

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

Results for 400 U.S. firms (own-firm changes expected during the next 12 months)

	Dec 2013	Sept 2013	Jun 2013	Mar 2013	Dec 2012
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*	14.3%	13.4%	7.5%	9.6%	8.8%
Capital spending	7.3%	4.8%	6.1%	5.3%	2.5%
Technology spending	5.6%	4.2%	6.1%	7.8%	2.3%
R&D spending	2.3%	1.8%	3.2%	1.0%	-0.8%
Advertising and marketing spending	4.1%	3.7%	3.2%	4.3%	2.2%
Employment – full-time	1.4%	1.8%	0.8%	2.2%	0.1%
Employment – temporary	1.6%	0.1%	0.4%	0.4%	-1.6%
Outsourced Employment	3.2%	3.0%	3.8%	1.2%	0.5%
Wages and Salaries	2.7%	2.3%	2.5%	3.1%	2.6%
Productivity	3.1%	2.7%	3.1%	3.2%	2.5%
Inflation (Chg in prices of own-firm products)	2.0%	2.2%	1.5%	1.9%	1.9%
Health Care Costs	10.2%	8.9%	7.4%	8.0%	7.7%
Dividends*	11.2%	4.1%	9.4%	8.5%	11.9%
Share Repurchases*	5.4%	8.7%	1.7%	14.9%	-3.5%
Cash on balance sheet*	7.4%	2.5%	8.3%	6.7%	0.6%
Mergers and Acquisitions	Not asked.	Not asked.	Not asked.	36.8% plan to acquire; Foreign targets in 24.6% of acq.	Not asked.
Revenue	6.8%	5.7%	5.0%	6.9%	3.6%

* 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

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

	Dec 2013	Sept 2013	Jun 2013	Mar 2013	Dec 2012
	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: 33.3% Less opt: 28.0% No chg: 38.8%	More opt: 32.8% Less opt: 25.8% No chg: 41.5%	More opt: 53.7% Less opt: 12.8% No chg: 33.5%	More opt: 31.4% Less opt: 35.4% No chg: 33.2%	More opt: 21.2% Less opt: 52.0% No chg: 26.8%
U. S. optimism level (0 to 100)	57.2	58.2	60.8	55.3	50.7
Optimism about own company	More opt: 38.5% Less opt: 27.2% No chg: 34.3%	More opt: 42.2% Less opt: 25.6% No chg: 32.2%	More opt: 42.3% Less opt: 24.1% No chg: 33.5%	More opt: 42.4% Less opt: 27.7% No chg: 29.9%	More opt: 27.7% Less opt: 38.7% No chg: 33.6%
Own company optimism level	65.5	65	64.2	63.8	63.0

Other Key Results from December 2013

- 48% of US CFOs say that their firms are considering reducing employment in response to the Affordable Care Act
 - 20% say that they may hire fewer workers, and 10% say they may lay some workers off
 - 40% say they may move some workers to <30 hours per week, to avoid some provisions of ACA
- Two-thirds of companies will change current health benefits in response to ACA
 - 44% will consider reducing health benefits for current employees
 - 38% may increase the contribution of employees or retirees
- 56% of US firms have a budget for charitable donations.
 - At most firms, this budget has increased somewhat in recent years
 - 6% of companies have eliminated charitable donations recently, mostly due to need to cut costs
 - Only 6% of European companies donate to charity, while about 40% of Asian and Latin American companies, and 69% of African firms, donate to charity.
- 62% of US CFOs believe that the retirement age should be raised for full Social Security retirement to close the funding shortfall. This would lead to an older workforce at their firms
 - Some concerns about an older workforce include higher medical costs, fewer advancement opportunities for younger workers, higher payroll costs due to higher salaries of experienced workers, and possible productivity implications
- 46% of US companies believe that economic conditions will be better for their companies in 2014, and another 8% believe that conditions will be significantly better

Top Concerns for U.S. Businesses

MACRO CONCERNS

- Consumer Demand
- Federal Government Policies
- Price pressure from competitors
- National employment outlook

INTERNAL TO OWN FIRM

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