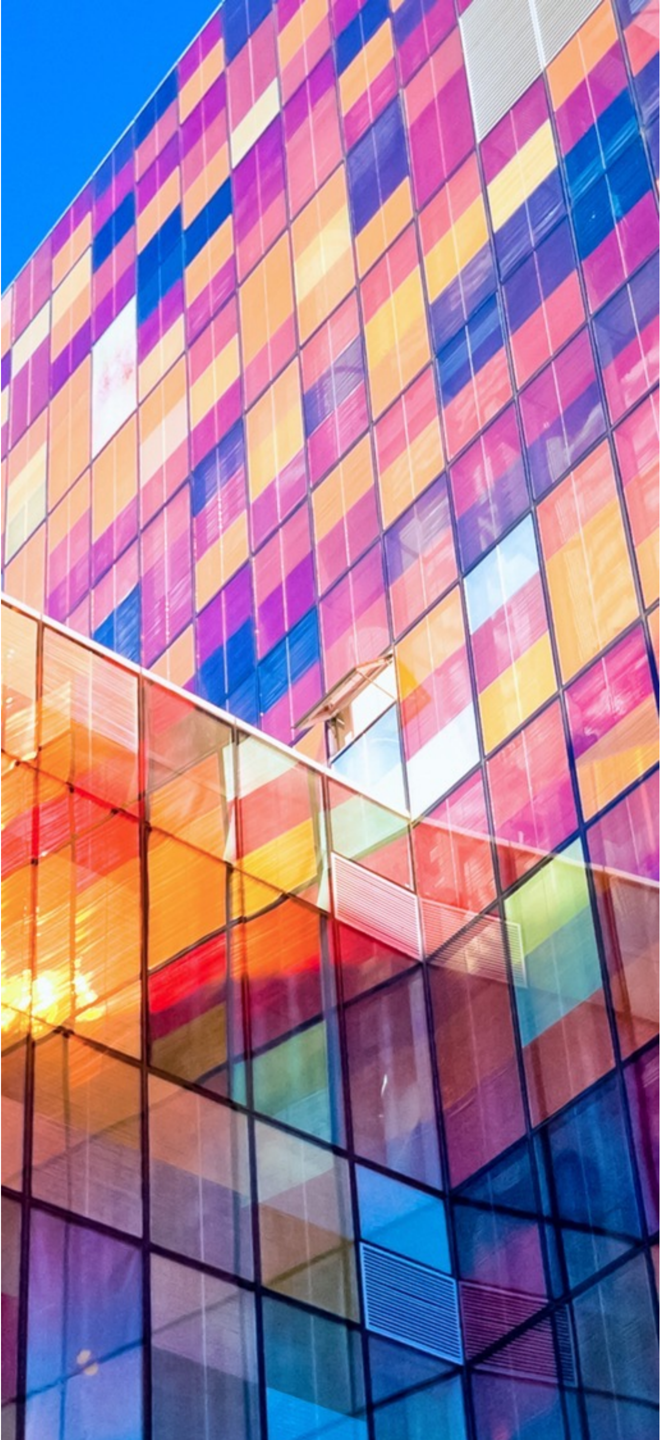
CFO STRATEGIES:
2024 GLOBAL CFO REPORT

Office of the CFO Solutions
Global CFO Report 2024

EXPERTS WITH IMPACT™



In the landscape of global finance, 2024 emerges as a pivotal year, marked by an intricate blend of innovation and opportunity. The role of the Chief Financial Officer (CFO) continues to be one of the more dynamic roles in the C-suite, encompassing far more than traditional financial oversight; it increasingly interweaves strategic leadership, technological adaptation, and a thoughtful understanding of global economic currents.

In recent years, CFOs have showcased their resilience and adaptability, rebounding from economic challenges with many leading their organizations toward sustainable growth. Our outlook for CFOs is strong, yet they must balance between harnessing the opportunities presented by a buoyant economy and crafting strategies that safeguard against potential economic volatilities and global impacts from ongoing conflicts.

The FTI Consulting 2024 Global CFO Survey endeavors to shed light on the key global trends for CFOs in 2024. Through in-depth analysis, expert insights, and forward-looking projections, we aim to equip financial leaders with the knowledge and perspective they need to navigate the year ahead with confidence in a time of promising potential and evolving uncertainty.

We hope you will find this year's report valuable and useful. Thank you for reading.

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Global Highlights

Growth
There is growing optimism among our respondents that the global economy is on the rebound. Companies over $1B in revenues are optimistic on growth with three quarters of respondents predicting double digit growth, and nearly half projecting growth will be over 30%. Companies with revenues less than $100M are also predicting growth with 68% of those organizations predicting revenue growth over 10%.

Challenges
Similar to last year, inflation is the top challenge for CFOs in 2024, with 76% of all respondents citing inflation as their primary concern, followed by competitive pressures (74%) and cost of capital (70%).

Supply Chain Disruption
There is a large divide between how CFOs of $5B+ revenue companies perceive the threat of supply chain disruption versus CFOs of smaller, <$100M revenue companies. 72% of CFOs in $5B+ companies identified supply chain disruptions as medium to high risk, whereas only slightly less than half of CFOs from <$100M companies see these disruptions as a primary risk.

Finance Function Improvement
CFOs will employ a range of tactics to improve their finance functions and agree that improving forecasting accuracy and better understanding their liquidity positions will be a primary focus. Additionally, 95% of all CFOs agree that overly complex and manual processes significantly impact their ability to effectively manage their finance functions.

CFO Tenure
61% of CFOs agree that the average tenure for a CFO at a single company is less than five years, down from 66% last year, with company size having a noticeable impact. At companies with revenue over $1B, 68% of respondents believe tenure is under five years, while at companies under $100M revenue, only 44% believe the tenure is under five years. Of the three regions surveyed, three quarters of EMEA CFOs agreed that CFO tenure at a single employer is under five years, while 63% of APAC and 60% of North American CFOs agree with this perspective.

Workforce Management
Demand for finance talent remains high, yet supply is steadily declining. 90% of all CFOs plan to spend more time in 2024 focusing on talent acquisition and retention than in 2023. A challenge will be attracting quality talent while transitioning back to in office work environments, as respondents indicated a 48% increase in returning to the office full time from last year.

All revenues stated in US dollars

About The Survey

Our survey focused on capturing insights on the challenges CFOs and finance leaders face and their expectations for 2024. Working in conjunction with *CFO Dive*, we asked senior finance executives worldwide about the strategies and tactics they will undertake during 2024 to maximize financial performance and protect the bottom line. Almost four hundred responses were collected from executives across North America, APAC and EMEA.

Regional Highlights

NORTH AMERICA

Top 3 CFO Strategic Priorities

1. Customer Acquisition & Retention (49%)
2. New Markets & Geographies (39%)
3. Improving Reporting & Analytics (38%)

Top 3 Activities Monopolizing CFOs Time

1. Financial Planning & Analysis (FP&A) (48%)
2. Strategic Planning (35%)
3. Management Reporting (34%)

Top 3 CFO Challenges

1. Competitive Pressures (72%)
2. Inflation (71%)
3. Cost of Capital/Interest Rates (67%)

79% of NA CFOs believe their finance technology and automation functions needs to improve

Workforce Management

	2023	2024
Full-Time Remote	9%	↑ 12%
Full-Time In Office	18%	↑ 24%
Hybrid Model	73%	↓ 64%

Regional Highlights

90% of EMEA CFOs believe their finance technology and automation function needs to improve

Workforce Management

	2023		2024
Full-Time Remote	6%	↑	8%
Full-Time In Office	21%	↓	15%
Hybrid Model	73%	↑	77%

EMEA

Top 3 CFO Strategic Priorities

1. Customer Acquisition & Retention (49%)
2. Improving Reporting & Analytics (38%)
3. Talent & Rewards (37%)

Top 3 Activities Monopolizing CFOs Time

1. Financial Planning & Analysis (FP&A) (48%)
2. Strategic Planning (43%)
3. Finance Operations (Shared services, BPO) (35%)

Top 3 CFO Challenges

1. Inflation (85%)
2. Cost of Capital/Interest Rates (74%)
3. Cyber Attacks (74%)

Regional Highlights

APAC

Top 3 CFO Strategic Priorities

1. Business Model Reinvention (59%)
2. New Markets & Geographies (58%)
3. Cyber Security (48%)

Top 3 Activities Monopolizing CFOs Time

1. Strategic Planning (58%)
2. Financial Planning & Analysis (FP&A) (54%)
3. Controllership (Accounting/Reporting/Audit) (36%)

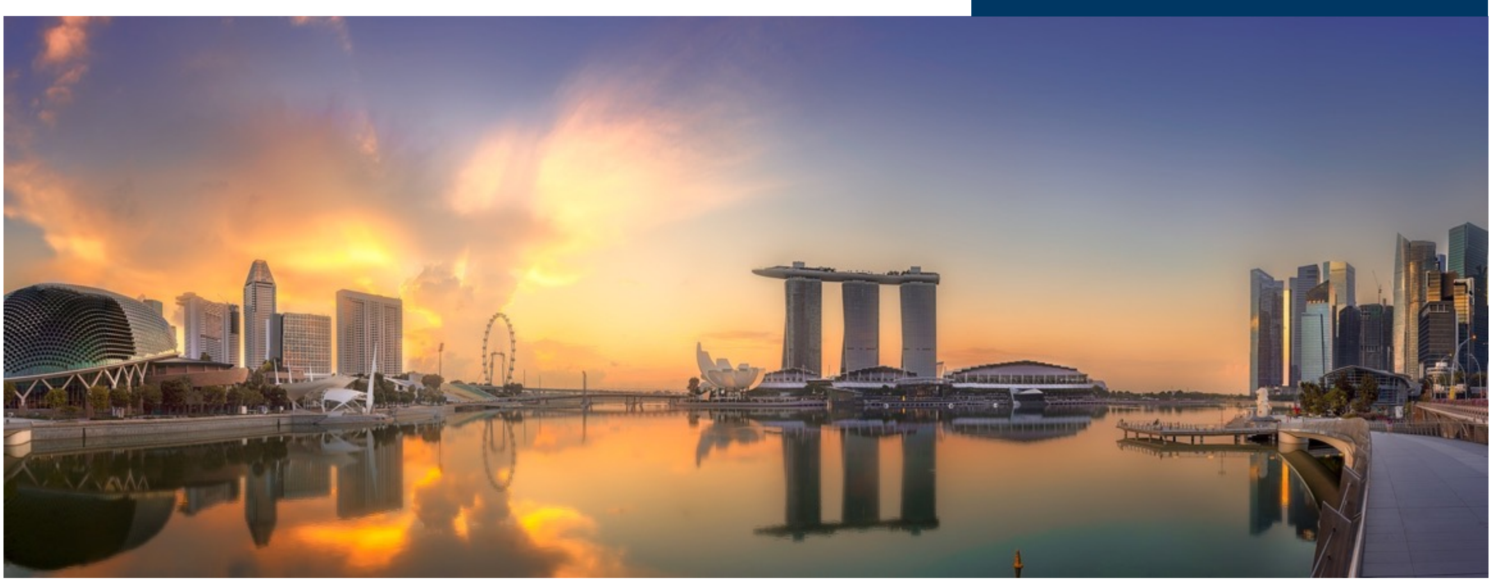
Top 3 CFO Challenges

1. Competitive Pressures (84%)
2. Cyber Attacks (81%)
3. Pricing Power (81%)

94% of APAC CFOs believe their finance technology and automation function needs to improve

Workforce Management

	2023		2024
Full-Time Remote	14%	↓	13%
Full-Time In Office	25%	↑	39%
Hybrid Model	61%	↓	48%



Top 2024 CFO Observations and Priorities

01
Increased Competitive Pressures

Three quarters of CFOs are concerned with increasing competition and the associated pressure on pricing and profit margin erosion. With inflation still a major concern for the global economy, 63% of CFOs are concerned with declining demand and are leveraging unique pricing strategies and reinventing their business models to position themselves ahead of competition.

02
Improving Forecasting

84% of CFOs agree that there is a need to improve forecasting accuracy in their organizations, which will allow them to prioritize and allocate capital and resources to strategic initiatives. 87% of CFOs say they focused on working towards a rolling financial forecast, indicating an increased desire for reliable forecasting to identify potential risks and develop mitigation strategies.

03
Investment in Finance Technology and Automation

86% of CFOs identified finance technology and automation as the leading area for improvement within their finance functions, particularly with the growing interest in Artificial Intelligence for finance use cases. However, most CFOs feel there are serious barriers to improvement due to lack of budget (84%) and the ongoing finance technology skill shortage (83%).

04
Driving Internal Efficiencies

Operational efficiency in the finance function is increasing in focus as 91% of CFOs are planning to spend more time in 2024 to drive internal productivity and create finance functions that are more lean, agile, and efficient. In addition, 95% of all CFOs believe overly complex and manual processes are impacting their businesses, as these processes can hinder scalability and impede a company's ability to make swift changes.

05
Finance Talent & Workforce Management

As CFOs anticipate more growth during 2024, a challenge exists in acquiring additional necessary finance talent. 51% of all CFOs believe that the shortage and retention of finance talent will be their toughest challenge during 2024, a challenge exacerbated by evolving needs for flexibility and hybrid work environments, particularly with the emerging workforce.

06
Outsourcing Finance on the Rise

CFOs are increasingly outsourcing aspects of finance to achieve cost savings and bring in capabilities that may be challenging or costly to develop in-house. As companies struggle to compete for limited talent resources, outsourcing is increasingly becoming a viable option of businesses of all sizes. Our survey shows companies over $1B in revenue on average, outsource 26% of their finance functions while companies under $100M on average, outsource 19% of their finance functions.

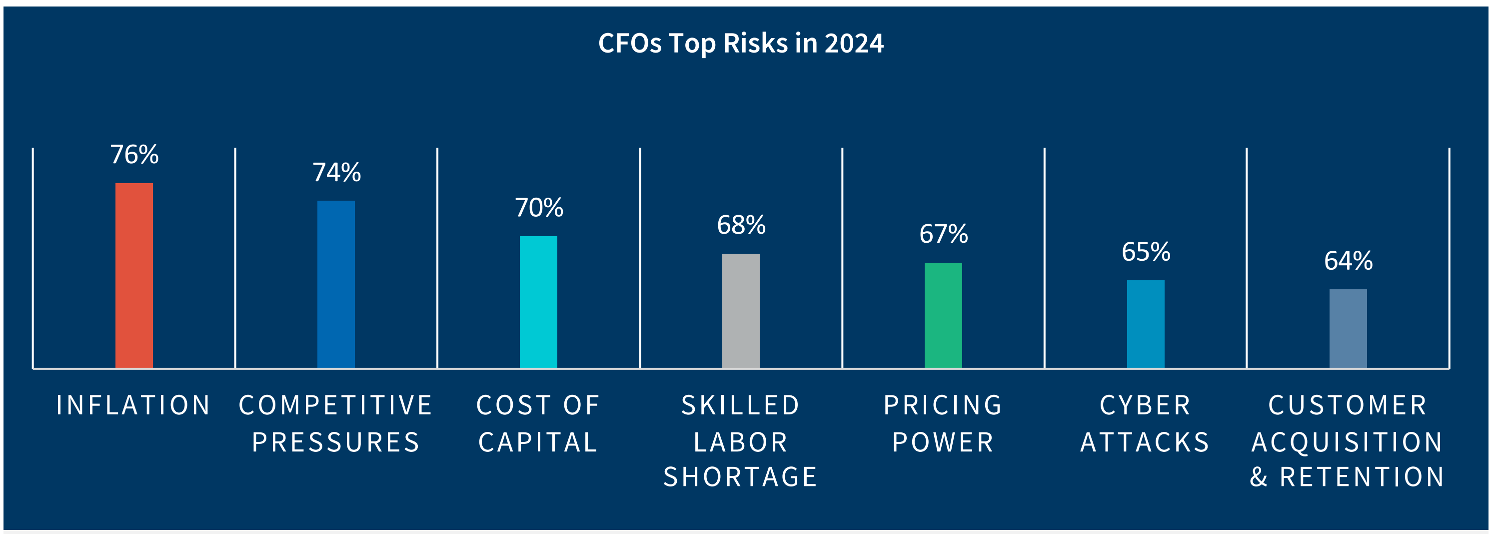
Observation 1

Increased Competitive Pressures

CFOs are navigating increased competitive pressures amidst uncertain economic conditions. 74% of global CFOs believe these increased competitive pressures present considerable risk to their businesses. With increasing interest rates, unpredictable and ongoing global conflicts, and erratic consumer behavior, CFOs must strike a delicate balance between aggressive investments to outpace competitors and conservative strategies to mitigate potential financial downturns.

Almost two-thirds of CFOs (62%) are concerned with potential demand decrease associated with competitive pressures. A crowded marketplace, especially with competitors willing to squeeze margin, can weaken a brand's differentiation and perceived value while CFOs are increasing their focus to balance pricing, margin compression and customer loyalty.

Moreover, in an aggressive competitive landscape, there's a temptation to prioritize immediate returns over long-term profitability. This short-term view can lead to decisions that, while immediately profitable, may jeopardize future stability, especially if the economic environment takes a downturn.



FTI Consulting Perspective:

CFOs should leverage competitive intelligence and analyses to better understand market trends and how to proactively make decisions in the face of rapidly changing economic factors. Making informed decisions will require CFOs to have reliable enterprise performance reporting and analytic capabilities that provide a refined view on customer contribution margin, product profitability and location-level revenue, EBITDA and cash flow. These tools enable data-driven decision-making to mitigate risk from inflation, competition, cost of capital, etc.

Additionally, enhancing customer engagement has become more critical and companies will need to develop new strategies for customer loyalty. Product or service differentiation should also be a focal point of the go-to-market strategy which will require collaboration across departments to articulate the unique value proposition of the company's offerings and enhance market distinction. Exploring ways to diversify product or service offerings is essential to appeal to a wider customer base and diminish risks related to relying on fewer revenue streams.

Observation 2

Improving Forecasting

CFOs are spending more time on improving forecasting accuracy as 90% of CFOs say they spent similar or more focus on scenario planning in 2023 than the previous year. This shift underscores the growing emphasis on the CFOs role in making strategic decisions on investments and other key initiatives.

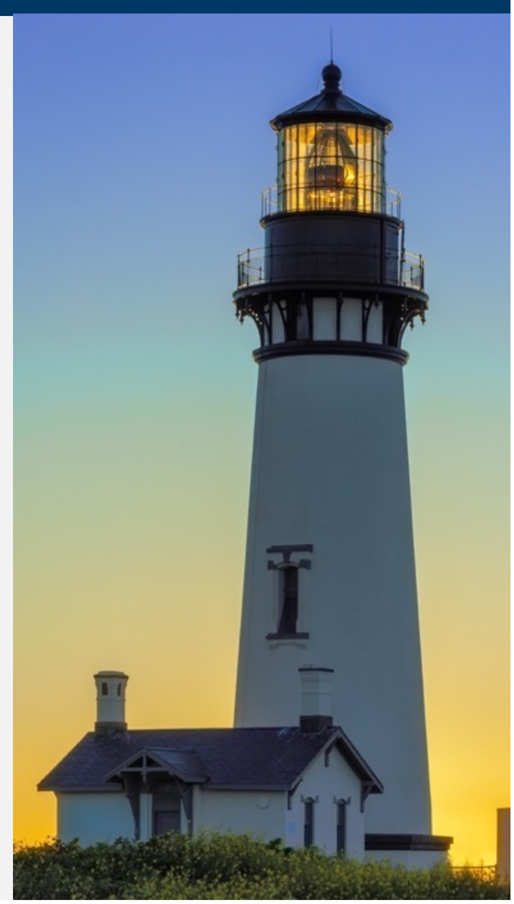
Accurate forecasts are essential to helping CFOs with future cash flow management. Especially during times of economic uncertainty, maintaining liquidity is paramount. Using integrated forecasting tools allow CFOs to ensure their companies remain liquid and can meet their financial obligations. 38% of CFOs believe they need to improve their current forecasting to get a better understanding of their liquidity positions.

FTI Consulting Perspective:

CFOs can create more robust and improved forecasting capabilities that improve timeliness and accuracy through integrated planning and reporting tools. In addition, CFOs are taking an increasingly key role in the adoption of adjacent unified data platforms that can provide advanced predictive analytics. When configured correctly, the combination of these tools can deliver a higher level of maturity that will ease the transition to Artificial Intelligence (AI) and Machine Learning (ML) adoption.

Equally important is the need for scenario planning to better predict how changing economic conditions impact organizational finances and operations. A predictive approach equips organizations with the contingency strategies needed to navigate diverse economic outcomes and unforeseen challenges effectively.

Finally, the adoption of rolling forecasts is a basic but powerful tool for CFOs, allowing continual recalibrations in sync with emerging data and market trends, fostering a culture of proactive and strategic decision-making.



Observation 3

Investment in Finance Technology and Automation

In today's rapidly evolving financial landscape, the imperative for CFOs to invest in finance technology and automation cannot be understated. Our survey indicated that almost 86% of CFOs believe finance technology and automation is the primary area needing enhancement within their organizations.

Automating routine tasks can produce substantial cost savings by eliminating manual intervention and human error and optimizing operations. In periods of economic downturns, such savings become even more invaluable, as they offer CFOs the flexibility to reallocate funds to strategic initiatives that drive growth and long-term sustainability.

However, the path to technology adoption is not devoid of challenges. 84% of CFOs identified budget constraints as a primary barrier to enhancing their finance technology. Nearly the same percentage of respondents highlighted a concern about finance technology skill shortage. Together, these challenges necessitate that CFOs approach technology investments with a strategic mindset, prioritizing tools that offer the most value while also fostering a culture of continuous learning and skill development.

With the adoption of new technologies, CFOs are better equipped to optimize business decision-making, leveraging real-time insights to drive pivotal decisions. In the ensuing year, as CFOs aim to drive efficiency, finance technology and automation will need to be at the top of investment considerations.

Top Obstacles to Improve Finance Technology

Budget / Business Case	84%
Skills Shortages	83%
Competing Technology Initiatives	77%
Complexity of Current Finance Technology	76%
Strategic Direction of Org./Enterprise Alignment	75%
Executive Support	67%

84% of CFOs identified budget constraints as a primary barrier to enhancing their finance technology.

FTI Consulting Perspective:

In the dynamically evolving financial environment, where the emphasis on technology and automation is escalating, CFOs should consider prioritizing investments in impactful finance technologies and automations that streamline operations and reduce costs. It's crucial to strategically reallocate funds saved through automation to high-impact areas that help the organization's ability to adapt to changes in the financial landscape.

CFOs should emphasize the importance of selecting value-driven technologies that provide real-time insights, optimize decision-making processes, and enhance revenue forecasting/planning abilities. Once adopted, CFOs should assess the impact and ROI periodically to monitor how they are delivering against organizational goals, and that necessary adjustments can be executed.

Observation 4

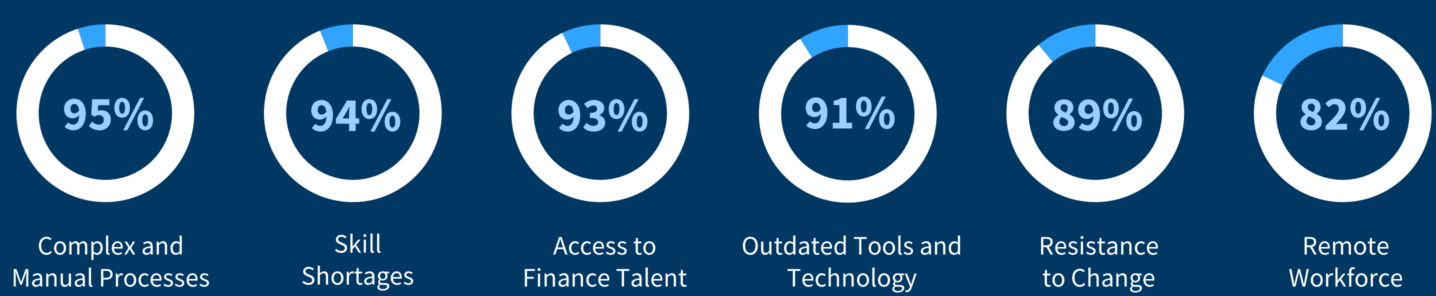
Driving Internal Efficiencies

CFOs are prioritizing ways to drive operational and back-office efficiencies, with 91% of global CFOs planning to focus on improving productivity for their finance functions in 2024.

With 74% of CFOs predicting double digit growth in 2024, scaling their finance functions will require a blend of introducing efficiency driving technologies and removing complex and manual processes. Manual processes can significantly hamper an organization's agility and responsiveness and are by nature, slower, more error-prone, and often lead to redundancy. This can result in increased operational costs, decreased employee morale due to repetitive tasks, and potential inaccuracies in financial reporting. Accordingly, 95% of CFOs believe that overly complex and manual processes are currently impacting their finance organization.

By eliminating or reducing manual processes, CFOs can achieve significant cost savings. This is critical considering that 53% of CFOs spent more time in 2023 focused on cost savings than the previous year. These savings can be redirected towards growth initiatives, research & development, or other strategic imperatives.

Top Concerns Impacting Efficiency



FTI Consulting Perspective:

CFOs should embrace advanced finance tools and technologies, including AI and ML to enable automation, improve accuracy, and pave the way for streamlined processes. Manual processes are not only prone to error but can pose a major challenge to organizational responsiveness and agility. Automation is highly correlated with maintaining a competitive edge, allowing organizations to adapt swiftly to changing market conditions.

CFOs who are taking a proactive approach to automation in finance, including AI and ML, are benefiting from optimized resource allocation, increased efficiencies, and having the power to foresee and adapt to dynamic market changes.

However, technological advancements and process optimizations should be complemented by a cultural transformation. A culture that fosters continuous improvement, innovation, and unwavering dedication to excellence propels organizations toward long-term success.

Observation 5

Finance Talent & Workforce Management

The hybrid work model is emerging as the new norm, with nearly 60% of companies still operating predominantly in a hybrid workforce strategy. It promises flexibility, potentially boosting morale and retention. Yet, from the CFO's vantage point, this model presents an array of challenges. The dichotomy of managing operational costs, from office space to digital infrastructure, while ensuring seamless communication and consistent productivity levels, is intricate.

Further exacerbating the challenge is the talent landscape. Nearly half of CFOs project that the shortage and retention of skilled finance professionals will be top-of-mind. As companies plan their return to offices, they must balance their approach to attract from a finance talent pool that demands enhanced flexibility in a way that also realizes the benefits of in-office collaboration.

Breaking down the challenges further, 40% of CFOs struggle with the shortage and retention of skilled finance professionals, 17% cite the need to train or upskill their existing workforce, and 15% indicate they are challenged with the technological skills (or lack thereof) in available talent.

60% of companies are operating in a hybrid workforce

FTI Consulting Perspective:

In response to the challenges of managing hybrid work models, operational costs, and talent acquisition, CFOs would benefit from following these strategic steps:

— Formulating robust hybrid work policies and collaborating with HR to develop flexible and well-structured policies, with clearly communicated expectations around availability and productivity. Regular revisions are needed to keep policies in sync with organizational objectives and employee needs.

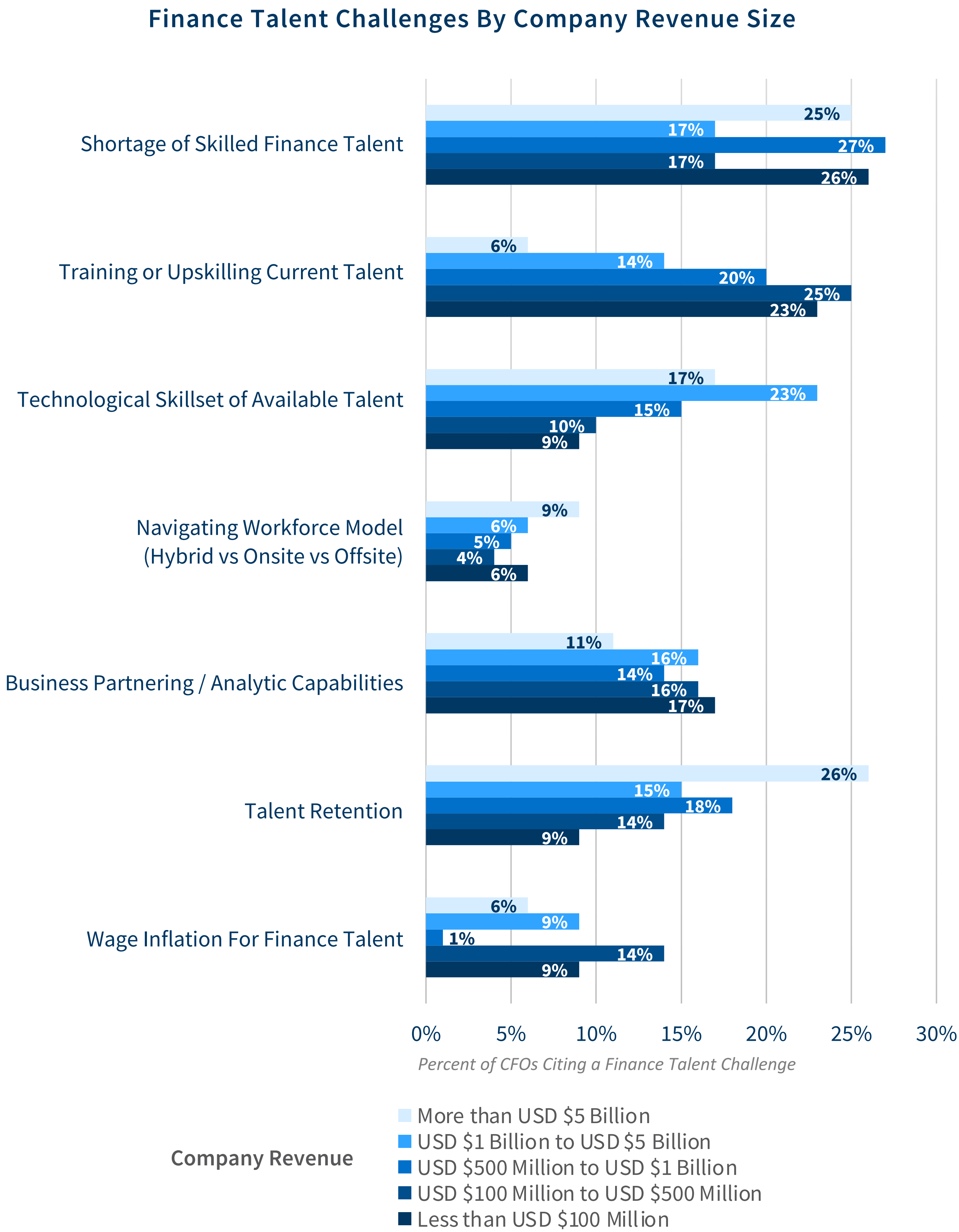
— Investing in advanced technology and digital infrastructure to support remote and hybrid work effectively, focusing on collaboration tools, cybersecurity, and cloud solutions and necessitating regular assessments to adapt to evolving needs of the staff and business.

— Providing continuous learning and development programs to address skill deficiencies, with a focus on both technical and soft skills and a culture prioritizing continuous learning.

— Optimizing operational costs and enhancing productivity by balancing investments, developing effective metrics, and employing advanced analytics for data-driven decision-making in operational and workforce management.

Observation 5 (Cont.)

Finance Talent & Workforce Management



Observation 6

Outsourcing Finance on the Rise

CFOs appear to have a growing interest in outsourcing within finance, a strategy that can offer both significant advantages and pose potential risks. In uncertain economic conditions, a key benefit of outsourcing finance activities is cost reduction which can be achieved by allocating routine tasks like payroll processing, tax preparation, and accounting to third-party service providers, which usually operate in locations with lower labor costs. Reduced operational costs will provide companies with the flexibility to allocate resources more efficiently and focus on core competencies and strategic initiatives.

Another advantage is the access to specialized skills and expertise. Outsourcing providers typically specialize in particular finance activities, which allow CFOs to leverage their extensive knowledge and experience without having to develop the expertise in-house. This specialization can lead to enhanced accuracy, compliance, and efficiency in finance operations. Furthermore, with outsourced finance functions, businesses can scale operations quickly in response to market demands without the constraints of expanding or reducing internal teams.

However, one significant disadvantage is the potential compromise of sensitive financial information, which exacerbates the current perception that 65% of CFOs view cyber attacks as posing high risk to their businesses. In the event of inadequate data protection measures by the service provider, the likelihood of data breaches and the consequent reputational and financial damage rises substantially. Additionally, the reliance on external entities can potentially lead to a loss of control over company financials and operations, hindering the flexibility and responsiveness of the organization.

Determining which elements to outsourced requires a multifaceted approach that considers cost, value, and risk.

Top 3 Outsourced Finance Areas

1. **General Accounting (33%)**
2. **Credit and Collection (30%)**
3. **Accounts Payable (30%)**

FTI Consulting Perspective:

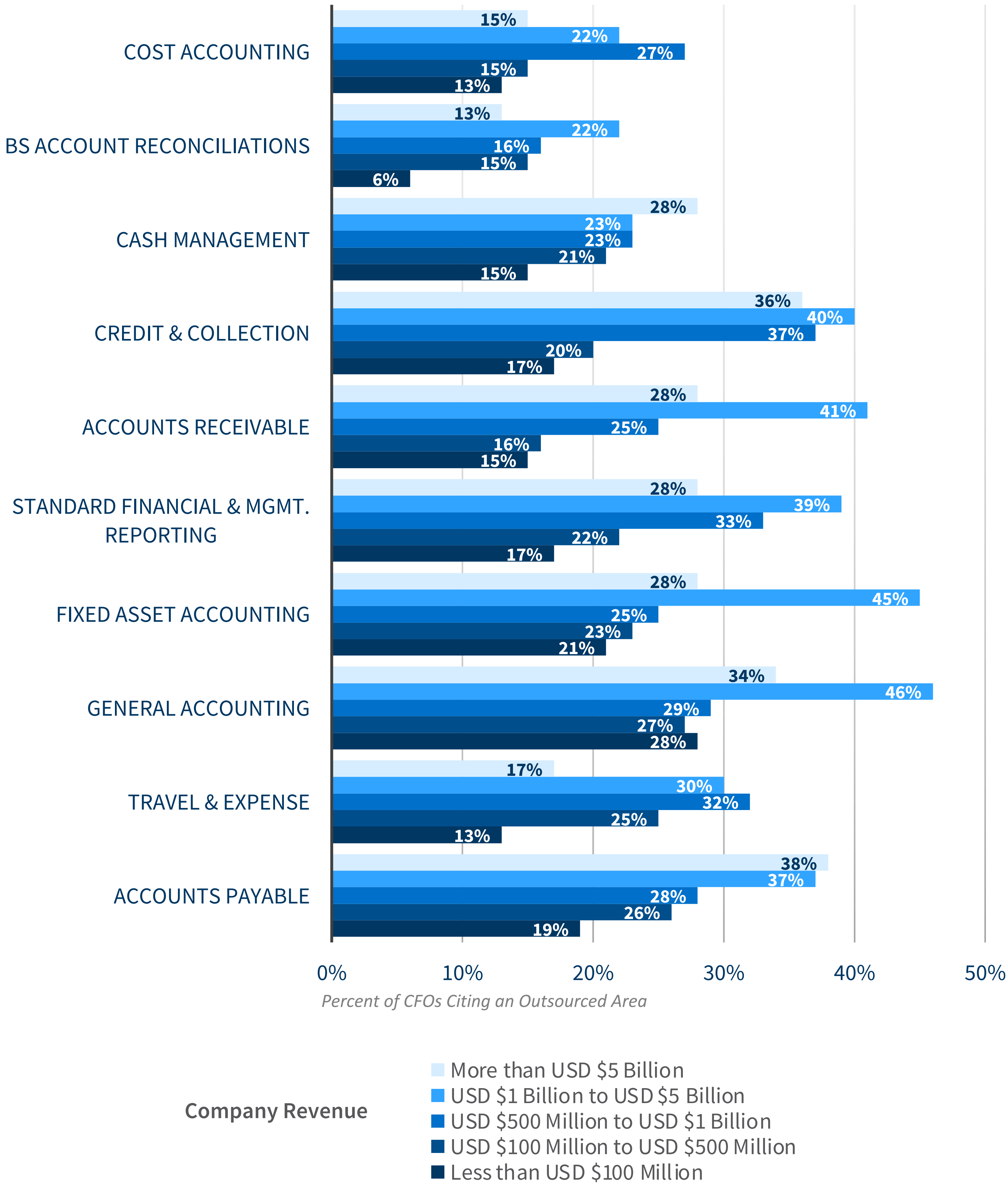
Determining which elements to outsource involves assessing each function's strategic importance, alignment with organizational goals, transition costs, and leadership consensus. Conduct a comprehensive cost-benefit analysis that considers both tangible and intangible aspects, including transition costs which can be significant when multiple functions are outsourced simultaneously. Additionally, evaluate the complexity and specialization of tasks, considering their intricacy, learning curve, and internal talent availability.

CFOs must also consider the risks associated with outsourcing, particularly regarding transactional transparency and data control. When finance functions are managed externally, there can be a perceived loss of control over financial transactions, which could affect the organization's ability to maintain real-time visibility into its financial data. To mitigate this risk, CFOs should establish clear communication protocols and insist on regular, detailed reporting from their outsourcing partners. Finally, it’s important to have well-defined contractual agreements that specify the expectations for data security, privacy, and compliance with relevant regulations.

Observation 6 (Cont.)

Outsourcing Finance on the Rise

Outsourced Finance Area By Company Revenue Size



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ABOUT THE OCFO
The Office of the CFO ("OCFO") Solutions practice, FTI Consulting's finance center of excellence, provides solutions to help finance functions optimize performance while supporting CFOs to drive enterprise value and business strategy. Our solutions focus on delivering impactful results, from strategy and assessments to implementation and interim management. **To learn more, contact:** OfficeoftheCFO@fticonsulting.com

ABOUT THE SURVEY
In June of 2023, FTI Consulting in conjunction with CFO Dive conducted a survey of senior finance executives in North America, Asia, Europe, Australia the Middle East/Africa. A total of 377 completed responses were collected, with roughly one-third (100) originating in North America, 102 from EMEA, 98 from APAC and 77 from Australia. The majority of respondents were senior finance executives, with the titles of CFO, VP of Finance, Chief Accounting Officer or Director of Finance, who were likely to have strategic responsibilities within their companies and a wide purview in the challenges and opportunities their companies will be facing over the coming year.

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