

2022 CFO PRIORITIES SURVEY REPORT



Jefferson
Wells™
ManpowerGroup

CFO Priorities

Over the summer, we asked CFOs to share their concerns, their views, and their plans. Since then, much has continued to change but constants remain – drive for profitability, competitive advantage, the battle against cyber-attacks, the need to retain the best talent, and ongoing digitalization and transformation. The world of the CFO continues to get even more complex with increasing regulatory requirements and shareholder pressures in areas such as ESG.

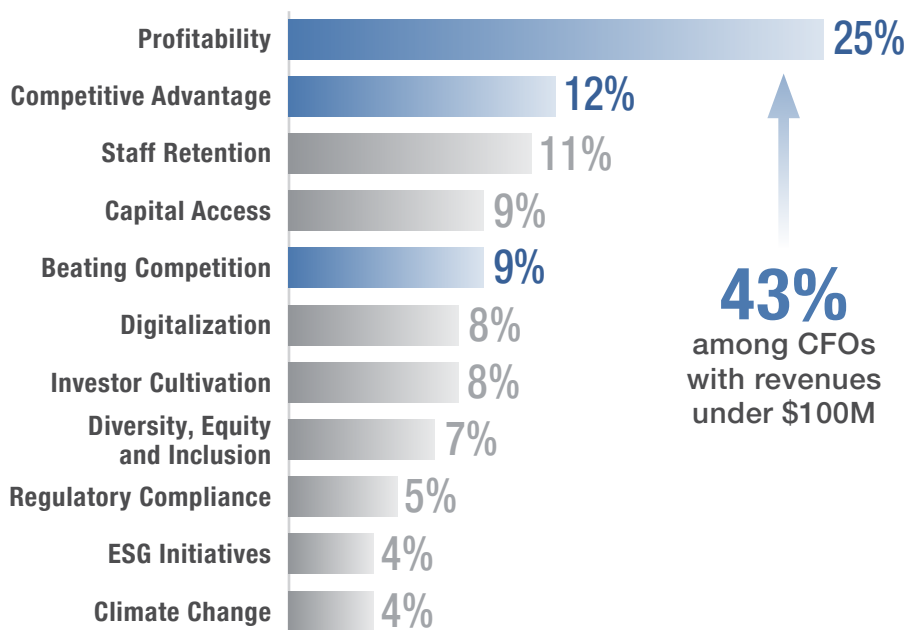
TOP CHALLENGES KEEPING CFOs AWAKE AT NIGHT *(by size of company)*



BOARD PRIORITIES

There is overwhelming agreement among CFOs that **PROFITABILITY is the highest board priority**. That number almost doubles for CFOs at organizations with revenues under \$100M from 25% to 43%.

Competitive Advantage and Staff Retention round out the top 3 board priorities which both relate to profitability. Interestingly, those priorities that are more culture-related fall to the very bottom with DEI, ESG and climate change.



CFOs strategies to meet business challenges include investing in wages and benefits, new technologies and generally expanding the business. All these challenges touch every aspect of the business, so CFOs should think holistically on what investments, what strategies for implementing solutions, and what resources and expertise are needed for success.

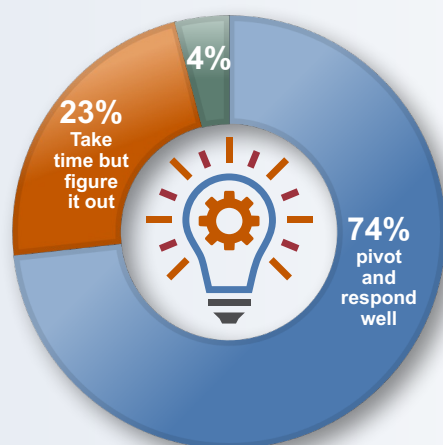
TAKEAWAY – Balancing priorities

Frequent communication with the board, including asking them what information they want to see, questions they want answered, and concerns they have will go a long way to creating a joint governance team that enhances business value.

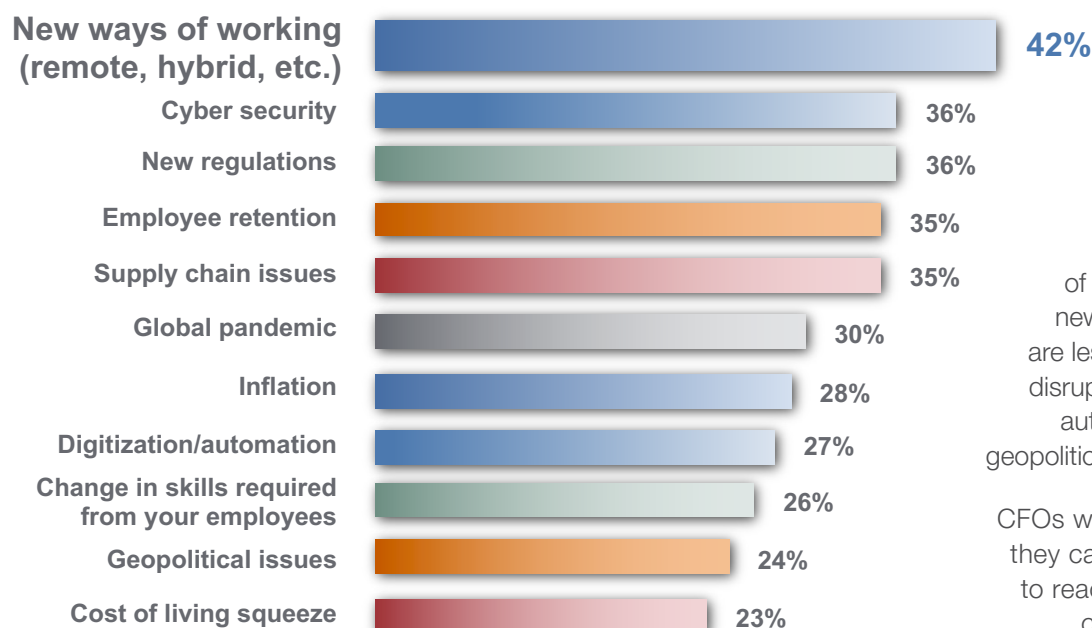


Economic and Business Risks

Since the survey was conducted, much has continued to change – interest rates, economic factors, labor market conditions. We asked CFOs to weigh in on their own confidence in their organization to innovate quickly and respond to volatile business and changing market conditions and where it's most important to be agile.



3 out of 4 CFOs
confident in their company's ability to
innovate quickly in response to
changing market conditions.



CFOs are comfortable with adapting to new ways of working, cybersecurity, and new regulations, however, they are less confident with fluctuating disruptors in inflation, digitization/automation, skill requirements, geopolitical issues, and cost of living.

CFOs will need to manage to what they can control and be prepared to react quickly and decisively to changes they don't control.



TAKEAWAY – Don't be afraid to change course

Refine approaches, and even refine success as environments change. Expect to continue to refine approaches as your organization, and the environment around you, changes. Plan for unexpected change on all fronts.

Focus on Cybersecurity

With cybersecurity as one of the top business risks, respondents were asked about their involvement with cyber strategy. Cybersecurity is a C-Suite matter – **over 35% say this is the highest cause for concern and 60% are deeply involved in their company's cyber risk strategy and response.**

Over 90% of CFOs are at least somewhat confident in their organization's ability to prevent, mitigate, and respond to cyber threats. However, **34% don't have an existing solution to comply with cybersecurity regulations.** Among those without a solution, 85% of CFOs are confident they can prevent cyberattacks.



CFO CONFIDENCE IN CYBERSECURITY STRATEGY



Preventing Attacks



Responding to Attacks



Mitigating the Effects

Cyber security and responding to cyber risk are the entire executive team's job. While the CISO or CTO may deal with the actual technology involved, the CFO, Legal, Investor Relations and the entire C-Suite are involved when a major attack occurs. All are part of the response and must deal with the fallout.

If it's keeping you awake at night, there is a compelling reason. Beware of a false sense of confidence. Cyber attacks can change by the day. Your risk assessment from even just last year is likely stale. Consider what it would take to move the needle for peace of mind – spending, technology, people?

TAKEAWAY – Regulations and mitigation

Be prepared for regulatory changes in this space. Expect to be required to disclose more, more often, and to provide evidence proving your cyber resiliency.

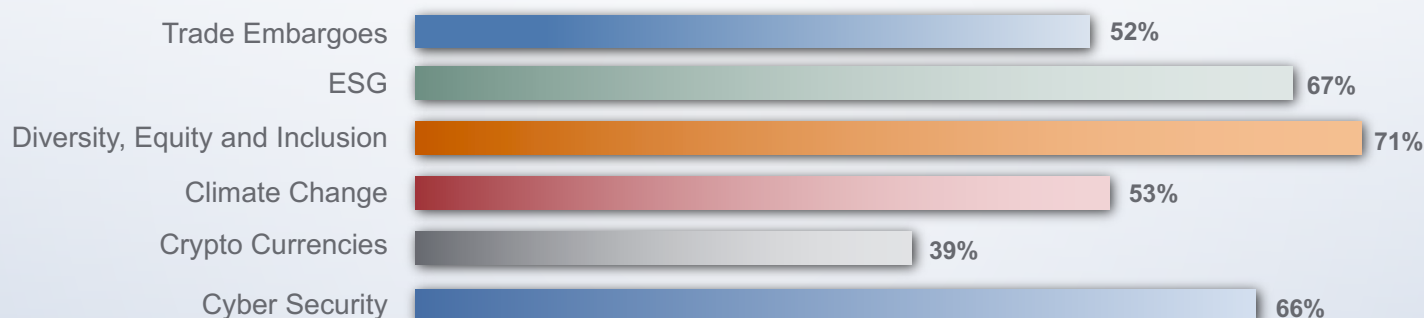
Seek expert advice on a regular basis about new threats and new mitigation strategies, as well as best practices for disclosure and communication.



Regulatory Compliance

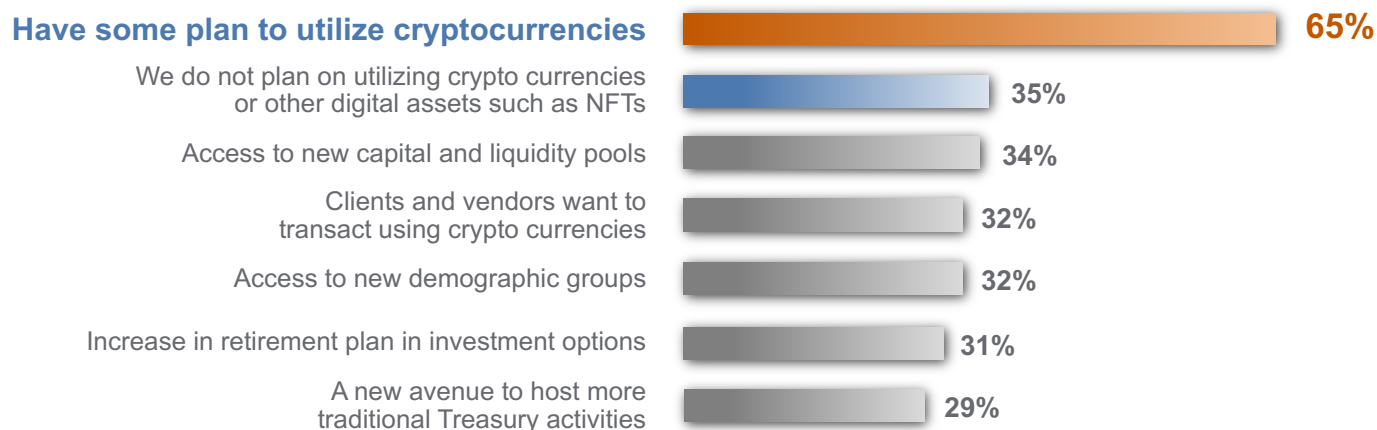
CFOs were asked how well their organization is positioned to comply with new requirements now and in the future. We learned that DEI, ESG, and Cybersecurity are all areas CFOs have or are developing skills to comply with regulations. Climate change, trade embargoes, and cryptocurrency had less skills being developed in house but also their effect on a company was not as prevalent as the top 3.

CFOs COMFORTABLE WITH REGULATORY REQUIREMENTS – LESS COMFORTABLE WITH CRYPTO



DIGITAL ASSETS – HOW DO CRYPTOCURRENCIES FIT INTO CFO PLANS?

Cryptocurrency regulation is volatile. When asked how CFOs see cryptocurrencies impacting their organizations, 65% have plans to utilize cryptocurrencies, with 32% responding that their clients/vendors want to transact using cryptocurrencies. Larger companies (>\$100M) are more likely to use cryptocurrencies with 78% expecting to use the digital asset compared to 18% of companies with revenue less than \$100M.



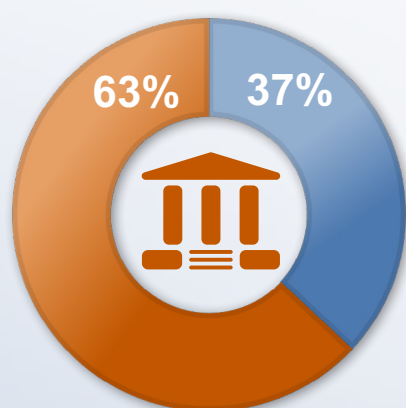
TAKEAWAY – Cryptocurrencies

If you plan to move into crypto, understand the risks and benefits fully and know that more regulation is coming.

Regulatory Compliance, Continued

With public company regulation evolving, we may see an increase in the number of public companies struggling with regulatory requirements. Currently, over a third of public company CFOs say their organization occasionally struggles to meet the requirements of a public company.

CFOs ABLE TO MEET REQUIREMENTS OF PUBLIC COMPANY

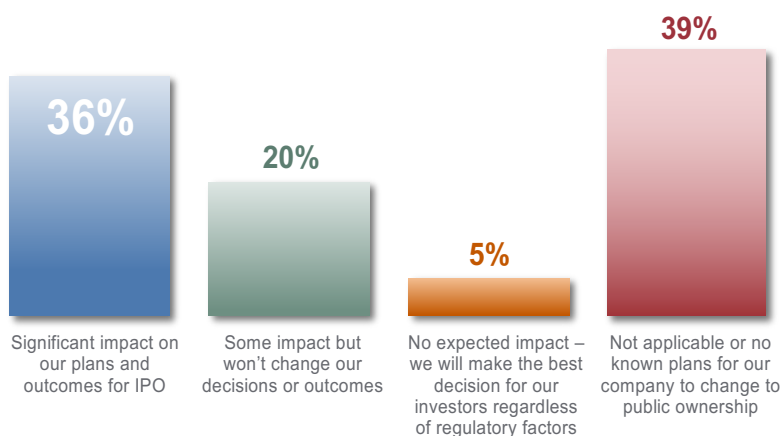


37% struggle occasionally
63% function effectively

If you plan to go public, have you assessed your team's capabilities to meet the requirements of both the IPO process and ongoing life as a public company? Do you have the data, expertise, and skills to design, implement and comply with newly applicable regulations? Can your systems support the IPO process and the operation as a public company?

If you plan to go public through a SPAC, know that regulations are changing. A total of 56% of respondents say proposed rules and amendments could impact their plans for an IPO.

No matter the type of IPO, the transition from private to public will have many interdependent work streams – financial reporting, technical accounting, controls, tax, systems, compliance, and legal – that all need to be managed at the same time with the same end goal in mind.



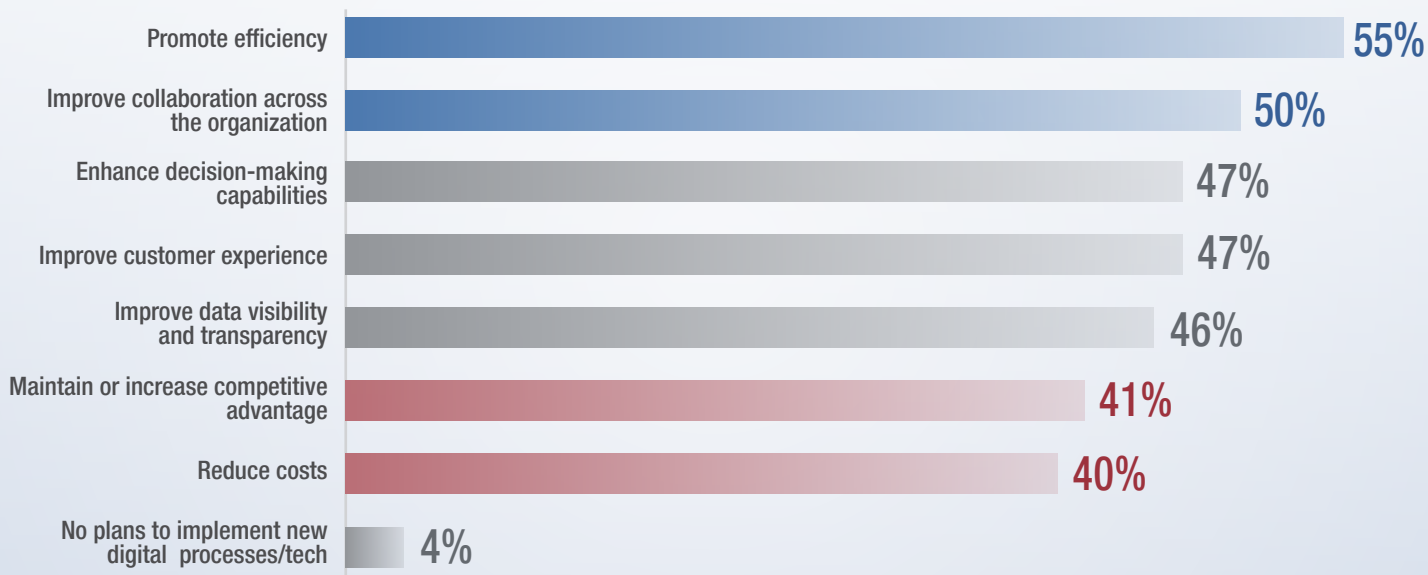
TAKEAWAY – Going public

Be ready to operate as a public company long before your IPO is effective. Consider the motivations of all stakeholders – founders, investors, private equity, and lenders and understand the impacts to each on the plans for the company. Understand the cost of regulation – time, money, energy – and be ready for it.

Digital and Business Transformation

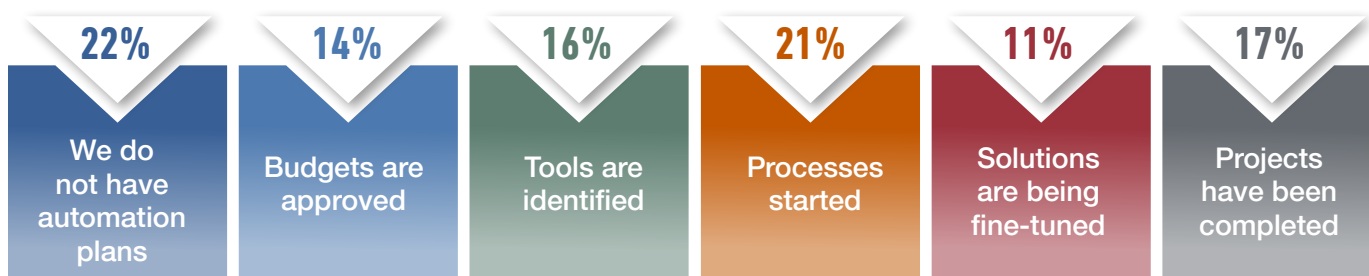
Over the past 3 years, technology has risen in importance in the role of a CFO. While technologies are expected to boost efficiency and collaboration, a fewer number are looking for those technologies to reduce cost or gain a competitive edge.

EXPECTATION OF NEW DIGITAL PROCESS OR TECHNOLOGIES OF CFOs



INVESTMENT IN NEW TECHNOLOGY

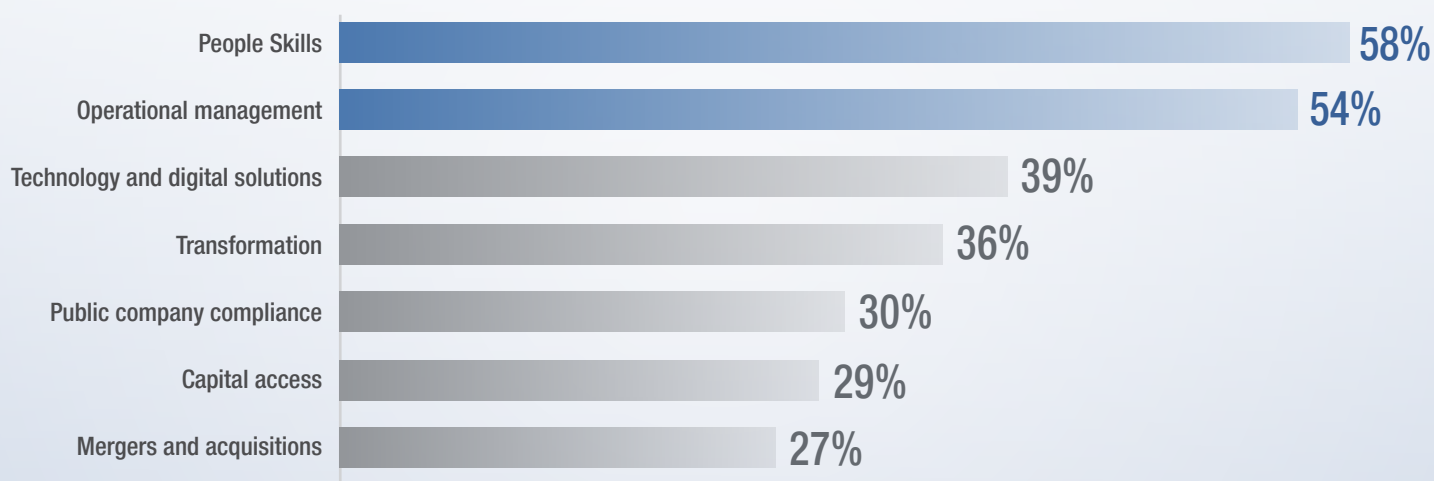
While survey results show technology having a positive effect on their business, it's interesting that only 37% of CFOs plan to invest in new technologies for their department. Of those companies with a technology transformation plan, roughly half are using or have identified robotic process automation (RPA) as the leading tool with 1 in 5 having no plans to adopt RPA within their departments.



Digital and Business Transformation – Continued

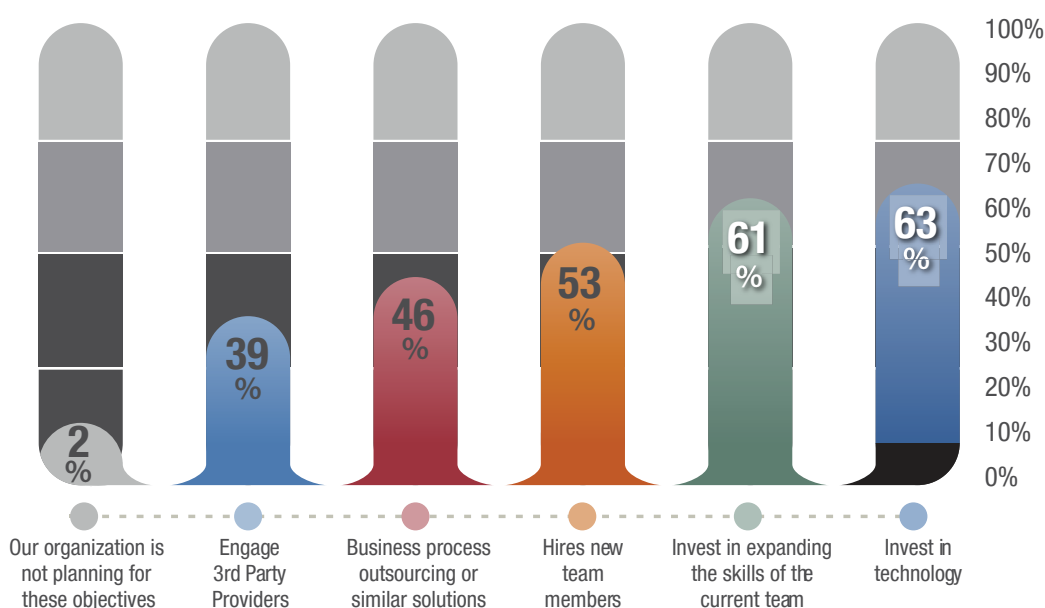
CFOs are implementing technology to boost collaboration and efficiency but are hindered by legacy systems – 55% expect that the investment in technology will lead to greater efficiency and 50% to improved collaboration. Interesting that 58% of CFOs believe their leadership strengths lie in people and operational management rather than transformation.

TOP LEADERSHIP SKILLS AND STRENGTHS



63% of CFO

respondents plan to invest in technology and upskilling to manage the pressures of hiring, retaining and training staff.



TAKEAWAY – Take stock of your current systems

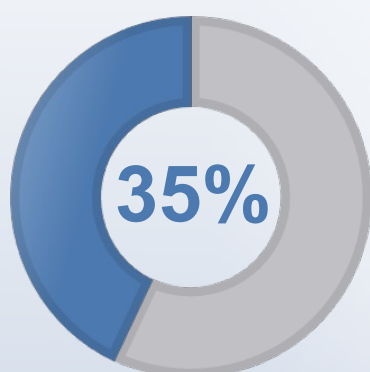
What do your current systems do well and where do they fall short against your strategic goals? Knowing your gaps will allow you to create a plan for transformation that aligns with where the organization wants to be. Many companies under-leverage current applications. It is important to understand current potential before buying something new.



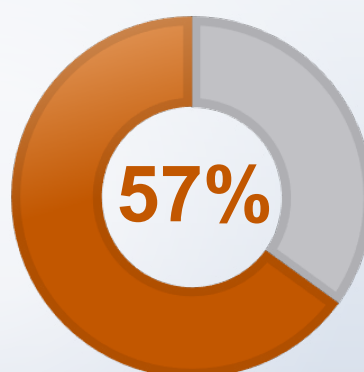
Workforce and Talent Management

The pandemic brought front and center that **every business is a PEOPLE business**. Investing in a strong culture, technology tools, remote enablement, training, competitive wages, and benefits is the starting point -- deploying your team on special projects to promote engagement and buy-in and seeking outside help to supplement the work, while accessing top talent by being location agnostic are your competitive advantage.

MOST CFOs INCREASING HEADCOUNT

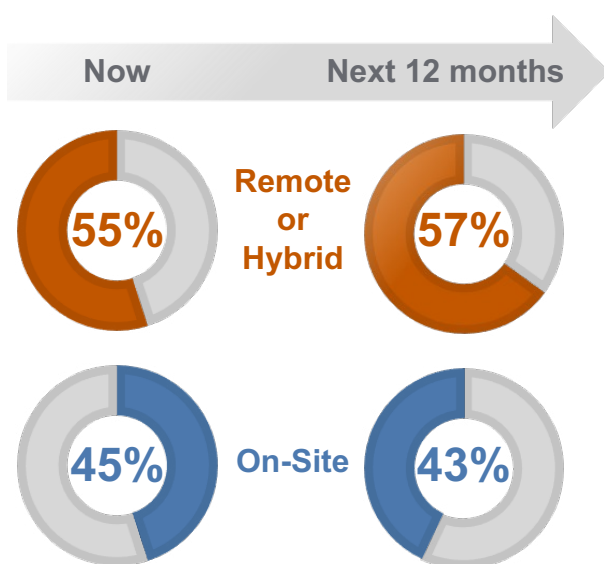


Next 3 Months



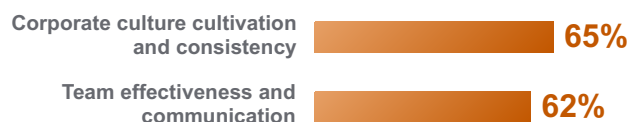
Next 12-24 Months

The majority of CFOs, 92%, are expanding their teams. Remote or hybrid way of working is still dominant, and the predicted ratio of onsite vs remote models will continue over the next 12 months.



With remote working becoming a competitive advantage, CFOs aim to improve their corporate culture with people management and investment – maintaining corporate culture and team communications are their biggest challenges with balancing remote vs. on-site.

CFOs' biggest challenges with balancing remote vs. on-site



TAKEAWAY – Remote work is here to stay

Continue to focus on investments in technology and training that enhance corporate culture in a remote environment. Ask your teams what would help them work better and build that into how you do what you do. Invest in tools, technology, skills and people that will advance your organization for the long term. Don't be afraid to change course, refine approaches – even redefine success – as environments change.

SUMMARY

We hope the insights of our respondents, your peers, provide you a lens on the common goals and struggles for the CFO, as well as the knowledge that you are not alone on your journey. Knowing how others are prioritizing response to similar challenges may help in your own planning and execution.

We thank you for your time and look forward to working with you as your journey of transformation and innovation continues!

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ABOUT THE RESEARCH

Reputation Leaders conducted a study across the U.S. of CFOs throughout all industry sectors. Respondents were from organizations of all sizes. Fieldwork took place in May and June 2022.

ABOUT JEFFERSON WELLS

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