

2024

CFO ANNUAL SURVEY



Jefferson Wells™

ManpowerGroup

Challenges

Despite economic challenges, reduced investment, high capital costs and technology transformation fatigue in recent years, CFOs continue to tackle more responsibilities to address ongoing competitive and growth challenges in their industries. For the first time since 2022, the finance function expects growth, with more CFOs planning to increase their headcount. Although cybersecurity fell in priority, it remains a significant concern among CFOs, especially given the rise of AI and technological transformation. These advancements have decreased confidence in preventing cyber attacks. Workforce talent, which fell to the eighth priority in 2023, climbed to fourth place due to a strong focus on upskilling in technology and data analytics.

BIGGEST CHALLENGES FOR CFOs

The only consistent challenge in the top three year over year is technology transformation. **PROFITABILITY** surged four spots to claim the number one position. Across companies of all sizes, both public and private, cybersecurity has dropped to fifth place, suggesting some CFOs now feel more confident in their strategies to handle cyber attacks compared to previous years. However, public companies rank cybersecurity as their number one challenge, impacted in part by new related disclosure requirements. Inflationary pressures and economic uncertainty rose from sixth place, with their priority varying significantly based on company size. Companies with revenues up to \$1 billion are more attuned to economic volatility, while larger organizations are more concerned with workforce talent.



Profitability



Inflationary Pressures & Economic Uncertainty



Technology Transformation



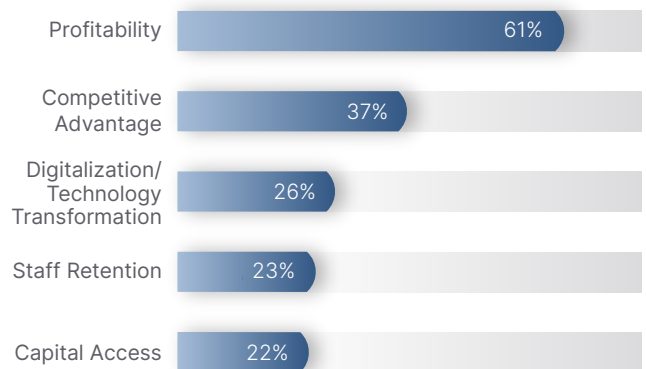
Workforce Talent



Cybersecurity

BOARD & INVESTOR PRIORITIES

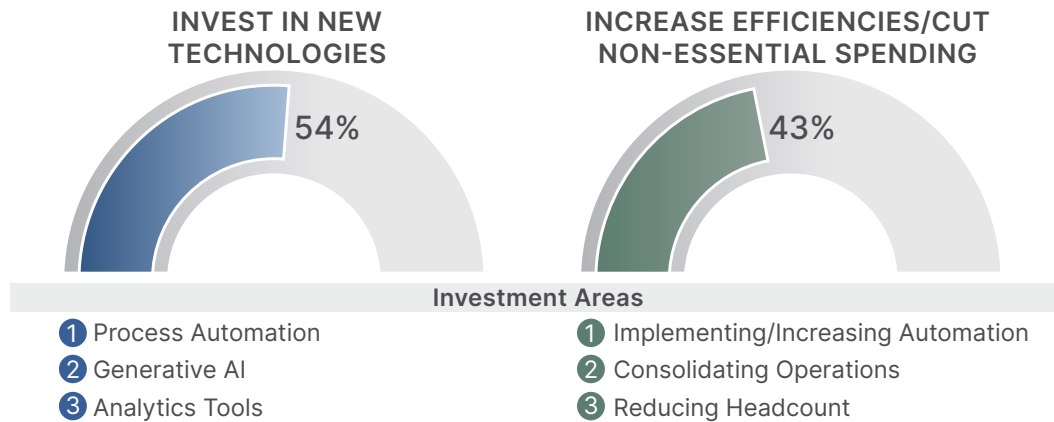
Amid economic uncertainty, CFOs are feeling pressure from their boards and investors on profitability. In addition, technology transformation and capital access have maintained their positions from last year, reflecting a steady focus on these key areas. Conversely, competitive advantage and staff retention have increased in priority, each climbing five spots to secure the second and fourth positions, respectively. This shift highlights the growing emphasis on gaining a competitive edge and the critical need to retain talented employees in dynamic business environments.



TAKEAWAY Cybersecurity may have dropped in priority for private companies but CFO confidence in cyber prevention/response decreased, indicating concern that residual risks are too high. The board is done discussing transformation; they are now focused on seeing tangible results.

What are CFOs focusing on to tackle their current challenges? With profitability being the number one priority, technology, talent and overall business process transformation are central to their strategies, with most investing heavily in new technologies. In 2022, the top strategy was to increase wages and benefits. As talent has stabilized over the past two years, technology transformation projects have taken precedence. One course of action CFOs are focused on which has jumped in priority by nearly 10% year over year is either hiring specialized skillsets or engaging third-party experts to assist in tackling their challenges.

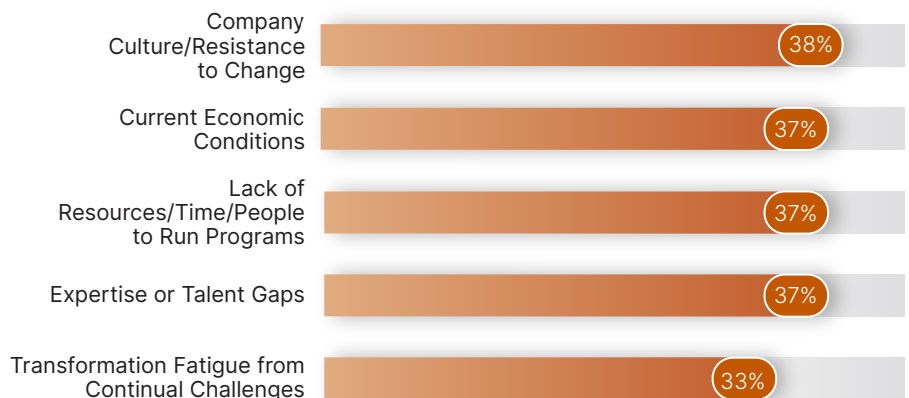
CFO STRATEGIES



As CFOs focus on profitability, they are intensifying efforts to increase efficiencies and cut non-essential areas of the business. With **64%** placing the highest importance on implementing or increasing automation, nearly 20% fewer are focusing on consolidating operations. Beyond these top two strategies, CFOs are focused on capital investment/organic growth.

CHALLENGES IN ACHIEVING BUSINESS TRANSFORMATION

CFOs share their key challenges in achieving business transformation, with company culture and resistance to change emerging as the top inhibitors. Additionally, 11% of respondents expressed uncertainty about the next steps needed to successfully reach their goals, while the remaining challenges were closely ranked in priority, underscoring the complexity of these initiatives.



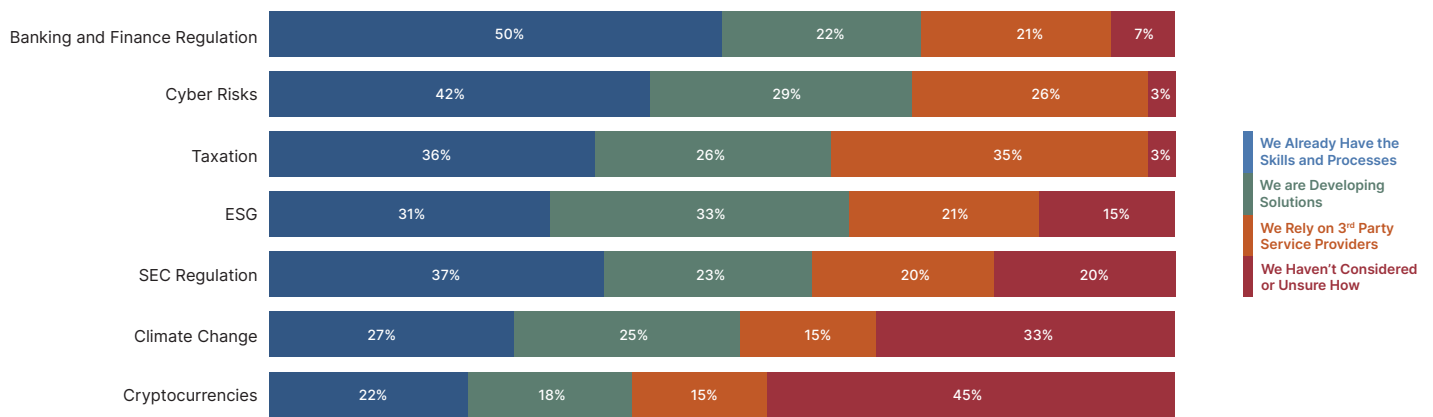
TAKEAWAY As CFOs move past the transformation fatigue of 2023, there is a growing interest in technology investments that focus on improving efficiencies and leveraging their current teams to achieve results.

Risk

CFOs are facing rapid changes in regulatory requirements. Their strategies for compliance, both now and in the future, largely depend on their company's size and most critical risks in their industry. One common thread, fewer CFOs are developing their team's skills on climate change and cryptocurrency requirements. Larger companies are more likely to have the necessary skills for cybersecurity (61%), and smaller finance departments are more likely to rely on third-parties for tax compliance (65%).

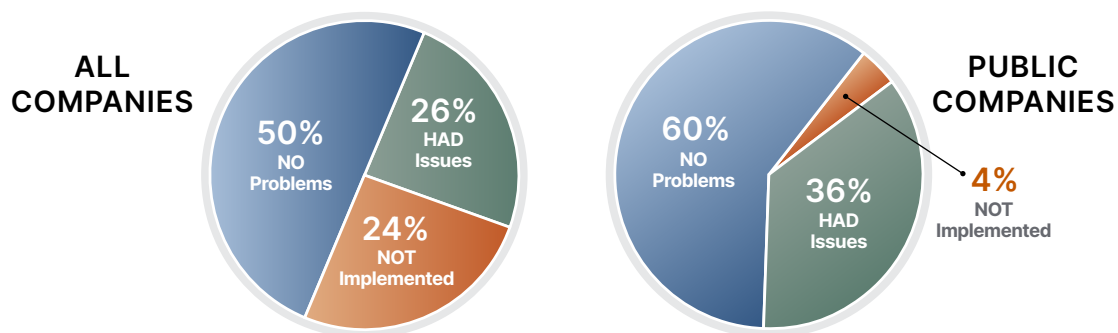
REGULATORY REQUIREMENTS

Last year, CFOs felt the most burdensome aspects of FASB standards were accessing the required data and the time needed to comply. In contrast, this year, CFOs are less concerned about finding the data and more focused on having the time and resources necessary to comply and meet required timelines.



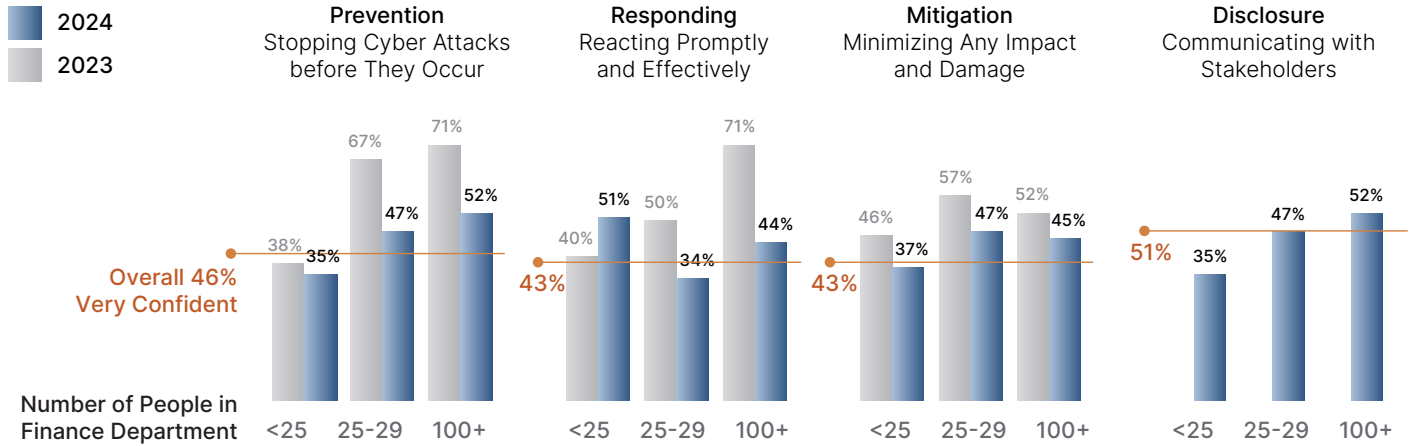
SEC CYBERSECURITY RULES

Last year our survey was completed before the SEC announced new cybersecurity rules requiring public companies to disclose material cybersecurity incidents and provide annual disclosure on their cybersecurity risk management, strategy, and governance. This year we asked if CFOs have encountered any issues when implementing the new SEC cybersecurity rules. As our survey includes both private and public company respondents, the overall results show a significant difference.



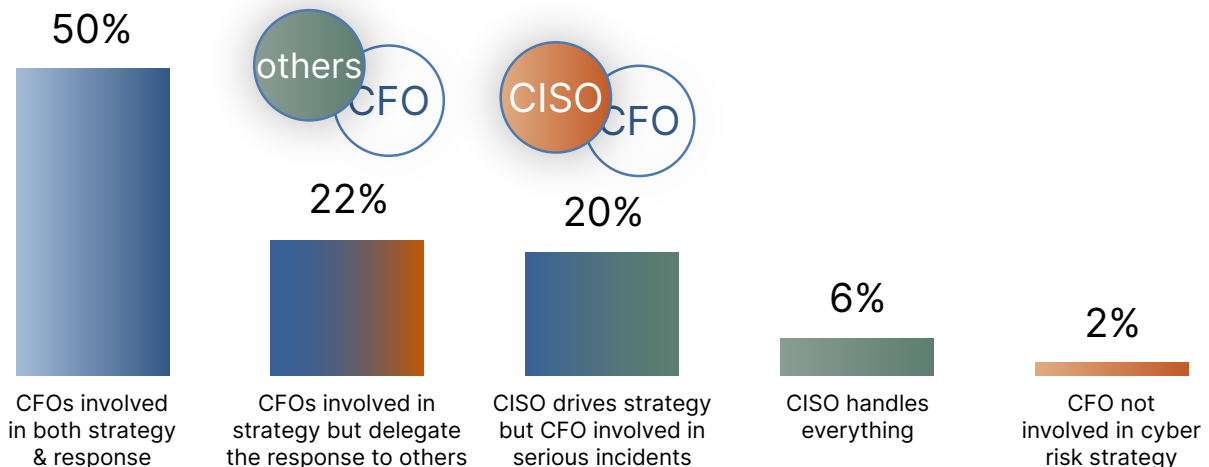
TAKEAWAY Often, new FASB standards lag behind emerging organizational risks, such as climate change and cryptocurrencies, by 4-6 years. Expect the importance of having skills in these areas to change once new requirements become effective.

Continuing with cybersecurity risk, we see many fluctuations between prevention, response and mitigation by size of company from the 2023 survey results. This is most noticeable in the average percentage of confidence, which is down across all three areas year over year. Disclosure was added to the survey in 2024, with results indicating most companies are confident in the processes they have put in place to adhere to the SEC disclosure requirements.



CFO INVOLVEMENT WITH CYBERSECURITY

CFO involvement in cyber risk strategy and response has evolved significantly. The data reflects a 13% increase from last year of CFOs focusing on strategy and only participating in serious incidents. This is significantly more of a challenge for smaller organizations because CFOs are less involved with cybersecurity, focusing their attention on other areas. This year, 72% of CFOs reported being deeply involved in both strategy and response or were involved in strategy and delegated response, down from 81% in 2023.

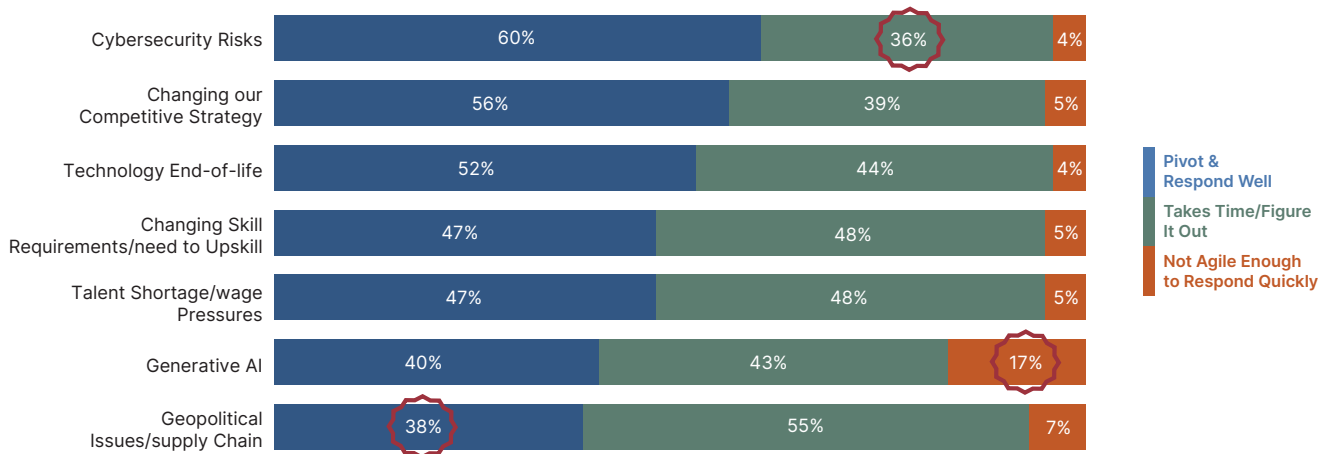


TAKEAWAY CFOs are recognizing that cybersecurity threats are unpredictable and often uncontrollable, prompting them to focus more on response and mitigations for severe incidents. Furthermore, with the increased use of technology solutions across the organization and resulting focus on organization wide IT risk management structures, more responsibility is being delegated to the CISO.

Agility

INNOVATE QUICKLY IN RESPONSE TO ISSUES

When it comes to innovation and quick pivots in response to challenges, CFOs have identified their biggest areas of comfort and concern. Both public and private companies shared similar views. Larger companies reported above-average performance in cybersecurity and generative AI. The category with the highest number of responses, indicating a lack of agility, was related to generative AI. This may be due to the absence of formal guidelines and a lack of awareness about AI usage within teams and across the company.



When examining the external support CFOs require for their organizations, the top three needs are closely contested. As with last year, tax support remains the top priority when seeking outside help. Notably, technical accounting has dropped from second to sixth place, and operational accounting has fallen from fourth place to the bottom. Several factors may be influencing the reduced need for technical accounting support, including CFOs' confidence levels in new cybersecurity disclosure, delayed implementation of new FASB requirements in areas like climate, and lack of new, far reaching standards of years prior (such as revenue recognition). Earlier responses about technology transformation projects and offshoring/nearshoring may explain the decline in operational accounting needs. This year's survey introduced generative AI, which quickly climbed to the second spot. As organizations increasingly integrate AI into their daily operations, the need for support in generative AI and cybersecurity has become more prominent, especially since malicious actors regularly exploit AI for their own gain.

TYPES OF SUPPORT NEEDED



Tax Support



Generative AI



Cybersecurity



Data Analytics



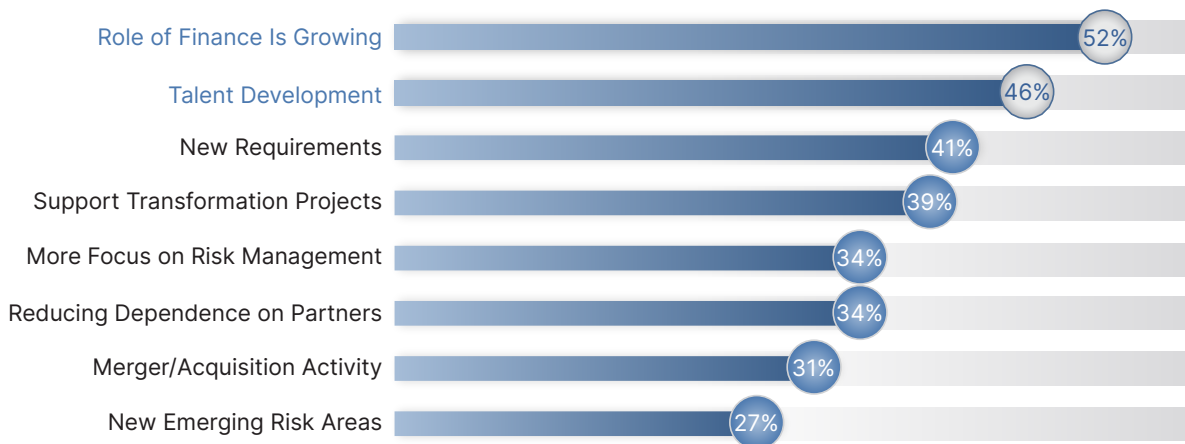
ESG

TAKEAWAY The impending expiration of Tax Cuts and Jobs Act provisions in 2025, along with ongoing state disclosure acts and advancements in tax software platforms (mainly AI), may all be contributing to the increased need for support in tax.

Talent

Focusing on Talent, there was a 19% increase in respondents planning to add to their finance organization headcount, with the number one reason being finance's growing role in the organization. In fact, 58% of organizations plan to increase their hiring over the next 12-24 months. Among the few CFOs planning to reduce headcount, the primary reasons are the adoption of automation (63%) and AI (38%) to lighten workloads, as well as organizational restructuring.

TOP REASONS FOR HEADCOUNT INCREASES



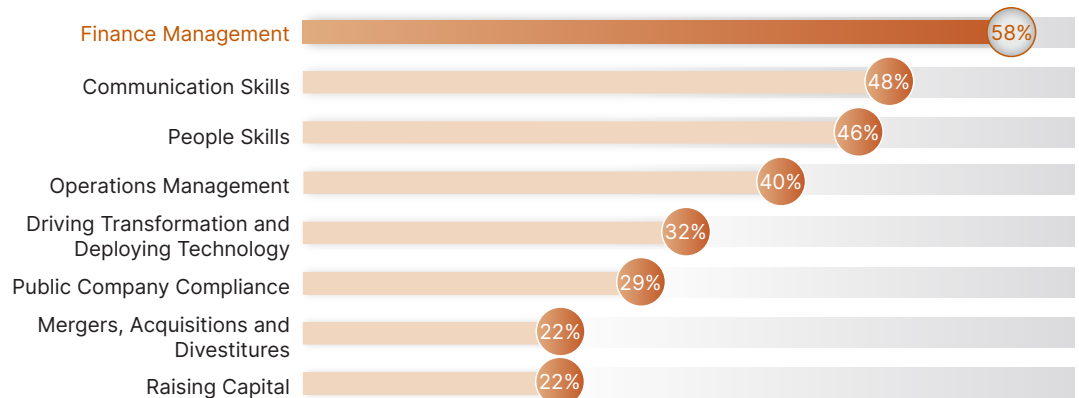
CFOs intend to address the costs and challenges of attracting and retaining talent, as well as accessing necessary skills and expertise, by investing in technology, enhancing team upskilling and leveraging AI and automation. Using technology for mundane tasks allows team members to focus on more strategic initiatives. Upskilling not only boosts employee morale and retention but also ensures that the organization remains competitive. Leveraging AI and automation enhances the overall efficiency and effectiveness of the organization. Through these initiatives, CFOs aim to create a dynamic and resilient workforce capable of meeting the evolving demands of the business landscape.

CFO TOP SKILLS

58% of CFOs

consider finance management to be their foremost skill.

Communication skills and people skills follow closely behind, nearly equal in priority.



TAKEAWAY Companies have been operating below their desired headcount for an extended period. However, the current pool of potential employees and candidates is much stronger, offering higher-level skills for longer durations. This shift will enable CFOs to incorporate new skills within their organizations.

THANK YOU

We hope the insights of our respondents, your peers, provide you a lens on the common goals and struggles for the CFO, as well as the knowledge that you are not alone on your journey. Knowing how others are prioritizing their response to similar challenges may help in your own planning and execution.

We thank you for your time and look forward to working with you as your journey of transformation and innovation continues!

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For more on Jefferson Wells solutions, Contact:
REBECCA ALBARELLI, VP-SOLUTIONS

ABOUT THE RESEARCH

Reputation Leaders Ltd. conducted a study for Jefferson Wells, surveying CFOs across various industry sectors throughout the U.S. Respondents represented organizations of all sizes, with fieldwork conducted in August and September 2024.

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