

Survey Shows Perception Gap Between Finance Executives and Boards

CFO Research Services and Crowe Horwath Release Survey Results

OAK BROOK, IL – A recent survey of more than 210 senior finance executives and board members of public companies shows that finance executives are expected to provide more detailed information to the boards since the economic downturn. How well they are performing in that role depends on who answers the question.

The survey, conducted by CFO Research Services and sponsored by Crowe Horwath LLP, shows a perception gap between board members' favorable assessment of Finance's performance and finance executives' own more-critical self-evaluation. While 76 percent of board members rated their finance group as "excellent" in terms of the accuracy of deliverables, only 50 percent of finance executives said the accuracy of the information they provide is excellent.

Part of the reason for this critical self-assessment might be the increasing demands on the executives. Approximately two-thirds of each of the respondent groups agreed that boards now expect more business performance information, as well as more analysis and interpretation of that information. However, more than half of financial executive respondents cited lack of time or resources and the increasing number of requests as the greatest obstacles to respond effectively.

According to Chuck Allen, CEO of Crowe Horwath, one of the largest public accounting and consulting firms in the U.S., this gap may indicate that Finance could provide better data if the boards and executives determined together the information that would be the most useful for each group.

"Boards and finance executives need to work together to gain a mutual understanding of the possibilities for enhanced information and analysis – and the impediments to reaching that analysis," Allen said. "This can help them determine achievable plans to make substantial improvements for more effective board governance, and ultimately, better results for shareholders."

Other key survey findings include:

- While 74 percent of board members say they have requested more risk tolerance and exposure information from the Finance department since the economic downturn, only 13 percent of finance executives and 23 percent of board members believe the information being provided is excellent. Approximately 30 percent of each group believes it could be improved.
- Nearly 68 percent of board members consider business performance forecasts to be a high priority, while approximately one-fifth of the respondents said this area needs improvement.
- Benchmarking and competitive analyses showed higher marks. Approximately 67 percent of finance executives and 63 percent of board members found the information provided excellent or adequate, while approximately one-quarter of the respondents said

their current reporting on this topic needs improvement. However, only 17 percent of boards of directors considered this type of information a high priority.

- More than half of the board member respondents cited ongoing changes in regulatory requirements as a barrier to monitoring and responding to changes in the company's performance.

For full information and to view the full survey results, please visit www.crowehorwath.com/cfosurvey.

About the survey:

From November 2009 to January 2010, CFO Research Services conducted electronic surveys of senior finance executives and board members of publicly traded companies. A total of 212 responses were gathered. Approximately two-thirds of the respondents were from companies with annual revenues of more than \$1 billion, with the remainder from companies with revenue between \$100 million and \$1 billion. Of the respondents, more than half of the finance executives have the title VP of finance, chief financial officer or controller. More than half of board member respondents were audit committee members.

About Crowe Horwath:

Crowe Horwath LLP (www.crowehorwath.com) is one of the largest public accounting and consulting firms in the United States. Under its core purpose of "Building Value with Values®," Crowe assists public and private company clients in reaching their goals through audit, tax, advisory, risk and performance services. With 26 offices and 2,400 personnel, Crowe is recognized by many organizations as one of the country's best places to work. Crowe serves clients worldwide as an independent member of Crowe Horwath International, one of the largest networks in the world, consisting of more than 140 independent accounting and management consulting firms with offices in more than 400 cities around the world.

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