



CFO Signals™

What North America's top finance executives are thinking—and doing
4th quarter 2023 results with a focus on 2024 expectations and plans



Dear CFOs,

First, I wish you and your families a healthy and prosperous New Year, and new opportunities for your organizations to flourish. Considering CFOs' responses to our 4Q23 North American *CFO Signals™* survey, 2024 could be the year CFOs find themselves having to pivot, for example, once there is more clarity on interest rates and inflation. In addition, CFOs' views reveal some willingness to invest in the year ahead: Two-thirds indicate they will allocate or reallocate capital to new business investments, and more than one-third say they expect the average number of deals their companies will close over the next 12 months to increase.

Key takeaways for 2024

1. A mixed forecast for regional economies. CFOs' 12-month outlook for economic conditions in North America, Europe, China, and other regions of Asia declined, but it improved for South America. In addition, CFOs' views of their own companies' financial prospects fell significantly from the prior quarter's survey. That might explain CFOs' increased aversion to risk in the fourth-quarter survey compared to 3Q23.

2. Some obstacles for financial performance heading into 2024. CFOs cited interest rates, inflation, and their impact on liquidity as factors that could most constrain their organizations' financial performance in the year ahead. Macroeconomics and geopolitics followed as other major hurdles to future financial performance. CFOs also cited a slowdown in consumer demand and labor markets/talent as possible constraints, as well as higher costs for talent/labor and oil/fuel, which they expect.

3. Lower year-over-year (YOY) expectations for growth overall. CFOs expressed lower expectations for YOY growth in revenue, earnings, capital investment, dividends, and domestic hiring. The exception: domestic wages and salaries are expected to increase.

4. Strong focus on digital transformation, automation, and technologies. More than three-quarters of CFOs expect digital transformation and technologies to play a greater role in achieving their companies' strategy. Furthermore, 80% of CFOs expect their companies to embed more automation/digital technologies into their operations in 2024, and 81% plan to use those to free people's talents for higher-value activities.

5. Cybersecurity a top priority for audit committees. Seventy-six percent of CFOs said cybersecurity will be a top priority for their companies' audit committees in 2024, followed by enterprise risk management and finance and internal audit.

Our Perspective

It has been a difficult couple of years for the M&A market, hardly surprising as deal-making tends to be shaped by economic conditions. High interest rates aimed at reining in inflation, for example, tend to rein in M&A activity as well. And CFOs' concern about the cost—and availability—of capital remains. Indeed, CFOs ranked “inflation/interest rates/liquidity impact” as the top factor in keeping their companies from achieving their financial performance goals in the next 12 months. Similarly, when asked about constraints on M&A, 30% cited the status of debt markets. That was before the Federal Reserve Bank's decision in December to stand pat on the overnight rate—with potential cuts to follow.

Certainly, a drop in borrowing costs could see acquirers take on more debt to fund deals. But others may turn to non-traditional vehicles to get deals done. Nearly half of respondents said they would likely finance M&A completely with cash. Notably, another 30% indicated they would likely employ alternative structures—joint ventures, strategic partnerships and the like—to transact deals.

On other fronts, the news is less encouraging, with macroeconomics and geopolitics also cited as obstacles to achieving financial performance goals in 2024. Moreover, CFOs appear worried about consumer demand, listed fourth among constraints to financial performance in 2024. The concern is understandable. Although US consumer spending has remained relatively strong post-pandemic, diminishing savings could put a dent in what consumers are willing to lay out. This scenario may explain why 37% of CFOs agreed that M&A will be a “substantial portion” of their growth strategy in the coming year.

But first, buyers and sellers will likely need to settle on a new model for valuation. After all, 71% of surveyed CFOs see “valuation of assets/widening bid-ask spreads” as one of their top three challenges to deal success. Perhaps the ongoing strength of stock prices may at least get sellers back to the table.



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CONTENTS, CONTACTS, SURVEY LEADERS, AND PARTICIPATION PROFILE

Contents

Longitudinal business outlook highlights	4
Assessments and sentiment	5
• Regional economies	6-8
• Capital markets and risk-taking	
Performance and investment expectations	9
• Own-company prospects	10
• Growth/decline in key metrics	11
• Constraints to financial 2024 performance goals	
Special topics:	
• Plans and expectations for 2024 and M&A	12-23
Appendix	
• Longitudinal data—cross-industry	25-33
• Responses to open-ended text question	34-35
• Additional reports from the Deloitte <i>CFO Signals</i> library	36
• Survey background	37

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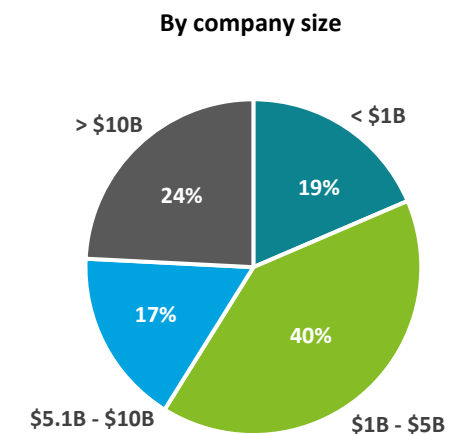
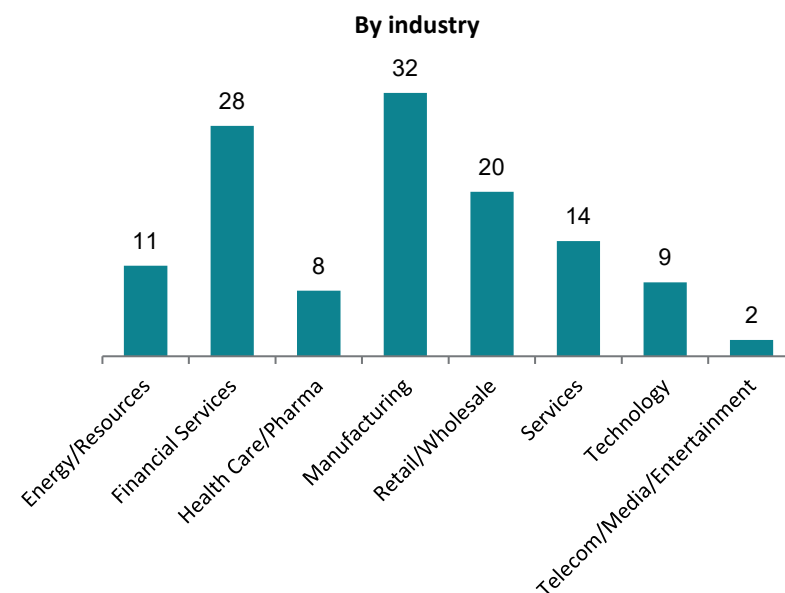
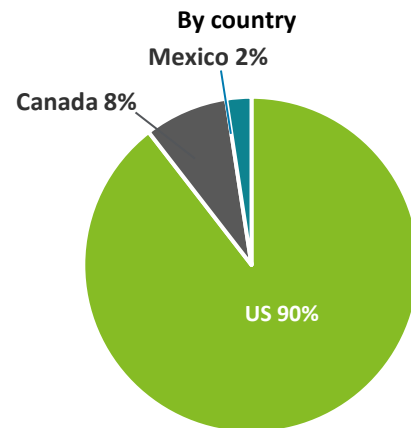
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Participation: A total of 124 CFOs participated: 69% from public companies and 31% from privately held firms. About one-third (31%) of the participants have more than 10 years' experience, with another 27% having 5 to 10 years' experience, while the remainder have fewer than five years' experience. Respondents are from the US, Canada, and Mexico, and the vast majority are from companies with more than \$1 billion in annual revenue. The 4Q23 North American *CFO Signals* survey was conducted from November 6-22, 2023. For other information about the survey, please contact nacfosurvey@deloitte.com.



4 Q23 LONGITUDINAL BUSINESS OUTLOOK HIGHLIGHTS

Compared to the 3Q23 survey, CFOs dimmed their 12-month outlook for economic conditions for all but one of the five regions covered by *CFO Signals*: South America. Moreover, CFOs’ net optimism for their own companies’ financial prospects dropped to +11 in the 4Q23 survey from +22 in 3Q23. CFOs’ YOY growth expectations for revenue, earnings, dividends, capital investment, and domestic hiring also fell from the prior quarter’s survey.

Economic assessment by region

North America: Forty-seven percent of CFOs rate current economic conditions as good or very good, down from 57% in 3Q23. Thirty-seven percent of CFOs also expect conditions to improve in a year, down from 46% in the prior quarter.

Europe: Nine percent of CFOs view current economic conditions as good, down from 11% in 3Q23. Sixteen percent of CFOs expect improvement 12 months out, a drop from 29% in 3Q23.

China: Three percent of CFOs consider current economic conditions as good, down from 8% in 3Q23. Twelve percent of CFOs expect conditions to improve a year out, compared to 20% in the prior quarter.

Asia, excluding China: Slightly more than one-quarter (28%) of CFOs view the current economy as good, up from 24% in 3Q23, while 26% of CFOs expect better conditions a year out, down slightly from 27% in the prior quarter.

South America: Eight percent of CFOs consider current economic conditions good, down from 9% in 3Q23; 18% expect economic conditions to improve in 12 months, up from 9% in 3Q23.

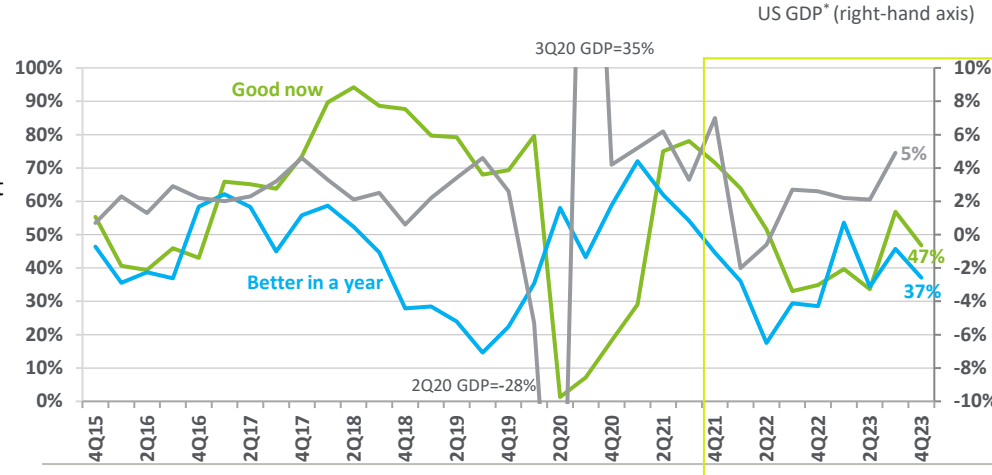
Company outlook

CFOs’ **own-company net optimism** (the percentage of CFOs citing rising optimism for their companies’ prospects minus the percentage citing falling optimism) fell to +11 from +22 in 3Q23.

The **performance index** (average of percentages of CFOs citing positive year-over-year revenue and earnings growth) remained unchanged at +81 from the previous quarter.

The **expansion index** (average of percentages of CFOs citing positive YOY growth in capital investment and domestic hiring) rose to +61 from +59 in 3Q23.

Views on North America’s economy

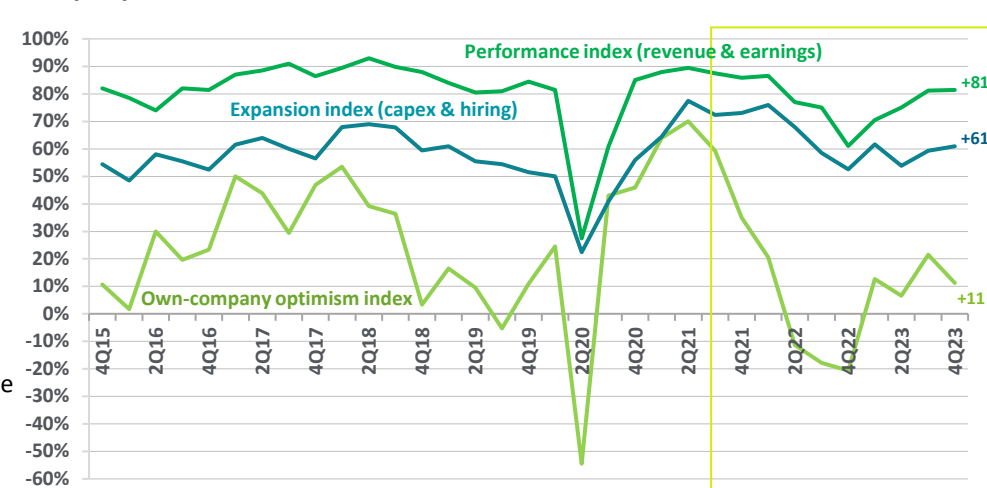


Optimism for regional economies

Region	Good now	Better in a year	Last quarter	2-yr. avg
North America	47%	37%	57/46	45/35
Europe	9%	16%	11/29	10/18
China	3%	12%	8/20	11/25
Asia, excl. China	28%	26%	24/27	27/26
South America	8%	18%	9/9	11/13

*US GDP = percent change from preceding quarter in real U.S. gross domestic product (source: Bureau of Economic Analysis table 1.1.1)

Company indexes



Optimism for own company financial prospects and YOY growth expectations

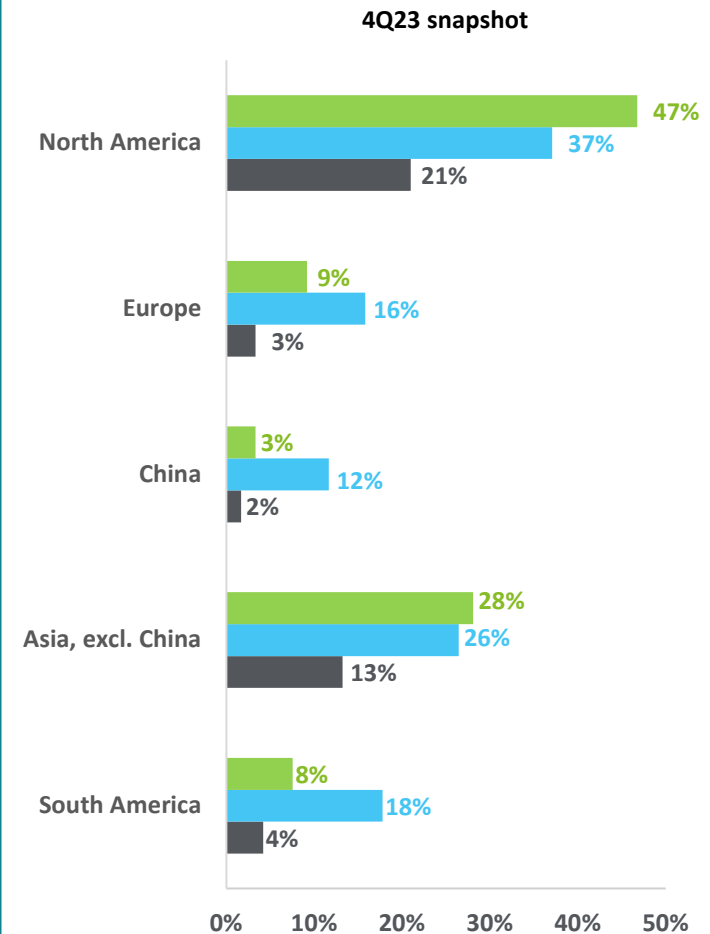
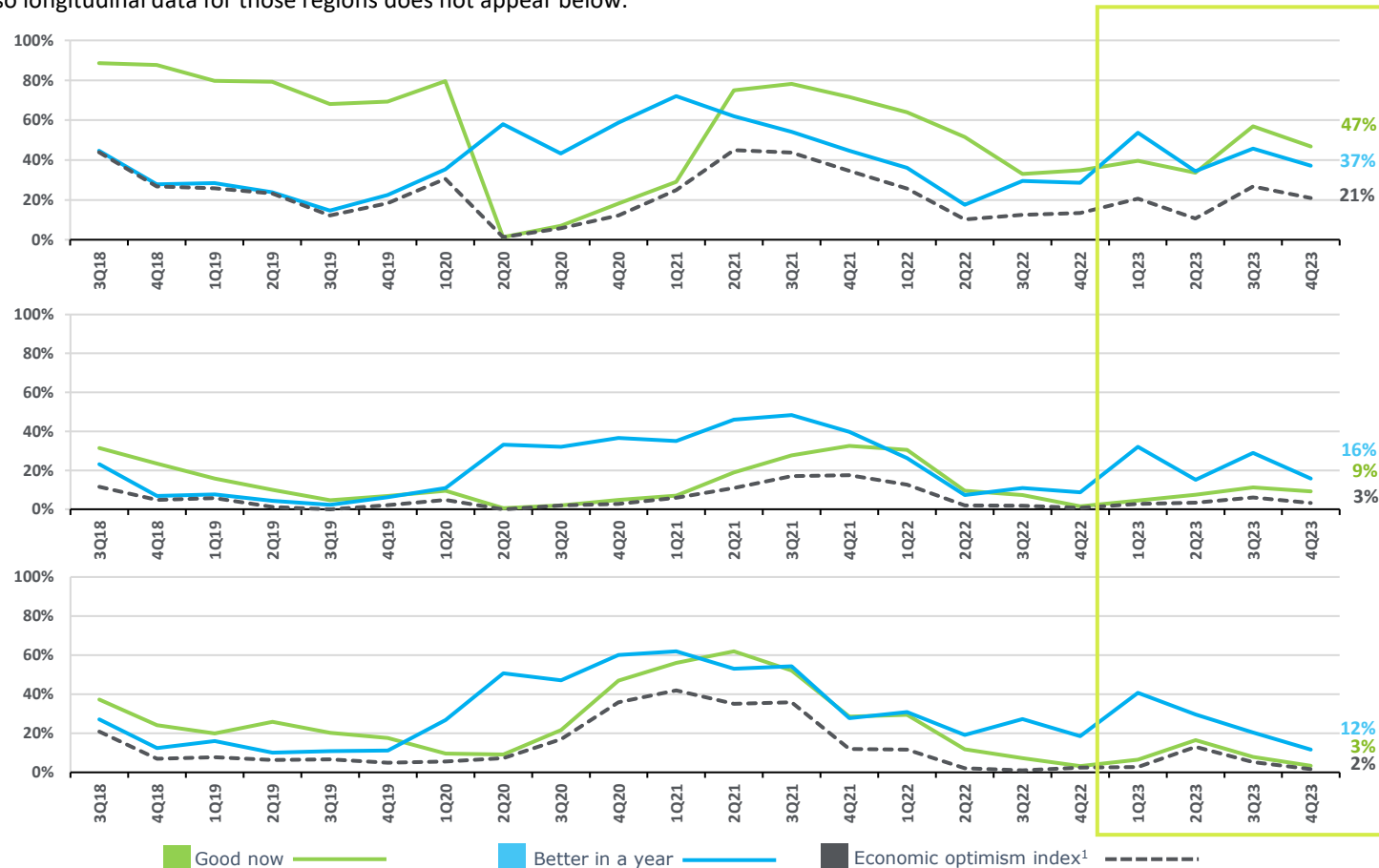
Category	This quarter	Last quarter	2-yr. avg.
Own-company optimism (net)	+11	+22	+2.8
Revenue	5.1%	5.5%	5.9%
Earnings	6.8%	8.3%	6.5%
Dividends	2.6%	2.8%	3.2%
Capital investment	6.0%	6.3%	6.9%
Domestic hiring	1.6%	1.8%	2.8%
Domestic wages/salaries	3.8%	3.6%	4.4%

ASSESSMENTS OF REGIONAL ECONOMIES

CFOs notched down their assessments of current economic conditions in North America, Europe, China, and South America this quarter, compared to 3Q23, while raising them for Asia, excluding China. Looking 12 months out, they also lowered their assessments of economic conditions in all regions, except South America, compared to the prior quarter. Factors causing the downward shift in CFOs' views of North America could include continued high interest rates and the impact of geopolitical events.

How do you regard the current and future status of the following economies?

Note: 3Q21 was the first time CFO Signals asked CFOs for their assessments of the economies of Asia, excluding China, and of South America, so longitudinal data for those regions does not appear below.



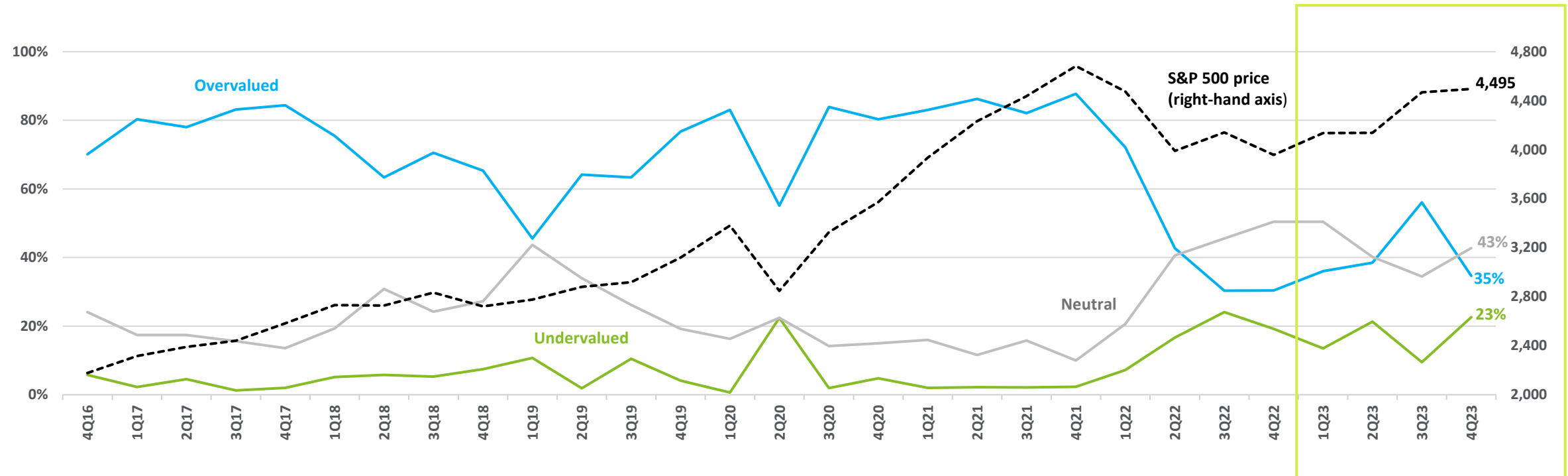
¹ This index reflects the percentage of respondents who rated both the current economic conditions as “good” or “very good” and the economic conditions in a year as “better” or “much better.”

ASSESSMENTS OF CAPITAL MARKETS AND RISK: VALUATION OF US EQUITY MARKETS

In the 4Q23 survey, more than one-third of the CFOs surveyed (35%) say they believe that US equity markets are overvalued, a considerable decline from the 56% of CFOs who held this opinion in 3Q23. A higher proportion (23%) of CFOs consider US equity markets as undervalued compared to the 3Q23 survey, when 9% of CFOs held that view.

How do you regard US equity markets valuations? (N=124*)

Percent of CFOs who say US equity markets are overvalued, undervalued, or neither. Note: responses are compared to S&P 500 at survey midpoint. The S&P 500 stood at 4,495 at the midpoint of the 4Q23 survey data collection on Nov. 14, 2023, an increase from the 3Q23 survey midpoint of 4,468 on Aug. 10, 2023.



*124 (100%) of respondents across eight industries answered.

ASSESSMENTS OF CAPITAL MARKETS AND RISK: ATTRACTIVENESS OF DEBT AND EQUITY FINANCING

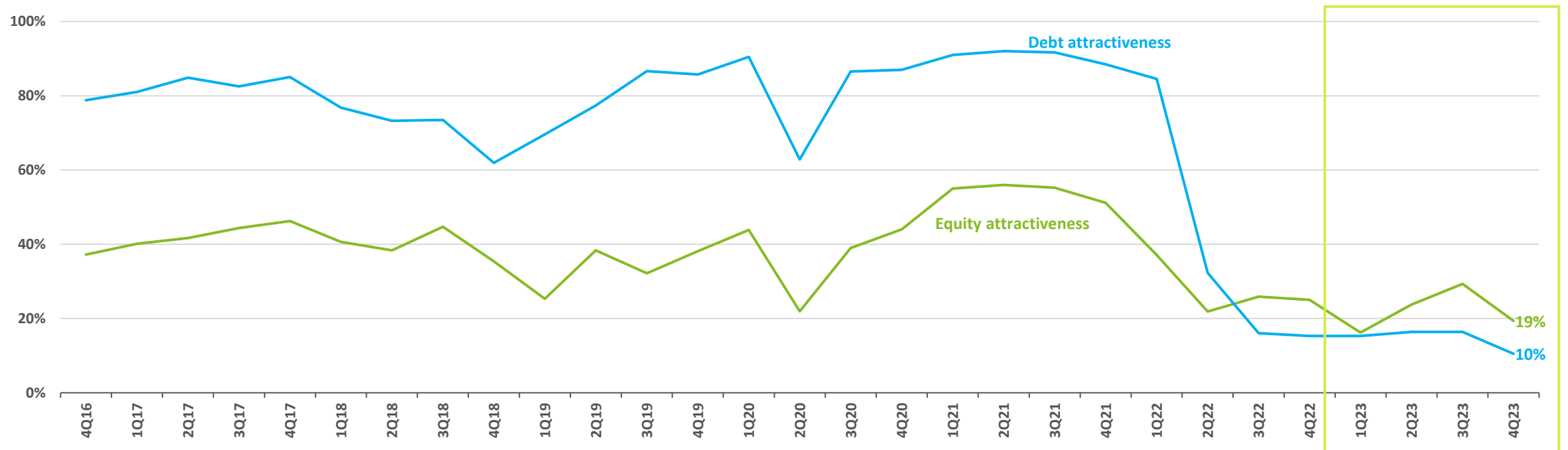
In the 4Q23 survey, both debt and equity financing is considered less attractive than in the prior quarter's survey. Only 10% of surveyed CFOs find debt financing attractive in 4Q23, down from 16% in the previous quarter. The proportion of CFOs viewing equity financing attractive stands at 19% in the 4Q23 survey, down significantly from 29% in 3Q23. Continued high interest rates and tightening credit may be tempering CFOs' views of the two avenues for financing.

Attractiveness of debt financing among public/private companies: Among CFOs surveyed from publicly traded companies, the attractiveness of debt financing decreased slightly, to 12% in 4Q23 from 13% in 3Q23. Meanwhile, 8% of CFOs surveyed from private companies consider debt financing attractive, down from 25% in the previous quarter.

Attractiveness of equity financing among public/private companies: Among CFOs of publicly traded companies, 19% view equity financing as attractive, down from 29% in the prior quarter. Twenty-one percent of CFOs from private companies consider equity financing attractive, dropping from 31% in 3Q23.

How do you regard debt/equity financing attractiveness? (N=124*)

Percent of CFOs citing debt and equity attractiveness (both public and private companies)



*124 (100%) of respondents across eight industries answered.

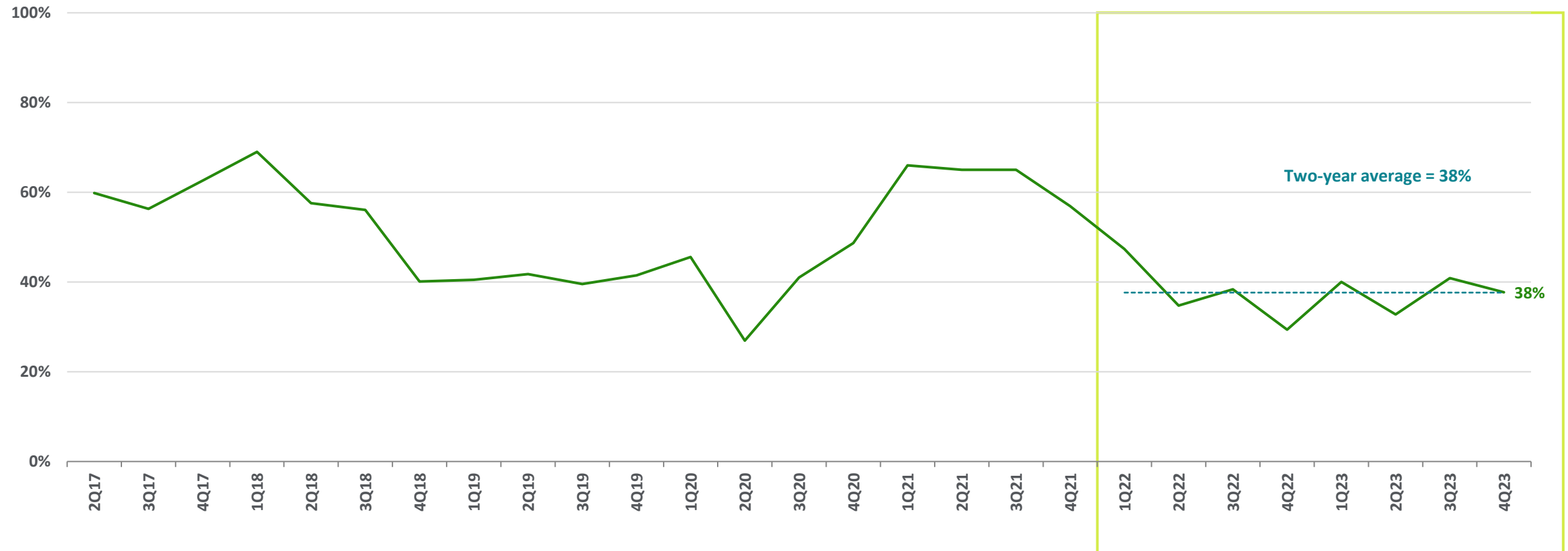
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ASSESSMENTS OF CAPITAL MARKETS AND RISK: RISK APPETITE

The proportion of CFOs saying *now* is a good time to be taking greater risks stands at 38% in this quarter's survey, down from 41% in the 3Q23 survey and flat with the two-year average. This group is heavily outweighed by the 62% of CFOs who say *now is not a good time* to take greater risks. That's an increase from 59% in the prior quarter's survey. The decline could be influenced by what CFOs consider to be potential constraints on their companies' ability to achieve their financial performance goals. See [p. 11](#) for details.

Risk appetite: Is this a good time to be taking greater risks? (N=122*)

Percent of CFOs saying it is a good time to be taking greater risks



*122 (98%) of respondents across eight industries answered.

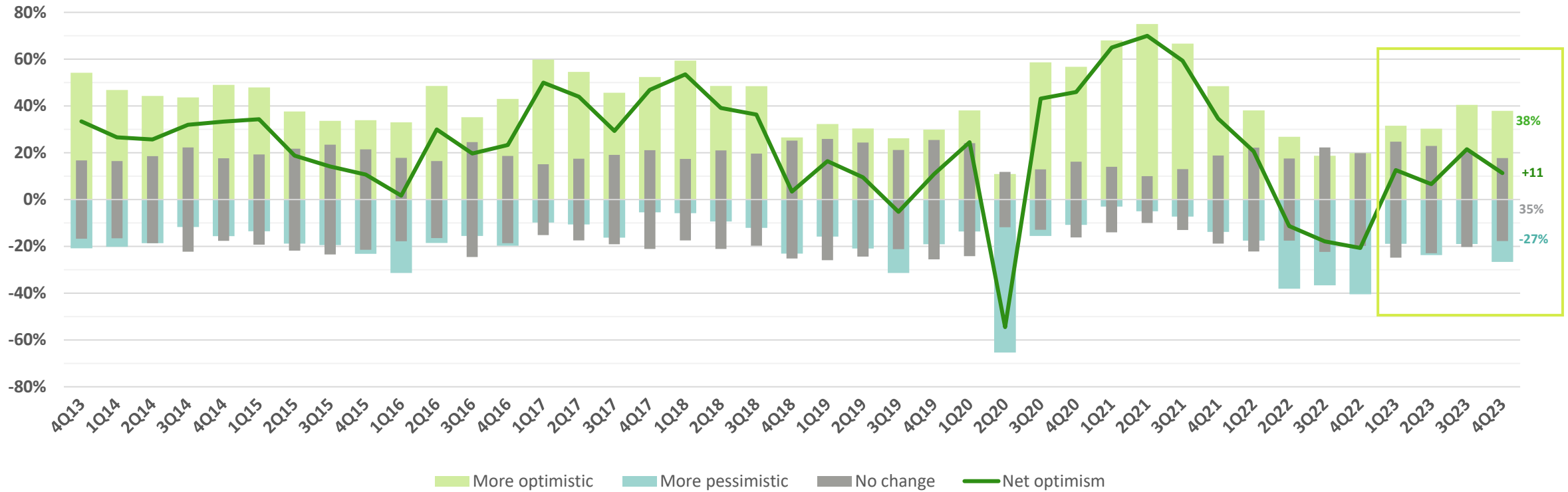
EXPECTATIONS FOR OWN COMPANY'S FINANCIAL PROSPECTS

In the 4Q23 survey, 38% of CFOs express a slightly lower level of optimism for their own companies' financial prospects, compared to 41% in 3Q23. Meanwhile, the proportion of those CFOs expressing greater pessimism for their own companies' financial prospects rose to 27% in this quarter's survey from 19% in 3Q23. Together, these results bring CFOs' level of net optimism to +11, half of what it is was in the prior quarter, at +22.

CFOs may also be concerned that while inflation has cooled significantly from its peak, it remains above the Federal Reserve's target of 2%--perhaps suggesting that the anticipated soft landing may not be entirely smooth.

Compared to three months ago, how do you feel now about the financial prospects for your company? (N=124*)

Percent of CFOs citing higher optimism (green bars), lower optimism (blue bars), and no change (gray bars); net optimism (line) is the difference between the green and blue bars.



*124 (100%) of respondents across eight industries answered.

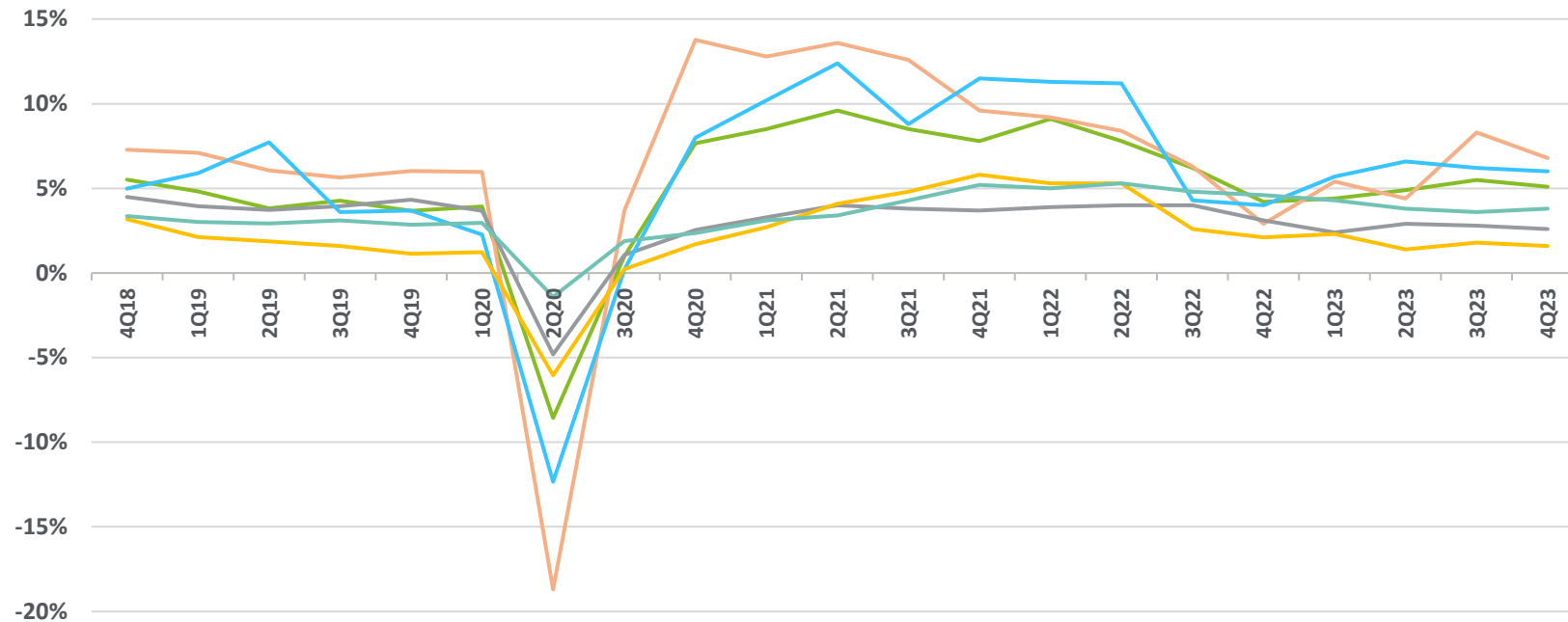
EXPECTATIONS FOR YEAR-OVER-YEAR GROWTH IN KEY METRICS

Of the six metrics *CFO Signals* tracks, domestic wages/salaries is the only one for which CFOs raised their expectations for YOY growth, inching up slightly to 3.8% from 3.6% in the prior quarter. For the other metrics—revenue, earnings, dividends, capital investment, and domestic hiring—CFOs expect lower year-over-year growth, compared to 3Q23, as depicted in the chart below. Earnings reflected the largest drop in CFOs' expectations for YOY growth, declining to 6.8% in the 4Q23 survey from 8.3% in the prior quarter.

CFOs' falling expectations for five of the six key metrics may reflect their dimmer assessments of the 12-month economic outlook in North America, Europe, China, and other parts of Asia.

Performance and investment expectations

Compared to the past 12 months, how do you expect key metrics to change over the next 12 months?

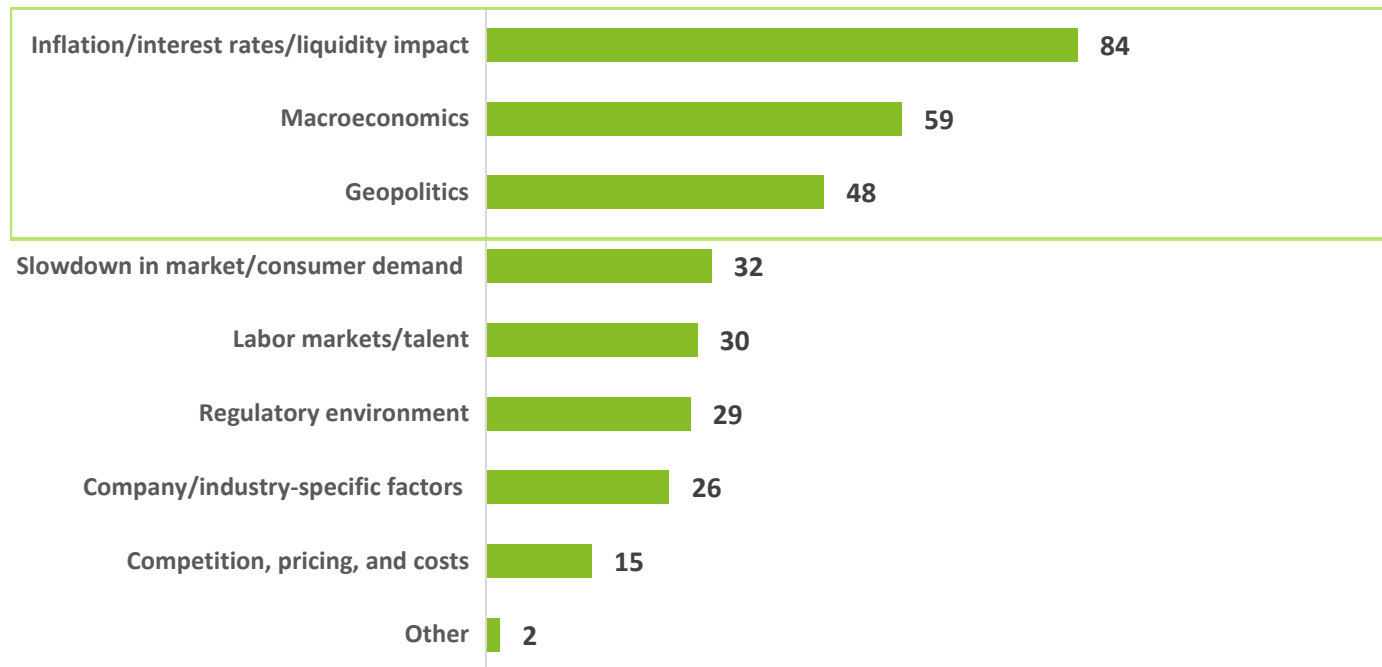


	4Q23	3Q23
Revenue	↓ 5.1%	5.5%
Earnings	↓ 6.8%	8.3%
Dividends	↓ 2.6%	2.8%
Capital investment	↓ 6.0%	6.3%
Domestic hiring	↓ 1.6%	1.8%
Domestic wages/salaries	↑ 3.8%	3.6%

EXPECTATIONS FOR FINANCIAL PERFORMANCE IN NEXT 12 MONTHS

Surveyed CFOs most frequently cite inflation, interest rates, and liquidity impact as factors that could most constrain their companies' ability to achieve their financial performance goals in the coming year. Macroeconomics and geopolitics were named next most frequently. CFOs also mentioned a slowdown in market/consumer demand and labor markets/talent as additional factors that could most constrain their companies' ability to meet financial performance goals in the next 12 months.

What three factors could most constrain your company's ability to achieve its financial performance goals in the next 12 months? (N=120*)



*120 (97% of total respondents). The total number of comments is more than the total number of respondents because respondents could cite multiple factors.

**Note, these categories were developed based on responses to open-ended text questions.

Sample comments (While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated some comments in the interest of space and participant confidentiality.)

Inflation/interest rates/liquidity impact

- Access to capital markets.
- Availability of financing.
- Cost of debt.
- Fed rate.
- Global interest rates.
- Increased leverage.
- Interest rates remain high.
- Mortgage rates.
- Tight lending market.
- Wage inflation.

Macroeconomics

- Commodity prices.
- Currency volatility.
- Economic malaise.
- Financial market weakness.
- Fiscal policy.
- Industrial economy.
- Macro-headwinds.
- M&A markets.
- Recessionary pressures.
- Slowing business activity.
- Supply chain stability.

Geopolitics

- Acceleration of geopolitical risks.
- Activism.
- China economy.
- European recovery.
- Geopolitical instability.
- Government shutdown.
- Increased international conflicts.
- Impacts of war/unrest.
- Trade relations.
- War.

Slowdown in market/consumer demand

- Consumer spending.
- Consumer weakness.
- Lower consumer spend.
- Softening customer demand.
- Demand.
- Changes in consumer buying behavior (digital payments).
- Consumer discretionary spend.
- Consumer Price Index.
- Churn.

SPECIAL TOPIC – PLANS AND EXPECTATIONS FOR 2024 AND M&A

Looking toward 2024, surveyed CFOs say that their companies' top three priorities will be financial performance (53% of CFOs), growth (43%), and cost management (36%). Capital allocation follows closely behind, chosen by 34% of CFOs. More than one-fifth of surveyed CFOs report strategy setting and execution, plus cash management, as priorities for the new year. Data analytics, AI, and business intelligence will be a priority for 18% of CFOs for 2024, as will transformation initiatives.

As CFO, what are your top three priorities for 2024? (N=124*)



*124 (100%) of respondents across eight industries answered. The percentages do not add up to 100% because respondents could select more than one option.

SPECIAL TOPIC – PLANS AND EXPECTATIONS FOR 2024 AND M&A

More than three-quarters of surveyed CFOs say cybersecurity will be a top three priority for the audit committee in the next 12 months, beyond financial reporting and internal controls. CFOs also expect the audit committee to be focused on enterprise risk management, indicated by 43% of CFOs, along with finance and internal audit (40% of CFOs).

More than one-third of CFOs (38%) expect compliance with laws and regulations to be an audit committee priority, while 24% of CFOs indicate finance transformation will be a priority for the audit committee. With many companies exploring or adopting artificial intelligence (AI), nearly one-quarter of CFOs also expect the audit committee to have AI governance as a priority in the next 12 months.

Given the current risk environment, what are the top three priority areas (beyond financial reporting and internal controls) for the audit committee in the next 12 months? (N=117*)



*117 (94%) of respondents across eight industries answered. The percentages do not add up to 100% because respondents could select more than one option.

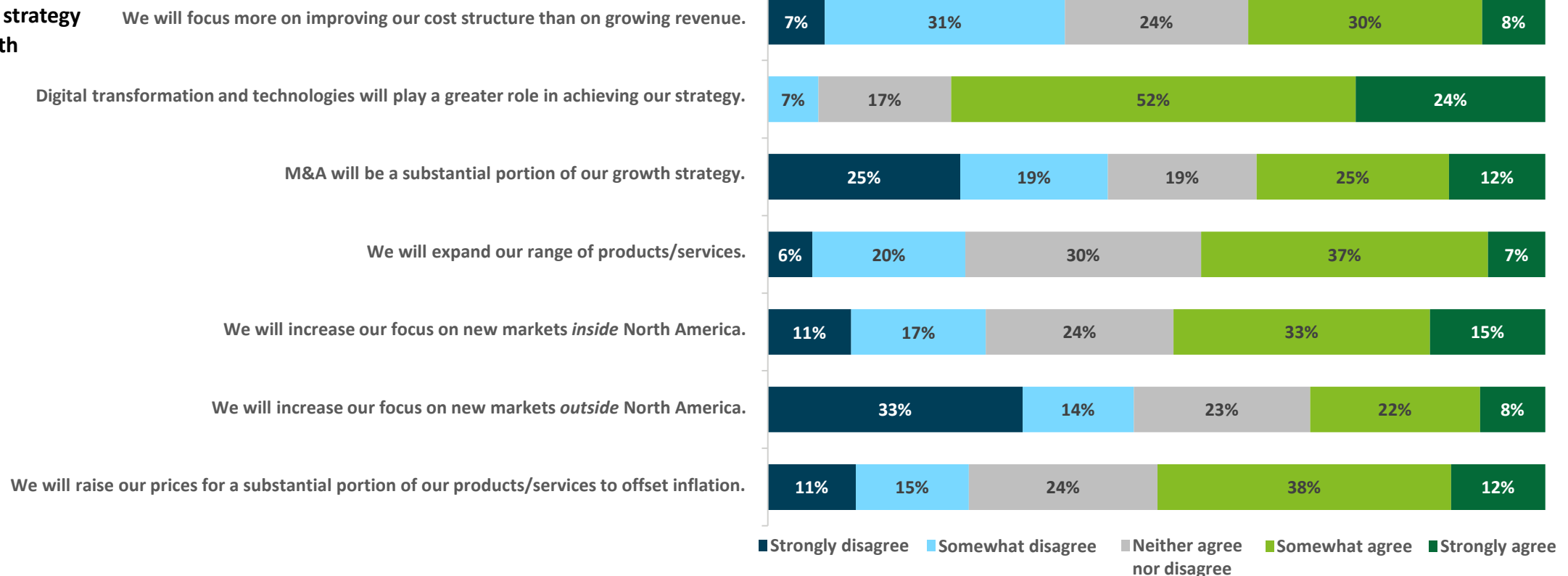
SPECIAL TOPIC – PLANS AND EXPECTATIONS FOR 2024 AND M&A

With respect to company strategy and growth, 76% of surveyed CFOs expect digital transformation and technologies to play a greater role in 2024. Nearly half (48%) say they will increase their focus on new markets *inside* North America, compared to 30% indicating their focus will be on new markets *outside* the region. Thirty-eight percent of CFOs indicate their organization will focus more on improving their cost structure than on growing revenue, and the same proportion indicate the opposite.

Amid ongoing inflation, half of CFOs expect their companies to raise their prices for a substantial portion of their products/services to offset it. Slightly more than one-third of CFOs say M&A will be a substantial portion of their growth strategy in 2024, while 46% indicate it will not.

What are your expectations for your organization in 2024? (N=123*)

Company strategy and growth



*123 (99%) of respondents across eight industries answered. Note: some respondents didn't answer every part of the question.

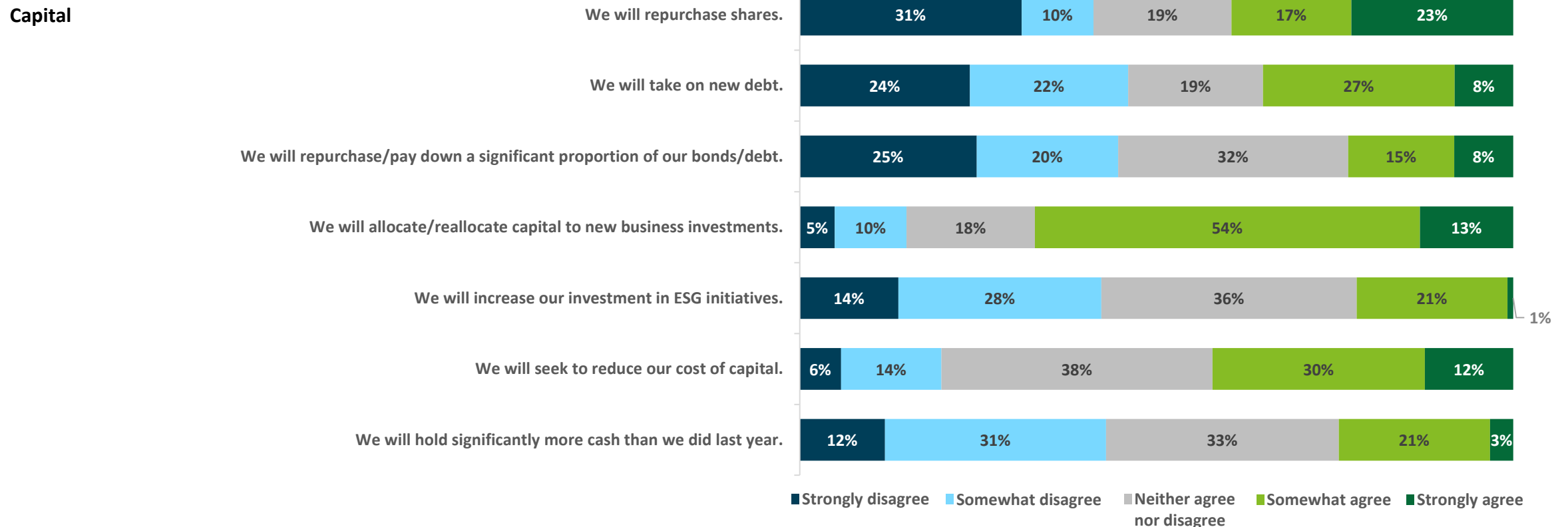
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SPECIAL TOPIC – PLANS AND EXPECTATIONS FOR 2024 AND M&A

Regarding capital, 67% of surveyed CFOs indicate they will allocate/reallocate capital to new business investments. Some might find that result interesting in light of the 62% of CFOs who say now is not a good time to take on greater risks. Forty-two percent of CFOs say their organizations expect to reduce their cost of capital, while 35% expect to take on new debt and 23% expect to repurchase/pay down a significant proportion of their bonds/debt.

About the same proportion of CFOs (40%) say their companies will repurchase shares as those who say they will not (41%). More than one-fifth of CFOs (22%) indicate their organizations will increase their investment in ESG initiatives. In contrast, 42% of CFOs expect their organizations will not.

What are your expectations for your organization in 2024? (N=123*)



*123 (99%) of respondents across eight industries answered. Note: some respondents didn't answer every part of the question.

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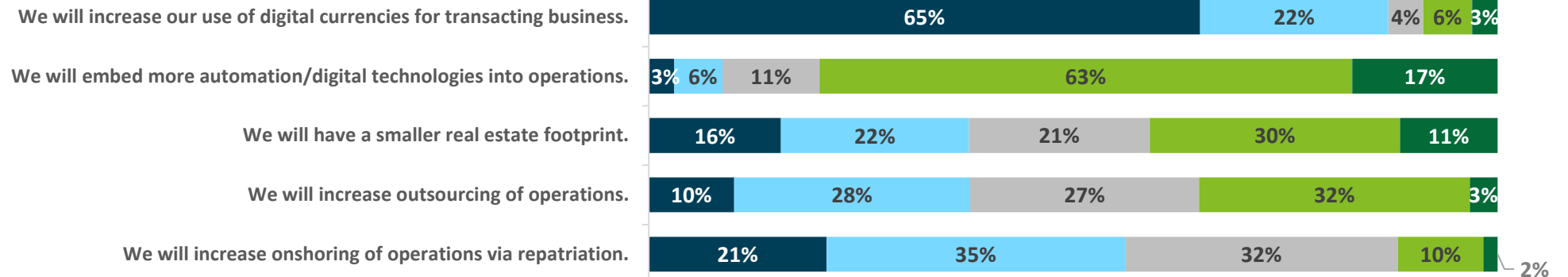
SPECIAL TOPIC – PLANS AND EXPECTATIONS FOR 2024 AND M&A

In 2024, 80% of CFOs expect their organizations to embed more automation/digital technologies into their operations. Meanwhile, 65% indicate their organizations will deploy digital technologies to automate certain jobs previously performed by humans, and 81% say their organizations will use automation/digital technologies to free people to use their talents for higher-value activities. Only 9% of CFOs expect their companies to increase their use of digital currencies for transacting business.

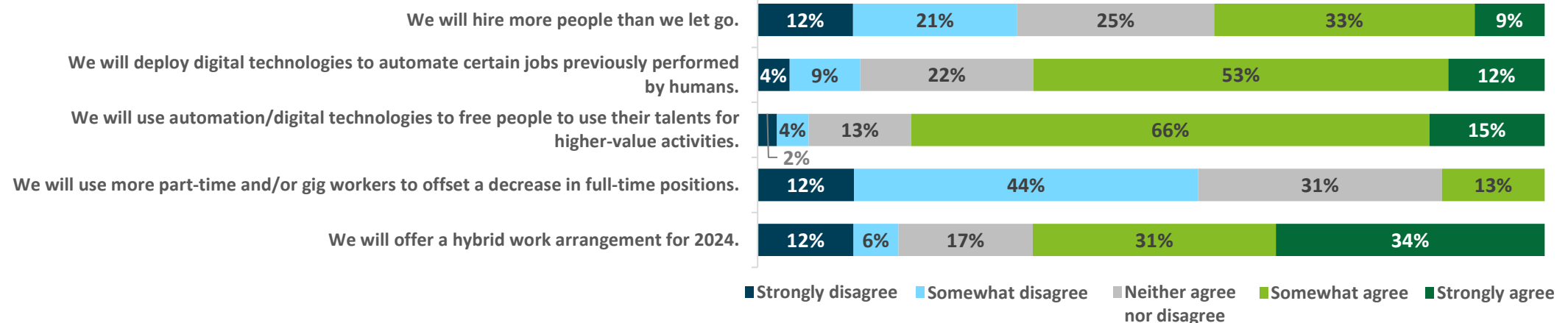
Sixty-five percent of CFOs expect their companies to offer a hybrid work arrangement in 2024, and 35% say their organizations will increase outsourcing of operations. Forty-two percent of CFOs say their organizations will hire more people than they let go, while 33% of CFOs indicate the opposite.

What are your expectations for your organization in 2024? (N=123*)

Operations



Talent



*123 (99%) of respondents across eight industries answered. Note: some respondents didn't answer every part of the question.

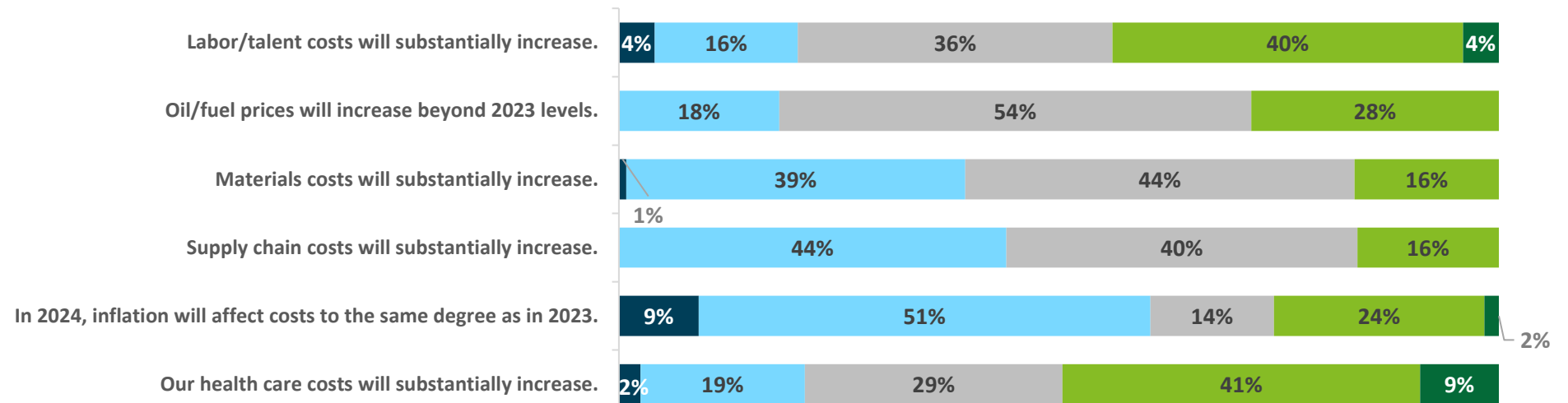
SPECIAL TOPIC – PLANS AND EXPECTATIONS FOR 2024 AND M&A

Half of surveyed CFOs expect their organizations' health care costs to increase substantially in the new year, with 44% expecting the same for labor/talent costs. Regarding inflation, 26% of CFOs expect it will affect their costs to the same degree as in 2023, compared to 60% who say it will not. Just 16% of CFOs expect materials and supply chain costs each to increase substantially in 2024. Meanwhile, 28% of CFOs think oil/fuel prices will increase beyond 2023 levels, compared to 18% who expect they will not.

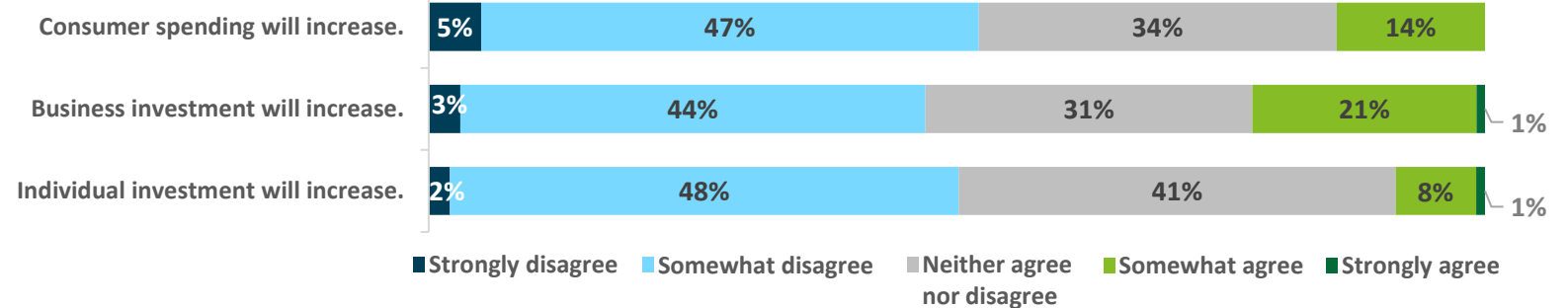
With respect to demand, just over half (52%) of CFOs do not expect consumer spending to increase in 2024, while 50% and 47% say the same for individual and business investment, respectively.

What are your expectations for your organization in 2024? (N=123*)

Costs



Demand



*123 (99%) of respondents across eight industries answered. Note: some respondents didn't answer every part of the question.

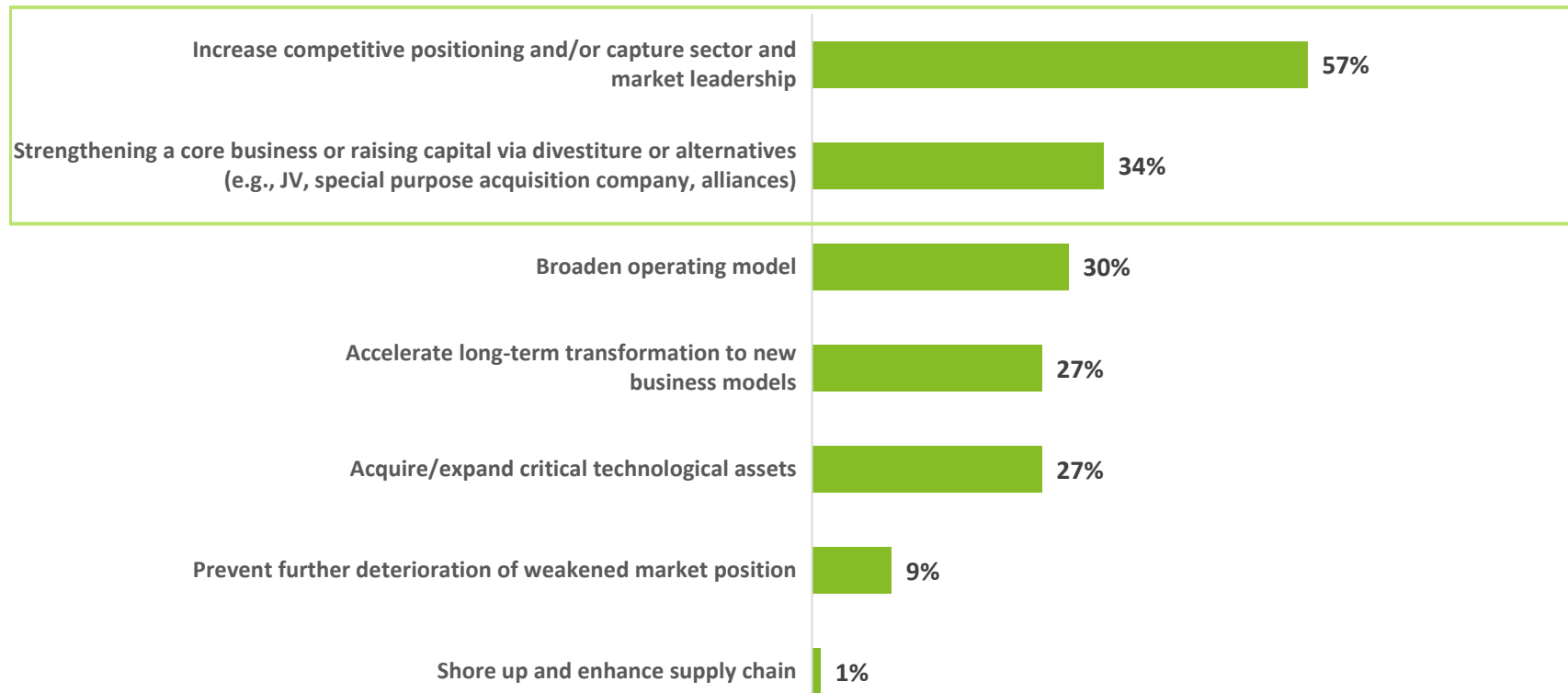
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SPECIAL TOPIC – PLANS AND EXPECTATIONS FOR 2024 AND M&A

More than half of surveyed CFOs say that their top M&A strategy is increasing competitive positioning and/or capturing sector and marketing leadership. Slightly more than one-third (34%) of CFOs say that strengthening a core business or raising capital via divestiture or alternatives best describes their top M&A strategy.

For more than one-quarter of CFOs, broadening their organizations' operating model, accelerating long-term transformation to new business models, and acquiring/expanding critical technological assets best describe their top M&A strategies.

If you plan to pursue M&A and joint venture (JV) opportunities, what best describes your company's top two M&A strategies? (N=98*)



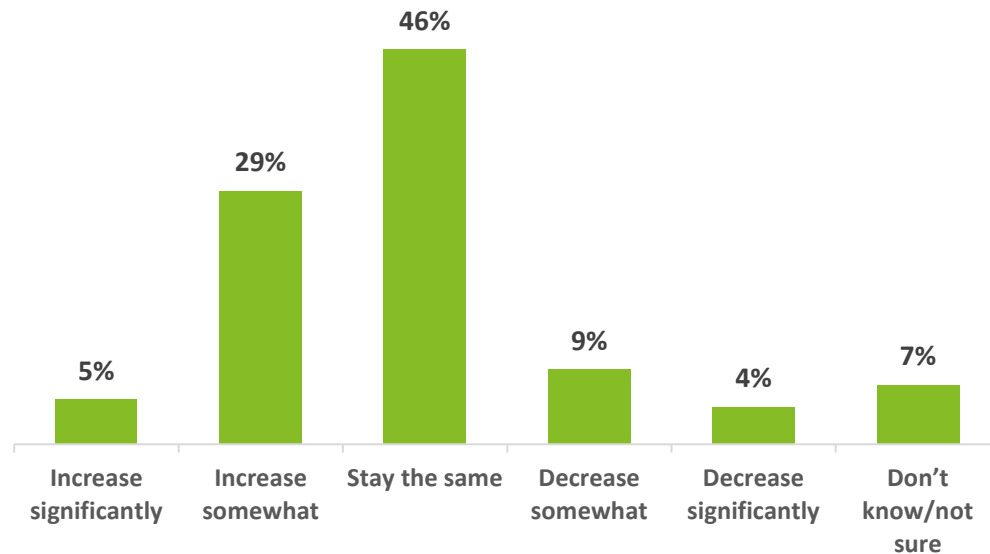
*98 (79%) of total respondents across eight industries answered. Percentages do not add up to 100% because respondents could select more than one option.

SPECIAL TOPIC – PLANS AND EXPECTATIONS FOR 2024 AND M&A

Slightly more than one-third (34%) of surveyed CFOs expect their companies to increase the average number of deals they close over the next 12 months. A smaller proportion—13% of CFOs—expect the average number of deals their companies will close to decrease over the next 12 months. Nearly half of surveyed CFOs do not expect any change in the average number of deals closed.

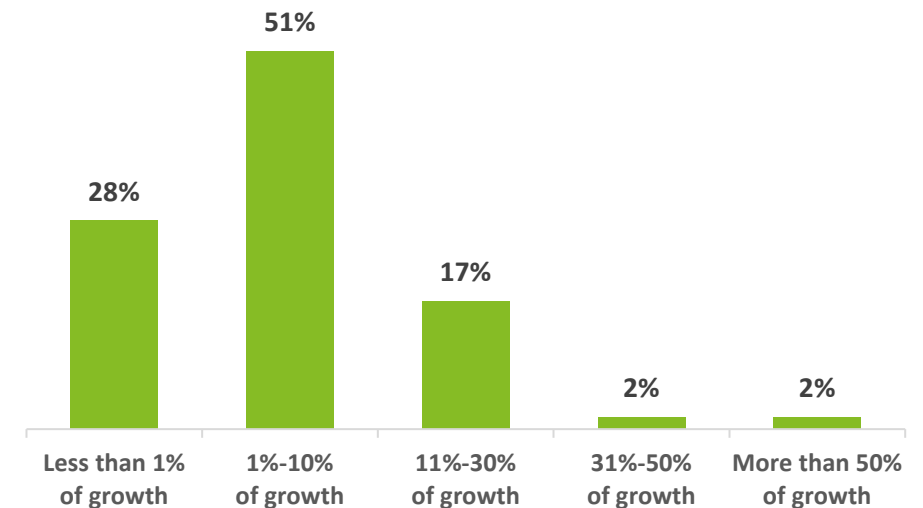
As far as how much surveyed CFOs expect their companies' growth to come from M&A in the next three years, more than half project 1% to 10%, while more than one-quarter estimate less than 1% of growth to derive from M&A in that time period. Just four percent of CFOs expect more than 30% of their companies' growth to derive from M&A in the next three years. Of the remaining CFOs, 17% expect M&A to account for 11% to 30% of their companies' growth in the next three years.

Do you expect the average number of deals that your company closes to increase or decrease over the next 12 months? (N=116*) Note: percentages at the top of the bars refer to the percentage of respondents.



*116 (94%) of respondents across eight industries answered.

What percentage of your company's growth in the next three years do you expect to come from M&A? (N=122*) Note: percentages at the top of the bars refer to the percentage of respondents.



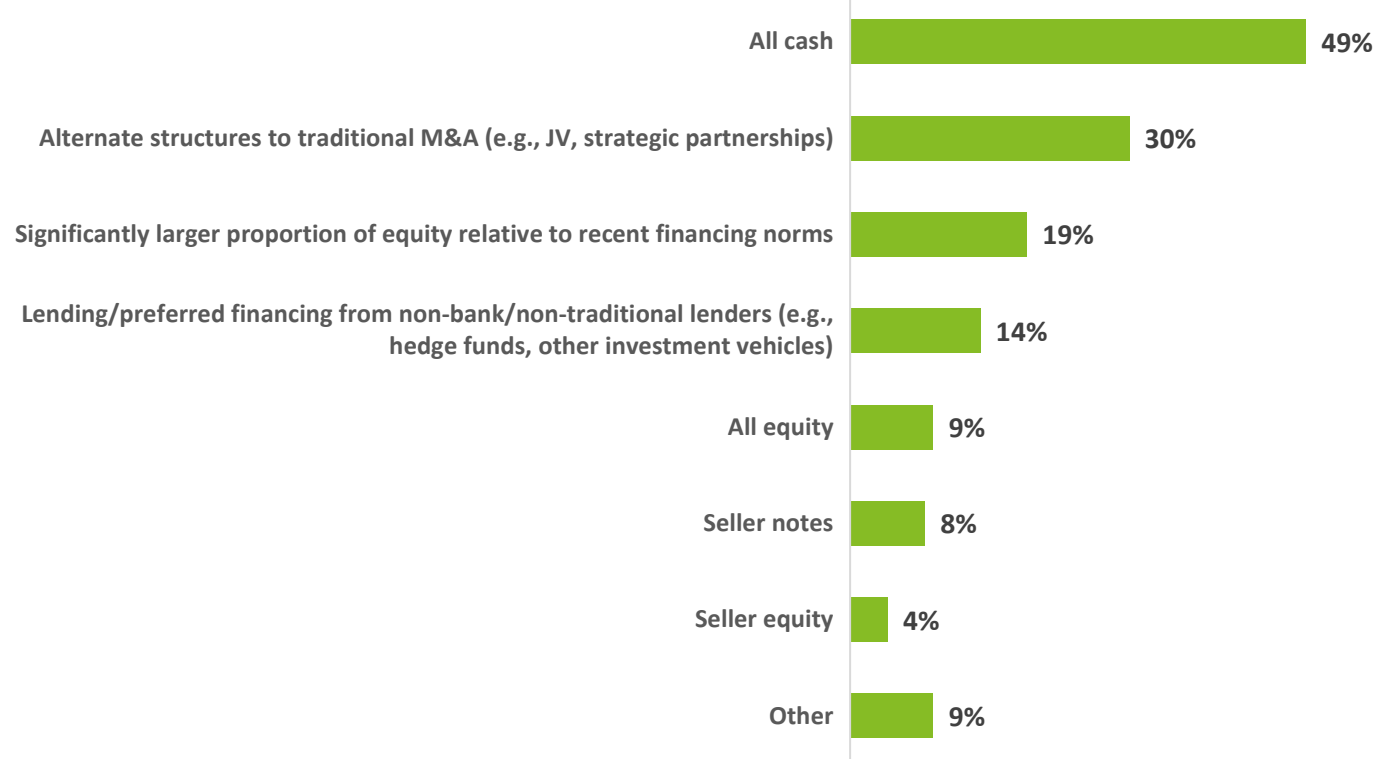
*122 (98%) of respondents across eight industries answered.

SPECIAL TOPIC – PLANS AND EXPECTATIONS FOR 2024 AND M&A

Almost half (49%) of surveyed CFOs say they will likely use all cash to finance their deals in 2024, with 30% of CFOs also expecting to use alternate structures, such as joint ventures and strategic partnerships. Nearly one-fifth of CFOs expect to use a significantly larger proportion of equity relative to recent financing norms in the next 12 months to get deals done.

For 14% of the surveyed CFOs, their companies will likely turn to lending/preferred financing from non-bank/non-traditional lenders (e.g., hedge funds, other investment vehicles) to finance their deals in 2024. A smaller proportion of CFOs say their companies will likely use all equity (9% of CFOs), seller notes (8% of CFOs), and seller equity (4% of CFOs). Other alternative financing vehicles mentioned included asset monetization, convertible debt, and internal financing from the parent company.

Which alternative financing vehicles (to traditional bank debt) will your company likely use in the next year (2024) to get deals done? (N=99*)



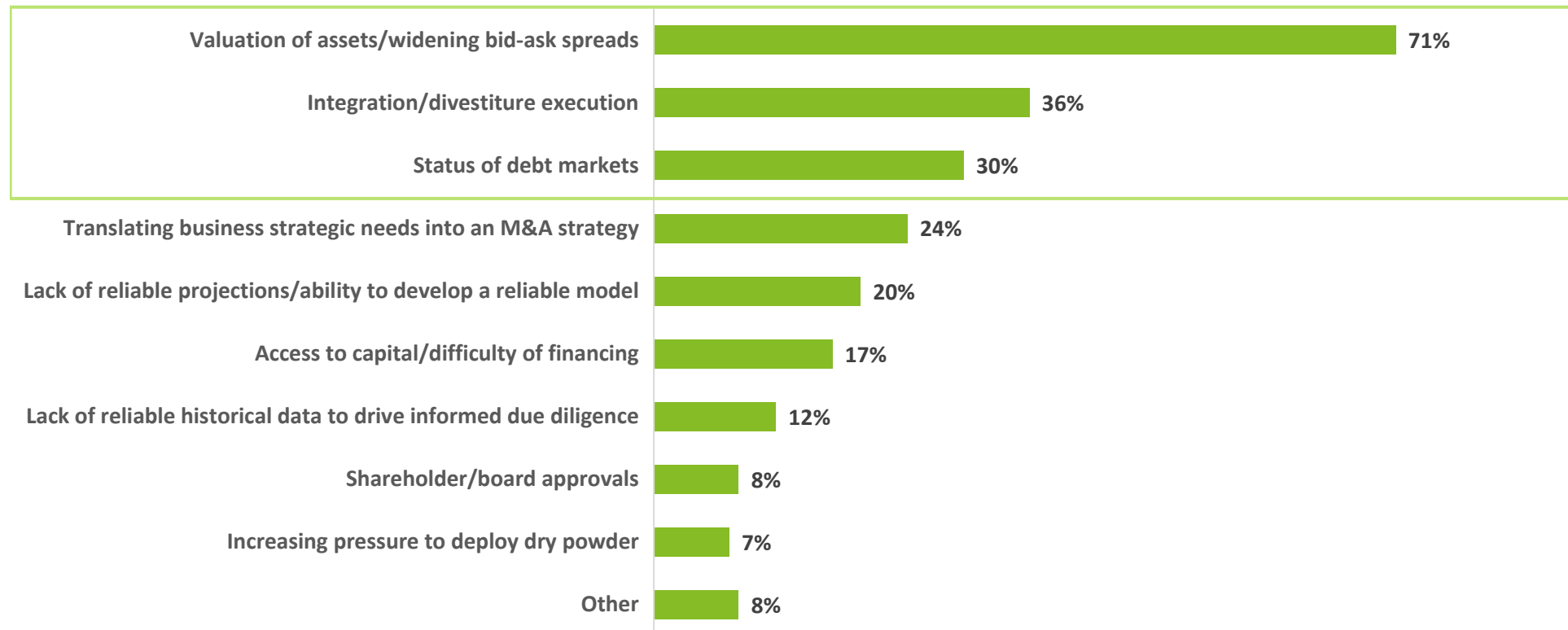
*99 (80%) of respondents across eight industries answered. Percentages do not add up to 100% because respondents could select more than one option.

SPECIAL TOPIC – PLANS AND EXPECTATIONS FOR 2024 AND M&A

Nearly three-quarters of surveyed CFOs say that among their companies' top three challenges to M&A or deal success is valuation of assets and widening spreads between bids and asks. CFOs also point to integration/divestiture execution, cited by 36% of CFOs, and status of debt markets, noted by 30% of CFOs. Other challenges are translating business strategic needs into an M&A strategy, noted by 24% of CFOs, and lack of reliable projections and ability to develop a reliable model, indicated by 20% of CFOs.

Only 17% of CFOs say that access to capital and difficulty of financing is a top challenge to M&A or deal success. Some observers may have expected more CFOs to indicate that as a top challenge, given inflation and relatively high interest rates. Other challenges mentioned included regulatory approval, human capital, and organizational capacity.

What are your company's top three challenges to M&A or deal success? (N=111*)



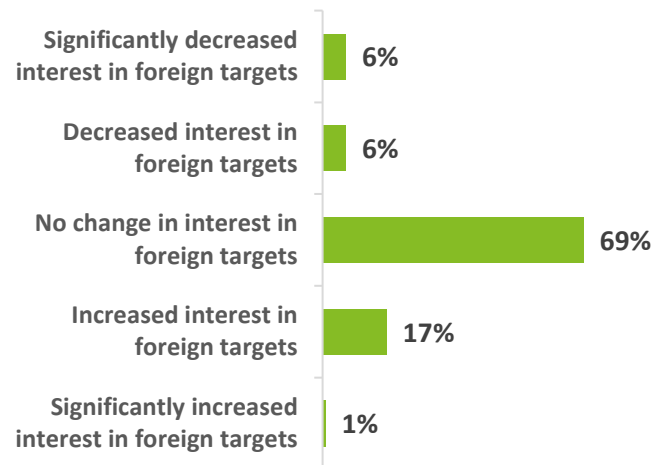
*111 (90%) of respondents across eight industries answered. Percentages do not add up to 100% because respondents could select more than one option.

SPECIAL TOPIC – PLANS AND EXPECTATIONS FOR 2024 AND M&A

More than two-thirds (69%) of surveyed CFOs do not expect their companies' interest in acquiring foreign targets to change over the next 12 months. In addition, 18% of CFOs expect their companies' interest in acquiring foreign targets to increase over the next 12 months while 12% of CFOs expect it to decrease over that time period.

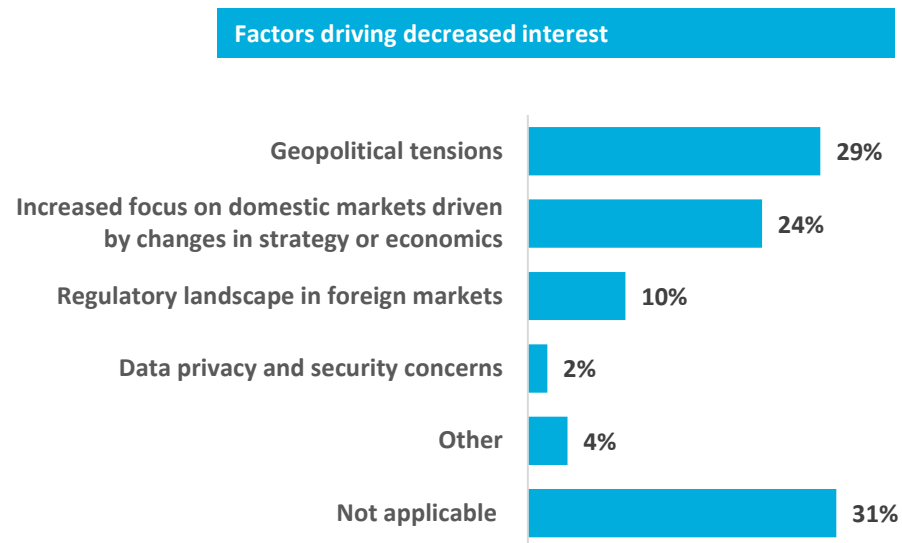
The greatest factors driving less interest in foreign targets are geopolitical tensions, increased focus on domestic markets driven by changes in strategy or economics, and the regulatory landscape in foreign markets. The greatest factors driving increased interest in foreign targets are market expansion, new market entrance, product/market diversification, and access to technology.

Looking ahead, how do you expect your company's interest in acquiring foreign targets to change over the next 12 months? (N=111*).



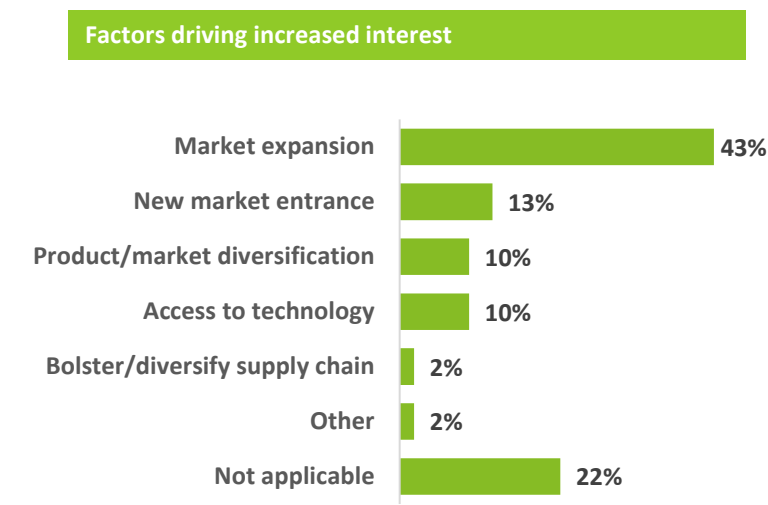
*111 (90%) of respondents across eight industries answered.

If your company's interest in foreign targets is decreasing, what's driving it? (N=51*)



*51 (41%) of respondents across eight industries answered.

If your company's interest in foreign targets is increasing, what's driving it?? (N=63*)



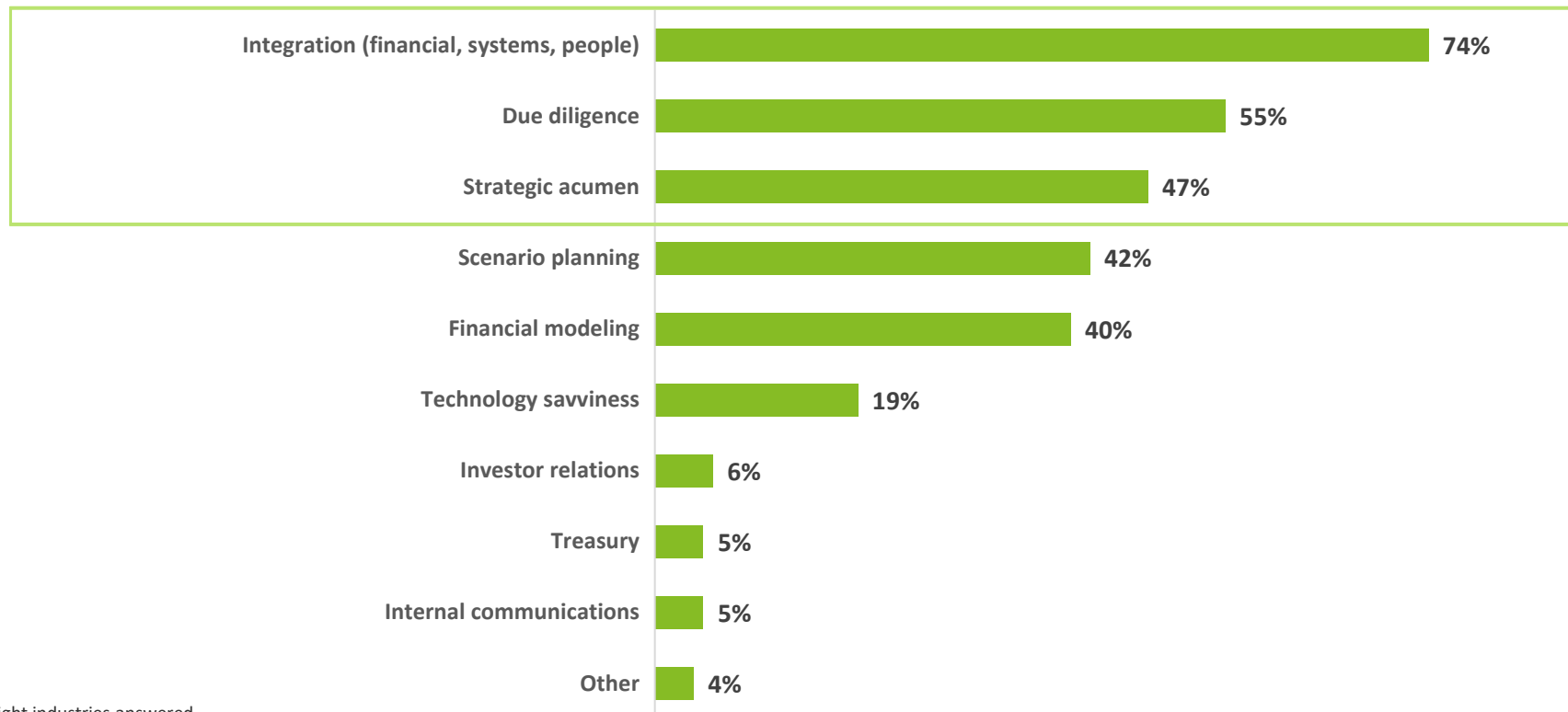
*63 (51%) of respondents across eight industries answered.

SPECIAL TOPIC – PLANS AND EXPECTATIONS FOR 2024 AND M&A

To drive and support M&A, surveyed CFOs say they need new or stronger finance capabilities in the areas of integration (financial, systems, people), cited by 74% of CFOs; due diligence, noted by 55% of CFOs; and strategic acumen, indicated by 47% of CFOs. New or stronger skills also are needed for scenario planning, according to 42% of CFOs, and financial modeling, indicated by 40% of CFOs.

Further down on CFOs' list were technology savviness (19% of CFOs), investor relations (6%), and treasury and internal communications (each 5%).

What new or stronger top three finance capabilities are needed to drive and support M&A? (N=108*)



*108 (87%) of respondents across eight industries answered.

Appendix

Longitudinal trends

Responses to open-ended text questions

Survey background

APPENDIX

Longitudinal trends

Cross-industry expectations and sentiment (current quarter and last 24 quarters)

CFOs' year-over-year expectations^{1,2}(Mean growth rate, median growth rate, percent of CFOs who expect gains, and standard deviation of responses²)

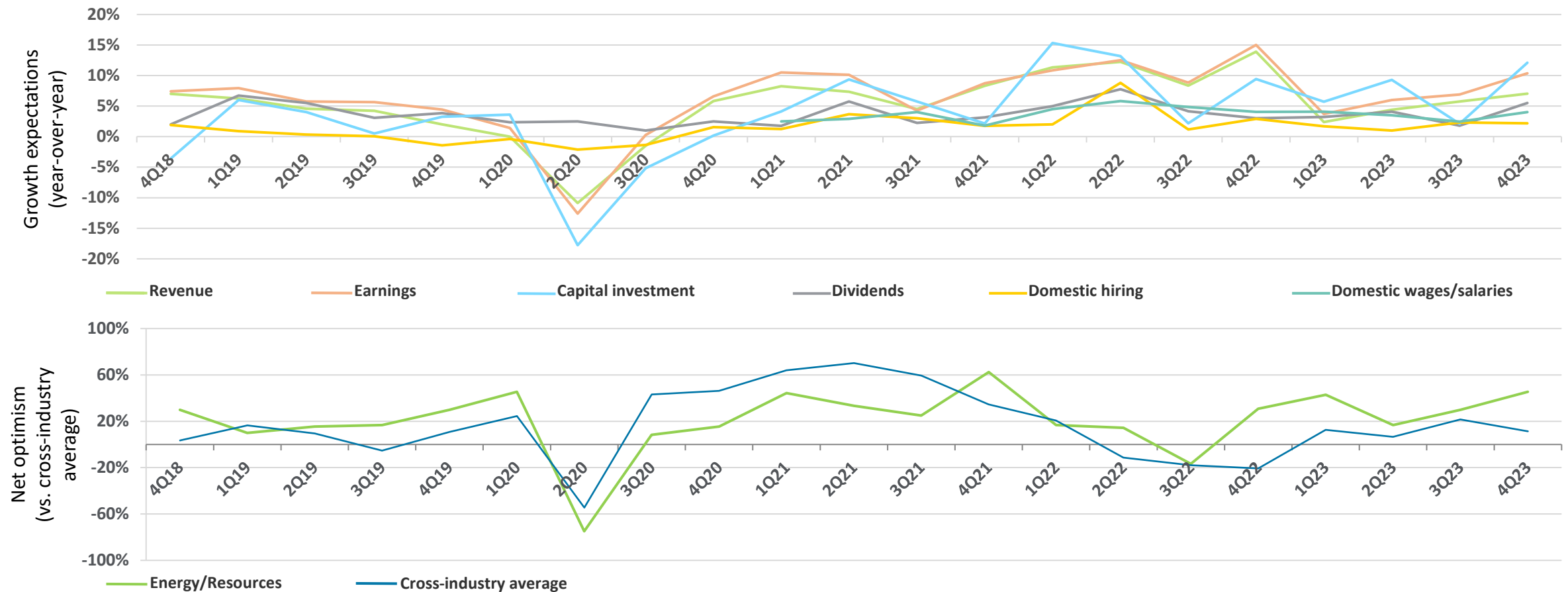
		Survey																								2-year			
		4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	mean	mean	
Operating results	Revenue	Mean	4.7%	5.9%	6.3%	6.1%	5.5%	4.8%	3.8%	4.3%	3.7%	3.9%	-8.6%	1.0%	7.7%	8.5%	9.6%	8.5%	7.8%	9.1%	7.8%	6.2%	4.2%	4.4%	4.9%	5.5%	5.1%	5.5%	5.9%
		Median	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	-5.0%	3.0%	5.0%	6.0%	9.0%	6.0%	6.0%	8.0%	7.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.9%	5.6%
		%>0	87%	91%	92%	91%	91%	86%	81%	82%	86%	81%	28%	59%	85%	90%	93%	90%	90%	90%	80%	79%	63%	76%	80%	82%	84%	83%	79%
		standard deviation	4.0%	4.1%	4.6%	5.0%	4.3%	4.4%	5.1%	4.9%	3.9%	4.7%	12.7%	10.6%	12.4%	7.1%	7.5%	6.9%	6.3%	8.0%	9.1%	7.1%	9.8%	6.9%	6.9%	5.1%	5.7%	6.2%	7.3%
Operating results	Earnings	Mean	8.4%	9.8%	10.3%	8.1%	7.3%	7.1%	6.1%	5.6%	6.0%	6.0%	-18.7%	3.7%	13.8%	12.8%	13.6%	12.6%	9.6%	9.2%	8.4%	6.4%	2.9%	5.4%	4.4%	8.3%	6.8%	8.5%	6.5%
		Median	8.0%	8.0%	10.0%	8.0%	8.0%	7.0%	6.0%	5.0%	5.0%	5.0%	-10.0%	5.0%	10.0%	10.0%	10.0%	8.0%	8.0%	9.0%	9.0%	7.0%	3.5%	5.0%	5.0%	7.0%	6.0%	7.2%	6.4%
		%>0	86%	88%	94%	89%	85%	82%	80%	80%	83%	82%	27%	63%	85%	86%	86%	85%	82%	84%	74%	71%	59%	65%	70%	80%	79%	81%	73%
		standard deviation	7.5%	7.7%	7.0%	5.8%	6.2%	4.4%	7.4%	7.0%	6.6%	6.9%	26.9%	16.5%	25.0%	13.4%	14.1%	14.0%	11.5%	8.7%	12.3%	12.0%	12.9%	13.4%	10.5%	8.9%	8.5%	11.6%	10.9%
Investment	Dividends	Mean	3.8%	4.7%	4.8%	7.4%	4.5%	3.9%	3.7%	3.9%	4.3%	3.7%	-4.8%	1.1%	2.5%	3.3%	4.0%	3.8%	3.7%	3.9%	4.0%	4.0%	3.1%	2.4%	2.9%	2.8%	2.6%	3.7%	3.2%
		Median	0.0%	0.0%	0.0%	2.0%	0.0%	0.0%	0.5%	0.0%	2.0%	1.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%	0.0%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%
		%>0	45%	49%	47%	51%	43%	44%	50%	48%	55%	54%	26%	34%	45%	45%	52%	47%	47%	54%	46%	47%	41%	41%	45%	46%	47%	42%	46%
		standard deviation	5.8%	6.6%	6.3%	12.8%	4.7%	6.6%	4.6%	4.6%	5.5%	4.3%	13.7%	4.5%	4.2%	5.0%	5.6%	5.9%	4.9%	4.8%	5.8%	6.0%	6.2%	3.6%	3.9%	3.7%	3.5%	5.6%	4.7%
Investment	Capital spending	Mean	6.5%	11.0%	10.4%	9.4%	5.0%	5.9%	7.7%	3.6%	3.7%	2.3%	-12.3%	0.2%	8.0%	10.2%	12.4%	8.8%	11.5%	11.3%	11.2%	4.3%	4.0%	5.7%	6.6%	6.2%	6.0%	6.8%	6.9%
		Median	3.0%	5.0%	5.0%	5.0%	2.0%	3.0%	2.0%	2.0%	0.0%	2.0%	-5.0%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.5%	0.0%	5.0%	4.0%	5.0%	4.0%	3.8%	4.1%
		%>0	59%	70%	73%	70%	58%	58%	57%	53%	49%	56%	26%	41%	61%	69%	80%	73%	66%	71%	57%	56%	49%	61%	61%	63%	64%	60%	60%
		standard deviation	12.2%	14.9%	12.2%	14.3%	10.6%	9.7%	14.0%	9.1%	14.0%	9.4%	20.4%	14.4%	18.8%	14.8%	16.8%	9.1%	14.5%	14.3%	18.4%	10.7%	12.0%	9.8%	9.3%	10.9%	8.4%	13.6%	11.7%
Talent	Number of domestic personnel	Mean	2.0%	3.1%	3.2%	2.7%	3.2%	2.1%	1.9%	1.6%	1.1%	1.2%	-6.0%	0.2%	1.7%	2.7%	4.1%	4.8%	5.8%	5.3%	5.3%	2.6%	2.1%	2.3%	1.4%	1.8%	1.6%	2.0%	2.8%
		Median	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.0%	1.0%	1.0%	0.0%	0.0%	0.0%	1.0%	2.0%	3.0%	3.0%	5.0%	4.0%	4.5%	2.0%	1.0%	2.0%	0.0%	1.5%	1.0%	1.2%	2.0%
		%>0	54%	66%	65%	66%	61%	64%	54%	56%	54%	44%	19%	41%	51%	60%	75%	72%	82%	81%	79%	61%	56%	62%	47%	55%	55%	62%	62%
		standard deviation	3.3%	4.4%	4.4%	3.7%	4.5%	3.3%	3.5%	3.5%	3.5%	3.7%	13.7%	4.9%	3.8%	3.5%	3.9%	5.6%	6.1%	5.4%	6.1%	4.3%	4.5%	3.8%	4.0%	4.0%	3.6%	4.7%	4.4%

CFOs' own-company optimism^{2,3} and equity market performance

		Survey																								2-year		
		4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	mean	mean
Optimism	Optimism (% more optimistic)	52.4%	59.4%	48.5%	48.5%	26.5%	32.3%	30.4%	26.2%	29.9%	38.1%	10.9%	58.7%	56.8%	67.2%	75.0%	66.7%	48.5%	38.1%	26.8%	18.8%	19.8%	31.5%	30.3%	40.5%	37.9%	43.2%	30.5%
	Neutrality (% no change)	42.2%	34.8%	42.1%	39.4%	50.4%	51.9%	48.7%	42.4%	51.0%	48.3%	23.7%	25.8%	32.4%	29.7%	20.0%	26.0%	37.7%	44.3%	35.1%	44.6%	39.7%	49.5%	45.9%	40.5%	35.5%	35.6%	41.9%
	Pessimism (% less optimistic)	5.4%	5.8%	9.4%	12.1%	23.1%	15.8%	20.9%	31.4%	19.1%	13.6%	65.4%	15.5%	10.8%	3.1%	5.0%	7.3%	13.8%	17.5%	38.1%	36.6%	40.5%	18.9%	23.8%	19.0%	26.6%	21.4%	27.6%
Optimism	Net optimism (% more optimistic minus % less optimistic)	46.9%	53.5%	39.2%	36.4%	3.4%	16.5%	9.5%	-5.2%	10.9%	24.5%	-54.5%	43.2%	46.0%	64.1%	70.0%	59.4%	34.7%	20.6%	-11.3%	-17.9%	-20.6%	12.6%	6.6%	21.6%	11.3%	21.8%	2.8%
Equities	S&P 500 price at survey period midpoint	2,582	2,732	2,728	2,833	2,722	2,776	2,881	2,919	3,120	3,380	2,848	3,328	3,573	3,935	4,233	4,436	4,682	4,475	3,991	4,140	3,957	4,136	4,138	4,468	4,495	2,571	4,225
	S&P gain/loss QoQ	5.8%	5.8%	-0.1%	3.8%	-3.9%	2.0%	3.8%	1.3%	7.0%	8.3%	-15.7%	16.9%	7.4%	10.1%	7.6%	4.8%	10.6%	-4.4%	-10.8%	3.7%	-4.4%	4.5%	0.0%	8.0%	0.6%	2.9%	-0.3%
	U.S. equity valuations (% who say overvalued)	84.4%	75.5%	63.4%	70.5%	65.3%	45.6%	64.2%	63.4%	76.7%	83.0%	55.1%	83.9%	80.3%	82.8%	86.2%	82.1%	87.7%	72.2%	42.7%	30.0%	30.0%	36.0%	39.0%	56.0%	34.7%	64.0%	42.6%

¹ All means have been adjusted to eliminate the effects of stark outliers. The "survey mean" column contains arithmetic means since 2Q10.² Standard deviation of data winsorized to 5th/95th percentiles.³ Averages for optimism numbers may not add to 100% due to rounding.Please contact nacfosurvey@deloitte.com for data as far back as 2Q10.

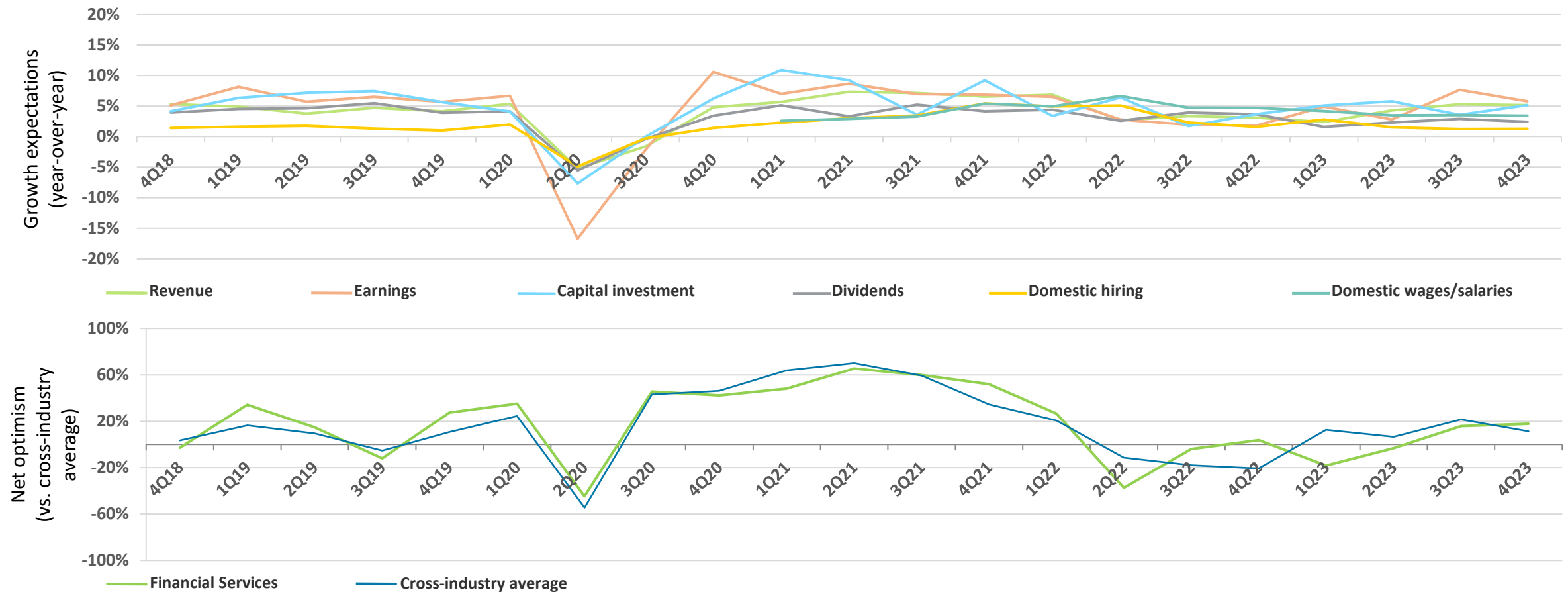
Energy/Resources trends—Expectations and sentiment



Composition: Respondent base was comprised mostly of power and utilities (64%), oil, gas, and mining (27%), with the remaining from offshore oil and gas services. All the respondents are from public companies.

Sentiment/expectations: Net optimism among this industry's CFOs increased, to +45 from +30 in 3Q23. Year-over-year growth expectations for revenue and earnings increased to 7% and 10.4%, respectively, from 5.8% and 6.9% in 3Q23. Their expectations for YOY growth in capital investment increased to 12.1% this quarter from 3Q23's 2.1%; this quarter's result is the highest level for growth in capital investment since 2Q22. CFOs raised their growth expectations for dividends to 5.5% from 1.8% in the prior quarter. Growth expectations for domestic hiring fell to 2.2% from 2.3%, and growth expectations for domestic wages/salaries increased to 4% from 2.5% in 3Q23.

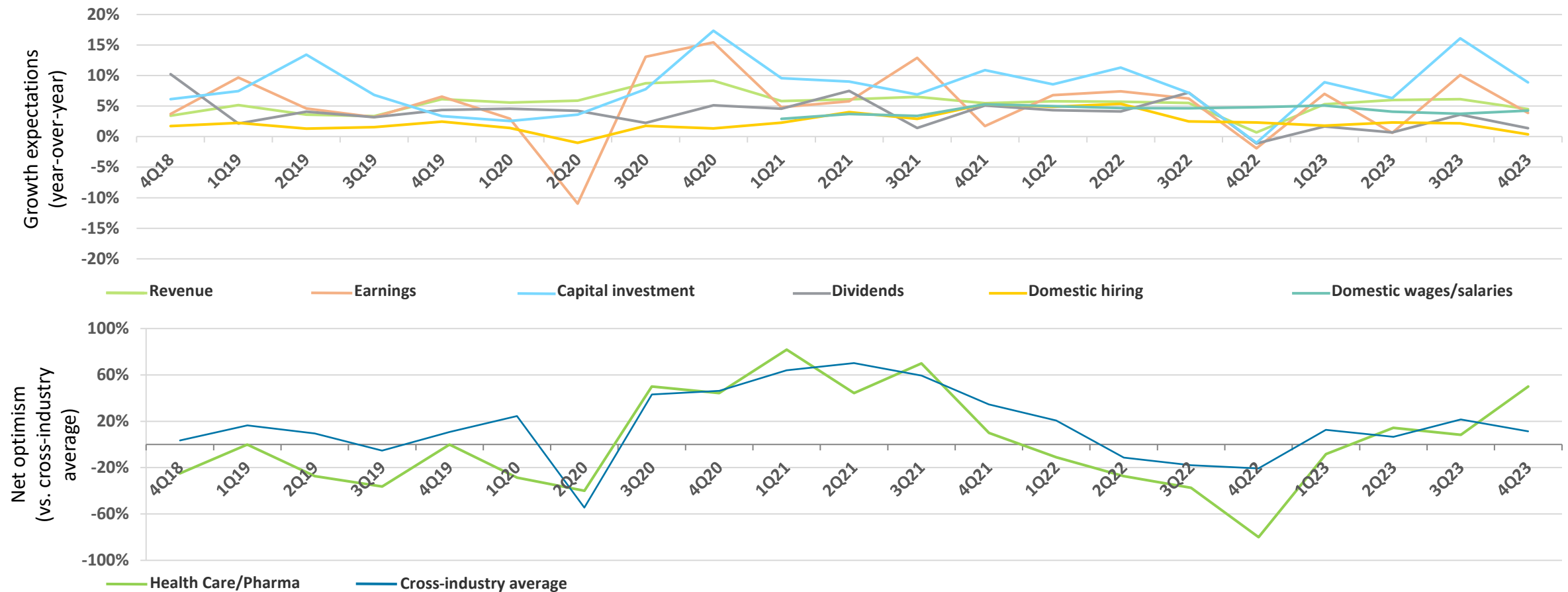
Financial Services trends—Expectations and sentiment



Composition: Respondent base is comprised of real estate (32%), insurance (25%), banking and securities (18%), investment management (14%), with the remaining respondents from health insurance plans, fintech, and private equity/hedge funds. Sixty-four percent of respondents are from public companies.

Sentiment/expectations: Net optimism among this industry's CFOs increased to +18 from last quarter's +16. This quarter's result for net optimism is the highest level since 1Q22. Compared to 3Q23, revenue and earnings growth expectations on a year-over-year basis decreased this quarter, to 5.1% and 5.8% from 5.3% and 7.7%, respectively. Expectations for growth in dividends fell to 2.4% this quarter from 2.9% in 3Q23. CFOs' expectations for YOY growth in capital investment rose to 5.1% from 3.6% in 3Q23. Growth expectations for domestic hiring rose slightly, to 1.3% from 3Q23's 1.2%. Domestic wages/salaries growth expectations fell slightly, to 3.4% from 3.5% in 3Q23.

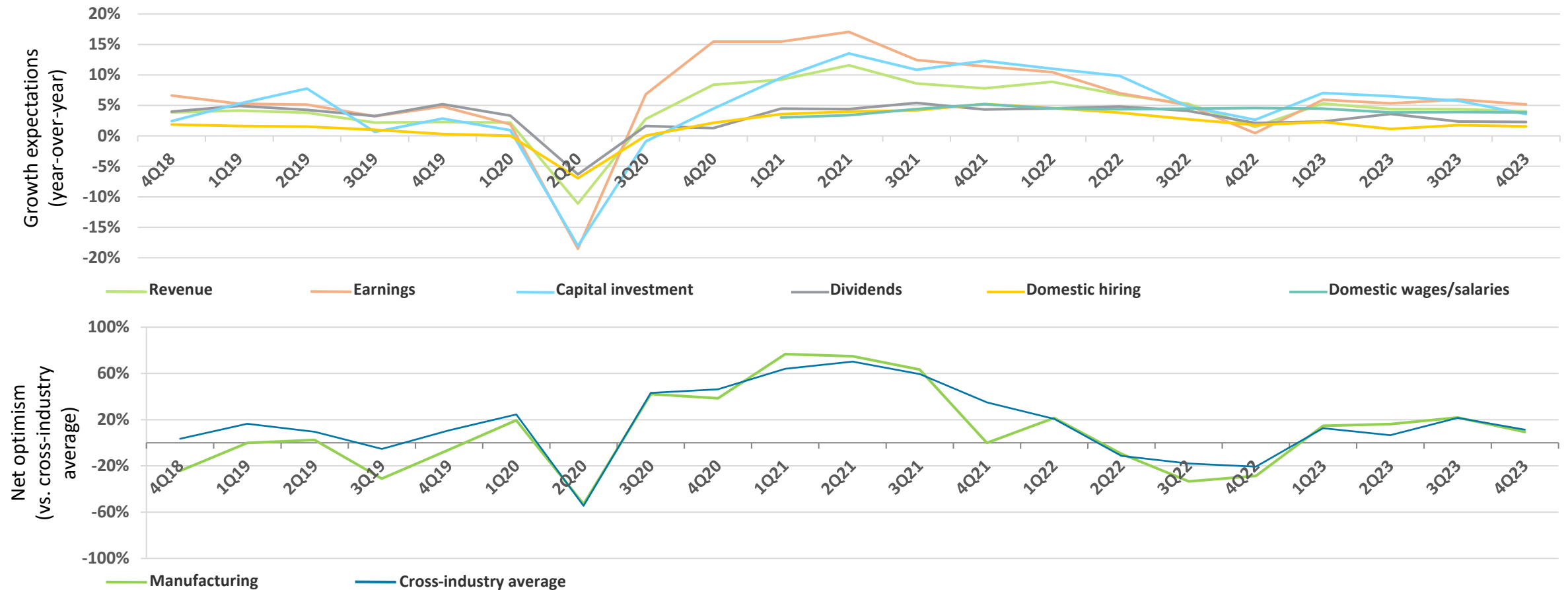
Health Care/Pharma trends—Expectations and sentiment



Composition: Respondent base is 75% life sciences and pharmaceuticals and 25% health care providers. Seventy-five percent of respondents are from public companies.

Sentiment/expectations: Net optimism among this industry's CFOs increased significantly to +50 from 3Q23's +8, despite downturns in CFOs' year-over-year growth in most key metrics. This quarter's result is the highest level since 3Q21. CFOs' YOY growth expectations for revenue fell to 4.5% in 4Q23 from 6.1% in 3Q23. Earnings growth expectations also fell, to 3.9% from 10.1% in 3Q23. Growth expectations for capital investment dipped to 8.9% from 16.1% in 3Q23, while expectations for growth in dividends decreased to 1.4% from 3.6%. Expectations for domestic hiring growth dropped to 0.4% from 2.2% in 3Q23. CFOs' expectations for growth in domestic wages/salaries increased to 4.3% from 3.8% in the previous quarter's survey.

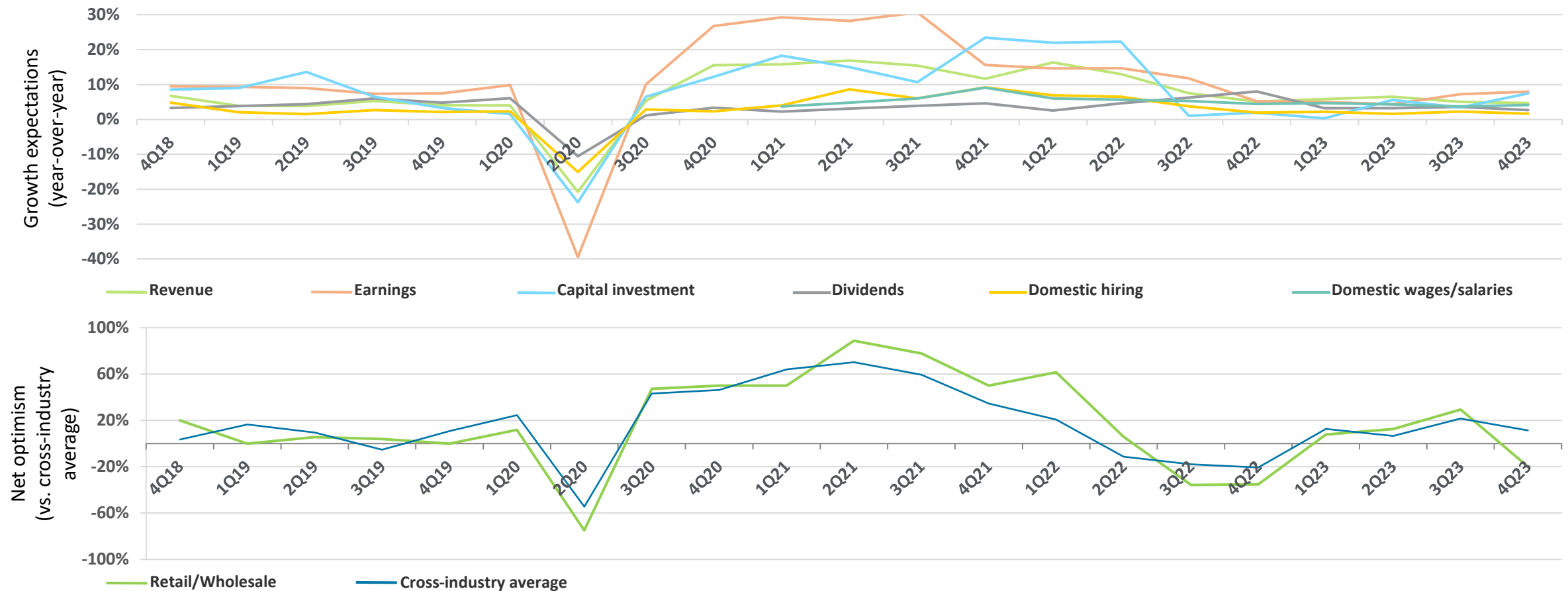
Manufacturing trends—Expectations and sentiment



Composition: The majority (91%) of respondents are manufacturers of consumer products, industrial products, construction materials, and chemicals. Fifty-nine percent of respondents are from public companies.

Sentiment/expectations: Net optimism among CFOs from this industry dropped to +9 from last quarter's +22. Their year-over-year expectations for growth in revenue fell to 4% from the prior quarter, at 4.4%. Expectations for growth in earnings fell to 5.2% from 6% in 3Q23. In addition, CFOs' growth expectations for capital investment declined to 3.6% from 5.7% in 3Q23. Expectations for growth in dividends fell slightly to 2.3% from 2.4% in the previous quarter. Expectations for domestic hiring growth fell slightly, to 1.6% from 1.8% in 3Q23, and wages/salaries growth expectations also dipped slightly, to 3.8% from 3.9% in 3Q23.

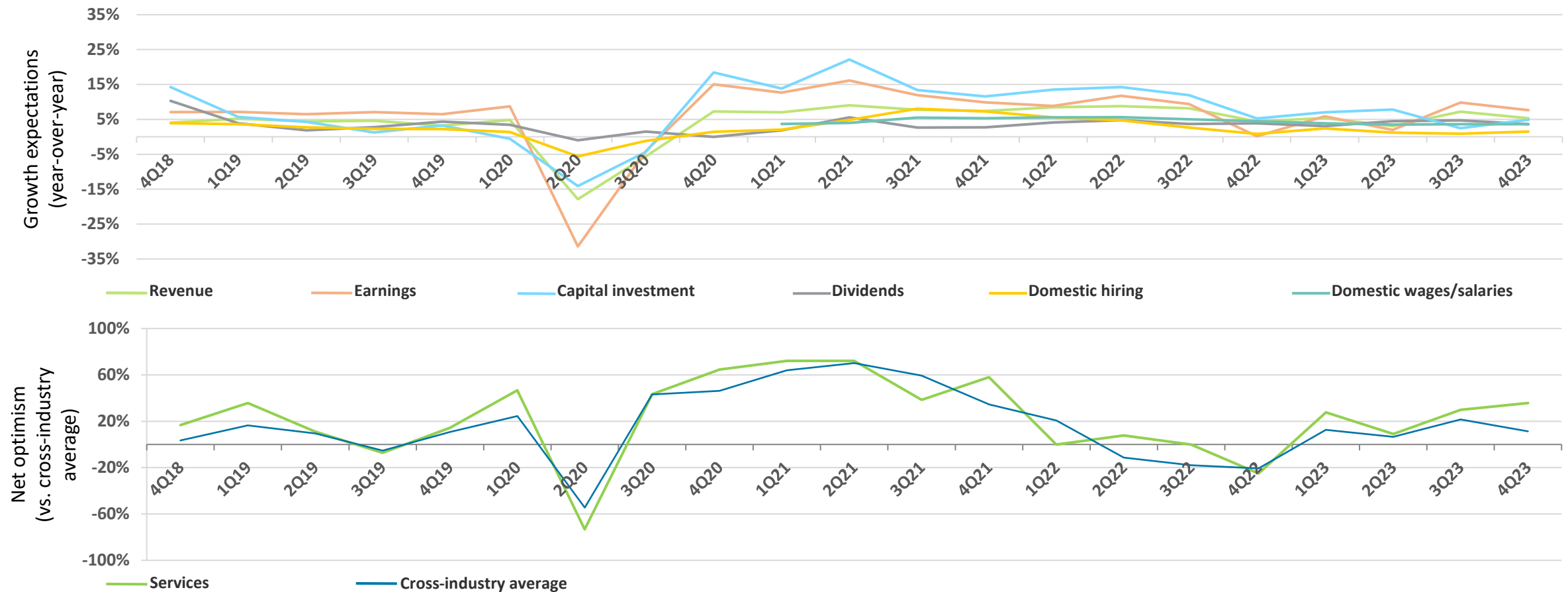
Retail/Wholesale trends—Expectations and sentiment



Composition: Respondents are from a broad range of retail and wholesale companies (80%) and tourism, hospitality, and leisure companies (20%). Seventy-five percent of respondents are from public companies.

Sentiment/expectations: Net optimism among CFOs in this industry fell significantly, to -20 from last quarter's +29. Their year-over-year growth expectations for revenue fell to 4.7% from 3Q23's 5.1%, and earnings growth expectations increased to 8% in this quarter's survey from 7.2% in 3Q23. Their growth expectations for capital investment rose to 7.5% from last quarter's 3.4%, while expectations for growth in dividends declined to 2.7% from 3.6% in 3Q23. Expectations for growth in domestic hiring fell slightly, to 1.7% from 2.2% in 3Q23, and expectations for domestic wages/salaries increased to 4.1% from 3.7% in the previous quarter.

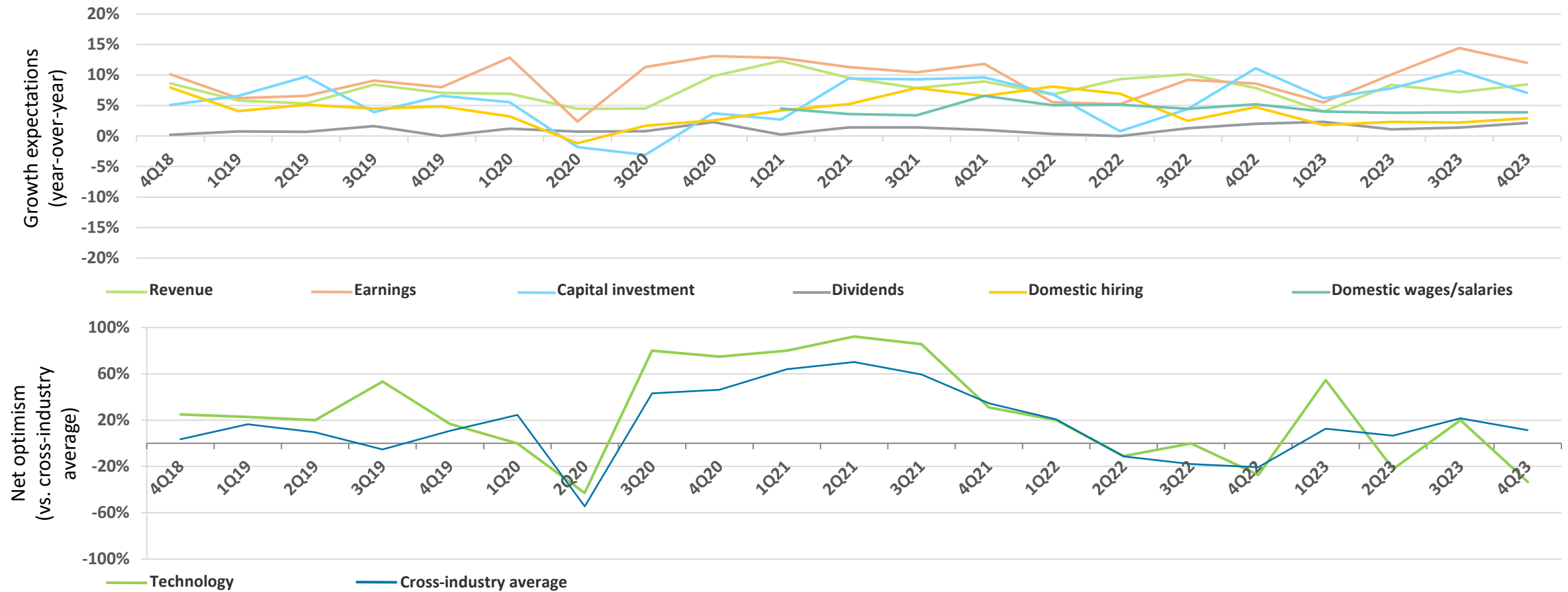
Services trends—Expectations and sentiment



Composition: Respondents are mostly from transportation, distribution, logistics, and support companies (64%), engineering and construction (29%), and professional services (7%). Fifty-seven percent of respondents in this industry are from public companies.

Sentiment/expectations: Net optimism among CFOs in this industry increased to +36 from last quarter's +30. Their expectations for year-over-year revenue growth decreased to 5.4% from 7.2%, in 3Q23, and earnings growth expectations declined to 7.6% from 9.8% in the previous quarter. Growth expectations for capital investment rose to 4.9% from 2.5% in 3Q23, and domestic hiring growth rose to 1.5% from 0.9% in 3Q23. Meanwhile, CFOs' growth expectations for domestic wages/salaries fell slightly, to 3.6% from 3.7%. Growth expectations for dividends declined to 3.6% in this quarter's survey from 4.7% in 3Q23.

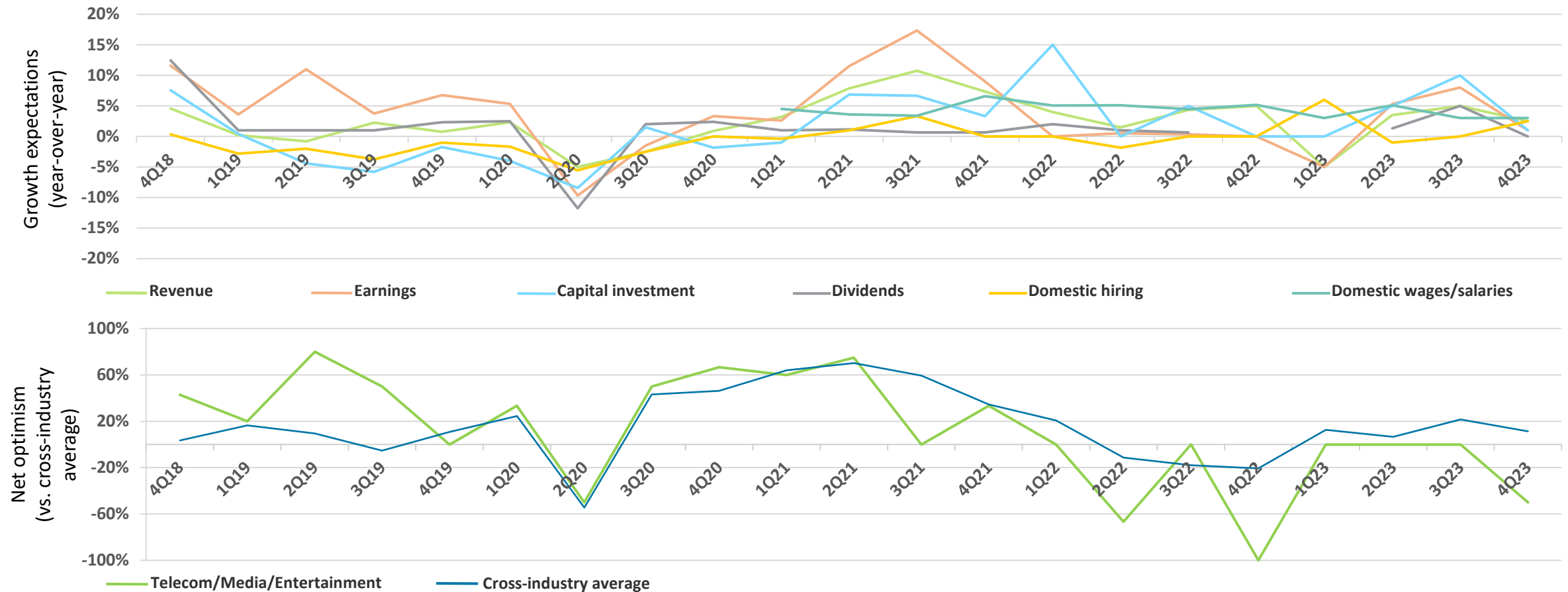
Technology trends—Expectations and sentiment



Composition: Respondents consist of hardware, software, data processors, cloud technology, cybersecurity, industrial automation, and information technology companies. Eighty-nine percent of the respondents are from public companies.

Sentiment/expectations: Net optimism among this industry's CFOs dropped significantly to -33 from +20 in 3Q23. CFOs' YOY growth expectations for revenue increased to 8.4% from 7.2% in 3Q23, while their expectations for earnings growth declined to 12% from 14.4% in the prior quarter. Compared to the prior quarter, CFOs' growth expectations for capital investment decreased to 7.1% from 10.7% while their growth expectations for dividends rose to 2.1% from 1.4%. CFOs raised their growth expectations for domestic hiring to 2.9% from 2.2% in 3Q23. Their growth expectations for wages/salaries remained flat with the previous quarter, at 3.9%.

Telecom/Media/Entertainment trends—Expectations and sentiment



Composition: Respondents are from public companies.

Sentiment/expectations: Net optimism fell to -50 from +0 from 3Q23, most likely reflecting the fact that there were only two respondents from this industry. Year-over-year expectations for growth in revenue and earnings decreased to 2.5% and 1%, respectively, from 5% and 8% in 3Q23. Growth expectations for capital investment fell to 1% from the 10% in the previous quarter. Growth expectations for domestic wages/salaries remained unchanged from the prior quarter, at 3%. Growth expectations for domestic hiring rose to 2.5% from 0% in 3Q23.

*Note: This industry had only one respondent in 1Q23 and 4Q22 who did not complete the dividend growth expectations question, therefore change in dividend growth does not appear in the chart above.

Performance and investment expectations: What three factors could most constrain your company's ability to achieve its financial performance goals in the next 12 months? *(Participants' responses to open-ended text questions)*

- 2024 elections.
- A resurgence in interest rates.
- A winter Covid spike.
- Acceleration of geopolitical risks.
- Access to capital markets.
- Access to cost-effective capital.
- Access to cost effective financing.
- Access to equity marketing.
- Access to labor.
- Accountability.
- Activism.
- Additional interest rate hikes by the Fed.
- Associate retention.
- Attracting the right people.
- Availability of debt financing.
- Availability of finance.
- Availability of financing.
- Availability of qualified engineering talent.
- Availability of qualified people.
- Availability of skilled labor.
- Balance sheet strength.
- Bank lending.
- Bond yield interest rate on construction loans.
- Business activity.
- Business condition.
- Business conditions.
- Business cycle prompting some clients to delay deals.
- Business transformation.
- Capital.
- Capital allocation.
- Capital availability.
- Changes in consumer buying behavior (digital payments).
- China economy.
- China economy.
- China recovery.
- China revenue.
- Chinese isolationism.
- Churn.
- Commodity prices.
- Company execution.
- Competition from private companies.
- Competition.
- Competition.

- Competition.
- Competitive market pressures.
- Competitive pressure on pricing.
- Condition of marine transportation.
- Conflict escalations.
- Consistent supply chains.
- Construction delays.
- Consumer.
- Consumer credit losses.
- Consumer discretionary spend.
- Consumer Price Index.
- Consumer sentiment.
- Consumer sentiment.
- Consumer spending declines.
- Consumer spending.
- Consumer spending.
- Consumer spending.
- Consumer spending.
- Consumer spending.
- Consumer weakness.
- Continued high short-term interest rates.
- Continued higher treasuries.
- Continued increase in inflation.
- Continued regulation.
- Continued strength in labor market.
- Cost constraints.
- Cost of financing.
- Costs not right-sizing quickly enough with revenue changes.
- Credit.
- Currency volatility.
- Customer demand.
- Cyclical industry.
- Decrease in market demand for our offerings from new customers.
- Decrease in market demand for our offerings from new customers.
- Decreased capacity for investment.
- Demand.
- Deterioration in household incomes/balance sheets.
- Dramatic economic slowdown.
- Durable and non-durable goods volumes.
- Earnings decline.

- Economic environment.
- Economic malaise.
- Economic recession.
- Economy.
- Economy.
- Economy.
- Economy.
- Employee.
- Employee retention.
- Employee retention.
- End customer durability.
- Equity valuation.
- European recovery.
- Existing home turnover remains negative.
- Expanded disruption from armed conflicts.
- Expense inflation (including both labor and third-party costs).
- Expense pressures.
- Expensive capital.
- Failed digital efforts.
- Failure of leadership to focus on growth.
- Favorable election results.
- Fear of war.
- Fed(eral Reserve interest) rate.
- Financial market weakness.
- Financing availability.
- Financing cost.
- Fiscal policy.
- Foreign currency.
- General economic conditions/recession.
- General economic outlook.
- Geopolitical.
- Geopolitical.
- Geopolitical activity.
- Geopolitical challenges.
- Geopolitical conflict.
- Geopolitical environment.
- Geopolitical environment.
- Geopolitical event.
- Geopolitical instability.
- Geopolitical instability.

- Geopolitical risk.
- Geopolitical risks.
- Geopolitical tensions worsen.
- Geopolitics.
- Geopolitics.
- Geopolitics.
- Global interest rates.
- Global political unrest.
- Global unrest leading to a recession.
- Going into an actual recession.
- Go-to-market execution.
- Government reform.
- Government regulation.
- Government regulation changes.
- Government regulation/export controls.
- Government shutdown.
- Governmental/regulatory action.
- Health of lower income consumer.
- High interest rates.
- High interest rates.
- Higher interest rates.
- Higher interest rates.
- Higher mortgage rates.
- Higher non-performing loans.
- Hiring constraints.
- Hiring qualified staff.
- Hiring remains difficult.
- Impact of higher interest rates on demand.
- Impacts of war/unrest.
- Impasse on US budget implementation.
- Increase in government regulation.
- Increase in interest rates.
- Increase in interest rates.
- Increased geopolitical tensions.
- Increased international conflicts.
- Increased leverage.
- Increased regulation.
- Industrial economy.

While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated or clarified some comments in the interest of economy and participant confidentiality.

Performance and investment expectations: What three factors could most constrain your company's ability to achieve its financial performance goals in the next 12 months? (Participants' responses to open-ended text questions. Continued from prior page.)

- Inflation.
- Inflation.
- Inflation.
- Inflation.
- Inflation.
- Inflation.
- Inflation.
- Inflation.
- Inflation.
- Inflation decrease.
- Inflation in costs.
- Insourcing costs.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates have moved too far and too fast.
- Interest rates impact on housing.
- Interest rates remain high.
- Internal execution.
- Internal execution.
- Inventory levels.
- IT demand.
- Labor.
- Labor.
- Labor availability.
- Labor inflation.
- Labor market.
- Labor supply.
- Lack of equity financing.

- Lack of labor.
- Lack of regulatory clarity.
- Large unfavorable geopolitical event.
- Legislative changes.
- Leverage.
- Leverage ratio due to acquisitions made or in process.
- Liquidity.
- Long-term interest rates.
- Low valuations.
- Lower consumer spend.
- Lower demand.
- Lower oil prices.
- M&A markets.
- Macroeconomic environment.
- Macroeconomic environment stabilizing.
- Macroeconomic uncertainty.
- Macroeconomics.
- Macroeconomics.
- Macroeconomy.
- Macro environment.
- Macro headwinds.
- Manufacturing execution.
- Margin slippage.
- Marketing and technology.
- Markets.
- Medicaid redetermination.
- Medical costs.
- Monetary.
- More geopolitical disruption.
- Mortality.
- Mortgage rates.
- Negative regulatory actions.
- New household creation.
- New product launch risk.
- Ongoing capital projects.
- Operating expense growth.
- Over-regulation.
- Over-regulation.
- Owner's investment constraints.
- People.
- Performance.
- Persistent inflation.
- Personnel availability.

- Political.
- Political turmoil.
- Political uncertainty.
- Potential recession.
- Pricing for inflation.
- Pricing power.
- Pricing power.
- Propensity for over-litigation in US.
- Raising capital to make investments.
- Rapid increase in unemployment.
- Rate decrease.
- Raw materials.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession (negative GDP growth).
- Recession emerging slowing business activity.
- Recessionary pressures.
- Recruiting and retention of front-line team members.
- Regulation.
- Regulation.
- Regulations.
- Regulatory.
- Regulatory agenda.
- Regulatory burden.
- Regulatory burdens (carbon tax, etc.).
- Regulatory compliance initiatives.
- Regulatory decisions.
- Regulatory environment.
- Regulatory items.
- Regulatory rule changes.
- Rising costs.
- Rising interest rates.
- Sales decrease.
- Sales growth (declining).
- Sales staff turnover.
- Severe weather.

- Short cycle business exposure.
- Significant increase in borrowing costs.
- Significant issues in financial institutions or retail.
- Significant labor disruption.
- Slowdown in economy.
- Slowdown in economy.
- Slowdown in economy.
- Slow leasing velocity.
- Slowing global demand.
- Slowing top-line growth.
- Slowing US consumer spending.
- Softening customer demand.
- Softening economy impacting end consumer demand.
- Supply chain.
- Supply chain stability.
- Sustained wage pressures.
- Talent gaps.
- Taxes.
- Tax uncertainty
- The cost of debt.
- Tight labor market.
- Tight lending market.
- Trade relations.
- Transactions market fails to rebound.
- US macroeconomy.
- Uncertain macro environment.
- Underwriting quality.
- Unsupportive regulation.
- US manufacturing turns significantly negative.
- Wage inflation.
- Wage inflation.
- Wage pressure.
- War.
- Weaker macro environment.
- Workforce maintenance.
- Worse economic conditions.
- Worsening macro (conditions).

While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated or clarified some comments in the interest of economy and participant confidentiality.

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Important notes about this survey report

The Deloitte North American *CFO Signals*[™] survey is a quarterly survey of CFOs from large, influential companies across North America. Each quarter since 2Q10, *CFO Signals* has tracked the thinking and actions of CFOs representing many of North America's largest and most influential companies. All respondents are CFOs from the U.S., Canada, and Mexico, and the vast majority are from public and private companies, predominantly with more than \$1 billion in annual revenue. Participation is open to all industries except for public sector entities.

The purpose of the survey is to provide these CFOs with quarterly information regarding the perspectives and actions of their CFO peers across four areas: business environment, company priorities and expectations, finance priorities, and CFOs' personal priorities. Participating CFOs have agreed to have their responses aggregated and presented. At the opening of each survey period, the CFOs receive an email containing a link to an online survey hosted by a third-party service provider. The response period is typically two weeks, and CFOs receive a summary report generally within four weeks after the survey closes.

As a "pulse survey," *CFO Signals* is not, nor is it intended to be, scientific in any way, including in its number of respondents, selection of respondents, or response rate, especially within individual industries. Accordingly, this report summarizes findings for the surveyed population, but does not necessarily indicate economy- or industry-wide perceptions or trends.

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