

Why Use Fractional CFO and Controller Services?

In order to stay competitive, businesses are being forced to examine all aspects of their operation to identify cost savings and drive efficiencies. Those companies that can do this successfully will be rewarded with increasing market share and improved profitability.

The issue for small business owners is how to effectively conduct this analysis without knowledgeable resources to do it. Small businesses have always had the need for a professional accounting support; however they have not been able to afford the cost of these resources on a full time basis. As a result many of these companies have attempted to manage their financial operations without the proper level of talent in place. Typically the small business owner will try to handle these tasks on their own even though accounting is not their core strength. A common perception being that the company will save money by handling these functions themselves and leaving it up to their CPA at the end of the year to handle the tax returns. Consequently companies could end up with poor financial reporting that impacts their understanding of their business operations. Thus impacting their inability to obtain adequate bank financing or raise equity investment for the business. Other financial problems affecting small businesses include:

- an increase in the financial complexity of the business that has outgrown the capability of existing staff;
- a lack of financial bandwidth on a specific project such as a M & A transaction;
- an inability to respond to growth opportunities due to not understanding the relevant financial implications; and
- a lack of understanding on where company profitability is coming from.

Fractional use CFO's and controllers help their clients across multiple aspects of their business. In addition to ensuring accurate monthly reporting much work is done in creating financial projections of the client's business. This helps management anticipate cash needs subject to different revenue outcomes. It also helps them when seeking bank financing in advance of the need. Banks typically are reluctant to lend when companies are operating at or near breakeven (especially today) so being able to anticipate the need in advance and packaging up those

requirements to a bank in an effective manner will help in obtaining adequate debt financing when needed.

In today's economic climate every business owner needs to understand their "numbers". In order to accomplish this, owners must have accurate and timely financial information on which to base strategic decisions on. Finding the time to do this though is difficult. Having an experienced CFO or Controller involved in accumulating accurate data, interpreting the data, and then communicating to the management team is a crucial part of guiding a company through difficult times as well as taking full advantage of economic upswings. For small companies these tasks can be effectively handled on a fractional use basis thus allowing the company to only pay for what they need. On average most small businesses (subject to size) should only spend between \$15,000 and \$60,000 annually, which is significantly less than a fulltime CFO or Controller typically costs.

By utilizing a part time CFO or Controller to manage the accounting and financial functions of their business the small business owner will be able to spend more time with customers and prospects to support their growth.

About Scale Finance:

Scale Finance LLC (www.scalefinance.com) provides **support in raising capital**, executing **M&A transactions**, contract **CFO services**, and Controller solutions to entrepreneurial growth companies. The firm specializes in providing strategic advisory and management for companies raising growth capital and considering M&A/recapitalization opportunities, cost-effective financial reporting, budgeting & forecasting, implementing controls, complex modeling, and **business valuations**. Most of the firm's clients are growing technology, healthcare, business services, consumer, and industrial companies at various stages of development from start-up and expansion to tens of millions in annual revenue. Scale Finance LLC has offices throughout the eastern seaboard including **Charlotte**, Raleigh/Durham, **Washington, D.C.** and **South Florida** with a team of more than 45 professionals serving over 100 companies throughout the U.S.

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