

Positioning the Enterprise for Future Growth

**GLOBAL CFOs MAY BE MORE GUARDED
IN THEIR OUTLOOKS FOR 2016, BUT THEY
REMAIN COMMITTED TO PROGRESS FOR
THEIR COMPANIES**



A report prepared by
CFO Research in collaboration
with American Express

CFO
research



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About this Report

In November of 2015, CFO Research, in collaboration with American Express Global Commercial Payments, fielded the ninth *Global Business and Spending Monitor*, an annual survey of senior executives at large companies around the world.

This research explores how senior finance executives judge the health of the economy in their own geographies and what they plan to do to strengthen their businesses in the coming year.

For this year's *Global Business and Spending Monitor*, we received 651 complete responses to the survey. CFO Research estimates the margin of error for this population to be approximately +/- 4% at a 95% level of confidence. To provide additional context, the report also draws on a dozen background interviews CFO Research conducted with CFOs of large corporations from around the globe.

Survey respondents have the following characteristics:

TITLE

Chief executive officer, president, managing director, or equivalent title	30%
Head of finance (chief financial officer, finance director, or equivalent title)	27%
Controller	21%
Treasurer	11%
Other executive with finance responsibilities	11%

REVENUE

US\$500 million - US\$1 billion	24%
US\$1 billion - US\$5 billion	27%
US\$5 billion - US\$10 billion	25%
US\$10 billion - US\$20 billion	15%
More than US\$20 billion	10%

LOCATION

North America	21%
United States	16%
Canada	5%

Asia/Australia	30%
China	5%
Hong Kong (PRC)	5%
India	5%
Australia	5%
Japan	5%
Singapore	5%

Europe	34%
United Kingdom	15%
Germany	8%
France	7%
Russia	4%

Latin America	16%
Brazil	6%
Mexico*	6%
Argentina	4%

INDUSTRY

Financial services/Real estate/Insurance	14%
Auto/Industrial/Manufacturing	13%
Construction	11%
Business/Professional services	9%
Wholesale/Retail trade	8%
Hardware/Software/Networking	7%
Education	6%
Chemicals/Energy/Utilities	5%
Health care	5%
Transportation/Warehousing	5%
Food/Beverages/Consumer packaged goods	4%
Pharmaceuticals/Biotechnology/Life sciences	3%
Telecommunications	3%
Aerospace/Defense	2%
Natural resources/Mining	2%
Government/Public sector/Nonprofit	1%
Media/Entertainment/Travel/Leisure	1%

Note: Totals may reflect rounding.

*Mexico is included in the Latin American region due to economic similarities with other countries in the region.

The Global Outlook Remains Positive, but Executives Become More Cautious

FOR THE PAST NINE YEARS, CFO RESEARCH and American Express have surveyed senior finance executives from around the world to gauge business prospects for the coming year. The 2016 *Global Business and Spending Monitor* reveals that executives continue to have positive outlooks for their countries' economies, but that optimism has grown more tempered. In particular, each of the four regions relies largely on strong outlooks in individual countries: the United States in North America, Mexico* in Latin America, the United Kingdom in Europe, and India in Asia/Australia.

In last year's *Monitor*, the strengthening outlook for North America clearly set that region apart from others. Finance and corporate executives from different countries also indicated that their companies would follow different paths to growth, making sure they directed spending to where it would have the most impact on the business—primarily either by generating additional revenue from existing products and services, by developing new products and services as new sources of revenue, or by acquiring other companies to scale up quickly.

This year's survey shows an increasingly mixed global economy. Outside of a handful of bright spots such as the U.S., most companies in the survey reported little revenue growth over the past year, and overall the global outlook has softened. However, the worsening outlooks for many countries are offset by

strength in a few others, and the global average for increased spending and investment shows a slight increase over last year's survey results.

In the face of shifting outlooks and greater uncertainty in several large economies such as China and Brazil, executives say they are becoming more cautious. The CFO of a major Indian conglomerate sees the key challenge for the coming year to be answering the question, "How do we navigate our ship to the next destination in these choppy seas?"

In particular, to help in their navigation the executives in this year's survey say their companies will:

- Emphasize markets that are close to home, in the face of uncertain prospects overseas
- Optimize cash flow in order to secure their businesses, as well as to pursue growth opportunities
- Take more selective approaches to spending in areas to support business performance, and especially on technology

Executives also say they will increase investment in data security, and channel their resources toward hiring for growth. Companies will not be spending indiscriminately, but instead will be making targeted investments in their most important businesses.

*Mexico is included in the Latin American region due to economic similarities with other countries in the region.

Executives continue to have positive outlooks for their countries' economies, but that optimism has grown more tempered.

The Ups and Downs of Economies

THE 2016 GLOBAL BUSINESS AND Spending Monitor results reveal a great deal of variability in expectations for individual economies, but at the regional level optimism remains relatively high. In terms of their economic outlooks, every region continues to hold the ground they have recovered since the recession of 2008. (See Figure 1.)

Economic confidence remains strong in North America, despite being lower than last year's high-water mark. The European outlook has remained steady but at a lower level, as countries there continue efforts to recover from the debt crisis first seen several years

ago. Meanwhile, Latin America shows a very small gain in optimism over last year's results, which is driven largely by business confidence in Mexico.

In contrast, the outlook for the Asia/Australia region is continuing a three-year slide, reflecting substantially worse outlooks for Singapore, Hong Kong, and China. The result is that the regional outlook for Asia/Australia has dipped lower than that for Europe for the first time in the survey's history.

For the most part, to meet their expectations for 2016 companies will have to work hard to overcome lackluster business performance

In terms of economic outlooks, every region continues to hold the ground they have recovered since the recession of 2008.

FIGURE 1

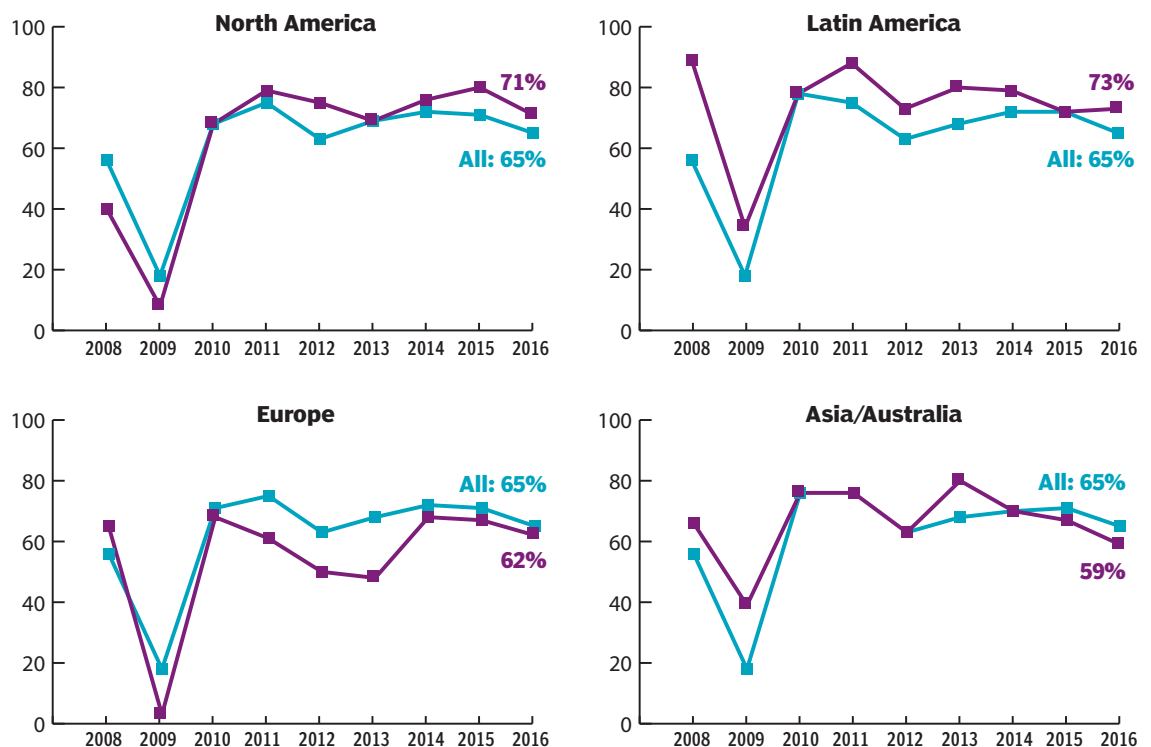
Overall, respondents remain fairly positive about economic outlooks, but somewhat more cautious than last year.

"My country will see modest or substantial economic expansion over the next year."

— All respondents
— Region's respondents

Percentage of respondents

Note: Mexico is included in Latin America due to economic similarities with other countries in the region. Results from Latin America prior to 2010 are for Mexico only.



experienced in 2015. Only a very narrow majority (52%) of all survey respondents report any revenue growth from the past year. In fact, North America is the only region for which this year's respondents report better top-line performance than did last year's respondents.

North America: Solidly Optimistic

In the North America region, 71% of respondents expect their economies to expand in 2016. In both the U.S. and Canada (the two countries comprising the survey's North America region), economic optimism is about 10 points lower than seen in last year's survey. However, U.S. optimism (73%) remains solidly above the global average of 65%, whereas at 63% expecting expansion, Canada has fallen off from last year's burst of optimism (73%) and is now below the global average. (See Figure 2.)

The core strength in the United States is evident from the 75% of respondents in this year's survey who said that their companies had higher revenues now than they had a year ago. The percentage of U.S. executives who reported revenue gains outstrips any other country by at least 10 percentage points:

% of Respondents Saying Their Companies Had Higher Revenues

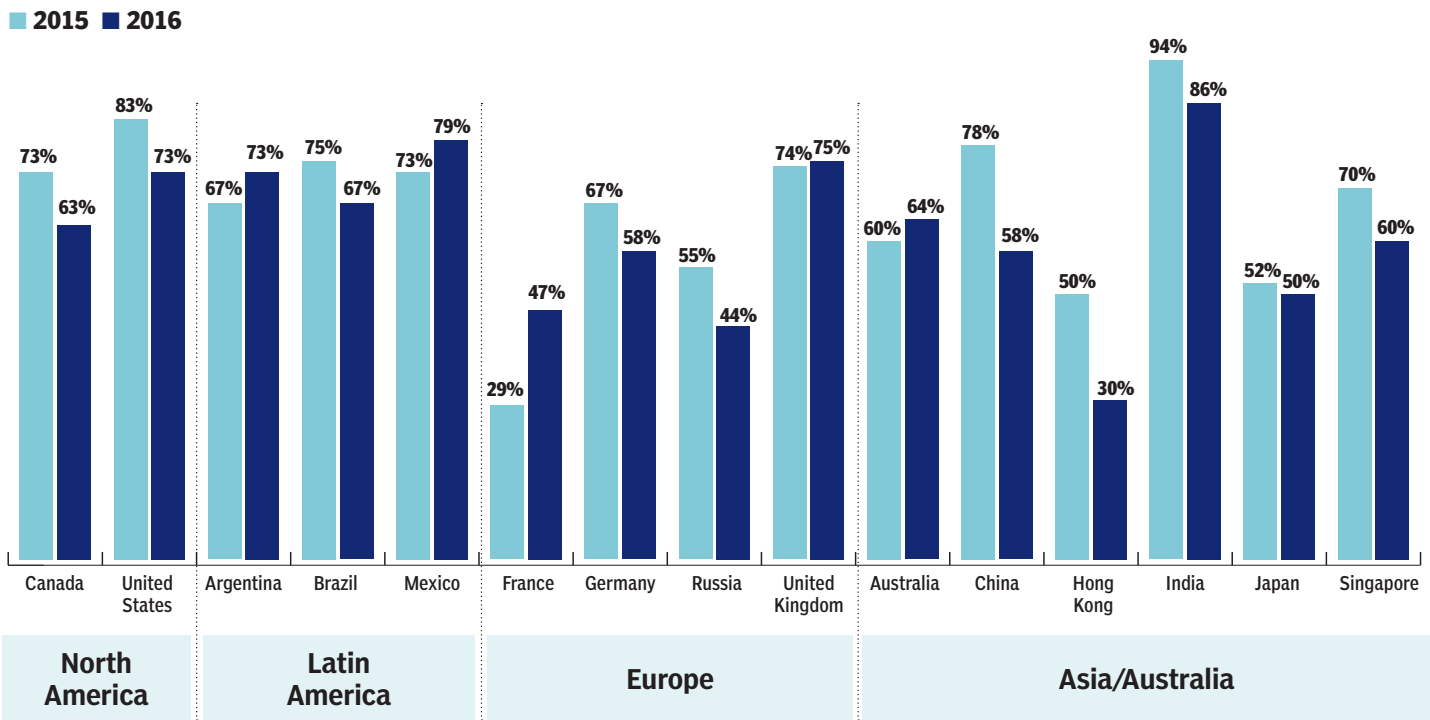
United States	75%
United Kingdom	64%
China	63%
Canada	62%
India	62%

In Canada, the survey results indicate that executives' confidence in their economy has been shaken. Factors influencing the drop likely

In the North America region, 71% of respondents expect their economies to expand in 2016.

FIGURE 2
Economic optimism is driven largely by gains made in North and Latin America.

"My country will see modest or substantial economic expansion over the next year."



Percentage of respondents in each country predicting "modest" or "substantial" economic expansion over the next year

include depressed oil prices, political change in Canada, and slower exports in the last year.

Latin America: Hopeful for Expansion

The North American outlook is barely surpassed by that in Latin America, as brighter outlooks from respondents in Mexico and Argentina late in the year overcame declining prospects in Brazil. On average, 73% of the respondents from the region anticipate that their economies will expand in 2016, which is a small increase over last year's 72%. The improvement is led by Mexico's strong showing, and also reflects an improved 2016 outlook in Argentina at the end of the year:

	2015 (% respondents expecting expansion)	2016 (% respondents expecting expansion)	Difference (% points)
Mexico	73%	79%	+6
Argentina	67%	73%	+6
Brazil	75%	67%	-8

In the case of Brazil, approximately two-thirds (67%) of the respondents predict economic expansion for next year, but this represents an 8-point decline from last year's expectations. The prospects for Brazil's economic expansion in 2016 will depend on the country's ability to recover from its struggles with political unrest, currency devaluation, and inflation—all of which contributed to the weak revenue growth reported by this year's respondents.

Indeed, to meet their optimistic expectations for the future, many companies in Latin America will have to work to overcome performance issues. Only 37% of respondents from Latin America said that their companies' revenues had grown in the previous year. Even in Mexico, where the strongest revenue performance was reported, only about half of the respondents (49%) said that their companies had made revenue gains.

Europe: Moderating Expectations

In Europe, executives have more moderate expectations for economic expansion than in the Americas, with 62% of respondents from Europe expressing optimism. Compared with last year's survey, Germany and Russia experienced large declines in the percentage of respondents hopeful for economic expansion, falling to 58% (from 67% last year) and 44% (from 55%), respectively.

Russia's troubles are well documented, as the country has slipped into recession on the back of depressed oil prices and rising inflation. In Germany, the causes for the cautious outlook are more difficult to trace, but may at least reflect slowing exports to emerging markets (such as Russia).

Companies in the United Kingdom continue to shore up expectations for the Europe region overall. Three-quarters (75%) of the U.K. respondents now believe their economy will do better in the coming year—essentially holding steady compared with last year's already-strong results (74%).

Meanwhile, France's level of economic optimism has jumped dramatically to 47%. Although still low, this represents an important improvement over last year's 29%. As the CFO of a French manufacturing conglomerate notes, "Restoring top line growth is a key target."

In the survey, French executives ascribe their improved outlook to a range of circumstances, including external factors such as more favorable trade agreements and improving economies elsewhere, as well as to internal factors such as continued financial restructuring of their own companies. They also highlight the positive effects of mergers and acquisitions—an interesting finding in light of last year's survey, in which

In Europe, executives have more moderate expectations for economic expansion than in the Americas, with 62% of respondents from Europe expressing optimism.

French companies predicted they would be particularly active in the area of M&A.

Asia/Australia: Declining Optimism

In contrast, survey respondents from Asia/Australia continue a multi-year trend of lower expectations for their economies. The largest declines from last year are seen in Singapore, China, and Hong Kong:

	2015 (% respondents expecting expansion)	2016 (% respondents expecting expansion)	Difference (% points)
Australia	60%	64%	+4
Japan	52%	50%	-2
India	94%	86%	-8
Singapore	70%	60%	-10
China	78%	58%	-20
Hong Kong	50%	30%	-20

Overall, just under six in ten respondents (59%) from Asia/Australia are optimistic for 2016. This showing places the region behind Europe, which in recent years has been the least optimistic region. The Asia/Australia regional outlook is dragged downward by a 20-point drop in optimism in China, which previously had been among the most confident countries in the annual survey. This year, the growth engine for China’s companies has slowed in the face of production issues, unfavorable exchange rates, and currency devaluation.

Hong Kong respondents also record a 20-point decline in economic expectations, compared to last year’s survey. The result is that, with only 30% of respondents expecting economic expansion, Hong Kong has become the least optimistic of all the countries included in the survey.

This year, Australia is the only country in the Asia/Australia region to indicate an increase in optimism (to 64%) compared with last year (60%). Given the slowdown in China—traditionally one of Australia’s major trading partners—as well as a gradual shift away from the economy’s reliance on mining and commodity exports, the country’s growth will depend more than ever on the domestic consumption that saw signs of strengthening over the past year.

In addition, India continues in its role as the most optimistic country in the survey, with 86% of its respondents expecting the economy to improve. Beginning in 2010, when India’s survey results were first reported at the country level, executives there have consistently placed among the world leaders in terms of economic confidence, as well having some of the most aggressive plans for spending and investment. Despite having to navigate a complex regulatory environment, Indian businesses remain committed to innovation and growth, and executives say they are looking forward to taking advantage of recent government tax and regulatory reforms.

India continues in its role as the most optimistic country in the survey, with 86% of its respondents expecting the economy to improve.

Caution Translates into Pragmatic Plans for Growth

EXECUTIVES WORLDWIDE ARE PAYING attention to the changes coming out of countries such as China and Brazil, as well as to increasing concerns with global security. Six out of ten respondents (61%) say that political and economic uncertainty is making them more cautious this year about increasing spending and investment overall, and approximately the same number (62%) report that their companies are more cautious about investing in countries other than their own. In response to other questions, respondents indicate that their companies are more likely to pursue sales within their geographic region than outside of it.

Interestingly, this year's survey finds that the uneven outlooks globally, and finance executives' higher degree of caution, do not necessarily translate into actual reductions in planned levels of spending and investment. Overall, a strong 87% of survey respondents indicate that their companies are planning on increasing total spending and investment in 2016. In fact, nearly half (49%) expect increases of 10% or more.

Compared with last year's survey results, the largest increases in planned levels of spending and investment are found in the United States, Mexico, Japan, and Australia. Three of these countries—the U.S., Japan, and Australia—also show the largest increases from last year in terms of executives saying they have aggressive spending and investment plans in order to boost top-line revenue, as opposed to moderate or tightly controlled levels of spending and investment. In Mexico,

however, respondents indicate they are more likely to increase spending in order to protect profitability than to grow revenues.

% of Respondents Saying Their Companies Plan on Aggressive Spending and Investment to Boost Top-Line Revenue

	2015 (% respondents)	2016 (% respondents)	Difference (% points)
U.S.	13%	31%	+18
Japan	16%	28%	+12
Australia	10%	19%	+9
Mexico	33%	15%	-18

In terms of average levels of spending and investment for 2016, India still leads the world, despite a small decline from last year; and the increase in Mexico's planned investments boosts that country into second place. (See Figure 3.)

In the rest of the world, plans for spending and investment reflect a more subdued approach. Respondents from the United Kingdom, China, and Hong Kong plan modest increases, while Canadian plans are holding steady. The largest decreases from last year's average levels are in Argentina and Brazil.

The impacts of the varying levels of confidence in different countries show up in the pragmatic and selective approaches executives say they will be taking to spending and investment in 2016. They are seeking stability and security where they can find it—in particular, by focusing on strengthening sales in domestic and neighboring markets, by optimizing cash flows, and by spending wisely to take best advantage of the growth opportunities that present themselves. In other

Overall, a strong 87% of survey respondents indicate that their companies are planning on increasing total spending and investment in 2016.

words, it is becoming more important than ever for companies to be selective in where they commit their resources.

Greater Reliance on Domestic Sales

Executives report two main effects of the world's political and economic uncertainties. First, 41% say that they are turning their attention closer to home this year and increasing their focus on domestic markets. Second, nearly as many executives (39%) say that they plan to increase investment in risk management or security. (See Figure 4.)

The interest in seeking stability closer to home extends to doing business regionally as well. For example, 76% of North American respondents expect their companies' sales will grow the most in their own region in the coming year. Similarly, 67% of Latin American respondents expect to

expand sales in Latin America, while 69% of respondents in the Asia/Australia region select other countries in the region (exclusive of India) as their primary partners.

The trend is least pronounced in Europe, where less than half of the respondents (47%) select Western Europe as the primary target for growth. However, 28% of respondents from Europe say their companies will expand sales to Eastern Europe the most, which places Eastern Europe on a par with Asia for European sales.

Using Cash to Secure the Business

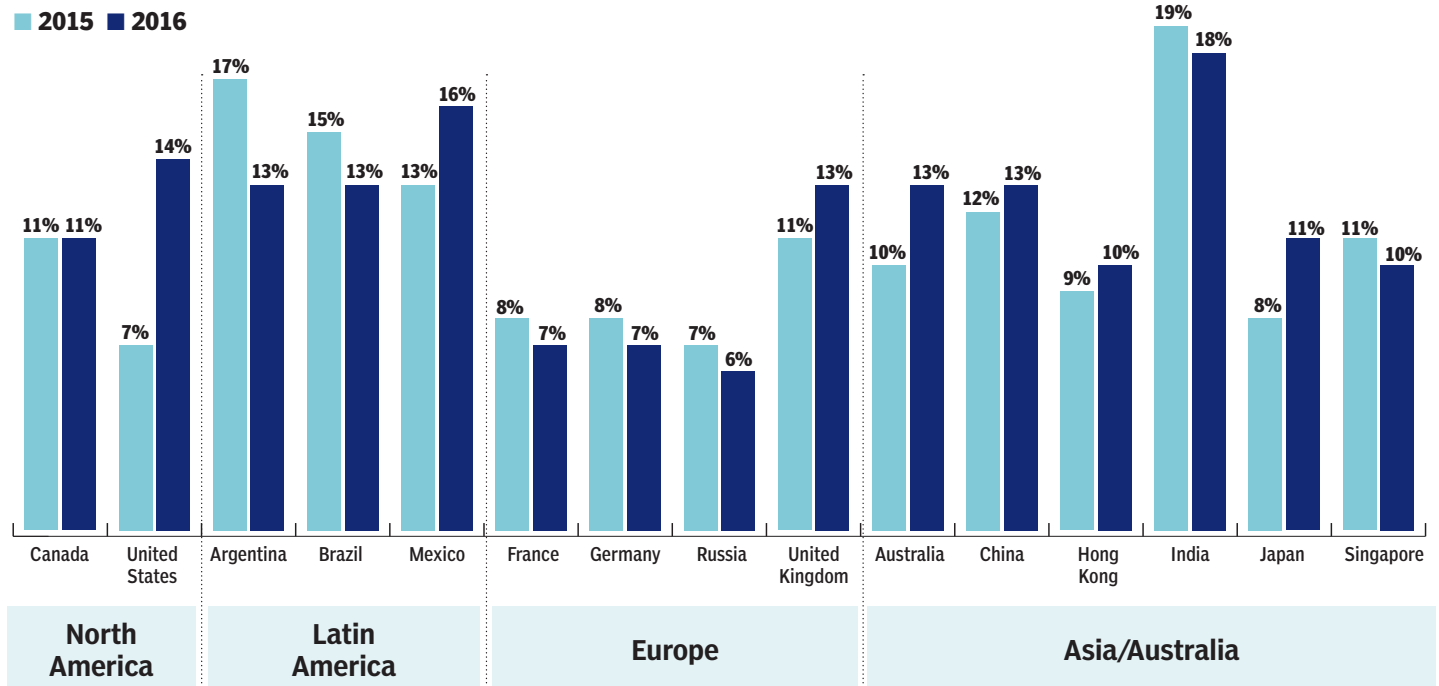
Nearly seven in ten respondents (68%) say that optimizing cash flow has become more important for their firms. The CFO of a global transportation and logistics company headquartered in the U.S. calls cash "the truest asset of the enterprise," and robust working

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FIGURE 3

More aggressive plans for spending and investment are noticeable in selected countries.

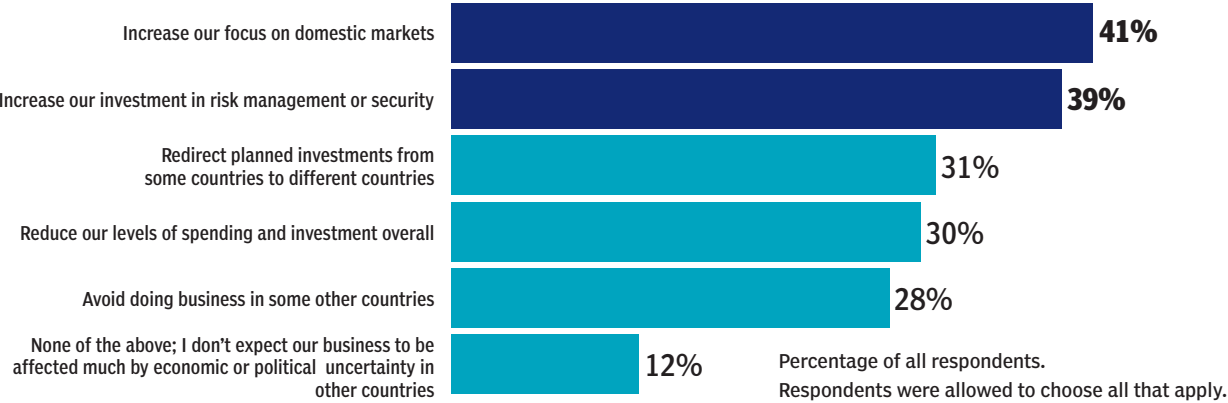
How much do you expect your company's level of spending and investment to change during the next year?



Average change in spending and investment over the next year

FIGURE 4
In response to uncertainty, companies are making changes.

Over the next year, is economic or political uncertainty, whether in your country or in other countries, likely to cause your company to take any of the following actions?



capital management allows this company to self-fund its capital investments.

Executives' plans for their companies' cash reflect the balance companies are seeking between caution in the face of uncertainty and the need to continue to pursue new opportunities. Executives say that the two most important uses for their cash will be, first, spending to ensure that their business is secure, and second, to pursue growth. (See Figure 5.)

Shielding their companies from increasing threats from around the world, while still pursuing the growth opportunities that present themselves, is at the top of the agenda for many firms. They expect to pursue a variety of strategies for optimizing cash flow, ranging from optimizing accounts receivable (selected by 43% of respondents) and accounts payable (42%) to improving collaboration and communication between different functions (40%) to investing in technologies to improve visibility into the cash conversion cycle (43%).

More than a third of respondents (36%) also expect they will need to supplement cash flow

with additional funding sources. To improve their working capital positions, executives are most likely to draw on traditional lines of credit, and also turn to supply chain financing.

Selective Spending and Investment to Support Growth

The need to strike a balance between stability and growth is also evident in terms of planned spending and investment. Companies are still

FIGURE 5
Ensuring the security of the business is the most important reason respondents cite for optimizing cash flow.

*Which of the following reasons for optimizing cash flow will be the most important for your company over the next year?
"Obtaining sufficient funding _____."*

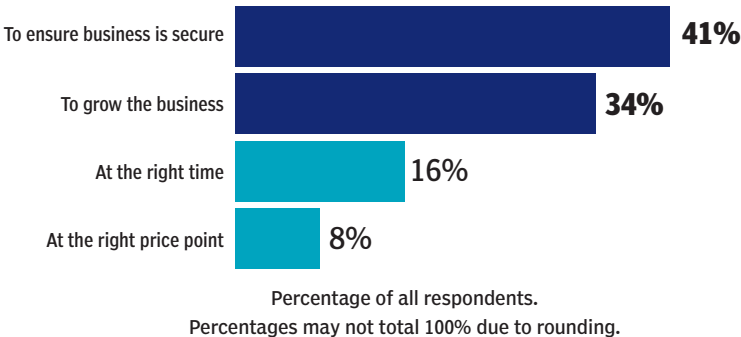
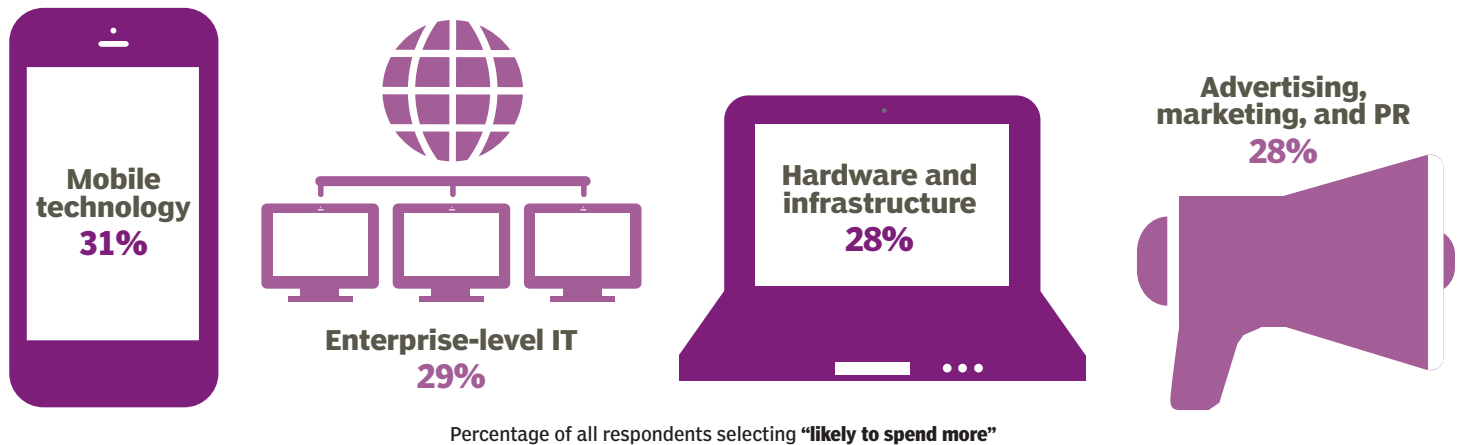


FIGURE 6

Respondents plan to focus their spending and investment on several key categories.

Most likely to spend more than last year on...



willing to make investments in specific areas, but the increasingly cautious executives insist they will make those investments judiciously.

This year, the survey found that executives are most likely to focus increased investment either in new product/service development or in improving production efficiency—both strongly related to profitable growth. Slightly more than three in ten respondents expect to increase investment in these activities over the next year. Concerns with continuing to protect the bottom line are seen in planned investments for improving administrative process efficiency.

To a lesser degree, executives from around the world also prioritize investment in top-line areas such as production capacity, business intelligence and analytics, and sales and marketing. Especially in Mexico and Argentina, building up production capacity is a top area for investment. In Argentina, 35% of respondents say they will increase investment for production capacity, compared to 14% in last year's survey. In Mexico, more than half of the respondents (53%) expect to increase investment in production, compared to 27% from last year's survey.

Other survey results show the degree to which executives are counting on technology, in particular, to support their companies' growth as well as to improve control over the cash conversion cycle. Respondents are prioritizing spending in technologies that can support business activities. Approximately three in ten respondents plan to increase spending on mobile technology (31% of respondents), enterprise-level IT systems (29%), and hardware/infrastructure (28%). They put technology investment on a par with increased spending on advertising, marketing, and public relations (28% of respondents), indicating the extent to which business growth has become technology-dependent. (See Figure 6.)

Executives from Mexico and Singapore, in particular, are addressing a growing need to advance their use of mobile technology. In Mexico, nearly half of this year's respondents (49%) say they will increase spending on mobile, compared to only 23% of last year's respondents from the country. Similarly, 42% of respondents from Singapore this year plan to make increases in this area, compared to 30% last year.

Executives put technology investment on a par with increased spending on advertising, marketing, and public relations.

Increasing Investment in Information and Security

FOR MANY COMPANIES, GROWTH PLANS are increasingly tied to information technology. In a global business environment that is now knit together with technology, executives are more keenly aware of the business risk that comes from inadequate information security, and they are particularly reluctant to skimp on technology spending.

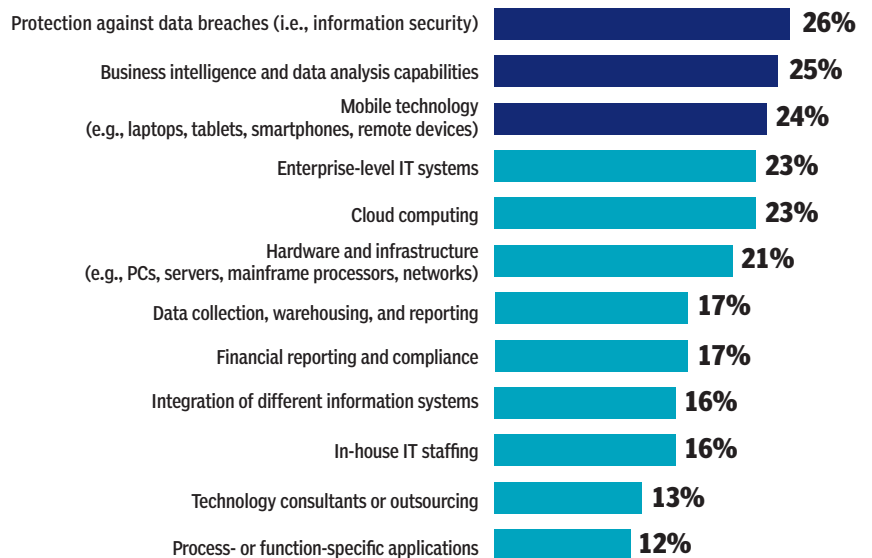
When asked to prioritize their companies' needs for increased IT spending in 2016, respondents tagged data breaches as the most important by a small margin, with 26% selecting information security as one of their most critical needs. Increasing business intelligence/data analysis capabilities (25% of respondents) and investing in mobile technology (24%) round out the top three priorities. Spending on infrastructure—both on premises (enterprise IT, hardware) and in the cloud—receives nearly as much attention. (See Figure 7.)

Executives clearly are concerned with the potential impact of a serious data breach on their businesses. Nearly half (48%) report that their companies have developed or strengthened response plans as a result of data breaches, and another 22% say that they are planning to. (See Figure 8.)

In fact, 83% of respondents plan to increase spending for information security in 2016, and nearly half (49%) expect their spending to be more than 10% higher than current levels. These plans are in line with respondents' overall concerns with using cash to make their business more secure.

FIGURE 7

What are companies' most critical needs for increased spending on information technology?



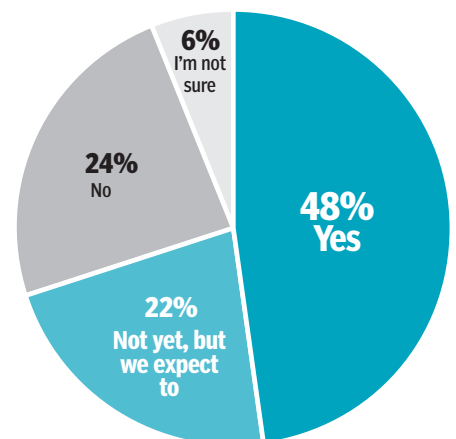
Percentage of all respondents selecting **top three** most critical needs for information technology

FIGURE 8

Most respondents have developed or strengthened their information security—or plan to in the near future.

Has your company developed or strengthened their response plan as a result of a recent data breach?

Percentage of all respondents.
Percentages may not total 100% due to rounding.



Directing Resources Toward Hiring for Growth

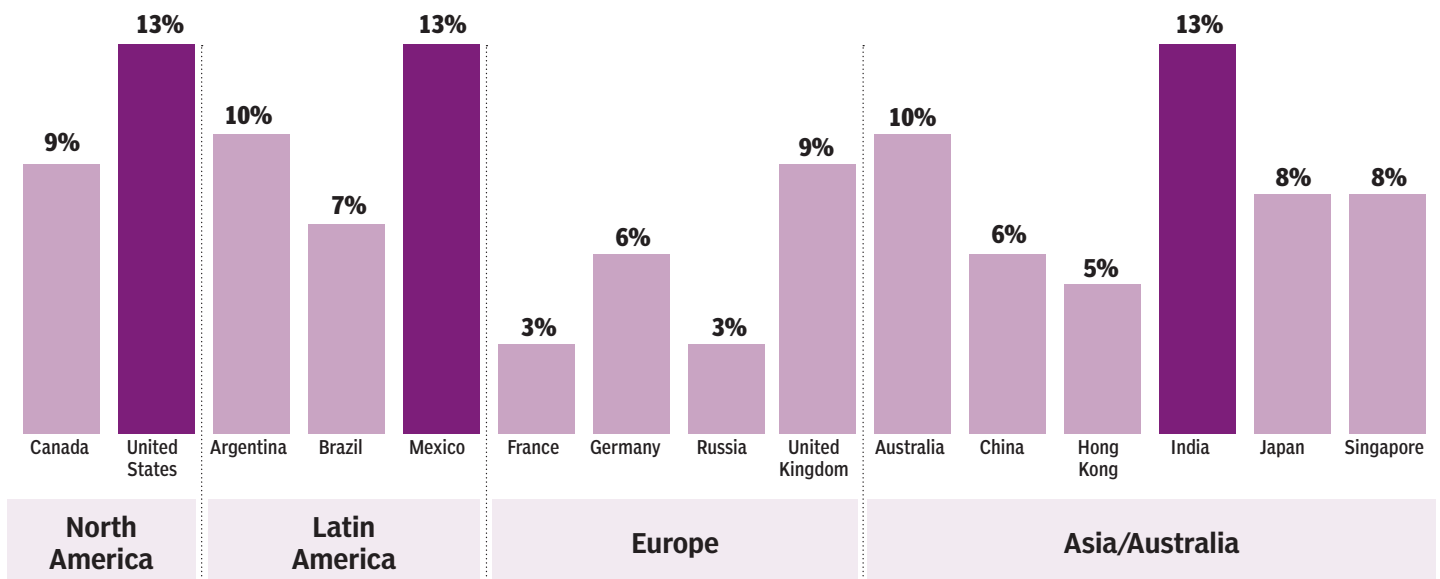
OF COURSE, FEW COMPANIES RELY solely on technology to drive their businesses, and so this year, the survey asked executives to identify hiring priorities for their own companies. Figure 9 shows that different countries have widely varying expectations for employment increases in 2016. Executives report that they expect their companies' headcount to increase by 9% on average in 2016, but the improvement can be traced primarily to large increases expected by companies in the U.S., Mexico, and India.

As with overall spending, investments in additional employees will be selective and directed towards meeting the most critical needs. Finance executives continue to believe that their companies need to find more skilled or specialized workers in order to meet their business growth targets. Most respondents also are focusing more on the need to add staff that would directly boost revenue growth (e.g., sales and marketing, business management) rather than on staff that are revenue-neutral (e.g., back office, support).

FIGURE 9

Most respondents expect an increase in hiring—particularly in the United States, Mexico, and India.

During the next year, how much do you expect your company's number of employees to change worldwide?



Average increase in headcount over the next year, by country

Approximately half of the executives in the survey (51%) agree that their company’s performance goals have been impeded by the inability to hire skilled or specialized workers. In addition, 44% say that their companies have been affected by difficulty in hiring sales and marketing specialists, and 43% cite shortfalls in hiring for management positions and for IT staff.

Is difficulty meeting hiring targets impeding your company’s ability to meet its performance goals?

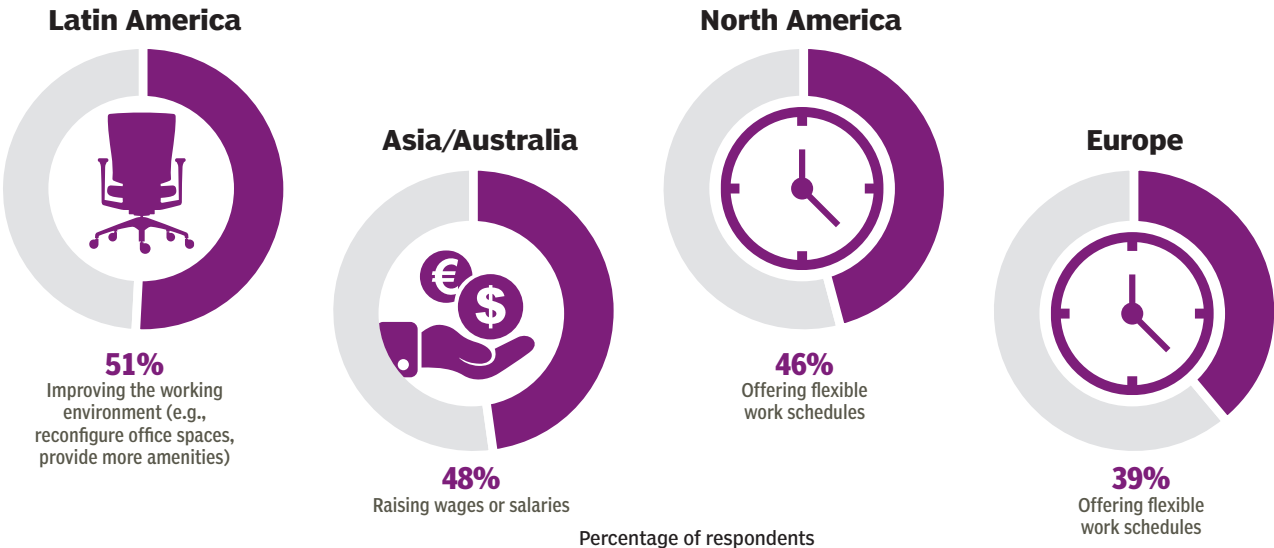
Skilled or specialized workers	51%
Sales and marketing	44%
Management	43%
IT	43%
Administrative and support staff	40%
Manual or unskilled labor	38%
Offshore or outsourced positions	37%
Finance	36%

Overall, fewer countries are willing to commit substantial additional resources to hiring more staff in other types of administrative and support positions. In terms of unskilled or manual labor, the highest demand is seen in Hong Kong, Singapore, China, and Brazil.

Executives expect to employ a range of initiatives in order to fill their critical employment needs, including raising wages or salaries, improving benefits offerings, enhancing the working environment, and adjusting working conditions. The preferred strategies differ slightly from region to region, as shown in Figure 10.

FIGURE 10
Around the globe, executives are focusing on different strategies to attract and retain employees over the coming year.

The most popular response by region to the question, “Which of the following practices do you expect your company to employ in the coming year to attract and retain employees?”



Developing Finance Skills for the Future

AS THE BUSINESS ENVIRONMENT evolves, so too do the roles for CFOs and their finance units. In order both to safeguard their businesses and help them take full advantage of the most critical opportunities, finance leaders and their staffs will need to develop a deeper understanding of those businesses, as well as of the world around them. In the words of the CFO of a large, diversified enterprise in India, “The past paradigm will not support the future journey.”

To prepare themselves for the future, survey respondents recognize the value of developing a broader knowledge base along with better technical skills. When asked which areas are most important for increasing finance’s contributions to their companies’ success, respondents rank deeper external knowledge of industries and markets, as well as a deeper understanding of their own businesses, as highly as they do sophisticated analytical skills and better technical skills. Interestingly, executives believe it is just as important for finance staffs to work on the same broad range of skills.

These types of skills are becoming increasingly important in a world where a large company’s resources must be channeled into its most solidly grounded businesses. With the economic shifts that are taking place around the world—most notably in large economies such as China and Brazil—companies are more careful than ever to guard their spending and choose their growth opportunities wisely. Finance functions cannot afford to shutter themselves away from the workings of the business, and finance leaders must make sure that their staffs are able to maximize their contributions to the security and growth of the business.

Failing to do so, concludes the CFO of one of the world’s largest commercial printers headquartered in the U.K., means “you’re going to struggle to build the CFOs of tomorrow.” In an increasingly uncertain world, knowledge is power, and companies will need to rely on the CFOs of tomorrow to help guide them through the challenges that lay ahead.

To safeguard their businesses and take advantage of opportunities, finance will need to develop a deeper understanding of those businesses and the world around them.

Most Important Areas to Develop for...

	Finance Officers (% respondents)	Finance Staff (% respondents)
Deeper external knowledge of industries and markets	35%	35%
More sophisticated analytical skills	35%	37%
Deeper understanding of the company’s business	34%	37%
Better technical skills in finance and accounting	33%	33%
Better networking and interpersonal skills	32%	29%
Closer working relationship with colleagues outside of finance	31%	30%

Sponsor's Perspective

IN OUR NINTH ANNUAL AMERICAN EXPRESS/CFO Research *Global Business and Spending Monitor*, we survey top executives from around the world to gather valuable insight on a transforming world economy. Last year's survey saw mixed results in terms of business outlook and economic expectations. This year we see the global outlook has softened.

Caution is the prevailing sentiment across the global economy. While companies are becoming increasingly selective about where they commit their resources, finance executives' higher degree of caution does not necessarily translate into actual reductions in planned spending and investment.

North America remains optimistic about economic prospects; however, that optimism is largely due to the economic outlook in the United States, as Canadian confidence has been shaken. A strong performance in Mexico is driving expectations for economic expansion in Latin America over the next year. In spite of strong optimism in India, and an upturn in Australia, the outlook for Asia/Australia is continuing a three-year slide, dipping below Europe for the first time in our survey's history. At present, Europe has moderate expectations for growth, with the U.K. showing strength and France improving off historic lows.

While senior finance executives are more guarded in their economic outlook for 2016, they will remain committed to progress for their companies. As they look to grow their enterprises, these leaders are seeking stability and security where they can find it, particularly in three areas: 1) focusing on strengthening sales in domestic and neighboring markets; 2) optimizing cash flow; and 3) spending wisely.

For many companies, investment plans center around new product/service development or improving production efficiency—both areas strongly tied to profitable growth. Executives are also counting on investments in technology to help support their companies' growth. They have become more keenly aware of the risks that come from inadequate information security, the importance of business intelligence and data analysis capabilities, and the need for mobile technology. As a result, they will increase technology investments accordingly.

As with overall spending, companies' investments in employees will be selective and directed to meeting key business needs. Most finance executives expect to increase headcount over the next year, believing that their companies need to find more skilled or specialized workers in order to achieve their business growth targets. Most are also focusing on the need to add staff that will directly boost revenue growth.

Smart businesses understand that finding the equilibrium between caution and the need for investment is the key to achieving sustainable growth. Part of finding that balance is identifying the right resources to uncover efficiencies. As a global leader in payments, American Express works with businesses to provide insights into these complex issues and helps them find the expense management solutions that can best meet their needs.

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Susan Sobott
President, Global Commercial Payments
American Express Company



The ninth annual *Global Business and Spending Monitor*, titled “Positioning the Enterprise for Future Growth,” is published by CFO Publishing LLC, 295 Devonshire Street, Suite 310, Boston, MA 02110. Please direct inquiries to Linda Klockner at (617) 790 3248 or lindaklockner@cfo.com.

CFO Research and American Express developed the hypotheses for this research jointly. American Express funded the research and publication of our findings. The CFO Research team included Celina Rogers, David W. Owens, Mary Beth Findlay, Linda Klockner, Chris Schmidt, and Christopher Watts.

CFO Research is the sponsored research group within CFO Publishing LLC, which produces *CFO* magazine and CFO.com.

March 2016

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