

# CAUTIOUS OPTIMISM IN BUSINESS : A look into Canadian financial executives' perspectives

The 12th annual Global Business  
& Spending Outlook, surveying senior  
financial executive worldwide



**DON'T**  
*do business*  
**WITHOUT IT™**



Despite geopolitical and economic concerns, Canadian senior financial executives remain optimistic about the potential for future growth within their businesses this year.

In this brief, we consolidate key findings on strategies senior financial executives are investing in, including how to improve international relations, source working capital and implement technological advancements – all to ultimately enhance their company's growth forecasts this year.



# INCREASING GLOBAL TRADE ACTIVITY: APPROACHING INVESTMENTS WITH CAUTION

An optimistic outlook is the norm among Canadian senior finance executives with the majority **(70%) predicting an environment of economic expansion over the next year.** Yet, the report revealed few respondents plan to take advantage of this outlook to boost top-line growth. Instead, most are playing it safe by investing moderately to steadily improve profitability.

Finance executives are taking a similar prudent approach when it comes to international trade. Not surprisingly, more than half of executives surveyed believe **recent economic or political uncertainty in countries outside of Canada have caused their company to be more cautious about increasing spending and investments globally.**

While finance leaders may be cautious amid this complex geopolitical environment, it's clear they still see tremendous value in trade. In fact, **more Canadian leaders believe export and import activities are important drivers for growth, when compared to global executives.**

On top of this, senior executives say they'll look to increase foreign trade over the next 2 years by setting up or expanding their own marketing, sales or distribution activities in foreign markets.

Economic and geopolitical concerns are driving finance executives to put new measures in place to protect their organizations in order to increase international trade activity.

An overwhelming number of Canadian financial leaders say they are investing more in enterprise risk management and operational improvements in direct response to economic and political uncertainty.



**Despite caution, Canadian senior financial executives see huge value with international trade**

🇨🇦 **73%**  
vs  
🌐 **67%**

believe imports are key for company's growth

🇨🇦 **67%**  
vs  
🌐 **55%**

feel exports are important drivers for growth

**Potential uncertainty from economic and geopolitical issues result in immediate action from senior finance executives**

🇨🇦 **87%**  
vs  
🌐 **74%**

are investing in optimizing their current enterprise risk management and operations as a direct response

# ENABLING THE FINANCE FUNCTION: A NEED FOR MORE COLLABORATION

As Canadian finance leaders take on more strategic roles within their organizations, they're sensing a stronger need to drive more collaboration both within the finance function and among other business units.

Currently, **40% of finance executives believe collaboration within the entire finance function (finance, procurement and treasury) on working capital management will yield a substantial financial benefit.**

When it comes to collaboration with other business units, finance executives agree they work most closely with operations, product development and marketing.

However, respondents say **building an even closer relationship with marketing is becoming increasingly important.** It's clear that a strong finance-marketing relationship results in better efficiency and improved business results, especially in an increasingly digital world.

Enhancing the ability to negotiate with suppliers and customers is also a key area of focus for finance executives. Today, **most believe better negotiation would drive substantial financial benefits** to their organizations' cash flow and working capital management.

All in all, **finance executives are showing a renewed focus on working capital and supplier management in an effort to be more profitable.** In fact, nearly all Canadian senior financial executives surveyed shared that improving cash and working-capital management will be more important for their company this year.



**87%** vs **27%**  
2019 vs 2018

**feel improved negotiation with suppliers/customers would drive substantial financial benefits to their company's cash flow**



**97%** vs **23%**  
2019 vs 2018

**stated improving working capital management and cash flow will be a high priority for their business**

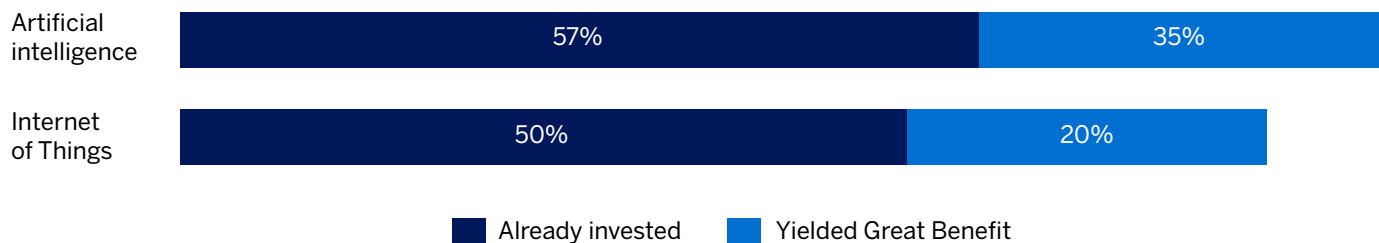
FINANCIA

# INVESTING IN TECHNOLOGY: MEETING CUSTOMER DEMANDS AND IMPROVING OPERATIONAL EFFICIENCY

Client expectations are ever evolving, and both Canadian and global finance executives agree that **better meeting customer needs is the single most important business goal for the year ahead** — which explains the increased importance of their collaboration with marketing. In alignment with this priority, it's no surprise that they're investing more on improving production/delivery processes, as well as in developing new products or services.

What's more, to support this, **30% of senior financial executives say they will spend aggressively to hire new employees with emerging technology and automation expertise.** Improving business intelligence and data analysis capabilities are also top of mind. Most organizations are investing in innovative tech tools that will help them drive better insights and increase the impact of their data. For example, 57% indicated they're investing in Artificial Intelligence and half of them are experimenting with the Internet of Things.

While many financial leaders are still considering whether to invest in these next generation technologies, those who have made the investment shared that **robotics and automation are yielding the greatest benefits to their companies so far.** Although 83% of Canadian senior financial executives anticipate only an incremental change to their company's operating activities and performance due to next-gen technology, the highest IT spending priority for the next few years appears to be investing in information security to protect against data breaches.



## CONCLUSION

Today's finance executives are faced with a wide range of challenges, from grappling with trade uncertainty, to fostering internal collaboration, and adopting new technologies. Despite this, Canadian finance leaders are staying focused on implementing creative strategies to drive more growth, boost their bottom lines, and set their organizations up for success this year and beyond.

To explore more business trends and insights visit [www.americanexpress.ca/trends-and-insights](http://www.americanexpress.ca/trends-and-insights)

### About American Express Global Commercial Services

Through its Global Commercial Services division, American Express offers powerful backing and support that helps companies of all sizes gain financial savings, control and efficiency. The company provides a suite of payment and lending products, solutions for travel and everyday business spending, cross border payments, global currency solutions and business financing.

To explore more business trends and insights visit [www.americanexpress.ca/trends-and-insights](http://www.americanexpress.ca/trends-and-insights)

### Methodology

The 2019 Global Business & Spending Outlook was conducted by Institutional Investor Thought Leadership Studio (IITLS) and is based on a survey of 901 senior finance executives from companies around the world with annual revenues of +\$500M.

For the purpose of this report, we will be focusing on the 30 respondents surveyed from companies in Canada. All survey responses were gathered in November and December 2018. IITLS estimates the margin of error for this population to be approximately +/-3% at a 95% level of confidence.