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Most chief financial officers (CFOs) say they are focused on growth and turning the lessons from the pandemic into a road map for the future, according to a recent survey by Grant Thornton LLP.

The survey reveals that many CFOs plan to cut travel and real estate expenses in the coming year and beyond. Of the 250 respondents surveyed in February 2021, 31%

plan to minimize real estate and facilities expenses over the next year, while 32%

better focus on strategy. These findings came as something of a surprise in a year when businesses have severely curtailed face-to-face interactions.

"A year ago, CFOs were scrambling just to survive, but sometimes a crisis can accelerate positive change," said Chris Schenkenberg, Regional Tax Business Lines national managing partner at Grant Thornton. "It's clear that, especially among private companies, finance leaders haven't settled for going back to the past. They've asked what's possible, not just what's wrong, and found new ways to push their organizations forward."

DE&I and ESG rank as top priorities

Racial unrest across the country turned the spotlight on DE&I (diversity, equity and inclusion) — while ESG (environmental, social and governance) concerns continue to be a top focus for businesses. More than 75% of respondents reported DE&I and ESG as being "priorities" or being "important" within their organizations, with more than half planning to increase investment in these areas.

When asked how they plan to track DE&I investment, 50% of senior finance executives said they would use employee engagement tools, while 48% indicated recruitment practices. Just over half (56%) of CFOs said they plan to use software solutions to track ESG investment.

"Consumers and employees alike are demanding increased action and more transparency on DE&I and ESG issues," said Enzo Santilli, Transformation Advisory Business Line leader at Grant Thornton. "It's vital for businesses to invest in these areas, and that means learning how best to measure returns on them."

Investment in technology and cybersecurity as remote work takes hold

According to the survey, the pandemic has also pushed senior finance executives to

facing their companies, 46% indicated cybersecurity risks, 46% chose technology upgrades and 30% said remote workforce issues.

“Striking a balance between solving immediate needs and longer-term technology investment that can transform a company is a critical challenge,” said Santilli. “Finding an iterative approach that delivers immediate solutions while still driving transformative change is the elusive North Star for most companies.”

Tax concerns with new administration

When asked about the Biden administration, CFOs appeared to be keeping something of an open mind to policy changes. They were even largely receptive to potential increases in environmental, labor and financial regulations: Almost half (44%) said the new administration’s plans for environmental regulations would positively impact their businesses. Forty percent were favorable toward the Biden administration’s labor regulations, and 39% thought financial regulations would impact their businesses positively. When asked about Biden’s trade and supply chain policies, 46% of senior finance executives felt they would help their organizations.

Taxes were the one issue on which CFOs skewed toward negativity. Thirty-nine percent of respondents said the Biden administration’s tax plans will negatively impact their businesses, while 34% said the new administration’s tax policy will be a net positive. Among companies over $1 billion in revenue, 55% expected tax changes to have a negative impact, while only 29% of companies with revenues between $101 and $500 million felt the same.

CFOs were also concerned about policy matters: Almost 70% of respondents felt that the lack of policy consistency in Washington will at least somewhat negatively affect their ability to plan future investments. That sentiment was especially pronounced among manufacturing and technology and telecommunications companies, with

have increased their interest in going public. When asked whether a SPAC or a traditional IPO (initial public offering) would be their choice, respondents were almost equally split, with 49% choosing a SPAC and 51% choosing an IPO.

"SPACs offer an exciting option for companies considering going public," said Sean Denham, leader of Grant Thornton's Global Services industry. "But CFOs have reasonable concerns about potential regulatory attention, valuations and the possibility of a bubble."

When polled about the potential pros and cons of SPACs, more than 70% of CFOs said they believe SPACs improve access to capital for start-ups, and 67% said they can help get an IPO to market sooner. However, 69% expect increased SPAC regulation from the Securities and Exchange Commission in 2021, while 55% believe SPACs leave new public companies overvalued. On top of that, 55% think SPACs could create a market bubble.

Denham sums it all up this way: "For CFOs, 2021 could be a transformational year — one where the finance function transitions from crisis management to growth. Whether it be investment in technology, social change or looking to take a company public, the old ways of doing things will no longer work. Finance executives must apply the lessons learned throughout the pandemic and create a new path forward."

For additional findings from Grant Thornton's 2021 Q1 CFO Survey, visit: www.grantthornton.com/2021q1cfosurvey.

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