



1Q21 highlights: CFOs' optimism for their companies and US and China economies increases, while growth expectations rise across most key metrics. More than one-third are already back to near-normal operations.

- More than one-quarter (29%) of CFOs cite current conditions in North America's economy as good, compared to 18% in 4Q20, and 57% consider current conditions in China's economy as good, up from 47% in the previous quarter. Seven percent of CFOs view Europe's current conditions as good, a slight increase from the previous quarter's 5%.
- CFOs express greater optimism for their organizations' financial prospects, with 67% reporting they are somewhat or significantly more optimistic compared to three months ago.
- YOY growth expectations continued to rebound for revenue (from last quarter's 7.7% to 8.5%—the highest level in a decade), as well as for dividends and capital spending. Earnings growth expectations dipped from 13.8% in 4Q20 to 12.8%.
- Eighty-three percent of CFOs say equities are overvalued, and only 2% consider them undervalued.
- Thirty-seven percent say they are already at/above their pre-crisis operating level, up from 18% in 4Q20; 37% expect to be by the end of 2021; 16% say 1Q22 or 2Q22, while 10% say 3Q22 or later.
- Nearly three-quarters (73%) of CFOs expect travel expenses post-pandemic to be 50% to 80% of pre-pandemic levels.
- Eighteen percent of CFOs expect all employees or employees in some functional areas/roles (except those with a medical/religious reason, etc.) to be required to receive a COVID-19 vaccination in order to return to physical premises/operations.
- About one-third (31%) of CFOs expect the majority of their finance staff to work four or more days on site post-pandemic, and 45% expect the on-site work week to be three days.
- Slightly more than three-quarters (76%) of CFOs expect more of their finance work to be completed remotely post-pandemic compared to pre-pandemic levels. Nearly a quarter (24%) expect to have fewer finance staff internally, and 21% expect more outsourced finance services post-pandemic.

Twelve months out, how do you regard the status of the North American, European, and Chinese economies? Looking a year out, 73% of CFOs believe that North America's economy will be better; 64% say the same for China, and 36% of CFOs expect Europe's economy to be better.

What is your perception of the capital markets? Ninety-one percent of CFOs consider debt financing attractive (up from 87% in 4Q20); equity financing attractiveness rose to 55% up from 44% (46% to 70% for public company CFOs, and 41% to 58% for private company CFOs). Eighty-three percent now say US equity markets are overvalued (up from 80%) and the sixth highest level in survey history.

Compared to three months ago, how do you feel about your company's financial prospects? The proportion of CFOs saying they are more optimistic jumped from +46 to +64, with 67% expressing rising optimism, and just 3% citing falling optimism.

How do you expect your key operating metrics to change over the next 12 months?* Expectations for key metrics, other than earnings, rose. Revenue growth jumped from 7.7% to 8.5%, the highest level in a decade. Earnings growth declined from 13.8% to 12.8%. Capital spending rose from 8.0% to 10.2%. Dividend growth increased from 2.5% to 3.3%. Domestic hiring climbed from 1.7% to 2.7%.

Do you expect to require employees to receive a COVID-19 vaccination in order to return to your physical premises/operations? Eighteen percent of CFOs expect all employees or employees in some functional areas/roles (except those with medical/religious reasons, etc.) to be required to receive a COVID-19 vaccination in order to return on-site. Forty-one percent do not. Almost two-thirds (35%) are undecided, and the remaining cited "other," such as encouraging vaccination.

What do you expect your company's post-pandemic travel expenses to be as a percentage of your pre-pandemic levels? Nearly three-quarters (73%) of CFOs expect travel expenses post-pandemic to be 50% to 80% of pre-pandemic levels. More than one-third (36%) anticipate their post-pandemic travel expenses to fall to 60% or less than their pre-pandemic levels.

Since the start of the pandemic, how has your scope of responsibility changed? Fifty-four percent of CFOs report having higher demands from their executive/leadership teams since the beginning of the pandemic, while 37% indicate having more work/volume within their functional responsibility, and 26% broader functional responsibility. The survey also asked how core finance, business planning, operations/services, and risk/compliance functions report to the CFO. See the report for details.

Post-pandemic, how do you expect your finance operations to compare to pre-pandemic? Slightly more than three-quarters (76%) of CFOs expect more of their finance work will be completed remotely post-pandemic compared to pre-pandemic levels. Meanwhile, 24% expect to have fewer finance staff internally, and 21% expect more outsourced finance services.

How many days per week do you expect the majority of your finance staff to work on-site post-pandemic? Nearly one-third (31%) of CFOs expect their finance team to work on-site four or more days, and 45% indicate three days a week.

Which functions in core finance would you most like to improve? Sixty-three percent of CFOs say they would most like to target their traditional FP&A processes for improvement, followed by management reporting (46%) and controllership (25%).

If you could bolster your finance team with one particular skillset or expertise, which would it be? CFOs seek data analytics and forecasting most to strengthen their finance teams. Technology, digital, and automation were also cited frequently.

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

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