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Isaac M. O'Bannon • Apr. 15, 2024



A new survey from Grant Thornton LLP shows that chief financial officers are more optimistic about the U.S. economy than they've been in nearly three years.

Grant Thornton's **Q1 2024 CFO survey**, which polled 273 senior finance leaders, reported that more than one-third (34%) of CFOs are "very optimistic" about the U.S. economy. This marks an 11-quarter high for the survey. At the same time, 12% of CFOs said they were pessimistic — marking an 11-quarter low.

“The expectation that the Fed may lower interest rates continues to have a positive

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Concerning costs remains a priority for CFOs, with more than half (55%) of respondents identifying cost optimization as a top focus area.

What's more, 50% of finance leaders said operations costs will increase within the next year — tying an all-time high in the survey and representing a rise of 12 percentage points from the previous quarter.

According to [Paul Melville](#), the firm's national managing principal of CFO Advisory services, this upward trend is driven by inflationary costs — including a rise in the cost of global shipping — rather than a big investment in operations.

At the same time, 37% of respondents plan to increase their real estate and facilities spending, down just slightly from the all-time high of 40% in the previous quarter. Melville said that doesn't necessarily reflect a back-to-office trend or growing demand for office space in a slumping commercial real estate sector.

Instead, Melville said the rising facilities costs reflect a warehouse-building boom that's credited to nearshoring in manufacturing, as well as an e-commerce rise that requires substantial space for warehousing and logistics.

In response to these cost challenges and trends, CFOs are turning to automation, data analytics and artificial intelligence (AI) to enhance efficiency.

Respondents reported an all-time high utilization of generative AI (47%), coinciding with a 10-percentage point increase in the portion of CFOs who said they expect their cybersecurity costs to increase.

Despite these cost-related concerns, economic confidence remains strong, with 71% of CFOs projecting growth in net profits over the next 12 months.

Increasing spending on technology

A substantial increase in sales and marketing investment may be the best indicator of

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CFOs are also gearing up to ensure their organizations use technology responsibly. Of those using generative AI, a record-high 64% have established clearly defined acceptable use policies.

The survey also shows that CFOs are prioritizing technology enhancement in their financial operations and processes, while placing less emphasis on improving technology for product or service development and improving customer relationships. AI, meanwhile, is being deployed mostly for data analytics and business intelligence, followed by financial operations and processes.

“Companies are using this technology internally before deploying it in customer-facing processes, because it’s easier to control internally,” said Melville. “If they roll technology out to their customers and something goes wrong, then it’s more challenging to manage.”

Optimizing monthly close processes

While CFOs express overall satisfaction with their organizations’ monthly close processes, 53% are looking for more timely, actionable data from their close, and 68% would like technology and automation enhancements to improve the process.

In fact, although more than three-fourths (76%) of respondents are closing within 15 days, 43% want to close faster.

Mike Hennessey, a CFO Advisory services principal with Grant Thornton, said companies often focus more on improving their close processes during favorable economic times.

“If you have a requirement to get your financials to your debt holders in a certain number of days, you may be able to reduce the interest rate associated with your debt

if you close faster and get your lenders that data sooner,” Hennessey said.

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To that point, 12% cited bank borrowing, while the same percentage cited private equity or private credit. Meanwhile, almost one-third (31%) of respondents said they'll take advantage of Inflation Reduction Act tax incentives, tapping into a government funding source designed to encourage the development of clean energy initiatives.

To see additional findings from Grant Thornton's Q1 2024 CFO survey, visit www.grantthornton.com/insights/survey-reports/cfo-survey/2024/cfos-ramp-up-sales-as-economic-optimism-rises.

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