

Outsourced CFO (Virtual CFO) – More Important Now Than Ever

A while back, I attended a training event and ran into an old colleague from my Deloitte, Haskins, & Sells days. He informed me that he had changed jobs and actually set out on his own providing CFO advice and service to about four different clients. I was stunned that he could make a living with just four clients and then he shared a bit of the revenue picture with me. *“There is gold in them thar hills”!* Clearly, my colleague has a robust resume but anyone with good accounting knowledge and computer skills can be an outsourced CFO.

Despite all the issues in the current marketplace business is still being conducted. Companies need quality accounting advice now more than ever and often cannot afford a full time CFO position. That is one of the top selling points of an outsourced CFO, the fact that great accounting skills can be had on a part-time basis.

This has become a rapidly growing trend around the globe, with start-ups and established businesses choosing to hire part-time virtual CFOs to oversee and undertake key business tasks.

Every business needs a good accountant and attorney.

Businesses of all sizes still need this specialized help and those in the accounting profession can help a business now more than ever. Just look at the recent Paycheck Protection Loan application and process shows how important it is to have good financial records and good accounting knowledge quickly available to business managers.

Contact points can be daily, weekly, monthly or quarterly. They can be a mixture of virtual and face-to-face. It all depends on what the company needs from the virtual CFO.

Businesses that were well organized and applied quickly received needed funds to continue business and also now stand in line for all the funds to be forgiven. An outsourced CFO would be good in these types of situations and many others. Accountants right now have the chance to grab this market before others do. CFM market? This is a great way to expand a client base and specialize your skills. Many outsourced CFOs focus on certain specific industries and markets. With our ability now to work from anywhere, a CFO can help a business from anywhere on the globe. One thing of note is that too many time zones make a significant difference. One to five times zones maximum seem to be the optimal level of connectivity for this purpose. Some consultants still prefer to only have local clients so they can also provide some face-to-face services where and when it makes sense.

In general, there are three traditional roles for the outsourced CFO:

- Bookkeeper
- Controller
- CFO

A **bookkeeper** records transactions, prints financial statements and sometimes, files forms but usually not tax returns. They do some level of business advising at times but are usually just focused on record keeping and financial statements.

A **controller** role includes all the above for a bookkeeper but focuses most of their time reviewing company policy compared to financial results, preparing forecasts, budgets, and keeping an eye on cash

flow and credit ratings. Controllers will file tax returns for income tax, sales tax, and property tax.

A **CFO** does not do much with recording transactions but does spend time on company policy vs financial results and examining details of key transactions. The CFO is distinguished by involvement in the company decisions like financing, IT security policy, hiring, product and service offering decisions, KPI analysis, strategic planning, as well as plant expansion and fixed asset purchase decisions.

There is an opportunity for accountants to help clients with accounting system implementations and recommendations. This role, however, requires much more than just an accounting background and can be lucrative or risky. In a recent survey, 85% of firms reported regularly receiving queries from clients about technology. The majority (69%) report one to five queries per month, and some receive more than 20! The most common concerned the implementation of third-party apps but people also asked about a range of ancillary services. Technology is a concern for every small business, and as accountants automate their processes and integrate the data flows across their stacks of applications, they develop expertise that can be converted into an advisory service.

So, how do you get started? Well, that takes some time and patience as word of mouth is the best way to grow a consulting practice.

What do you really need to be an outsourced CFO? Here is the list of hardware recommended:

- Cell phone that can enable a hot spot with a strong data plan
- A quality laptop with high-speed Internet access

Given time and effort this is a business you can grow substantially.

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