



THE CFO ALLIANCE[®]

2017 CFO SENTIMENT STUDY

Executive Summary

OVERVIEW

ABOUT THE STUDY

The **7th Annual CFO Sentiment Study** was distributed among private and public market organizations to over 6,000 CFO Alliance members, and other senior financial leaders around the country. As a result, over five hundred organizations participated.

This study is truly unique in that it not only benchmarks the sentiments of CFOs going into 2017 from a diverse population of companies in terms of industries and company size, but also focuses on **how CFOs are going to impact key drivers of company performance in 2017 to deliver results.**

The CFO Alliance is a global community of senior financial leaders and decision makers who come together to share their experience, knowledge, and wisdom. Through in-person events, virtual interaction, and a rich knowledge base. The CFO Alliance helps financial leaders build relationships and share knowledge that is unique to CFOs which empowers them to act effectively and decisively, driving continued success as finance leaders.

To discuss participation study analysis, or obtain more information about The CFO Alliance and discuss the benefits of membership, please contact:

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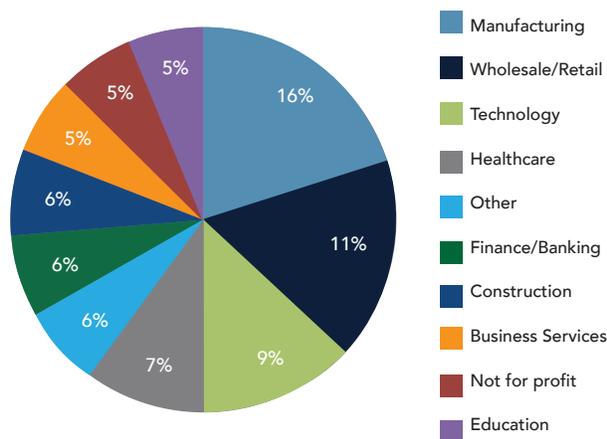
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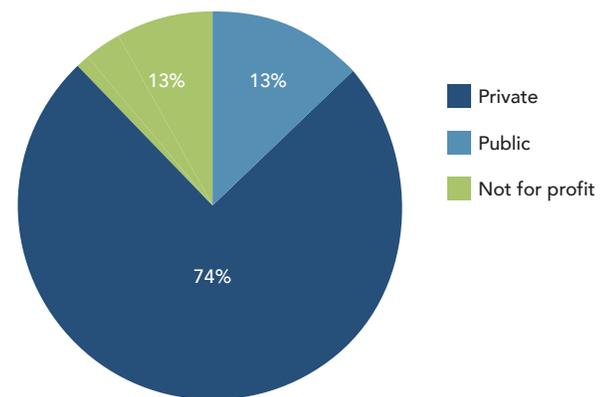
DEMOGRAPHICS

CFO Alliance Members from a broad spectrum of company sizes and industries were invited to participate in this study. The graphs and charts below illustrate the key demographics of study respondents.

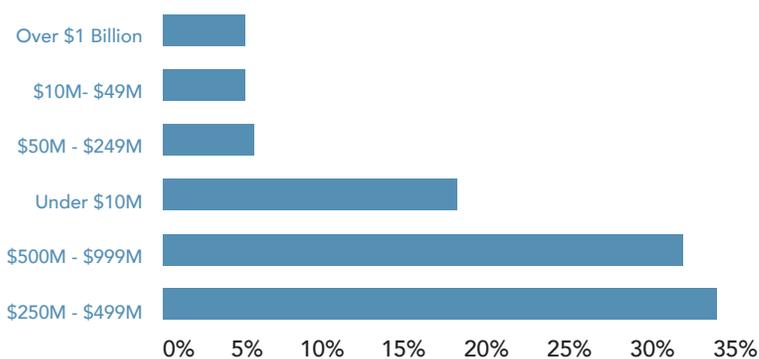
INDUSTRIES REPRESENTED



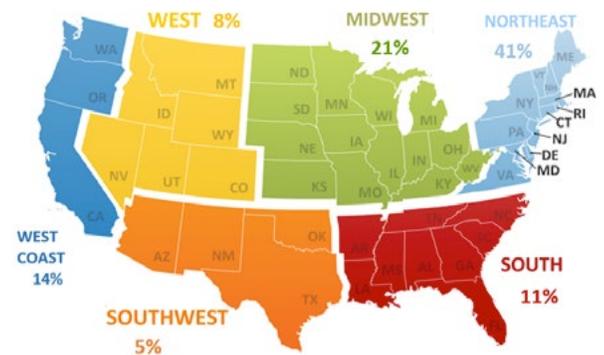
ORGANIZATION TYPE



ANNUAL REVENUE



GEOGRAPHIC DISTRIBUTION OF SURVEY RESPONSES



EXECUTIVE SUMMARY

The outlook of Chief Financial Officers going into 2017 is optimistic. It is clear that CFOs view the impending regulatory environment in 2017 to be much more business friendly. According to the 2017 CFO Sentiment Study, 74% of respondents categorized the current state of the US economy as strong compared to the 60% and 61% reported in the previous 2016 and 2015 CFO Sentiment Studies, respectively; 65% expect to see higher top line company revenue in 2017, and 58% expected to see higher company earnings in 2017.

The following represent key findings results from the 2017 CFO Sentiment Study.

Growth and Profitability in 2017 - CFOs will look to 2 primary channels

- Organic growth
- Increasing customer spend

Impacting Growth and Profitability in 2017 - CFOs identified these key factors

- Expanding relationships with existing customers
- Marketing execution
- Adding the right talent and upgrading existing talent across the organization
- Operational efficiency

Key drivers for 2017 company success

- 40% of CFOs reported that their involvement in developing and managing customer relationships will increase in 2017.
- 37% of respondents reported that they will be pursuing a significant upgrade in their company's information, data, and communications systems.
- 66% of Finance Leaders characterized human capital acquisition retention as of concern or great concern in 2017, so they will get more involved.
- 55% of Finance Leaders reported that they are involved in the professional development of their employees.
- 90% reported that they would invest in acquiring and/or upgrading finance talent in 2017.



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2017 CFO Priority List

- If CFOs were given \$1M in additional budget to allocate
 - 40% would heavily allocate funds to marketing and sales.
 - 25% would allocate all funds to improving financial technology.
- If CFOs were given \$500K in additional budget to allocate to Marketing
 - 44% reported they would allocate the funds to market research to improve the company's understanding of addressable markets.
- If CFOs were given \$500K in additional budget to allocate to Sales
 - 38% of CFOs reported they would focus spend on upgrading talent.
- If CFOs were given \$500K in additional budget to allocate to HR:
 - 39% of CFOs reported they would allocate spend on developing in-house training programs.

2017 vs. 2016: Notable Comparisons in CFO Sentiment Study results

- 39% of respondents reported they will be pursuing a significant upgrade in their company's information, data, and communications systems in 2017, up from 29% in 2016.
- If CFOs were given an additional \$500K budget to allocate to their marketing department, 44% reported they would allocate spend to market research to improve the company's understanding of addressable markets compared to 26% in 2016.
- 90% of respondents reported that the results of domestic political elections would impact business strategy in 2017, up from 78% in 2016.

Industry Insights

- A Brighter Outlook for the US Economy in the Banking/Financial Services Industry
 - 86% characterized the current state of the US Economy as strong compared to the respondent population percentage of 74%.
- Marketing & Sales Talent Shortfalls are Not a Key Concern in Healthcare
 - If given \$1M to invest in talent across the enterprise only 8% would allocate funds these funds heavily to upgrading Sales & Marketing talent, while 40% of the respondent population would allocate these funds heavily to upgrading Marketing & Sales talent.



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Industry Insights (Continued)

- Technology Matters to Finance in the Technology Industry
 - If given an additional \$1M to allocate to Finance, 42% of respondents would allocate all funds to upgrading financial technology, compared to 26% reported by the respondent population.
- Currency & Commodity Risks Matter in the Retail Industry
 - 15% reported the top financial challenge they will face in 2017 is uncertainty in commodity and currency markets, which compares to only 4% for the respondent population.
- Strategic Agility Matters More in the Manufacturing Industry
 - 22% reported the top risk challenge they will face in 2017 is a lack of strategic agility, compared to 9% for the respondent population.

Where Company Size Matters

- Customer Retention is Most Important for Companies with less than \$10 Million in Annual Revenue
 - 37% reported customer retention as the top risk challenge they will face in 2017, which is 60% higher when compared to the respondent population.
- Organizational Culture is Most Important at Companies with Annual Revenue between \$49 Million and \$240 Million
 - 15% reported the top operational challenge they will face in 2017 is improving the organization culture, which is 25% higher when compared to the respondent population.
- Regulatory Risk Matters at Companies in with Annual Revenue between \$250 Million and \$999 Million
 - 16% reported regulatory compliance as the top risk challenge they will face in 2017, which is 33% higher, compared to the respondent population.
- M&A Activity is a Top Growth Priority for Companies with Annual Revenue over \$1 Billion.
 - 17% reported that M&A activity is a top priority for company growth in 2017 compared to 6% for the respondent population.
- International Market Expansion is a Top Growth Priority for Companies with Annual Revenues over \$1 Billion.
 - 17% reported that expansion in new international markets as the top priority for company growth in 2017, compared to 11% for the respondent population.



EXECUTIVE SUMMARY

FROM CFO TO CFO:

Insights from our Roundtable Discussions

Having discussed these topics across the country in our CFO Alliance Roundtable Series, finance executives have much to offer each other. Through a sharing of ideas and challenging decision making, our CFO Alliance Members offer these insights:

1. The CFO and Finance department need to engage in customer relationships throughout the customer life cycle proactively, not just when there are issues.
2. Finance aims to collaborate and assist all functional areas through the deployment of finance talent to provide analytics and reporting.
3. Finance Executives seek to embrace millennials and provide opportunities to work on various projects.
4. Finance Executives adopt a mindset of changing “Business Efficiency” to “Business Agility”.
5. Finance Executives are focusing on the need for talent and the upgrade of systems.

To access the full report, please visit <https://thecfoalliance.org/reports/>

To learn more about our roundtable discussions, or to register to attend, please visit: <https://thecfoalliance.org/events>



ABOUT THE CFO ALLIANCE

The CFO Alliance is a leading network of over 6,000 CFOs and other executives in middle market organizations, both private and public. The CFO Alliance is both a collaborative online community platform, and the host of frequent learning and networking events in more than 10 cities across North America. In addition, The CFO Alliance conducts several important studies each year including this CFO Sentiment Study, frequent "Pulse" surveys on timely topics, and the Annual Mid-Market Executive Compensation Survey. For membership or sponsorship information, visit www.TheCFOAlliance.org, or call 484-437-2750.

