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CFO Perspective on the 2024 CEO Survey

Comparing CFO and CEO 2024 Strategic Business Priorities

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CFOs and CEOs are focused on growth and technology in 2024, with a surge in interest in AI impacting their thinking across multiple priorities. CFOs can use this research to understand areas of alignment with and divergence from their CEO's perspective, and determine a consensus path forward.

Overview

Key Findings

- Interest in artificial intelligence (AI) has skyrocketed over the past year. Within the technology business priority, the share of AI mentions saw a 10x increase for CFOs and a 5.4x increase for CEOs, making AI the top technology-related business priority for both groups.
- CEOs and CFOs are exploring talent shifts across a broad time horizon, citing employees' rising compensation expectations and desire for flexibility in the short term and the impacts of AI in the long term.
- This year, a much larger proportion of CEOs (62%) have identified growth as their top priority, compared to last year (45%). However, this year, CEOs' and CFOs' views split on cost management, with more CFOs citing it as a priority than CEOs (a difference from last year's closer alignment on costs).
- CEOs see environmental sustainability as more important to growth than CFOs do. In contrast, CFOs are more likely than CEOs to view sustainability initiatives as a marketing tool.

Recommendations

As initial steps to support their CEO's top priorities while advocating for their own perspective, CFOs should:

- Ground enterprise AI discussions in responsible plans and projections to avoid common pitfalls associated with AI adoption. This might include developing a clear and common understanding of the options for acquiring AI, and asking questions about how the organization's use and governance of AI is likely to evolve over time.
- Push the organization to address near-term talent challenges now — instead of waiting for AI's potential talent impacts to play out — by providing the CEO with a cost-based understanding of actions to take. For instance, offering flexibility can help boost retention and save the organization on attrition costs.
- Explore options to boost growth — such as by reducing risk aversion and accounting for the differences in digital versus traditional growth investments — while educating their CEO on how to cut costs without sacrificing growth.
- Determine whether their CEO's sustainability ambitions call for compliance, optimization or transformation.

The findings show that growth remains the top priority for both CEOs and CFOs. However, it increased by 38% as a priority for CEOs compared to last year (see Figure 1). Interest in technology remains steady among both groups, but opinions on the workforce are trending in opposite directions: workforce prioritization has increased by 44% for CFOs, while it decreased 29% for CEOs.

Figure 1: CFOs' and CEOs' Top Strategic Business Priorities for 2024-2025
Summary top 3 mentions, coded responses

n = 81 CFOs; 282 CEOs
Q: To start, please tell us about your organization's top 5 strategic business priorities for the next 2 years (2024/2025).
Source: 2024 Gartner CEO and Senior Business Executive Survey

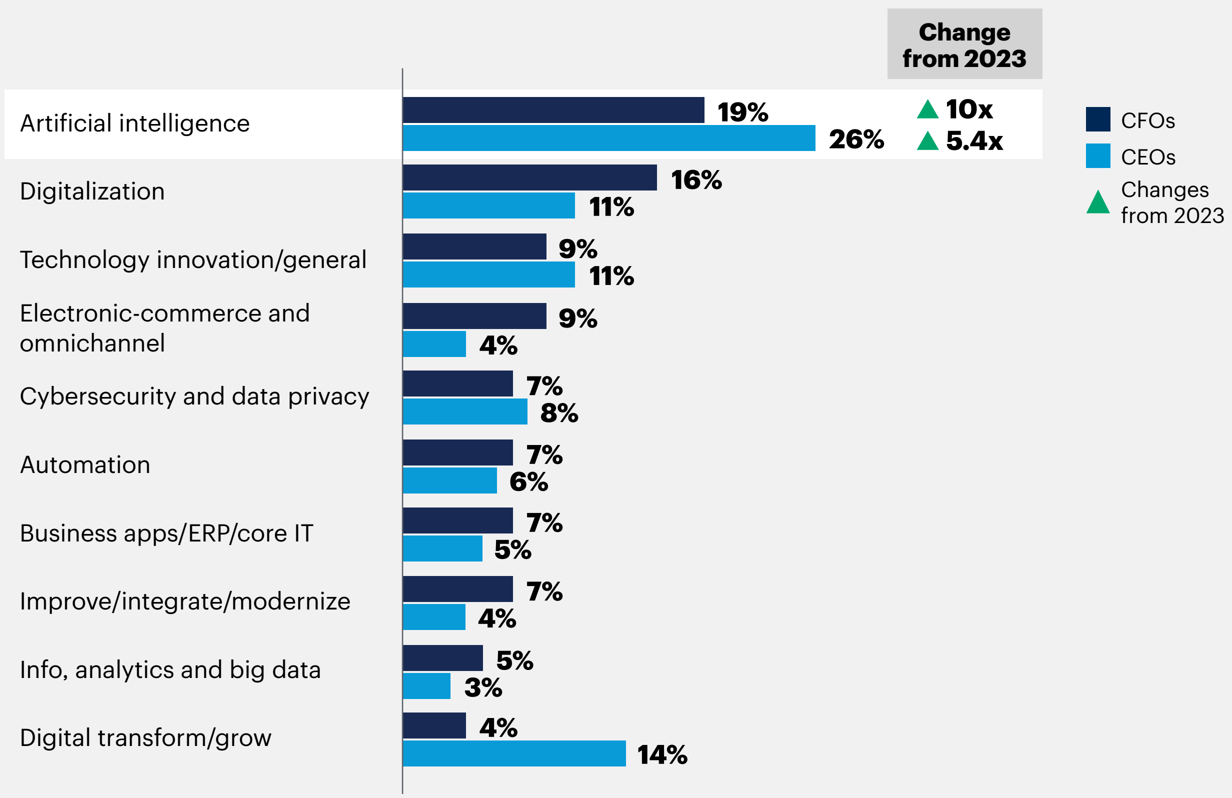
Across these priorities, there are four important themes from the survey results that CFOs need to know. CFOs should use these findings — along with our recommended action steps — to understand how CEOs view major aspects of the business and to initiate discussions with their CEO on how to best shape their priorities. Click on the hyperlinked titles below to jump to the relevant section.

1. Technology: Skyrocketing attention to AI
2. Workforce: Pressing talent challenges persist amid AI's anticipated future impact
3. Cost and Growth: A strong focus on growth, but diverging views on cost management
4. Environmental Sustainability: More central to growth for CEOs than CFOs

AI Rapidly Accelerates to Top Technology Focus Area for CFOs and CEOs

AI's mind share among CFOs and CEOs has skyrocketed over the past year, with a 10x increase of AI mentions within CFOs' tech-related business priorities and a 5.4x increase in the percentage of mentions by CEOs. This has made AI the top technology-related business priority for both groups (see Figure 2).

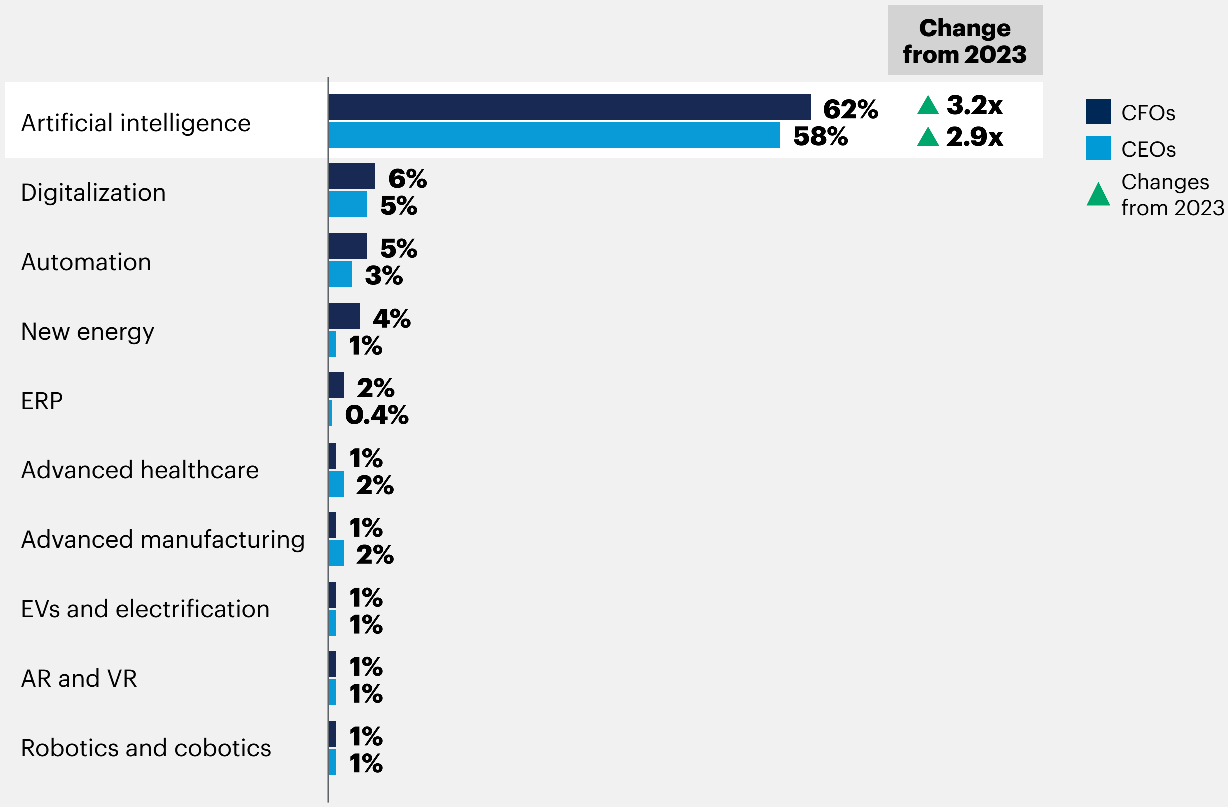
Figure 2: CFO and CEO Sublevel Priorities Within the Technology Category of Strategic Business Priorities — 2024-2025
Percentage of mentions within category — Top 5 priorities



n = 57 CFOs; 192 CEOs
Q: To start, please tell us about your organization's top 5 strategic business priorities for the next 2 years (2024/2025).
Source: 2024 Gartner CEO and Senior Business Executive Survey
Note: Numbers may not total 100% due to rounding.

In addition, both CEOs and CFOs overwhelmingly named AI as the technology set to impact their industry the most within the next three years (see Figure 3).

Figure 3: The New Technology That CEOs and CFOs Believe Will Most Significantly Impact Their Industries Over the Next Three Years
Coded responses



n = 81 CFOs; 282 CEOs
Q. The new technology that will most significantly impact our industry over the next three years is.
Source: 2024 Gartner CEO and Senior Business Executive Survey
Note: Numbers may not total 100% due to rounding

One of the primary drivers of this accelerated interest in AI is a shared belief among CEOs and CFOs that their enterprises can quickly realize significant productivity gains from broad AI use. This is the case even while most organizations today remain in the earlier stages of AI piloting and experimentation.

For instance, CFOs expect an average 14% increase in workforce productivity from generative AI in 2024 and 2025, while CEOs expect an 18% increase. As a point of comparison, U.S. worker productivity rose just 2.7% in 2023, according to the Bureau of Labor Statistics.[2]

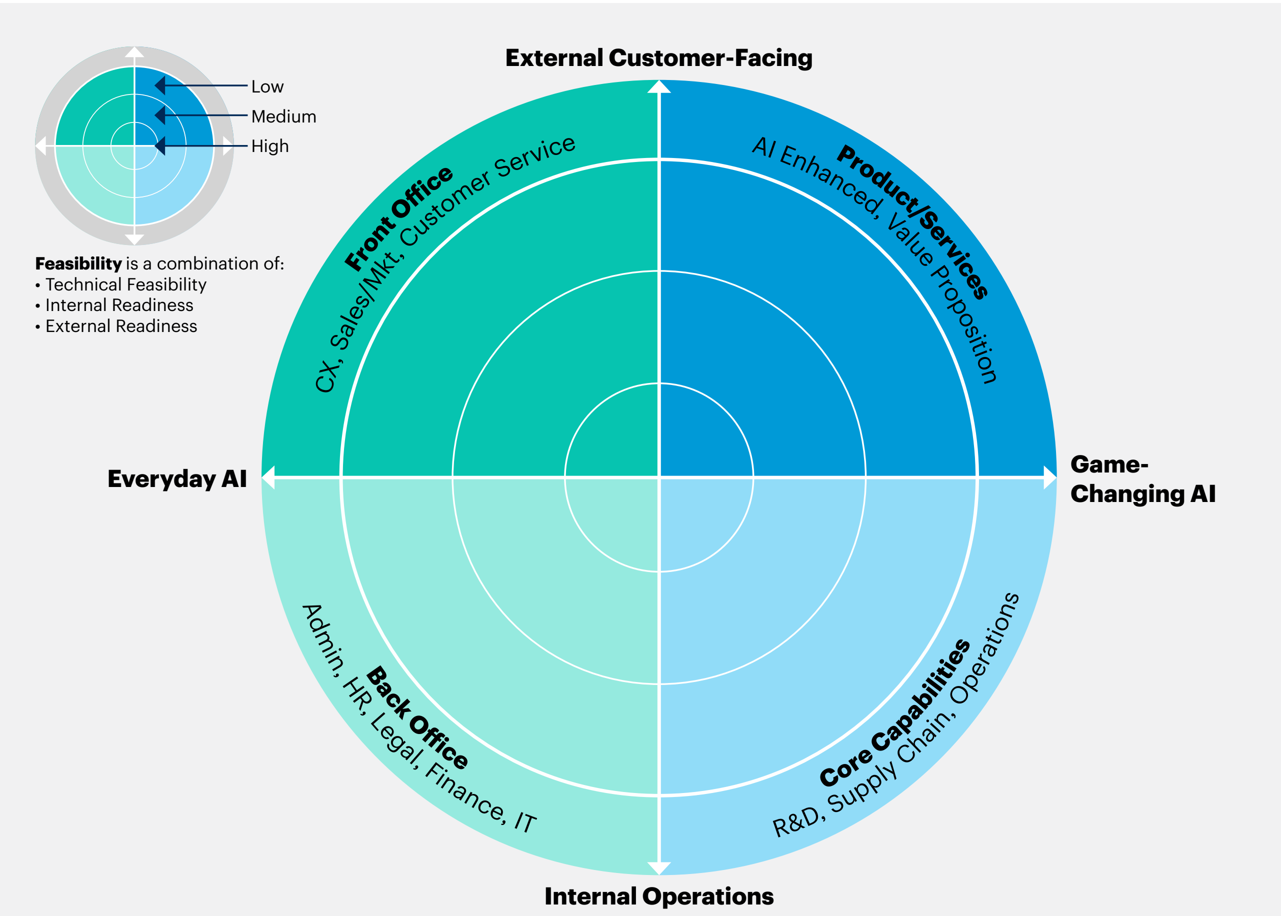
While the promise of AI offers exciting possibilities, organizations should note that their optimism around AI, coupled with accelerated AI spend and a lack of experience governing this new technology, could also lead to significant adverse impacts. CFOs are well-positioned to help their organization pressure-test expectations and plans for AI, because they have:

- A high-level understanding of potential threats AI misuse could pose, thanks to their portfolio view of the company's finances.
- Data analysis expertise, which enables them to price the dangers of using this earlier-stage technology.
- Well-informed insight into the trade-offs that come with exploring new opportunities.

CFOs can combine these three strengths to ensure the enterprise's AI plans and projections are grounded and responsible. Three important ways they can do so are:

1. **Help determine how the organization should pursue AI:** Clarifying their organization's "AI ambition" as soon as possible, by using the framework in Figure 4, is important because initial, ad hoc experiments can only ever offer limited returns.

Figure 4: The AI Opportunity Radar



Source: Gartner

2. **Understand the four options for acquiring AI:** CFOs need to know how these methods differ from those used to acquire more traditional technology investments so they can avoid common pitfalls associated with AI adoption.
3. **Ask questions about how the organization's use and governance of AI is likely to evolve over time:** To do this, ask about AI's potential future impact, how to make sure the organization's AI remains operational and continues to develop in the long term, and how the organization will establish governance that reacts to and learns from surprises.

CFOs Are More Tuned-In to Near-Term Talent Issues Than CEOs, While Both Expect Significant Longer-Term Workforce Impacts From AI

Both CEOs and CFOs are optimistic about AI's potential for cost savings and productivity enhancements, but more CFOs than CEOs hold concerns about near-term talent challenges AI can't yet address.

Many CEOs and CFOs anticipate talent-related impacts from AI within the next year to five years. These expectations may or may not prove to be realistic. Consider the following findings:

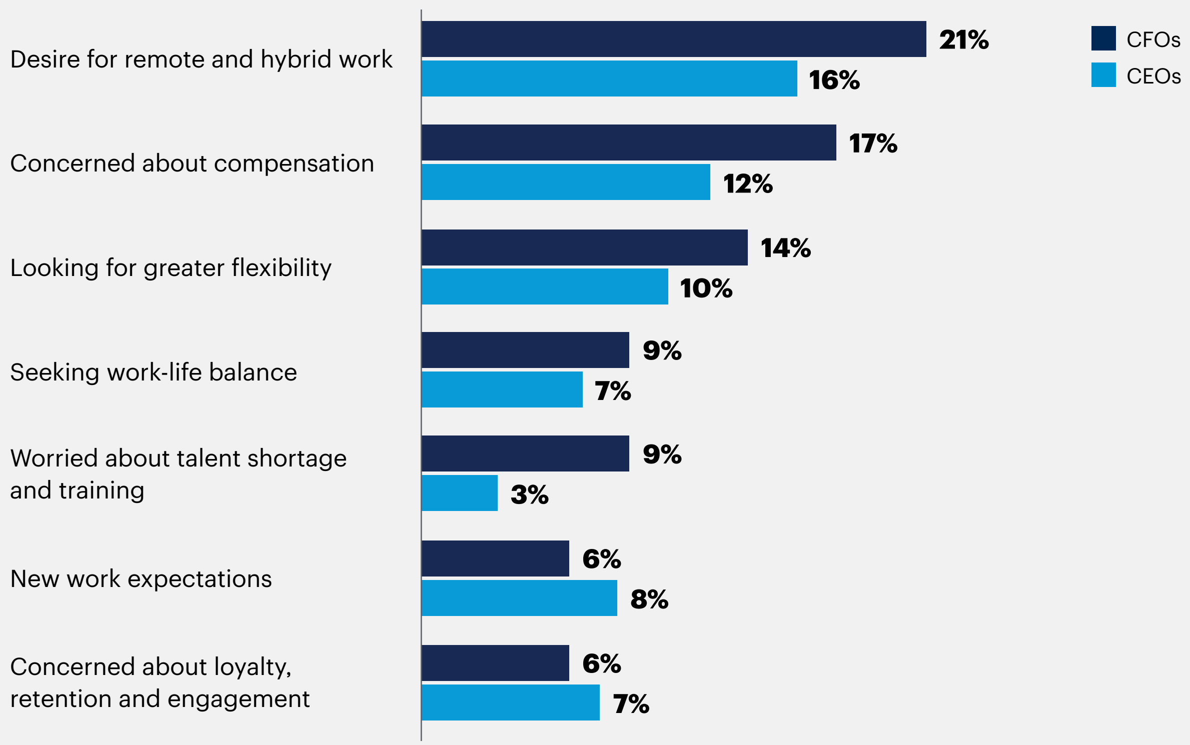
- 87% of CFOs and 86% of CEOs said AI would be used to control or reduce costs in 2024 and 2025. Of that group, 35% of both CFOs and CEOs said this would be done through reducing headcount and attrition.[1]
- 83% of CFOs and 87% of CEOs said AI will be used to help maintain or grow company revenue in 2024 and 2025.[1] Of that group, nearly a third of CFOs and nearly a quarter of CEOs believed that this would be accomplished by freeing up capital and talent through productivity and/or efficiency.
- Slightly more than half of CEOs and CFOs agree that AI is likely to alleviate talent shortages over the coming five years.

As both groups look ahead on AI, CFOs are more concerned than CEOs about several near-term talent challenges that could pose a more immediate risk to the organization (see Figure 5). Three high-level issues in particular — each with a cost component that CFOs can advise on — are on their minds:

1. Higher compensation expectations
2. The desire for greater flexibility (e.g., in working patterns or location)
3. Talent shortages

Figure 5: Top Shifts of Employee and Prospective Employee Behavior, According to CEOs and CFOs

Coded responses — showing top responses



n = 81 CFOs; 281 CEOs
Q: In a few words - what is the biggest shift of employee and prospective employee behavior that you will be dealing with in 2024-2025?
Source: 2024 Gartner CEO and Senior Business Executive Survey

CFOs must help their CEO balance longer-term planning for AI talent implications with a cost-based understanding of the actions the organization needs to take now on these three near-term talent challenges.

As a starting point for longer-term AI planning discussions, CFOs should contribute a cost-focused perspective to initial planning for the long-term talent implications of AI. CFOs should start with an understanding of the organization's AI ambition. Then, as a first step toward determining staffing implications, CFOs should work with HR to begin mapping out which teams would be affected were the organization to successfully act on its AI commitments from its AI ambition.

In addition to planning for AI's talent implications, CFOs should help their CEO think through how best to address near-term talent challenges by:

- **Helping the CEO understand the costs and benefits of layoffs:** For organizations that need to reduce compensation costs in the short term, CFOs should assess both financial and nonfinancial pros and cons of this approach, as well as how alternatives to layoffs compare.

- **Providing their perspective on the cost savings of new tactics to bridge talent gaps:** CFOs should work with HR to explore resource-effective ways to obtain in-demand talent, such as "quiet hiring" — that is, acquiring new skills and capabilities without adding new full-time employees.
- **Pushing for the flexible work policies employees want:** If pay increases aren't feasible, CFOs concerned about potential attrition challenges can make a strong case for this alternative. For example, they can highlight that the average high performer at an organization with a return-to-office mandate has a 16% lower intent to stay than employees at organizations without these requirements.[3]

CEOs Match CFOs' Attention to Growth — But Diverge on Cost Management

CEOs and CFOs are united when it comes to prioritizing growth this year, but they've diverged in their previously aligned focus on cost management.

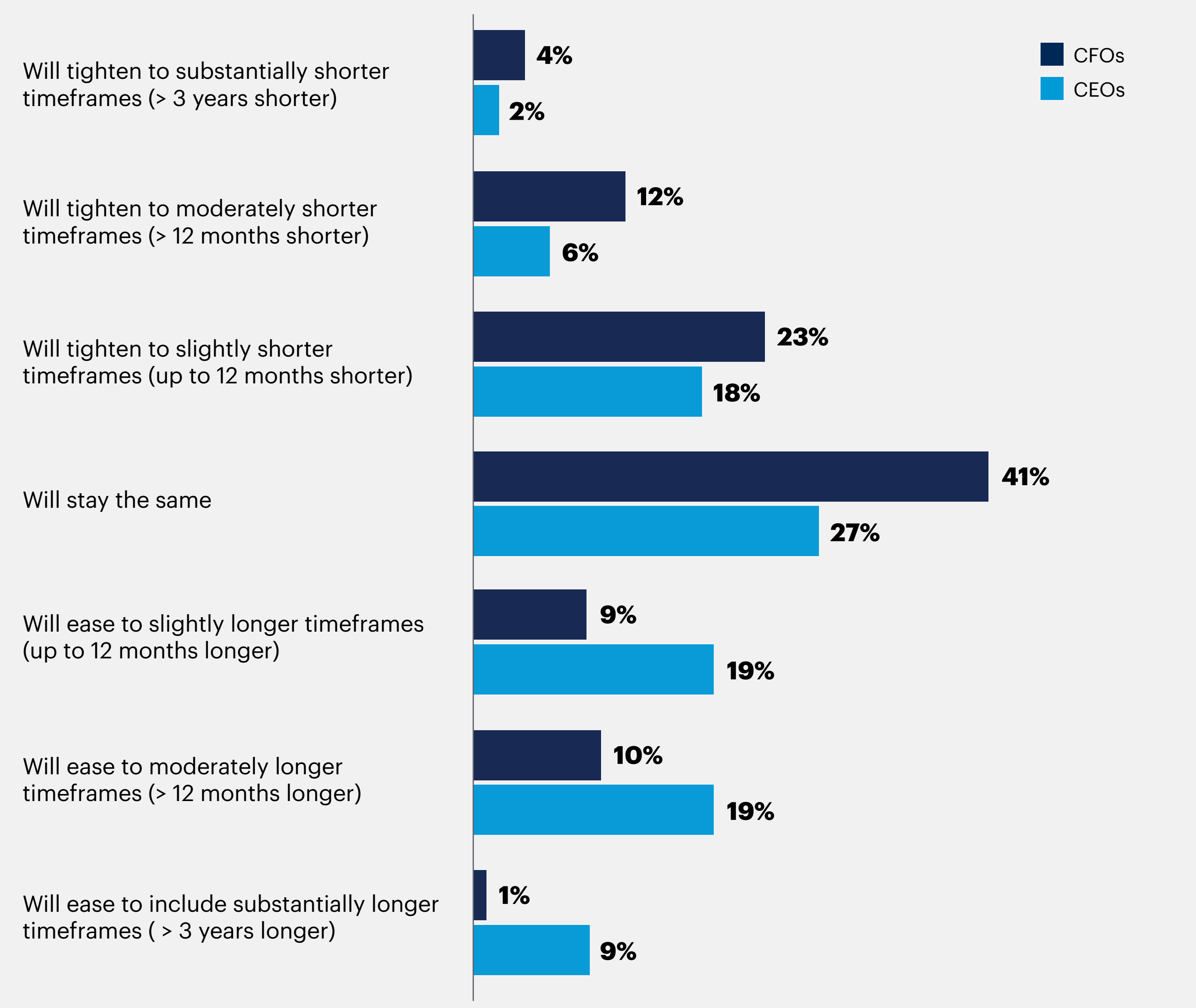
Growth remains CEOs' and CFOs' top strategic business priority, as it was last year (see Figure 1). However, the percentage of CEOs naming growth as a major priority this year rose to 62%, up from 45% last year. This brings them in line with the percentage of CFOs prioritizing growth (65% this year, remaining relatively steady from last year's 62%).

The two groups diverge, however, when it comes to cost management. While it's unsurprising that this is a focus area for CFOs, they've been relatively aligned with CEOs on this for the past two years. In 2023, 16% of CFOs and 14% of CEOs cited it as a top priority, up from 9% of CFOs and 8% of CEOs in 2022. However, this year, that alignment ended: 21% of CFOs named cost management as a priority, but just 15% of CEOs did so. This marks a 33% year-over-year rise for CFOs, but only a 6% rise for CEOs.

Another indicator of CEOs' lesser focus on cost management — and a potential explanation for this finding: they're more likely than CFOs to expect more breathing room on investment payback periods (see Figure 6).

Figure 6: How CFOs and CEOs Expect Internal Investment Time Horizons to Change in 2024-2025

Time horizon of internal investments



n = 81 CFOs; 282 CEOs
Q: Compared to 2022-2023, how do you expect the required internal investment time horizon to change in 2024-2025?
Source: 2024 Gartner CEO and Senior Business Executive Survey

To clarify these areas of disagreement — while also positioning the organization to succeed on the shared priority of growth — CFOs must have a conversation with their CEO to make sure they're aligned on three important factors:

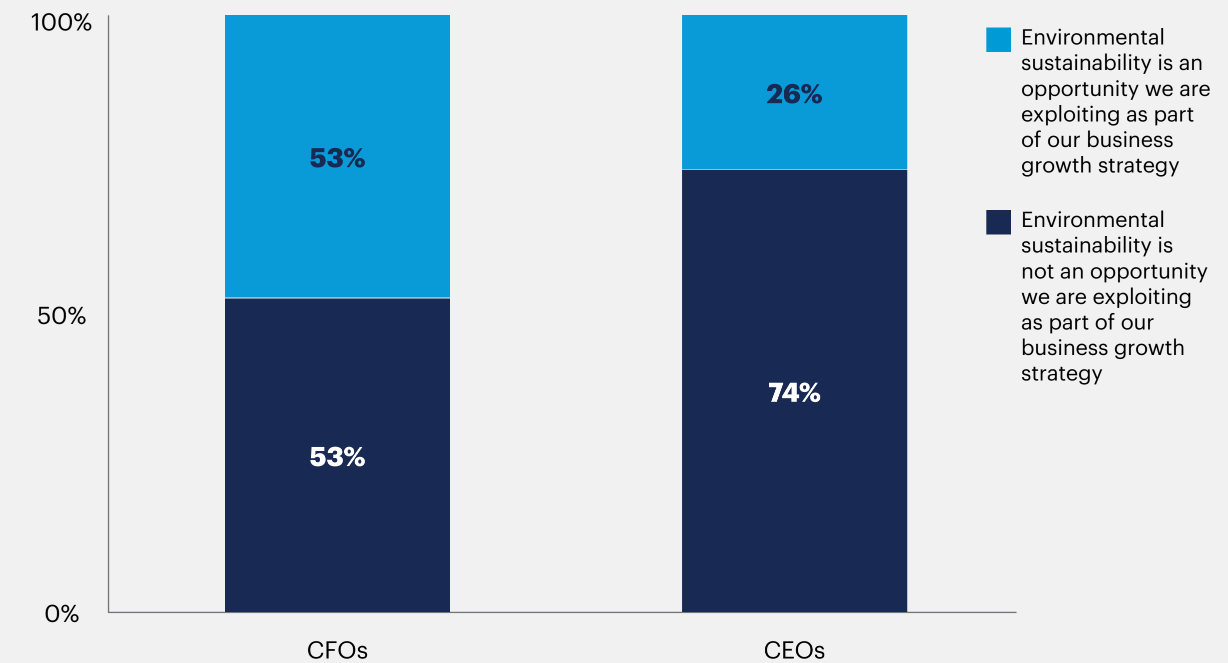
1. **Digital investments:** CFOs should discuss what's prompting their CEO's flexibility on investment time horizons. For many organizations, this is likely to relate to the longer timelines that transformational investments in technology require to deliver returns. If this is the case, one way CFOs can support their CEO's flexibility here is to revise scorecards for digital investments to make sure they capture nonfinancial benefits like end-user behavior changes. This will help demonstrate a return at an earlier stage compared to waiting for financial outcomes.
2. **Risk appetite:** CFOs should understand how their CEO views risks taken in the pursuit of growth. One way CFOs can support CEOs with a bold vision for growth is to work on reducing business leaders' risk aversion. To build business leaders' risk tolerance, CFOs can fund growth investments on a gradual basis, allocating resources in stages after receiving ongoing proof of the project's soundness.
3. **Cost cuts that support growth:** To make the case for cost management to their CEO, CFOs can start by explaining which costs they won't cut. At the top of their list should be costs that help differentiate their organization. Safeguarding these costs is crucial as cutting them risks damaging long-term growth prospects.

CEOs View Environmental Sustainability as More Central to Growth Than CFOs

CFOs are skeptical about the value sustainability can offer, while CEOs are more likely to view it as a growth opportunity. Around three quarters of CEOs say they're exploiting environmental sustainability as part of their business growth strategy, whereas only about half of CFOs share the same perspective (see Figure 7). (Interestingly, responses to this question differ by region, with significantly higher percentages of respondents from Europe, APAC and Latin America stating they are using sustainability to drive growth compared to those in North America.)

Figure 7: CFO and CEO Perspectives on Environmental Sustainability as a Growth Opportunity

CFOs' and CEOs' view on environmental sustainability



n = 78 CFOs; 274 CEOs
Q: Please tell us which of two opposing viewpoints most closely represents your view?
Source: 2024 Gartner CEO and Senior Business Executive Survey

When asked about the top two ways they're using environmental sustainability to drive business growth, similar percentages of the two groups (33% of CFOs and 34% of CEOs) named "sustainable products and services." However, CFOs' doubts about the inherent value of sustainability efforts are evident in the fact that 26% cited "marketing" in answering this question, while only 12% of CEOs did so.

Sustainability is not as urgent a priority for CEOs as areas like growth or technology. Just 11% cite sustainability as a top business priority, compared to 6% of CFOs (see Figure 1). Yet its presence in CEOs' top ten priorities, as well as CEOs' stronger relative beliefs about its value, means CFOs shouldn't overlook it.

For CFOs who haven't prioritized sustainability, now is the time for a conversation with their CEO. CFOs' first aim should be to clarify their CEO's sustainability ambitions and how they can support growth. For most organizations, these ambitions will fall into one of three categories (see Figure 8).

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Figure 8: Three Differing Strategic Ambitions for Sustainability
How to set strategic ambition for sustainable business

Sustainability Compliance	Sustainability Optimization	Sustainability Transformation
Business Objective Risk	**Business Objective** Reputation	**Business Objective** Returns
Business Outcomes • Comply with regulations • Avoid fines, sanctions, loss of customers • Deliver shareholder returns • Improve relationships with policy makers • Avoid stranded assets • Improve business reputation	**Business Outcomes** • Increase brand • Improve resource efficiency • Reduce costs • Attract customers, investors and talent • Improve ecosystem resilience • Achieve goals	**Business Outcomes** • Innovate new products • Grow through new sustainable business models • Performance through industry ecosystems and partnerships • Differentiate from competitors

Source: Gartner
Note: Executive Actions are listed in the table below

After this conversation, CFOs should revise their investment evaluation criteria to take these goals into account (such as by incorporating nonfinancial criteria, as well as opportunity costs and the costs of inaction).

Data Insights

Rising interest in AI and a renewed focus on growth shape CFOs' and CEOs' priorities for the next two years, according to the 2024 Gartner CEO and Senior Business Executive Survey, which surveyed 81 CFOs and 282 CEOs across industries and locations.[1]

Evidence

[1]2024 Gartner CEO and Senior Business Executive Survey: This survey was conducted to examine CEO and senior business executive views on current business issues, as well as some areas of technology agenda impact. The survey was conducted from July 2023 through December 2023, with questions about the period from 2023 through 2025. One-quarter of the survey sample was collected in July 2023, and three-quarters was collected from October through December 2023. In total, 416 actively employed CEOs and other senior executive business leaders qualified and participated. The research was collected via 356 online surveys and 60 telephone interviews. The sample mix by role was CEOs (n = 282); CFOs (n = 81); COOs or other C-level executives (n = 32); and chairs, presidents or board directors (n = 21). The sample mix by location was North America (n = 175), Europe (n = 94), Asia/Pacific (n = 93), Latin America (n = 41), the Middle East (n = 8) and South Africa (n = 5). The sample mix by size was $50 million to less than $250 million (n = 77), $250 million to less than $1 billion (n = 101), $1 billion to less than $10 billion (n = 166) and $10 billion or more (n = 71). Disclaimer: Results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

[2] Can America Turn a Productivity Boomlet Into a Boom?, The New York Times, 14 February 2024.

[3]2023 Gartner Modern Employee Experience and Manager Development Survey: This survey was conducted to understand major factors affecting employee experience and the effective methods to develop leaders at different levels. The research was conducted online from 8 May through 1 June 2023 and contains responses from 3,493 employees with representation from various regions, industries, and functions.

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