



## When Should You Consider Hiring an Interim CFO?

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In this series of articles, we've been discussing the many different ways that businesses can benefit by hiring an outsourced CFO services provider, as well as the different roles in which this professional can serve. In this article, we'll explain how an outsourced CFO can help your business by serving in the role of an Interim CFO, which is also sometimes referred to as a Temporary CFO.

A common scenario in which an outsourced CFO would serve as an Interim CFO would be when a sitting CFO has left the organization. Another scenario would be when a sitting CFO doesn't have the skill set or bandwidth to see the organization through a significant event — such as an M&A transaction, major expansion or restructuring — or when the board of directors doesn't have confidence in the current finance leadership.

### Differentiating Criteria

Here are some differentiating criteria to help you determine when hiring an Interim CFO could be beneficial:

#### ***Skill Sets***

- All three types of outsourced CFOs — Project CFO, Part-Time CFO and Interim CFO — bring the same skill sets: high-caliber financial leadership skills and authoritative financial project solution expertise.
- Interim CFOs or Temporary CFOs provide financial leadership to all your financial staff, interface with the rest of the senior management team and, when appropriate, the Board of Directors.

#### ***Nature and Focus of the Engagement***

- An Interim CFO brings the financial leadership and solution expertise of a full-time CFO and acts to fill the role of the previous CFO until a new full-time CFO is hired or a transaction is completed.
- In this role, the Interim CFO brings full CFO leadership skill sets to lead the financial team and potentially oversee and manage other areas such as HR and IT.
- The Interim CFO also brings project expertise to address and resolve specific financial and operational challenges that arise.

#### ***Duration of the CFO's Presence***

- An Interim CFO engagement generally occurs at mid-sized and larger corporations where there has been a previous full-time CFO who has left the organization.
- An Interim CFO engagement occurs with the understanding that the Interim role ends when the full-time search for and hire of a new CFO are completed.
- If the interim CFO is working with the sitting CFO through a specific event, the engagement will usually end when the CFO's workload returns to normal.

#### ***Frequency of CFO Presence***

- An Interim CFO is present at the company on a daily, full-time basis for the duration of the engagement.

An Interim CFO or Temporary CFO will bring a fresh perspective to a company based on his or her experience in other organizations. This can manifest itself in a number of different ways, including the following:

- Restructuring of the accounting and finance departments.
- Upgrades to systems and processes and improved internal controls.
- Improved reporting to management and the board of directors.

An Interim CFO can also communicate with investors, lenders, customers, vendors and other stakeholders to help ensure that the departure of the previous CFO does not cause undue anxiety. In addition, he or she may help identify the skill sets required in a new full-time CFO while assisting in recruiting and training this person.

### **The Benefits of Hiring an Interim CFO**

Your business could experience a wide range of negative impacts by not retaining the services of an Interim CFO when your CFO leaves or an event requires expertise that is not available within the company. A lack of leadership in the finance area will have an impact both internally and on external stakeholders. Also, the strategic tasks that should be performed by the CFO will not get done, which impacts executive decision-making and could result in competitive weaknesses. The absence of an Interim CFO could also lead to missed opportunities to grow the business.

Instead, your business could experience a wide range of positive outcomes by hiring an Interim CFO, including the following:

- Continuity and assurance among internal and external stakeholders that the departure of the previous CFO will not have a negative impact on the company.
- An independent assessment of the effectiveness of all departments reporting to the Interim CFO.
- Improvements to systems and processes based on the Interim CFO's previous experience in a wide range of organizations.
- A successful outcome of a specific transaction such as an acquisition, IPO or sale of the business.

### **Concluding Thoughts**

There are many situations in which your business could benefit by hiring an outsourced CFO services provider, including hiring an outsourced CFO as an Interim CFO, also sometimes referred to as a Temporary CFO. In this role, an outsourced CFO brings the financial leadership and solution expertise of a full-time CFO on an interim, rather than a permanent, basis. The Interim CFO will serve temporarily until a new full-time CFO is hired. In this role, the Interim CFO brings full CFO leadership skill sets to lead the financial team and potentially oversee and manage other areas like HR and IT.

*This is the second article in a series on the types of outsourced CFOs. Following are links to the other two articles in the series:*

[When Should You Consider Hiring a Project CFO?](#)

When Should You Consider Hiring an Interim CFO? – (This article.)

[When Should You Consider Hiring a Part-Time CFO?](#)

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