

# 2022

GLOBAL MIDMARKET REPORT  
CFO-CHRO SENTIMENT STUDY

## Building the Road to Sustainable Growth

EXECUTIVE SUMMARY





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## ABOUT THE STUDY

- This study captures the sentiments and intentions of finance and HR leaders from emerging and middle market enterprises from diverse industries and geographic markets. It reveals how leaders plan to meet the goals they have set for 2022 to deliver improved top-line, bottom-line, and shareholder value performance, and to increase their returns on both financial and human capital.
- This is the 12th Annual CFO Sentiment Study and the fourth to include CHRO sentiment.
- More than 500 finance and HR leaders from emerging and middle market enterprises representing the members of the CFO Alliance and CHRO Alliance participated in the study, completing in-depth surveys, one-to-one interviews, and small group discussions between November 2021 and January 7, 2022. Through our global partnerships, 20% of the survey respondents represent enterprises in non-U.S. markets.



## KEY FINDINGS

- Mid-market and emerging enterprises are strongly committed to growth. More than a third expect to rack up double-digit top-line growth in 2022. Employment will rise in parallel to revenue. IT, technology services, and software industry executives have the highest confidence in their industry's prospects for the year.
- Three big levers will have the most impact on growth: human capital, sales force effectiveness, and operational efficiency.
- On the marketing side, investments in customer experience and marketing technology (MarTech) will rise fastest.
- While keeping the pedal down to achieve growth, CFOs are sharpening their focus on profitability. Sixty-six percent expect EBITDA increases in 2022, up from 62% in 2021. And 33% will see EBITDA grow more than 10%, on top of the 42% that saw double-digit growth in 2021.
- Mid-market companies are reshaping portfolios for a future transformed by digitalization and post-COVID realities. Thirty percent plan to execute a merger or acquisition this year and 13% to divest a business unit or product line.
- Funding for growth is most likely to come from retained earnings, followed by equity raises and debt, as CFOs remain committed to balance-sheet solidity.
- The impact of the pandemic persists. A significant number — about 10% — say reversing COVID-related setbacks is among their top growth goals for 2022. It is no surprise that the travel/leisure, hospital/healthcare and food/beverage industries most often cite reversing COVID setbacks. HR leaders, for their part, say creating and managing flexible work is their No. 1 challenge.
- The mid-market is expanding its global presence, with training/education, oil and gas, and IT/services companies especially likely to enter new international markets in 2022.



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## GROWTH STRATEGIES IN 2022

### PAVING THE PATH FOR SUSTAINABLE GROWTH

Coming off a banner year in 2021, during which 48% grew at double-digit rates, mid-market and emerging enterprises embark on 2022 determined to maintain positive momentum while investing in people, plans, processes that will make growth enduring and profitable. The resilience of the middle market was severely tested by COVID-19 and its economic fallout—and companies delivered strikingly strong performance.

Now, with the virus’s mutability adding to all the other uncertainties and potential disruptions—competitors’ strategies, surging demand and rising prices; technological change, a talent shortage and a totally rewritten employee handbook, the actions and inactions of government, to name a few—CFOs and CHROs are partnering with their C-suites colleagues to seize opportunities for growth while building an infrastructure to protect and extend their gains. One indication of uncertainty: There’s a 13-point gap between leaders’ confidence in their strategic planning process and their confidence that the strategy itself will succeed.

**79%**

**Believe their strategic  
planning process is strong  
or extremely strong**



**66%**

**Are very or extremely  
confident their strategy will  
lead to success**



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