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## Rent a CFO

By Coeli Carr

**A temporary or part-time CFO can put your company on track for growth.**

The movie “Jerry Maguire” used the catch phrase “Show me the money!” to great comic relief. But, when spoken by banking or lending officers, these words can evoke panic in the hearts of small business owners looking for a cash infusion to expand their companies. Often, even successful entrepreneurs are sent home empty-handed because their financial statements simply aren’t in order, and they don’t appear credit-worthy. That’s usually when they start wishing they had a chief financial officer on board.

Unfortunately, many small businesses can’t afford the \$100,000 minimum salary that the average full-time CFO commands today. But there is an alternative: hiring a temporary or part-time CFO.

This was the perfect solution for David Stern, owner of [Precise Corporate Staging](#), which supplies sound, video and lighting services for concerts and corporate meetings. In 2004 he and his wife were generating nearly \$1 million in sales. Nonetheless, their bank wanted a clearer picture of their financials, and requested a stronger balance sheet and better P&Ls in order to secure funding.

“We knew that, if we didn’t get our accounting in order and do planning, that it would stifle the growth of the company,” says Stern. After two four-hour meetings with a temp CFO the couple learned that their accountant had made numerous coding errors, which affected the company’s P&Ls. By working with the CFO and a new accountant the Sterns got the funding and wound up saving a considerable amount of money on their taxes.

Precise Corporate Staging has since grown into a \$6.9 million business. Stern credits much of that success to their ongoing relationship with their CFO.



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### CFOs alleviate growing pains

Many small business owners believe in “the myth is that as sales increase that cash will increase accordingly,” says Jerry L. Mills, author of “[Danger Zone: Lost in the Growth Transition](#),” and founder and CEO of Phoenix, AZ-based [B2B CFO](#), which provides temporary financial experts for businesses. However, as sales increase, expenses— income taxes, payroll, equipment and administrative costs— typically follow suit. The reality is that money often gets tied up in accounts receivable, and gross profit margins go down. Sometimes, employee theft is involved. That’s when lenders – and even vendors – start getting wary. Banks know most business owners aren’t trained to handle these growing pains, says Mills.

This is where CFOs can really come in handy. These savvy financial pros have numerous other virtues aside from getting finances in order and securing credit. Companies enlist CFOs to implement new accounting systems, perform due diligence, or even make acquisitions, says Bob Ivanicki, who heads up one of the Management Resource Divisions of [Robert Half International](#), a provider of interim and part-time senior level financial executives. Just as important, a CFO can serve as a shrewd strategic planner who can help a small business owner stay on track for growth.

Bill Schoolman, founder and president of Bohemia, NY-based [Classic Transportation](#), agrees. As his 90-vehicle airport shuttle and motorcoach business became more complex, he didn’t hit his goals. “There’s nothing worse than thinking you’re profitable, and your accountant telling you you’re not,” he says.

When Schoolman realized that most of his competitors had full-time CFOs on board, he decided to hire one part-time. “We needed someone with skills in budgeting and cash flow analysis,” says Schoolman. He knew he’d never receive the expertise from an accounting firm. Schoolman’s CFO helps him between 15 and 20 hours each week, and he is elated with the results. Profits are up by 20 percent. “For the first time in the history of the company, we have a budget, and we’re living up to it,” he says. “A CFO tracks the progress we make in a way we were incapable of doing on our own.”

Entrepreneurs are very good at selling or making products, but most don’t have a clue on how to build a viable, sustainable financial infrastructure for the future, says Mills. “We clean things up.”

Although most business owners would agree that having good financial people around is essential, many don’t understand just how skilled CFOs are, says Neil Seiden, a former CFO and owner of [Asset Enhancement](#) in Port Washington, NY. Most small business owners work in their business, rather than on them, he says. So when an

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incendiary event occurs – a new competitor pops up, or a product starts to fail – they're left in the lurch. CFOs can get to heart of financial issues, and do it in about a quarter of the time compared to other financial professionals.

It sounds good. But what does it cost? On an average, a temp with solid corporate CFO experience runs \$100 to \$200 per hour, often depending on the complexity of the work. That might sound high. But even if you can only afford \$400 to \$500 a month, you can still get enough valuable expertise to get you over massive financial hurdles, says Mills.

### **Finding your CFO**

Finding a savvy financial professional willing to work on a part-time or as needed basis is easier than you might think. Some small business owners rely on referrals from banks or attorneys, or even, as Bill Schoolman did, by simply placing an ad on an online job board such as Monster.com.

Perhaps the easiest way to find a qualified temp or part-time CFO is through a growing number of staffing firms like [B2B CFO](#), [Asset Enhancement](#) and [Robert Half International](#) that specialize in providing small business owners with savvy financial professionals. We've seen a significant increase in the number of staffing firms that are focused specifically on delivering CFOs and top financial people to businesses, says Barry Asin, executive vice president and chief analyst at [Staffing Industry Analysts](#), a provider of contingent labor research.

Many of these temporary or interim CFOs are semi-retired executives who have decades of financial experience, says Asin. "They want to keep busy, and have employment flexibility without the headaches of the day-to-day grind."

Apparently, small business owners are catching on, too. BTB CFO, for example, currently has 55 partners across the U.S. As the demand continues to increase, Mills predicts that he'll have 250 partners by 2012.

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