



Six Ways to Ensure a Good Fit With an Outsourced CFO

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Los Angeles and Southern California business leaders can reap many benefits from engaging the services of an outsourced CFO services provider. These include enhanced productivity, higher profitability, reduced costs, a higher level of financial control, and improved overall financial performance.

Your expectations regarding the working relationship with an outsourced CFO should be nothing less than the delivery of high-level, transformational financial consulting capabilities from a savvy, experienced financial professional. To maximize the benefits of this relationship, though, you must ensure that there's a good fit between the outsourced CFO and the on-site financial team he or she will be working with.

Going into the engagement, team members need to understand the specific challenges that may arise when working with an outsourced, high-level financial resource. These may include things like resistance by financial team members to working with the outsourced CFO and personality conflicts between the outsourced CFO and team members. Also, exit planning should be done with the outsourced CFO upfront to ensure that everyone is in agreement about what a successful outcome of the engagement will look like.

Get the Most Bang From Your Outsourcing Bucks

Here are six areas you should examine at the outset of an engagement with an outsourced CFO services provider to help ensure that your company maximizes the benefits of the relationship and receives the most bang for your outsourcing bucks:

1. The outsourced CFO's ability to evaluate your financial team's capabilities. Staff evaluation, training and mentoring are critical roles played by an outsourced CFO services provider. Since the outsourced CFO will be working closely with the team during the engagement, he or she needs to be able to gauge each team member's strengths and weaknesses — using the strengths to move everyone toward a successful engagement outcome, and providing training and mentoring to help staff members overcome their weaknesses.

2. Whether or not the outsourced CFO will be fully integrated into your company. The goal should be to integrate the outsourced CFO into the operations of your business as quickly and seamlessly as possible. He or she needs to get up to speed fast in order to bring the most value to the engagement. Doing so requires open, honest and ongoing dialog by all parties throughout the term of the engagement.

3. The outsourced CFO's ability to work well in a collaborative environment. Ideally, your company's relationship with the outsourced CFO will be a collaborative one, with plenty of give and take on both sides. An outsourced CFO who wants to come in as a "hired gun" and work alone or independently is doing a great disservice to your business — and isn't likely to deliver the highest possible value through the engagement.

4. The “fit” between the outsourced CFO and your financial team. Different individuals and teams have different work styles and personalities. Therefore, you should make every effort to match your outsourced CFO’s personality and work style with that of your financial team members, as well as your company’s overall culture. Your outsourced CFO should meet the highest standards for professional conduct and character, and be motivated and passionate about delivering the same level of commitment you would expect from a full-time employee.

5. How knowledge will be transferred back and forth between the outsourced CFO and your financial team. A vast amount of knowledge will need to be shared between your financial team members and the outsourced CFO at the outset of the engagement, so you should discuss upfront how this will be accomplished. For example, how will sensitive documents and information be transferred back and forth — hard copies or digitally — and what security protocols are in place to protect the information?

6. What a successful engagement outcome will look like. As noted above, the best time to define the success parameters for an engagement is before it actually begins. This way, everyone has the same end goal in mind and can monitor all engagement activities through the same lens: Are they moving everyone forward in the direction of what an agreed-upon successful engagement will look like? In addition to accomplishing the specific goals set forth at the start of the engagement, the outsourced CFO should exit leaving the financial team with a higher level of skills sets than they possessed before he or she arrived, which will enable them to continue implementing process efficiencies after the engagement is complete.

Concluding Thoughts

Many benefits can be realized when Los Angeles and Southern California executives engage an outsourced CFO services provider. Maximizing these benefits, however, requires ensuring that there’s a good fit between the outsourced CFO and the on-site financial team he or she will be working with. Team members need to understand the specific challenges that may arise when working with an outsourced, high-level financial resource, and exit planning should be done to ensure that everyone is in agreement about what a successful outcome of the engagement will look like. By carefully examining six key areas at the outset of an engagement, you can help ensure that your company maximizes the benefits of your relationship with an outsourced CFO services provider.

About CFO Edge

CFO Edge, LLC delivers enterprise-class financial and operational performance solutions to executives at small and mid-sized companies in Southern California. Based in Los Angeles, our formerly-seated chief financial officers engage on demand as part-time CFOs, single-project CFOs, and interim CFOs to help business leaders successfully resolve pressing challenges and realize their financial and operational goals. At CFO Edge, we’re passionate about helping our clients create, grow and sustain value. For more information, visit www.cfoedge.com or call 800.276.1750 Ext 101.

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