EDITORS' PICK | 2,827 views | Apr 27, 2020, 03:42pm EDT

Two New COVID-19 Studies Reveal CFO's Focus On Workplace Reboot, Revenue, And Cost Cutting

Neil Edwards Contributor ⓘ
CFO Network
I am a contributor to Forbes.com, covering all things digital and the CFO.

New Studies Reveal CFO's Focus On Workplace Reboot, Revenue, And Cost Cutting by Neil Edwards

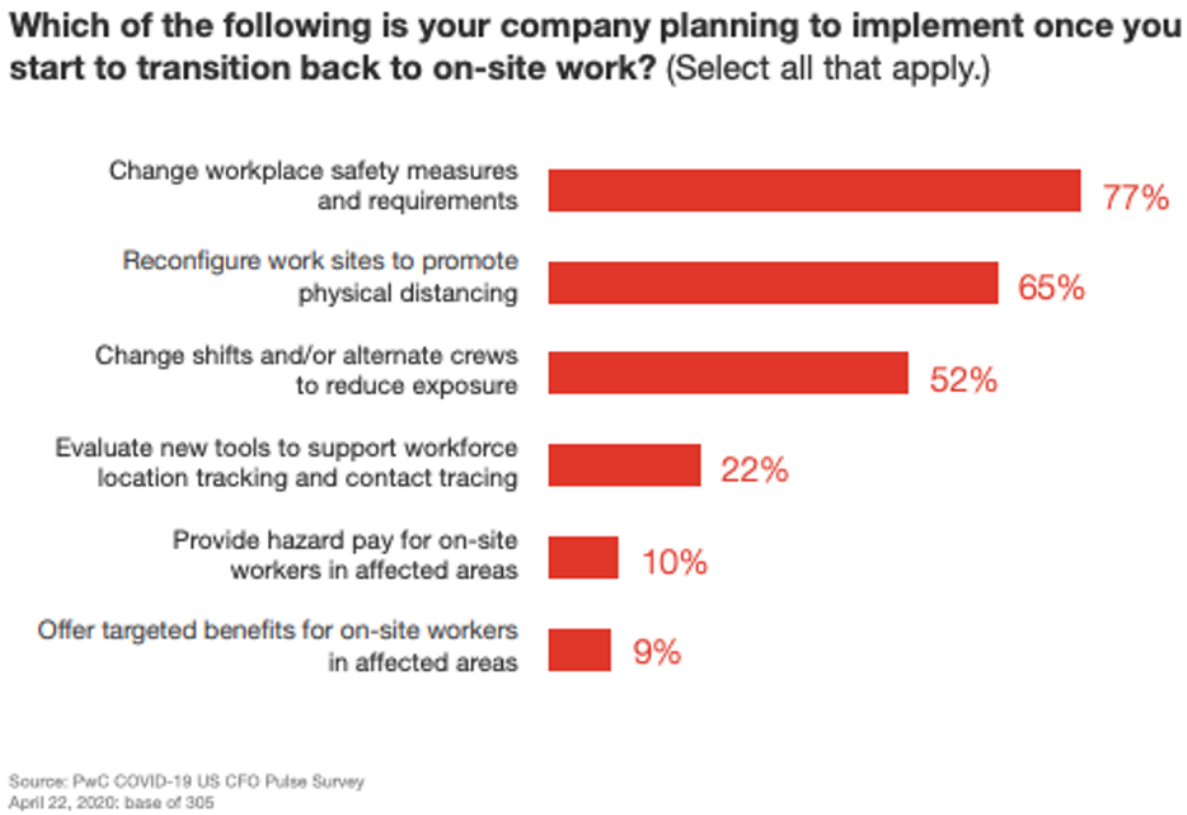
Â©VISOOT - STOCK.ADOBE.COM

As companies start to reopen from the pandemic, finance leaders are focused on workplace safety and finding cost-cutting measures to offset declining revenues. Strengthening supply chains and redrawing merger and acquisitions plans also ranked high among the list of concerns for CFOs,

according to the PwC COVID-19 CFO Pulse and Gartner CFO surveys, two studies released on Monday.

Rebooting The Workplace

Progressing past the immediate response to the COVID-19 pandemic, companies are shifting their focus to reopening in stages and safely restarting operations. The PWC study reveals that 77% of CFOs anticipate changing workplace and safety measures. The study also revealed that 65% expected to reconfigure their workplace to promote social distancing and 52% would augment work shift schedules to reduce exposure risk.



What CFO's think rebooting work looks like in PwC study PWC

Today In: CFO Network

The Forbes Corporate Responders: New Ranking Of Nation's Top Employers' Responses To Pandemic

36 Million Unemployed: How AI Can Create Jobs

Tech Investment Is Stimulus For Agriculture Beyond HEROES Act

Seeking government guidance and taking a cautious approach on the work reboot will drive most companies. According to Gartner, 81% of CFOs report that they will look to state and local authorities for clarification on when to restart operations. At the same time, 55% of CFOs said that they would take a measured approach when their employees return to offices, while 44% are unsure of a how employees will return to work.

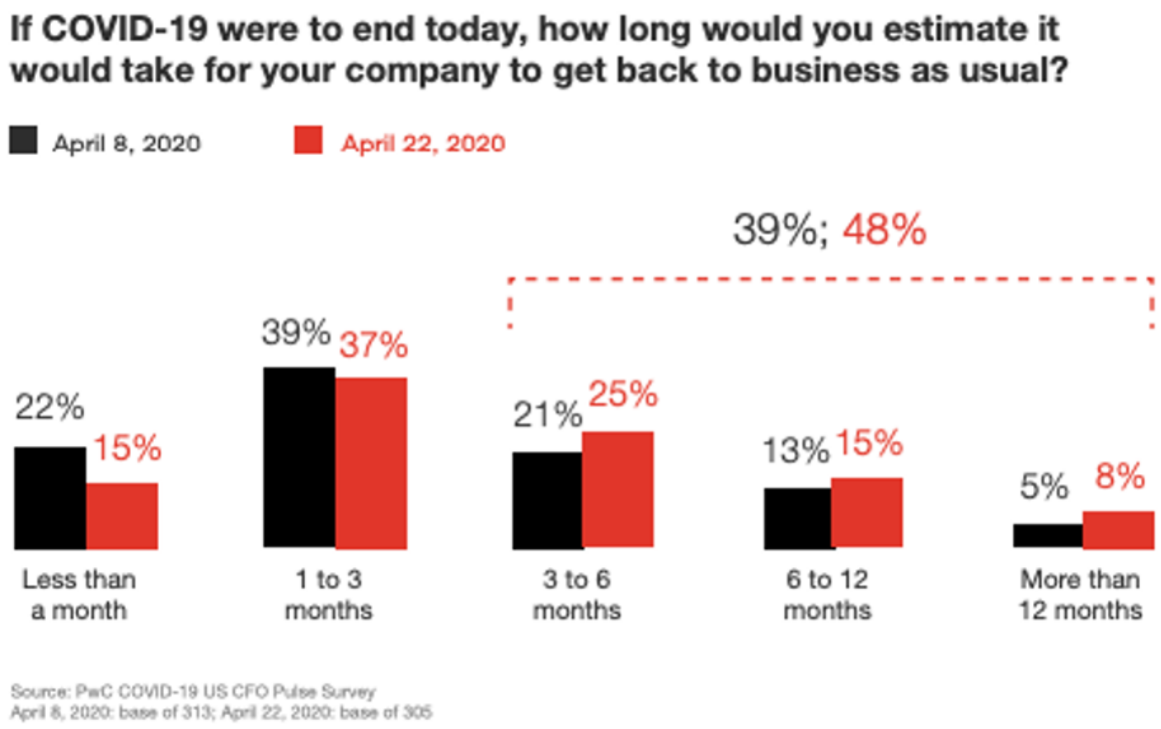
“As some states look to reopen, business leaders are recognizing they not only play a crucial role in the health, safety, and stability of their employees, but also that of their communities,” said Tim Ryan, PwC’s U.S. chair and senior partner.

Upon the return to work, companies will seek to make employees feel safer in their workplace with beefed up communication channels and access to resources. Limiting the spread of COVID-19 inside companies is a top priority with the PwC study noting some workplaces would seek to track if employees may have come in contact with an infected person.

Companies will look to reap lessons from pandemic and introduce those changes to employees and to their balance sheets. Remote work is here to stay according to 49% of CFO's in the PWC study, while 26% of CFO's expect to reduce their company's real estate footprint. In terms of innovation, 40% of CFO's expect to accelerate automation projects.

Recovery Time Expectations

Unfortunately, 48% of CFO's expect to have an extended recovery period that could last well into 2021. Of almost half interviewed, 25% of CFO's believe that it will require three to six months and 23% expecting six months or more to return to normal.



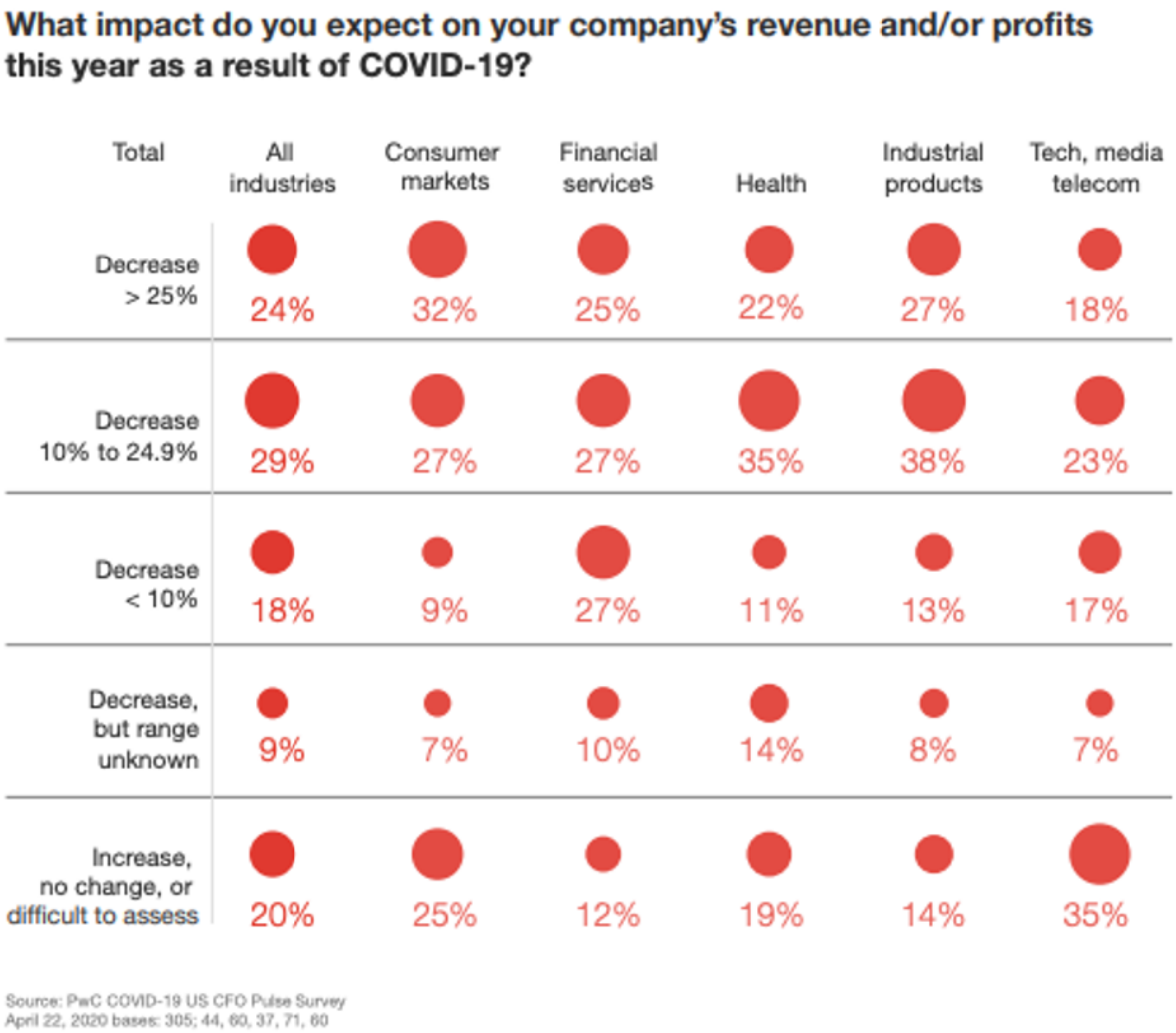
When CFO's think their companies will get back to normal, according to recent PwC study PWC

Some sectors, like financial services, expected a more extended recovery period with one third of respondents saying it could take six months or more.

The phased return to work will be quick for many companies, with 52% of CFO's in the PwC study saying their company will be back to normal within three months or less.

Declining Revenues

With 81% of CFOs expecting to see some decline of company revenues and profits in 2020, one-third of those CFOs, according to the PwC study, expect a steep drop of 25% or more drop in sales. On the other hand, 12% have no idea of the impact on revenue or profits, while 5% believe their revenues will decline by half or more. The wide range in opinions underscores the uncertainty stirred by the crisis.

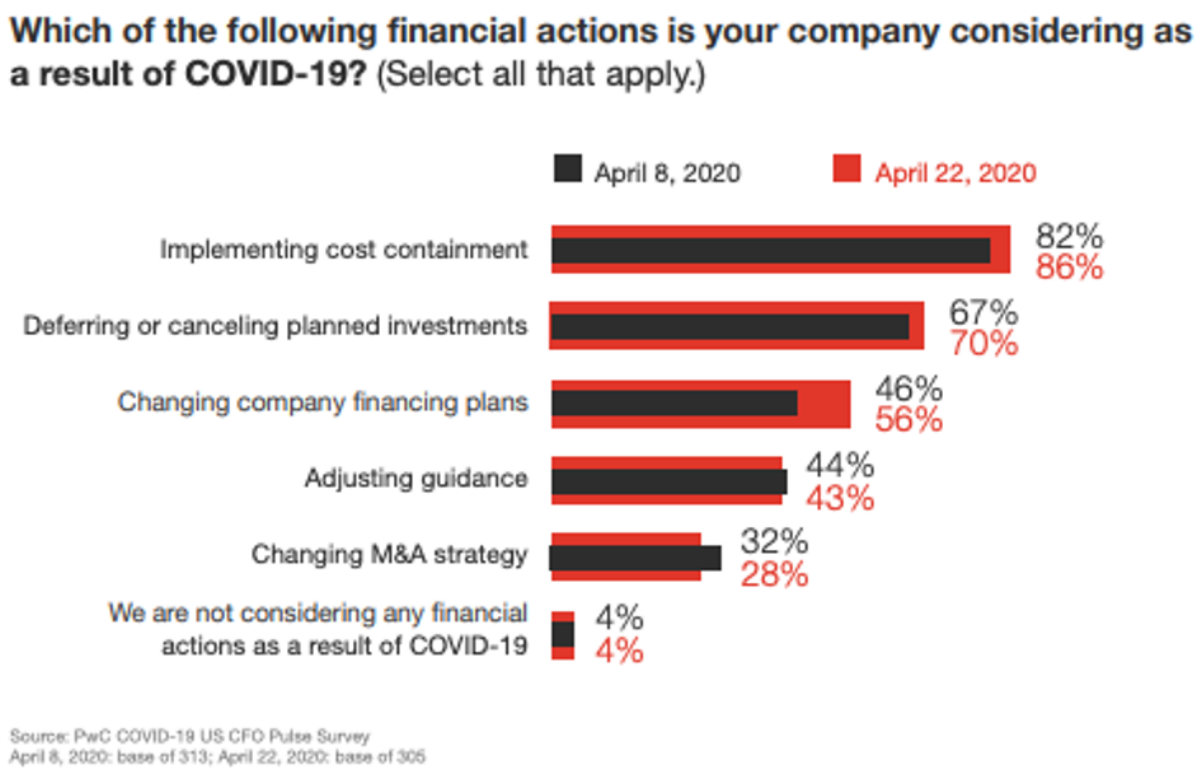


How CFO's think company revenues will be negatively impacted, according to PwC study PWC

Surprisingly, 42% of CFO's are not incorporating the potential of a "second wave" outbreak of COVID-19 in their financial planning for 2020, according to Gartner. Despite a lack of these precautions, concern about the macro-economic impact from the pandemic doubled among CFOs since the beginning of April.

Accelerated Cost Cutting

The move to cut costs intensified since the last PwC study two weeks ago, with 32% of CFO's expecting layoffs in the next month up from 26%. Protecting liquidity and cash is the paramount concern for 71% of CFO's. In upcoming financial statements and investor briefs, 91% of CFOs plan on discussing the COVID-19 impact on their companies.



Where to expect companies cutting costs, according to PwC study. PWC

Some of the stop-gap cost-cutting measures include hiring freezes, ending travel, tighter management of discretionary costs and reducing contractors. Areas critical to growth are less likely to be hit, such as digital transformation, customer experience and cybersecurity.

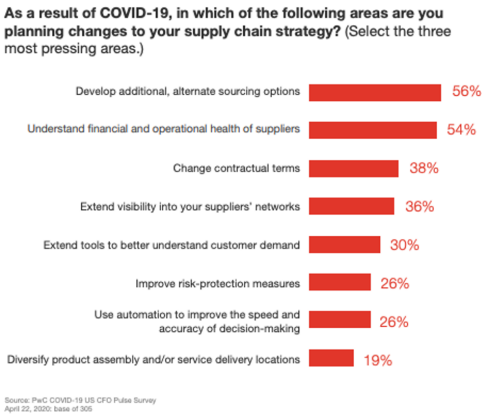
Amity Millhiser, PwC's chief clients officer, said "Many companies are turning to new technologies and digital solutions to help them adapt and maintain social distancing, which will likely be a new normal for the foreseeable future."

De-risking Supply Chains

CFOs report that de-risking their supply chains is a top priority, with 56% looking for alternative sources. Another 54% say they want a better understanding of the operational and financial health of their suppliers, according to the PwC report.

Companies will require more frequent communications with suppliers to minimize risk for another crisis. CFOs expect to increase supplier

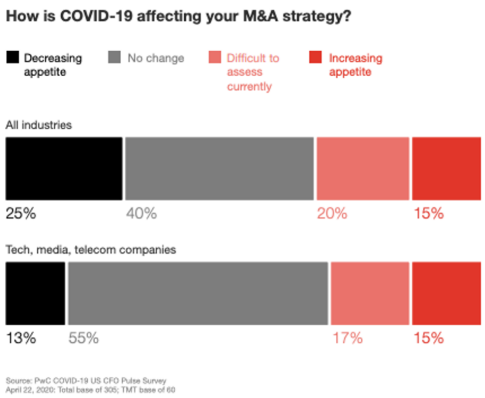
monitoring as well as accelerating the automation to certain segments of the supply chain.



How companies are di-risking their supply chain from April PwC study PWC

M&A Plans Cloudy

Up to 40% from 34% two weeks ago, CFOs expecting a change to their M&A plans in 2020. Many commented that it's too difficult to tell what the impact will be on M&A plans, according to the PwC report.



How CFO's see M&A plans into 2020, according to April PwC study PWC

CFOs within the technology, media, and telecommunications industry ran counter to the trend toward uncertainty in the M&A arena with 55% saying the crisis hasn't changed their strategy.

PwC surveyed 305 US CFOs and finance leaders between April 20-22, 2020. 89% of the respondents were from public and private companies in these top five sectors: consumer markets (14%), financial services (20%), health industries (12%), industrial products (23%), and technology, media and telecommunications (20%). 57 respondents are from Fortune 1000 companies. Gartner surveyed 99 CFOs and finance leaders between April 14-19, 2020.

Full coverage and live updates on the Coronavirus

The Evolving Role of Finance Chiefs

Sign up for The Balance Sheet, Forbes' biweekly newsletter from CFO Network Editor Ezequiel Minaya.

Enter your email address Sign up

Enter your email address Sign up

You may opt out any time. Terms and Conditions and Privacy Policy

Follow me on LinkedIn.

Neil Edwards

Follow

I am a New York City-based contributor to Forbes.com, where I cover all things digital and the CFO. Professionally, I guide large companies in the areas of digital... **Read More**

Site Feedback Tips Corrections Reprints & Permissions Terms Privacy

© 2020 Forbes Media LLC. All Rights Reserved. AdChoices

ADVERTISEMENT