

Should You Hire a CFO or Outsource an Interim CFO?

As a business owner, you are faced with many choices. If you're in start-up mode, you are managing just about everything in your business, from bookkeeping to sales, from rainmaking to employee management and probably even a little HR thrown in just to keep things interesting.

There comes a time in your business when having someone on your team at the C-Level to oversee your company's finances is a vital component to your success and growth...and the guess what? That time is probably...NOW.

Let's take a look and the ins and outs of hiring a Chief Financial Officer (CFO) for your company.

One of the tasks most often overlooked in a small business, especially in start-up phase, is making sure that your financial house is in order. That doesn't mean just hiring a bookkeeper or accountant. It means having an experienced financial professional looking at your "big picture" goals and the company's intended outcomes, from the financial point-of-view.

So, the magic question is: "Should I hire a CFO, or would it be better to bring on an



outsourced interim CFO?" It's not always an easy answer. You may even be asking yourself "What is an *outsourced interim CFO* anyway?"

Many start-ups decide that hiring a CFO from the onset is a great way to help them to navigate their financial path. After all, it makes perfect sense to get your CFO in place early so you can capitalize on their expertise, provide strategic financial insight, and create projections, budgets and cash flow forecasts.

But in many cases, hiring a CFO may not be a great fit for your company, at least in the beginning stages and here are a few reasons why:

- Your company may still be refining it's direction so it may be too soon to bring on someone to "captain the financial ship."

- A CFO may not see eye-to-eye with your objectives as the owners or entrepreneurs who started the company.
- It might takes months (or longer) of sifting through resumes or interactions with executive search firms just to find a handful of potential candidates that may or may not be the right fit for you.
- Many CFO candidates are not willing to brave the uncertainty of a start-up company.

It's a bit of a double-edged sword, isn't it? You certainly want the professional guidance of a qualified financial officer; someone seasoned with years of experience, ideally in your industry. Yet, you don't want the headache of making the wrong choice with a decision as important as hiring a CFO.

So what is the answer?

The simple answer could be [hiring an outsourced CFO](#).

Here are just some of the many advantages to using this potentially powerful strategy:

- Having someone on your team with experience and expertise to get your financial plan organized and on track.
- Interim CFOs tend to be more motivated by doing the work required in a start-up; putting into place those building blocks to assure a solid foundation.
- They are trained in designing accounting and reporting systems that can greatly increase owners and managers ability to stay on task and on track.
- Interim CFOs have been "around the block" with various businesses and have a breadth of knowledge and experience that other candidates may not actually have under their belt.
- They understand regulations, GAAP best practices and how to put all the rights [policies and procedures](#) in place from the beginning.
- Interim CFOs like to take on the "hired gun" role...they come in, they take care of business and then, when you're ready, they are off to the next position, while you transition into having your own CFO on board.

Hiring an interim CFO is substantially less expensive than hiring the wrong "in-house" candidate. You won't have to leap into a full-time salary, or negotiate stock options and the other perks and benefits that typically go along with keeping an in-house CFO happy and motivated.

There can be a downside as well, but the pros far outweigh the cons. For example, management effectiveness can be limited because he or she may be perceived as an "outsider" or "short-timer" from your staff's perspective. But a solid candidate for interim CFO will also have the ability to enroll your team into his vision. Another potential drawback could be that your interim CFO might lack the authority necessary to do the job right, but you can solve that problem by entrusting the right candidate with the necessary authority to move forward with his key roles.

There are always pros and cons to any executive hire, whether internal or outsourced. One of the biggest advantages of hiring an interim CFO is that it gives you time. Time to set up systems and test your financial methods. Time to organize and vision for your company's future. And perhaps most importantly, the time you need to make the right long-term decision regarding your ideal CFO candidate.

Making the right choices to [hire an outsource interim CFO](#) may be the difference between success and stagnation in your business. Consider it carefully.