

REPORT

CFO Insights Survey

Leading the Growth Charge

Fall 2020



About the Author



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Executive Summary

Respondents

120 executives completed the full Brainyard Fall 2020 CFO Insights Survey. Of these leaders, 90 hold the top finance title in their organizations, while 30 hold other finance or leadership titles. Twenty-six percent hail from companies with \$10 million or less in revenue, 44% posted between \$11 million and \$50 million, while 30% earned between \$51 million and \$500 million.

Survey Goals

Gauge respondents' reactions to the pandemic so far, and how CFOs have responded.

- Explore how CFOs see their jobs and where they spend their time.
- Learn how other business leaders judge their company CFO's performance and skills.
- Discover priorities for investments in 2021.

Summary of Findings

CFOs were quick to cut in April to conserve cash. Now, they're ready to get back to spending as usual—much more quickly than other leaders in their businesses. That's the headline finding of our September 2020 survey of 120 CFOs and other business leaders.

Other Key Findings

- IT, payroll, marketing and sales are the Top 4 upward-trending areas for spending, according to CFO respondents.
- 38% of non-CFO leaders say the CFO has broad responsibility in the company versus 10% saying the focus is solely finance.

- 74% of CFO respondents say FP&A is a significant focus, the No. 1 answer. Bookkeeping and reporting came in at No. 2 with 43%.
- Everyone is working hard. But CFOs especially are finding themselves overcommitted and putting in long hours—54% are working 50 hours per week or more, with 21% topping 55 hours.
- Many, though not all, CFOs are getting comfortable with remote work. Our take: Commercial real estate won't come back anytime soon.

Previous Surveys



Summer 2020
Outlook Survey



April 2020
Outlook Survey



Winter 2020
Outlook Survey

You Say Cut, I Say Spend

Each quarter, the Brainyard team surveys business leaders about how they operate, what they're focusing on and how their businesses are doing. A year ago, we aimed our fall survey at the role of the CFO. We repeated that focus again this year, with an added lens on COVID-19's ongoing effects on business and plans for dealing with it.

Two-thirds of our 120 respondents hold the top finance department roles in their companies. The remaining third have business leadership or other finance roles. We asked the CFOs directly about their work life and business plans, and quizzed the other leaders about what they thought of their CFOs—including their perceptions of strengths and weaknesses.

By far the most significant divergence in attitude between CFOs and other leaders came when we asked about budgeting within functional areas. In a nutshell, CFOs see spending priorities in 2021 heading back toward where they

were at the outset of 2020. They're calling for increases almost on par with our [December 2019 survey](#).

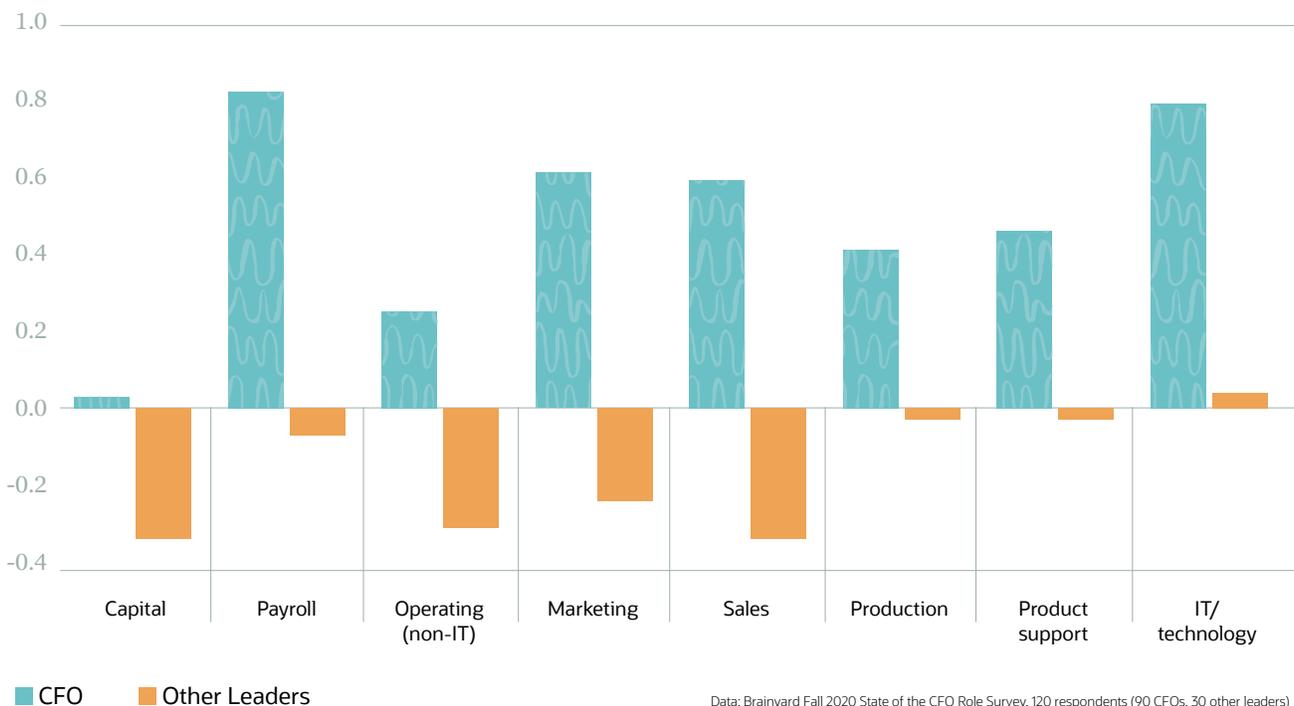
In contrast, other leaders are still looking for cuts.

It's no surprise then that, in general, CFO respondents are more bullish on their 2020 prospects than others. They are also more likely to say the pandemic has been good for their businesses. But even after we controlled for the more positive outlook so far this year, CFOs are clearly looking to get back to business as usual in terms of their spending priorities.

Admittedly, when we first saw these results, we did some serious head scratching. In our previous surveys, CFOs have always been more conservative on spending versus other business leaders. After looking through the rest of the survey and talking to a few experts, we have a few ideas on what's happening:

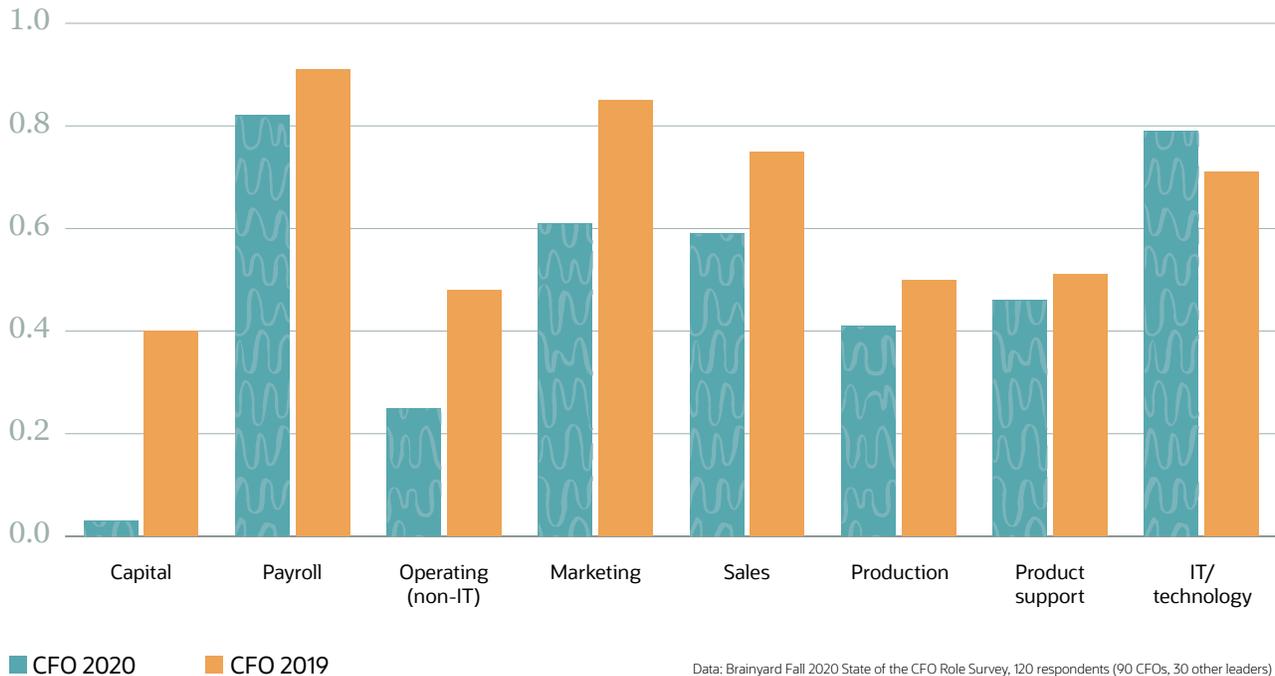
Spending Plans: CFOs vs Others

In each of these areas, how do CFOs and other leaders expect spending to trend in 2021?



CFOs on Spending Trends

In each of these areas, CFO expectations on year-over-year spending trends.



Growth still matters: For more than a decade now, we've operated in a growth economy—albeit one that took a while to recover from the Great Recession. CFOs likely see themselves as a controlling force for organizational behavior. In times of growth, CFOs want that bottom line to increase at least as fast as the top line. Revenue is good; profit is better. As such, they see themselves as providing a negative feedback loop on spending (that's a good thing) and thus providing stability for their organizations.

CFOs also know better than others that **you can't cut your way to growth**, and judging from our freeform responses, they've been doing a lot of cutting this year. If a CFO perceives that her business is on the upswing side of the recession curve—perhaps regardless of the economy as a whole—she'll be more eager to return to spending in key areas.

Familiarity breeds confidence: CFOs are closer to the budget than anyone, probably including the CEO. They know the pain of recent cuts and the gnashing of teeth that went into making them. In freeform answers, CFOs often commented on how careful they've been to cut as lightly as possible when it came to payroll. It's not just esprit de corps behind that: In 2019, the **skills gap was the biggest concern among executives**. While the labor pool has grown substantially since then, those gaps still exist for many skills. The trends around technology and its use in opening new sales channels, as one example, have likely made the talent shortfall worse, so spending on people and tech is a reasonable reaction.

Increases on Tap for Tech, Payroll

The spending emphasis seen in the charts above speaks to both the skills gap and the outsize role technology has played both in developing a successful **work from home environment** and in enabling ecommerce sales and online marketing. Whether it's some combination of the factors above or something else, CFOs are leading the way back to strategic spending increases.

At this point, though, opinions don't align. Will other business leaders tap the brakes? We'll be curious to see how 2021 plans firm up when we field our December survey.

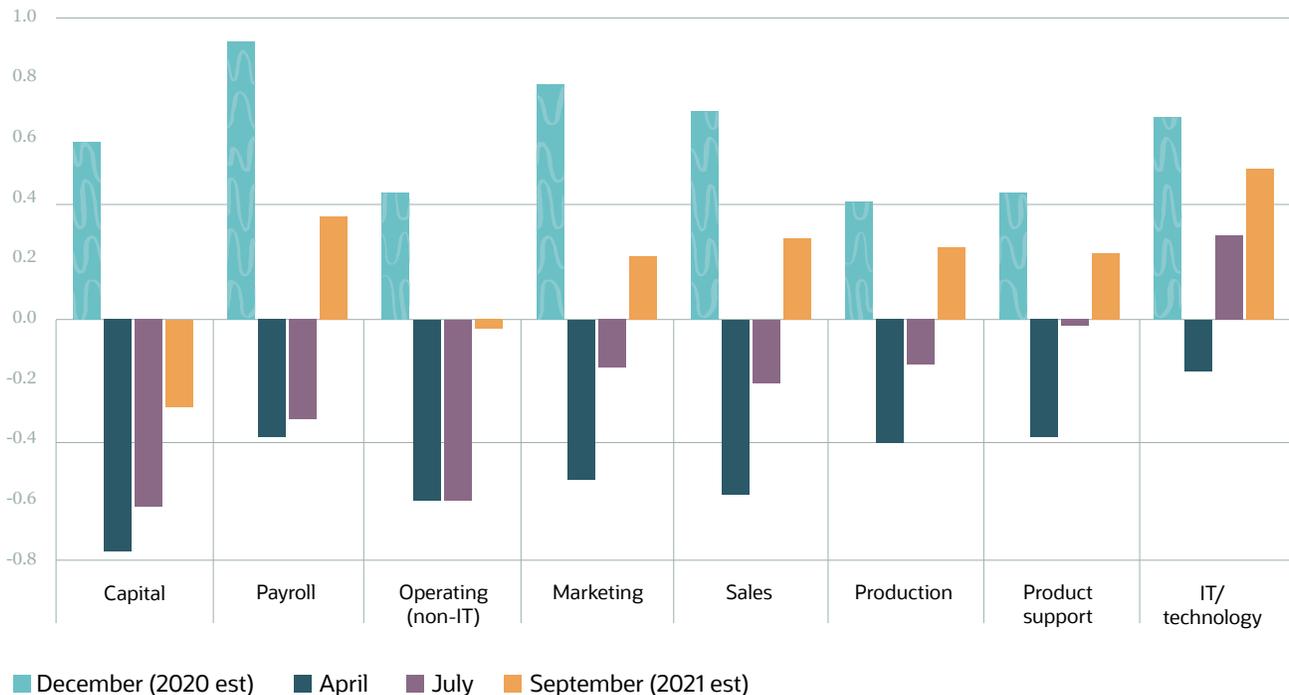
The chart below shows how spending plans have evolved across all job titles this year and how past plans compare with expectations for next year. No matter how we sliced July's data, the only area seeing new spending was technology.

What's striking to us is that spending on marketing, sales, production and product support were now also recovering as compared with April. And while you don't see it here, there were about as many companies spending more on marketing as cutting. In July, only 31% were holding their marketing spending constant. That continues now, with just 34% saying they'll hold marketing to current spending levels.

The pandemic has made its mark on how business leaders think about acquiring customers. There's less emphasis on direct sales contacts for new clients and a lot more on helping potential customers through the self-discovery process to find the products and services they need. As we'll see in a bit, while this is not where CFO expertise shines, in terms of spending at least, finance leaders are onboard.

Spending Plans Evolving

For each of these areas, in April and July we asked about actual spending. In December and September we asked respondents to estimate next year's plans.



Data: Brainyard Fall 2020 State of the CFO Role Survey, 120 respondents (90 CFOs, 30 other leaders)

CFOs Doing Too Much?

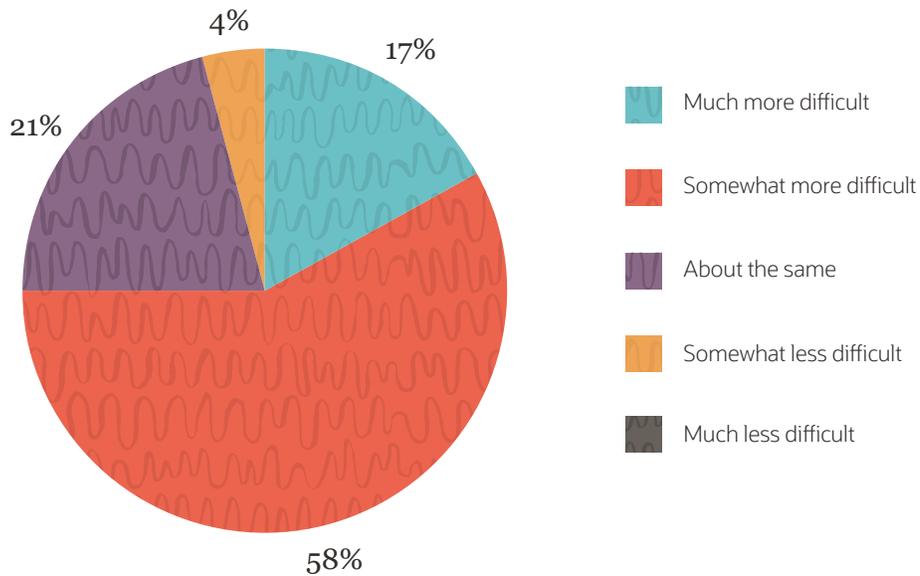
But before we dig more deeply into organizational dynamics and priorities, let's look at how CFOs see their role.

First, they're finding the job more challenging than they did last year at this time—and few thought it was an easy ride then.

Three-quarters of CFO respondents say their jobs are either somewhat (58%) or much more difficult (17%). The main challenge is that they're juggling too many responsibilities (51%), just as they were last year. Coming in tied for second are the twin demons of managing cash flow and developing accurate financial plans, both cited by 43% as a top challenge now.

CFOs Face Challenges

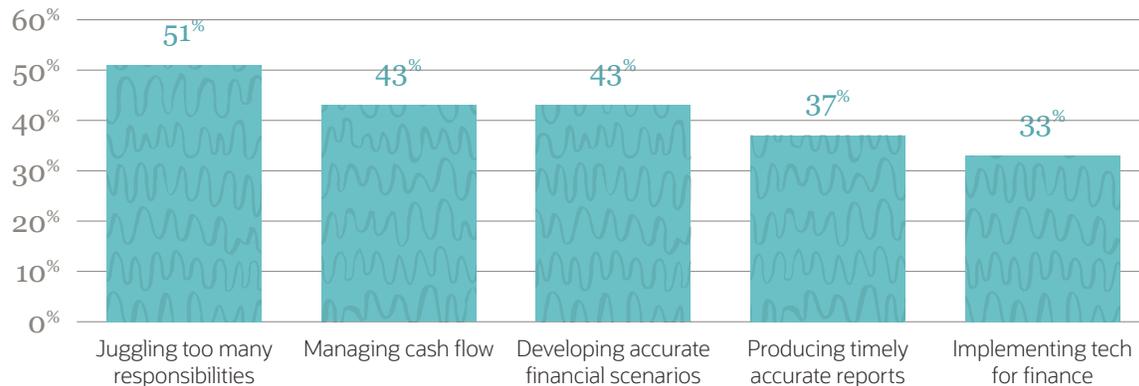
Compare the difficulty of your job now versus last year at this time.



Data: Brainyard Fall 2020 State of the CFO Role Survey, 120 respondents (90 CFOs, 30 other leaders)

Top 5 Challenges Now

What are your biggest challenges currently? Top 5 from 14 options.



Data: Brainyard Fall 2020 State of the CFO Role Survey, 120 respondents (90 CFOs, 30 other leaders)

As further evidence that responsibility creep is a concern for CFOs, they also report working significantly longer workweeks than other leaders. With 21% logging more than 55 hours per week, there's a good case to be made that many organizations risk burning out their finance leaders.

Certainly, the times we live in now are challenging, and leaders need to rise to meet the needs of the business. But that pace is not sustainable in the long term. The **pandemic's effect on mental health is real**, measurable and probably manageable, but only if **execs are watching out for signs of**, and working to mitigate stress.

Deteriorating mental health among the workforce combined with a talent shortage equals a potentially major problem for many companies as the economy recovers. For employees with young children in particular, the strain of managing changing job conditions and dealing with kids who can't be at school or daycare now is not something to dismiss lightly.

Particularly for companies new to the digital economy and selling and marketing online, the skills you need will be found largely in Millennial and Gen-Z workers, and for them, **COVID is just one more obstacle for generations that are not catching many breaks.**



21%

of CFOs are logging more than 55 hours per week.

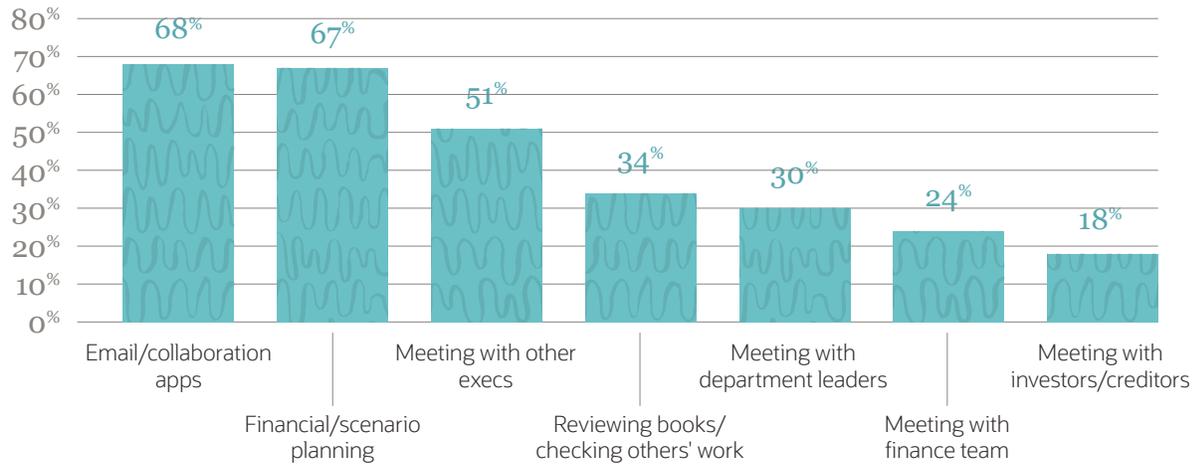


51%

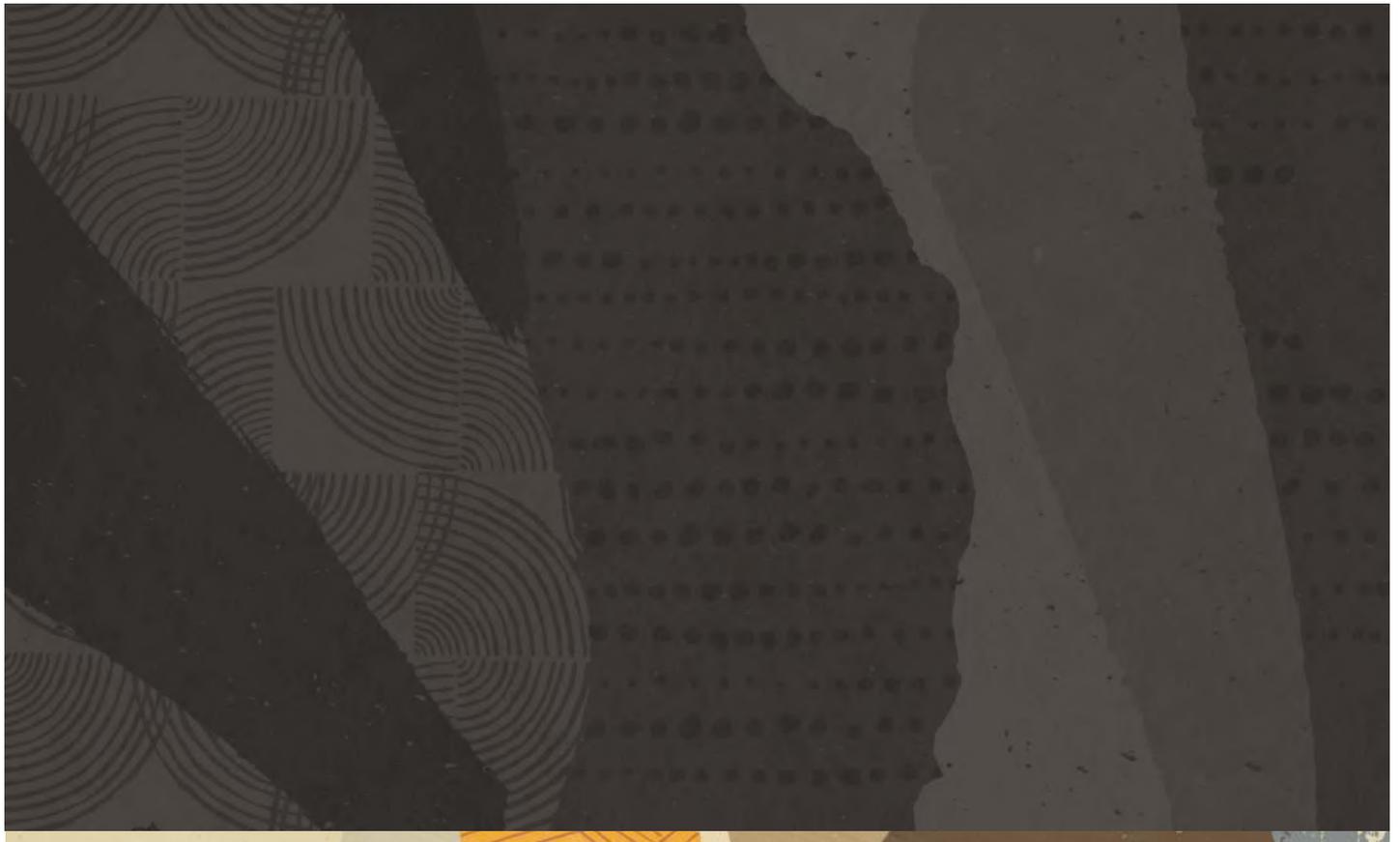
of CFOs are juggling too many responsibilities.

7 CFO Tasks

How do you spend your time during an average day? CFO respondents only.



Data: Brainyard Fall 2020 State of the CFO Role Survey, 120 respondents (90 CFOs, 30 other leaders)



Strategic Planning Is Job #1

It won't be a big surprise to anyone that CFOs spend a lot of time on email and collaboration apps, and doing financial and **scenario planning**. These, along with meetings with other executives, account for the biggest chunk of the CFO's day.

We were a bit surprised that meeting with the finance team was so low on the list. It could certainly be that these interactions are more likely to happen over email.

While CFOs are waist deep in email, their preoccupation is with financial planning and analysis (FP&A). Whether concerns are over cash flow, supply chain issues, getting clients to pay their bills or customer and worker safety, it all manifests in worry over long-term financial health.

When we asked CFOs about their most important actions to address the effects of the pandemic on their businesses, answers tended to come in three areas:

Adapting to work-from-home requirements and keeping workers safe. What CFOs did, in their own words:

- "Remote client interface vs on-premises, and selling/marketing function transformation to remote functionality."
- "Forming a COVID task force who absorbed information from reputable sources. The COVID task force spread consistent and regular information to the company. Decisions were swift and communicated quickly."
- "Ensuring our employees and customers were kept safe by working remotely even if the pace of business had slowed."



"We immediately replanned the business and rightsized the company based upon the updated COVID-19 outlook."

Obtaining funds such as PPP loans and making business model adjustments to meet the changing needs of customers. What CFOs did:

- "Obtained PPP loan to preserve staff and turned face-to-face program delivery into virtual delivery."
- "We immediately replanned the business and rightsized the company based upon the updated COVID-19 outlook."
- "Negotiating a termination agreement for a large NY showroom. Obtaining PPP funding, reducing overhead. Selling DTC and not only B2B."
- "Proactive reaction to shutdown. Increase in technology spending to anticipate a long-term remote work environment."

Managing expenses to meet cash flow realities.

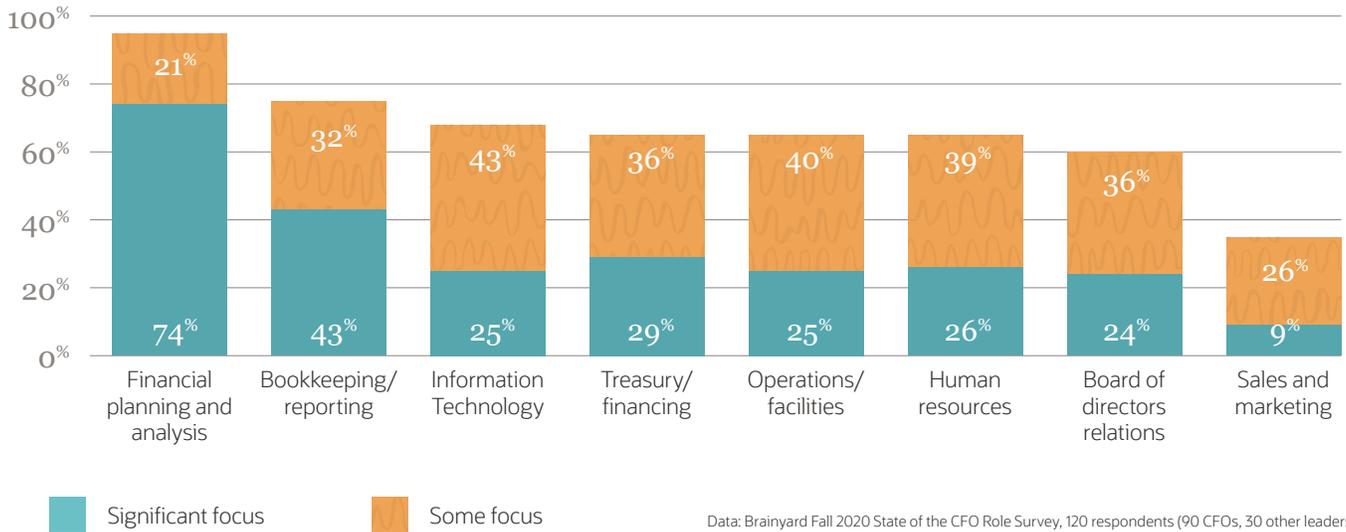
What CFOs did:

- "Transparent communication about temp pay cuts, furloughs, PPP fund receipts."
- "Stopping all sales travel and restricting premises access to employees or essential vendors (with masks)."
- "Staff reductions and across-the-board pay cuts. 'Rightsizing' our operation to maintain profitability."
- "Froze hiring and cut back on discretionary spend."

As the quotes above demonstrate, CFOs have been **thinking and rethinking their paths** to successful, sustainable business for most of this year. It's not surprising, then, that they're focusing their attention mostly on financial planning and analysis with a secondary concern for reporting, and then comes everything else. That's likely to continue through the rest of the year as we confront the presence, or lack of, a second wave of infections, progress on vaccines and how the rest of the world does on both scores.

Where's the CFO's Attention?

How focused are you on these areas of the business? CFO respondents only.



The good news is that many businesses are well into the process of COVID-proofing their operations. That has meant everything from dealing with stay-at-home requirements to figuring out **social distancing in the workplace** to rethinking product and service delivery and much more.

In our open-response question that brought you the quotes above, only a very small fraction of respondents talked about insisting on business as usual.



The good news is that many businesses are well into the process of COVID-proofing their operations.

The Future Is Bright, So We're Wearing Shades

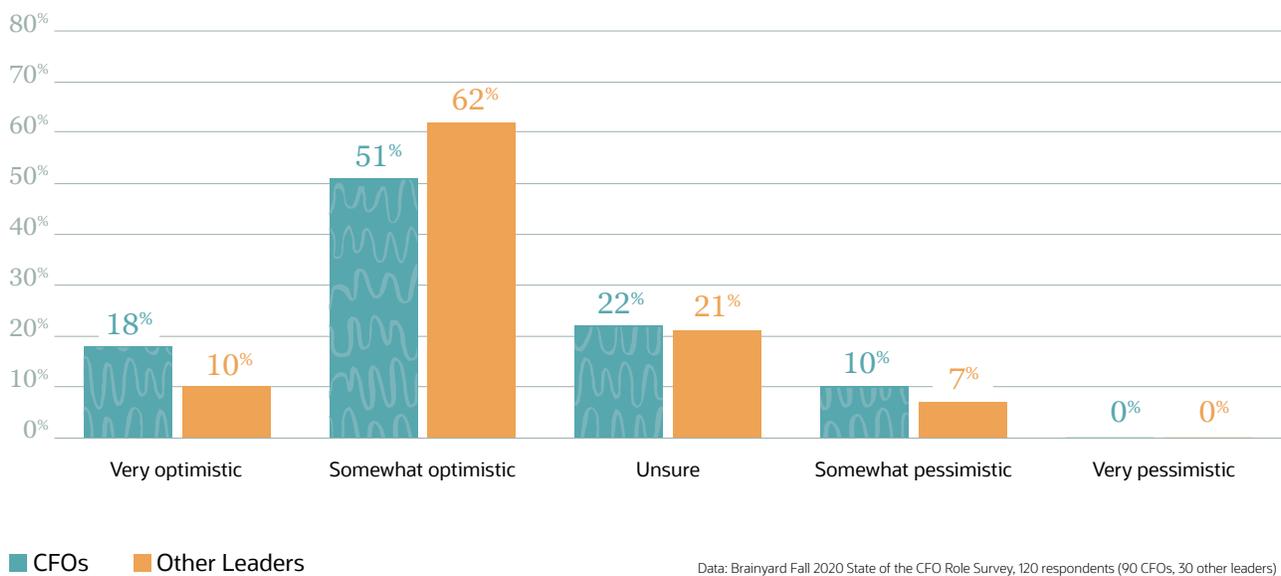
Most respondents were optimistic about their prospects for 2021. We'll admit that there's likely some self-selection going here. For instance, none of the respondents described themselves as being in the restaurant business, even though a good number of restaurant companies were invited to participate. Still, most respondents report being negatively affected by the pandemic and now feel they are in a good position for 2021.



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2021 Outlook

What is your current outlook for 2021 business?



It didn't take a degree in rocket science to imagine that business has likely changed one way or another for most companies. But we were less sure how much various aspects of business have evolved so far this year.

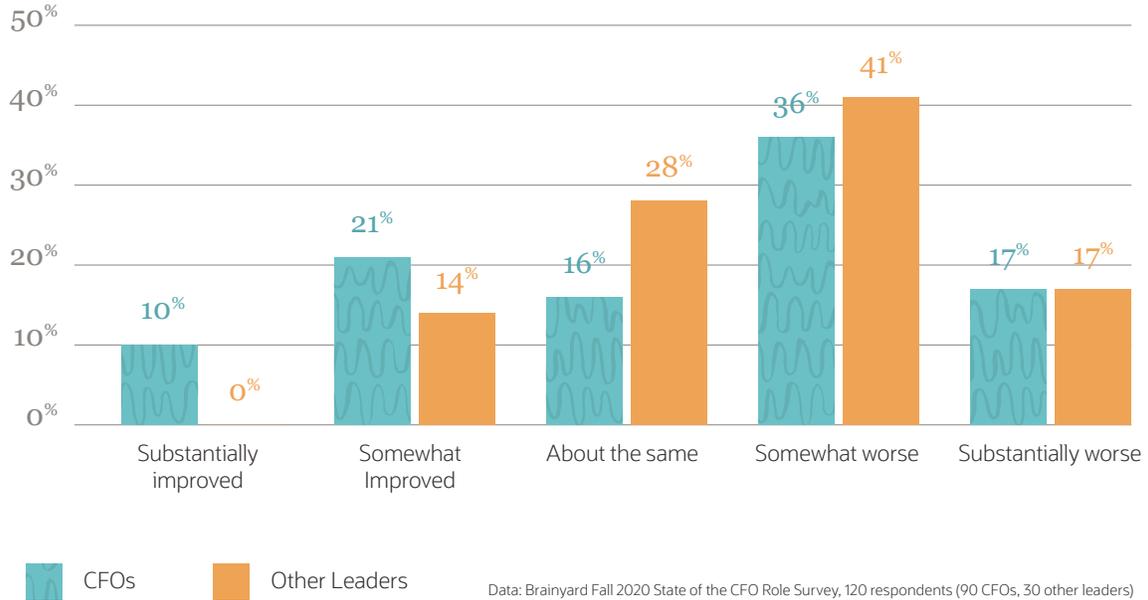
About half of respondents say that use of technology, acquiring new customers, operations and lead generation had all changed substantially or completely for their companies. If we include those who said there had been "some change," the totals for each option below would hover between 80% and 90%, with the exception of

products or services offered. But even in that fundamental aspect of business, about 60% said they'd seen at least some change.

The differences between CFO responses and those from other leaders were negligible.

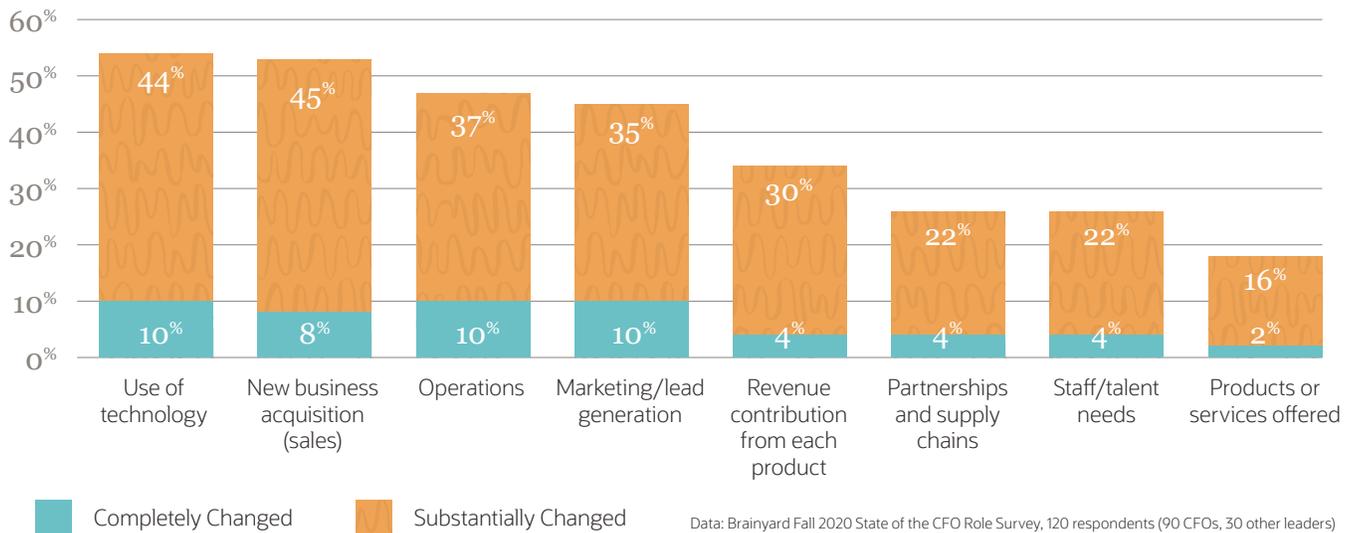
COVID Effect

How has the pandemic affected your business?



Widespread Changes

How much has each of the following changed for your company due to the pandemic?



They Like You! They Really Like You!

Because finance teams and the CFO have been front and center this year, we wanted to know how other business leaders felt about CFO performance and how goals for finance compare between groups.

When it comes to overall performance, CFOs rate a solid “very good” both in general and for their handling of the pandemic.

CFOs Earn Kudos

Rate the overall performance of your chief financial officer. Other leaders only.



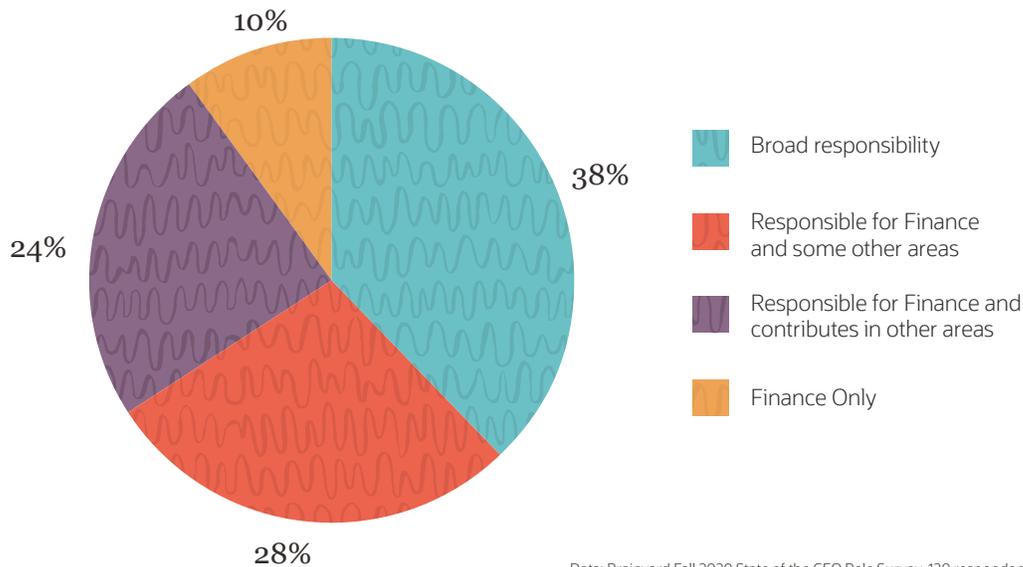
We knew from the previous year’s survey that CFOs felt they were juggling too many responsibilities. So, we wanted to know how other leaders perceived the responsibilities of the CFO. We found that about two-thirds of CFOs have responsibilities outside of finance, with 38% having broad responsibilities. An additional quarter of CFOs contribute to other areas without direct responsibility. Respondents perceive only 10% to be solely focused on finance.



When it comes to overall performance, CFOs rate a solid “very good” both in general and for their handling of the pandemic.

CFOs' Wide Influence

Which best describes how the chief financial officer functions in your company? Other leaders only.



Data: Brainyard Fall 2020 State of the CFO Role Survey, 120 respondents (90 CFOs, 30 other leaders)

So CFOs are deeply involved across the business, but are they proficient in disciplines beyond finance? We asked about that too. The data says yes.

We allowed for a “some proficiency” answer as well, which elevated the totals to 85% to 100%, but in most cases, we feel that’s not necessarily helpful. “Some proficiency” likely translates into “knows just enough to be dangerous.” The somewhat surprising result is that CFOs are thought to know the company’s business better than they know some core finance disciplines. That’s truly good news, as it relates to their ability to **work with CEOs to lead in strategic planning**.

Still, they’re not about to take over: Less than half are rated as proficient in communication skills, technology, talent management and sales and marketing. In fact, less than a quarter get good marks in the last.



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Not Exactly the World CFOs Trained For

CFOs can't be masters at everything, but those last four are areas in which some introspection may be wise. Communication skills, in particular, are a moving target. Those who were once masters of the email memo must now be empathetic, clear-voiced leaders on Zoom calls.

“Extrovert” and “CFO” are terms that rarely go together, but clear communications are often as important as having a great plan—it's both what you say and how you say it. As for technology, talent management and marketing and sales, mastery might be too lofty a goal, but these are increasingly where competitive advantages are found.

More importantly, companies that **excel with technology**, talent management and marketing and sales do so because they're managing these with data. There are probably businesses where a good golf game and knowledge of single malt scotch still close most deals, but that's less and less common. CFOs need to bring data discipline to these

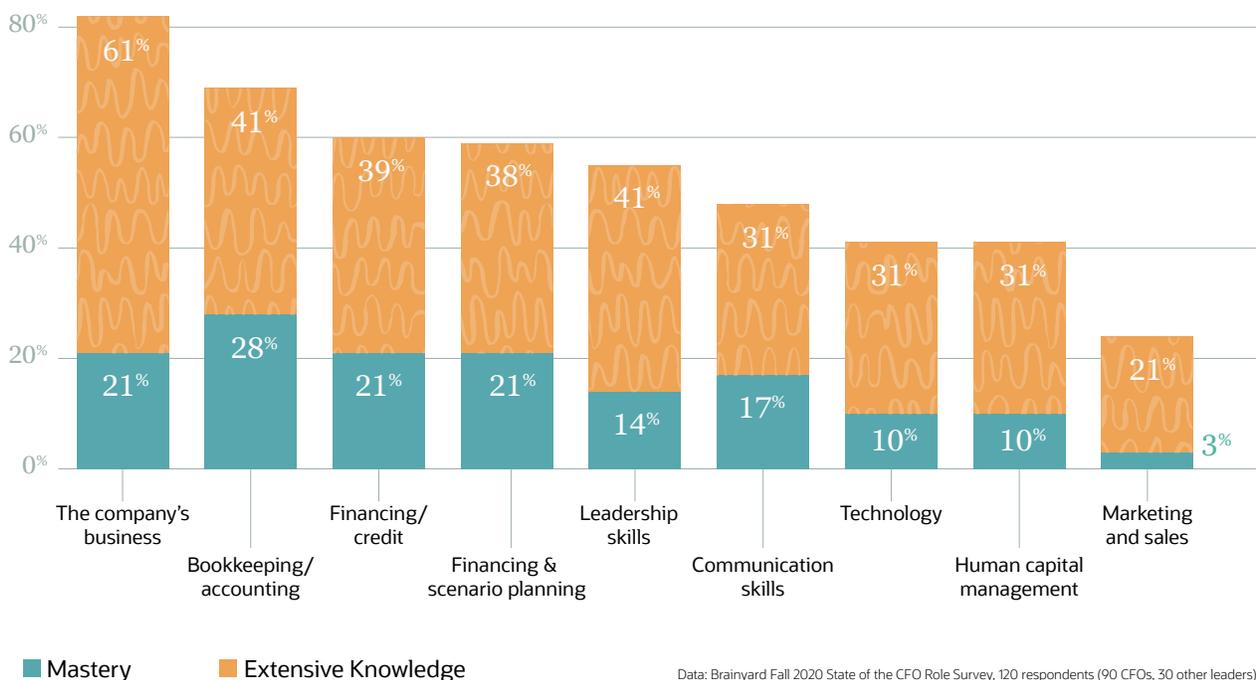
areas. If your company isn't tracking lead conversions as they move from marketing qualified (MQLs) to sales qualified (SQLs) to sales won (customers), then chances are you're way behind your competition.

Don't know what we're talking about? Figure it out. It's important.

In the Fortune 500, **marketing technology spending** often outpaces IT spending, and it's proving to work. That technology discipline is making its way to companies of all sizes: Digital campaigns provide a level of precision that you can't get any other way. Do you want to target middle-aged, suburban men who like bass fishing and live near Milwaukee and Chicago? Not a problem online. Want to send one campaign to Brewers fans and another to Cubs fans? All pretty easy. And when you do, you'll get lots of data back on what worked and how well it worked. **So get in the game, because everyone else is.**

CFO Top Skills

Rate your chief financial officer's knowledge and skills in each area. Non-finance executives only.



Data: Brainyard Fall 2020 State of the CFO Role Survey, 120 respondents (90 CFOs, 30 other leaders)

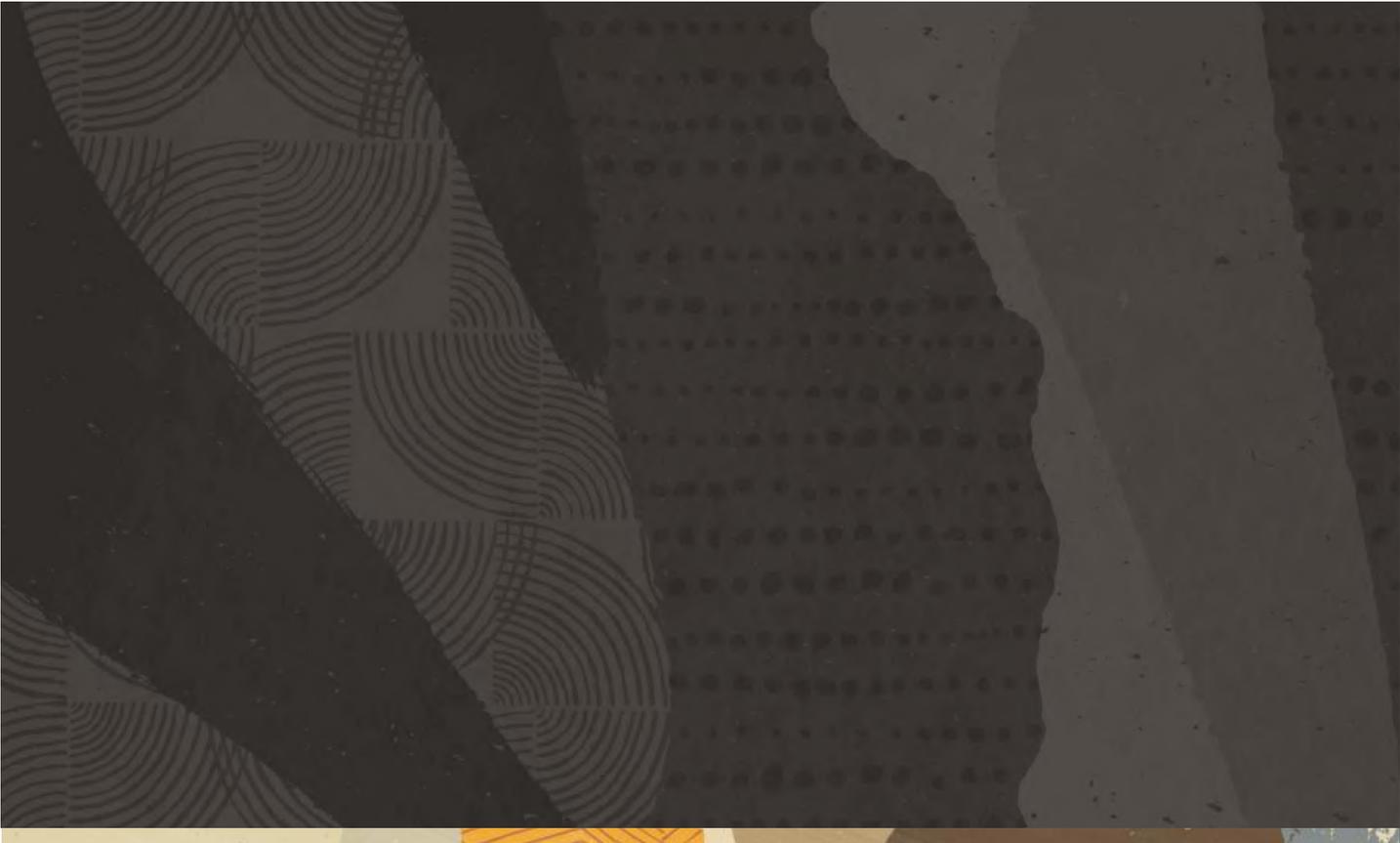
Digital vs. Traditional Ad Spending

United States, 2018-2021



Traditional media ad spending (billions) Digital ad spending (billions)

Source: eMarketer, Feb 2019



Finance to the Rescue!

As companies remake themselves through the experience of the pandemic, it makes sense that the function of the finance team will change. We've asked about finance team priorities in each of our past four surveys, offering the same 13 options in each. Prior to the pandemic, using data more effectively and creating better reports were top priorities, along with finding savings.

By this summer, **finding savings** was far and away the top priority as businesses adjusted to the realities of COVID-19. In this survey, there's been a significant shift that echoes the movement we saw in 2021 spending forecasts.

The CFOs who dominate this group of respondents are not looking to identify more savings; they are instead thinking about strategies for growth. Now, we see a three-way tie between using data more effectively, **producing better KPIs** and identifying strategic investments.

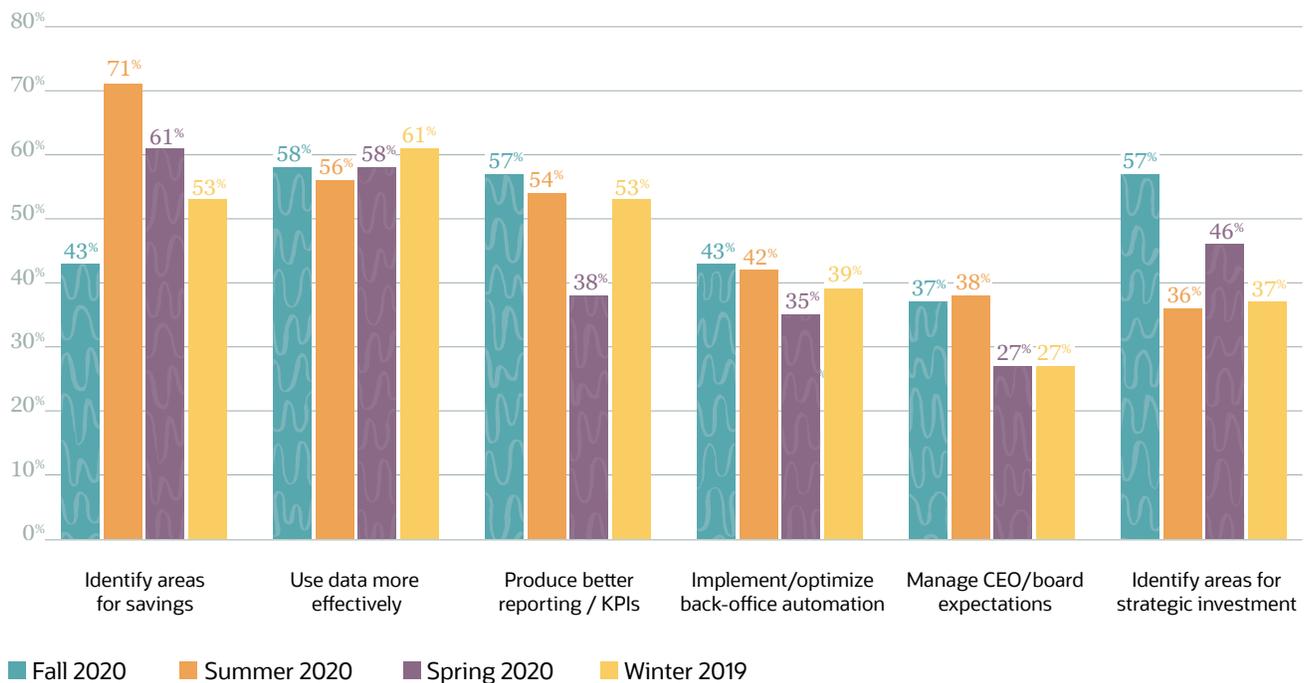
But there's a strong difference of opinion between CFOs and other leaders. Both groups think the finance team should be looking at strategic investments. Nonfinance leaders are more likely to favor this priority. Last December, we found the same thing, which at the time led us to question whether CFOs were too easily giving up their voices in strategic planning for growth.

Non-CFOs are also asking finance to find more savings, something that's not high on the CFO's list. CFOs are more likely to be after better reports and back-office automation and more likely to think they need to manage the expectations of CEOs and boards.

It seems clear that non-finance leaders want the finance team to do its good work of managing expenses and reporting on the financial health of the company, but even more, they'd like recommendations on actions and input on strategy. We saw this last fall too, which means the desire is not an artifact of COVID-19.

Evolving Priorities

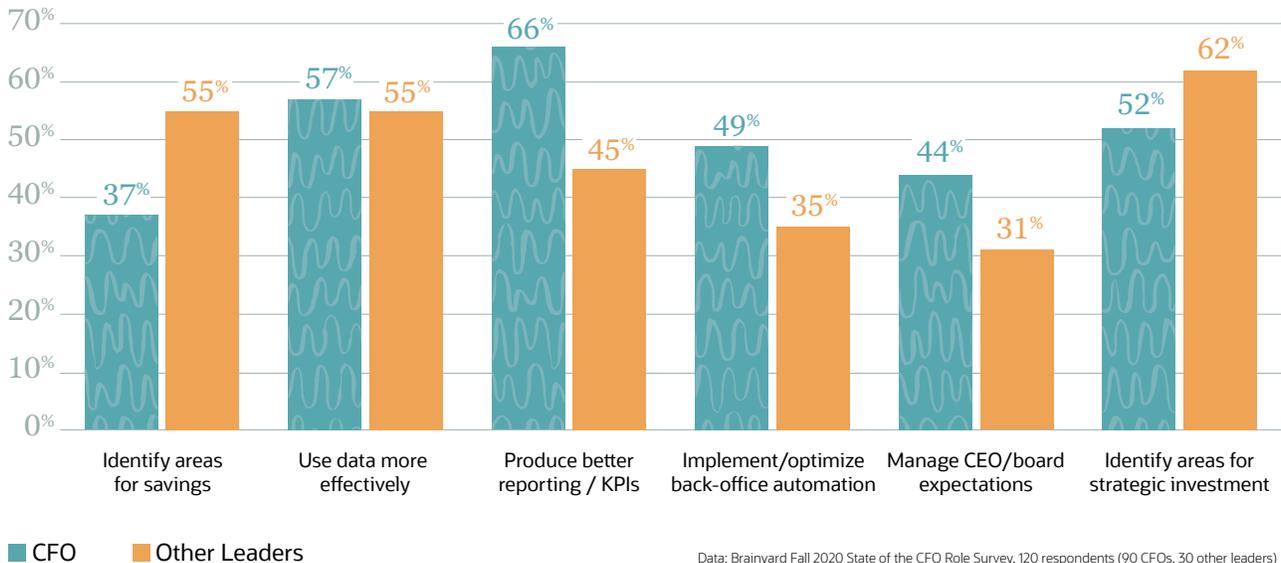
Top 4 priorities for the finance department, trending.



Data: Brainyard Fall 2020 State of the CFO Role Survey, 120 respondents (90 CFOs, 30 other leaders)

Broad Agreement on Finance Priorities

What are your Top 4 priorities for the finance department? CFOs vs. other leaders.



Yeah, We've Already Cut That

One possible reason CFOs aren't prioritizing savings: They're convinced they're running as lean as possible already. We asked respondents to tell us where they see their organizations wasting money. The most common responses centered around office space and "what are you talking about, we're not wasting money!"

It seems the question itself offended a few respondents.

A CFO from a midsize software company summed it up this way: "COVID-19 required leaning out spending earlier this calendar year, and [we're] currently operating at an efficient level."

Another area mentioned frequently was T&E, with a good number of CFOs indicating they don't see a need to get back to regular business travel. Another software CFO had this to say: "Travel. There was no need for certain groups to travel, and this has proved that out." So there.

Office space is another area in which some CFOs see permanent cuts making sense.

"If we had known how well we work remote, we would have reduced our office space," said a CFO in a small nonprofit. Another CFO at a midsize food and beverage company said it this way: "We were already pretty lean, so not a lot of waste to cut; likely will be reducing or eliminating the office space and all the costs associated with this—moving to remote teams."



Office space is another area in which some CFOs see permanent cuts making sense.

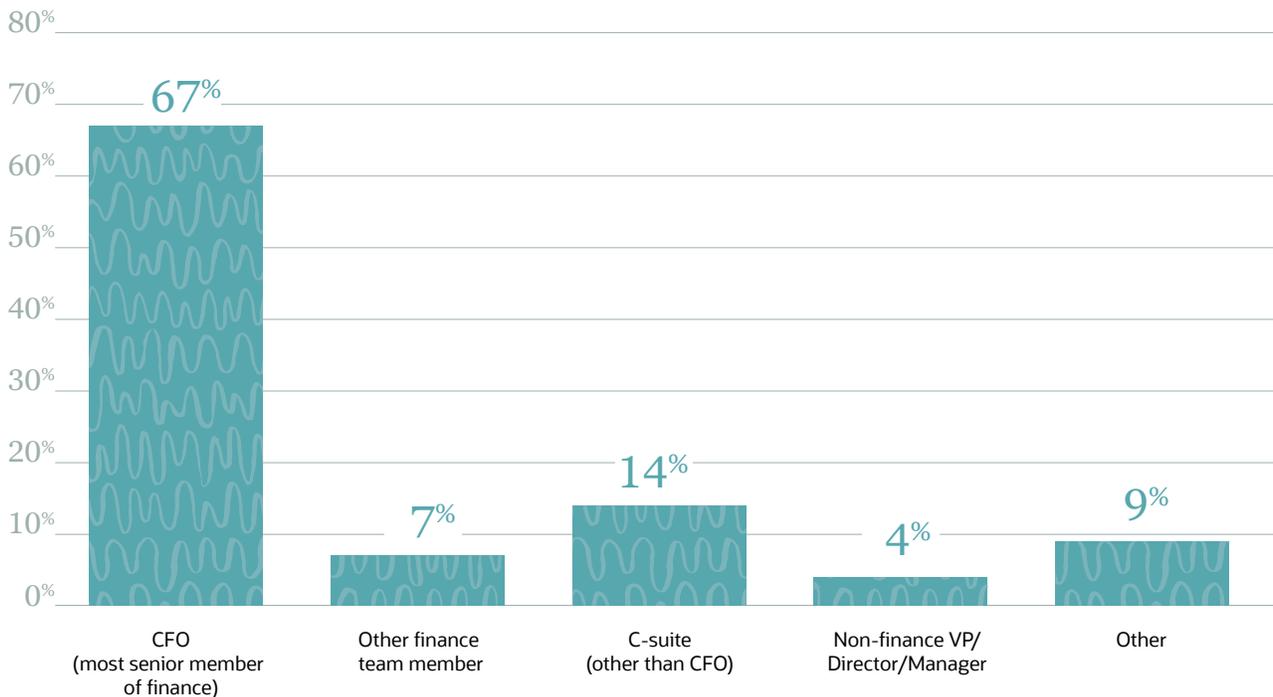
Appendix

Respondent Demographics: Industry

Advertising & Digital Marketing	2.5%	Agriculture, Forestry, Fishing and Hunting	1.7%	Apparel, Footwear & Accessories	.85%
Consulting Services	7.6%	Education	1.7%	Energy	4.2%
Food & Beverage Mfg & Distro	4.2%	Health & Beauty	.85%	Healthcare	6.8%
IT Services	5%	Manufacturing	9.3%	Media & Publishing	3.4%
Nonprofit	5%	Professional Services	3.4%	Real Estate & Leasing	1.7%
Retail	4.2%	Software/Internet	11%	Transportation & Logistics	2.5%
Utilities	.85%				

Data: Brainyard Fall 2020 State of the CFO Role Survey, 120 respondents (90 CFOs, 30 other leaders)

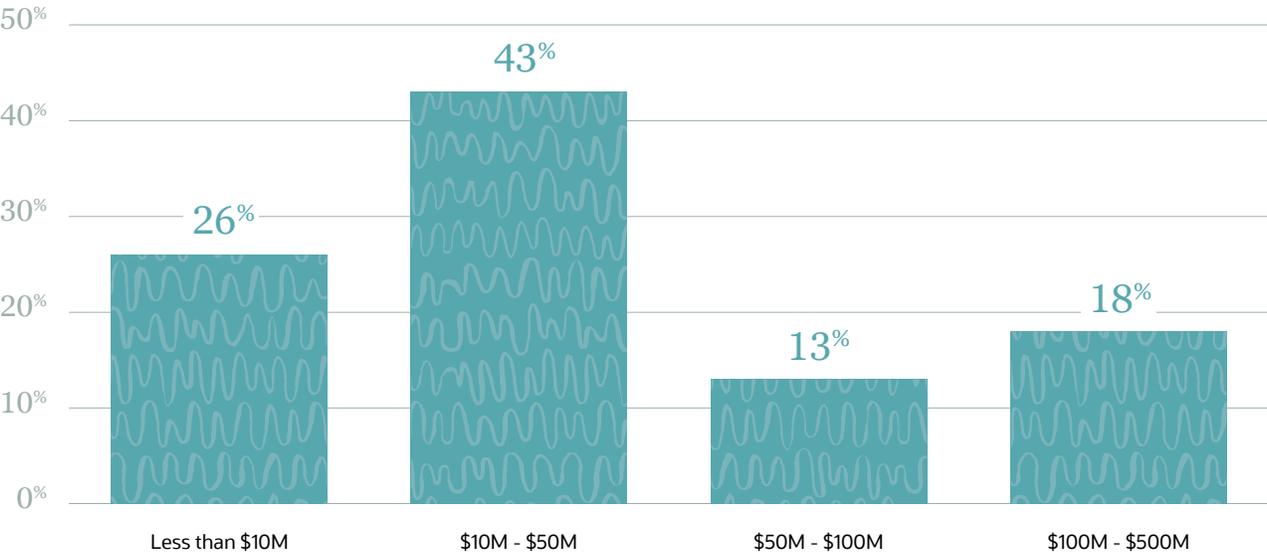
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Appendix

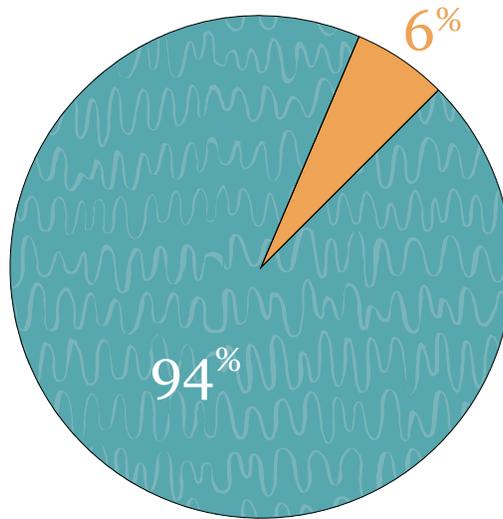
Respondent Demographics: Company Revenue



Data: Brainyard Fall 2020 State of the CFO Role Survey, 120 respondents (90 CFOs, 30 other leaders)

Appendix

Respondent Demographics: Public vs. Private



■ Private ■ Public

Data: Brainyard Fall 2020 State of the CFO Role Survey, 120 respondents (90 CFOs, 30 other leaders)

We recognize that every organization is asking itself a common set of questions. Having a checklist ensures that you don't overlook some of the critical actions that will be required as your business responds to a reopened economy. We'll continue to talk to customers and assess the successful strategies they put in place as the next few months unfold, and we'll share those learnings and their stories on our

[Business Now Resource Guide.](#)



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