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Chris Hildreth, Duke Photography

CFOs predict bleak future

Many say the economy is 14 months from recovery

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It's a tough time for bean counters to stay upbeat.

Reinforcing the widely held belief that this recession isn't going away quietly, or quickly, the latest quarterly survey by Duke University and CFO Magazine puts optimism among chief financial officers at an all-time low.

Most CFOs believe the U.S. economy won't begin to recover for another 14 months, according to the survey released Wednesday. Only 35 percent of CFOs say any economic recovery will begin this year.

"This is very troubling," Kate O'Sullivan, senior writer at CFO Magazine, said in a statement. "Given the CFOs' track record, the historic pessimism CFOs are currently expressing certainly indicates a tough road ahead in 2009."

Top worries include weak consumer demand and financial market turmoil. The results mirror a similar survey of financial officials conducted by the American Institute of Certified Public Accountants and UNC's Kenan-Flagler Business School.

In the Duke survey, CFOs said they expect declines in earnings, technology spending and marketing this year. They also expect to cut more employees and take other steps to reduce costs.

Nearly 60 percent of U.S. companies plan to institute a hiring freeze for the next year, and 57 percent will have a wage freeze or reduction.

About 32 percent of CFOs say the federal economic stimulus actions taken so far have helped the

economy.

"Even with the stimulus plan, CFOs expect to lay off nearly 6 percent of their work forces. This represents a staggering 7.6 million job losses," said Duke finance professor Campbell Harvey, founding director of the survey.

The survey, which concluded Feb. 27, generated responses from 1,268 CFOs worldwide, including 543 from the United States.

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