



Outsourced CFO Services: What Do They Include?

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With this article, we're introducing a nine-part series on outsourced CFO services. Over the next several weeks, we'll be addressing topics like when it makes sense to consider CFO services, the business case for doing so, what to look for in a CFO services firm, and the vast array of benefits that come from an engagement.

Almost every for-profit company in the world shares one thing in common: the desire to improve profitability and increase shareholder value. Often, however, a lack of financial expertise can keep businesses from reaching these goals.

These businesses sometimes turn to providers of outsourced CFO services to help them improve financial management and, thus, achieve these critical goals. Outsourced CFO services providers support CEOs and CFOs by delivering high-level financial expertise and capabilities—along with the flexibility that comes with hiring an outsourced consultant instead of committing the time and expense required to hire a full-time CFO.

Common Scenarios

A few examples of situations in which providers of outsourced CFO services can be most helpful include:

During a transition period between full-time CFOs

If your company has lost or outgrown its full-time CFO—or if you can't afford to hire a full-time CFO—outsourced CFO services can provide the financial expertise and capacity you need on a short-term or temporary basis.

During periods of rapid business expansion

Acquisitions, rapid organic growth and IPO-driven growth can present major financial challenges that a provider of outsourced CFO services can help meet. These challenges may include new and more sophisticated data, compliance requirements and processes.

During periods of business contraction

Conversely, a company's strategic plan or the shifting economy may result in divestitures of one or more business units or downsizing via cutbacks in operations. In addition, a distressed business may benefit from the turn-around guidance that outsourced CFO services can provide.

To work on special projects

Projects like purchase accounting, acquisition integration, financial modeling, financial restatements, and deal evaluation may present special challenges for companies with limited financial and accounting experience. Frequently characterized by esoteric regulations and tight deadlines, these projects may benefit from the expertise that outsourced CFO services can provide.

To provide strategic planning and help meet operational challenges

Sometimes, CFOs and other financial and accounting staff are 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 may be where outsourced CFO services providers can bring the most value: by delivering financial consulting on costs and profits and other high-level strategic financial analysis and guidance.

Services Provided

An outsourced CFO services provider will typically provide one of three specific types of services:

1. Interim CFO services

Businesses may hire an outsourced CFO services provider to replace a departing CFO until a new permanent one is hired. The services provider can also provide assistance in recruiting the new permanent CFO, helping with defining the position, advertising, and interviewing.

2. Part-time CFO services

Many businesses can't afford (and don't need) a full-time CFO on staff. Such businesses can hire an outsourced CFO services provider to work with them for a few days a month, or a few days a week, depending on their needs and budget.

3. Project- or transaction-based services

Here, the services provider is brought in to work on a pre-defined and specific financial assignment. Preparation for an audit, assisting with M&A integration, handling financial restatements and dealing with revenue recognition problems are a few common examples.

Concluding Thoughts

When we talk with CEOs and CFOs at Los Angeles businesses, we continually hear about passionate commitments to grow their businesses and improve profitability in this challenging economy. We also hear about mandates to do more with fewer resources, and 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.

In the second article—*When Do Outsourced CFO Services Makes Sense?*—we'll look at when it may (and may not) make sense to use a CFO services provider and why companies typically engage providers.

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 or call 626.683.8840.

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