

2023 GLOBAL MID-MARKET CFO SENTIMENT STUDY

*CFOs aim to transform finance
to optimize 2023 results*



In Collaboration With



ABOUT THE STUDY

From December 2022 through mid-January 2023, **The CFO Alliance**, the leading peer network for thousands of CFOs and finance executives from around the globe, captured data and insights from over 450 CFOs from 20+ industries on their plans and predictions for the year ahead.

Now, in its 13th year, **The CFO Alliance 2023 Global Mid-Market CFO Sentiment Report**, produced in collaboration with **Workday**, details key findings and performance benchmarks for themselves, for their finance teams, and for the enterprises they serve.

2023 key findings indicate that most CFOs intend to take bold steps to make changes to their roles, to the design and make up of their teams, and to the ways they work with customers, employees, and investors to drive the surprisingly optimistic performance goals they have set for the emerging and mid-market enterprises they lead and serve.

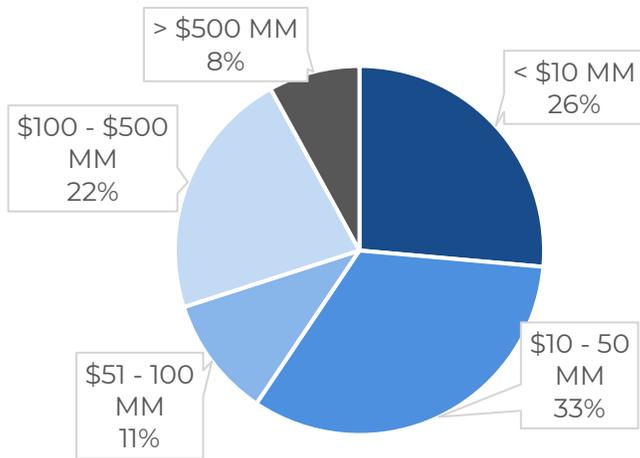
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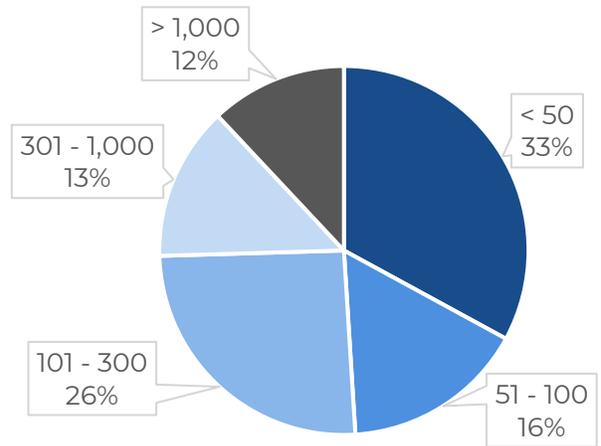
Workday is a leading provider of enterprise cloud applications for finance and human resources, helping customers adapt and thrive in a changing world. Workday applications for financial management, human resources, planning, spend management, and analytics have been adopted by thousands of organizations around the world and across industries – from medium-sized businesses to more than 50% of the *Fortune* 500. For more information about Workday, visit [workday.com](https://www.workday.com).

STUDY PARTICIPANT DEMOGRAPHICS BY ENTERPRISE STRUCTURE AND SIZE

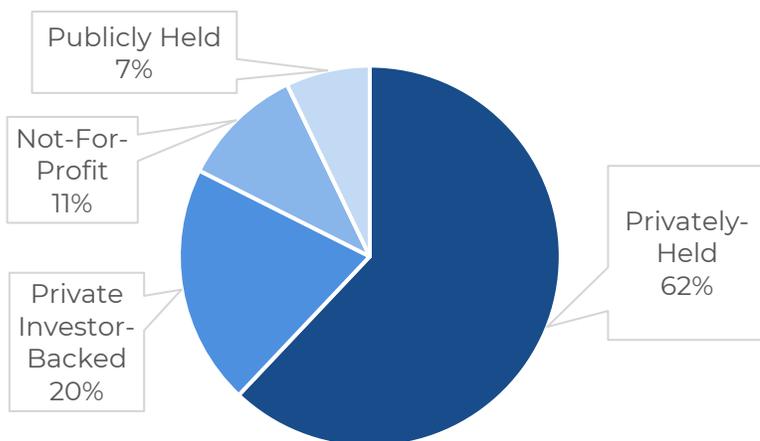
ENTERPRISE REVENUE RANGE



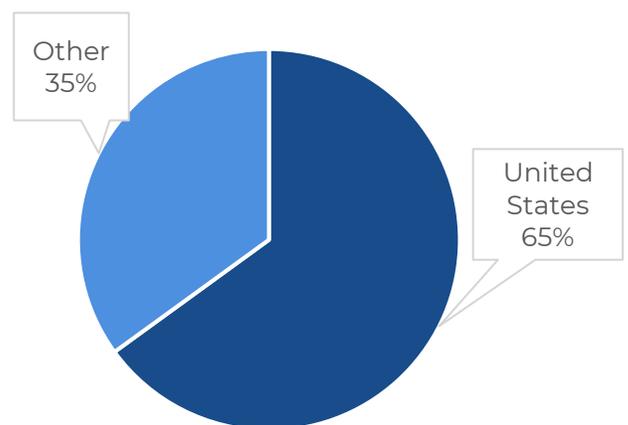
ENTERPRISE EMPLOYEE RANGE



ENTERPRISE STRUCTURE



GLOBAL LOCATION



STUDY KEY FINDINGS

- ☞ While recessionary fears are real, most CFOs from emerging and mid-market enterprises have a brighter outlook on 2023 than their larger enterprise CFO peers.
- ☞ Even as finance leaders deal with ongoing volatility and complexity, the 450+ survey participants have an average **80% CFO Confidence Rating (on a scale from 1-100)** in their enterprises' ability to hit their revenue and margin targets in 2023.
- ☞ In 2023, the majority of participating CFOs are more optimistic about their organizations' top and bottom line performance than their own roles.
- ☞ Optimism in company performance will not stop CFOs from making career moves. **1 of every 4** survey participants are considering career moves in 2023.
- ☞ Economic headwinds will not stop CFOs from investing to drive growth in 2023, most often in upgrading systems and data capabilities.
- ☞ CFOs are increasing spending to drive growth, with **75%** of the participants making double digit increases in spending in 2023.
- ☞ CFOs are shifting their attentions and investments from Talent Acquisition to Talent Optimization in 2023.

Value creation efforts are weighing heavily on CFOs in investor-backed companies. While continued uncertain economy is prompting some CFOs to cut costs and shore up their current customers-employees-assets, more CFOs from emerging and mid-market enterprises are taking bold steps to build better businesses in 2023.

CHANGES IN THE CFO ROLE IN 2023

More CFOs than ever are asking themselves:
“Should I stay or should I go?”

Making a job
move in 2023
18%

Considering
consulting
opportunities
13%

Changing
careers
5%

What is the biggest obstacle to
achieving your personal learning and
development goals for 2023?

Insufficient support
from my leadership
or enterprise
9%

Unable to find the right
providers or resources
10%

Not enough
resources
18%

Too busy with
day-to-day
responsibilities
63%

What’s driving these shifts? CFOs from emerging and mid-market enterprises continue to be stretched thinly across too many activities in 2023.

€ Most CFOs are too busy and severely undercapitalized. As a result, more CFOs are burning out even in the face of good performance and a positive outlook.

As a result, more CFOs are saying:
“If I am staying, we need to do things differently in 2023.”

€ Most CFOs intend to realign priorities, reassess individual and team responsibilities, reassign tasks, and refocus efforts on value creation.

CHANGES IN THE CFO ROLE IN 2023

2023 has become a year of level-setting by CFOs with their CEOs, investors and Boards

- € More than half of today's finance leaders are taking necessary steps to rebalance their priorities, move away from the tactical, and press for investments in necessary technology and talent capabilities so that they can remove themselves from technical work to be more of a strategic contributor.
- € More mid-market finance leaders are actively redesigning their roles and the finance function so that finance can operate as a dynamic capability that enables the entire enterprise to do more with less.
- € How are they doing this? In 2023, more CFOs from emerging and mid-market enterprises are taking steps to:
 1. Quickly redesign the work they and their finance teams do by applying technology to drive better outcomes and value
 2. Better match critical skills to the work that needs to be done by them and their finance teams
 3. Rigorously upskill the finance workforce and engage them in new ways of working
 4. Proactively strengthen culture by meeting their finance team's needs for collaboration, adapting physical and remote preferences, and contributing to a more consistent work environment
 5. Dramatically transform their finance function into a more resilient and integrated function that better navigates the ongoing volatile and uncertain environment

FINANCE FUNCTION/TEAM TRANSFORMATION IN 2023

FINANCE TECH STACK	ENTERPRISE SIZE (REV)		
	< \$50 MM	\$50 – \$500 MM	> \$500 MM
AP Automation	18%	30%	29%
Billing System (non-ERP)	12%	16%	25%
CRM/Pipeline Management	25%	43%	57%
Data Visualization/BI (e.g. Power BI)	10%	38%	40%
Employee Expense Reporting System	23%	40%	54%
ERP - Industry Specific	13%	39%	43%
ERP (e.g., Workday, NetSuite, Intacct, etc.)	22%	60%	50%
FP&A Software (e.g. Planful, Adaptive, etc.)	8%	27%	36%
Non-ERP Accounting (e.g., QuickBooks)	35%	10%	21%
Project Management	18%	21%	21%
Time Logging	19%	19%	36%

2023 TECHNOLOGY INVESTMENTS	ENTERPRISE SIZE (REV)		
	< \$50 MM	\$50– \$500 MM	> \$500 MM
AP Automation	16%	24%	21%
Billing System (non-ERP)	11%	5%	7%
CRM/Pipeline Management	20%	26%	25%
Data Visualization/BI (e.g. Power BI)	25%	32%	29%
Employee Expense Reporting System	13%	9%	4%
ERP - Industry Specific	10%	17%	29%
ERP (e.g., Workday, NetSuite, Intacct, etc.)	22%	26%	43%
FP&A Software (e.g. Planful, Adaptive, etc.)	13%	28%	21%
Non-ERP Accounting (e.g., QuickBooks)	12%	2%	0%
Project Management	23%	22%	36%
Time Logging	12%	8%	7%

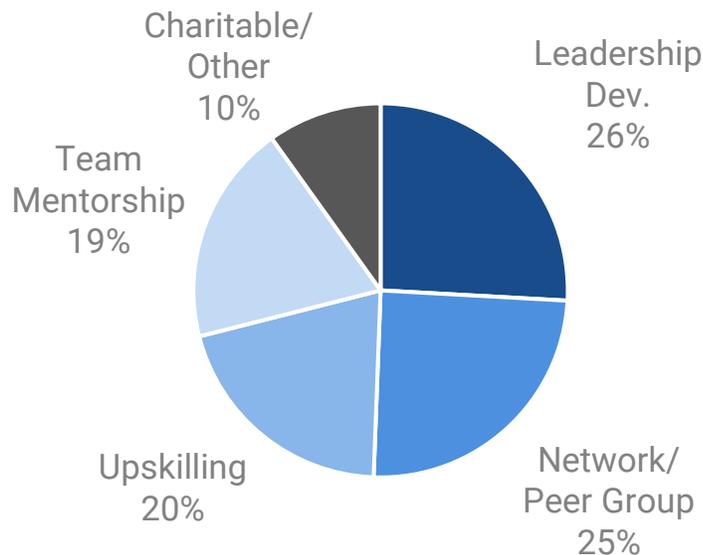
FINANCE FUNCTION/TEAM TRANSFORMATION IN 2023

Despite the continuing war for talent, CFOs continue to emphasize investments in upskilling and systems to advance organizational objectives.

Investment Prioritization for Incremental Budget

	2022		2023
Skills / Capabilities (FP&A, Training, Development)	34%	↑	38%
Systems / Technology (Implement and/or Upgrade)	37%	↓	34%
Hiring / Compensation (Recruiting, Raises, Benefits)	29%	↓	28%

CFOs remain balanced in pursuit of their own development, with an increased desire for networking and peer interactions.



FINANCE FUNCTION/TEAM TRANSFORMATION IN 2023

- @ While more CFOs and their finance teams will make progress to bring their enterprises up the systems and data curve, most CFOs still believe more needs to be done in 2023 to remove pain points and bottlenecks in their organizations.
- @ Expanding leadership and career opportunities abound for the CFO and for their finance teams.
- @ CFOs from emerging and mid-market enterprises are spending more time and money to:
 1. Reconcile their enterprise performance strategy with what different stakeholders want/need to know
 2. Collect and share supporting data, analytics, and insights that empower informed decision-making by leadership
 3. Monitor, share, and discuss results in a manner so that they are understood and accepted across the organization

More than 2/3rds of CFOs from emerging and mid-market enterprises lack dedicated FP&A talent.

POSITIONS IN ACCOUNTING AND FINANCE DEPARTMENT	ENTERPRISE SIZE (REV)		
	< \$50 MM	\$50 – \$500 MM	> \$500 MM
Accounting Manager	49%	66%	78%
AP/AR Clerk(s)	52%	86%	85%
BI/Data Engineer(s)	2%	14%	19%
CAO/Corporate Controller	27%	60%	67%
CFO	86%	94%	100%
Divisional/ Regional Controller	8%	21%	48%
FP&A/Data Analyst(s)	18%	46%	56%
Staff Accountant(s)	59%	69%	92%
VP Finance	20%	40%	56%

FINANCE FUNCTION/TEAM TRANSFORMATION IN 2023

- ☉ CFOs intend to address the biggest talent-expertise gaps within their existing finance teams, which include FP&A, Corporate Finance, and Tech Enablement.
- ☉ CFOs intend to address these gaps without the benefit of additional full-time hires.
- ☉ Investments in skills training has increased over last year.
- ☉ This need/desire to further develop existing talent is driven by the continued reality that, even in a softening job market, it remains difficult to acquire talent with the capabilities they need, particularly in FP&A and corporate finance.

Within your Accounting/Finance Team, which of the following most represents the greatest skill gap relative to your needs in 2023?



2023 GLOBAL MID-MARKET SENTIMENT

- € CFOs are taking steps to help their enterprises compete, survive, and thrive amid change in 2023.
- € While growth ambitions are high, stakeholder expectations are even higher. The survey shows that CFOs are pursuing growth in 2023 with a lens on sustainability and stakeholder capitalism.

What are your top priorities for growth in 2023?



While the sentiment of their CFO peers from larger enterprises has turned dramatically to the negative, **38%** of CFOs from mid-market organizations say their business is currently thriving, and **66%** anticipate revenue growth in 2023.

While talent losses and gaps remain the top potential barriers to success again in 2023, More CFOs than ever are concerned that their enterprise strategies need to be revisited.

Which of these factors are inhibitors to executing the growth strategy in 2023?



2023 GLOBAL MID-MARKET SENTIMENT

- While there is evidence of downshifting in sentiment regarding domestic and global economic outlooks, CFOs from emerging and mid-market enterprises are optimistic about their own enterprises' ability to grow in 2023.
- Over 3/4 of respondents expect revenue and EBITDA growth above 5% in 2023, which is higher than last year.

How did your enterprise perform in 2022 relative to 2021?

	>20%	10 to 20%	5 to 10%	-5 to 5%	-5 to -10%	>-10%
Revenue	21%	26%	32%	16%	5%	0%
EBITDA	19%	23%	34%	19%	5%	0%

How do you expect your enterprise to perform in 2023 relative to 2022?

	>20%	10 to 20%	5 to 10%	-5 to 5%	-5 to -10%	>-10%
Revenue	18%	24%	40%	15%	3%	0%
EBITDA	15%	22%	42%	18%	3%	0%

2023 GLOBAL MID-MARKET SENTIMENT

Unlike the ‘doom and gloom outlook from the majority of their larger enterprise CFO counterparts, optimism is prevalent amongst emerging and mid-market finance leaders.

- Optimism is high among internal company components, especially those where the finance function leads or has meaningful impact.
- Such “internal” optimism persists despite lower industry and macroeconomic confidence.

Confidence Level (100% scale)



2023 GLOBAL MID-MARKET SENTIMENT

While concerns on hiring and retaining talent remain a top risk in 2023, the impact of inflation on customers, employees, and business performance now top the list.

Concerns about shrinking access to capital have doubled versus last year.

COVID-19 impact has dropped out of the Top 10 risk concerns.

With higher interest rates and cost of capital biting into free cash flow and company valuations, CFOs are facing increasing pressure to reduce expenses, especially highly leveraged enterprises.

While still a leading risk concern, many CFOs have figured out how to navigate supply chain issues, dropping this risk out of the #2 spot from 2022.

Concerns about data breaches have increased significantly (into the top 3), highlighting the prospective financial risk to organizations.

CFOs face another challenging year in balancing cost containment with employees' needs. Almost all participating CFOs expect benefit costs per employee to rise higher than inflation, prompting creativity to reduce or offset these rising costs.

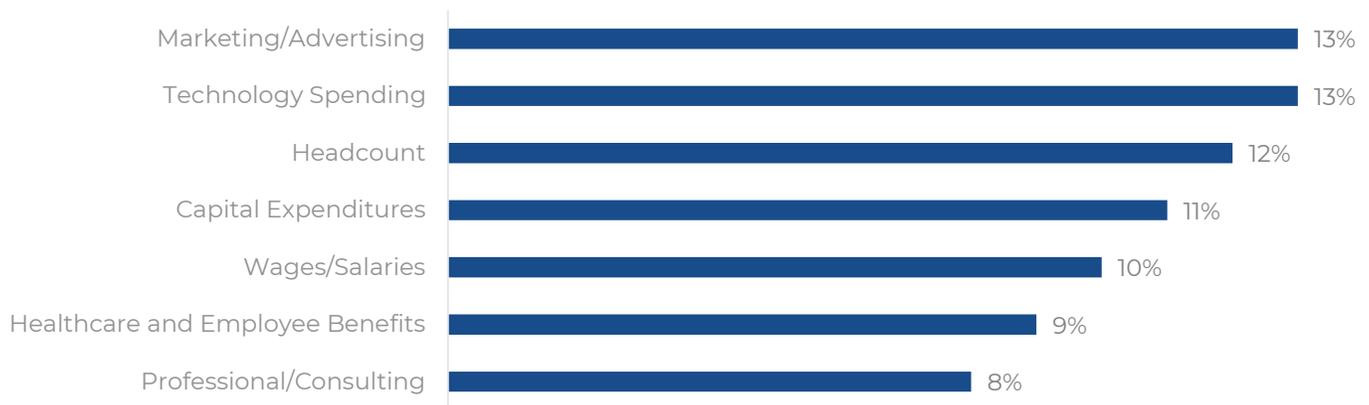
Concerns about geopolitical risks have increased, including Russia, yet this does not appear to be deterring optimism.

TOP RISK-RELATED CONCERNS FOR 2023	RANK
Inflation	1
Hiring or retaining talent	2
Cybersecurity/data breaches	3
Supply chain disruptions	4
Loss of key customers	5
Financial risk/Access to capital	6
Regulatory compliance	7
Unknown risk exposures	8
Geopolitical risk	9
Natural disasters	10

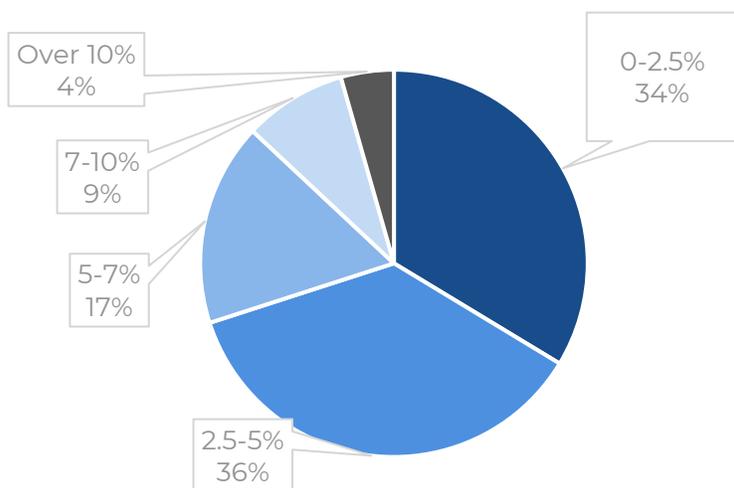
2023 GLOBAL MID-MARKET SENTIMENT

Surprisingly, more CFOs from emerging and mid-market enterprises are increasing investments to drive growth, with 75% of the participants making double digit increases in Sales and Marketing, Technology, Talent, and Capital Expenditures topping the list.

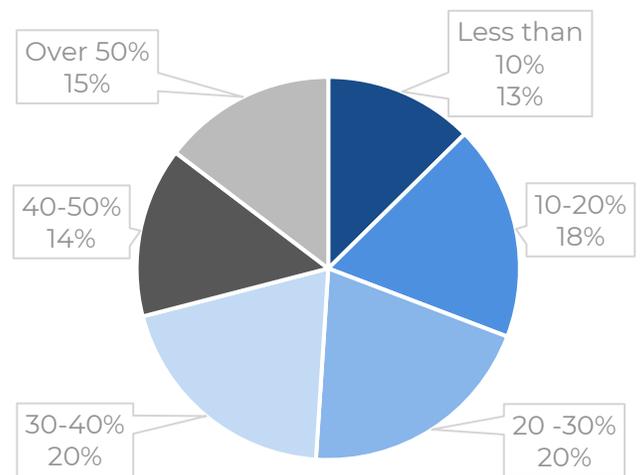
Relative to 2022, how much are you anticipating investment growth in the following areas?



Targeted cost of accounting/finance function as a percentage of total revenue



Total personnel cost as a percentage of total revenue



REPORT CONCLUSIONS

- ☉ In 2023, most CFOs from emerging and mid-market enterprises are more optimistic about their organizations' top and bottom line performance than their own roles.
- ☉ While recessionary fears are real, most mid-market CFOs have a brighter outlook on the economy, company financial performance, and their individual performance in 2023 versus their larger enterprise peers.
- ☉ CFOs are sharpening forecasting skills in finance and across the enterprise, as economic headwinds require them to be more proactive in managing to revenue and margin goals.
- ☉ The job market may be slowing, but the supply-demand gap for talent with the skills CFOs need will not ease in 2023.
- ☉ Recession fears will not stop CFOs from investing in upgrading processes, technologies, systems, and data capabilities.
- ☉ CFOs are shifting their attention from Talent Acquisition to Talent Optimization in 2023.
- ☉ Value creation efforts are weighing heavily on CFOs. While continued economic uncertainty is prompting some CFOs to cut costs and shore up their current customers-employees-assets, more CFOs are taking steps to build better businesses in 2023. It is clear that CFOs from emerging and mid-market enterprises from around the globe see finance functioning as a dynamic capability that enables their teams and enterprises to do more and to perform better.

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