

Duke's Fuqua School of Business / CFO Magazine Business Outlook

Results for 517 U.S. firms (own-firm changes expected during the next 12 months)

	Dec 2014	Sept 2014	Jun 2014	Mar 2014	Dec 2013
Weighted Averages for	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months
Earnings growth*	9.0%	11.7%	4.1%	7.1%	14.3%
Capital spending	5.9%	7.6%	9.3%	6.8%	7.3%
Technology spending	5.6%	5.2%	7.9%	5.5%	5.6%
R&D spending	2.5%	4.4%	2.3%	2.6%	2.3%
Advertising and marketing spending	3.8%	3.0%	4.0%	4.0%	4.1%
Employment – full-time	2.9%	2.1%	1.9%	1.2%	1.4%
Employment – temporary	1.1%	0.1%	1.2%	-0.2%	1.6%
Outsourced Employment	3.1%	3.1%	3.7%	3.2%	3.2%
Wages and Salaries	3.4%	2.9%	3.0%	2.7%	2.7%
Productivity	2.7%	3.0%	2.5%	3.1%	3.1%
Inflation (Chg in prices of own-firm products)	2.4%	2.0%	2.6%	2.5%	2.0%
Health Care Costs	7.7%	7.5%	7.9%	8.3%	10.2%
Dividends*	3.2%	5.9%	2.8%	6.1%	11.2%
Share Repurchases*	-0.2%	0.4%	4.6%	3.2%	5.4%
Cash on balance sheet*	-2.5%	3%	-3.1%	3.8%	7.4%
Mergers and Acquisitions	Not asked.	Not asked.	Not asked.	27.3% plan to acquire; Foreign targets in 15.7% of acq.	Not asked.
Revenue	6.4%	7.3%	5.7%	5.9%	6.8%

* indicates public firms only. All other numbers are for all survey respondents (including private). The reported averages are weighted by revenue or number of employees, so that large firms are weighted more heavily.

U.S. BUSINESS OPTIMISM

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	Dec 2014	Sept 2014	Jun 2014	Mar 2014	Dec 2013
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
Optimism about the U.S. economy	More opt: 50.3% Less opt: 16.4% No chg: 33.3%	More opt: 43.0% Less opt: 19.0% No chg: 38.0%	More opt: 37.5% Less opt: 19.0% No chg: 43.5%	More opt: 39.5% Less opt: 22.9% No chg: 37.6%	More opt: 33.3% Less opt: 28.0% No chg: 38.8%
U. S. optimism level (0 to 100)	63.7	62.5	61.1	60.0	57.2
Optimism about own company	More opt: 46.8% Less opt: 25.3% No chg: 27.9%	More opt: 49.5% Less opt: 19.5% No chg: 31.5%	More opt: 46.5% Less opt: 21.0% No chg: 32.5%	More opt: 47.5% Less opt: 25.7% No chg: 26.8%	More opt: 38.5% Less opt: 27.2% No chg: 34.3%
Own company optimism level	66.4	68.9	67.1	63.9	65.5

Other Key Results for December 2014

- US firms consider the following **qualities** to be “top 3” important in **new board directors**
 - Experience in the firm’s industry: 55.5% of firms chose this option
 - Outside-the-box thinking: 34.6%
 - C-level experience as a manager at a top company: 30.2%
 - Specific skills (e.g., engineering, accounting): 28.0%
 - People skills (e.g., consensus builder): 27.3%
 - Experience running a large organization: 17.0%
 - Diversity (gender, race, etc.): 11.0%
- Average US firms’ **board’s current composition** for men/women/minorities is 80.6%/23.8%/11.7%. Only 4.2% of US firms have specific goals or guidelines for the mix of men/women/minorities, with a desired composition for minimum percentage of men/women/minorities is 58.4%/31.9%/19.8%.
- **Challenges to adding women** to the US boards of directors: Too few women with desired industry experience: 13.9%; Need to wait until some current board members retire: 9.5%; Too few women with desired skill set: 6.8%; Too few women with desired board experience: 6.6%.
- 26% of responding US companies’ employees are “Millennials” (under the age of 35). The primary **advantages of employing Millennials**: Technologically savvy (mentioned by 70.6% of firms), cost savings in terms of salary (35.8%), cost savings in terms of health care costs (25.5%), more energetic (22.4%), more creative and innovative employees than older workers (20.9%).
- 84% of firms say Millennial employees create special **challenges**; “Top 3” challenges include: Less loyal to company (52.6%), attitude of entitlement (46.4%), require more intense management (31.1%), Me-first attitude (27.1%), more interested in own professional development than in the company (22.8%), less efficient (12.8%).
- 59% of firms make no special effort to hire Millennials. Of the 41% that do, “top 3” policies to **retain or recruit Millennials**: flexible hours (20.9% of firms), work from home (17.2%), new training modules (16.1%), new mentoring programs (13.3%), redefine company culture (9.7%), start new social responsibility policy for company (7.0%).

Top Concerns for U.S. Businesses

- Government policy
- Cost of benefits
- Regulatory requirements
- Economic Uncertainty
- Attracting and retaining qualified employees

(1-5 on left, 6-10 on right)

- Data Security
- Rising wages and salaries
- Weak demand for product/services
- Employee morale and productivity
- Rising input or commodity costs