



Who Is On Your Outsourcing “Dream Team”?

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In their ongoing efforts to maximize efficiency, stay focused on their core competencies, and get more done with less, more Los Angeles and Southern California business owners and executives are starting to realize the many potential benefits of outsourcing. But some still think that they’re too small to outsource, or that outsourcing is too expensive for them. In reality, neither is usually the case — but realizing this requires looking at outsourcing in a different way.

Viewing Outsourcing Through a Different Lens

You probably don’t think about it this way, but you are authorizing “outsourcing” expenditures when you:

Turn on the lights or the air conditioner in your office. Your company obviously doesn’t produce electricity; rather, you depend on the utility company to provide this vital service. You couldn’t operate your business without it, but producing electricity isn’t your core competency, either — so you outsource this to a utility that specializes in it.

Make your monthly commercial mortgage or lease payment. Your company doesn’t build commercial buildings, either. But you can’t conduct business without a physical presence, so you outsource the construction of your facilities to contractors and pay a bank or landlord for the right to use them.

Conduct banking transactions. Similarly, your company needs banking services like checking accounts and loans, but these aren’t part of your core competency — you outsource these services to a commercial bank.

These examples might sound a little silly, but we cite them to make a point: Business owners and executives outsource every day, in many different ways. This is because:

1. The products or services provided by the outsourced services provider are **outside the core mission and core competency of the company.**
2. **The company doesn’t want or need to invest capital in setting up the infrastructure needed to produce these products or deliver these services.**
3. **The outsourced services provider has more expertise and experience** in its particular area of specialty than the company could ever hope to acquire.
4. Outsourcing is the **most efficient and cost-effective way to acquire needed products or services.**

Your Outsourcing Dream Team

Given this, let's look at a few of the more traditional forms of outsourcing. How many of these professional services providers are on your outsourcing "dream team"?

- CPA/accounting firm
- Attorney
- Commercial banker
- Investment banker
- Insurance broker/agent
- Commercial real estate agent

An outsourced CFO is another professional services provider you should consider adding to your outsourcing dream team. Many Los Angeles and Southern California businesses have turned to outsourced CFOs to help them improve financial management and profitability, as well as increase shareholder value. Outsourced CFOs provide support to companies by delivering high-level financial expertise within a flexible framework and environment.

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

1. **Interim CFO services** — An outsourced CFO services provider can replace a departing CFO until a new permanent one is hired, as well as provide assistance in recruiting the new permanent CFO and defining, advertising and interviewing for the position.
2. **Part-time CFO services** — Businesses that can't afford (and don't need) a full-time CFO on staff can hire an outsourced CFO services provider to work with them for a few days a week or month, depending on their needs and budget.
3. **Project- or transaction-based services and assignments** — These may include audit preparation, M&A integration assistance, financial restatements and dealing with revenue recognition problems.

Concluding Thoughts

While more Los Angeles and Southern California business owners and executives are starting to realize the potential benefits of outsourcing, some still think they're too small to outsource, or that outsourcing is too expensive for them. Overcoming this mindset often requires looking at outsourcing in a different way. For example, utilities, construction firms and banks all provide outsourcing services, as do traditional outsourcing services providers like CPAs, attorneys and insurance brokers. Outsourced CFOs are another source of valuable outsourced services, providing support to companies by delivering high-level financial expertise within a flexible framework and environment.

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 800.276.1750 Ext 101.

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