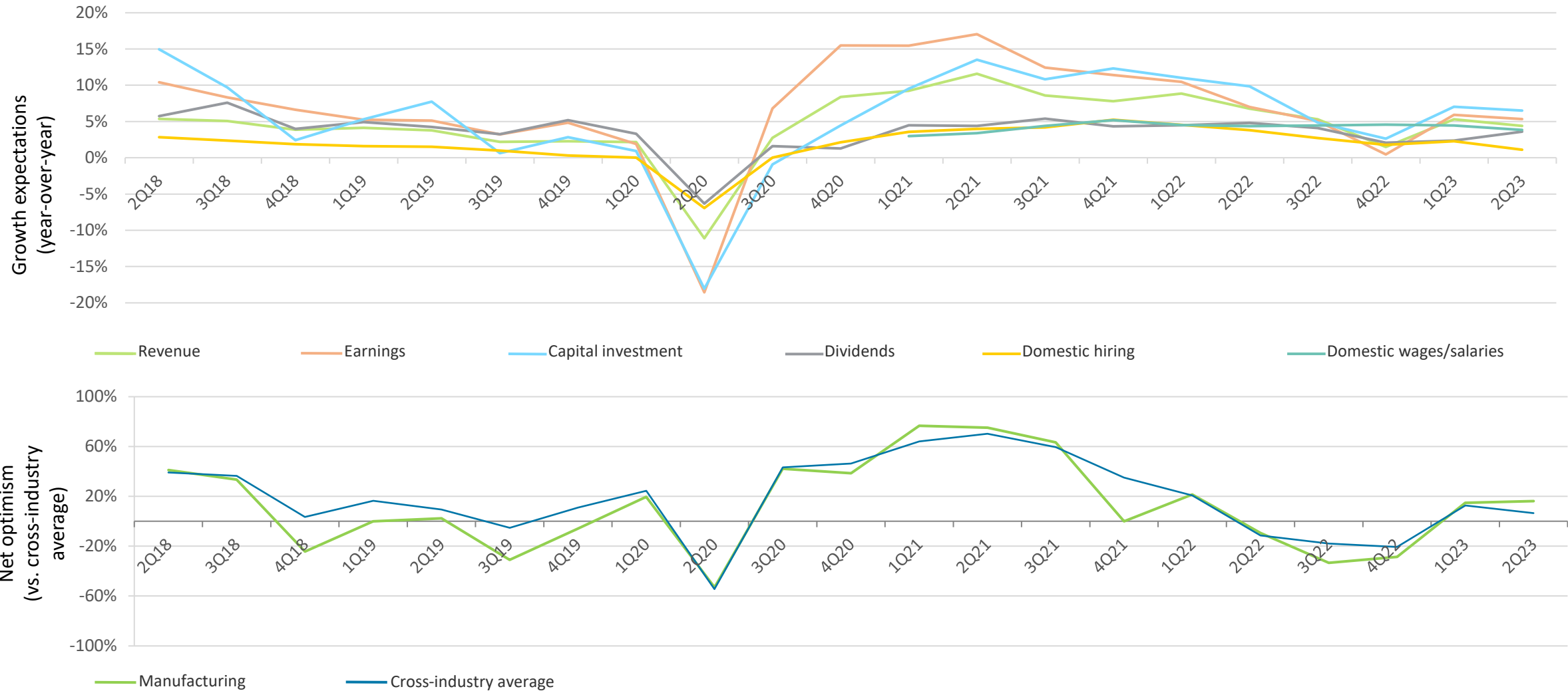
Composition: Respondent base is comprised of insurance (25%), investment management (13%), real estate (31%), private equity/hedge funds (6%), banking and securities (22%), and other (3%). Fifty-six percent of respondents are from public companies.

Healthcare/Pharma trends—Expectations and sentiment



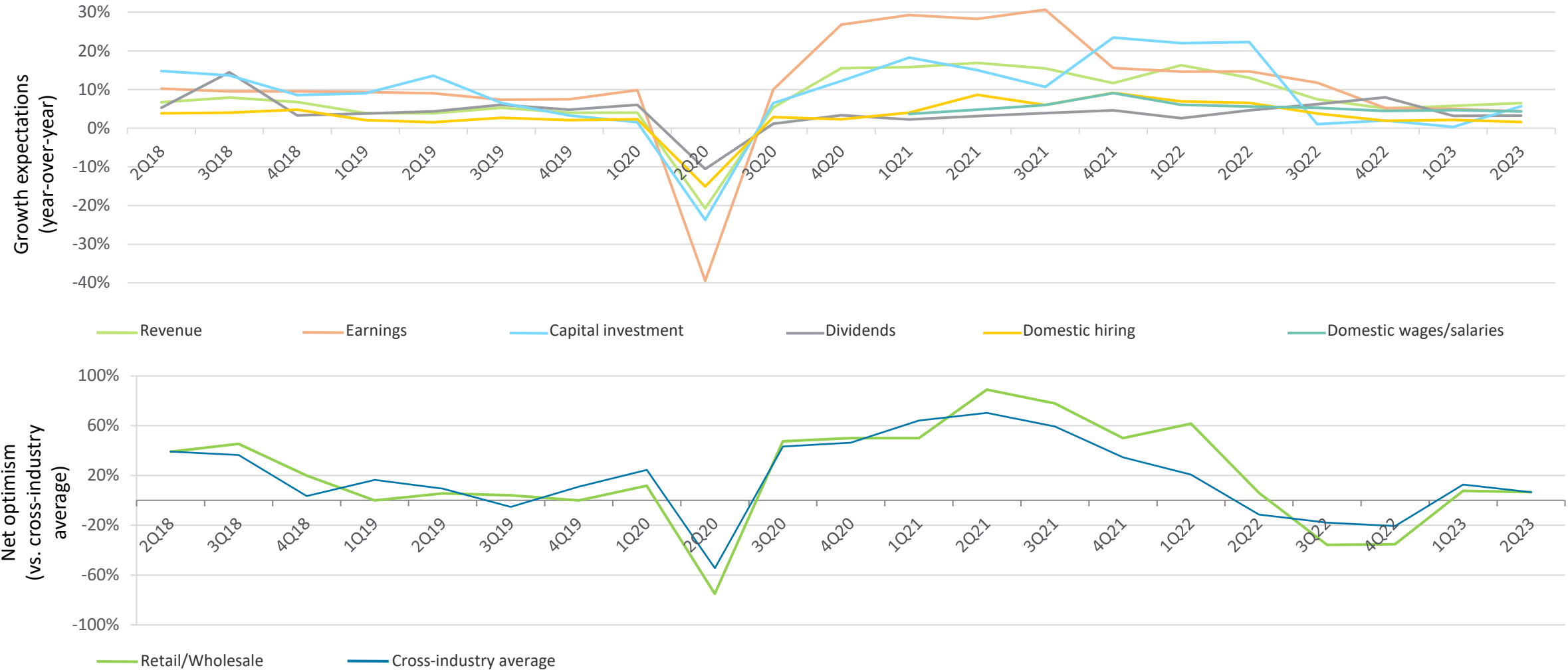
Composition: Respondent base is made up of 75% life sciences and pharmaceuticals, with the remaining 25% made up equally of health plan providers and healthcare providers. Seventy-five percent of respondents are from public companies.

Manufacturing trends—Expectations and sentiment



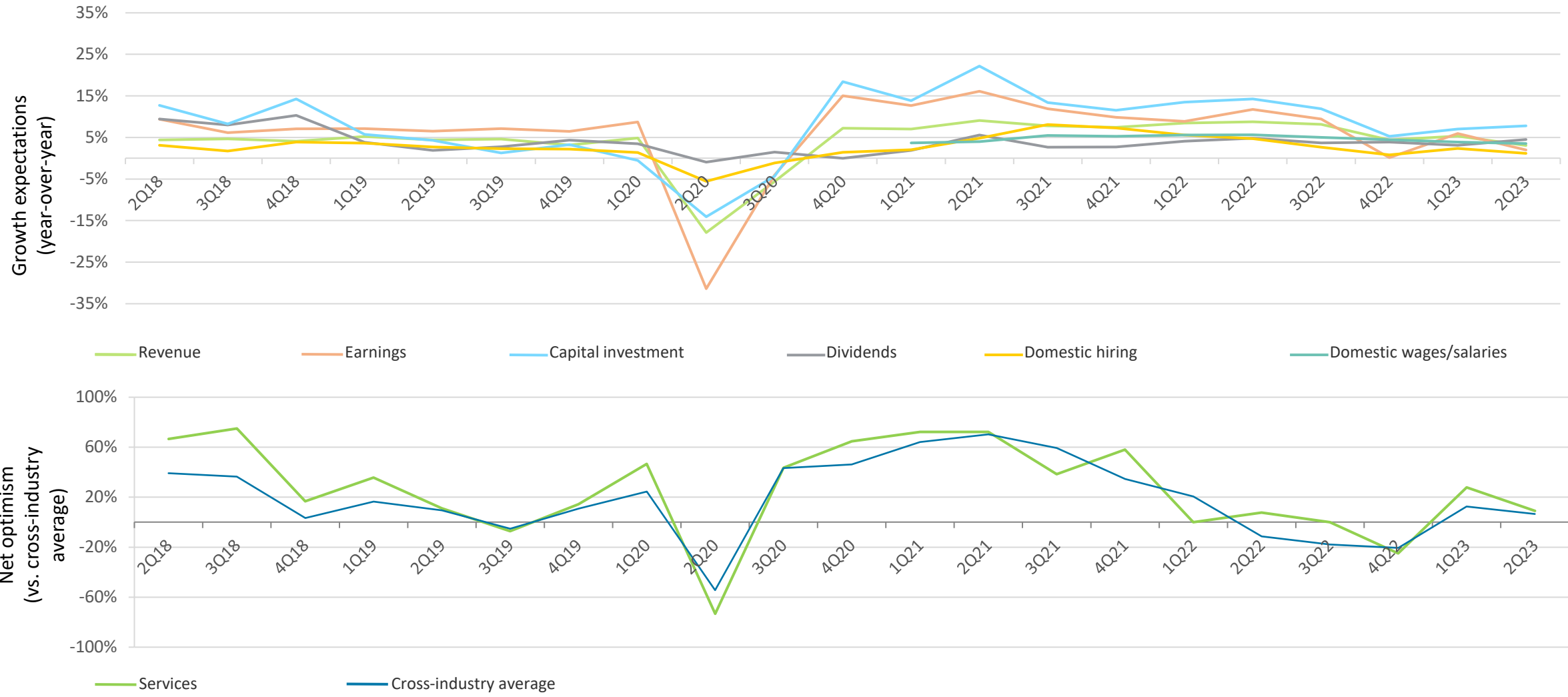
Composition: The majority (96%) of respondents are manufacturers of consumer products, industrial products, construction materials, and chemicals. More than two-thirds (68%) of respondents are from public companies.

Retail/Wholesale trends—Expectations and sentiment



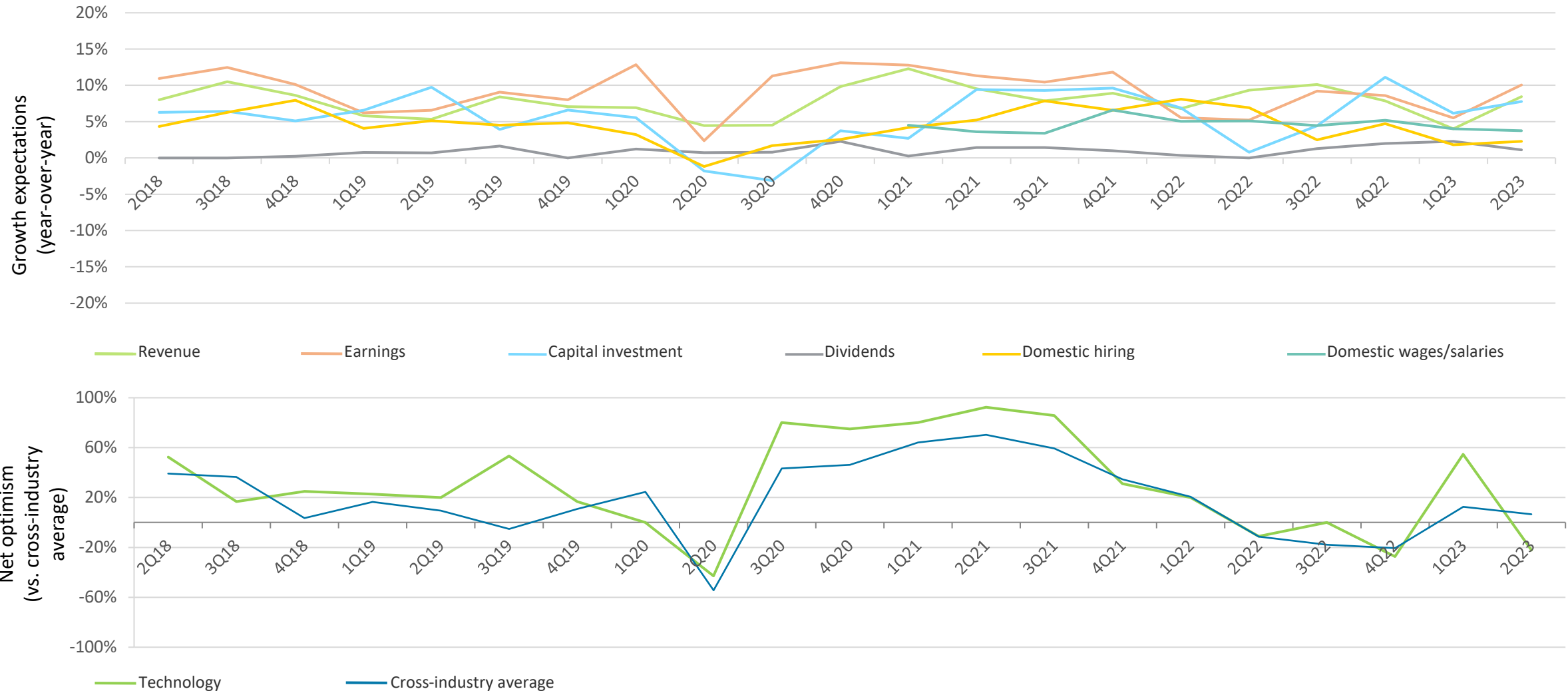
Composition: Respondents are from a broad range of retail and wholesale companies (67%) and tourism, hospitality, and leisure companies (33%). Seventy-three percent of respondents are from public companies.

Services trends—Expectations and sentiment



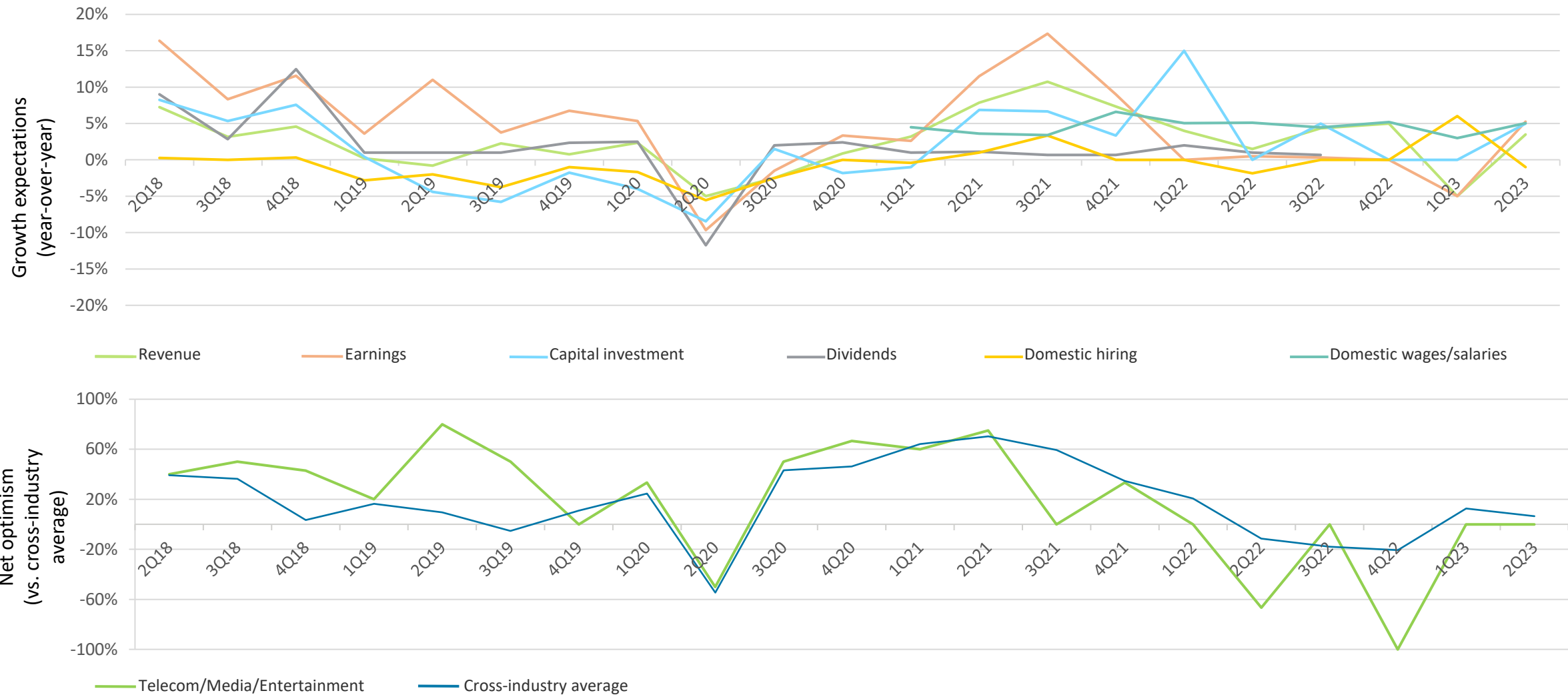
Composition: Respondents are mostly from transportation, distribution, logistics, and support companies (64%), with the remaining respondents from engineering and construction, educational services, tech-enabled business services, and consumer services. Seventy-three percent of respondents in this industry are from public companies.

Technology trends—Expectations and sentiment



Composition: Respondents consist of hardware, software, data processors, cloud technology, cybersecurity, industrial automation, and information technology companies. Eighty-nine percent of the respondents are from public companies.

Telecom/Media/Entertainment trends—Expectations and sentiment



Composition: Respondent base is made up of 50% media/entertainment and 50% telecom. Half (50%) of the respondents are from public companies.

*Note: This industry had only one respondent in 1Q23 and 4Q22 who did not complete the dividend growth expectations question, therefore change in dividend growth does not appear in the chart above.
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Special topic: As CFO, what are your three greatest challenges related to managing enterprise risk and regulatory compliance?

(Participants' responses to open-ended text questions)

- Ability to put costs/expenses against this risk.
- Actions of regulators.
- Adapting to declining revenues.
- Adding expense to comply with increasing amount of regulations.
- Adequate internal controls.
- Adequate resources for segregation of duty.
- Adequately resourcing for higher-risk digital initiatives.
- Aging information systems.
- Alignment between us and our regulators.
- Alignment of global to local.
- Allocating sufficient time.
- Amount of regulator requests.
- Anti-bribery and corruption.
- Assessing required investments vs. risk tradeoffs.
- Attracting and retaining talent to focus on this.
- Availability of data.
- Balancing efficiency with service quality and cost.
- Bandwidth to deal with new SEC compliance rules.
- Budget.
- Business issues.
- Capabilities and processes to quickly respond.
- Capital markets.
- Capital raising.
- Capturing compliance and regulatory rule inventory.
- Challenges of entering new business areas.
- Changing regulation.
- Changing regulations being more restrictive.
- Changing regulations.
- Changing regulations.
- Changing regulatory expectations.
- Changing regulatory landscape.
- Changing rules.
- Climate change.
- Commodity costs rising.
- Commodity price volatility remains very high.
- Competitive dynamics in a softer macro (environment).
- Competitive insights.
- Competitive landscape.
- Complexity of transactions.
- Constant change.

- Constantly changing government policies and quick reactions at federal/state level.
- Constantly changing landscape and rules.
- Constantly evolving space.
- Constraints in the insurance markets.
- Continuation/escalation in federal deficit spending.
- Coping with the large volumes of changes to regulations/compliance requirements.
- Cost constraints.
- Cost of compliance with increasing regulatory rules.
- Cost of compliance.
- Cost of insurance programs.
- Costs.
- Currency exchange rate stability.
- Customer demands--passing thru risks.
- Cybersecurity.
- Cybersecurity.
- Cybersecurity.
- Cybersecurity.
- Cybersecurity.
- Cybersecurity.
- Cybersecurity.
- Cybersecurity.
- Cybersecurity.
- Cybersecurity.
- Cybersecurity.
- Cybersecurity.
- Cybersecurity.
- Cybersecurity.
- Data intelligence.
- Data risks.
- Dealing with uncontrollable events.
- Debt financing.
- Decentralization of risks to business units.
- Deep risk identifications.
- Differing markets with differing standards/requirements.
- Digitalization.
- Digitalization.
- Employee competency.
- Employee reliability.
- Employee theft.
- Employee turnover.

- Enhanced disclosures.
- Enhancing data/visibility tools.
- Ensure efficient use of working capital.
- Ensure we are prepared--balance sheet, liquidity, etc.--for any deviation from current China recovery trajectory.
- Ensuring long-term access to capital.
- Ensuring systematic controls.
- Equivalent risk evaluation across different strategies.
- ESG.
- ESG disclosure/environment.
- Execution of remediation agenda.
- Execution on massive digital investment.
- Family owners.
- Floating interest rate exposure can seriously impact earnings even when limited as a percentage of debt. This is compounded by a heavy development schedule and less dividend reinvestment, limiting equity to contribute to development/growth.
- Focus on doing the right thing as Asia/China recovers.
- Fraud.
- Fund performance.
- Funds.
- Geopolitical risks--China and the U.S.
- Geopolitical.
- Geopolitical.
- Geopolitics.
- Global minimum tax.
- Global risk of compliance in many countries.
- Government policy change.
- Having enough resources to stay on top of this work.
- Having the resources to manage.
- identifying emerging risks.
- Identifying enterprise risks in advance.
- Identifying risks.
- Implementing an ERP.
- Import/export regulations.
- Inability to focus on most impactful risks and provide practical solutions.
- Inconsistencies and overlap among regulatory regimes.
- Inconsistency between states.
- Increasing cost.

- Increasing cost of regulatory compliance.
- Increasing disclosure regulations.
- Increasing third party risk management.
- Increasing/changing governmental requirements/oversight.
- Inflation.
- Inflation/Federal (Reserve) policy.
- Initiative overload for teams.
- Interactions with regulators and bureaucracy.
- interest rate and liquidity management/risks.
- Interest rate pressure on housing.
- Interest rates.
- Internal expertise.
- Internal resources.
- Internal uncertainty.
- Interpreting broadly written regulations.
- Investment need versus appetite.
- Investment required to mitigate.
- Irrational pricing by competitors.
- IT systems.
- Keeping up with regulatory change.
- Key employee engagement/capabilities.
- Labor force.
- Labyrinthian, overlapping, and conflicting regulation, and cost and complexity.
- Lack of a comprehensive risk and controls assessment process.
- Lack of communication upward.
- Lack of consistence guidance on enterprise risk management.
- Lack of end-to-end process understanding by executives.
- Lack of focus/priority.
- Lack of recognition of risks by operations.
- Lack of resources.
- Lack of resources.
- Leading through change.
- M&A opportunities.
- Macroeconomic (issues).
- Magnitude of impact.

While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated or clarified some comments in the interest of economy and participant confidentiality.

Special topic: As CFO, what are your three greatest challenges related to managing enterprise risk and regulatory compliance?

(Participants' responses to open-ended text questions, continued)

- Maintaining focus on the most important objectives, rather than being diluted across too many objectives.
- Managing cash levels at international locations, particularly China.
- Managing cyber risk.
- Managing expectations of various stakeholders.
- Market downturn.
- Market uncertainty.
- Meeting ROI hurdles.
- Mitigation of risks.
- Monitoring risks.
- More systematic approach to track and manage.
- Multiple priorities.
- New laws targeting our business.
- No corporate ERM system to aggregate all risks.
- Number of new regulations.
- Number of risk vectors.
- Number 1 is just the fundamental uncertainty with regard to cyberattacks despite our best efforts.
- Onerous ESG reporting compliance.
- Operational.
- Organizational risks—changes within the organization.
- Over regulation.
- Overhead management.
- Pace of regulatory change.
- People turnover/green labor.
- People.
- People.
- People.
- Physical risk mitigation.
- Political environment.
- Political system.
- Populism.
- Presence of actionable mitigants.
- Privacy laws online.
- Proactively preventing risk.
- Protectionist views.
- Rapid changes in regulatory environment.
- Rapid expansion of requirement.
- Reaching consensus on risk appetite levels.
- Regulations driven by politics over practicality.
- Regulations on buybacks.

- Regulations that are inconsistent across varying jurisdictions.
- Regulator of products understaffed.
- Regulators are coming up with different regulations around the same issue.
- Regulatory agenda.
- Regulatory complexity.
- Regulatory environment.
- Remediate material weaknesses.
- Retaining and hiring good staff.
- Retaining talent for regulatory compliance.
- Risks seem to be changing by quarter—interest rates, commodities, bank failures.
- Rule-making.
- Rules that constantly change.
- Shifting regulatory environment.
- Significant policy changes are coming from 2022 legislation that need to be finalized.
- Slow regulatory landscape.
- Softening demand of our products.
- Software.
- Speed of regulation, e.g., tax, climate, SEC.
- States and federal not aligned and delivering different rules, e.g., privacy laws.
- Staying abreast of regulatory changes.
- Stock exchange delisting.
- Sufficient internal control structure as international growth continues.
- Supply chain.
- Sustainability compliance.
- System/data support complexity and pace of change.
- Systems.
- Systems.
- Talent retention.
- Talent retention and attraction.
- Talent.
- Talent.
- Talent.
- Talent.
- Talent.
- Tax claims.
- Tax law changes.
- Technology.
- Technology/data transformation.
- Technology evolution.

- Time to respond.
- Timing of regulatory requests.
- (To me, apparent) lack of materiality considerations by regulators.
- (To me) engineering through rule-making.
- Tone at the top.
- Tracking of risks.
- Training of people.
- U.S. inflation and government spending.
- Uncertain macro environment.
- Uncertain market environment.
- Uncertain regulatory environment.
- Understanding materiality and relevance.
- Vast complexity.
- Visibility of risks.
- Volatility.
- Weather.

While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated or clarified some comments in the interest of economy and participant confidentiality.

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Special topic: What top three actions is your organization taking to enhance processes for managing enterprise risk and regulatory compliance?

(Participants' responses to open-ended text questions)

- Active Enterprise Risk Management committee.
- Active government and regulatory affairs function.
- Add resourcing.
- Added an ERM manager.
- Additional staffing.
- Additional technology.
- Amplify communication with different markets.
- Automation.
- Automation.
- Benchmarking best practices.
- Benchmarking with competitors.
- Benchmarking.
- Better prioritization of capital.
- Board discussions.
- Board engagement optimization.
- Board oversight.
- Bring people back to the office.
- Building systems and adding people to comply—increasing resources and costs.
- Business continuity program.
- Business process simplification.
- Catalog of ranked risk.
- Clarifying related roles/responsibilities.
- Closely monitoring new tax rules and real estate and SEC reporting regulations that may impact our business and industry.
- Closer tracking.
- Communication with employees on how to look out for theft.
- Complete update of privacy software.
- Compliance governance.
- Considering the use of outside resources to supplement our efforts.
- Continued improvement in IT systems investments.
- Control enhancements.
- Converted to a quarterly process with the executive team rather than an annual process.
- Coordination between compliance and the business.
- Cost control.
- Cost reduction.
- Created a risk committee within the Board.

- Creation of a risk committee.
- Cross-functional standing teams monitoring situation.
- Cybersecurity governance.
- Data management.
- Dedicated executive for the area.
- Deeper competitor understanding.
- Delaying current actions.
- Developing a third-party risk management framework and roadmap.
- Developing risk statements and appetite levels.
- Digitized.
- Discipline.
- Double down on execution focus.
- Elevation of discussion to board.
- Engaging government officials.
- Engaging with outside advisors on regulatory matters.
- Enhance IT.
- Enhanced Board risk reporting.
- Enhanced management oversight.
- Enhanced reporting.
- Enhancing internal systems.
- Ensuring personnel resources are allocated effectively.
- Ensuring strong financial staff and management teams are in place internationally.
- Ensuring that our IT personnel are educated on the constantly evolving cybersecurity risks.
- Enterprise risk assessment.
- Enterprise risk committee.
- ERM process.
- Established an enterprise risk management team with quarterly updates.
- Establishing an ERM program.
- Establishment of Risk Committee.
- Evaluating an overhaul/upgrade of ERM tools.
- Evaluating enterprise level ERM system to aggregate risks.
- External oversight.
- External support, e.g., IT/cyber.
- Focusing on the top risks versus everything.
- Formalized our compliance program.
- Formalizing an Integrated Risk Management program.
- Governance—Management and Board.

- Governance.
- Greater communication of regulatory compliance and changes.
- Greater focus at audit committee.
- Harmonization of data, processes, and systems.
- Have formed a dedicated committee.
- Have given visibility at Board of Directors level.
- Have implemented enhanced software to track/monitor from global perspective.
- Hire internal expertise.
- Hired new CTO.
- Hiring consultants.
- Hiring key risk management personnel.
- Hiring supply chain competencies.
- Implementing new software to run sensitivity analysis.
- Improve business and capital modeling.
- Improved cyber insurance program.
- Improved governance.
- Improving internal controls.
- Incorporation of metrics into risk monitoring for priority risks.
- Increase resources (prioritization).
- Increased audit involvement.
- Increased budget.
- Increased focus on government relations.
- Increased monitoring.
- Increased oversight by audit committee.
- Increased reliance on internal audit team.
- Increased reporting and compliance.
- Integrate training and awareness to weekly process.
- Internal data gathering.
- Internal governance rhythms.
- Invest in internal audit and controls.
- Invest in people.
- Invest in technology.
- Invest more proactively.
- Investment risk budget that floats with available capital.
- Investments in cybersecurity.
- Involvement with the Board.
- IT audits.

- Keeping lenders, which are critical to our industry, close and maintaining those relationships.
- Legal watch.
- Leverage third parties.
- Lobbying.
- Long-term contracts.
- Lowering expectations from a pipeline/regulatory perspective.
- Maintain regular dialogue with key personnel.
- Making our projections and expectations more conservative, especially regarding developments, so that we can make decisions based more on conservative case scenarios rather than most likely case scenarios.
- Measuring working use and cash management monthly.
- Migration to enterprise risk intelligence, not just mitigation.
- Monitoring capital markets for appropriate interest rate hedging opportunities.
- More active updates on policy matters to leadership to be aware/prepared.
- More dialogue with board.
- More focus on enterprise risk management.
- More focus on government affairs.
- More fulsome engagement of executive team.
- More internal stakeholder education.
- More involvement and active planning with executive leadership.
- More regular updates on risk assessments.
- New compliance hires.
- New reporting to monitor.
- New risk management software for tracking/assessment.
- Onboarding of talent.
- Ongoing dialogue with the board.
- Organizational changes.
- Outreach to our regulators.
- Participation in industry organizations.
- Policies and procedures.
- Policy and procedure training.
- Policy.
- Process improvement.
- Promotion of key talent to key risks.

While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated or clarified some comments in the interest of economy and participant confidentiality.

Special topic: What top three actions is your organization taking to enhance processes for managing enterprise risk and regulatory compliance?

(Participants' responses to open-ended text questions, continued)

- Pushing ERM down into operating units from a reporting, monitoring, and remediating risk perspective
- Putting a human resources person in place to deal with hiring, etc.
- Quarterly assessments.
- Quarterly business reviews.
- Quarterly discussions with the Board.
- Read-across of external events to internal processes and increased escalations and governance.
- Regular and dedicated resource to track and a forum to review.
- Regular enterprise risk updates.
- Regular internal risk self-assessment.
- Regular senior executive and board review.
- Regular survey of business to identify changes in risk.
- Re-implementing ERM.
- Remediation programs.
- Renewed ERM effort.
- Reorganization.
- Report to Board.
- Revamped leadership and commitment from CEO to communicate the responsibility of colleagues.
- Reverse stock split.
- Rigorous ERM processes.
- Robust ERM program.
- Robust risk process and board/management discussion.
- Sarbanes-Oxley retraining.
- Selectively hedging currencies.
- Separate dedicated team.
- Simplifying structure.
- Standalone cybersecurity team.
- Staying close to customers and suppliers.
- Strategy refresh.
- Streamlining the compliance function.
- Strengthening talent capabilities.
- Systems and data integrity.
- Table-top exercises with senior management.
- Targeted investments
- Technology enhancements.
- Third-party vendor services.
- Tone at the top.
- Tools.
- Tools and technology to enhance cybersecurity.

- Top risk dashboard with quantification.
- Training for all levels.
- Training.
- Training.
- Transformation.
- Upgrading hiring practices.
- Upgrading our government relations team.
- Upgrading technology.
- Use of consultants.
- Use of external resources.
- Using legal counsel to assist with new regulations.
- Utilizing outside resources.
- We are revisiting the management structure around risk.
- We are working with our audit committee to address.
- Well-established Enterprise Risk Management program.

While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated or clarified some comments in the interest of economy and participant confidentiality.

Special topic: What are the driving factors in your organization's interest in proposed rules or regulations?

(Participants' responses to open-ended text questions)

- 1099 Contractor Relationships.
- Ability and cost to comply.
- Ability to comply.
- Ability to influence regulatory outcomes.
- Administrative burden.
- AI.
- Applicability to our business.
- As a global company we need to assess how these rules impact our operations and costs.
- Being able to compete with global competitors on a level playing field.
- Brand/reputation protection.
- Business growth and continuity.
- Capitalization on opportunities.
- Competitive sensitivity of data being required to disclose.
- Competitiveness.
- Competitiveness.
- Compliance.
- Compliance.
- Compliance.
- Compliance.
- Compliance.
- Compliance.
- Compliance.
- Compliance.
- Compliance.
- Compliance.
- Compliance and cash flow predictability and monitoring.
- Compliance burden and cost in politically driven policies.
- Compliance cost.
- Cost.
- Cost and complexity of compliance.
- Cost of compliance.
- Cost of ESG compliance.
- Customer demands.
- Data protection.
- Disclosure.
- Disclosure requirements.
- Downside protection.
- Economics.
- Emerging market exposure.
- Employee competency.

- Engine emission standards.
- Ensuring compliance.
- Ensuring compliance.
- Ensuring rules/regulations put in place actually result in risk mitigation versus simply increased administrative burden.
- Ensuring there are not unintended complications from new laws and regulations.
- Environmental standards evolution.
- EPA rule-making will impact demand for our products.
- ESG compliance.
- Ethics.
- Fairness in the regulations (so they) do not create privileges to anyone.
- Government aversion to industry consolidation may impact our M&A success.
- Growth and returns.
- How it changes our business model—it is becoming clear we will need multiple business models that vary by state due to regulations.
- How to assess implications for future deals/revenues.
- Impact both from cost to comply as well as in many cases timelines to implement. We have found in several instances the governments and/or regulatory agencies have not put adequate resources on their end to enable successful adaptation to the regulations.
- Impact on business.
- Impact on investor returns.
- Impact on people and bottom line.
- Impact on regulated entities.
- Impact on stakeholders.
- Impact on us.
- Impact to bottom line and how we serve clients.
- Implications for the business.
- Inconsistency in competing regulatory schemes.
- Increased reporting burden and costs.
- Industry regulation.
- Investment decisions, cost considerations and planning.
- Location of operations.
- Maintain ability to grow efficiently.
- Maintaining strong compliance posture.
- Maintaining the integrity of our pricing models.
- Management of financial and regulatory compliance risks.
- (I believe) many of the U.S. proposals are punitive and anti-business and remove long-term success opportunities.
- Marketplace demands.
- Minimizing impact on our company.

- Need to ensure that we are up to date in our compliance requirements.
- Operational efficiencies and interactions with investors.
- Post-Covid policies around healthcare.
- Potential cost of compliance.
- Potential impact on corporate strategy and execution.
- Potential impact on investor relations and fundraising.
- Preparedness for tax changes.
- Profitability impacts.
- Protecting shareholder value.
- Reduced compliance costs.
- Related to products and raw materials, also related to logistics.
- Required investment.
- Required investment vs. underlying true value.
- Resourcing and capital efficiency.
- Restrictions on growth initiatives.
- Risk to plan execution in changing playing field.
- Staying competitive.
- Staying in good standing.
- Strategy implications.
- The government is both our regulator and our largest customer.
- Time and cost of compliance.
- To prepare for change.
- Understanding proposed changes.
- Understanding the impact to the organization.
- We wish to manage cost relative to the usefulness of information that must be compiled, reviewed and disclosed. New rules and regulations often require a significant expense for our organization to ensure proper compliance.
- Whether it impacts our business model—wanting a seat at the table for each of those.
- Whether they will impact our organization.
- Workload.
- Workload.

While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated or clarified some comments in the interest of economy and participant confidentiality.

Special topic: What technologies do you find most helpful in managing enterprise risk and regulatory compliance?

(Participants' responses to open-ended text questions)

- Accounting software.
- Any technology that helps manage data/business intelligence tools.
- Artificial intelligence.
- Audit management software for risk management.
- Automation.
- Budgeting software.
- Cloud based technologies.
- Consistency in global finance systems.
- Currently do not have a "technology" to support this.
- Data governance tools.
- Database management systems and enterprise resource planning software to ensure decisions are being made in a timely manner with good information.
- Document management.
- Education of staff.
- ERM reporting software.
- ERM software.
- ERP software.
- External advisory.
- For regulatory, we have a group, not technologies.
- GRC and ERM platforms.
- GRC software.
- GRC software.
- Hard to answer as this is very specific to the risk itself, so many examples.
- Harmonized data management and access controls.
- Information and communication technology service related to the education of employees.
- In-house developed systems.
- Integrated risk management software and ERM software.
- internal and external surveys.
- Internal modeling.
- Less tech more forward-looking knowledge and relationships.
- Limited tools on market to adequately accomplish this currently. There are a lot of promises, but few actually work as intended or needed.
- News clipping services.
- None come to mind.
- None, difficult to find effective risk management tools.
- None.
- None.
- Online training tools.

- Our service providers.
- Penetration testing and phishing exercises for all colleagues.
- Quick forecasting capabilities.
- Third-party consultants for ESG.
- Tools around cybersecurity are important for enterprise risk.
- Tools associated with cyber defenses.
- Tools to facilitate communication-the most powerful element.
- Transactional systems.
- We currently do not have a tech platform.
- We have a digital work environment.
- We track ERM.

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The Deloitte North American *CFO Signals™* survey is a quarterly survey of CFOs from large, influential companies across North America. Each quarter since 2Q10, *CFO Signals* has tracked the thinking and actions of CFOs representing many of North America's largest and most influential companies. All respondents are CFOs from the U.S., Canada, and Mexico, and the vast majority are from public and private companies, predominantly with more than \$1 billion in annual revenue. Participation is open to all industries except for public sector entities.

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. Participating CFOs have agreed to have their responses aggregated and presented. At the opening of each survey period, the 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 generally within four weeks after the survey closes.

As a "pulse survey," *CFO Signals* 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.

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