



The UK CFO Economic Barometer

Q4 2020

The top challenges facing leading UK CFOs and what they think of Brexit, UK economic recovery and the U.S. election



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Foreword

Few individuals are better placed than the CFO to provide a real-time, on the ground view, of a country's economic condition.

Responsible for charting their organisation a course through the headwinds, undercurrents and changing tides of the pandemic, with their hand on the tiller, they have a heightened sensitivity to the effects of national policy, economic stresses and global events.

The individual actions they take in response to the ebb and flow (or more recently, tidal waves) of socio-economic disruption, provide us with a microcosmic view of the broader economic cosmos, both domestically and internationally. When these 'microcosms' are viewed collectively, we can form a picture of how businesses are faring in relation to the current state of the UK economy.

It is for this very reason, that ahead of our annual CFO and Audit Chair dinner (held virtually this year), we decided to ask the attending CFOs what they thought of some of the most pressing topics on every business leader's mind. This included, the biggest challenges they faced, what they thought the impact of a no-deal Brexit would be, when they believed the UK economy would start to recover, how the U.S. election result would affect the UK economy, and what their plans were around staff redundancies.

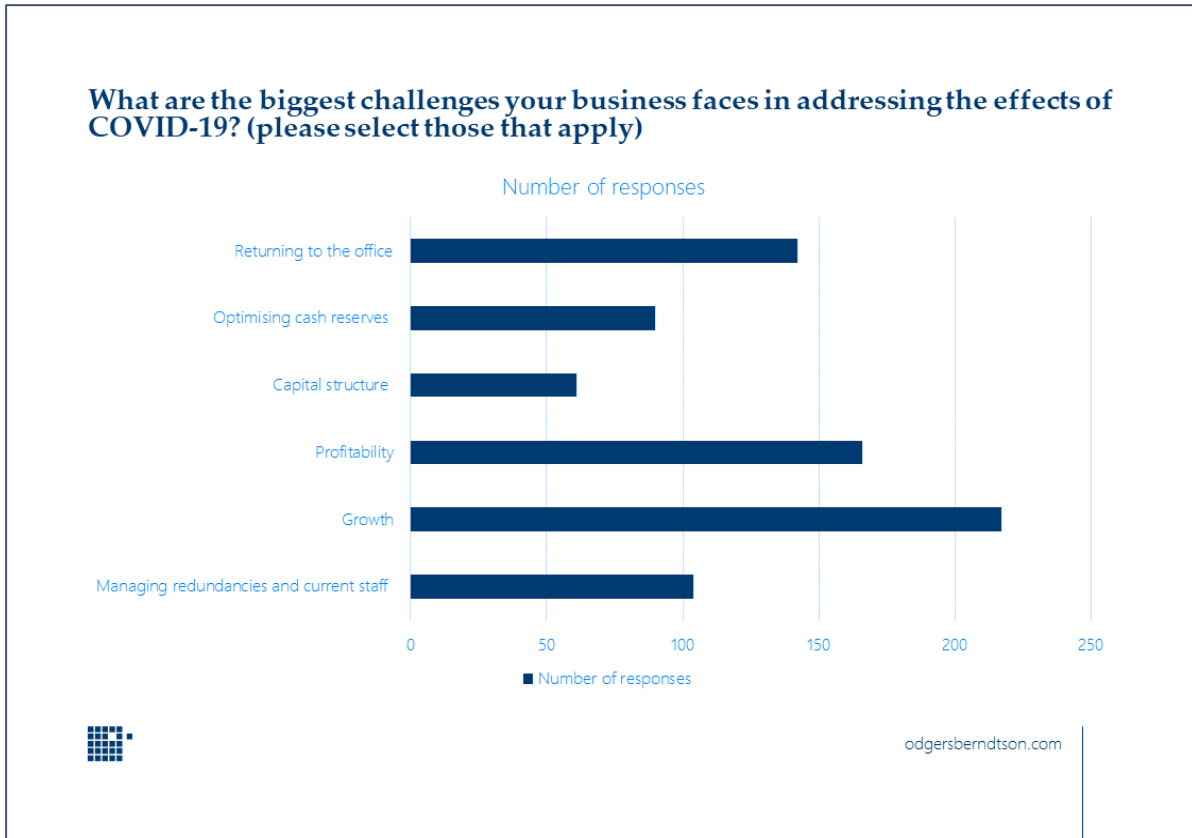
The results, from 410 CFOs of some of the UK's leading companies enables us to provide a temperature gauge of the country's economic vitality. As you'll see below, there is certainly cause for hope with signs of positivity, but it's also clear that businesses are not out of the woods yet.

Finally, if you are a CFO reading this report, hopefully it should give you some small semblance of comfort to know that you are not alone in dealing with the enormous financial pressures of such an unprecedented time.

Mark Freebairn, Partner and Head of the CFO Practice, Odgers Berndtson



1.) What are the biggest challenges your business faces in addressing the effects of COVID-19 (please select those that apply)?

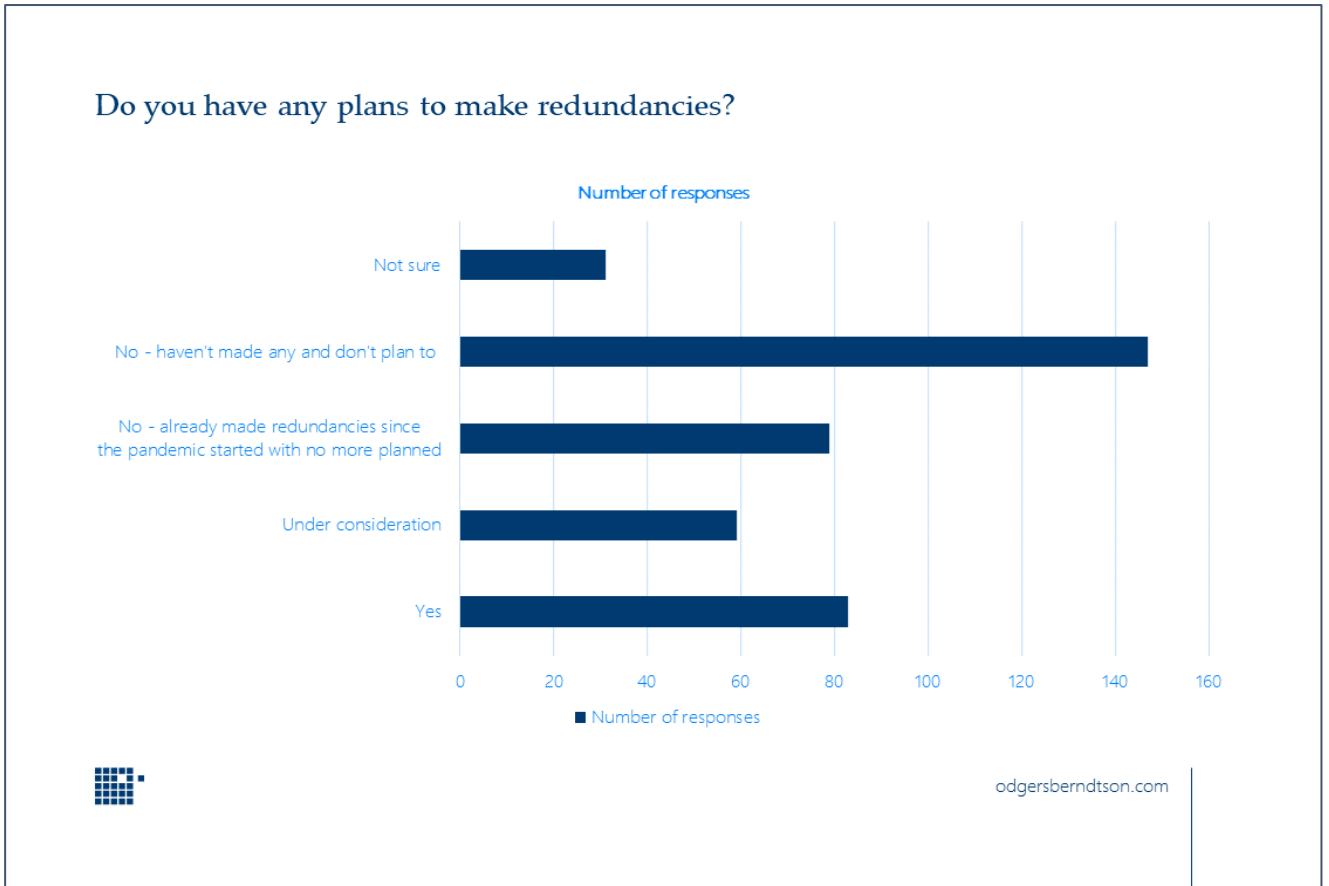


Total number of responses: 406

When asked to pick the challenges they currently faced, growth (28%) was the most common answer chosen by CFOs, followed by profitability (21%) and returning to the office (18%). These were followed by managing redundancies and current staff (13%), optimising cash reserves (12%) and managing capital structure (8%).



2.) Do you have any plans to make redundancies?

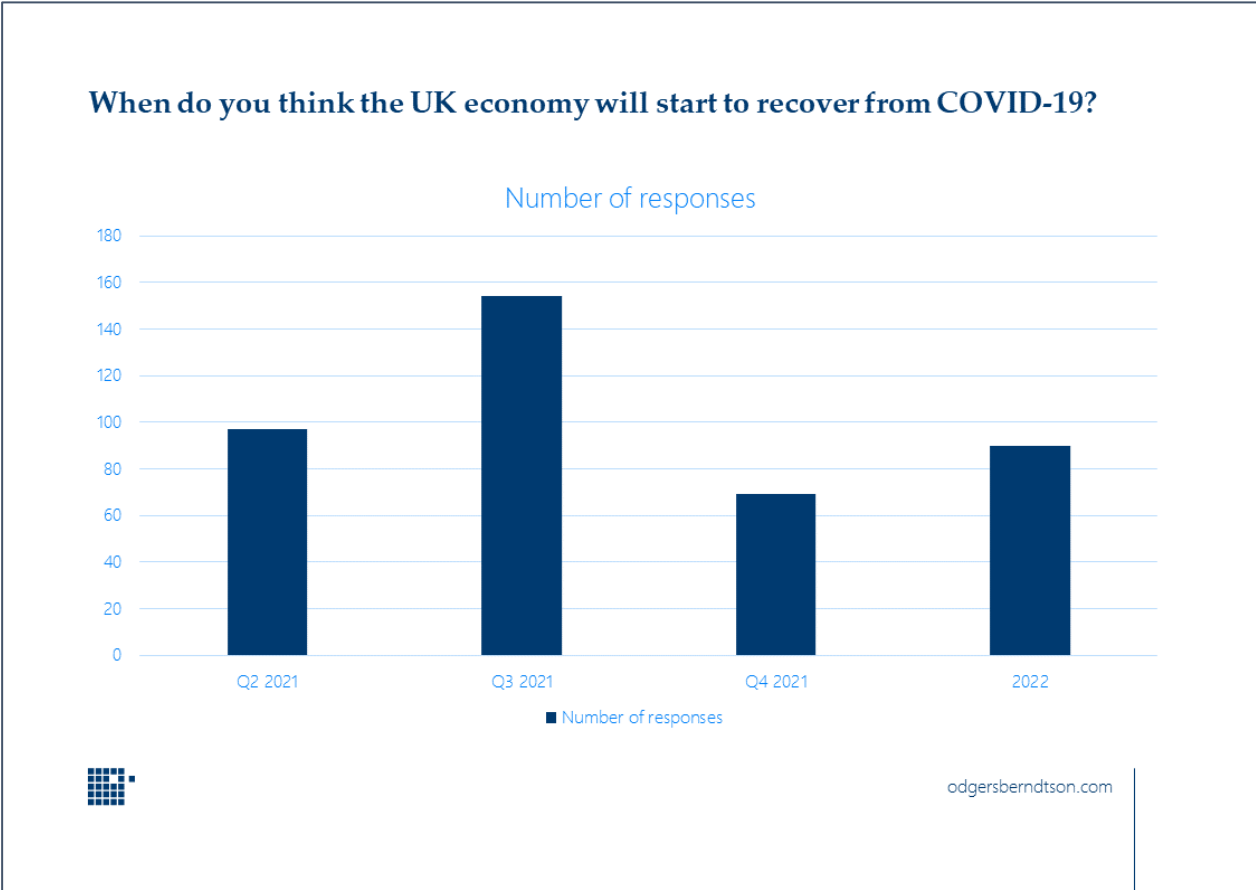


Total number of responses: 410

The responses to the question about whether they had plans to make redundancies provides some positivity for job security in the UK, with over half (57%) of CFOs stating that they had no plans to make any of their staff redundant. However, 21% said they still planned to make redundancies, and 15% said they were still considering it for their organisation. 7% were not sure.



3.) When do you think the UK economy will start to recover from COVID-19?

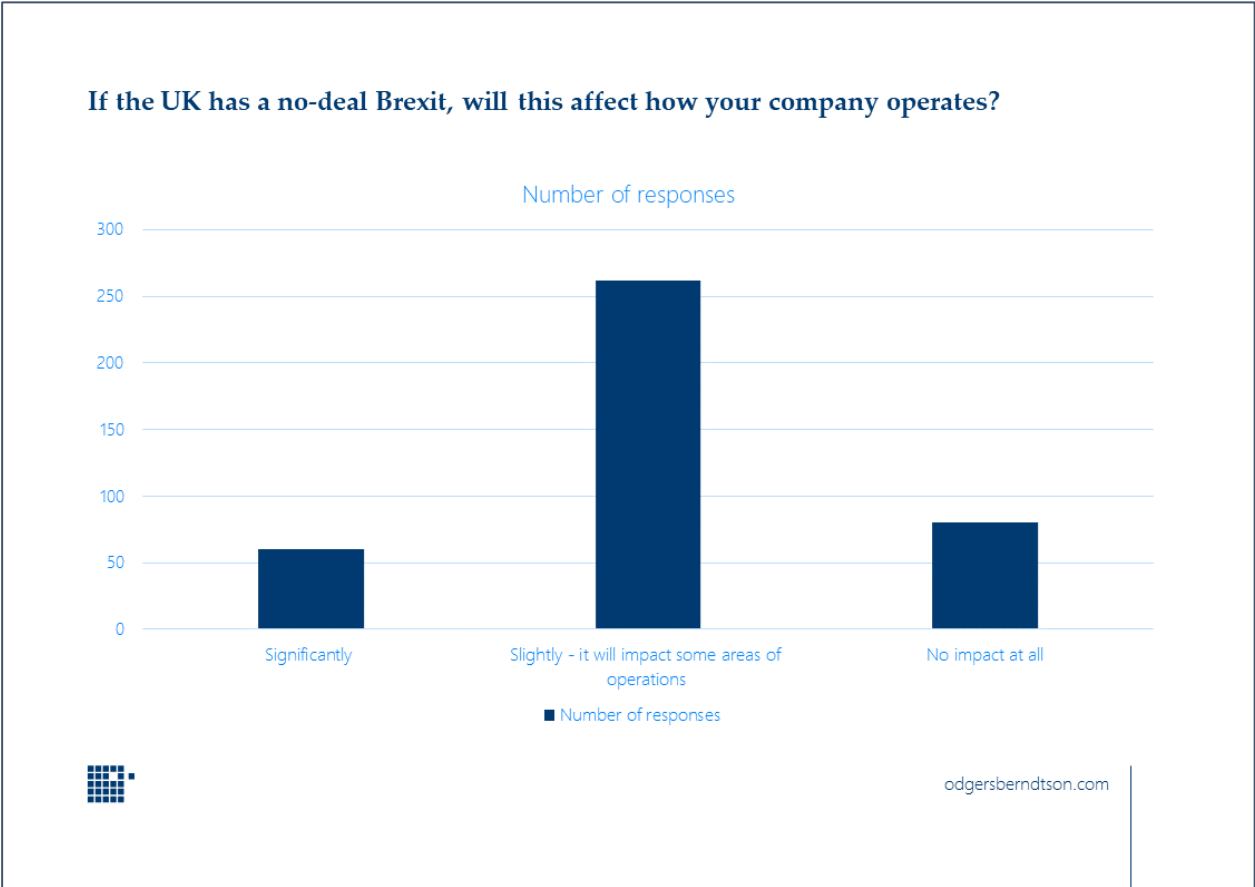


Total number of responses: 399

Despite the challenges they face, as well as the prospect of making redundancies, the majority of UK CFOs were confident about the UK economy, with 37% expecting it to start recovering from the pandemic next summer. 24% of CFOs were even more bullish, expecting it to start recovering in Q2 of 2021, while 17% believed Q4 of 2021 was more realistic. Only 22% of CFOs said sometime in 2022 would be when the UK economy would start to recover.



4.) If the UK has a no-deal Brexit, will this affect how your company operates?

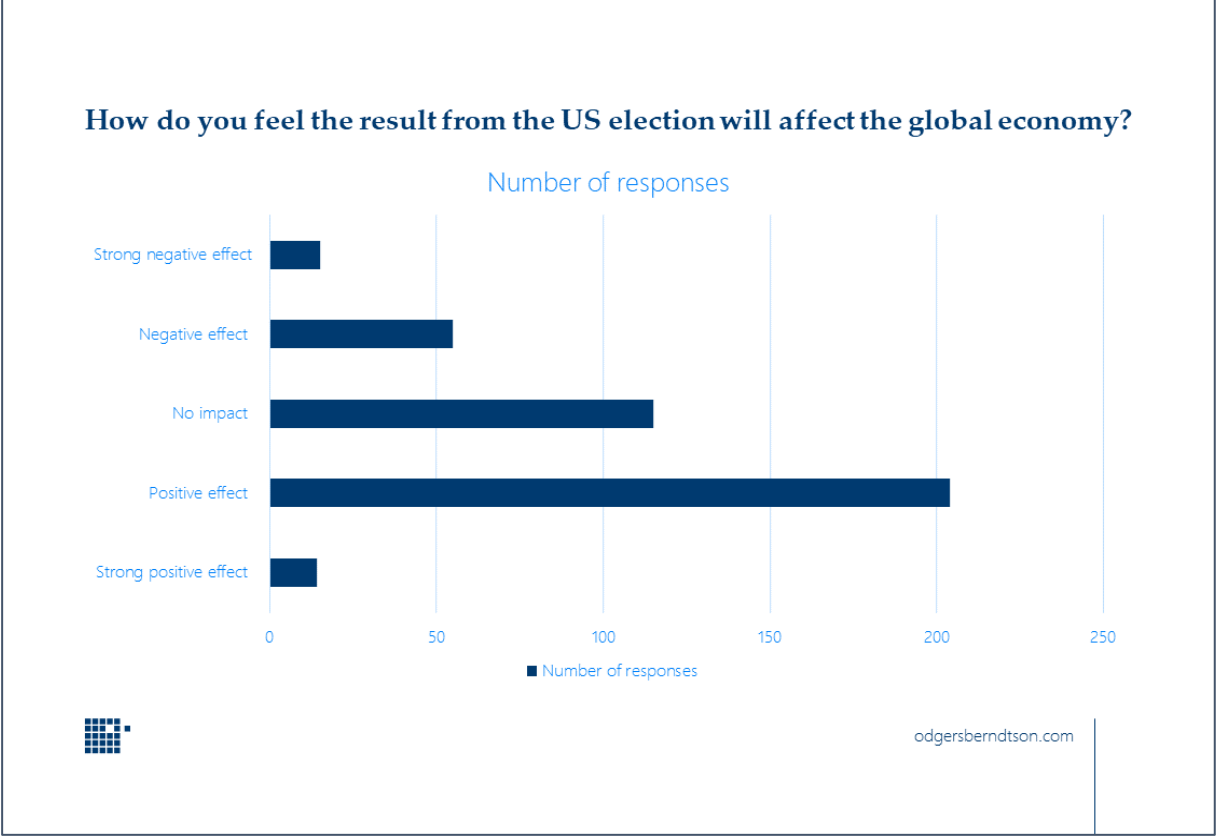


Total number of responses: 402

Only 15% of CFOs said a no-deal Brexit would impact their company’s operations significantly, whereas the majority (65%) felt that a no-deal would only slightly impact areas of operations and 20% said it would have no impact at all.



5.) How do you feel the results from the U.S. election will affect the global economy?



Total number of responses: 403

Looking at the U.S. election, over half (51%) of CFOs felt that the result would have a positive impact on the UK economy, while only 14% felt that it would have a negative impact. 28% stated that Joe Biden’s victory would have no impact at all on the UK’s economic health, 3% believed it would have a very positive impact and 4% felt that it would have a very negative impact.



Analysis of results

Taken together, the responses from questions one and two enable us to infer where most firms are on their road to recovery. The majority of CFOs are not planning redundancies and the majority of CFOs also now view growth and profitability as their primary challenges – which would mean for most CFOs, the period of crisis management is ending and the phase where the business strategy is reset and organisations look at how they can grow and create a profit in the new economic environment has begun. However, it's clear that some CFOs are still in the thick of the crisis, with 21% of them stating that they still had staff redundancies planned.

The fact that most CFOs are confident that the UK economy will start recovering by the summer of 2021 should be taken positively. However, this is probably unsurprising given that the majority of CFOs are stepping into their own recovery periods and concentrating on their company's growth and profitability. It is unlikely that we would have seen a large misalignment between national economic outlook and the financial outlook of individual organisations.

It is also worth noting that the survey was taken just days before news of the Pfizer vaccine. It is therefore possible that if the CFOs had answered the question about economic recovery with this knowledge in hand, then they would have been even more bullish about the UK's economic rebound.

The responses to the question about the impact of a no-deal Brexit also provides a measure of positivity. 85% of CFOs stated that if the UK were to leave the EU without a deal then it would only slightly effect their organisation's operations or have no effect at all, suggesting that a no-deal would be a disturbance that UK firms could manage, rather than outright disruption that would cause them significant impact.

Finally, the U.S. election result has been viewed as largely beneficial for the UK economy by CFOs. This is a perspective that – given the U.S. is the UK's largest trading partner – may be reflected in the expected recovery of the UK economy.



About Odgers Berndtson

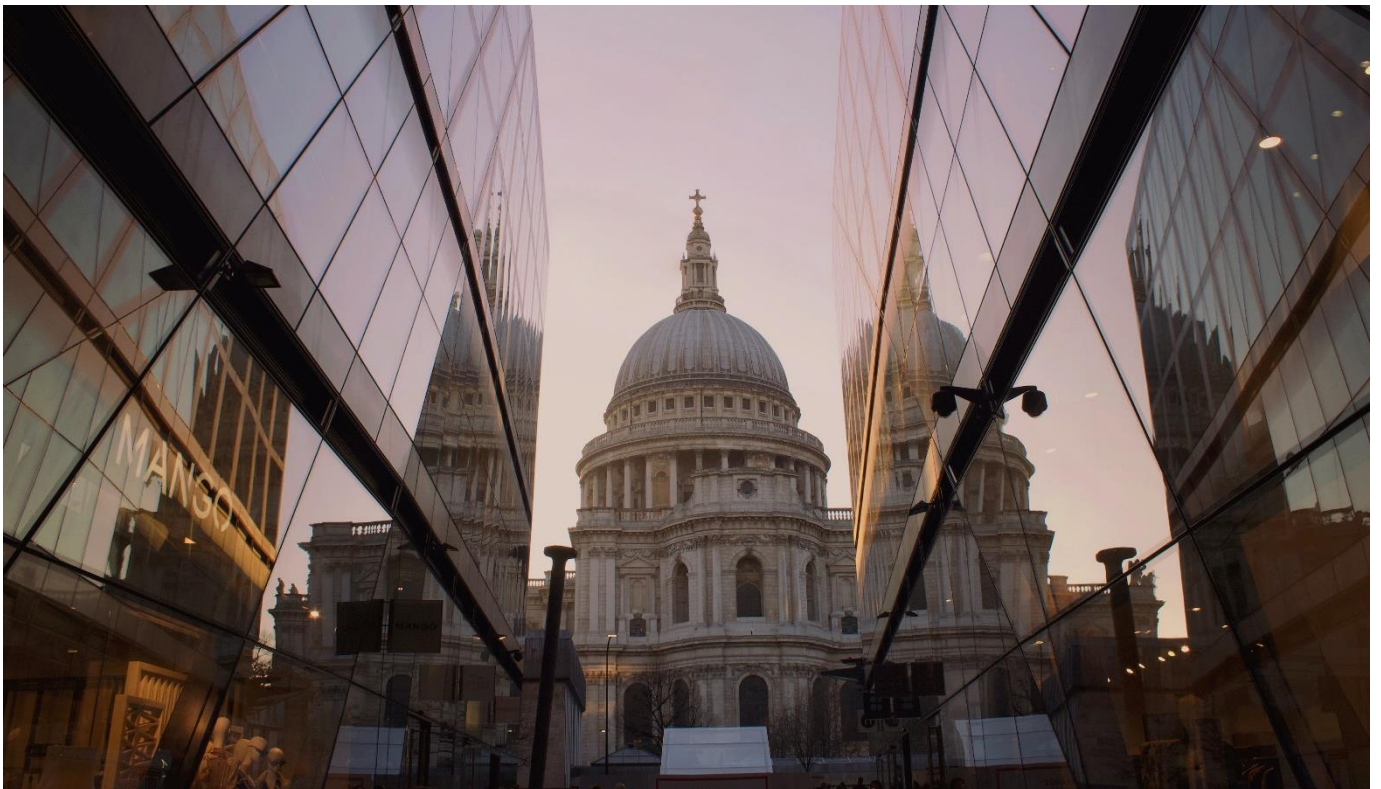
For over 50 years, Odgers Berndtson has helped some of the world's biggest and best organisations find the senior talent to drive their agendas. We deliver executive search, assessment and development to businesses and organisations across over 50 sectors, whether commercial, public or not-for-profit, and draw on the experience of more than 250 Partners and their teams in 30 countries.

Our approach is to create deep partnerships with the clients we serve, the candidates we recruit, and the colleagues we work with. So, we always take time to thoroughly understand your leadership needs first and foremost. Then, we match that intelligence with our depth of knowledge of the sector, the role, and, of course, the potential talent pool. Plus, our global network offers a further diversity of experience, knowledge and access at the highest levels across the world.

About Odgers Berndtson's CFO Practice

The CFO Practice at Odgers Berndtson has established itself as one of the leading finance career advisors and head hunters.

We are truly inclusive; our clients vary in size, sector and ownership structure and our candidates range from Main Board CFOs to the developing finance talent who will make up the Boards of the future.



About the author



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Mark Freebairn is a Partner and Head of the Financial Management Practice of Odgers Berndtson, based in London. The Financial Management Practice appoints Finance Directors and CFOs across all sectors in a range of businesses, both public and private, and is a leader in its market niche. Mark is also a member of the Board & CEO Practice and is involved with searches for non-executive directorships when the requirement is to appoint a candidate with senior finance experience.

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