



CFO SENTIMENT STUDY

Operational Excellence: The CFO's Mandate in 2019

CFO Alliance 2019 Sentiment Study Results – Macroeconomic developments shift CFO focus to Operational Excellence

[The CFO Alliance](#), a leading network of more than 7,000 CFOs and qualified finance executives representing Middle Market and emerging enterprises from all industries, geographies, sizes, and structures, released its 9th annual CFO Sentiment Study to provide insights into the strategic planning and financial outlook of CFOs for 2019.

[Access full Report](#)

This Study, powered by [Insperity](#) and [Workday](#), is unique in that it is designed to offer insights into how today's CFOs plan

to best position their enterprise to address challenges and capitalize on opportunities in 2019. Over 580 senior financial executives across North America participated in this year's Study, offering in-depth perspectives on how CFOs plan to deliver on changing expectations for their enterprises in the face of **decreasing confidence in the global economy, increasing talent shortages and disruptions to industry and business model norms in 2019.**

EMERGING CHALLENGES & SHIFTING PARADIGMS WILL IMPACT WALL STREET & MAIN STREET IN 2019

While nearly 75% of the CFO participants say they will commit to increasing top line revenues in 2019, more than half of these respondents also note that increasing revenues will be the biggest challenge for their enterprises in the year ahead. If the Middle Market is any indicator of how larger enterprises will perform, Wall Street and Main Street should brace themselves for a roller coaster ride in 2019. While nearly two-thirds of Study participants feel that the U.S. economy will remain strong or extremely strong in 2019, there is a dramatic decline in confidence in the global economy.

Last year, more than 75% of survey respondents characterized their confidence in the global economy as strong or extremely strong, over 2/3 of this year's respondents did a complete reversal on this topic and characterized their confidence in the global economy as weak or extremely weak. In addition, this Year's results also showed a marked decrease in commitment to increasing enterprise margin's and earnings with only about 50% committing to increased margins and about 60% to increased earnings, a fifteen (15) percentage point drop from last year. At the same time, CFO respondents remain 'bullish' on the overall performance of their respective industries with almost 75% believing that their industry remains extremely strong or strong, and equally confident in their enterprise's ability to access capital and/or credit, if needed.

CFOs believe enterprise success in 2019 will be driven by their emphasis on driving operations: Through the People, the Processes and the data behind Operational Performance. The CFO's mission in 2019, as one finance executive tells us, is to "build relationships with operations and to provide them the data they need—not what we think they need."

Success in 2019 will be defined in part by their ability to tackle these eight (8) critical areas of opportunity and issue:

- 1. CFOS ARE EXECUTING THE STRATEGY & MEASURING SUCCESS** - Continued advancement and evolution of the role of the CFO means increasing impact across the enterprise. This year again, over 75% of the respondents reported that their roles will become more strategic in 2019, with an emphasis on driving operations: talent, technology and performance across the enterprise.
- 2. CFOS ARE CONNECTING WITH TODAY'S WORKFORCE** - CFOs are working tirelessly to inspire trust and to instill their values with more than $\frac{2}{3}$ of the CFO respondents believing that their businesses will get out in front in the war for talent by aligning what they stand for as an organization with changing stakeholder expectations in key areas including diversity, agility and in ways of working and delivering value to their fellow employees and the customers they serve.
- 3. CFOS ARE LEADING THE CHARGE TOWARDS DIGITIZATION & AUTOMATION ACROSS OPERATIONS** - More than 60% of the Survey participants intend to bring data and 'the numbers' to the rest of the business with better dashboards. This is a significant increase over the 20% who currently use this technology. The focus for CFOs in 2019 is no longer solely on helping to develop enterprise strategy but on operations, and ensuring that everyone is executing in sync with the agreed upon financial data and KPIs in view each day.
- 4. CFOS MANDATE OPERATIONAL EXCELLENCE** - Unlike last year when over 50% of those surveyed felt that the performance, lack of competency, and 'thin' bench strength of their existing sales talent would be the top barrier towards meeting or exceeding enterprise revenue growth objectives in 2018, this year the emphasis is clearly on Operations. Over 40% of the CFO respondents said that they expected to work more closely with Operations over any other department in 2019.
- 5. CFOS ARE BRINGING FP&A COMPETENCIES TO SALES & MARKETING** - CFOs and their sales and marketing colleagues continue a shift from storytelling to story-doing. Almost $\frac{1}{3}$ of the CFO respondents said that meeting changing customer needs will be the top operational challenge that their enterprises will face in 2019.
- 6. GROWTH THROUGH STRATEGIC PARTNERSHIPS, JOINT VENTURES & ALLIANCES BRINGS NEW ENTERPRISE RISKS TO LIGHT** - With over 60% of CFOs intending to drive enterprise growth through strategic partnerships, joint ventures and alliances, new realms of risk management will come to light in 2019. With this in mind, CFOs will focus their efforts to mitigate the risk of conflicts between and within the partnering enterprises.
- 7. AIMING FOR IMPACT: CFOS ARE FINANCING INNOVATION & MEASURING THE RESULTS** - Innovation will fuel revenue growth in 2019, with over 75% of Survey respondents reporting that they will focus enterprise growth efforts on building new capabilities and products to bring to market in 2019.
- 8. INCREASING DEMAND FOR ANALYTICAL SKILLS MAKES THE CASE FOR INVESTMENTS IN LEARNING & DEVELOPMENT** - Over 60% of the Study participants planned to add talent to their team in 2019, with almost half of the CFOs actively seeking talent with critical FP&A skills. While demand for technical skills in the areas of FP&A continue to outweigh the supply of such talent, soft skills remain the key driver for investments in learning and development for accounting and finance professionals, with over $\frac{1}{2}$ of the Survey respondents investing at least $\frac{1}{3}$ of their training budgets to leadership and communications training and development for their teams.

To see additional results, download a copy of [The CFO Alliance 2019 Sentiment Study](#).

METHODOLOGY

Each year, The CFO Alliance tracks the thinking and actions of CFOs representing many of North America's leading and most influential enterprises. This Study summarizes CFOs' opinions in four areas: business and economic environment, enterprise priorities and expectations, finance priorities, and CFOs' personal priorities.

The CFO Alliance Annual Sentiment Survey was conducted from November 23, 2018 through January 4, 2019. The data collected represents a large cross-section of respondents representing over 580 enterprises. Those surveyed are from all geographical areas of the United States and Canada with the largest concentration, nearly 1/3, from the northeast region of the U.S. Twenty percent (20%) of the participants in the 2019 Study hold finance leadership positions at enterprises with annual revenues of greater than \$250 million. Most of the participants' enterprises employ between 50 and 5,000 full-time employees. For more information, please see the complete study.

ABOUT THE CFO ALLIANCE

The CFO Alliance is the leading network of more than 7,000 CFOs and qualified finance executives representing Middle Market and emerging enterprises from all industries, geographies, sizes, and structures. Membership to The CFO Alliance is for forward-thinking, innovative finance executives who are committed to a path of constant learning, self-improvement, knowledge, experience and insight sharing.

CFO Alliance Members are poised, sophisticated and professional. CFO Alliance Members share their knowledge, insights, advice and counsel virtually and in-person to *'Make Connections That Count.'* Our Members demonstrate an understanding and empathy to the challenges and opportunities of the Modern CFO.

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ABOUT INSPERITY

Insperty, a trusted advisor to America's best businesses for more than 32 years, provides an array of human resources and business solutions designed to help improve business performance. Insperty® Business Performance Advisors offer the most comprehensive suite of products and services available in the marketplace. Insperty delivers administrative relief, better benefits, reduced liabilities and a systematic way to improve productivity through its premier Workforce Optimization® solution. Additional company offerings include Human Capital Management, Payroll Services, Time and Attendance, Performance Management, Organizational Planning, Recruiting Services, Employment Screening, Expense Management, Retirement Services and Insurance Services. Insperty business performance solutions support more than 100,000 businesses with over 2 million employees. With 2017 revenues of \$3.3 billion, Insperty operates in 73 offices throughout the United States.

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ABOUT WORKDAY

Workday is a leading provider of enterprise cloud applications for finance and human resources. Founded in 2005, Workday delivers financial management, human capital management, and analytics applications designed for the world's largest companies, educational institutions, and government agencies. Organizations ranging from medium-sized businesses to Fortune 50 enterprises have selected Workday. For more information, visit www.workday.com