

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

Results for 551 U.S. firms (own-firm changes expected during the next 12 months)

	Dec 2011	Sep 2011	Jun 2011	Mar 2011	Dec 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*	7.7%	9.4%	8.1%	18.1%	19.8%
Capital spending	7.8%	4.5%	8.7%	12.1%	8.9%
Technology spending	6.0%	4.3%	6.0%	5.5%	4.8%
R&D spending	2.9%	2.8%	2.0%	4.1%	3.8%
Advertising and marketing spending	2.3%	2.1%	2.5%	3.7%	2.0%
Employment – full-time	1.5%	0.9%	0.7%	1.2%	2.0%
Employment – temporary	0.2%	-0.4%	-0.3%	0.3%	0.5%
Outsourced Employment	1.8%	2.2%	3.2%	3.0%	4.5%
Wages and Salaries	2.4%	2.3%	2.8%	2.8%	2.5%
Productivity	2.7%	3.0%	3.9%	2.9%	3.4%
Inflation (Chg in prices of own-firm products)	1.8%	2.5%	2.9%	2.3%	2.1%
Health Care Costs	8.2%	7.8%	8.3%	8.3%	8.9%
Dividends*	3.6%	12.4%	9.8%	14.4%	4.4%
Share Repurchases*	9.0%	3.4%	2.6%	2.5%	4.2%
Cash on balance sheet*	4.4%	-1.8%	-0.4%	6.4%	5.9%
Mergers and Acquisitions	Not asked.	Not asked.	Not asked.	35.9% plan to acquire. 13.7% plan to sell part or all of firm.	Not asked.
Revenue	5.5%	5.8%	6.7%	7.6%	Not asked.

* indicates public firms only. All other numbers for all survey respondents (including private)

U.S. BUSINESS OPTIMISM

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	Dec 2011	Sep 2011	Jun 2011	Mar 2011	Dec 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: 34.4% Less opt: 31.6 % No chg: 34.0%	More opt: 12.2% Less opt: 64.8% No chg: 23.0%	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%
U. S. optimism level (0 to 100)	53.3	49.4	57.1	61.3	58.7
Optimism about own company	More opt: 38.5% Less opt: 28.0 % No chg: 33.5%	More opt: 29.4% Less opt: 36.4% No chg: 34.2%	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%
Own company optimism level	63.1	63.1	65.4	67.0	65.9

Other Key Results from December 2011 survey

- 31% of US CFOs think that the US will enter recession in the next 6 months
- 46% of firms say that they do not have an explicit contingency plan to implement should a recession begin in the US.
 - Of the 54% that do have a contingency plan, the recession driven cuts would be drastic, reducing employment by 10% and capital spending by one-fourth. Fewer than half of companies would spend cash reserves to avoid laying off employees or reducing spending.
 - More than two-thirds would cut R&D
- 23% of firms say that borrowing has become more difficult in the past year, while 21% say it has gotten easier.
 - 38% of the smallest firms (<100 employees) say that borrowing has gotten tougher, compared to 12% who say it has gotten more difficult.
- 83% of US firms say that a scenario in which multiple European banks become insolvent would negatively affect their businesses, with 24% saying the effect would be significant.

Top Concerns for U.S. Businesses

MACRO CONCERNS

- Consumer Demand
- Federal Government Agenda/Policies
- Price pressure from competitors
- Global financial instability

INTERNAL TO OWN FIRM

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