

## **CFO Signals™**

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

2<sup>nd</sup> quarter 2018

High-level report

This report is a subset of a full report containing analysis and trends specific to industries and geographies. Please contact [nacfosurvey@deloitte.com](mailto:nacfosurvey@deloitte.com) for access to the full report.



# About the survey

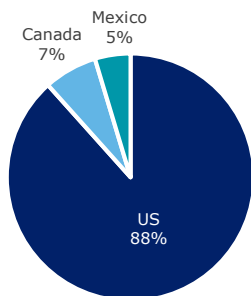
## Contents and background

### About the CFO Signals survey

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.

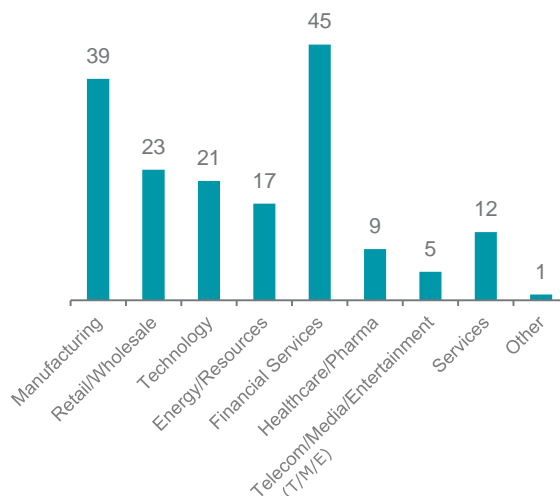
All respondents are CFOs from the US, Canada, and Mexico, and the vast majority are from companies with more than \$1 billion in annual revenue. For a summary of this quarter's response demographics, please see the sidebars and charts on this page. For other information about participation and methodology, please contact [nacfosurvey@deloitte.com](mailto:nacfosurvey@deloitte.com).

Participation by country\*



\* Sample sizes for some charts may not sum to the total because some respondents did not answer all demographic questions.

Participation by industry\*



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### Additional findings in full report

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

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

### Survey responses

Survey period:	5/7-5/18
Total responses:	172
• CFO proportion:	100%
• Revenue >\$1B:	74%
• Public/private:	73%/27%

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# Findings at a glance

## Perceptions

**How do you regard the current/future status of the North American, European, and Chinese economies?** Perceptions of North America improved, with 94% of CFOs rating current conditions as good (up from 90% last quarter and a new survey high), and 52% expecting better conditions in a year (down from 59%). Perceptions of Europe declined to 47% and 36%, respectively (both metrics remain near their survey highs), and China rose to 55% (a new high) and 31%. [Page 6.](#)

**What is your perception of the capital markets?** Seventy-three percent of CFOs say debt financing is attractive (down from 77%). Attractiveness of equity financing decreased for public company CFOs (from 43% to 36%) and increased for private company CFOs (from 35% to 45%). Sixty-three percent of CFOs now say US equities are overvalued—the lowest level in two years. [Page 7.](#)

## Sentiment

**Overall, what risks worry you the most?** CFOs express strong external concerns about US politics (especially around trade policy), while concerns about economic risks, which had subsided over the last few quarters, began to rise. They again cite pressure to execute on their growth plans, voicing growing internal concerns about driving initiatives and finding talent. [Page 8.](#)

**Compared to three months ago, how do you feel about the financial prospects for your company?** The net optimism index fell from last quarter's survey-high +54 to +39 (still quite strong). Forty-eight percent of CFOs express rising optimism (down from 60%), and 9% express declining optimism. [Page 9.](#)

## Expectations

**What is your company's business focus for the next year?** CFOs indicate a survey-high bias toward revenue growth over cost reduction (67% vs. 17%) and a somewhat lower bias toward investing cash over returning it (56% vs. 18%). The bias toward new offerings over current ones grew this quarter (40% vs. 35%), and the bias toward current geographies over new ones increased slightly (59% vs. 16%). [Page 10.](#)

**Compared to the past 12 months, how do you expect your key operating metrics to change over the next 12 months?** Revenue growth expectations rose from 5.9% to 6.3% (the highest level in nearly four years). Earnings growth rose from 9.8% to 10.3% (a three-year high). Capital investment slid from 11.0% to 10.4% (still among its six-year highs). Domestic hiring rose from 3.1% to 3.2% (a new high). Technology and Retail/Wholesale showed substantial improvement. [Page 11.](#)

## Special topic: CFOs' scope of responsibility

**Which business functions report to you?** Many CFOs appear to be taking on broader responsibility for business planning, IT/data, and risk. There are notable industry differences, especially around support services and risk. [Page 12.](#)

## 2Q18 Survey Highlights

- Assessments of the North American and Chinese economies hit new survey highs; expectations for Europe declined.
- With equity markets about even with last quarter, 63% of CFOs say US equities are overvalued—the lowest level in two years.
- Own-company optimism declined, but remains very strong.
- Growth expectations for revenue, earnings, and hiring rose to multi-year highs; capex weakened for Canada and Mexico.
- Many CFOs appear to be taking on broader responsibility for business planning, IT/data, and risk.
- CFOs' most common prior roles are around FP&A, controllership, and other CFO positions; younger CFOs are comparatively likely to cite investor relations and strategy roles.
- Aside from technical finance experience, CFOs recommend that their successors have backgrounds that enable them to play strong roles around strategy development and implementation.
- CFOs' hopes for their legacies vary, but most say they want to leave behind world-class companies and finance functions that are positioned to perform even better after their tenure ends.

## Special topic: CFOs' roles and experience

**What prior roles did you bring to your current CFO role?** FP&A, controller, and prior CFO roles are the most common, but there are substantial differences by age and industry. Younger CFOs are comparatively more likely to cite investor relations and strategy roles. [Page 13.](#)

**Other than technical financial experience, what experience is most important for your successor?** CFOs recommend that their successors have backgrounds that enable them to play strong roles around strategy formulation and implementation, specifically prioritizing corporate strategy, industry, and investor relations experience; there are substantial differences by industry. [Page 14.](#)

## Special topic: CFOs' legacy

**When you complete your current CFO role, what do you want your legacy to be?** Overall, CFOs say they want to leave behind companies and finance functions that are world-class and positioned to perform even better after they are gone. And they say they want to be remembered as valued business partners, ethical leaders, and strong talent developers. [Page 15.](#)

# Summary and context

## Strong optimism, but trade policy and geopolitics loom large

Coming out of the 2016 US elections, CFOs' sentiment soared—with confidence and growth expectations hitting new survey highs. Sentiment ebbed a bit through the middle of 2017 as CFOs began to worry about Washington's ability to deliver clarity and change, especially around issues such as the Affordable Care Act, NAFTA, immigration, and North Korean threats.

At the end of 2017, sentiment rose as global economic growth accelerated and as the prospects for tax reform appeared to improve. And when tax reform passed last quarter, CFOs' sentiment climbed again—with own-company optimism hitting a new high, and year-over-year growth expectations for revenue, earnings, capital spending, and hiring all rising to multi-year highs (led by capital spending and hiring, which hit five-year and eight-year highs, respectively).

Last quarter's positive sentiment largely continued this quarter. Although own-company optimism and expectations for the European and Chinese economies faltered a bit, expectations for revenue, earnings, and hiring all rose again (capital spending declined somewhat, but remains relatively high). In addition, CFOs' confidence in US equity markets appears to have strengthened, with a comparatively low 63% regarding markets as overvalued (well below the above-80% levels from late last year).

Still, CFOs continue to express concerns about the future—especially around trade policy and geopolitics. As these concerns have risen, worries about global economic growth, which appeared to be declining for the past year, began to rise again. Moreover, although CFOs remain quite optimistic about their companies' prospects, they voice continuing concerns about securing key talent and executing their strategies, and newly escalating concerns about avoiding complacency and improving organizational focus.

Our recent surveys have shown that as megatrends, such as data proliferation, analytics, industry convergence, and automation, have put intense pressure on companies' strategies and operations, the role of CFOs has been changing considerably. To better understand the evolution of the CFO role, this quarter we asked finance chiefs about their scope of responsibility, the roles they brought to their current position, and the experiences most important for their successors.

This quarter's findings show that CFOs appear to be taking on broader formal responsibility for business planning, IT/data, operations, and risk. It also appears that CFOs' backgrounds are changing, with FP&A, controller, and other CFO positions the most common prior roles, but with younger CFOs comparatively more likely to cite investor relations and strategy roles. Accordingly, CFOs were likely to recommend that their successors have backgrounds in corporate strategy, in their industry, and in investor relations.

Finally, to better understand CFOs' mindsets about the impact of their careers, we asked about their desired legacies—for their companies, their finance teams, and themselves. Overall, CFOs say they want to leave behind companies and finance functions that are better than they found them (with world-class performance) and positioned to perform even better after they are gone. And at a personal level, they want to be remembered as role models when it comes to being effective business partners, ethical leaders, and strong talent developers.

Perhaps one statement, reiterated by several CFOs, summed it up best: "I want to know I made a lasting, positive difference."

### Key developments since the 1Q18 survey

- The US economy slowed in the first quarter, but its recovery became the second-longest on record.
- US inflation accelerated; unemployment hit an 18-year low; wages stagnated.
- The US Fed raised rates in March, but not in May.
- The US 10-year bond yield hit a 7-year high; 10-year/2-year spreads hit the lowest level since 2007.
- US equities were flat from last quarter's survey.
- Oil prices hit their highest levels since 2014 after the US exited its Iran nuclear deal.
- President Trump declined to rejoin TPP.
- The eurozone economy decelerated in the first quarter. Retail sales grew slowly; inflation slowed.
- The European Central Bank and Bank of England both left monetary policy unchanged.
- Canada's job market showed mixed results; the Bank of Canada left rates unchanged.
- Mexico's economy rebounded, driven by exports and construction; inflation decelerated.

### Summary of CFO sentiment and expectations

		This quarter	Last quarter	2 yr. avg.
Economy optimism—North America (Index)		<b>50.6</b>	54.8	42.9
Economy optimism—Europe (Index)		<b>26.6</b>	37.9	16.1
Economy optimism—China (Index)		<b>26.6</b>	32.7	19.1
Own-company optimism (Net)		<b>+39.2</b>	+53.5	+38.3
Revenue growth (YOY)		<b>6.3%</b>	5.9%	5.1%
Earnings growth (YOY)		<b>10.3%</b>	9.8%	8.1%
Capital investment growth (YOY)		<b>10.4%</b>	11.0%	8.0%
Domestic personnel growth (YOY)		<b>3.2%</b>	3.1%	2.3%
Percent of CFOs saying US equity markets overvalued		<b>63%</b>	75%	76%

Well below two-year average    Well above two-year average  
Well below last quarter    Well above last quarter

# Topical findings

# Perceptions

## Assessments of regional economies

**CFOs' assessments of the North American, European, and Chinese economies' current performance remain very strong (with North America at a new high), but their expectations for future performance declined somewhat—particularly for Europe and China.**

CFOs' assessments of the North American economy rose sharply in the first quarter of 2017, then rose again in each of the last two quarters. This quarter's assessments got even stronger, with 94% of CFOs rating current conditions as good—another new survey high. Fifty-two percent expect better conditions in a year (down from 60%), and the region's optimism index<sup>1</sup> declined to +51—down from last quarter's +55, but still very strong.

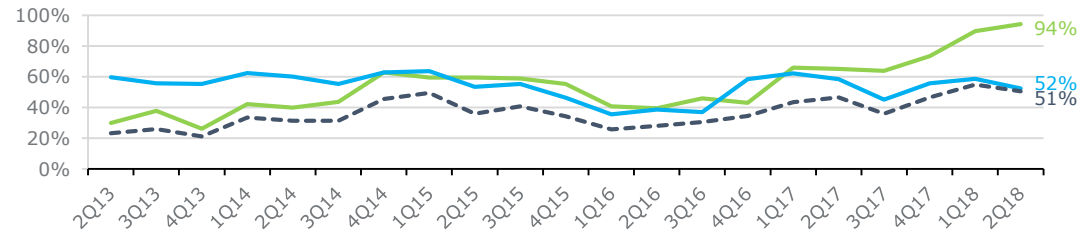
Perceptions of Europe's current state and trajectory hit new survey highs over the last two quarters, but they receded significantly this quarter. Forty-seven percent of CFOs now say current conditions are good, and 36% expect better conditions in a year—both metrics down from last quarter's survey highs of 55% and 51%, respectively. The optimism index<sup>1</sup> declined from last quarter's survey-high +38 to +27.

Perceptions of China's economy rose to new survey highs over the last two quarters and did so again this quarter. Fifty-five percent of CFOs say current conditions are good (up from 50%), and 31% expect better conditions in a year (down from 37%). The optimism index<sup>1</sup> declined from last quarter's survey high +33 to +27.

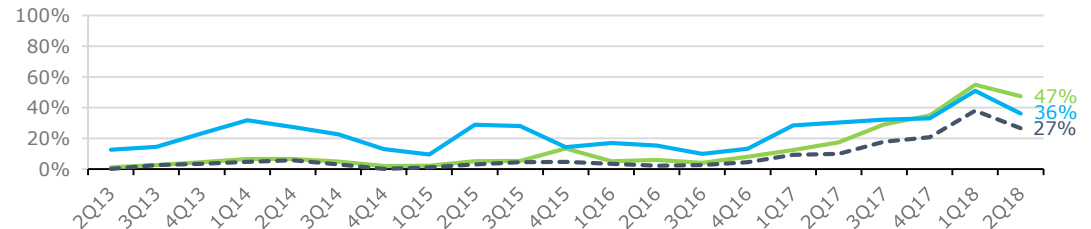
### Economic optimism

*How do you regard the North American, European, and Chinese economies? Percent of CFOs saying current conditions are good or very good, percent saying conditions next year will be better or much better, and percent saying both (dotted line).*

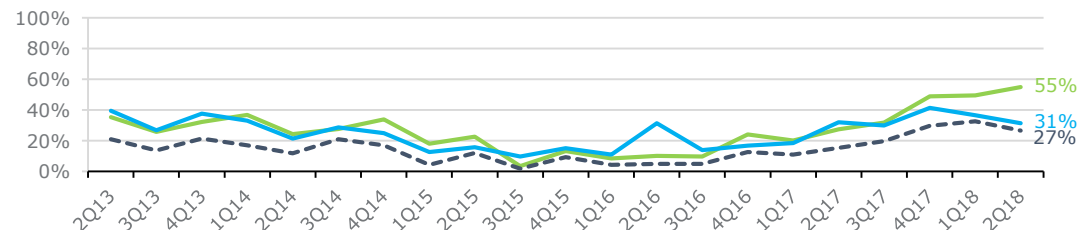
#### North America



#### Europe



#### China



Good now — Better in a year — Economic optimism index<sup>1</sup> - - -

<sup>1</sup> Indexes reflect the percentage of respondents who rate current economic conditions as "good" or "very good" and who also expect "better" or "much better" conditions in a year. Please note that the calculation of this index changed in 1Q18 and all values from prior quarters have been recalculated based on the new methodology.

# Perceptions

## Assessments of markets and risk

### Equities remain overvalued—but less so

Despite higher recent volatility in US equity markets, CFOs have become less likely to say markets are overvalued. This quarter, 63% of surveyed CFOs say US equity markets are overvalued—down from last quarter’s 76%, and well below the above-80% levels from late 2017. The proportion of CFOs regarding equities as undervalued stayed steady at 6%, with CFOs increasingly saying they are neither over- nor undervalued.

### Debt still attractive, but less so; equity attractiveness declining

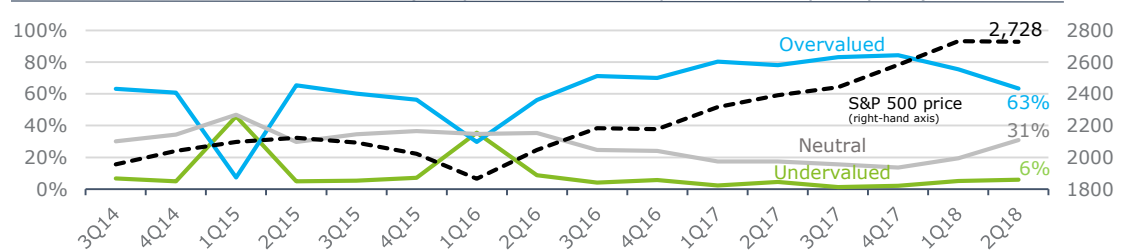
Seventy-three percent of CFOs say debt financing is attractive, down from last quarter’s 77% and at its lowest level in two years. Attractiveness of equity financing decreased for public company CFOs (from 43% to 36%) and increased for private company CFOs (from 35% to 45%).

### Decreasing appetite for risk-taking

Fifty-eight percent of CFOs say now is a good time to be taking greater risk—down from last quarter’s survey high 69% and in line with the levels from a year ago.

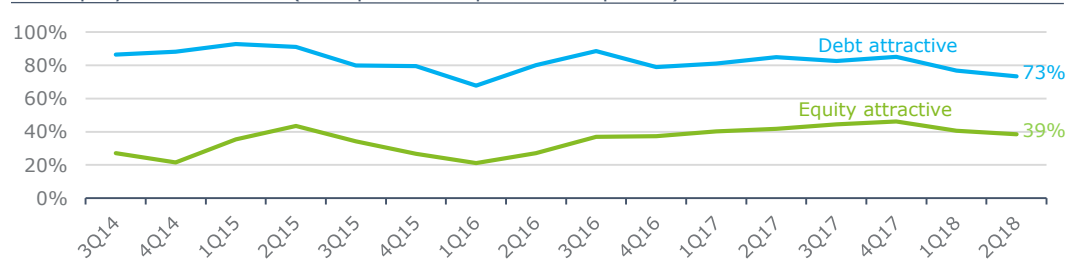
### Equity market valuations

How do you regard US equity market valuations? Percent of CFOs saying markets are overvalued, undervalued, or neither (compared to S&P 500 price at survey midpoint)



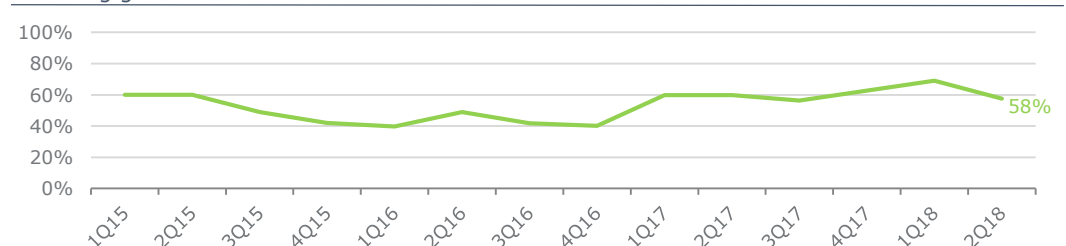
### Debt/equity attractiveness

How do you regard debt/equity financing attractiveness? Percent of CFOs citing debt and equity attractiveness (both public and private companies)



### Risk appetite

Is this a good time to be taking greater risk? Percent of CFOs saying it is a good time to be taking greater risk





# Sentiment

## Most worrisome risks

**Under pressure to execute on their growth plans, CFOs voice growing internal concerns about driving initiatives and finding talent. They still express strong external concerns about politics (especially around trade policy), and their past worries about economic growth returned.**

Prior to 2017, CFOs' top external risks centered heavily on slow economic growth. With global economic performance improving over the last several quarters, CFOs' worries shifted toward their companies' ability to capitalize on opportunities and potential threats to continued economic performance.

This quarter, CFOs voiced continuing concerns about US political turmoil and policy uncertainty, with escalating concerns about trade policy in particular. They also raised growing worries about geopolitics, inflation, and interest rates. Moreover, worries about economic growth (which have declined over the last several quarters) began to rise again.

When it comes to internal risks, talent concerns again top CFOs' list. With CFOs citing growing struggles to execute on initiatives supporting their growth strategies, their focus on talent acquisition, quality, and retention further intensified. Worries about complacency and the need to improve prioritization and focus also increased.

**Please see the full report for specific CFO comments by industry.**

### Most worrisome risks

*What external and internal risk worries you the most? Paraphrasing and normalization of CFOs' most common free-form comments*

#### External risks

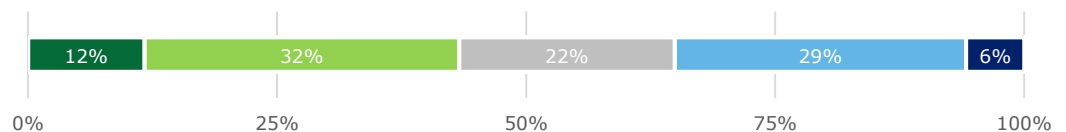


#### Internal risks



### Growth constraints

*Which factors (external or internal) are most constraining your company's performance?*



■ Much more external ■ More external ■ Neutral ■ More internal ■ Much more internal



# Sentiment

## Optimism regarding own-company prospects

**After hitting a new high last quarter, net optimism declined this quarter, but remains relatively strong—despite substantial weakness in Mexico and Healthcare/Pharma.**

Net optimism hit a survey-high +50 in 1Q17, then another new high last quarter at +54. This quarter's net optimism declined to +39—significantly down, but still quite strong by historical standards. Forty-eight percent of CFOs expressed rising optimism (down from 60%), and 9% cited declining optimism (up from 6%).

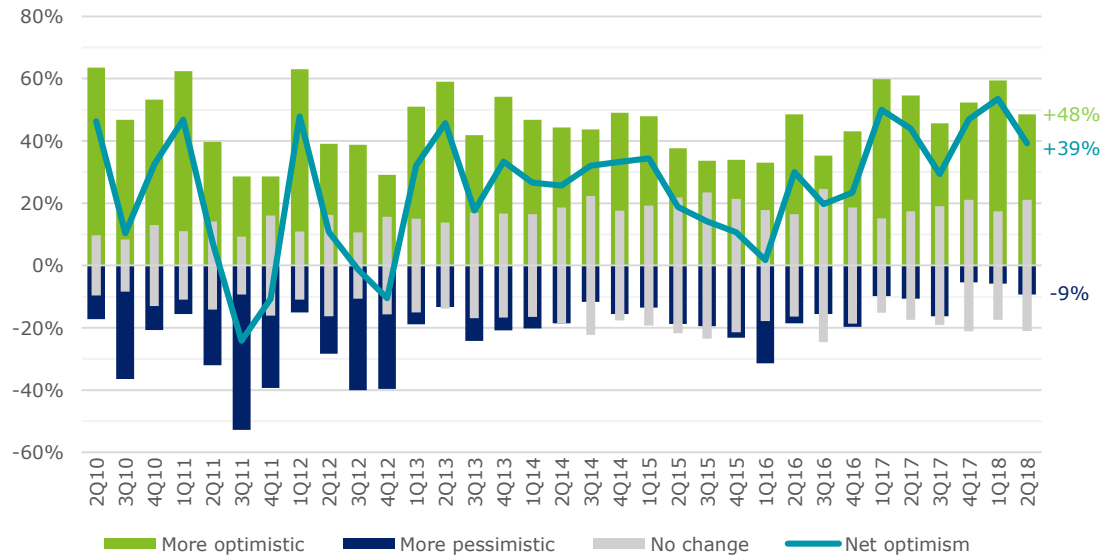
Net optimism for the US declined from +55 last quarter to +42 this quarter. Canada declined from +47 to +33, while optimism in Mexico fell sharply from +38 to zero.

Sentiment was particularly strong in Services and Technology—both of which came in above +50. Retail/Wholesale and Manufacturing both declined sharply from last quarter's highs (both were above +60). Healthcare/Pharma declined sharply to -33.

**Please see the full report for charts specific to individual industries and countries.**

### Own-company optimism

How does your optimism regarding your company's prospects compare to last quarter? Percent of CFOs citing higher optimism (green bars), lower optimism (blue bars), and no change (gray bars); net optimism (line) is difference between the green and blue bars



### Net optimism by country and industry (2Q18)

Category	Net optimism (%)
Total	+39.2
US	+41.7
Mexico	+0.0
Canada	+33.3
Manufacturing	+41.0
Retail/Wholesale	+39.1
Technology	+52.4
Energy/Resources	+41.2
Financial Services	+38.6
Healthcare/Pharma	-33.3
T/M/E*	+40.0
Services	+66.7

\* Please note very small sample size this quarter.

Red = relative lows  
Green = relative highs

# Expectations

## Business focus for next year

**The focus on revenue growth over cost reduction reached a new survey high, and the bias toward investing cash over returning it remained among its recent highs.**

Approximately 67% of CFOs say they are biased toward revenue growth (among the highest levels in survey history), and only 17% claim a bias toward cost reduction (one of the lowest levels) for a net value of +50% (a new survey high). The bias toward investing cash over returning it to shareholders (56% versus 18%) decreased slightly but remains among its highest levels in the past five years at +38%.

CFOs' bias toward new versus current product/service offerings shifted this quarter (40% versus 35%, for a net of +5%). The bias toward current geographies over new ones increased somewhat (59% versus 16%, for a net of -43%).

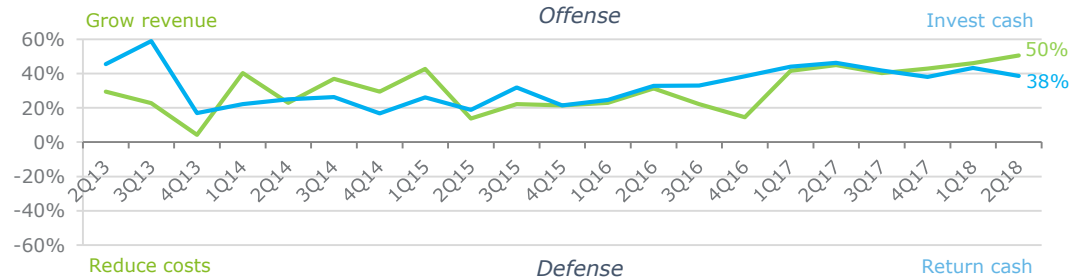
The recent strong bias toward organic growth over inorganic growth continued this quarter and reached a new survey high (67% versus 17%, for a net of -50%).

**Please see the full report for charts specific to individual industries.**

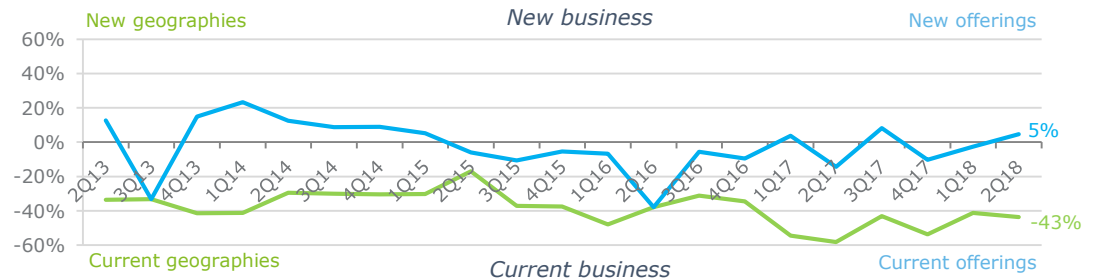
### Business focus

*What is your company's business focus for the next year? Net percent of CFOs citing a stronger focus on the top choice than on the bottom choice (e.g., grow revenue vs. reduce costs)*

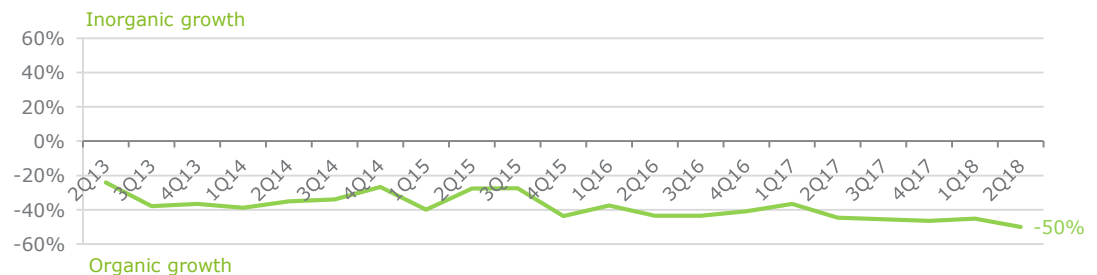
#### Offense vs. defense



#### New business vs. current business



#### Inorganic growth vs. organic growth



# Expectations

## Growth in key metrics, year-over-year

**After hitting multi-year highs last quarter, key growth metrics continued to climb this quarter. Capital spending remained strong in the US, but weakened in Canada and Mexico. Technology, and Retail/Wholesale showed substantial improvement.**

**Revenue growth rose** from 5.9% to 6.3%, its highest level in nearly four years. The US rose to a two-year high. Canada rose above its two-year average, and Mexico rose to a three-year high. Technology leads; Services and Manufacturing trail.

**Earnings growth rose** from 9.8% to 10.3%, its highest level in three years. The US declined slightly, but remains near its three-year high. Canada rose to its highest level in nearly four years, while Mexico rose to its five-year high. Technology\* leads; Healthcare/Pharma trails.

**Capital investment declined** from 11.0% to 10.4%, but remains at one of the highest levels in the last six years. The US remained near its five-year high. Canada declined and is below its two-year average; Mexico declined sharply to near its two-year average. Manufacturing and Retail/Wholesale are again highest; Healthcare/Pharma and Technology are lowest.

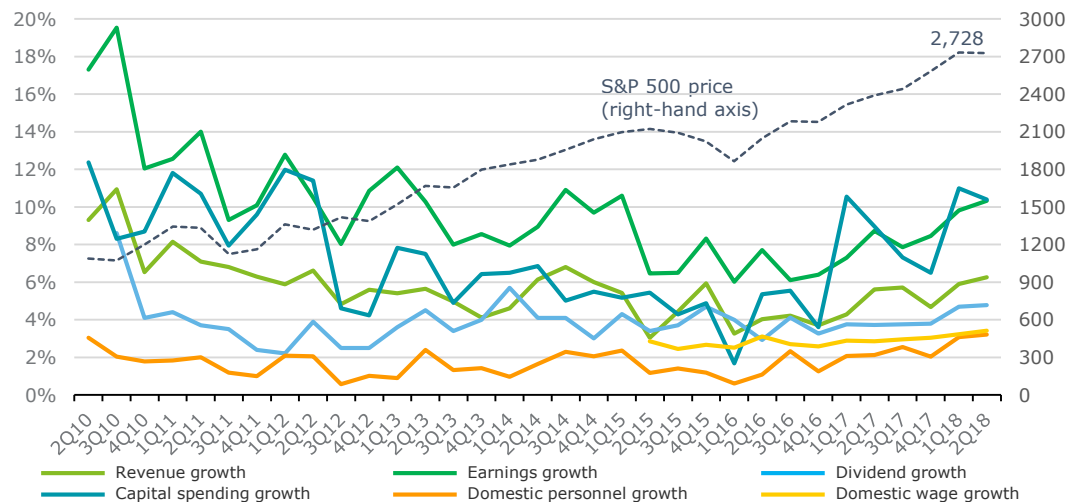
**Domestic personnel growth rose** from 3.1% to 3.2%, a new survey high. The US remained at last quarter's high; Canada rose to its second-highest level in five years; Mexico rose to its second-highest level in three years. Technology and Retail/Wholesale lead; T/M/E\* trails.

**Please see the full report for charts specific to individual industries and countries.**

\* Please note that, due to a very small sample size, T/M/E was not used as an industry comparison point.

### Growth expectations

Compared to the past 12 months, how do you expect the following metrics to change over the next 12 months? CFOs' expected year-over-year company growth in key metrics (compared to the value of the S&P 500 index at the survey midpoint)



### YOY growth expectations by country and industry (2Q18)

	Total	US	Mexico	Canada	Manufacturing	Retail/ Wholesale	Technology	Energy/ Resources	Financial Services	Healthcare/ Pharma	T/M/E*	Services
Revenue	6.3%	6.0%	9.7%	7.7%	5.4%	6.7%	8.0%	6.9%	6.1%	5.9%	7.3%	4.4%
Earnings	10.3%	10.2%	13.4%	10.7%	10.4%	10.2%	10.9%	9.0%	10.4%	7.4%	16.4%	9.4%
Capital spending	10.4%	10.5%	13.5%	5.9%	15.0%	14.8%	6.3%	7.1%	7.9%	2.8%	8.3%	12.7%
Domestic personnel	3.2%	3.0%	5.5%	4.3%	2.8%	3.9%	4.3%	2.8%	2.9%	3.3%	0.3%	3.1%
Dividends	4.8%	4.8%	6.4%	3.4%	5.7%	5.3%	0.0%	3.2%	4.6%	5.8%	9.0%	9.4%
Domestic wages	3.4%	3.3%	4.6%	3.6%	3.1%	3.2%	4.4%	3.3%	3.5%	3.3%	2.8%	3.6%

\* Please note very small sample size this quarter.

Red = relative lows  
Green = relative highs

# Special topic: CFOs' scope of responsibility

## Business functions reporting directly and indirectly to the CFO

**Many CFOs appear to be taking on broader responsibility for business planning, IT/data, and risk. There are notable industry differences, especially around operations/services and risk.**

**Core finance:** The most common direct-reporting functions were controllership, treasury, corporate finance, FP&A, tax, and investor relations. Management reporting and financial reporting were more likely to report indirectly to the CFO.

**Business planning:** Just over half of CFOs say development/M&A reports to them, with 40% citing direct reporting. Nearly 60% say business analytics (beyond FP&A) reports to them, but only 22% cite direct reporting. Forty-seven percent claim responsibility for strategic planning (35% cite direct reporting).

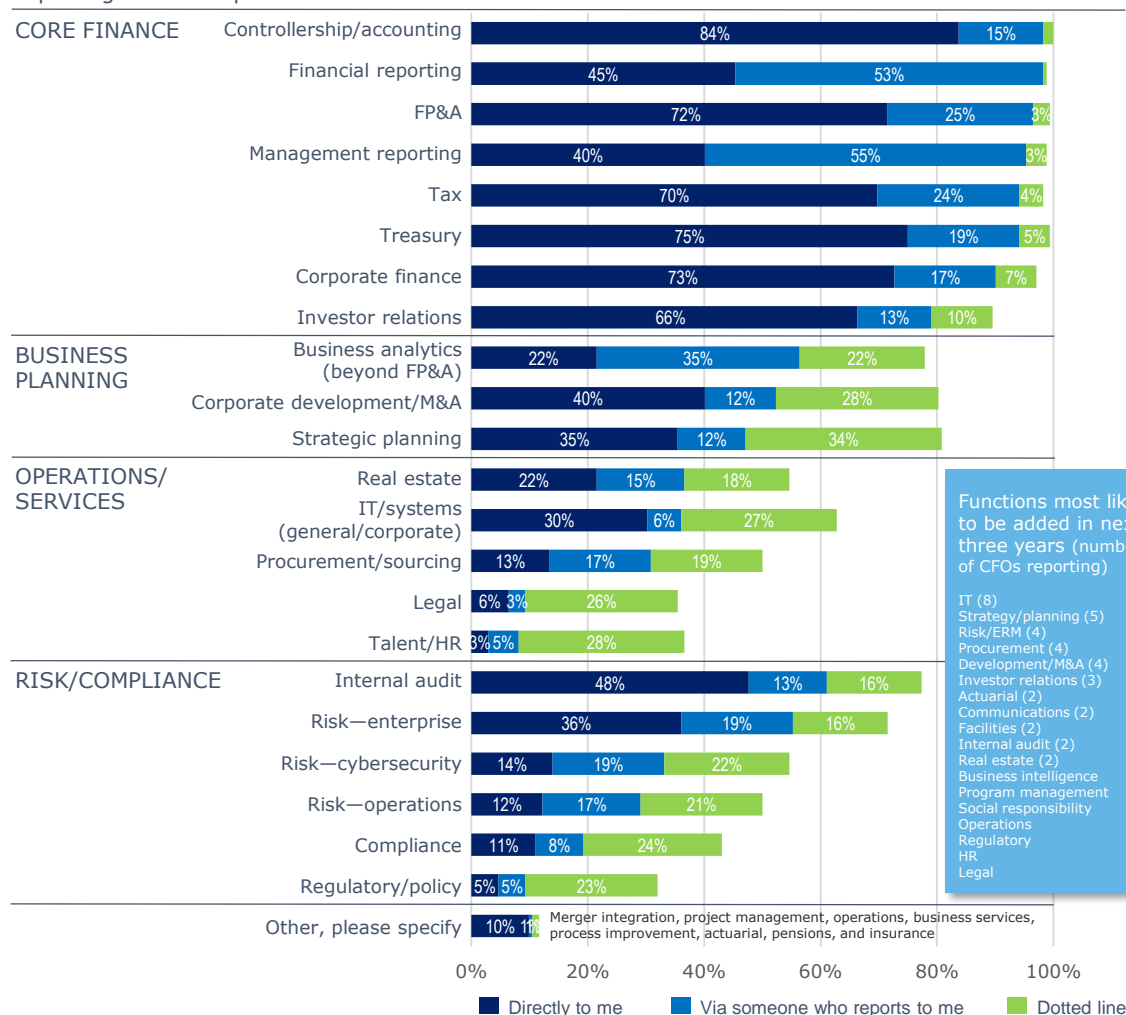
**Operations and services:** IT responsibility was claimed by 36% of CFOs (30% cite direct reporting), and CFOs rated it the most likely function to be added to their responsibilities in the future. Thirty-seven percent claim ownership of real estate (22% cite direct reporting), and 30% have responsibility for procurement (only 13% cite direct reporting).

**Risk/compliance:** Just over 60% of CFOs claim responsibility for internal audit (48% cite direct reporting), and 55% claim responsibility for enterprise risk (35% with direct reporting). CFOs said risk-related responsibilities are among the most likely to be added to their responsibility scope over the next three years.

**Please see the full report for charts specific to individual industries.**

### CFOs' functional responsibility

How do the following functions report to you? Percent of CFOs selecting each type of reporting relationship



# Special topic: CFOs' experience/expertise

## Roles prior to current CFO role

**FP&A, business unit CFO, controller, and corporate finance roles were CFOs' most common prior roles, but there were considerable differences by age and industry. Younger CFOs were comparatively more likely to cite investor relations and strategy roles.**

Overall, CFOs were most likely to report a prior FP&A, business unit CFO, or controller role—with more than 40% of CFOs reporting each. The FP&A role's top ranking (at 47%) was driven mostly by CFO responses in the 41-50 age group, where about 60% reported this role. The business unit CFO role was relatively common for CFOs in the 46-55 age range, and the controller role was most common among CFOs over 60.

Nearly 40% of CFOs reported prior corporate finance and corporate CFO roles, driven mostly by CFOs over 50. CFOs over 55 were comparatively high for prior Chief Accounting Officer, internal audit, and operations roles.

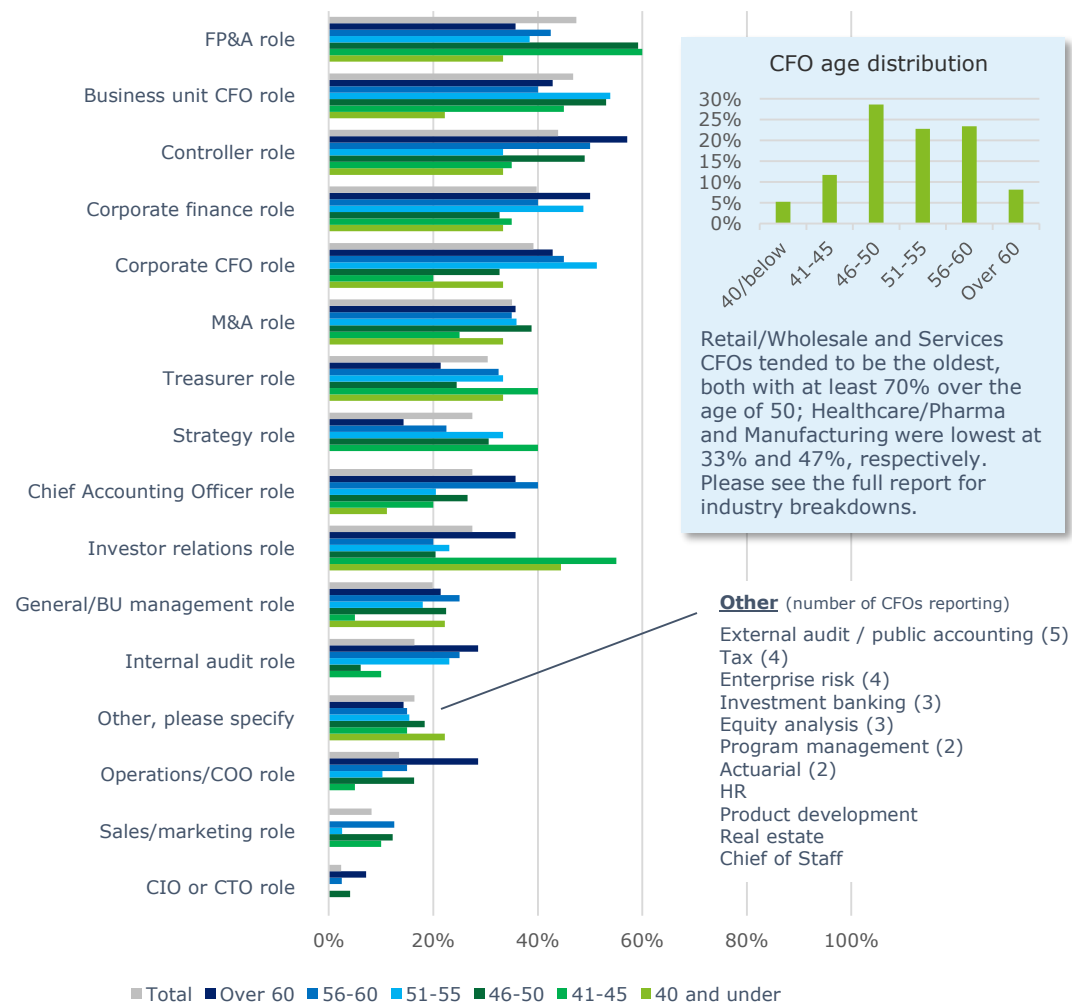
CFOs 45 and under were comparatively very high for prior investor relations roles (at more than 45%), and those 50 and under were also relatively high for prior strategy and sales/marketing roles.

Industry differences were substantial. For example, Services and Technology were very high for the controller role, while Retail/Wholesale was very high for corporate finance and prior corporate CFO roles.

**Please see the full report for charts specific to individual industries.**

### CFOs' prior roles

*What prior roles did you bring to your current CFO role?*  
Percent of CFOs selecting each role (by age range)



# Special topic: CFOs' experience/expertise

## Key non-finance experience for CFOs' successors

**Aside from technical finance experience, CFOs recommend that their successors have backgrounds that enable them to play strong roles around strategy formulation and implementation. There are substantial differences by industry.**

Just over 60% of CFOs rated corporate strategy among the top three experiences that will be important for their successor. This experience was rated highly across all industries except T/M/E\*, and was particularly strong in Energy/Resources at 82%.

Fifty-five percent of CFOs rated industry experience in their top three, with a stronger presence in Energy/Resources and Financial Services (at 82% and 67%, respectively). Investor relations was third at just under 50%, with Services, Retail/Wholesale, and Energy/Resources higher at 75%, 61%, and 59%, respectively.

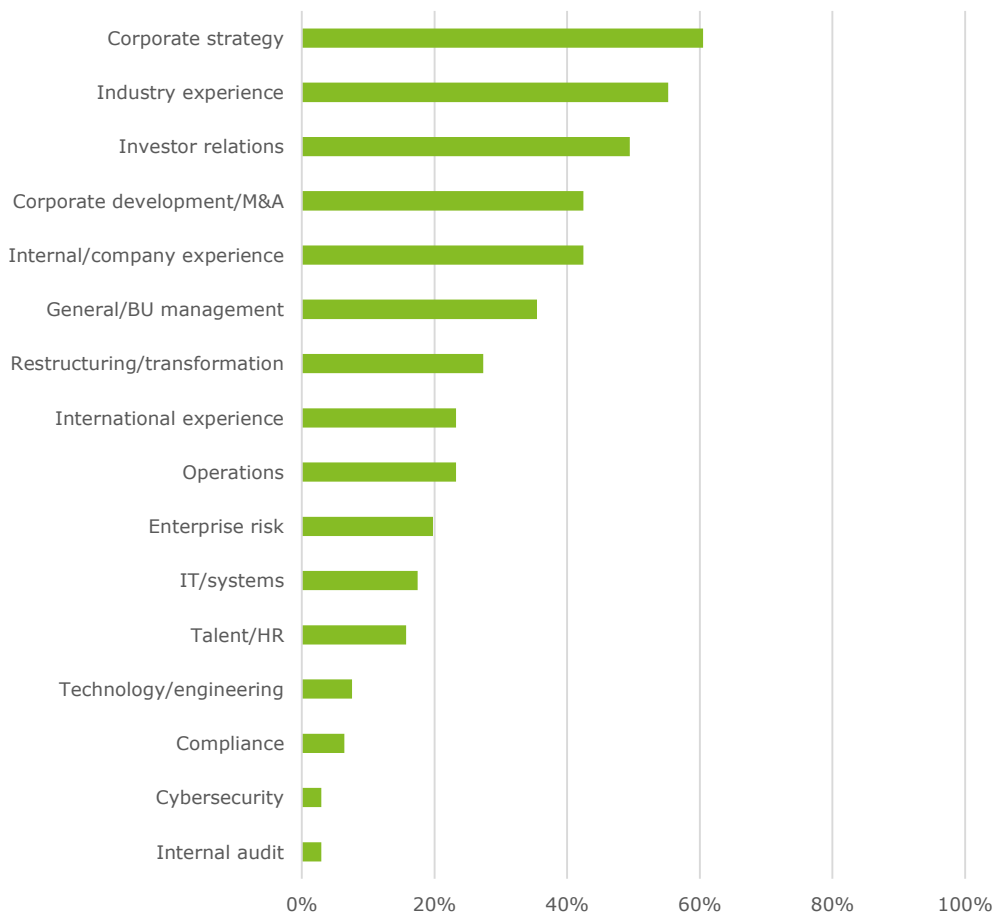
CFOs' second-tier recommendations included corporate development/M&A and internal company experience (both at 42%), with Retail/Wholesale\* highest for the former (at 57%) and with Healthcare/Pharma and Energy/Resources highest for the latter (both about 65%). General/BU management was next at 35%, with Technology highest at 57%.

Other experiences were less likely to appear in CFOs' top three on a cross-industry basis, but were more common for some industries.

**Please see the full report for charts specific to individual industries.**

### Key experience for CFOs' successors

*Other than technical financial experience, what experience is most important for your successor? Percent of CFOs selecting each type of experience in their top three*



\* Please note that, due to a very small sample size, T/M/E was not used as an industry comparison point.



# Special topic: CFOs' legacy

## Desired legacy for their companies, their teams, and themselves

**Overall, CFOs say they want to leave behind companies and finance functions that are world-class and positioned to perform even better after they are gone.**

When it comes to the legacy they want to leave for their company, CFOs were likely to cite a positive impact on company performance during their tenure, and also a strong influence on the company's ability to perform well in the future. In particular, they mentioned value creation through growth, operational effectiveness, and better competitiveness.

For their own team, many said they want to leave behind a finance organization that is regarded as best-in-class—known for very strong talent, and regarded as a very strong partner to the business. They also said they want their team to be known for providing valuable insight, efficiency, and a culture of high morale and rewarding work.

Finally, when it comes for the legacy they want to leave for themselves, CFOs overwhelmingly said they want to have made a difference for their company and to have left things better than they found them. From a professional perspective, many said they want to be known as strong leaders who drove solid company performance and built a top flight finance function. From a talent and relationship perspective, they said they want to be known for developing people, being a strategic partner, and acting with integrity.

**Please see the full report for charts specific to individual age groups.**

### CFOs' legacies

*When you complete your current CFO role, what do you want your legacy to be?*

*Paraphrasing and normalization of CFOs' most common free-form comments*

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#### For your company

Strong operational effectiveness/efficiency  
**Best-in-class shareholder value creation**  
**Achieving/positioned for growth**  
Better strategy / more competitive  
Company known as best in industry/market  
Solidly capitalized, de-risked

#### For your finance team

Strong controls/reliability  
Strong ability to provide insight  
Known for attracting/developing deep talent  
**Regarded as strong partner to the business**  
Regarded as best-in-class  
High efficiency/automation  
Known for culture/morale and rewarding work  
Strong technology/data infrastructure

#### For yourself

Developed professionally / new competency  
Built strong finance function  
Developed people/talent  
Created better company/financial performance  
**Made a difference / left things better**  
Regarded as good leader / role model  
Regarded as great/strategic partner  
Known for integrity/honesty/ethics



# **Appendix**

Longitudinal data and survey  
background

# Longitudinal trends

## Cross-industry expectations and sentiment (last 24 quarters)

### CFOs' year-over-year expectations<sup>1</sup>

(Mean growth rate, median growth rate, percent of CFOs who expect gains, and standard deviation of responses<sup>2</sup>)

			CFOs' year-over-year expectations																				Survey mean	2-year mean					
			3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17			3Q17	4Q17	1Q18	2Q18	
Operating results	Revenue	mean	4.8%	5.6%	5.4%	5.7%	5.0%	4.1%	4.6%	6.1%	6.8%	6.0%	5.4%	3.1%	4.4%	5.9%	3.3%	4.0%	4.2%	3.7%	4.3%	5.6%	5.7%	4.7%	5.9%	6.3%	5.7%	5.0%	
		median	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%	4.5%	5.0%	3.0%	4.0%	4.0%	4.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.6%
		%>0	82%	83%	81%	84%	78%	82%	90%	90%	89%	90%	86%	78%	79%	82%	78%	72%	83%	82%	85%	89%	92%	87%	91%	92%	84%	88%	
		standard deviation	5.7%	6.3%	5.9%	4.5%	5.1%	4.9%	3.9%	4.5%	5.9%	4.0%	6.4%	6.3%	5.4%	6.8%	5.1%	6.7%	4.8%	3.9%	3.7%	4.4%	3.9%	4.0%	4.1%	4.6%	5.6%	4.2%	
Earnings	mean	8.0%	10.9%	12.1%	10.3%	8.0%	8.6%	7.9%	8.9%	10.9%	9.7%	10.6%	6.5%	6.5%	8.3%	6.0%	7.7%	6.1%	6.4%	7.3%	8.7%	7.9%	8.4%	9.8%	10.3%	9.8%	8.1%		
	median	6.0%	7.0%	10.0%	10.0%	9.0%	8.0%	7.0%	8.0%	8.0%	8.0%	8.0%	5.0%	8.0%	7.0%	5.0%	6.0%	6.0%	8.0%	8.0%	7.5%	8.0%	8.0%	8.0%	10.0%	7.9%	7.6%		
	%>0	84%	76%	84%	83%	82%	82%	84%	83%	90%	86%	79%	79%	79%	82%	79%	76%	81%	81%	89%	88%	90%	86%	88%	94%	84%	87%		
	standard deviation	9.7%	16.8%	14.1%	9.6%	8.1%	9.3%	7.5%	9.8%	8.6%	6.9%	17.1%	11.6%	11.0%	10.5%	9.1%	13.5%	7.0%	7.1%	5.6%	8.6%	5.7%	7.5%	7.7%	7.0%	12%	7%		
Investment	Dividends	mean	2.5%	2.5%	3.6%	4.5%	3.4%	4.0%	5.7%	4.1%	4.1%	3.0%	4.3%	3.4%	3.7%	4.7%	4.0%	2.9%	4.1%	3.3%	3.8%	3.7%	3.8%	3.8%	4.7%	4.8%	4.0%	4.0%	
		median	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
		%>0	30%	29%	38%	40%	39%	37%	47%	45%	45%	44%	47%	43%	45%	45%	46%	42%	43%	43%	43%	46%	43%	45%	49%	47%	40%	45%	
		standard deviation	4.2%	5.3%	5.7%	5.8%	4.7%	6.7%	7.3%	6.1%	4.8%	3.8%	5.9%	5.3%	4.7%	7.0%	6.0%	4.7%	7.6%	3.9%	4.7%	5.5%	6.0%	5.8%	6.6%	6.3%	6%	6%	
Capital spending	mean	4.6%	4.2%	7.8%	7.5%	4.9%	6.4%	6.5%	6.8%	5.0%	5.5%	5.2%	5.4%	4.3%	4.9%	1.7%	5.4%	5.6%	3.6%	10.5%	9.0%	7.3%	6.5%	11.0%	10.4%	7.4%	8.0%		
	median	3.0%	0.0%	0.0%	3.5%	2.4%	3.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	2.0%	5.0%	0.0%	4.0%	2.0%	3.0%	5.0%	5.0%	4.5%	3.0%	5.0%	5.0%	4.2%	4.1%		
	%>0	53%	43%	57%	57%	54%	59%	57%	64%	60%	62%	63%	59%	53%	59%	50%	61%	58%	66%	61%	59%	66%	61%	59%	70%	73%	60%	64%	
	standard deviation	9.5%	15.3%	17.6%	11.7%	9.0%	11.2%	13.2%	12.1%	8.9%	10.9%	12.7%	16.5%	11.5%	12.4%	11.2%	16.0%	10.7%	11.4%	20.9%	17.8%	14.2%	12.2%	14.9%	12.2%	14%	14%		
Talent	Number of domestic personnel	mean	0.6%	1.0%	0.9%	2.4%	1.3%	1.4%	1.0%	1.6%	2.3%	2.1%	2.4%	1.2%	1.4%	1.2%	0.6%	1.1%	2.3%	1.3%	2.1%	2.1%	2.6%	2.0%	3.1%	3.0%	1.8%	2.3%	
		median	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%	0.0%	1.5%	0.0%	0.0%	1.0%	1.0%	1.0%	2.0%	2.0%	1.0%	2.0%	2.0%	0.8%	1.4%	
		%>0	40%	40%	43%	46%	47%	48%	42%	58%	58%	60%	58%	49%	57%	50%	47%	55%	53%	48%	57%	62%	59%	54%	66%	65%	53%	58%	
		standard deviation	4.1%	3.9%	4.9%	9.6%	5.6%	4.4%	4.9%	3.9%	4.5%	3.6%	3.1%	4.5%	4.8%	3.6%	3.0%	3.8%	3.1%	2.3%	1.9%	2.7%	3.8%	3.3%	4.4%	4.4%	4.7%	3%	

### CFOs' own-company optimism<sup>3</sup> and equity market performance

		CFOs' own-company optimism and equity market performance																				Survey mean	2-year mean								
		3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17			3Q17	4Q17	1Q18	2Q18				
Optimism	Optimism (% more optimistic)	38.8%	29.1%	51.0%	59.0%	41.9%	54.2%	46.8%	44.3%	43.7%	49.0%	47.9%	37.6%	33.6%	33.9%	33.1%	48.6%	35.2%	43.1%	59.9%	54.6%	45.6%	52.4%	59.4%	48.5%	45.9%	49.8%				
	Neutrality (% no change)	21.2%	31.3%	30.1%	27.7%	33.9%	33.4%	33.0%	37.2%	44.6%	35.3%	38.5%	43.6%	46.9%	42.9%	35.6%	32.9%	49.2%	37.2%	30.3%	34.8%	38.1%	42.2%	34.8%	42.1%	32.8%	38.6%				
	Pessimism (% less optimistic)	40.0%	39.6%	18.9%	13.3%	24.2%	20.8%	20.2%	18.6%	11.7%	15.6%	13.5%	18.8%	19.5%	23.2%	31.4%	18.6%	15.6%	19.7%	9.9%	10.6%	16.3%	5.4%	5.8%	9.4%	21.1%	11.6%				
	Net optimism (% more minus % less optimistic)	-1.2%	-10.5%	32.1%	45.7%	17.7%	33.4%	26.6%	25.7%	32.0%	33.3%	34.4%	18.8%	14.2%	10.7%	1.7%	30.0%	19.7%	23.4%	50.0%	43.9%	29.4%	46.9%	53.5%	39.2%	22.6%	38.3%				
Equities	S&P 500 price at survey period midpoint	1,418	1,387	1,520	1,667	1,656	1,798	1,839	1,878	1,955	2,040	2,097	2,123	2,092	2,023	1,865	2,047	2,184	2,177	2,316	2,391	2,441	2,582	2,732	2,728	1,817	2,444				
	S&P gain/loss QoQ	7.7%	-2.2%	9.6%	9.7%	-0.7%	8.6%	2.3%	2.1%	4.1%	4.3%	2.8%	1.2%	-1.5%	-3.3%	-7.8%	9.8%	6.7%	-0.3%	6.4%	3.2%	2.1%	5.8%	5.8%	-0.1%	3.0%	3.7%				
	US equity valuations (% who say overvalued)																65.4%	60.2%	56.3%	29.7%	56.1%	71.3%	70.1%	80.3%	78.0%	83.1%	84.4%	75.5%	63.4%	67.2%	75.8%

<sup>1</sup> All means have been adjusted to eliminate the effects of stark outliers. The "Survey mean" column contains arithmetic means since 2Q10.

<sup>2</sup> Standard deviation of data winsorized to 5th/95th percentiles.

<sup>3</sup> Averages for optimism numbers may not add to 100% due to rounding.

Please contact [nacfosurvey@deloitte.com](mailto:nacfosurvey@deloitte.com) for data as far back as 2Q10.

# About the survey

## **Background**

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

## **Participation**

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

## **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 current and frequent responders 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.



### **IMPORTANT NOTES ABOUT THIS SURVEY REPORT:**

Participating CFOs have agreed to have their responses aggregated and presented.

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.

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