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CFO Signals™

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

1st quarter 2021

Full report

Dear CFOs,

The 1Q21 *CFO Signals* survey marks the 44th quarter that we've been tracking CFOs' expectations and sentiments on key metrics and the wide-ranging issues that affect them and their organizations. For many of you, those issues have been expanding over the last 12 months. As the world emerges from the pandemic—and hopefully, the related economic turmoil—CFOs' responses to this quarter's survey reveal shifts in seven key areas:

- **The CFO's role:** CFOs are experiencing higher demands from their executive/leadership teams, increased work and volume within their typical role, and, in many cases, broader functional responsibility.
- **Economic outlook:** CFOs reveal a brighter view of the North American and Chinese economies 12 months out, with 73% believing that North America's economy will be better or much better and 64% saying the same for China; meanwhile, 36% of CFOs expect Europe's economy to be better or much better a year out.
- **Own-company financial prospects:** CFOs show greater optimism for their organizations' financial prospects, with 67% reporting they are somewhat or significantly more optimistic compared to three months ago.
- **Risk-taking and risk concerns:** Nearly two–thirds of CFOs have an increased appetite to take greater risk (66% compared to 49% in the 4Q20 survey), perhaps in the search for growth in a post-pandemic environment. CFOs cite concerns for their talent's well-being, the ongoing pandemic, the economy's health, and regulatory developments.
- **Return to work on-site:** Plans for finance staff to return to work on-site post-pandemic will not necessarily be the traditional five days per week in the office. More than half (58%) of CFOs expect their finance staff to work two to three days on-site, with 31% expecting four or more days a week on-site.
- **Travel expenditures:** Nearly three-quarters (73%) of CFOs expect travel expenses post-pandemic to be 50% to 80% of pre-pandemic levels.
- **Finance improvement:** CFOs indicate FP&A, management reporting, and controllership/accounting as the top three core functions they would most like to improve, and if they could bolster their finance team with a particular skillset or expertise, it would overwhelmingly be data analytics and forecasting.

We know your schedules are hectic and thank those who participated in this quarter's survey, as well as those who take time to read this report. We hope you find your peers' responses helpful as you tackle an increasingly difficult job. Please contact me with questions and suggestions for how we can make *CFO Signals* more beneficial to you.

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About the survey
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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.

The 1Q 2021 survey was open from February 8-19, 2021. A total of 128 CFOs participated, 69% from public companies and 31% from privately held companies. For other information about participation and methodology, please contact nacfosurvey@deloitte.com.

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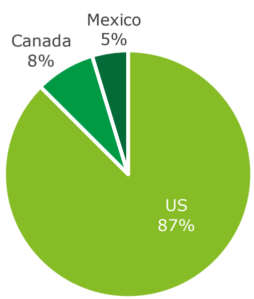
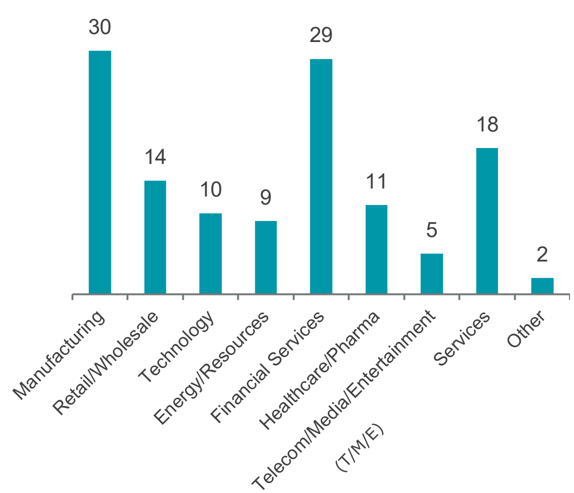
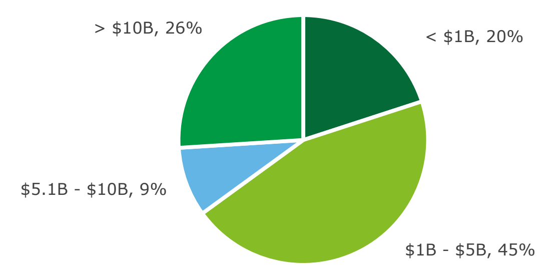
Participation by country



Participation by industry

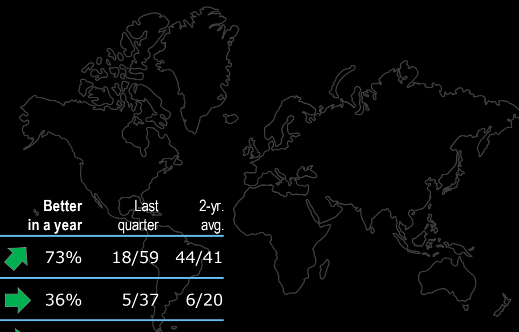


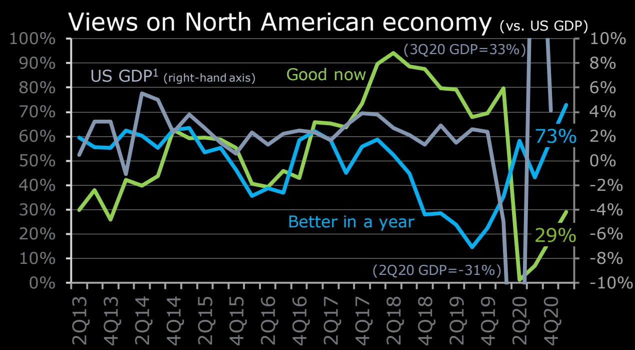
Participation by company size



CFO Signals™

1st Quarter 2021: Longitudinal business outlook highlights



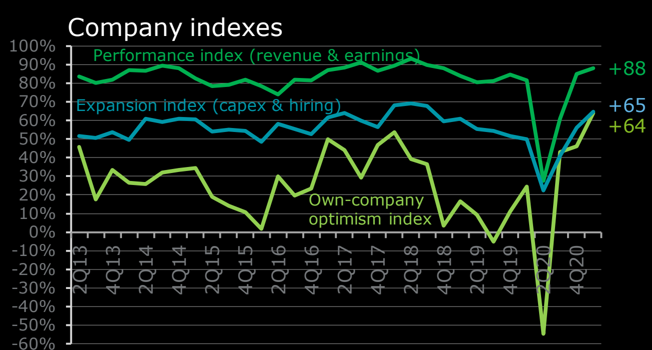


Economy optimism	Good now	Better in a year	Last quarter	2-yr. avg.
North America	29%	73%	18/59	44/41
Europe	7%	36%	5/37	6/20
China	57%	64%	47/60	26/35

[1] US GDP = percent change from preceding quarter in real US gross domestic product (source: Bureau of Economic Analysis table 1.1.1)

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

- The proportion of CFOs rating the current North American economy as good or very good rose from 18% to 29%, and only 13% rate it as bad or very bad, down from 26% in 4Q20. Those expecting better conditions in a year rose from 59% to 73%.
- Assessments of Europe's current and future economies held at 7% and 36%, respectively. Assessments for China's current economy rose again from 47% to 57%, and 64% expect better conditions in a year, up slightly from 60% in the previous survey.



Company optimism and growth	This quarter	Last quarter	2-yr. avg.
Own-company optimism (net)	+64	+46	+17
Revenue growth (YOY)	8.5%	7.7%	3.0%
Earnings growth (YOY)	12.8%	13.8%	4.4%
Capital investment growth (YOY)	10.2%	8.0%	2.9%
Domestic personnel growth (YOY)	2.7%	1.7%	0.6%

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

- The **own-company optimism index rose markedly** from +46 to +64 on strongly positive sentiment in all industries except Financial Services and Energy/Resources. (Index = percent of CFOs citing rising optimism regarding their company's prospects minus the percent citing falling optimism.)
- The **performance index increased** from +85 to +88 on recovering revenue and earnings growth expectations; Retail/Wholesale is by far the most optimistic about a YoY recovery. (Index = average of percentages of CFOs citing positive YOY revenue growth and earnings growth.)
- The **expansion index jumped** from +56 to +65 on higher capital spending expectations; Retail/Wholesale, Services, and Technology are very strong for investment. (Index = average of percentages of CFOs citing positive YOY capital spending growth and domestic hiring growth.)

Findings at a glance

After a tough year, CFOs express increased optimism and expectations for economic growth.

CFOs' outlooks appear to be improving overall and shifting upward for key operating metrics, with the exception of earnings growth. Despite myriad internal and external risks, including the well-being of talent, ongoing concerns over the pandemic, and the potential for increased taxes, CFOs have a greater appetite for risk-taking.

Perceptions

The economies — CFOs' perceptions of the North American economy are growing more positive, with 29% citing current conditions as good, compared to 18% the previous quarter. The good news is that just 13% of CFOs consider North America's economy as bad, compared to 26% and 60% in 4Q20 and 3Q20, respectively. Looking 12 months out, CFOs' perceptions appear rosier: 73% rate it as better, up from 59% in 4Q20. p. 8

Their perceptions of China's current economy are more positive, with 51% considering it good, and 6% as very good. A year from now, 53% and 11%, respectively, expect China's economy to be better or much better. p. 8

CFOs' perceptions of Europe's current economy are far less positive: Only 7% consider it good, and 48% view it as bad and 1% as very bad. A year out, a slightly more positive view emerges, with 36% of CFOs believing it will be better or much better, and just 8% of CFOs expecting it to be bad. p. 8

Capital markets — More than three-fourths (83%) of CFOs consider equity markets overvalued; 2% see them as undervalued, while the remainder stand somewhere in between. On debt financing, 61% of CFOs view it as very attractive and 30% somewhat attractive. Equity financing is very attractive and somewhat attractive for 18% and 37% of CFOs, respectively, while 17% consider it unattractive. p. 9

Risk-taking and risk concerns — Some 66% of CFOs think this is a good time to take on greater risks, up from 49% in 4Q20 and a survey high. Internal risks cited by CFOs include a concern for the well-being and retention of talent, strategy execution, and growth, as well as cost containment. Among the external risks they cite are ongoing concerns over the pandemic and timing of reopening, potential regulatory changes, the health of the economy, and cyberthreats. pp. 9-11

Sentiment

Company financial prospects — Compared to three months ago, more than half of CFOs (57%) feel somewhat more optimistic about their company's financial prospects, and 10% are significantly more optimistic. Only 3% are somewhat or significantly less optimistic, while the remainder see their company's financial prospects as broadly unchanged. p. 12

Expectations for key operating metrics (next 12 months)

Revenue and operating results — Expectations for revenue growth rose from last quarter's 7.7% to 8.5%—the highest reading in a decade. The US improved ahead of Canada and Mexico. Earnings growth expectations declined from last quarter's 13.8% to 12.8%. Canada and Mexico declined, while the US improved slightly. p.13

Dividends and capital expenditures — Expectations for dividend growth rose from last quarter's 2.5% to 3.3%—better, but still below the long-term survey average of 3.7%. Capital spending improved from last quarter's 8.0% to 10.2%—the highest level since 2018. Mexico significantly improved from 6.6% to 17.3%. p. 13

Domestic hiring and wages/salaries — Expectations for growth in domestic hiring rose from last quarter's 1.7% to 2.7%, led by the US, with Mexico weakest. Domestic wages/salaries increased overall to 3.1% (same for US) from 2.4%, led by Mexico. p. 13

Findings at a glance

Feature: Finance leadership beyond the pandemic

This quarter's survey asked CFOs about what might change in their finance organizations, their roles, and their companies in a post-pandemic environment compared to pre-pandemic conditions. Their responses indicate changing expectations, increasing demands of them and their teams, and shifts in how and when the work of finance might get done.

Return to pre-pandemic (or near-normal) operating levels

More than one-third (37%) of CFOs say their company is already at/above its pre-crisis (or near normal) operating level. Sixteen percent of CFOs estimate 3Q21 for when their company will return to pre-crisis or near normal operating levels, and another 16% estimate 4Q21. Worst scenario is 3Q22 or later when 10% of CFOs say their company will be back at pre-crisis operating levels. p. 14

COVID-19 vaccine requirements for return to work on-site

Eighteen percent of CFOs expect to require all employees or employees in some functional areas/roles (except those with a medical/religious reason, etc.) to receive a COVID-19 vaccination in order to return to physical premises/operations. Forty-one percent do not expect any vaccination requirements, although some will encourage vaccination, and 35% don't know or are undecided. p. 15

Travel expenses post-pandemic

Nearly three-quarters (73%) of CFOs expect travel expenses post-pandemic to fall between 50% to 80% of pre-pandemic levels. Twelve percent of CFOs expect they will be 81% to 100%, and 2% project they will be higher than pre-pandemic levels. p. 16

Pandemic's impact on the scope of the CFO's role

More than half of CFOs (54%) report having higher demands from their executive/leadership teams since the beginning of the pandemic, while 37% say they have more work/volume within the pre-pandemic areas of their functional responsibility. More than one-quarter (26%) indicate they now have broader functional responsibility, (e.g., more groups reporting to them) than prior to the pandemic. pp. 17-18

Lines of reporting for core and non-core functions

In core finance, the functions that most commonly report directly to the CFO are controllership/accounting, treasury, corporate finance, FP&A, tax, and investor relations. Management reporting and financial reporting are more likely to report indirectly to the CFO. CFOs also have significant direct responsibility over internal audit and enterprise risk. p. 19

Finance operations

Slightly more than three-quarters of CFOs expect more of their finance work to be completed remotely post-pandemic compared to pre-pandemic levels. Nearly a quarter expect to have fewer finance staff internally, and 21% expect more outsourced finance services. pp. 20-21

Expectations for finance staff to work on-site post-pandemic

Less than 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. While results vary by industry, some have similar expectations: 40% of CFOs in Manufacturing and Technology each selected four days or more, as did Services (39%) and Financial Services (38%). p. 22

Wish lists for functional improvement

FP&A and management reporting are by far the functions that CFOs would most like to improve, with 63% of CFOs citing FP&A and 46% management reporting. One-quarter of CFOs indicate controllership/accounting as the function they would most like to improve. That was followed by treasury, investor relations, internal audit, and financial reporting, and to a lesser degree tax and corporate finance. p. 23

Desired skillsets/expertise

Data analytics and forecasting are the skillsets CFOs would most like to bolster on their finance teams. Skills in technology, digital, and automation were the next most-often cited. Business knowledge, acumen, and judgment, including references to confidence and ability to deal with ambiguity, followed on CFOs' wish lists. Finally, a strategic mindset and communications skills were cited. p. 24

Topical findings

Perceptions

Assessments of regional economies

CFOs' perceptions of North America's current economy and conditions a year from now improved, continuing a shift from the previous quarter. Their perceptions of China's economy rose as well. CFOs' assessments of Europe's economy now and in a year are mostly unchanged from the previous quarter.

The rollout of COVID-19 vaccines appears to have buoyed CFOs' views on the North American and Chinese economies, and China's ongoing reopening may have added to the increased positivity. Still, discoveries of COVID-19 variants and the lingering social and economic fallout from the pandemic may account for some of the caution with which CFOs regard the current economies in North America, Europe, and China.

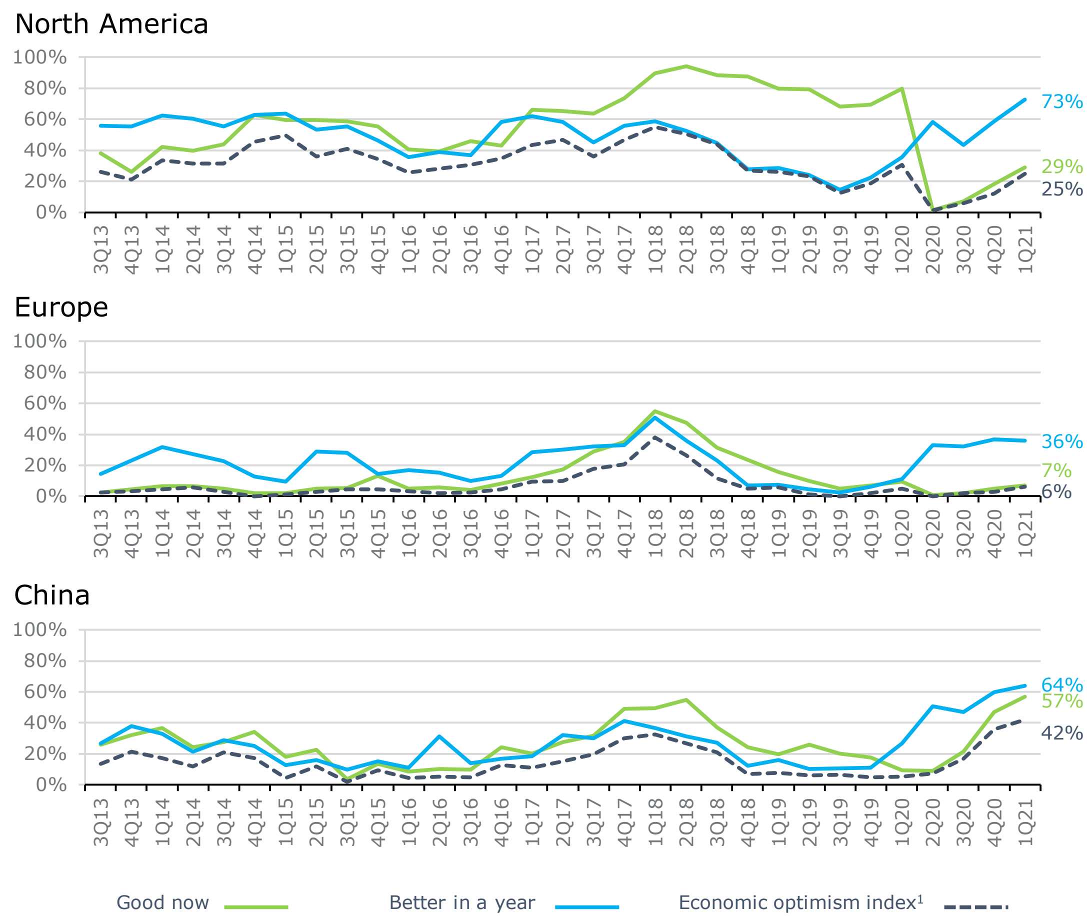
CFOs' assessments of North America's economy rose, with 29% citing it as good now and 73% as better or much better in the next 12 months. In 4Q20, 18% of CFOs considered current conditions good, and 59% thought they would be better in a year. Looking back to 2Q20, only 1% of CFOs rated the economy as good.

The percentage of CFOs viewing Europe's current conditions as good inched up from 5% in 4Q20 to 7%, and the percentage of those expecting improvement in a year fell slightly from 37% to 36%. The eurozone's worst decline in GDP (6.8%) in its history, debates over Brexit and European fiscal policy, and the emergence of COVID-19 variants might be a few of the factors influencing North American CFOs' views on Europe's economy.

Regarding China's economy, 57% of CFOs cite current conditions as good, and 64% expect they will be better in a year (47% and 60%, respectively, in 4Q20).

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)



[1] 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.

Perceptions

Assessments of markets and risk

Equities continue to be viewed as overvalued. At the time our 4Q20 survey closed in mid-November, the S&P 500 was at 3573 and moved to 3935 by the time the 1Q21 closed on February 19. The index has since dipped up and down. Eighty-three percent of CFOs (up from 80% in 4Q20) now say equity markets are overvalued, the sixth-highest level in the survey's 10-plus years' history. Just 2% say they are undervalued.

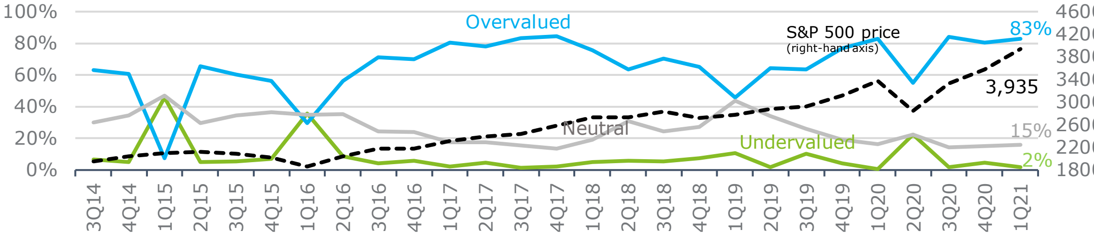
Attractiveness of debt financing nears survey high, while equity financing attractiveness hits a survey high. With continuing low interest rates (all 12 US Federal Reserve banks held the target rate range at 0%-0.25% in January), debt's attractiveness increased for 91% of CFOs, just below the survey high of 92.7% in 1Q15.

As equity markets maintained historic highs during the survey period, equity financing attractiveness rose overall from 44% in 4Q20 to 55% in this quarter's survey (from 46% to 70% for public company CFOs and from 41% to 58% for private company CFOs).

Appetite for risk-taking grows stronger. The proportion of CFOs saying now is a good time to be taking greater risk increased to 66%, edging close to the survey high of 69% in 1Q18, and a jump from 49% in 4Q20.

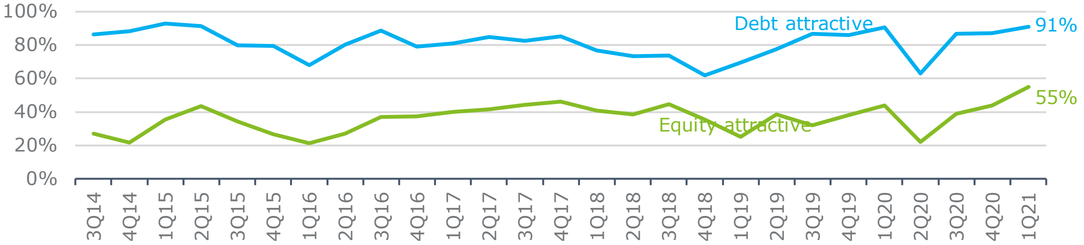
Equity market valuations

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)



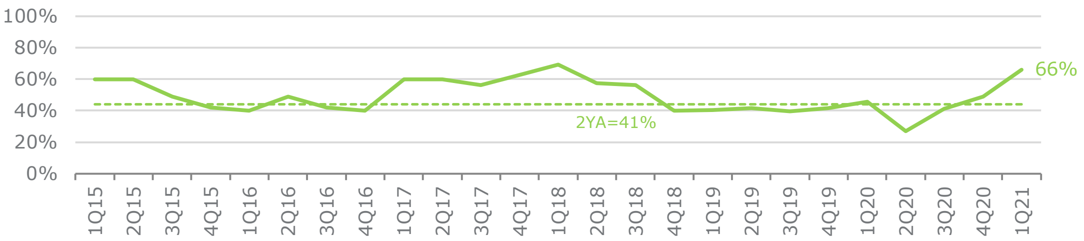
Debt/equity attractiveness

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



2YA = Two-year average

Perceptions

Assessments of internal risk

When CFOs were asked about what internal risks worry them the most, issues around talent remain top of mind.

The well-being of their talent—physical and mental—along with concerns over hiring and retention are among CFOs' chief internal worries this quarter. Keeping employees engaged, finding qualified talent, delaying the return to work on-site, and managing the transition to in-office work appear on the list as well.

CFOs also mentioned concerns over their teams being resistant to change or not being able to adapt quickly enough. There is also concern that external and technology environments are changing at a faster pace than what their employees can manage.

Turning to business matters, CFOs cite risks to strategy execution, including having to execute on multiple initiatives. Risks to acquisitions and their integration into the business, as well as risks to digital transformation plans and being able to scale quickly enough are also on CFOs' minds.

Accumulation of technical and operational debt to accommodate the high pace of change, and internal capabilities to achieve growth targets are other worries CFOs cite.

Assessment of internal risk factors

Overall, what internal risk worries you the most? Paraphrasing and normalization of CFOs' free-form comments

Perceptions

Assessments of external risk

When CFOs were asked about what external risks worry them most, the COVID-19 pandemic and related issues ranked high. CFOs also express concern over economic matters, regulations and policies, and cyber risk.

Although there is increasingly hopeful news about controlling the pandemic, the crisis and its potential impact remain a key concern for CFOs.

CFOs also worry about the economic fallout, including inflation, market volatility, increasing debt levels, and unintended consequences of prolonged fiscal and monetary support to combat COIVD-19 and its emerging variants.

In addition, changes in current regulations and policies are of concern, particularly with respect to both state and federal taxes.

Cyber risk and potential damage from a cyberattack weigh on the minds of CFOs as well, although to a somewhat lesser extent.

Assessment of external risk factors

Overall, what external risk worries you the most? Paraphrasing and normalization of CFOs' free-form comments

Sentiment

Optimism regarding own-company prospects

More than two-thirds of CFOs say they are more optimistic about their company's financial prospects now than they were three months ago.

Net optimism continued to rebound this quarter from +46 in 4Q20 to +64 in 1Q21, with 67% of CFOs expressing rising optimism and just 3% citing declining optimism.

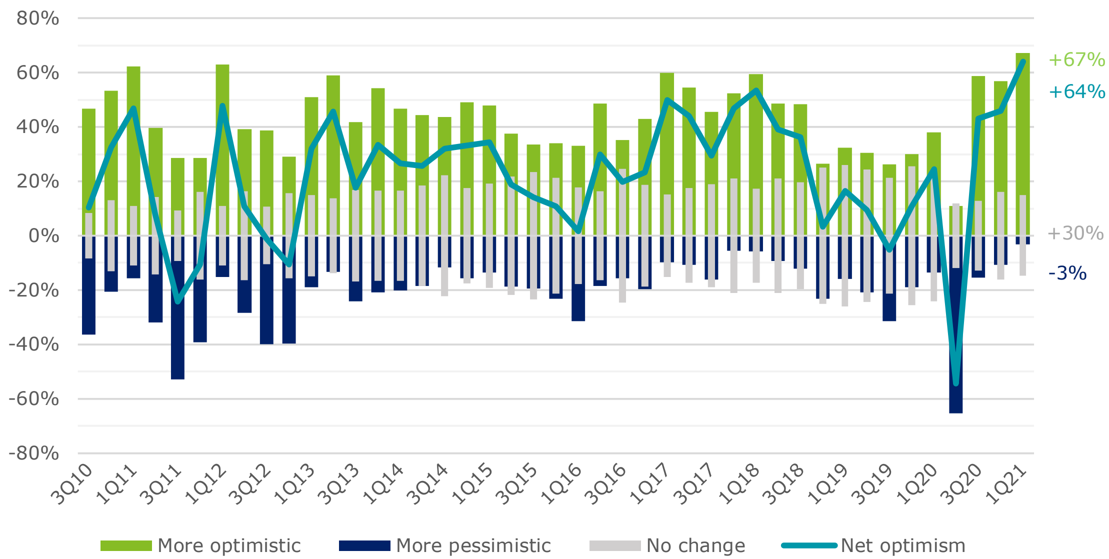
Net optimism among CFOs of US-based companies rose to +64 from +42. Net optimism among CFOs of companies based in Canada also rose from +62 to +70. It declined sharply among CFOs from Mexico-based companies, from +78 to +50.

Net optimism was highest among CFOs in Healthcare/Pharma (+82) and Technology (+80), followed by Manufacturing (+77) and Services (+72).

CFOs in Energy/Resources (+44) and Financial Services (+48) were the least optimistic.

Own-company optimism

Compared to three months ago, how do you feel now about the financial prospects for your company? Percent of CFOs citing higher optimism (green bars), lower optimism (blue bars), and no change (gray bars); net optimism (teal line) is the difference between the green and blue bars



Net optimism by country and industry

Total	US	Mexico	Canada	Manufacturing	Retail/ Wholesale	Technology	Energy/ Resources	Financial Services	Healthcare/ Pharma	T/M/E	Services
+64%	+64%	+50%	+70%	+77%	+50%	+80%	+44%	+48%	+82%	+60%	+72%

Red = relative lows
Green = relative highs

Expectations

Growth in key metrics, year-over-year

Despite the COVID-19 pandemic and continued uncertainty, expectations for key metrics, other than earnings, improved.

Revenue growth rose from last quarter's 7.7% to 8.5%—the highest level in a decade. The US improved ahead of Canada and Mexico. Retail/Wholesale continued to bounce back, reaching 15.8%. Services declined slightly, while Energy/Resources improved from 5.8% to 8.3%.

Earnings growth declined from last quarter's 13.8% to 12.8%. Canada and Mexico declined, while the US improved slightly. Retail/Wholesale led at 29.3%, with Manufacturing remaining above 15%, and Energy/Resources improving from 6.6% to 10.5%.

Dividend growth rose from last quarter's 2.5% to 3.3%—better, but still below the long-term survey average of 3.7%.

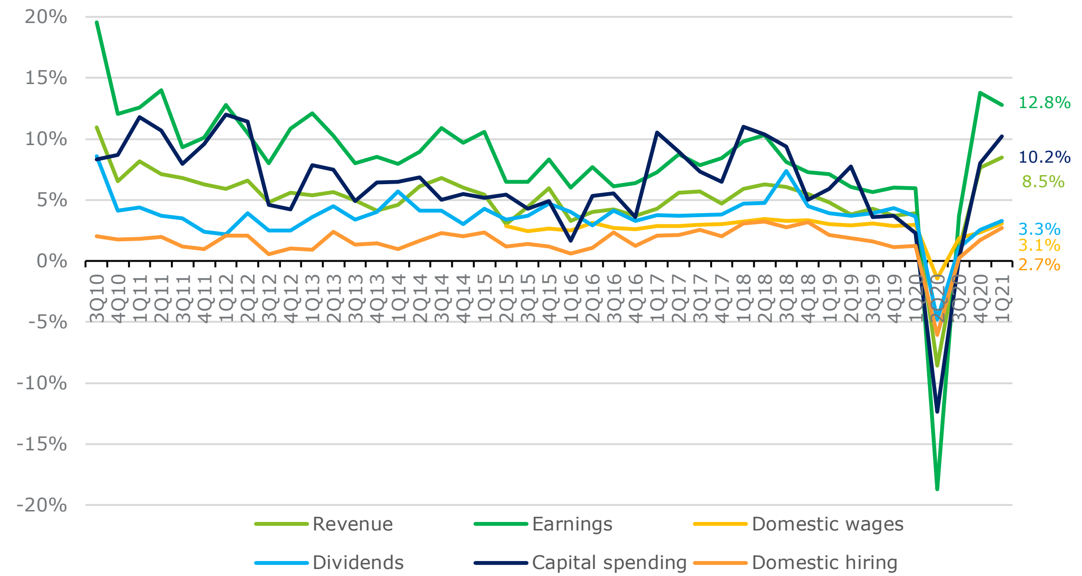
Capital spending improved from last quarter's 8.0% to 10.2%—the highest level since 2018. Mexico significantly improved from 6.6% to 17.3%. Services (13.8%) and Healthcare/Pharma (9.6%) both fell from last quarter, while Retail/Wholesale improved to 18.3%.

Domestic hiring growth rose from last quarter's 1.7% to 2.7%, led by the US. Industries were split, with Technology leading at 4.2%.

Domestic wages/salaries increased overall to 3.1% from 2.4%, with the greatest growth in Mexico (5.2%).

Performance and investment expectations

Compared to the past 12 months, how do you expect key metrics to change over the next 12 months? CFOs expect year-over-year company growth.



Expectations by country and industry

	Total	US	Mexico	Canada	Manufacturing	Retail/ Wholesale	Technology	Energy/ Resources	Financial Services	Healthcare/ Pharma	T/M/E	Services
Revenue	**8.5%**	8.7%	7.5%	6.5%	9.2%	15.8%	12.3%	8.3%	5.7%	5.8%	3.2%	7.0%
Earnings	**12.8%**	13.4%	11.0%	6.3%	15.5%	29.3%	12.8%	10.5%	7.0%	4.8%	2.6%	12.7%
Dividends	**3.3%**	3.2%	5.8%	2.8%	4.5%	2.3%	0.3%	1.8%	5.1%	4.6%	1.0%	1.9%
Capital spending	**10.2%**	9.8%	17.3%	9.5%	9.5%	18.3%	2.7%	4.1%	10.9%	9.6%	-1.0%	13.8%
Domestic hiring	**2.7%**	2.8%	2.2%	2.3%	3.6%	4.0%	4.2%	1.3%	2.3%	2.3%	-0.4%	2.1%
Domestic wages/salaries	**3.1%**	3.1%	5.2%	2.3%	3.0%	3.7%	4.5%	2.5%	2.6%	2.9%	2.0%	3.7%

Red = relative lows
Green = relative highs

Special topic: Finance leadership beyond the pandemic

Timing of return to normal operations

More than one-third (37%) of CFOs say their company is already at/above pre-crisis (or near normal) operating levels, but for 10%, recovery is significantly delayed.

These results show some improvement from the 4Q20 survey, when just 18% of CFOs said they were already at/above their pre-crisis operating levels or would be by the end of 2020.

Looking ahead, 2% and 3% of CFOs expect to return to near-normal operating levels in 1Q21 and 2Q21, respectively.

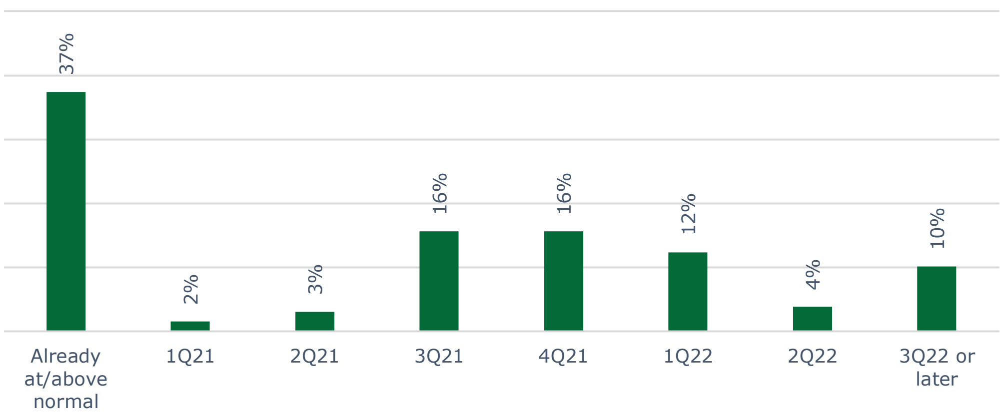
Sixteen percent of CFOs estimate 3Q21 for when their company will return to pre-crisis or near normal operating levels, and another 16% estimate 4Q21. Technology, T/M/E, and Services are the most likely to expect to be operating at pre-crisis or near normal levels by the end of 2021.

Twelve percent of CFOs say they expect to be at near-normal operating levels in 1Q22, and 4% estimate 2Q22.

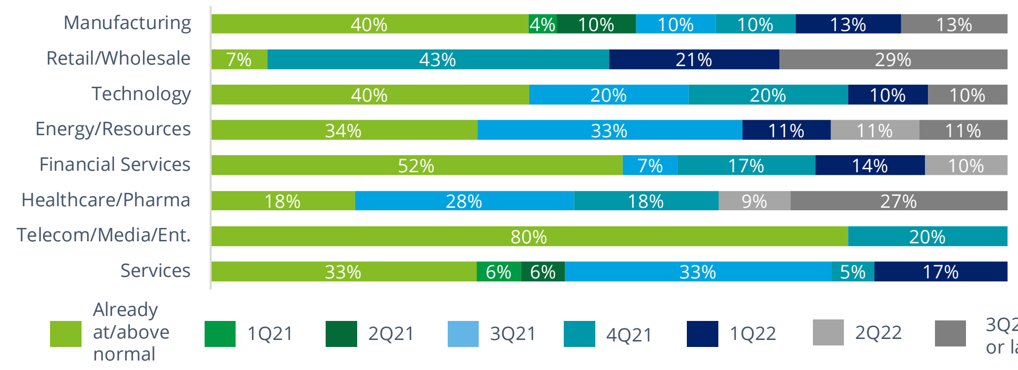
For 10% of CFOs (led by Retail/Wholesale and Healthcare/Pharma), a return to pre-crisis operating levels will likely not occur until 3Q22 or later.

Expected timing of return to near-normal operating levels

What is your best guess for when your company will return to a pre-crisis (or near-normal) level of operations? Percent of CFOs selecting each option/timing



Industry views



Note: Industry numbers may not add to total due to "Other" industry findings not included in this chart.

Special topic: Finance leadership beyond the pandemic

Expectations for vaccination requirements prior to returning to work on-site

Less than one-fifth (18%) of CFOs expect to require all employees or employees in some functional areas/roles to receive a COVID-19 vaccination in order to return to on-site work (with the exception of those with a medical/religious or other reason).

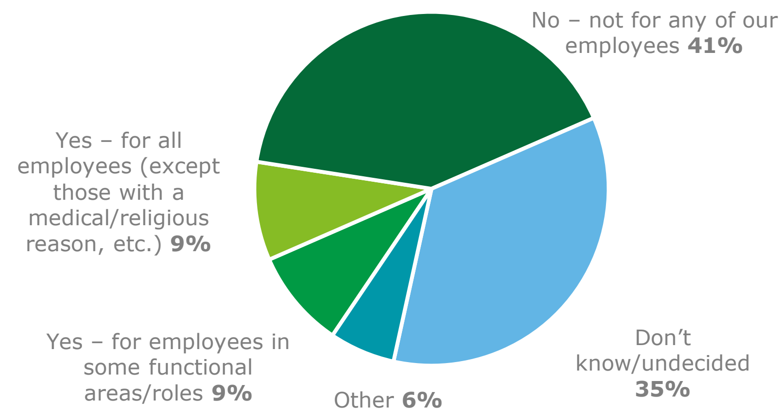
Among all industries, Healthcare/Pharma and Technology indicate the highest likelihood to require all employees or those in some functional areas or roles to be vaccinated, again with the exception of those who have a medical/religious or another reason for not doing so.

On the other hand, 41% of CFOs do not expect a COVID-19 vaccination to be required for any of their employees in order for them to return to work on-site. Energy/Resources, Services, and Financial Services are most likely not to expect a requirement for a vaccination.

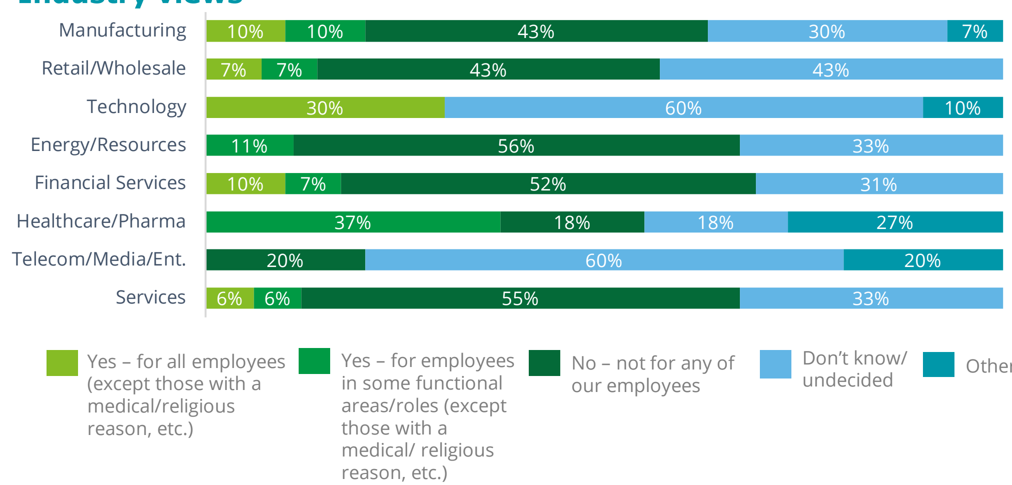
Thirty-five percent of CFOs indicate they do not know or are undecided about their company's plans to require a vaccination to return to work on-site.

Vaccination requirements prior to returning to on-site work

Do you expect to require employees to receive a COVID-19 vaccination in order to return to your physical premises/operations?



Industry views



Note: Industry numbers may not add to total due to "Other" industry findings not included in this chart.

Special topic: Finance leadership beyond the pandemic

Post-pandemic travel expenses

As organizations determine return-to-work strategies, they also are trying to understand how much employees might travel for work in a post-pandemic environment. Whatever is decided, expectations for travel expenses as a percentage of pre-pandemic levels are clearly decreasing.

Eighty-six percent of CFOs expect their post-pandemic travel expenses to be less than 81% of their pre-pandemic levels.

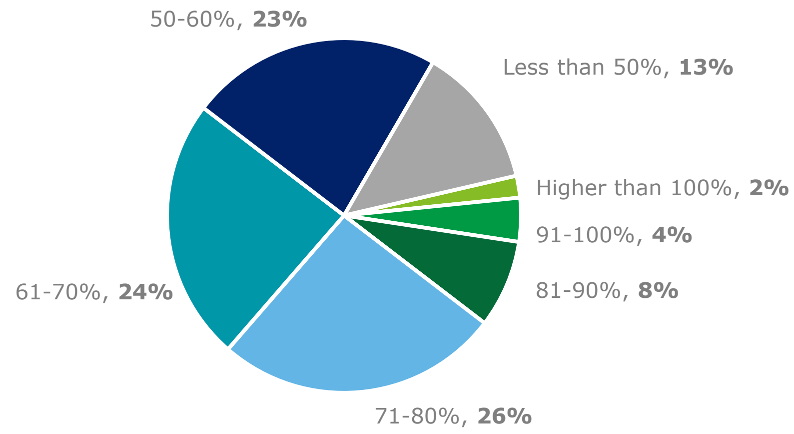
That figure includes 60% of CFOs who expect their post-pandemic travel expenses to be less than 71% of their pre-pandemic levels**.** Breaking it down further: More than one-third (36%) of CFOs anticipate their post-pandemic travel expenses to fall to 60% or less than their pre-pandemic levels**.**

Only 6% of CFOs expect their company's post-pandemic travel expenses to be greater than 91% of their pre-pandemic levels.

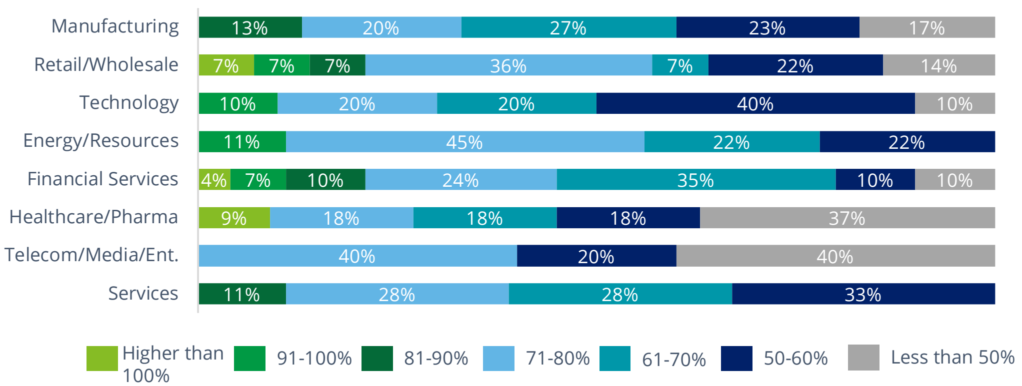
The steepest declines in expected travel expenses appear to be in the T/M/E and Healthcare/Pharma industries.

Expectations for post-pandemic travel expenses

What do you expect your company's post-pandemic travel expenses to be as a percentage of your pre-pandemic levels?



Industry views*



Note: Industry numbers may not add to total due to "Other" industry findings not included in this chart.

Special topic: Finance leadership beyond the pandemic

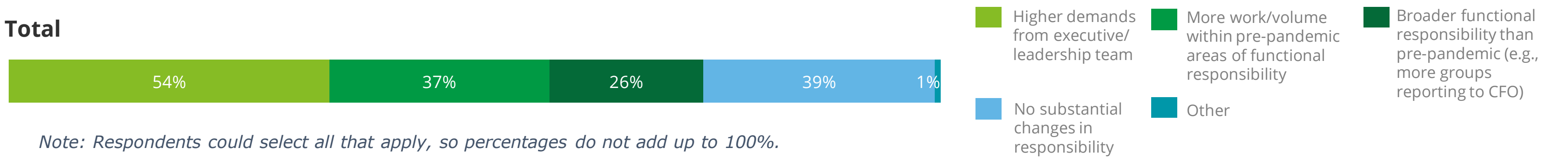
Scope of the CFO’s role and responsibility

To say that CFOs faced more work, higher demands, and greater responsibility since the start of the pandemic may be an understatement. For some, the pandemic caused disruptions in everything from operations to supply chains. For others, the crisis created new opportunities, as well as new expectations.

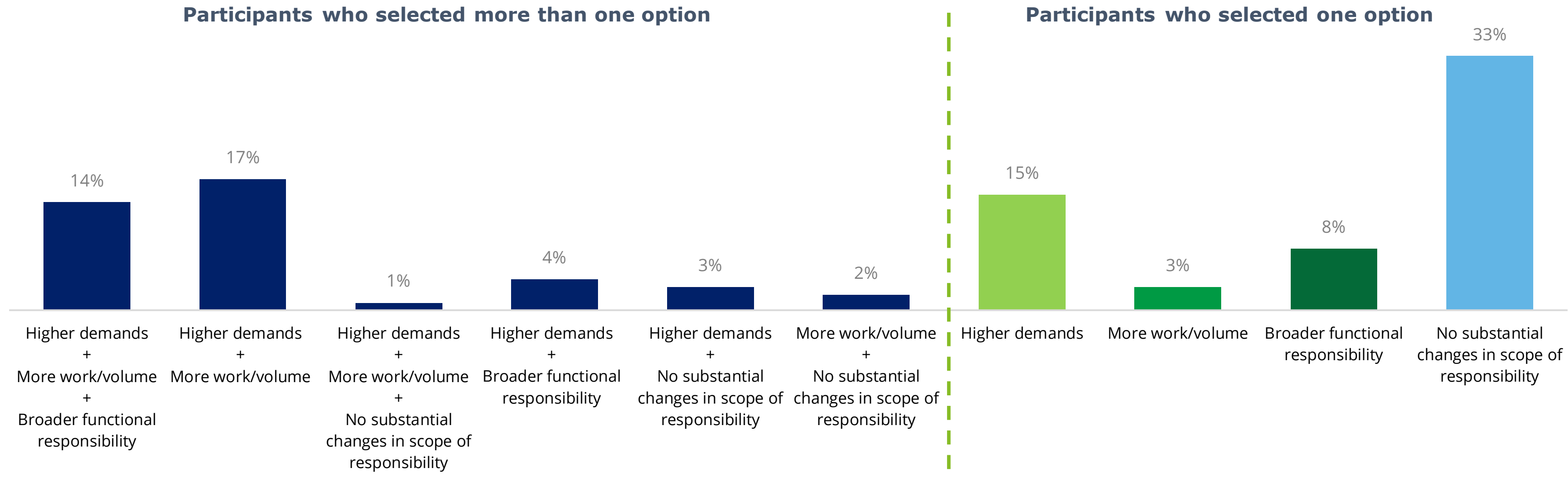
More than half of CFOs (54%) report having higher demands from their executive/leadership teams since the beginning of the pandemic, and 37% say they have more work/volume within the pre-pandemic areas of their functional responsibility. One respondent noted having longer hours due to remote work. More than one-quarter of CFOs (26%) indicate they now have broader functional responsibility (e.g., more groups reporting to them) than prior to the pandemic. Still, 39% say they have not experienced substantial changes in their responsibilities—a figure that may not necessarily translate into less work, pressure, or stress. See next page for results by industry.

Impact on the CFO's role and scope of responsibility

Since the start of the pandemic, how has your scope of responsibility changed?



Note: Respondents could select all that apply, so percentages do not add up to 100%.



Special topic: Finance leadership beyond the pandemic

Scope of the CFO's role and responsibility—Industry views

Across industries, many CFOs felt the impact of the pandemic in the form of higher demands, increased workloads and/or broader functional responsibilities.

CFOs in most industries indicate higher demands from their executive/leadership teams, with CFOs in Healthcare/Pharma and Services (73% and 67%, respectively) citing the highest impact. Manufacturing and Retail/Wholesale (57% each) and Technology (50%) CFOs also cited increased demands.

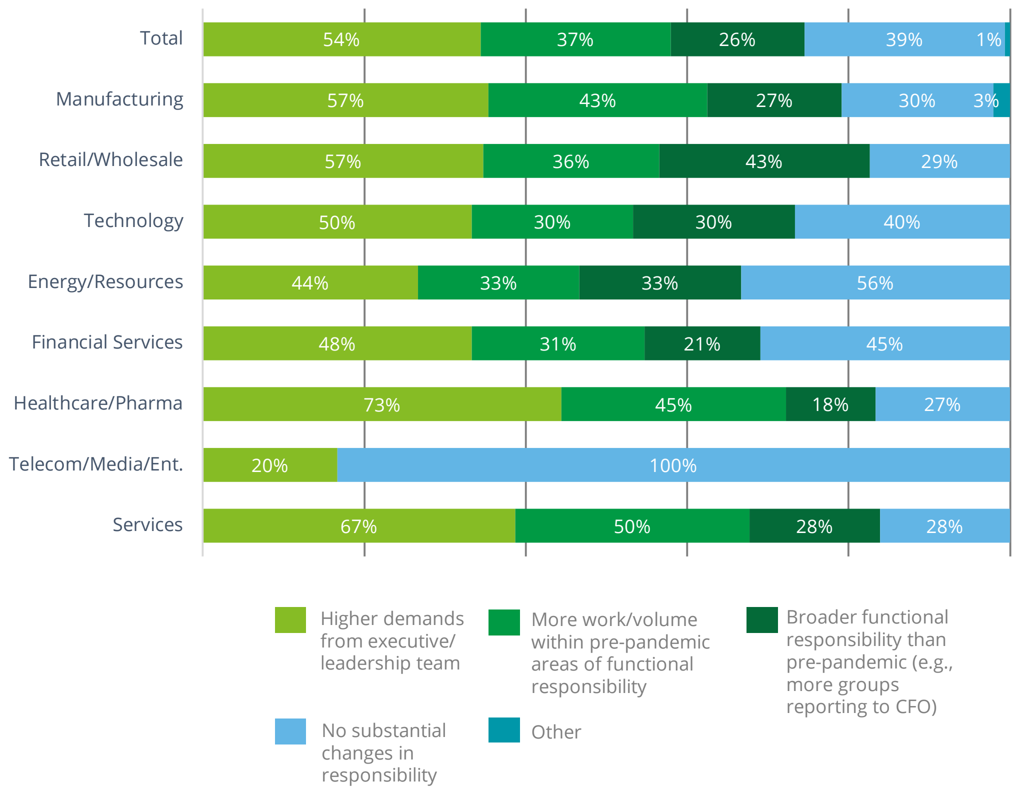
Forty-three percent of Retail/Wholesale CFOs cite broader functional responsibility than pre-pandemic levels, followed by Energy/ Resources, Technology, Services, and Manufacturing.

Note, the results for T/M/E could reflect the number of participants (five) from that industry.

Pandemic's impact on the CFO's role and scope of responsibility

Since the start of the pandemic, how has your scope of responsibility changed?

Respondents could select all that apply.



Note: Respondents could select more than one response, so percentages do not add up to 100%. Also, industry numbers may not add to total due to "Other" industry findings not included in this chart.

Special topic: Finance leadership beyond the pandemic

Business functions reporting directly and indirectly to the CFO

CFOs often wonder how wide their span of control should be. Judging by their responses, they continue to have extensive responsibilities, perhaps more due to increased demands during the pandemic. The search for growth post-pandemic most likely is heightening focus on M&A and strategic planning.

Core finance: The functions that most commonly report directly to CFOs are controllership/accounting, treasury, corporate finance, FP&A, tax, and investor relations. Financial reporting and management reporting are more likely to report indirectly to the CFO.

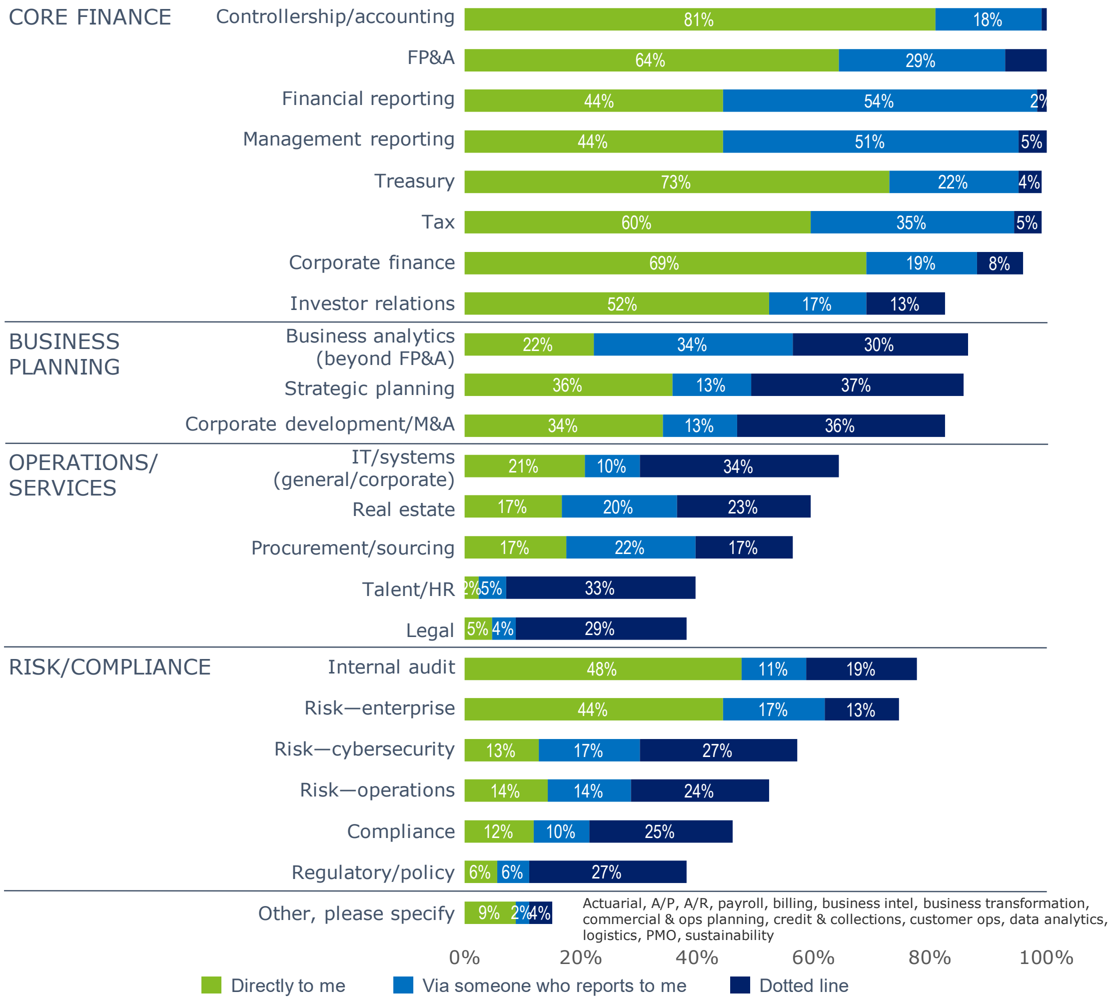
Business planning: Eighty-six percent of CFOs say business analytics (beyond FP&A) reports to them; only 22% cite direct reporting. Similarly, 83% say that corporate development/M&A reports to them; 34% cite direct reporting. Eighty-six percent of CFOs indicate they're responsible for strategic planning, with 36% citing direct reporting.

Operations and services: Sixty-five percent of CFOs say they have responsibility for IT/systems, with 21% citing direct reporting. Sixty percent oversee real estate (17% cite direct reporting), and 56% have responsibility for procurement (17% cite direct reporting).

Risk/compliance: Seventy-eight percent of CFOs oversee internal audit (48% cite direct reporting), and 74% indicate responsibility for enterprise risk (44% with direct reporting). Fifty-seven percent and 52% of CFOs are responsible for cybersecurity and operations risk, respectively.

CFOs' functional responsibility

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



Special topic: Finance leadership beyond the pandemic

Post-pandemic finance operations

Slightly more than three-quarters of CFOs expect more of their finance work will be completed remotely post-pandemic compared to pre-pandemic levels. Nearly a quarter of CFOs expect to have fewer finance staff internally.

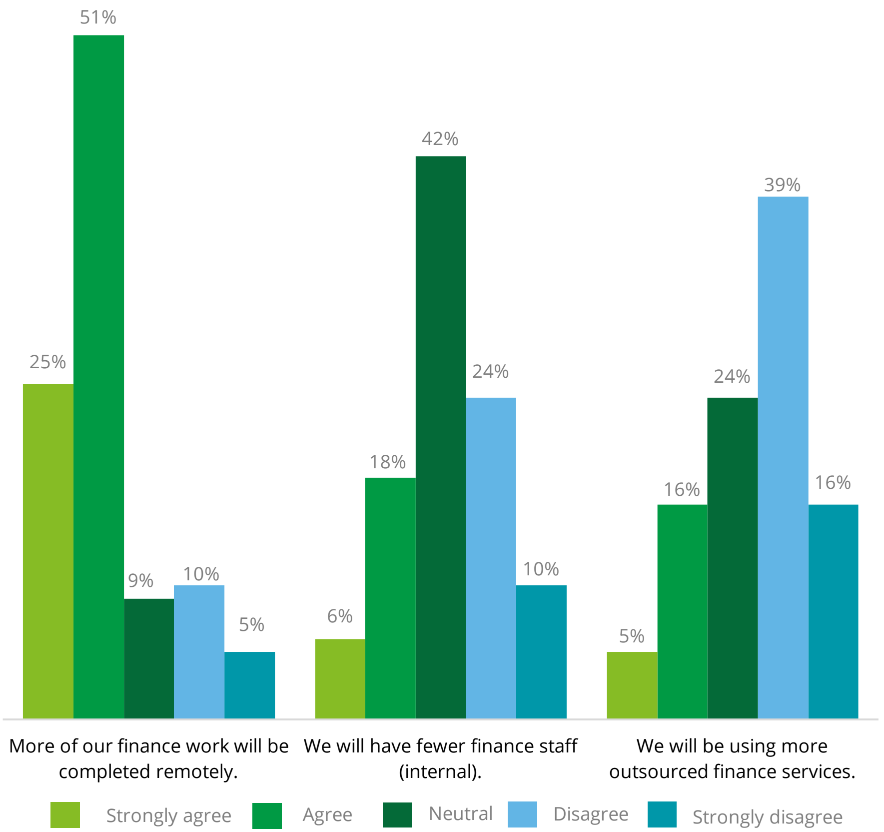
Seventy-six percent of CFOs expect more of their finance work to be completed remotely post-pandemic, while only 15% do not expect a change. T/M/E and Retail/Wholesale are most likely to expect more work to be completed remotely, but other industries fall close behind (see full industry breakdowns on next page).

Twenty-four percent of CFOs expect to have fewer finance staff (internally) post-pandemic, while 34% do not expect a change.

Only 21% of CFOs expect more outsourced finance services post-pandemic. Another 24% are neutral; 55% disagree or strongly disagree that they will be using more outsourced finance services.

Expectations for post-pandemic finance operations

Post-pandemic, how do you expect your finance operations to compare to pre-pandemic?

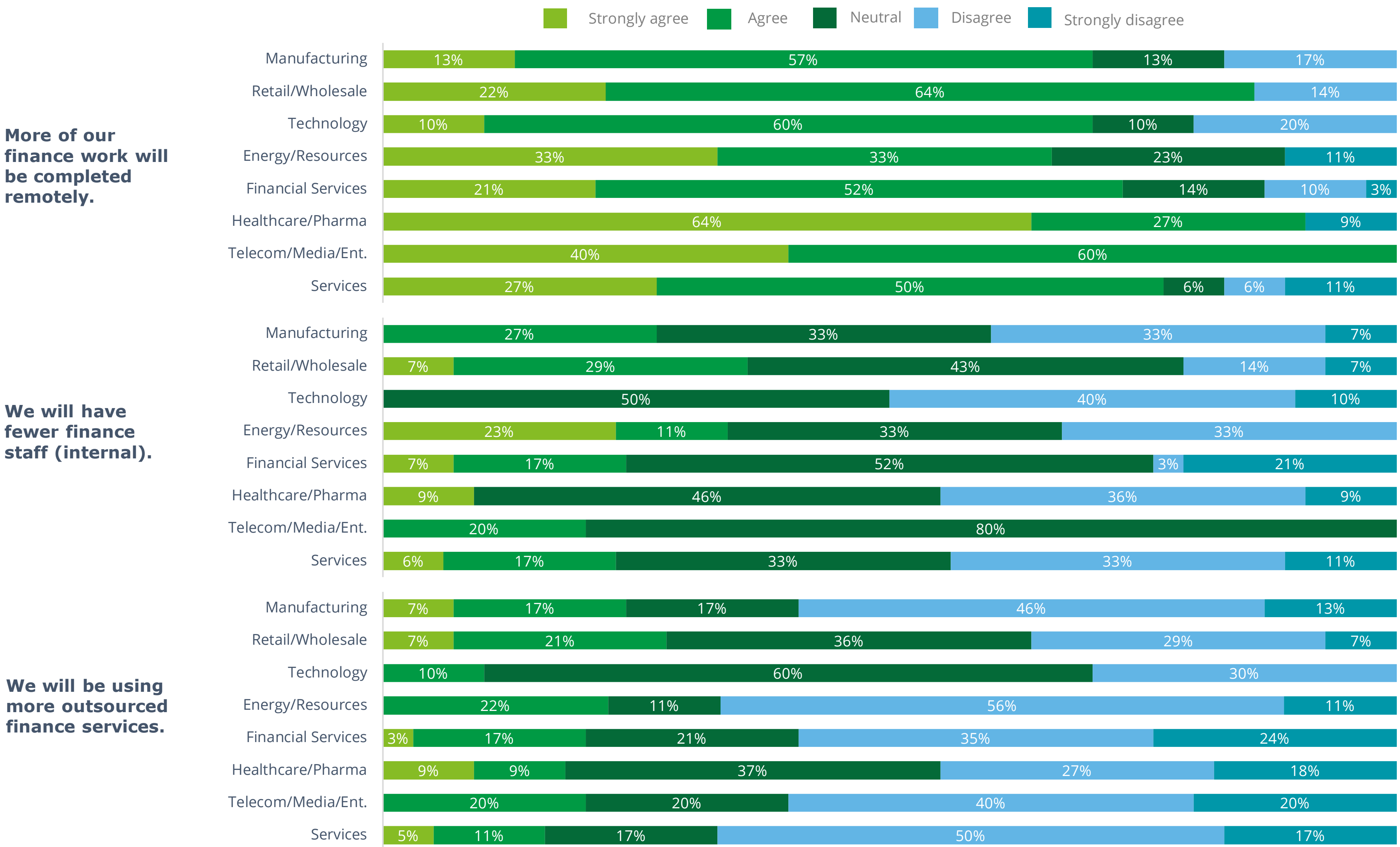


Special topic: Finance leadership beyond the pandemic

Post-pandemic finance operations—Industry views

Expectations for post-pandemic finance operations

Post-pandemic, how do you expect your finance operations to compare to pre-pandemic?



Note: Industry numbers may not add to total due to "Other" industry findings not included in this chart.

Special topic: Finance leadership beyond the pandemic

Post-pandemic finance staff on-site presence

CFOs' expectations for the majority of their finance staff to work on-site post-pandemic reveal a hybrid approach.

As more organizations prepare return-to-work strategies, the debate over remote work versus on-site is heating up. This quarter's survey shows 60% of CFOs expect the majority of their finance staff to work on-site one to three days a week post-pandemic, including 45% who indicate three days a week.

Nearly one-third (31%) of CFOs expect their finance team to work on-site four or more days. Another 9% do not know yet or are undecided.

As expected, results vary by industry. CFOs in the T/M/E sector are most likely to have the majority of their finance teams spend less time working on-site: 80% project their teams to work on-site three days, and another 20% two days. Nearly three-quarters (72%) of Retail/ Wholesale CFOs expect their finance staff to be on-site three days a week; only 7% expect four days or more a week.

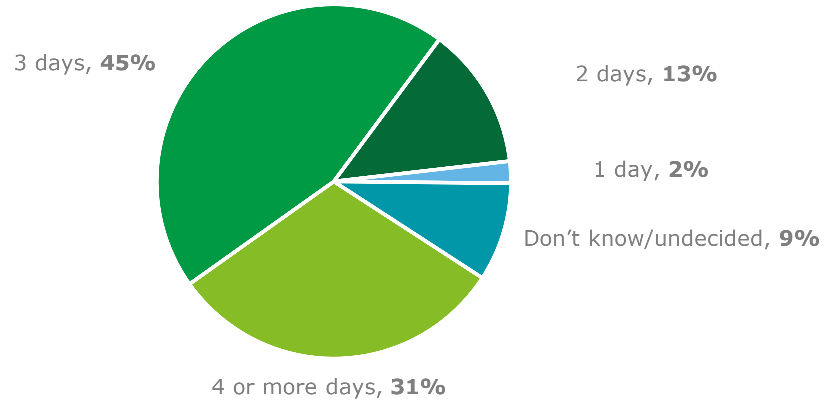
Sixty percent of Technology CFOs expect finance staff to be on-site two or three days, while 40% expect four or more days. Forty-seven percent of Manufacturing CFOs indicate three days on-site, with 3% selecting one or two days each.

Services, Energy/Resources, and Financial Services CFOs expect the on-site work week to be mostly three or more days.

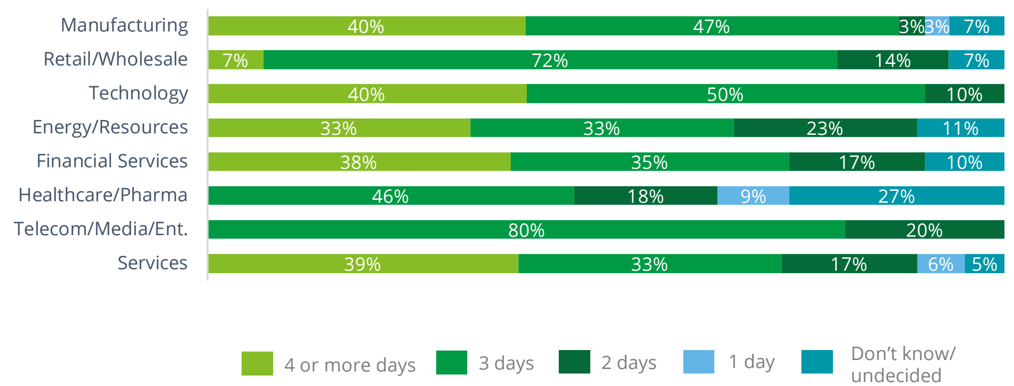
No CFOs in Healthcare/Pharma expect their finance staff to work four or more days on-site, leaning instead toward one, two, or three days. More CFOs in this sector than any other selected “don’t know” or are “undecided.”

Expectations for finance staff to work on-site

How many days per week do you expect the majority of your finance staff to work on-site post-pandemic?



Industry views



Note: Industry numbers may not add to total due to “Other” industry findings not included in this chart.

Special topic: Finance leadership beyond the pandemic

CFOs' wish lists for improving core finance

Among their core finance functions, CFOs cited financial planning and analysis (FP&A) as the one they would most like to improve.

Some 63% of respondents said that they would most like to target their traditional FP&A processes for improvement, possibly given the heavy demand on FP&A teams during the pandemic.

CFOs’ focus on FP&A also dovetails with their write-in comments for the one skillset or experience they would like to have to bolster their finance team, as discussed on the next page. (For more information, see Reinventing FP&A for the pandemic and beyond.)

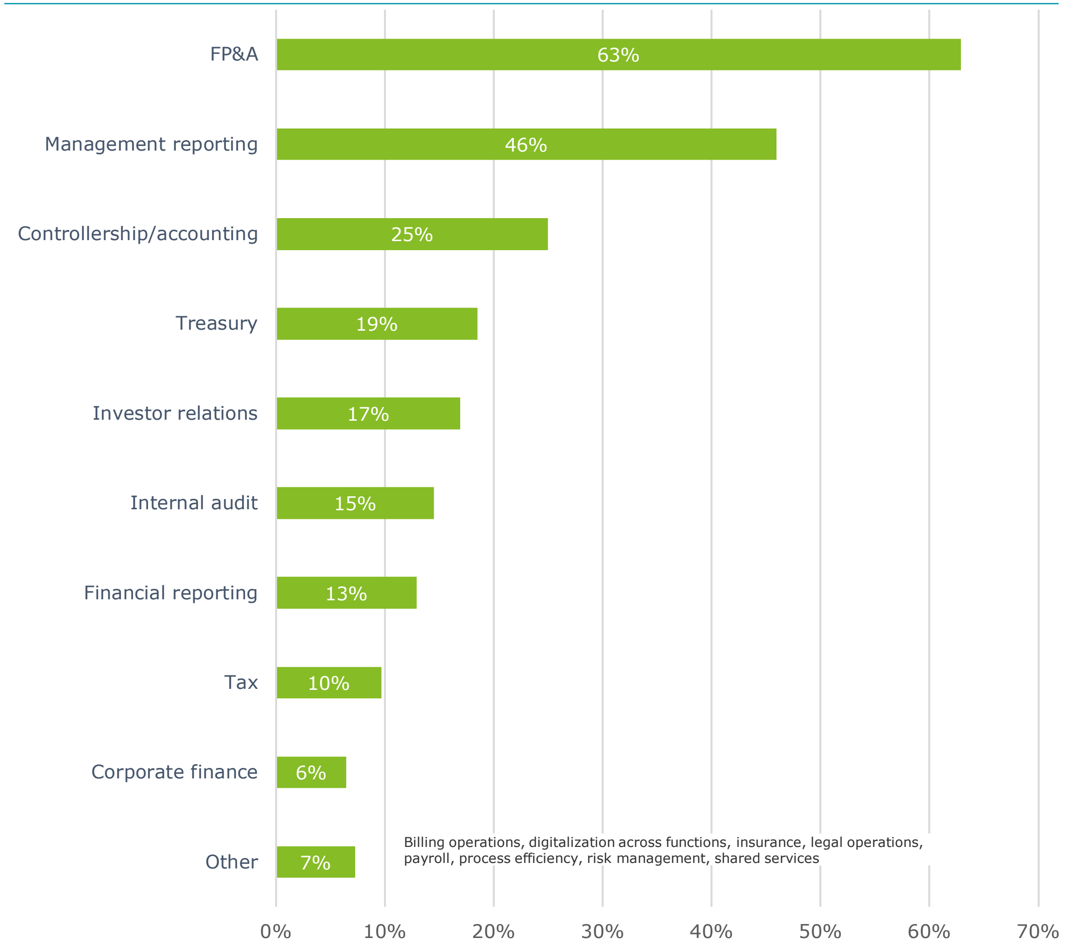
Management reporting is another function CFOs would like to improve, cited by 46% of CFOs. And 25% of CFOs identified controllership/accounting as the function they would most like to improve.

Other functions, such as treasury (19%), investor relations (17%), and internal audit (15%), were singled out for improvement, but to a far lesser extent.

Improving core finance

Which functions in core finance would you most like to improve?

Percent of CFOs selecting each finance function; respondents could select up to three.



Note: Respondents could select up to three responses, so percentages do not add up to 100%.

Special topic: Finance leadership beyond the pandemic

Desired skillsets and expertise

Data analytics and forecasting top the areas of expertise CFOs seek to strengthen their finance teams.

The pandemic has taught many valuable lessons, including the value from data gathered both inside and outside an organization's walls. CFOs and their companies are thirsty, not necessarily for more data, but for more insights amassed faster and better in order to stay competitive.

Of course, technology plays a role in data analytics, and the number of references to technology, digital, and automation placed second. From RPA to AI to digital transformation, CFOs appear to want their teams to better understand and use technology both for the information it can provide and the efficiencies it can deliver.

CFOs also seek greater business acumen and knowledge, presumably for their finance organization to provide greater value to the business. Other traits—such as curiosity, confidence, and the ability to deal with ambiguity—are also desired.

And many CFOs would like to bolster their teams' strategic and communication abilities—possibly to identify new opportunities for business growth, build a more compelling narrative to investors, or strengthen finance's decision-making capabilities.

Finance team areas of opportunity

If you could bolster your finance team with one particular skillset or expertise, which would it be? Categorization of CFOs' free-form comments and sample comments (numbers in parentheses indicate number of CFOs who mentioned each theme).

Data analytics and forecasting (n=46)

- *Greater business analytics for partnership on decision-making*
- *More views of customer impact*
- *The ability to conceptualize and execute meaningful new analyses*
- *Business analytics beyond FP&A*
- *Ability to predict*
- *Better appreciate the risk/reward tradeoffs from the operations perspective*

Business knowledge, acumen, and judgment (n=15)

- *Confidence to make decisions*
- *Better commercial understanding of our business*
- *Business acumen; think like a CEO*
- *Dealing with ambiguity*
- *Understanding what we do as a business better*
- *Use of judgment to evaluate situations*
- *More business knowledge and curiosity*

Technology, digital, and automation (n=24)

- *Leverage automation for day-to-day tasks*
- *Strong knowledge of tools to enable automation, RPA, and more efficient accounting, reporting, and data analytics*
- *Use of technology for uniform communications and reporting*
- *Hybrid skillset with expertise in both technology and accounting*
- *Improved modeling skillsets and use of AI*
- *Digital transformation*

Strategy and communication (n=11)

- *Strategic mindset and agility*
- *Vision (i.e., think where we are going and how do we get there)*
- *Business partnership/communication*
- *Evolving beyond "providing data" to summarizing key messages in the data*
- *Best practices in capital deployment and long-term balance sheet planning*
- *Ability to synthesize information*

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 with the vast majority of companies having more than $1 billion 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.

Acknowledgements

We thank the following for their support in developing the 1Q21 *CFO Signals* survey report: Briana D'Agati, Utkarsh Londe, Ted Meyers, Satish Nelanuthula, Alok Ranjan, Aimee Rosenbaum, Sanjay Vadrevu, and Jennifer Wotczak.

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IMPORTANT NOTES ABOUT THIS SURVEY REPORT:

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

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