

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

Results for 371 U.S. firms (own-firm changes expected during the next 12 months)

	Sept 2017	Jun 2017	Mar 2017	Dec 2016	Sept 2016
Weighted Averages for	Expected growth in next 12 months				
Earnings growth*	4.6%	8.2%	8.6%	8.4%	7.3%
Capital spending	4.2%	2.2%	5.8%	1.4%	-0.4% Median=0%
Advertising and marketing spending	1.7%	1.8%	3.8%	1.9%	2.5%
Technology spending	5.2%	4.1%	5.3%	3.5%	4.8%
R&D spending	1.3%	2.3%	4.0%	0.9%	1.4%
Employment – full-time	3.4%	3.8%	3.5%	2.2%	1.4%
Wages and Salaries	3.9%	4.1%	3.9%	3.2%	2.9%
Inflation (Chg in prices of own-firm products)	1.2%	2.5%	3.0%	1.7%	1.6%
Health Care Costs	8.6%	7.8%	6.8%	6.8%	6.8%
Revenue	4.3%	6.2%	8.1%	4.4%	4.4%

* 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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	Sept 2017	Jun 2017	Mar 2017	Dec 2016	Sept 2016
	Compared to last qtr.				
Optimism about the U.S. economy	More opt: 32.7% Less opt: 29.2% No chg: 38.1%	More opt: 41.8% Less opt: 23.4% No chg: 34.7%	More opt: 62.0% Less opt: 15.0% No chg: 23.0%	More opt: 64.1% Less opt: 16.3% No chg: 19.6%	More opt: 26.7% Less opt: 33.3% No chg: 40.0%
U. S. optimism level (0 to 100)	65.9	67.4	68.5	66.5	60.6
Optimism about own company	More opt: 47.7% Less opt: 22.2% No chg: 30.1%	More opt: 49.6% Less opt: 20.7% No chg: 29.7%	More opt: 58.1% Less opt: 17.9% No chg: 24.0%	More opt: 51.1% Less opt: 18.3% No chg: 30.6%	More opt: 40.2% Less opt: 31.2% No chg: 28.7%
Own company optimism level	70.2	69.2	69.0	67.4	65.3

Other Key Results for June 2017

- 89% of US CFOs say their firm does not pursue all NPV>0 (i.e., value-enhancing) projects.
 - Among these firms, 43% of companies indicate that a shortage of management time is constraining their abilities to pursue some NPV>0 projects.
 - When asked why they do not hire more managers or have current managers take on more projects, CFOs indicate that financial constraints, lack of additional bandwidth for current managers, the difficulty in finding managerial candidates with desired skill sets, and difficulty bringing new managers up to speed as explanations.
 - In terms of specific skills that some job candidates lack, CFOs mention industry-specific experience and technical knowledge, critical thinking skills for complex problems, leadership and people skills, and judgment.
 - 26% of companies indicate that a shortage of non-management labor constrains their abilities to pursue some NPV>0 projects.
 - When asked why they do not hire more rank and file workers to fill the gap, CFOs indicate that difficulty in finding workers with the required skill sets, difficulty getting new workers up to speed, and it being costly to later reduce workforce should demand soften.
 - Among companies that say the struggle to hire enough rank-and-file employees, they list specific deficiencies among some job candidates as including lack of basic writing and math skills, job-specific technical skills, perseverance, and work ethic.
- 40% of US CFOs say that there have been substantial (5.6%) or moderate (34.4%) adverse impacts on their firms due to difficulty hiring and retaining technology workers.
 - Among these firms, 47% say that the biggest drawback of a tech employee shortage is insufficient operations support, followed by innovation / product development support (41.4%), IT core function effectiveness (35.1%), analysis of big data (30.1%), customer service levels (25.9%), and finance function effectiveness (23.8%).
- In a sign that U.S. economic growth might continue to grow at about the same pace as experienced in the past few years, 24% of companies say they have more back-logged NPV>0 projects now versus 3 years ago, compared to 22% that say they have fewer.

Top Concerns for U.S. Businesses

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

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

- Data Security
- Employee productivity
- Weak demand for product/services
- Rising wages and salaries
- Access to capital