

Do You Need a CFO?

by Robert Moskowitz; Intuit Small Business Blog
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"Company founders and CEOs are [rarely equipped to handle financing strategies](#), budgets, and dealing with investors. But bringing on a chief financial officer is not cheap," notes Janine Popick, founder and CEO of the online marketing firm [VerticalResponse](#), on The Huffington Post. "If your company's revenue is growing quickly, you have new investors, and/or you've received venture capital, it could be time."

Does your small business fit any of those descriptions — or need financial direction? Is it time to bring in a C-level money manager? Here are four signs that your shop needs a CFO.

1. You lack detailed financial data that's critical to making sound business decisions. A company lives or dies on its flow of information. Owners and managers need key data regarding cash flow, working capital, and other financial matters presented accurately in sensible, digestible form as a foundation for making timely, important decisions. If you're not getting that data when you need it, consider expanding your team to include someone capable of preparing it. A CFO can collect, analyze, interpret, and disseminate details about your business's costs, revenues, and capital, as well as your planning options for economic, industry, tax, and regulatory matters.

2. No one is closely watching your costs. Every dollar saved supports your company's bottom line, so it can be tremendously beneficial to have top-level talent focused on cost issues. Of course, a

CFO doesn't just go around turning off lights in unused offices and buying cheaper paper for the copier. He or she understands the importance of [proactive planning](#) on such matters as staffing, make-or-buy decisions, and strategic partnering.

3. Bankers, suppliers, shareholders, merger & acquisition partners, and even customers are frustrated by the absence of a CFO. Whenever customers, suppliers, investors, or others feel stifled by the absence of a CFO, you're limiting your future growth potential. A CFO is better equipped than other C-suite executives to feed and care for people like bankers and prospective investors. He or she is also trained to evaluate M&A offers and opportunities. Even when financial and regulatory [due diligence](#) gets outsourced to a specialized firm, it often takes a CFO to interpret the findings and craft appropriate terms of a deal.

4. Your company is growing faster than its financial system can manage. Your small business is suddenly larger than ever, which means you need to handle bigger numbers, more sources and data points, larger amounts of capital, and/or more sophisticated cash and capital management strategies and techniques. In addition, growth usually brings [new risks](#) to be managed not only with insurance, but with proper approaches to threats that may arise from regulatory, environmental, and human capital factors. A CFO can take hold of the situation and install procedures and systems to manage your company's finances effectively.

If you're still uncertain whether you need to hire a full-time CFO, you can enlist a contractor: Firms like [The CFO Factor](http://www.cfofactor.com) (www.cfofactor.com) provide short-term and part-time financial officers for small businesses.