

ADVANTAGES OF A PART TIME CFO



The Chief Financial Officer (CFO) position is an important component in the success of any company. A capable CFO takes the time to understand the financial operations of his/her own company, as well as the company's position in the industry. That knowledge informs vital strategic financial decisions that are often the primary drivers of business growth.

However, the costs associated with a CFO role typically put it out of the reach of many small businesses and startups. Some companies choose to forgo a CFO altogether, opting to let the head of the business make the financial decisions with the help of a CPA, accountant, or other less experienced financial professional. Much like taking a road trip without turn-by-turn GPS directions, this route may result in poor financial management that leads the company astray.

BENEFITS

Cost-Savings

Finding a qualified CFO is costly. Between posting the listing, conducting numerous phone screenings, bringing in candidates from around the region, or country for multiple rounds of interviews, and putting together offer packages, the financial commitment can add up quickly. In companies that have never employed a CFO before, operational inefficiencies along the way can inflate this cost even further.

After a candidate receives an offer and he/she accepts, there is the risk that the person will not be a good fit for either the role or the company at large. In this scenario, the costs continue to mount as the employee has to be let go, or

performance managed out, and the process must start again. Hiring the wrong individual can lead to snowballing expenses.

Even if the process goes smoothly, the considerable costs to pay for a CFO's salary and benefits year after year is prohibitively expensive for many small-to-medium sized businesses. It is estimated that having an in-house CFO role costs an average of \$250,000 annually for salary and benefits combined.

Paying for a part-time CFO eases the cost burden associated with a full-time CFO because the company can skip the recruitment and hiring costs, as well as the associated salary. Furthermore, as a third-party employee, the business does not need to pay for benefits or be concerned with offering costly perks to incentivize retention when utilizing a part-time CFO.

Immediacy

Since time is valuable, the immediacy of hiring a part-time CFO is another cost-saver. In situations where a company realizes the need for a CFO and does not begin the search process immediately, bringing in a part-time CFO offers immediate help while a more exhaustive search for a permanent CFO can run its course. Similarly, when the

existing controller, VP of Finance, or CFO leaves suddenly, a part-time CFO, Controller or VP Finance can be brought in to keep a business's finances running smoothly.

Having an immediate answer to the need for a CFO also reduces stress. For businesses looking to create a CFO role for the first time, being able to quickly bring a professional into the position that has already been vetted is a huge relief.

Flexibility

Some companies choose to use a part-time CFO to provide greater flexibility within the role. Unlike an in-house CFO, that will handle all the financial operations and oversight of the business, a part-time CFO can be hired to do a variety of different financial functions. Hiring just for what you need, when you need it, creates an a la carte finance solution that many companies appreciate. The result is a cost-effective catered solution that makes sense for a small business.

Experience

A financial services and executive recruitment firm will inherently be more proficient at attracting and screening top-notch candidates than the average company looking to hire its own CFO. The

result is the ability to bring in a well-seasoned financial professional that has experience with relevant industries or business types. This is a crucial distinction because you will be putting the future of your business in their hands.

IDEAL SCENARIOS

Entry Point

Companies looking to hire a full-time CFO can get started by hiring a part-time CFO to ease their staff into the change.

Additionally, bringing in a third-party CFO first can help to flesh out the needs of the permanent role. The result is a better-defined position that is more likely to attract and retain top talent, as well as lead to sustained financial success for the business.

Like renting an apartment before buying a home, using a part-time CFO before committing to a full-time role also defers the cost until the business has increased revenue enough to be able to afford it. For low cash flow companies, this solution can free up the capital needed to reinvest in the business during crucial growth periods.

Transition Management

Times of transition are prime opportunities for bringing in a part-time CFO because they present unique financial challenges that require specialists. These include, but are not limited to:

- Hitting newly established revenue goals
- Securing outside financing
- Opening additional locations
- Expanding into new markets
- Making large capital investments
- Undertaking hiring waves
- Entering into new partnerships
- Navigating mergers and acquisitions
- Moving business headquarters

While the day-to-day financial needs of a smaller businesses and new startups are typically handled by a controller, accountant, or VP of Finance, transitional situations require additional expertise. Hiring a part-time CFO specifically for a period of transition or specific project allows for specialization that simply is not found in a more comprehensive in-house CFO role.

Limited Engagement

Most top-level finance professionals looking for C-Suite level employment are seeking a role with a future. However, when selling a business, expert finance services are only needed for a specific period of time. This limited engagement model is well suited for the role of a part-time CFO. Hiring a CFO while selling a business or any other type of short-term engagement is a cost-effective solution and a shrewd way to gain access to the skills of an experienced CFO.

Furthermore, it ensures that the CFO is fully dedicated to the company instead of dividing his/her time between the role and searching for a new position.

Software Support

When a company needs to upgrade or migrate its accounting system or software, a part-time CFO can spearhead the change and handle issues that arise along the way. This sets a firm foundation for the future financial health of the company. The result is both a smoother transition and cleaner statements afterward.

For many companies, it makes more sense to hire a part-time CFO or controller. Utilizing a third-party financial services provider to “lend” a CFO is a cost-effective way to hire top-talent to carry out important functions like generating business financials, upgrading your accounting system, navigating a merger or acquisition, approaching lenders, expanding business operations, and executing time-sensitive financial decisions.

Whether you have a successful small to mid-sized business, an underperforming one, or are planning for a business transition you may have needs that require a part-time finance team leader. If you’d like to explore the options in adding an interim or fractional CFO, Controller or Accounting Manager, you can contact us [here](#).

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