

Did You Know? You Can Outsource the Expertise of a CFO

By Paul R. Shackford

It's not unusual for small to mid-sized firms to have sophisticated operations and complex cost and financial challenges - just like large companies. As an owner or CEO of a company, have you ever come to the conclusion that what you really need is the advice of a CFO?

You are not alone. And, you are perhaps doing what many owners do . . . you try to handle it yourself. Let's be honest, do you have the background or expertise to prepare financial statements? And is doing so even a good use of your time? As the owner, you need to be the visionary, focusing on the future - and you should be spending more time with your customers.

Consider outsourcing this function as an alternative to hiring a full-time CFO.

WHY A CFO?

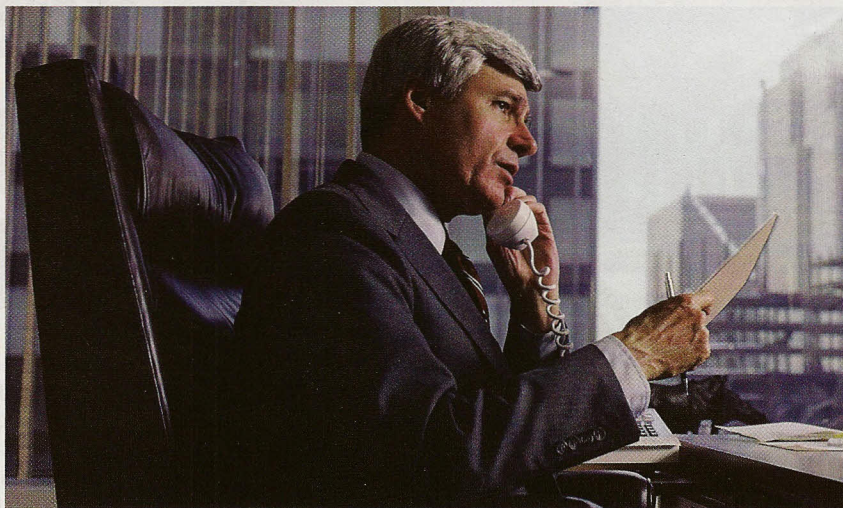
A CFO is a proactive professional that has a pervasive knowledge of information important for the owner to properly run the company. This includes handling not only financial matters but also addressing HR, sales and marketing, IT, and other issues needed to help the company succeed.

A common misconception is that a CPA can take the place of a CFO. The reality is that a CPA cannot do the work a CFO does because each has a different set of skills. The CPA and the CFO should work closely together, but neither has the ability to step into the other's shoes.

So, when you are looking to outsource the CFO position, you need to look for a professional with 25-plus years of experience.

You should be comfortable that the fee fits comfortably within your budget. Ask that there be a monthly "ceiling" for the fees to be paid; there should never be any surprise on fees.

Finally, be sure that you are comfortable with the CFO. With a high level of



"Companies without CFO's can gain a significant competitive advantage and improve profitability by outsourcing a CFO on an as-needed basis. These days, it's a wise investment, and can fit within the budget of most companies."

trust between the owner and the CFO, the company will be in a better position to meet the challenges that it faces.

ADVANTAGES OF OUTSOURCING CFOS

Better financial information for key decision-making. It's a fact: most small to mid-sized businesses either don't prepare financial statements, or they are not reliable. Another fact: you simply cannot make important business decisions while relying on bad, inaccurate, or incomplete information.

More time to spend with customers. To be competitive, you need to spend most of your time with current and prospective customers. Remember: just as you are trying to get new customers, your competitors are trying to meet with your customers.

More money from the bank and from vendors. Bankers and vendors are more sophisticated than ever. With the current financial situation affecting all businesses, they are more skittish about lending to anyone other than the largest

and safest companies. And they require regular, reliable financial statements. The financial statements must look professional, follow accepted accounting principles, and highlight the company's key ratios. A CFO working with you on a part-time basis can improve your company's external "image" and assist you with opening doors to banks and obtaining better vendor terms.

Other advantages to having an outsourced CFO include:

- A sounding board for the owner
- Fewer cash flow surprises
- Better trained accounting staff
- A theft deterrent
- Better documentation and controls
- Fewer surprises relating to tax payments
- Solutions to company problems.

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