



Five Questions to Ask to Help Ensure the Right Financial Consultant Referral

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In your position, there's a good chance that your Los Angeles and Southern California small business clients may sometimes ask if you can refer them to someone who can provide outsourced financial consulting or CFO services. When this happens, what criteria do you use in making such a referral?

This is an important question to ask, because making a poor referral is arguably worse than making no referral at all. Often, the easiest thing to do is refer small business clients to a friend or acquaintance that supposedly provides outsourced financial consulting or CFO services. But does this friend or acquaintance have the experience, training and expertise required to meet your client's outsourced financial consulting needs?

Claims vs. Reality

There is a wide variety of different firms and individuals today that claim to offer high-level outsourced financial consulting or CFO services. And they do so under a variety of different names: part-time CFO, temporary CFO, contract CFO, virtual CFO and CFO for hire, to name a few. While the terms used to describe these consulting services are mostly interchangeable, there are big differences between the types of firms and individuals that say they offer them.

For example, many accounting firms today are branding themselves as providers of outsourced financial consulting or CFO services. But in many instances, an accounting firm does not possess the high-level, strategic financial expertise required to help many small business clients deal with their most pressing financial challenges.

Before referring your small business clients to a firm or individual that claims to offer outsourced financial consulting or CFO services, take the time to carefully investigate their credentials for offering such services. Here are five questions you should ask any firm or individual that claims to offer high-level outsourced financial consulting or CFO services before referring your clients to them:

1. How much experience do you have in providing outsourced financial consulting services? When it comes to financial consulting, there's simply no substitute for experience — especially practical, real-world experience. Ideally, an outsourced CFO or financial consultant will have served as an actual formerly-seated chief financial officer with experience in high-level activity that improved his or her company's financial performance and growth. Any consultant who doesn't have this kind of hands-on experience probably won't be able to provide the highest level of strategic financial consulting available.

2. In what specific areas does your financial consulting experience reside? An outsourced CFO or financial consultant should have broad, well-rounded experience in the following areas:

General financial experience — This includes both corporate financial strategy/planning and non-financial operations design, deployment and management.

Business and operational experience — An outsourced CFO or financial consultant should bring a holistic approach to a business that will help optimize efficiency in both accounting and financial, as well as non-accounting and non-financial, areas of the business (e.g., human resources, legal, IT, banking, insurance, and real estate).

Experience in your client's specific industry sector and/or related sectors — Ideally, the consultant will have real-world experience working at a business that's similar to your client's business. This will enable the consultant to share industry best practices with your client.

Strong management experience — Outsourced CFOs and financial consultants are often called on to help build and strengthen internal department relationships and cooperation. Strong management experience is required in order to work with sales, operations and management/ownership to show how the accounting and finance function can help everyone work together better.

3. Can you make business, industry and networking connections for the client? Connecting with others in their industry can lead to new growth and expansion opportunities for your clients, as well as opportunities for reducing operating costs and exploring new vendor options. And making networking connections with professionals outside of their industry can help your clients build new relationships and get their foot in the door for potential new business opportunities.

4. What kind of backup does your firm have? Or in other words, how deep is the firm's "bench"? What kind of support staff is working behind the scenes to provide assistance to the consultant your client will be working with? If this financial consultant leaves the firm or is unavailable to your client for some reason, will another equally qualified consultant be ready to step in?

5. Does your firm have the right tools and processes to meet the client's financial consulting needs? High-level financial management in the 21st century requires sophisticated tools and processes. Make sure that any potential provider of outsourced CFO or financial consulting services has adequate tools and processes in place before referring your clients to them.

Concluding Thoughts

It's important to take the time to carefully investigate the credentials of any firm or individual that claims to offer outsourced financial consulting or CFO services before referring your small business clients to them. Regarding the latter, a referral to a CFO services firm with formerly-seated chief financial officers will result in your client receiving exceptional service levels grounded in high-level strategic planning and financial management expertise. While referring clients to a friend or acquaintance that supposedly provides outsourced financial consulting may be the easiest thing to do, this could result in a poor referral — which is arguably worse than making no referral at all.

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 owners and executives 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, single-project 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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