

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

Results for 494 U.S. firms (own-firm changes expected during the next 12 months)

	Sep 2011	Jun 2011	Mar 2011	Dec 2010	Sep 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*	9.4%	8.1%	18.1%	19.8%	11.8%
Capital spending	4.5%	8.7%	12.1%	8.9%	6.6%
Technology spending	4.3%	6.0%	5.5%	4.8%	4.1%
R&D spending	2.8%	2.0%	4.1%	3.8%	3.8%
Advertising and marketing spending	2.1%	2.5%	3.7%	2.0%	3.3%
Employment – full-time	0.9%	0.7%	1.2%	2.0%	0.7%
Employment – temporary	-0.4%	-0.3%	0.3%	0.5%	0.8%
Outsourced Employment	2.2%	3.2%	3.0%	4.5%	3.1%
Wages and Salaries	2.3%	2.8%	2.8%	2.5%	2.4%
Productivity	3.0%	3.9%	2.9%	3.4%	3.6%
Inflation (Chg in prices of own-firm products)	2.5%	2.9%	2.3%	2.1%	1.4%
Health Care Costs	7.8%	8.3%	8.3%	8.9%	9.6%
Dividends*	12.4%	9.8%	14.4%	4.4%	4.9%
Share Repurchases*	3.4%	2.6%	2.5%	4.2%	4.4%
Cash on balance sheet*	-1.8%	-0.4%	6.4%	5.9%	5.9%
Mergers and Acquisitions	Not asked.	Not asked.	35.9% plan to acquire. 13.7% plan to sell part or all of firm.	Not asked.	Not asked.
Revenue*	Not asked.	Not asked.	8.9%	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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	Sep 2011	Jun 2011	Mar 2011	Dec 2010	Sep 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: 12.2% Less opt: 64.8% No chg: 23.0%	More opt: 26.8% Less opt: 36.3% No chg: 36.9%	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%
U. S. optimism level (0 to 100)	49.4	57.1	61.3	58.7	49.3
Optimism about own company	More opt: 29.4% Less opt: 36.4% No chg: 34.2%	More opt: 38.6% Less opt: 31.1% No chg: 30.3%	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%
Own company optimism level	63.1	65.4	67.0	65.9	61.2

Other Key Results from September 2011 survey

- Though optimism plummeted, CFOs do not think we are nearing recession.
 - 11% say we are already in recession and 25% are very concerned about the possibility of recession, but the rest are only moderately or a little concerned.
 - Only about one-third of firms say they have put the breaks on previously planned hiring or capital spending.
- 55% say that they will not begin to deploy cash holdings in the next year. Chief among the reasons to hold on to cash are the need for a liquidity buffer, waiting until economic uncertainty to decline, or not having attractive investment opportunities
 - Of the 45% that plan to begin to deploy, most will spend on business investment, paying down debt, paying dividends or share repurchases, or hiring.
- Manufacturing firms say that capacity utilization will increase from current 78% to 81% by year-end
- 95% of firms say that the tax system is flawed and in need of repair. 48% say it is seriously flawed.
 - 88% of firms say that they would be willing to give up all tax exemptions and credits in return for a reduction in the overall tax rate.
- About half of firms say that they occasionally bypass value-creating (NPV>0) projects.
 - Of those that do bypass NPV>0 projects, the chief reasons are shortage of management time/expertise, too much uncertainty or worries about hidden risks in some projects, shortage of funding, or shortage of lower level employees to implement the new project.

Top Concerns for U.S. Businesses

MACRO CONCERNS

- Consumer Demand
- Federal Government Agenda/Policies
- Price Pressure from Competitors
- National employment outlook

INTERNAL TO OWN FIRM

- Ability to Maintain Margins
- Cost of health care
- Ability to forecast results
- Attracting and retaining qualified employees