

Partners help small businesses manage finances

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By Len Boselovic, Pittsburgh Post-Gazette

After 13 years with Price Waterhouse and 16 more with Universal Stainless & Alloy Products, Richard M. Ubinger wanted to try something new: using his skills as a chief financial officer to serve small business.

Despite his experience resolving financial issues for the Bridgeville specialty steel producer, which had revenue of \$125 million last year, the 50-year-old Venetia resident felt he needed more resources than he had to help small business clients succeed.

"I've been thinking a lot about this for a number of years. I was hesitant about pulling the trigger because I didn't want to go solo," Mr. Ubinger said.

While researching his career change, he found the website for B2B CFO, a Phoenix firm that provides part-time CFOs to small and midsize companies. Founded in 1987, the firm has more than 160 partners nationwide, serving more than 550 clients that employ nearly 30,000 and generate annual revenue of \$5 billion.

"B2B CFO lines up with my own views, my own philosophies on how to help clients," Mr. Ubinger said.

What impressed him was the experience level of those partners -- an average of more than 25 years -- and their willingness to help other partners in the firm. Jerry L. Mills, B2B CFO's founder and a former Arthur Andersen & Co. manager, said that with nearly 5,000 years of experience among the company's part-time CFOs, "It's going to be hard for us to not know the answer to a problem."

"We rely on each other," he said.

Mr. Mills started the company because he saw small businesses struggling with problems the certified public accountants who do their taxes and audits weren't equipped to handle.

Those include managing cash flow, arranging financing, human resources issues, operations, sales and forecasting cash needs. Moreover, even if a small business owner sought the advice of a CPA on one of these issues, chances are it wouldn't be cost-efficient and they would have to wait for a solution if the accountant was busy meeting quarterly tax deadlines.

Mr. Mills' solution was to provide a part-time chief financial officer who would solve a small business owner's immediate problem, then remain on the job part-time as needed. The part time CFO would not do the work of the small business' CPA.

"Our goal is to create a long-term relationship," he said. "A client might need us 10 hours a week or 10 hours a month."

B2B CFO targets companies with annual revenue of less than \$75 million. Mr. Ubinger said it would be most cost efficient for companies bigger than that to hire their own CFO.

Once a client signs on, B2B CFO has a recommended range of hourly rates. Mr. Mills said those rates were not based on the going rate in each market. So a small business in rural Missouri may pay as much as a small business in New York City.

Ultimately, each partner decides what to charge a client and gives a small percentage of what they collect to B2B CFO for its expenses. Mr. Ubinger, whose \$243,500 compensation at Universal Stainless last year included a salary of \$184,000, said, "I have the opportunity to make just as much if not more" with B2B CFO.

Mr. Ubinger joined the firm in May with another seasoned executive from the region: Ken Durrett of Butler, who held financial positions at Servistar/Coast to Coast, American Outpost and World Kitchen.

B2B CFO screens potential partners based on their experience and a 20-point checklist. Mr. Ubinger said he met with Mr. Mills three or four times and that his credentials were reviewed by an admissions committee before he was accepted as a partner. All partners are required to invest an undisclosed amount to purchase an equity stake in the company.

Mr. Mills said about 30 percent of clients ask for help through the company's website -- www.b2bcfo.com. The rest are courted by partners through networking. While they generally stick close to home, partners can take assignments in other markets, he said.

"They can work anywhere in the world they want," said Mr. Mills, who in addition to serving as B2B CFO's chief executive officer is a part-time CFO for more than a dozen clients.

Mr. Ubinger said he had taken on two clients since joining the company. He declined to identify them. Neither has anything to do with steel, which Mr. Ubinger said would help him broaden his experience. Both small business owners have asked for help managing their cash flow.

"The businesses seem to be doing OK, but they're not seeing it in their bank accounts. They don't have the means to understand why," said Mr. Ubinger, who has recommended doing a better job of collecting from customers and reducing inventories to better match order levels.

He hopes to eventually enlist enough clients to work a full schedule. Having been at Universal Stainless when a team of entrepreneurs reopened the shuttered Armco mill and turned it into a profitable venture, Mr. Ubinger is looking for the same sense of satisfaction from B2B CFO.

"The thrill of seeing a small business succeed excites me," he said.