



## **Addressing Common Objections to Engaging a CFO Services Firm**

Arthur F. Rothberg, Managing Director, CFO Edge, LLC

Engaging a CFO services firm is a big step for any company. It requires a serious commitment of resources, from both a financial and time perspective, so it's not a step that a CEO should take lightly.

As they weigh the costs and benefits of hiring a CFO services firm, CEOs often voice concerns over the cash outlay required and whether they can justify this in view of the value the provider can bring. In our experience, these concerns take the form of three common objections. Here is a brief synopsis of these objections, followed by our responses to them.

### **Objection 1: "We're not sure the cost justifies the benefit."**

Even when they can see the value of a CFO services firm, CEOs tend to take a long, hard look at the bottom-line cost of engaging the firm. The key is to look beyond the immediate cash outlay to the positive cash impact the firm can help achieve down the road.

For example, a CFO services firm can help reduce costs and manage cash to avoid a financial crisis in the future. It can also often help put together a financial package that will secure much-needed funding for a business. Many companies in turnaround situations delayed getting the financial help they needed by three to six months and, as a result, ran into problems with lenders who eventually lost confidence.

Also keep in mind that a CFO services firm can be hired on a part-time or project basis to work on specific processes or problems, and you'll pay only for the time the firm spends on these projects.

In many instances, a CEO simply has to realize that inaction is not an option. Spending money now on the right resources can result in a positive financial outcome in the future.

### **Objection 2: "Why hire a CFO services firm when we can hire a bookkeeper or controller instead?"**

This objection is tactical in nature. However, what CEOs who believe this don't realize is that CFOs bring a very different skill set to the table than do bookkeepers or controllers.

In short, CFOs possess executive and strategic management capabilities that most bookkeepers and controllers don't, including financial strategy, financial analysis and risk management. CFOs can plan and implement growth, IPO and acquisition, tax and profitability strategies, as well as participate in corporate governance and oversee major business unit purchases.

An experienced CFO can help provide strategic input to the CEO in matters related to accounting, finance and other business management areas. In some instances, the CFO can become the CEO's business partner, adding another dimension to help attain the CEO's and the company's goals.

### **Objection 3: “We already have a CFO.”**

If your company already has a seated CFO, you might rightly point out this fact and question the need for engaging a CFO services firm. But first, ask yourself these questions:

- Are there business processes that need to be objectively examined by an unbiased outside financial expert in order to spot and remedy inefficiencies or outmoded practices?
- Are there ways to streamline business processes that would benefit the company, but your CFO can't focus on these due to time constraints?
- Are there accounting rules or audit requirements that a CFO services firm could deliver for less money than a public accounting firm during the time-crunch pressure of an audit?
- Are there policies and procedures your CFO should be documenting to help him or her efficiently scale the company?
- Could your CFO benefit from mentoring by a seasoned, experienced financial executive?

### **Concluding Thoughts**

It's smart for Los Angeles and Southern California businesses to perform adequate due diligence in order to establish a clear business case for engaging a CFO services firm. In this process, the CEO may raise legitimate objections to engaging a firm, which is natural. We encourage CEOs to work through these objections thoroughly and completely, and to take a long-term view of the many benefits that a CFO services firm can bring to the business.

In the seventh article in this series, *The Working Relationship with a CFO Services Firm*, we'll take a detailed look at how businesses and CFO services firms can best form mutually beneficial relationships.

### **About CFO Edge**

CFO Edge, LLC is a leading Southern California provider of outsourced CFO services. Based in Los Angeles, we are a group of experienced chief financial officers who engage with CEOs and CFOs on demand to address strategic planning, business management, and day-to-day financial operations challenges. Our seasoned professionals deliver services as interim CFOs, part-time CFOs, project-based CFOs, recruitment-to-permanent CFOs and interim-to-permanent CFOs. At CFO Edge, we're passionate about helping our clients create, grow and sustain value. For more information, visit [www.cfoedge.com](http://www.cfoedge.com) or call 626.683.8840.

This publication has been prepared for general information on matters of interest only, and does not constitute professional advice on facts and circumstances specific to any person or entity. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication. The information contained in this material was not intended or written to be used, and cannot be used, for purposes of avoiding penalties or sanctions imposed by any government or other regulatory body. CFO Edge, LLC, its members, employees and agents shall not be responsible for any loss sustained by any person or entity who relies on this publication.