

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

Results for 512 U.S. firms (own-firm changes expected during the next 12 months)

	Mar 2011	Dec 2010	Sep 2010	Jun 2010	Feb 2010
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*	18.1%	19.8%	11.8%	12.1%	14.3%
Capital spending	12.1%	8.9%	6.6%	9.0%	8.9%
Technology spending	5.5%	4.8%	4.1%	5.9%	4.1%
R&D spending	4.1%	3.8%	3.8%	3.9%	3.7%
Advertising and marketing spending	3.7%	2.0%	3.3%	4.0%	3.4%
Employment – full-time	1.2%	2.0%	0.7%	0.7%	0.2%
Employment – temporary	0.3%	0.5%	0.8%	-0.2%	0.5%
Outsourced Employment	3.0%	4.5%	3.1%	5.5%	4.0%
Wages and Salaries	2.8%	2.5%	2.4%	2.6%	2.6%
Productivity	2.9%	3.4%	3.6%	3.7%	3.2%
Inflation (Chg in prices of own-firm products)	2.3%	2.1%	1.4%	1.5%	1.1%
Health Care Costs	8.3%	8.9%	9.6%	8.0%	7.4%
Dividends*	14.4%	4.4%	4.9%	2.8%	6.3%
Share Repurchases*	2.5%	4.2%	4.4%	1.4%	6.1%
Cash on balance sheet*	6.4%	5.9%	5.9%	2.1%	6.5%
Mergers and Acquisitions	35.9% plan to acquire. 13.7% plan to sell part or all of firm.	Not asked.	Not asked.	Not asked.	31.0% plan to acquire. 11.0% plan to sell part or all of firm.
Revenue*	8.9%	Not asked.	Not asked.	Not asked.	Not asked.

* indicates public firms only. All other numbers for all survey respondents (including private)

U.S. BUSINESS OPTIMISM

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	Mar 2011	Dec 2010	Sep 2010	Jun 2010	Feb 2010
	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: 55.7% Less opt: 15.6% No chg: 28.7%	More opt: 49.7% Less opt: 14.0% No chg: 36.3%	More opt: 14.2% Less opt: 52.5% No chg: 33.2%	More opt: 40.4% Less opt: 25.0% No chg: 34.6%	More opt: 47.3% Less opt: 14.1% No chg: 38.6%
U. S. optimism level (0 to 100)	61.3	58.7	49.3	57.5	55.5
Optimism about own company	More opt: 52.1% Less opt: 19.1% No chg: 28.8%	More opt: 50.1% Less opt: 17.7% No chg: 32.2%	More opt: 34.0% Less opt: 34.4% No chg: 31.6%	More opt: 45.7% Less opt: 24.2% No chg: 30.1%	More opt: 52.3% Less opt: 17.3% No chg: 30.5%
Own company optimism level	67.0	65.9	61.2	65.6	65.2

Other Key Results from March 2011 survey

- CFOs say there is strong need for their firms to fill the following positions:
 - skilled staff such as engineers, product development, IT, finance and accounting, and also sales force
- 37% of firms already at pre-recession workforce level, but 20% say they never will return to that level. The remaining firms say they eventually will return to old workforce levels but it will take 43% growth in revenues to achieve this outcome.
- Fuel and nonfuel price inflation are both in the top half dozen concerns of CFOs
 - Inflationary pressure may be worse, given that ¾ of manufacturing firms say that they will increase capacity utilization next year, by an average of about 8 percentage points.
 - If inflation reaches 4%, 42% of firms say their earnings will fall. Among these firms, earnings would fall by about half.
- Borrowing conditions improved for 36% of firms, got worse for 23%, since Fall 2009
 - Among firms with revenue <\$100m 57% say that borrowing conditions worsened
- M&A activity will be greatest in the tech, media, and service/consulting industries
- 31% of CFOs say they are more satisfied in their jobs relative to two years ago, compared to 24% who are less satisfied.
- 34% of CFOs say that convergence to IFRS accounting is one of their biggest accounting concerns. 83% of firms have not started to convert to IFRS or are far from ready to convert.

Top Concerns for U.S. Businesses

MACRO CONCERNS

- Consumer Demand
- Federal Government Agenda/Policies
- Price Pressure from Competitors
- Credit Markets/Interest Rates

INTERNAL TO OWN FIRM

- Ability to Maintain Margins
- Ability to Forecast Results
- Cost of Health Care
- Maintaining morale/productivity