



## Strategies for Staffing Your Finance Department

Mark S. Becker, Partner, CFO Edge, LLC

So far, 2017 has been a very good year for many businesses in California and nationwide. Key economic indicators — such as GDP growth, manufacturing activity and hiring — are pointing up, and business owners are more optimistic than they have been in over a decade, according to the National Federation of Independent Business Optimism Index. For example, the percentage of owners of small business who plan on capital expenditures in the next one to two quarters is at a level that is the highest since 2006, reports the NFIB.<sup>1</sup>

In my experience, I have noticed a tendency among many businesses to be financially cautious even in good times. This includes hesitating to hire the staff needed to handle increased levels of business — in particular, in the finance department. Unfortunately, this may lead to problems that can impede the growth and success that a company may be experiencing right now.

### Potential Negative Impacts

Failing to adequately staff the finance department even during good times can lead to several negative impacts for a company, including the following:

1. Transaction processing may be slowed down considerably.
2. Close and audit cycles may be dramatically increased.
3. The ability of the finance department to provide timely financial data may suffer.
4. Management may lose confidence in the timeliness of important data, which could result in financial loss for the company.

Understanding where your company is in a growth cycle and knowing when to add staff to reflect this has always been challenging. Many different factors, both qualitative and quantitative, must go into this determination.

In short, though, your finance department needs to be an enabler, not an impediment, to the company's growth. The finance department can't do this if they are understaffed due to management taking a conservative approach to hiring, even during good times.

### Bringing in a CFO Services Professional

One solution to this problem is to retain a project CFO or part-time CFO from a CFO services firm. Such a high-level financial professional will be able to produce the necessary financial data and analysis to better understand where your company is in terms of an expansion cycle, as well as the tradeoffs and payback of adding more staff. He or she will perform the necessary analysis to insure optimization of your resources.

A professional CFO will also understand how system utilization can help mitigate any staffing shortages. Getting greater leverage out of your financial and ERP systems, for example, is a great way to build a support staff without assuming the risk of adding more HR costs.

If staffing shortages do occur, a part-time CFO or project CFO will have the ability to make the necessary tradeoffs, thus assuring maximum return on investment to the company. An on-demand CFO can also properly benchmark the finance department and identify bottlenecks that are hindering productivity.

### **Positive Outcomes for Your Business**

Bringing in a former enterprise CFO to help you assess your staffing needs can result in many positive outcomes for your organization, including the following:

- You will have a proper understanding of where your company is in the current business cycle, along with the resources you need to operate effectively.
- You will be assured that your financial systems are optimized and scalable.
- Bottlenecks that are inhibiting productivity will be identified and eliminated.
- The added costs will be structured in such a way as to minimize downside risk while concurrently supporting your growing business.

### **Concluding Thoughts**

Even in good times, there is sometimes a tendency among many businesses to be financially cautious — including hesitating to hire the finance staff needed to handle increased levels of business. Failing to adequately staff the finance department even during good times can lead to many negative impacts for a company, including slower transaction processing and increased close and audit cycles. Hiring a project CFO or part-time CFO can help you address your staffing needs, giving you a proper understanding of where your company is in the current business cycle and the resources you need to operate effectively.

*1 Small Business Optimism Holds its Altitude in August; August 2017 Report: Small Business Optimism Index; National Federation of Independent Business  
[www.nfib.com/surveys/small-business-economic-trends/](http://www.nfib.com/surveys/small-business-economic-trends/)*

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