

The Benefits of Working with an Outsourced CFO



As cost and quality conscious businesses are looking to shed their non-core business processes to third party service providers, outsourcing has become extremely popular these days.

Examples of common outsourced business processes include payroll, billing and purchasing as well as benefits administration, information technology management and marketing. Another popular type of outsourcing is Chief Financial Officer (CFO) outsourcing.

If your business is growing but isn't quite ready to bring on the expense of a full time CFO, then outsourcing your business's financial management makes sense.

The Role of a CFO

A CFO is part of a company's executive team and is responsible for the management of the company's financial issues. CFO's should be knowledgeable in corporate accounting and finance and should be able to develop standards for fiscal performance, managing of budgets and assessing financial risk. The CFO can help the company establish key performance indicators and develop systems to measure the company's financial progress toward its objectives. The CFO will provide advice to the CEO and other C-level executives regarding how to create a financial strategy that will allow the company to meet its financial goals. The CFO needs a broad range of skills – beyond knowing the ABC's of accounting – in order to take the helm of a company's finances. He or she must be a business strategist, have excellent communication skills, be up to date with the latest systems and technology and have a good understanding of the operations side of the business.

The financial complexities of a CFO's responsibilities often exceed the knowledge of an average CEO. A business without a CFO often leaves the CEO scrambling to learn the intricacies of business finance or the company financially in the dark. A business cannot thrive in either situation. While every company new or old, small or large should have a CFO, business owners often find themselves without one for several reasons. New businesses often forgo taking on a full-time CFO in order to avoid the expense of a salary and benefits. Large, established companies sometimes lose their CFOs to retirement, or different opportunities. In both of these cases, an outsourced CFO can provide a perfect part-time CFO or interim CFO solution, keeping business owners in the know and financially ahead of the curve.

The Benefits of an Outsourced CFO

Affordable - The most obvious benefit of an outsourced CFO is the affordability. Not a member of your full-time staff, a company does not pay an outsourced CFO a full salary or provide any employment benefits. CFOs are often certified public accountants with a master's degree in businesses administration or at least ten years of business management. With their background in accounting, finance, and extensive business management experience, full-time CFOs do not come at a low cost. An outsourced CFO is paid when needed for the amount and type of work required, freeing up a company's cash on hand for growth or investment.

Flexible - In addition to the monetary benefit of outsourcing a CFO only when needed, a company can also take advantage of a CFO's extensive knowledge during short-term periods of a changing business climate. For example, an outsourced CFO provides assistance when taking on special projects, for mergers and acquisitions, during policy development, and when working to obtain financing or investments. With the flexibility of an outsourced CFO, a business owner can team up with a CFO to leverage his or her financial expertise while strategically navigating the present objective and then resume handling the company's financial responsibilities once the specific goal has been met.

Knowledgeable - A smart option for start-ups or companies which have outgrown their current accounting practices, an outsourced CFO will help a new or growing business establish a secure, strategic accounting system and accounting controls. An outsourced CFO will examine your company's business model and type to determine the company's financial needs, the appropriate accounting structure, and even help you select the accounting software system which will best serve your business. When shopping for a CFO, look for one that has experience in your industry as well as a variety of other industries. An outsourced CFO with knowledge of your industry can hit the ground running with little or no learning curve, which saves the business owner time and money. A CFO with experience in other industries can bring fresh ideas and new perspectives that may assist the current operation. Whether your business provides a product or service, an outsourced CFO will help you establish the best accounting procedures to suit your company's operational needs.

Secure - With an outsourced CFO, your company will also benefit from having better financial controls in place. An outsourced CFO can help a business owner establish a system of internal controls which improves efficiency, effectively separates operational accounting duties, ensuring compliance with company policies and reducing vulnerability to internal theft and fraud. Multi-talented with backgrounds in both accounting, business management, and several operational departments, CFOs can also help your company efficiently streamline daily operations between finance and accounting and other internal departments like human resources, information technology, and customer relations. A good outsourced CFO will help preserve and protect the company's assets, mitigate risk and prevent fraud.

Supportive - If your company has a bookkeeper, accountant, or both on staff, after establishing a strategic accounting system, an outsourced CFO will train your accounting staff to carry out basic operational accounting functions such as monitoring accounts payable and receivable, billing, payroll, and even producing financial reports including profit and loss statements, balance sheets, and cash flow statements. When your company has received a size or level of transactional complexity which requires a full-time CFO, an outsourced CFO will help your company transition to a full-time CFO, assisting you with the selection of candidates for the position and the process of on-boarding the company's new CFO.

Unbiased - Businesses, with or without a full-time CFO can benefit from an outsourced CFO's objective, unbiased opinions. When companies meet new challenges, they can often benefit from the fresh perspective of an outsourced CFO; sometimes a problem is more easily understood from the outside. An outsourced CFO can help your business discover new approaches to problem solving and strategic planning which the current executive team may have overlooked. An outsourced CFO can lend your company a strategic perspective, helping your business develop an astute financial strategy by looking at the business as a whole. Using your financial statements to generate specific key performance indicators, an outsourced CFO will help you make pivotal business decisions by gaining a complete and clear understanding of your company's current financial standing and projecting a reasonable image of the business's future financial climate.



Freeing - Perhaps the most valuable advantage an outsourced CFO can offer a business owner is the savings in time. Many business owners attempt to learn and handle all of the financial responsibilities of a company in addition to managing the business itself. Juggling all of these responsibilities leaves business owners short on time and energy.

Rather than learning every minute aspect of operating a company's finances, successful business owners learn to do one thing, surround themselves with smart people. An outsourced CFO provides business owners with an invaluable benefit, the time and energy to do what they do best. An outsourced CFO leaves business owners free to run their companies, manage client relationships, design new products, and provide better customer services.

The Right CFO for Your Company

At Prime CFO, we offer part-time CFO and interim CFO services to help business owners create, operate, and grow financially successful companies. Whether your business outsources a part-time CFO for ongoing assistance or an interim CFO to help with a period of transition, your company will benefit extensively from a secure, fully-functional accounting system, a business owner with time to run the company, and expert insight into the world of business finance and your company's financial climate. With an outsourced CFO, your company can move steadily into the future with a clear understanding of its financial footing, realistic capabilities, and strategic goals set for success.

Contact Prime CFO Services today to learn more about part-time and interim CFO services for your business.