

Outsourced CFOs are Smart for Business: Here's Why

Running a business requires many skills sets, and business owners, eager to keep costs in check, try to do it all.

From hiring decisions to compiling financial statements, owners spread themselves thin running from task to task.

The advantage? No large salaries for executives. The disadvantage? Each task gets only a fraction of the time it deserves.

According to the Harvard Business Review, outsourcing is one of the most important management practices of the last 75 years. Companies that outsource cite innovation as their Number One reason for bringing a fresh perspective to key company functions.

Business owners and executives benefit from outsourcing four ways:

1. Outsourcing allows companies to focus on what they do best--their own core competencies.
2. Companies achieve greater efficiencies without adding people or technological resources.
3. Outside expertise helps companies become more profitable, thereby increasing company or shareholder value.
4. Outsourcing offers increased service levels within company functions.

One of the most critical functions in a company, especially a business that's growing, is that of the financial officer. A Chief Financial Officer typically focuses on how efficiently a business is operating.

While some business owners view this function as a reporting function, in which the CFO merely is a scorekeeper of how well the business already has performed, that's just where CFO duties begin.

A CFO takes the historical financial data (also known as financial statements and other typical recording reports), combines that information with operating practices, and analyzes areas where the company could—and should—make changes that affect profitability, productivity and efficiency. The CFO with top-notch business sense can dramatically improve a company's bottom line. Outsourced Chief Financial Officers Save Money

Companies with revenues of about \$500,000 to \$5 million often find they can benefit from the services of a seasoned CFO, but can't afford or don't want to pay the \$125,000 or more that these professionals typically demand.

Some business owners simply accept that and vow to grow their businesses so they can hire a CFO later. Smart business owners recognize that if they want to reap the benefits of an experienced, results-producing CFO, they must look for a more creative way to do it.

These smart entrepreneurs regularly make outsourcing work for them. They understand the importance of leveraging their money while obtaining critical tools for success. Many times, the money they save with an outsourced Chief Financial Officer makes the decision that much easier.

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