



Add Strategic Value by Outsourcing Finance & Accounting

John W. Braine, Partner, CFO Edge, LLC

Outsourcing certain corporate functions to third-party service providers is nothing new. Businesses have been outsourcing functions like payroll, IT and human resources for decades. But many mid-sized firms haven't thought much about outsourcing these or other finance and accounting functions. Doing so can result in a host of potential benefits — including freeing finance executives to focus on tasks that add strategic value to the company.

Welcome to the Table

More and more mid-sized businesses today are inviting finance executives and CFOs to the strategic planning table. These companies recognize the valuable contributions finance executives can make toward their strategic planning efforts — for example, by helping evaluate growth opportunities and set priorities.

But often, these executives are so bogged down in handling routine finance and accounting tasks like closing general ledger books and reconciling reports that they don't have adequate time to devote to high-level strategic planning efforts. This can lead to a number of negative effects, including the following:

- Limited ability to pursue growth opportunities.
- Lack of focus and direction.
- Misunderstanding of competitive strengths.
- Unchecked risk exposure.
- Misaligned directives.

Assigning these tasks to a financial services outsourcing company is one solution to this problem. According to a CFO.com article¹, outsourcing financial and accounting tasks is

relatively common among small businesses and transactional work at large corporations, but not among mid-sized firms. The article describes a \$75 million company that outsources GAAP reporting, general ledger accounting, accounts payable and accounts receivable, internal audit, and other core finance functions to a financial services outsourcing company.

Doing so has enabled the CFO of this middle-market business to increase time plotting strategic direction for the company. He states that this strategy will also enable other finance leaders to focus more of their time and energy on revenue generation rather than on underlying support.

Focus on Strategic Priorities

According to another CFO.com article², many finance leaders say they prefer serving in a more strategic role. It points out that four out of 10 CFOs interviewed by Bain & Co. said they'd like to increase time spent with strategic planning initiatives. However, many are still spending too much time on tasks that do not add strategic value to the business. "By overinvesting their time in reconciling reports or closing the books, for example, they don't spend enough time on more important activities based on the company's strategic priorities, such as supporting performance management, business planning, and M&A," the article states.

Outsourcing routine finance and accounting tasks to a financial services outsourcing company could provide your CFO and organization more time to pursue strategic benefits including the following:

- The ability to clearly determine what activities will result in creating a world-class company.
- Reevaluation of the company's position in your industry and marketplace.
- Accurately assess your competitive position and eventually outperforming competitors.
- Improved direction and tactical outcomes.
- Stronger planning and execution results.
- Better informed decision-making.
- Improved profitability.

Concluding Thoughts

Outsourcing certain corporate functions to third-party service providers is nothing new, but many mid-sized firms haven't thought much about outsourcing their finance and accounting functions. Outsourcing routine finance and accounting tasks to a financial services outsourcing company can help free up finance executives' ability to focus on tasks that add strategic value to the company. This can result in a wide range of benefits, including the ability to clearly determine what activities will result in creating a world-class company. An outsourced CFO services provider can help you determine which finance and accounting tasks can best be outsourced.

*1 One Way to Stay Focused on Growth: Outsource Accounting; David McCann, CFO.com; September 25, 2014
ww2.cfo.com/accounting-tax/2014/09/one-way-to-stay-focused-on-growth-outsourcing-accounting/*

*2 Plotting a Path to Financial Excellence; Laura & Henrik Poppe; CFO.com; July 31, 2017
ww2.cfo.com/leadership/2017/07/plotting-path-financial-excellence/*

About CFO Edge

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