



## How Outsourced CFO Services Can Help Your Business Do Better Than “Fine”

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The first of Sir Isaac Newton’s three laws of motion states that “every object in a state of uniform motion tends to remain in that state of motion unless an external force is applied to it.” The opposite also holds true: Objects in a state of rest tend to remain in a state of rest unless an external force is applied.

Often called the Law of Inertia, this basic law of physics can be applied to business management. It’s easy for successful Los Angeles and Southern California business owners and executives to fall into a comfort zone, or state of inertia, if things are going relatively well. “Our sales are steady, our profits are up, and our customers and employees seem happy,” is how the thinking often goes. “Why do we need to bring in a financial consultant right now?”

Such thinking, however, is very short-sighted in nature and ignores the Law of Inertia, as well as Murphy’s Law, which states that “whatever *can* go wrong, *will* go wrong.” In fact, it is during relatively comfortable times when everything seems to be going well that companies should be especially on their guard when it comes to financial management. Why wait until your company is facing a financial crisis of some kind before seeking out the kind of expert financial assistance that can help you avoid such a crisis in the first place?

### The Risk and Dangers of Inertia

If you and/or your executives have uttered or thought any of the following, your business may be at risk of falling into inertia:

- “We’re doing fine — we’re all set with our financial team.”
- “Our financial operations are well in hand.”
- “Our management team is working well right now.”
- “We have good cash flow and are content with our finances.”
- “Our business is doing well and our board is happy.”
- “We pay cash for everything so we don’t need any financial help.”

One of the biggest dangers of inertia when it comes to business financial management is that you may never realize the opportunities for improved financial performance that were available to your firm. Regardless of how well-trained and skilled your financial and accounting staff may be, sometimes it takes the perspective of an outside financial expert to identify opportunities, share industry best practices and question the status quo.

Or, put another way: Is “We’re doing fine” the same thing as maximizing your company’s financial performance — or is it settling for something less?

## **Where an Outsourced CFO Services Provider Comes In**

Using a provider of outsourced CFO services is an affordable and efficient way to gain high-level financial expertise, as well as drive desired profitability, growth and shareholder value. By working together with an outsourced CFO services provider, you can be sure that your company is getting the biggest possible bang out of every aspect of its financial operations.

It's not uncommon for CFOs and other financial and accounting staff to be so busy providing CEOs with historic and other critical data that they don't have time to delve into higher-level data or think about strategic financial planning. This is where an outsourced CFO services providers can bring the most value: by delivering financial consulting on costs, profits and other high-level strategic financial analysis.

The fact is, it's hard to put a price tag on the lost opportunity costs of failing to plan strategically, but few would question that they exist. If you can't recall the last time you sat down with your CFO and/or key financial and accounting managers to talk strategically about your company's future direction, then there's a good chance that this lack of strategic planning is costing your business — whether you realize it or not.

Granted, it can be difficult to monetize a specific ROI for the resources devoted to engaging an outsourced CFO services firm. But when you consider the potential of such an investment to provide your company with more timely and actionable financial information — which, in turn, can result in increased efficiency, greater profitability and a more strategic outlook on financial management — it's logical to assume that a tangible ROI exists.

The key is to look beyond the immediate cash outlay required to the positive cash impact your company can achieve down the road. For example, an outsourced CFO services firm can help reduce costs and manage cash to avoid a financial crisis in the future. It can also help put together a financial package that will secure much-needed funding for your business, which can help you seize opportunities for accelerated organic or acquisition-based growth. The bottom line is that spending money now on the right financial management resources can result in a positive financial outcome in the future.

## **Concluding Thoughts**

Falling into inertia can be dangerous for Los Angeles and Southern California business leaders — especially those whose companies are doing relatively well. Just because their company is “doing fine” doesn't mean that it is maximizing its financial resources and performance. By bringing in an outsourced CFO services provider, executives can benefit from the perspective of an outside financial expert who can identify opportunities, share industry best practices and question the status quo.

## **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 business leaders 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.

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