

Key Benefits Of A Fractional CFO

TRANSFORM YOUR BUSINESS PERFORMANCE



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What does a Fractional CFO do for a business?

As an SME grows and expands in terms of size, staff and complexity. The addition of an experienced finance professional is key to supporting ongoing growth and managing business risks.

Although initially a full-time Fractional Finance Director or Chief Financial Officer (CFO) may not be needed, it is likely that access to the right level of advice on a part-time (or Virtual) basis may be the ideal solution.

So what will a Fractional CFO do for a business?

- 1 Embeds 'best practice' processes and systems throughout the business
- 2 Builds an effective finance team for your growing business

- 3 Highlights the importance of maintaining focus on key financials for the business i.e. sales and turnover, gross margin(s), level of overheads, operating profit(s) etc
- 4 Helps to identify and then manage risks that may put you 'off course' ahead of any of these occurring
- 5 Provides additional credibility when dealing with HMRC, large customers, suppliers or banks
- 6 Leads and drives important financials of business projects for the business e.g. pricing, systems, expansion overseas, new products

What are the risks of recruiting your first full-time CFO?

1 Clarity

Are you clear what candidate your business requires and what technical skills and experience they need to have to be a successful addition to your team?

2 Your time

Can you afford the time now to spend months researching and/or obtaining advice around filling the role?

3 Cost and investment

Is the business able to afford the costs of bringing in such a senior role e.g. annual salary, recruitment fees, with uncertain immediate outcomes?

4 Timeframes

If the business requires a strong financial role within the business now, can you wait for the candidate to see out their existing notice period, eg. typically 6 months?

5 Culture

Will this key financial role and/or the candidate successfully fit within your existing culture or within the structure you currently have within the business?

What are the potential benefits of a Fractional CFO for your business?

Cash Flow

Do you suffer from a lack of cash or reliability of cash receipts at certain times of the month or throughout the month?

Are the amounts due from your customers regularly too high and are delayed payments or bad debts all too common?

Business Budgets & Targets

Do you have a clear set of targets for the business for the next month and next year?

Is there a clear plan for the continued growth of the business?

Profit Analysis & Improvement

Do you understand your sales margins, know where your business opportunities are for additional billings, your most profitable clients or projects?

Are you actively working to improve your margins, control your business costs and take opportunities etc?

Supervision of In-House Accounts

Do you have a Senior Finance person in your team who can manage or provide support to your bookkeeping staff? Or is this what you do alongside running the business?

Is your financial information accurate, 'fit for purpose' for your business and with the correct level of analysis and insight to allow you to make good decisions?

Internal Processes

Are your internal process 'fit for purpose', or do you even have clear internal processes within the business?

Where a business is growing successfully, then robust internal processes and procedures provide a key platform to support every other aspect of your business.

Risk Analysis

Are you aware of the risks that could potentially threaten your business?

Are you taking steps to eliminate or reduce these risks?

Management or Operational Reporting

Are you making business decisions without clear information being available?

Do you know your cash, turnover, profitability?

Do you know your key performance indicators (KPI's) that drive your business?

Business Exit & Business Planning

Do you have plans to exit the business in the future and how is the business preparing for the challenge of a sale and due diligence process?

Do you want to manage your exit, rather than 'be exited'?

Expanding Your Business

Whether you are expanding in the UK or abroad, have you planned for the implications (or opportunities) of expansion?

Examples include the initial setup costs, the ongoing operating costs, any impacts on existing business turnover and/or Senior Personnel.

How does our Fractional CFO service work?

You get an experienced senior finance professional working with you, operating as a 'virtual' member of your business, for an agreed fixed monthly cost or retainer.

In this way, you get access to a senior financial resource to help transform business performance, but without the expense, time and risk involved with recruiting and employing a Finance Director (FD) or Chief Financial Officer (CFO) on a full time salary.

With typical senior finance roles for an SME involving:

- 1 An annual salary of anything from £70,000 to £150,000
- 2 Search and recruitment fees e.g. circa 25% (£25,000)
- 3 National Insurance (NI) and pension costs e.g. another 25% (£25,000)
- 4 The management time involved in the whole recruitment process

Part Time, Ad Hoc or Interim Role?

Our VFD service can take a number of forms, depending on your requirements including:

- 1 An initial business review of your current finance team and an outline or action plan
- 2 As an ongoing external advisory role of a few days per month
- 3 A much more involved role on a short or medium term basis
- 4 A purely interim role for SME's looking to hire a permanent Fractional CFO.