CFOs and finance leaders

PwC US Pulse Survey — March 24, 2021 findings

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CFOs' outlook is optimistic despite headwinds

Following a year of major disruption, CFOs are expressing a brighter outlook for 2021. While the last 12 months were primarily about shoring up balance sheets and making sure employees could work, now CFOs are moving to a more offensive stance, looking at lasting changes from the pandemic as opportunities for growth.

Our latest Pulse survey indicates that CFOs expect significant growth opportunities in key areas around the digital economy, with 46% predicting high growth and 36% moderate growth. They also see high growth in consumer behavior shifts because of the pandemic (34%) and the work-from-home shift (21%). These opportunities appear to outweigh concerns about risks related to increased regulation and trade and tax concerns that come with the new administration.

Growth opportunities outweigh risk concerns for CFOs

	High risk	High growth
Growth of digital economy	19%	46%
Shifts in consumer behavior as a result of the pandemic	23%	34%
Work-from-home shift	14%	21%
Policies promoting nearshoring or US reshoring	7%	11%
Sustainability (net zero economy)	13%	16%
Increase in interest rates	20%	10%
Inflation	23%	11%
US-China tension	27%	14%
Global trade and tax policy	26%	12%
A more intrusive regulatory environment in the US	34%	13%

Q: How would you characterize the impact of these macroeconomic trends on your business model in terms of risk and growth opportunity?
Source: PwC US Pulse Survey, March 12, 2021: CFO base of 182

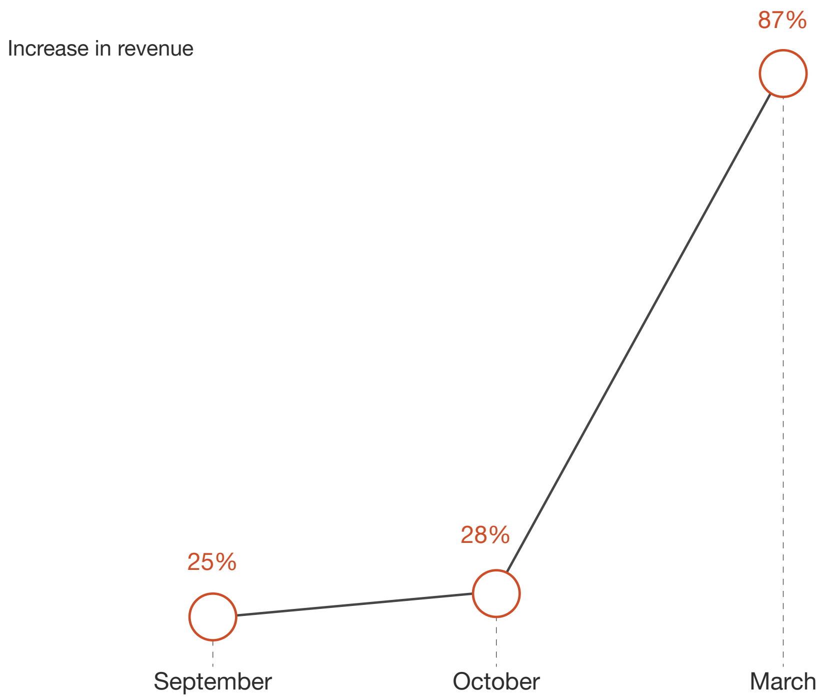
CFOs are bullish on a recovery

CFO views on growth mirror their bullish outlook about the economy fueled by progress on the vaccine front as well as encouraging economic data such as gains in the labor market and continuing expansion in manufacturing. Some economists are boosting their growth forecasts for 2021 US gross domestic product to higher than 6%.

Most CFOs (81%) expressed optimism about the US economic recovery, topping the broader C-suite's positive outlook at 76%. More than three-quarters (76%) are optimistic about the US pandemic response (also higher than that of all executives at 71%). This bullishness is apparent in their revenue outlook with 87% expecting growth over the next 12 months, up from just 25% in September and 28% in October. Only 4% expect revenue to decline — a huge improvement from the 51% who expected a drop in revenue six months ago.

Against the backdrop of the market opportunity, CFOs see three big risks: a more challenging regulatory environment, US-China tensions and global trade and tax policy. Underscoring these concerns, 41% say they're pessimistic about the US policy/regulatory environment.

CFOs see strong revenue growth



Q: What is your company's revenue outlook over the next 12 months? What impact do you expect on your company's revenue over the next 12 months as a result of COVID-19?
Sources: PwC US Pulse Survey, March 12, 2021: CFO base of 182; PwC US Pulse Survey, September 3, 2020: CFO base of 272, PwC US Pulse Survey, October 6, 2020: CFO base of 176

CFOs as drivers of change

CFOs' top priority for the finance function is to establish finance as the business partner to the rest of the business. Other priorities include automating processes and reducing cost as a percentage of total revenue. How to do more with less has been a recurring theme for CFOs for years — using automation to help drive better, more efficient outcomes, for example — and the challenges of the pandemic magnified that concern.

As CFOs lead the charge toward growth, they have the opportunity — and are uniquely qualified — to play a more active role around strategy, beyond the tactical applications of the finance function. It's about agile decision-making, collaboration and better partnering across functions, and focusing on the company's broader strategic objectives. Driving transformation and the enterprise agenda puts CFOs in a position to help drive change across the organization and shape the post-pandemic business model.

But one risk related to people looms large: a lack of talent and skills shortage. Like most executives surveyed, 93% of CFOs believe the availability of talent with technical skills is critical. In order to drive growth, CFOs need the right people with the right talent and skills — and upskilling, hiring and onboarding people is important across the enterprise. As CFOs focus on talent, they need to make sure to align with the company's diversity and inclusion (D&I) efforts and goals. Over the next year, 62% of CFOs say their company plans to increase diversity and inclusion (D&I) training, and 51% expect an increase in D&I reporting to internal stakeholders.

Finance function: moving from tactical to strategic

Q: What are your top priorities for your finance function in 2021? *(Select up to three)*
Totals may not add up to 100% due to rounding.
Source: PwC US Pulse Survey, March 12, 2021: CFO base of 182

ESG reporting: A key focus for CFOs

The pandemic highlighted many ESG issues, from the health and well-being of employees and the social justice movement that erupted last summer to the economic turmoil that resulted in massive job losses and an exhausted workforce. Investors, customers, employees and other stakeholders are paying close attention to how companies address ESG issues and what they're disclosing.

ESG reporting and metrics have become expected of companies and are a focus for the Biden administration. CFOs recognize the importance of ESG reporting, and they want to get it right. A positive signal is that 69% told us that coordinating ESG data and information across their company is a priority, something that may not have been as high on their radars just a few years ago.

Identifying frameworks, material issues and metrics to focus on was cited by 68% as a priority — which comes as large institutional investors push for ESG disclosures and the SEC announced plans to update its climate disclosure guidance. Communicating to the board and audit committee on progress, implementing technology, processes and controls around reporting, and establishing ownership of ESG reporting were also cited as priorities for finance leaders.

ESG provides a way for CFOs to tell their company's story about its long-term strategy for value creation and how it's contributing to society and building trust. D&I, for example, has moved from being solely a human resources issue to a strategic issue that affects the bottom line.

What CFOs think about ESG reporting

	Top priority	Secondary priority
Identifying ESG frameworks, material issues and metrics to focus on	31%	36%
Establishing ownership and governance of ESG reporting	30%	32%
Gathering and coordinating ESG data and information across our organization	29%	40%
Communicating to the board and audit committee on ESG reporting and progress	28%	35%
Implementing appropriate technology, processes and controls around reporting	28%	35%
Producing investor-grade ESG information	26%	34%
Demonstrating value to stakeholders through ESG reporting	26%	34%
Identifying appropriate talent to build/maintain our ESG reporting program	20%	38%
Providing third-party assurance of ESG-disclosed results	14%	32%

Q: What are your priorities related to environmental, social and governance (ESG) reporting?

About the Pulse survey

182 finance leaders from Fortune 1000 and private companies, along with other C-suite executives, weighed in on their priorities and outlook on the business environment in our latest PwC US Pulse Survey, fielded March 8 to March 12, 2021.

Find all of these insights in our PwC US Pulse Survey.

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