Risk Management Soars Past Revenue Growth as Top Priority for Finance Leaders, Annual U.S. Bank CFO Survey Reveals

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With CFOs facing a wave of challenges, new research finds less than 15% are 'very confident' in their ability to manage high inflation, digital disruption and talent shortages

MINNEAPOLIS--(BUSINESS WIRE)--Nov. 1, 2022-- In the 16 months between two U.S. Bank CFO surveys, finance leaders faced a wave of new challenges, from high inflation to the effects of the war in Ukraine. The **2022 U.S. Bank CFO Insights Report**, released today, found that finance leaders' priorities have shifted as they work to help guide their firms through choppy waters.

The top-line survey results revealed that:

- Improving risk identification and mitigation is now a top priority for 30% of finance leaders. In 2021, risk management was the least identified top priority (18%).
- Driving revenue growth is a top priority for only 21% of finance leaders. In 2021, driving revenue growth was a top priority for 35% of leaders.

Cutting costs and driving efficiencies within the finance function and across the entire business also came in as top priorities this year.

- 30% of finance leaders said cutting costs and driving efficiencies within the finance function is a top priority; 29% of finance leaders said cutting costs and driving efficiencies across the business is a top priority.
- When it comes to cutting costs, just 22% of finance leaders plan to reduce headcount across the enterprise, down from 40% in 2021.
- Finance leaders plan to cut costs through investing in technology (37%), discontinuing low-margin/low-growth business lines (32%) and outsourcing certain business functions (29%).
- The automotive and transportation industry was most likely to reduce headcount to cut costs, while the chemicals and advanced materials, professional services and technology industries were least likely.

The lack of appetite to cut headcount might be explained by the top business risk identified by finance leaders: talent shortages.

- Talent shortages were identified as a top risk for 40% of finance leaders. The results were nearly identical for firms with more than $1 billion in revenue (41%) and those with less (40%).
- Talent shortage risks were ahead of risks posed by the pace of digital disruption (36%) and high inflation (34%). Just 17% said rising interest rates were a top risk.

"Our clients in the CFO office are facing a barrage of challenges – with new ones emerging seemingly every day – as they help guide their firms through a very uncertain external environment," said Stephen Philipson, executive vice president at U.S. Bank Corporate & Commercial Banking. "Finance leaders should take this opportunity to play an even more significant role in risk management, ensuring they have an appropriate strategy to play defense while continuing to grow the bottom line."

Fewer than 15% of finance leaders are highly confident in their company's ability to manage any of the identified business risks. For example, just 4% are highly confident they'll manage high inflation.

Risk management

- **The top risks for businesses are:**
  - Talent shortage (40%).
  - Pace of tech change and digital disruption (36%).
  - High inflation (34%).

- **Regarding inflation risks:**
  - The majority (57%) are identifying opportunities to cut costs, but fewer than four in 10 are conducting any other possible steps to manage inflation risks.
  - 35% are evaluating the credit risk of major customers.
  - 32% are evaluating working capital practices.
  - 32% are evaluating pricing.
  - 31% are hedging against rising costs of certain commodities and currencies.
  - Just 22% are evaluating salaries.

- **Regarding talent shortage risks:**
  - 51% are assessing future skill requirements.

- 42% are reviewing salaries and other employee benefits.
    - 42% are exploring opportunities to automate manual processes.
    - Just 18% are offering hybrid working for certain roles to manage talent risks.

Additional findings from 2022 U.S. Bank CFO Survey include:

- Evaluating M&A, divestiture and partnership opportunities dropped from 26% in 2021 to 21% this year.
- Support and/or furthering ESG objectives dropped from 30% to 22%.

View the full 2022 CFO Insights Report

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