

REPORT

7 Top Priorities for the C-Suite and Their Lieutenants

Where They're Spending— and Why



About the Author



Megan O'Brien is Brainyard's Business and Finance Editor, covering the latest trends in strategy for CFOs. She formerly served as a content creator at Deloitte. During her career at Deloitte, Megan worked with the C-suite programs with a focus on the CFO offerings. She then moved on to work for the Deloitte Global CEO's communications team, publishing content that was featured internationally at events like the World Economic Forum in Davos.

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Executive Summary

For companies looking to rebound after the pandemic-induced recession, business conditions have presented a few obstacles: long-term supply chain disruptions, labor shortages, inflation, changing regulations and COVID-19 surges, just to name a few.

Despite these difficulties, business leaders displayed broad optimism along with their plans to handle the challenges in **Brainyard's quarterly survey**. Here, we dive deeper into the concerns, priorities and strategies of the 500 respondents to further understand how companies with under \$250 million in annual revenue are planning for the next 12 months. We'll examine survey results by industry, company revenue and respondent role as well.

Key Takeaways:

- The manufacturing and distribution and logistics industries are facing major talent shortages, creating concern about meeting demand.
- IT, technology and data analysis are high priorities for all respondents regardless of industry, company revenue or job function.
- Smaller companies are beginning to majorly emphasize cybersecurity, moving it from one of the lowest-ranked priorities in previous surveys to one of the highest.

Talent Issues Remain, Fueling Concerns About Meeting Demand

We found finance leaders to be more optimistic throughout the survey, yet they were also more concerned about the effects of challenges on the business. Topping their list of concerns were COVID-19, changing regulations and taxes, and insufficient digital technologies. The only item about which non-finance leaders reported higher concern was unpredictable supply chains.

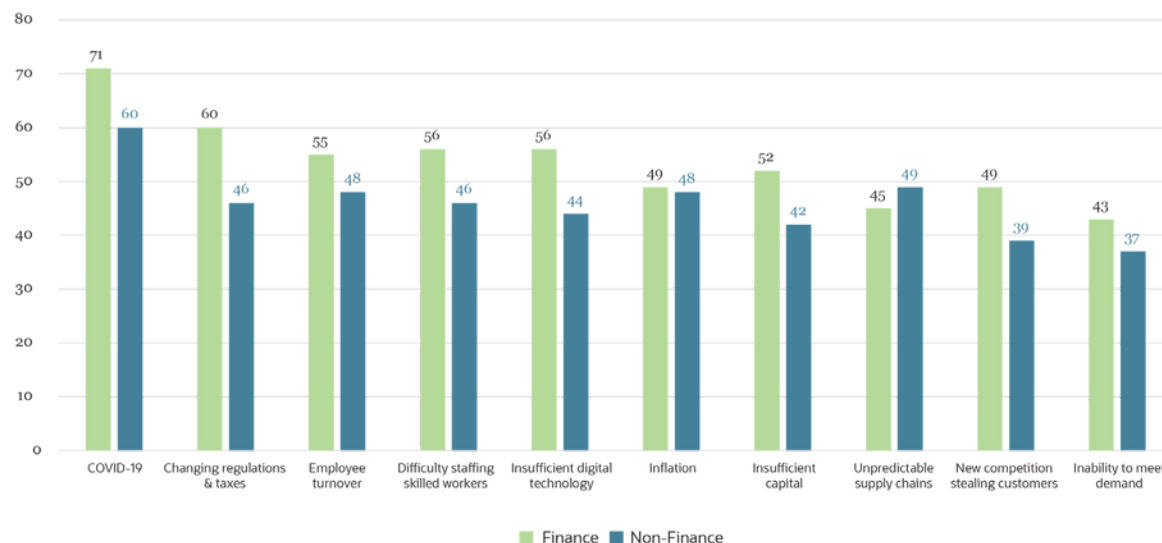
Manufacturing respondents were most likely to cite a lack of skilled workers and employee turnover as main areas of concern. The issue was prominent even before the pandemic, with many manufacturing workers retiring—now, the national labor shortage,

lack of needed skills and an increase in demand have exacerbated it. A report by Deloitte and The Manufacturing Institute estimated that U.S. manufacturing will have 2.1 million unfilled jobs by 2030.

Concerns overlapped again when manufacturing and distribution and logistics respondents all reported high concern about their ability to meet demand, likely due to the talent shortage and the increased demand in each of their industries. The same industries, plus retail, also registered high concern around changing tax and regulatory structures, which makes sense as each of them are especially vulnerable to any new shifts.

Chart 1

Degree of Concern Over the Next 12 Months (0 = No Concern; 100 = Major Concern)



Data: NetSuite Brainyard Summer/Fall 2021 Survey (500 respondents)

Finance Departments Prioritize Data

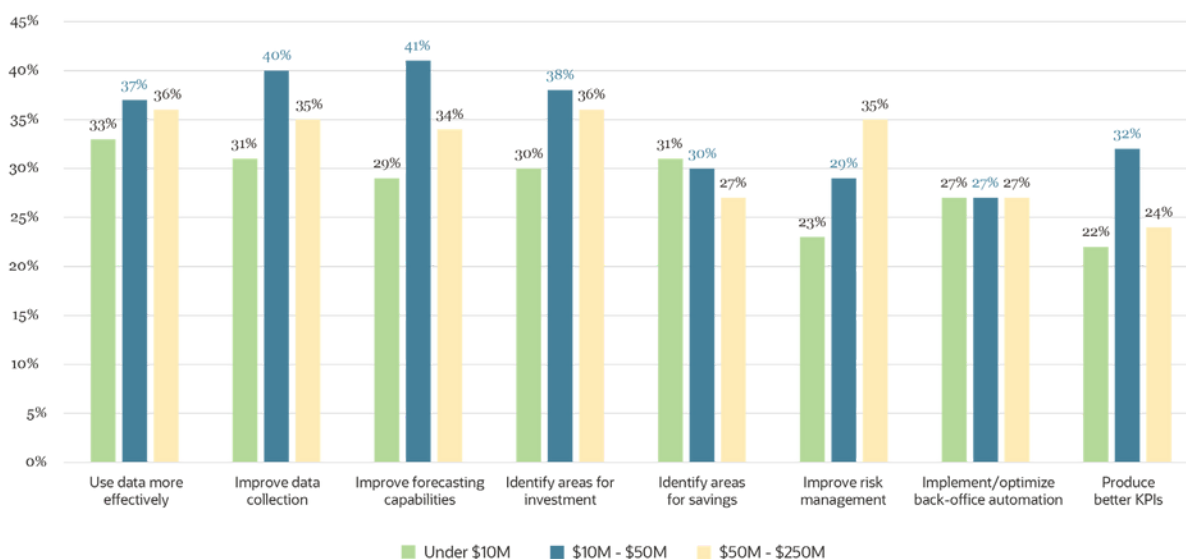
Finance team priorities differed notably when we cut the data by company revenue. Respondents from companies under \$10 million showed less focus on technology, as many likely haven't outgrown their early IT and back-office systems. Those in the \$10 million to \$50 million bracket are in an integral scaling stage, as evidenced by their prioritization of improving forecasting capabilities and data collection, as well as using data more effectively.

Respondents generally prioritize collecting and effectively using data. The C-suite, VPs/directors and managers all ranked the data-focused priorities within their top three, as did respondents from nearly every industry.

Perhaps unsurprisingly, finance leaders were more eager to implement finance automation than their non-finance peers.

Chart 2

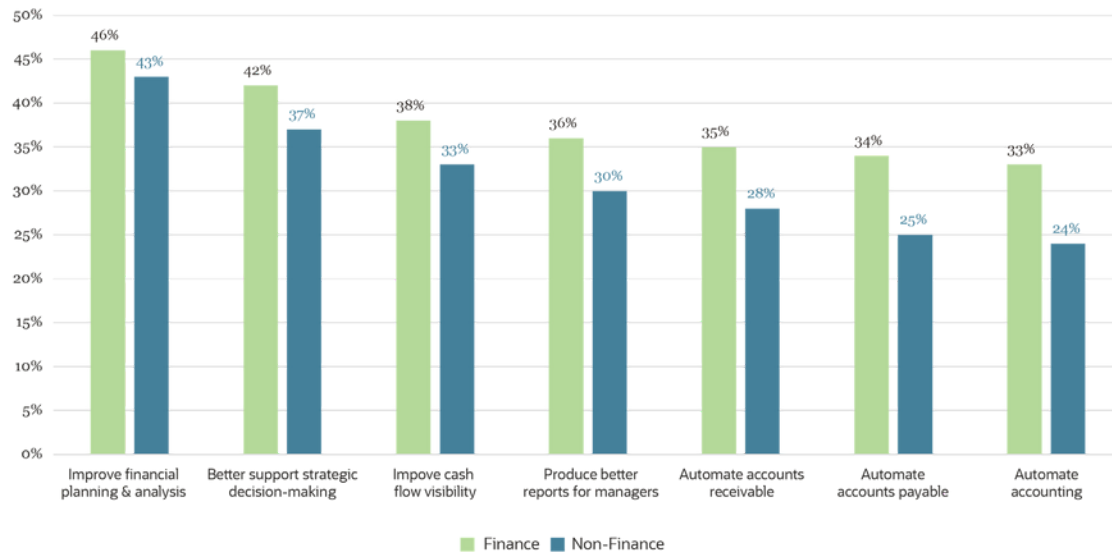
Priorities for the Finance Team (Select 3), by Company Revenue



Data: NetSuite Brainyard Summer/Fall 2021 Survey (500 respondents)

Chart 3

Finance Team Areas of Improvement in Next 12 Months: Finance vs. Non-Finance



Data: NetSuite Brainyard Summer/Fall 2021 Survey (500 respondents)

IT/Technology Continue to Reign in Spending Priorities

Regardless of company revenue, respondents reported the biggest expected spending increase in IT/technology. Those in the \$10 million to \$50 million range put the strongest emphasis here.

Surprisingly, nearly three times the number of finance leaders prioritized customer support versus their non-finance colleagues. As in our previous surveys, it seems that finance is flipping the traditional script by championing spending. Possible influences include finance knowing the full extent of the cuts made thus far—and understanding that further decreases could prove detrimental to growth. A desire to keep existing clients happy and spending—while ensuring new customers are satisfied—likely drives finance’s greater backing of investments in customer support.

C-suite respondents were far more likely to want budget increases than their VP/director peers, though managers were slightly more aggressive budget increasers. Hint: If you get a raise this year, thank the C-suite. They were the most likely by far to cite budget increases around payroll.

Other notable findings: Distribution and logistics respondents were nearly three times as likely to report plans for increasing payroll budgets versus other industries—probably due to their talent shortage. Respondents in the distribution and logistics, manufacturing and retail industries proved most inclined to increase budgets overall.

Chart 4

Spending Priorities for the Next 12 Months, by Company Revenue

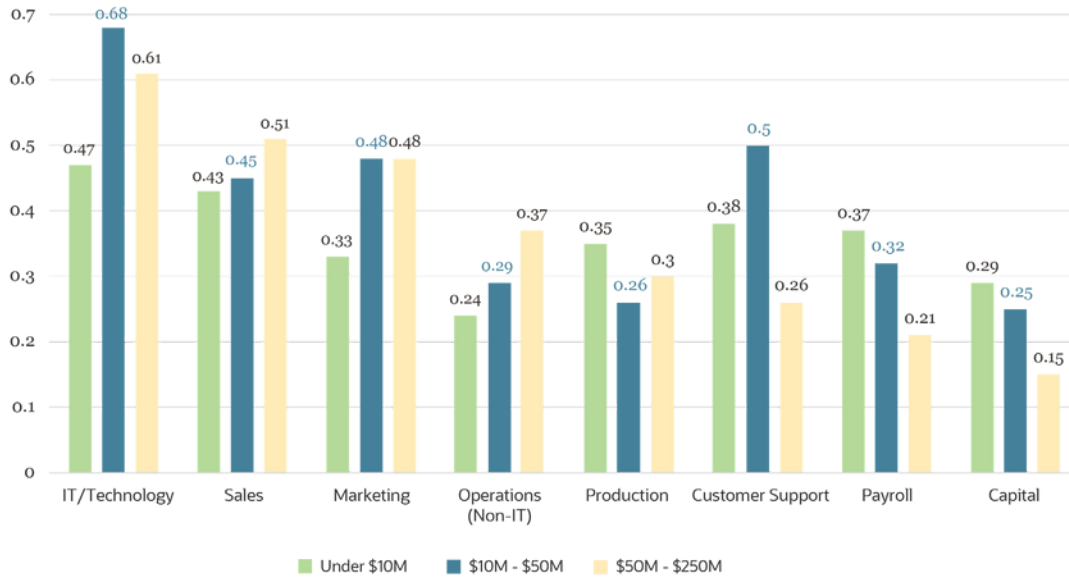


Chart range is -1.0 to 1.0, where 1.0 implies all respondents increasing budget 10% or more and -1.0 implies all respondents decreasing budget by 10% or more.

Data: NetSuite Brainyard Summer/Fall 2021 Survey (500 respondents)

Chart 5

Spending Priorities for the Next 12 Months: Finance vs. Non-Finance

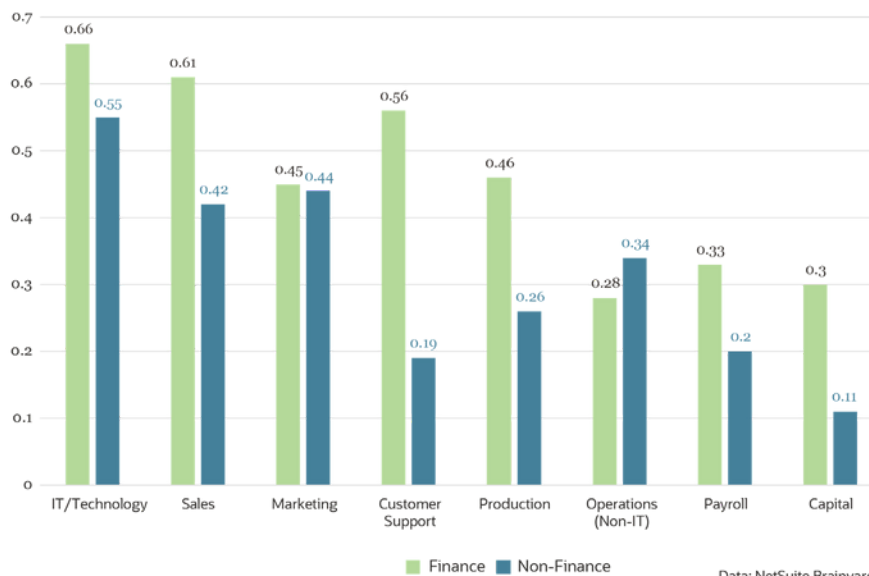


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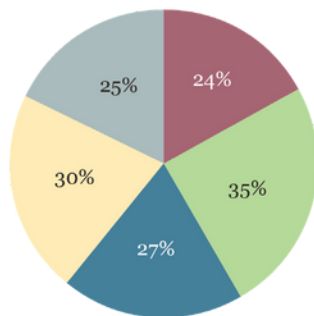
Cybersecurity Moves Up the Ranks in Overall Business Priorities

In our **Winter 2020 survey**, cybersecurity was one of the lowest-ranked priorities. Now, it is one of the top priorities for companies under \$50 million in revenue—and for good reason. From 2019 to 2020 alone, the FBI reported a 69% increase in cybercrimes. Cyberattacks on big companies dominate the news, but smaller businesses are increasingly targeted, as they're often easier marks, particularly when they

might be the weak point on a larger company's supply chain. Supply chain attacks like the **recent Kaseya cyberattack**, which infiltrate numerous companies via a legitimate yet infected software update, are increasingly common and difficult to defend against. It's clear that smaller firms are realizing their rising susceptibility and making security a priority.

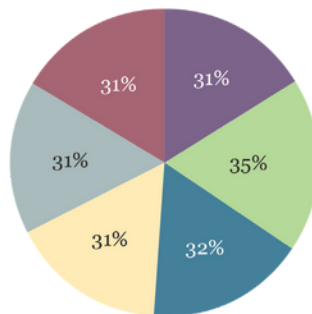
Chart 6

Top Overall Business Priorities (Choose Up to 4), by Company Revenue



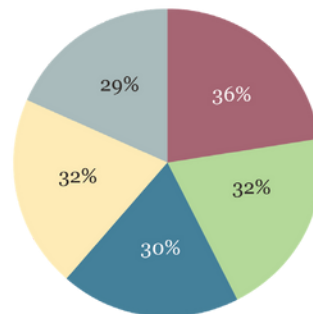
Under \$10M

- Improve customer experience
- Improve existing products
- Improve cybersecurity
- Improve data collection
- Improve back-office systems



\$10M - \$50M

- Improve customer experience
- Improve existing products
- Improve cybersecurity
- Improve customer-facing digital systems
- Launch new products/services
- Improve data collection



\$50M - \$250M

- Improve customer experience
- Improve existing products
- Expand marketing efforts
- Improve customer facing digital systems
- Improve back-office systems

Data: NetSuite Brainyard Summer/Fall 2021 Survey (500 respondents)

\$10M-\$50M Companies Plan to Embrace New Capabilities, Customers and Products

When asked for the main ways their company would drive growth, respondents from midmarket businesses were the most likely to cite creating and enhancing ecommerce capabilities, selling into new channels, expanding production capacity, adding new products, and adding new recurring revenue offerings. They were also the least likely to say they'll drive growth by selling more to existing customers. When asked about strategies to improve revenue over the next year, respondents at these midsize companies were nearly 10% more likely to cite expanding to new geographies both domestic and international.

Respondents from companies with less than \$10 million or more than \$50 million in revenue tended to err away from moves like adding new products or selling into new channels, likely for very different reasons. Smaller businesses are often still focused on growing their core offerings, hence the hesitation to aggressively add new products or sell into new channels. Larger companies may have already taken measures like creating ecommerce capabilities, explaining their proclivity toward increasing current customer sales, and expanding marketing efforts.

Companies Ready to Revisit Pricing in Response to External Pressures

Respondents from companies across revenue categories saw more eye-to-eye when asked about their strategies to improve revenue over the next year. Respondents from all companies, but particularly those under \$10 million and between \$10 million and \$50 million, acknowledged the need to modify pricing. In addition to issues around the supply chain and labor shortages, respondents are dealing with higher costs for payroll, energy and raw materials.

Between May 2020 and May 2021, commodities tracked by the Producer Price Index rose 19%, the largest year-over-year increase since the days of "stagflation" in 1974.

To deal with these pressures, many companies are revisiting their pricing. Can they pass some increases on to the consumer to protect profit margins? Given that the BLS' Consumer Price Index is heading up about as fast as producer pricing, executives are likely feeling fairly comfortable about hikes.

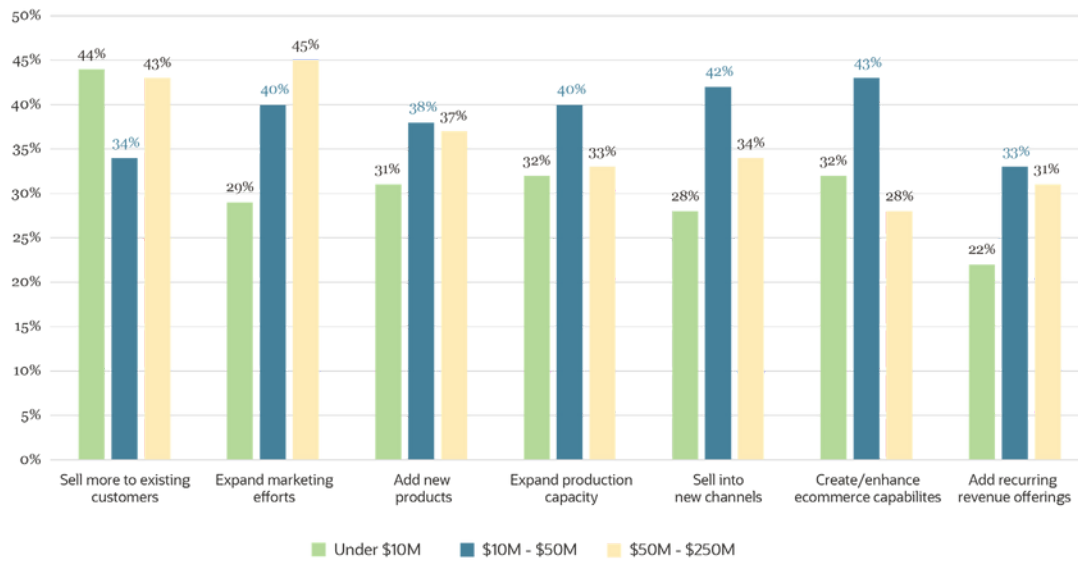
When we cut the data by role, managers appear to be heading the charge into new areas, as they chose selling into new channels, creating or enhancing ecommerce capabilities, and expanding production capabilities as their methods for scaling. In comparison, the C-suite and VP/director respondents were a little more old-school, with selling more to existing customers as one of their top drivers of growth. However, it is worth noting that the C-suite and VP/director respondents showed interest in innovation.

Adding new products was one of the C-suite's top growth strategies, and many VPs/directors cited selling to new channels. In terms of improving revenue streams, the C-suite and managers reported a focus on adding/enhancing products and services, whereas VPs/directors placed their proverbial eggs in the basket of improving supply chains and acquiring new talent.

In order to drive growth, manufacturing respondents said they'll look to create or enhance their ecommerce capabilities, retail toward adding new products, professional services toward expanding marketing, and distribution and logistics toward selling into new channels.

Chart 7

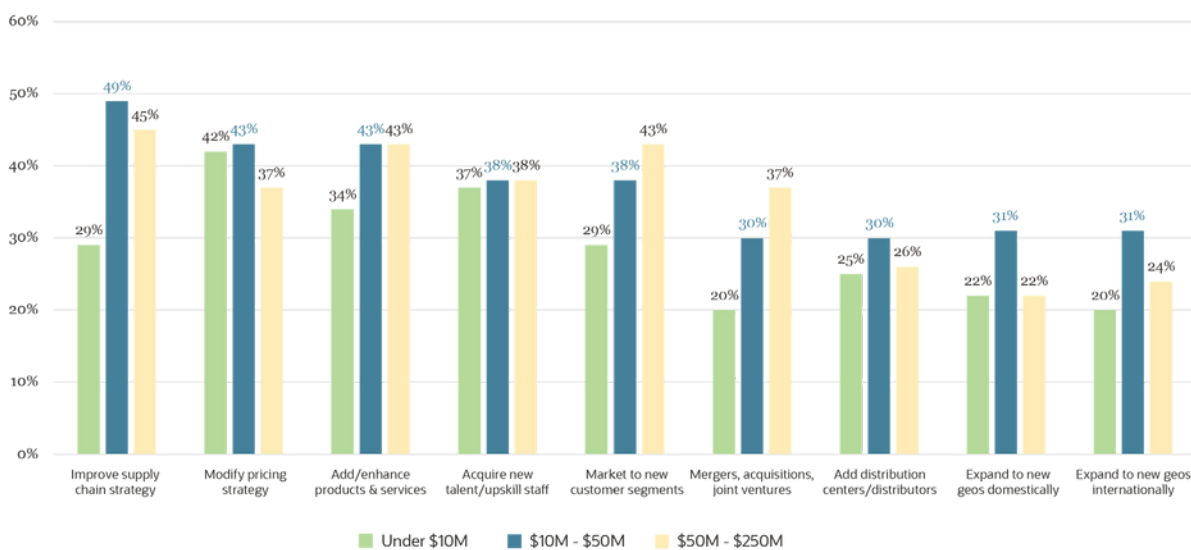
Main Ways Your Company Will Drive Growth (Select Up to 3), by Company Revenue



Data: NetSuite Brainyard Summer/Fall 2021 Survey (500 respondents)

Chart 8

Strategies to Improve Revenue Over the Next 12 Months (Select All), by Company Revenue



Data: NetSuite Brainyard Summer/Fall 2021 Survey (500 respondents)

The Bottom Line

Companies face a broad array of potential downside impacts. However, business leaders seem to recognize these issues and still retain a healthy level of optimism. It seems they are willing to spend and evolve to overcome challenges around supply chains, labor shortages, increasing risk and shifting customer demand, indicating that growth will still be a focus over the next year.



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