

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

Results for 500 U.S. firms (own-firm changes expected during the next 12 months)

	Jun 2011	Mar 2011	Dec 2010	Sep 2010	Jun 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*	8.1%	18.1%	19.8%	11.8%	12.1%
Capital spending	8.7%	12.1%	8.9%	6.6%	9.0%
Technology spending	6.0%	5.5%	4.8%	4.1%	5.9%
R&D spending	2.0%	4.1%	3.8%	3.8%	3.9%
Advertising and marketing spending	2.5%	3.7%	2.0%	3.3%	4.0%
Employment – full-time	0.7%	1.2%	2.0%	0.7%	0.7%
Employment – temporary	-0.3%	0.3%	0.5%	0.8%	-0.2%
Outsourced Employment	3.2%	3.0%	4.5%	3.1%	5.5%
Wages and Salaries	2.8%	2.8%	2.5%	2.4%	2.6%
Productivity	3.9%	2.9%	3.4%	3.6%	3.7%
Inflation (Chg in prices of own-firm products)	2.9%	2.3%	2.1%	1.4%	1.5%
Health Care Costs	8.3%	8.3%	8.9%	9.6%	8.0%
Dividends*	9.8%	14.4%	4.4%	4.9%	2.8%
Share Repurchases*	2.6%	2.5%	4.2%	4.4%	1.4%
Cash on balance sheet*	-0.4%	6.4%	5.9%	5.9%	2.1%
Mergers and Acquisitions	Not asked.	35.9% plan to acquire. 13.7% plan to sell part or all of firm.	Not asked.	Not asked.	Not asked.
Revenue*	Not asked.	8.9%	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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	Jun 2011	Mar 2011	Dec 2010	Sep 2010	Jun 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: 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%	More opt: 40.4% Less opt: 25.0% No chg: 34.6%
U. S. optimism level (0 to 100)	57.1	61.3	58.7	49.3	57.5
Optimism about own company	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%	More opt: 45.7% Less opt: 24.2% No chg: 30.1%
Own company optimism level	65.4	67.0	65.9	61.2	65.6

Other Key Results from June 2011 survey

- Rate of new job creation slows (+0.7% increase in domestic fulltime employees):
- Good news: benefits and hours worked improve for those working. In the next year,
 - 61% of firms will return number of hours worked to pre-recession levels
 - 48% will restore training/development
 - 43% will restore company contribution to 410(k) / pension
- 21% of firms are in “hiring mode”. 16% would like to hire but are resource constrained; 10% would like to hire but can not find employees with appropriate skill sets.
- On net, capital spending creating jobs, not replacing workers with robots and computers
 - 38% of firms say that their capital spending will lead to more employment at their firms, compared to only 9% that say spending will lead to workforce reductions.
- Manufacturing firms say that capacity utilization will increase from current 74% to 76 by year-end
- 80% of firms say that high oil prices are hurting their firms. In response,
 - 53% of companies say they have increased (or soon will) telecommuting, half say they will have/will reduce business travel, half will improve efficiency of operations, 40% efficiency of shipping, 25% fleet efficiency.
- Most public firms release earnings numbers outside of trading hours
 - This allows markets/analysts to better absorb the new information and in general is thought to reduce stock volatility associated with announcement.

Top Concerns for U.S. Businesses

MACRO CONCERNS

- Consumer Demand
- Federal Government Agenda/Policies
- Price Pressure from Competitors
- Federal budget deficit

INTERNAL TO OWN FIRM

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