



The CFO's Secret Weapon: An Outsourced CFO

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The CFOs of most Los Angeles and Southern California businesses juggle a lot of balls and wear a lot of different hats. A CFO's main responsibility, of course, is to determine the financial direction of the company and then make sure that everyone who works in the finance function is performing tasks that move the company in that direction.

As a part of this big-picture oversight role, CFOs are responsible for overseeing and managing myriad different financial functions. Among the different hats a CFO might have to wear on any given day are the financial strategist, financial steward and financial catalyst, as well as the manager of the firm's financial operating model.

The fact is, most CFOs today are as responsible for overall strategic planning and leadership as they are for ensuring that financial and accounting tasks are completed satisfactorily. Sometimes, though, CFOs become so engrossed in day-to-day tasks and responsibilities that they are unable to pull back and view the company's financial operations from a strategic perspective.

The Role of An Outsourced CFO

This is where the assistance of an outsourced CFO services firm can be especially valuable. Many companies have turned to outsourced CFO services providers to deliver high-level, strategic financial expertise within a flexible framework and environment. Such expertise can help improve overall financial management and profitability and increase shareholder value.

"But we already have a seated CFO," you might be thinking. "Why should we spend the time and money required to bring in an outsourced CFO services provider?" That's the wrong question to be asking; instead, you and your executives should be asking:

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 seated CFO can't focus on these due to time constraints?

Are there accounting rules or audit requirements that an outsourced 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 seated CFO benefit from mentoring by a seasoned, experienced financial executive?

If your answer to one or more of these questions is “yes,” an outsourced CFO services provider could become your CFO’s “secret weapon.”

Broad Areas of Assistance

More specifically, outsourced CFO services providers can offer valuable assistance in three broad areas:

1. Strategic Planning — This is often the area where an outsourced CFO services provider can bring the most value: by delivering financial consulting on costs and profits and other high-level strategic financial analysis and guidance. 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.

2. Formal Audit Preparation — Thorough audit preparation is essential to ensuring a positive audit outcome and keeping audit costs in line. But this preparation — which includes the pre-audit assembly of thorough and accurate documentation of financial controls, positions and transactions — can be a daunting task for the seated CFO and his or her financial and accounting staff. Outsourced CFO services professionals have years of hands-on experience in pre-audit preparation, while fitting into a billing rate or compensation schedule that’s less than an audit firm partner, but more than an under-qualified junior associate.

3. Mergers and Acquisitions (M&A) — A merger or acquisition may enable your company to achieve rapid growth very quickly or to enter new markets more efficiently, as well as to realize synergies between the merged companies. However, potential landmines await unsuspecting CFOs who haven’t done their homework, so M&A preparation is critical. Thorough due diligence is especially important given the ongoing uncertainty of today’s economic environment. An outsourced CFO services professional can provide in-depth analysis of any potential deals, as well as help perform detailed financial due diligence on the deal.

Concluding Thoughts

While the CFO’s main responsibility is to determine the financial direction of the company, CFOs wear lots of different hats on any given day. As a result, they sometimes become so engrossed in day-to-day tasks and responsibilities that they are unable to pull back and view the company’s financial operations from a strategic perspective. This is where the assistance of an outsourced CFO services firm can be especially valuable. Many companies have turned to outsourced CFO services providers to deliver high-level, strategic financial expertise within a flexible framework and environment. Such expertise can help improve overall financial management and profitability and increase shareholder value.

About CFO Edge

CFO Edge, LLC delivers enterprise-class financial and operational performance solutions to executives at small and mid-sized companies in Southern California. Based in Los Angeles, our formerly-seated chief financial officers engage on demand as part-time CFOs, single-project CFOs, and interim CFOs to help business leaders successfully resolve pressing challenges and realize their financial and operational goals. 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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