



# **VIRTUAL CFO WHITEPAPER**

**Your cheat sheet for high-inflation and  
unstable business environment in 2024**

## What is a Virtual CFO | Finance-as-a-Service

Until recently, only mid-sized and large organizations could afford to hire a chief financial officer (CFO). Now, smaller businesses can invest in virtual CFOs for a fraction of the cost of a traditional CFO.

CFOs help business owners make sound business decisions through services such as cash flow management, forecasting, strategic planning or to protect them from foreign exchange losses.

## Virtual CFO as logical response to growth

The CEO of a growing business can sometimes get away with their limited knowledge until they start running more sophisticated operations as a result of growth. Usually, this is when things start to get overwhelming for a business owner.

At this stage, they realize they need more than basic bookkeeping services and they start entertaining the services of a CFO, or virtual CFO.

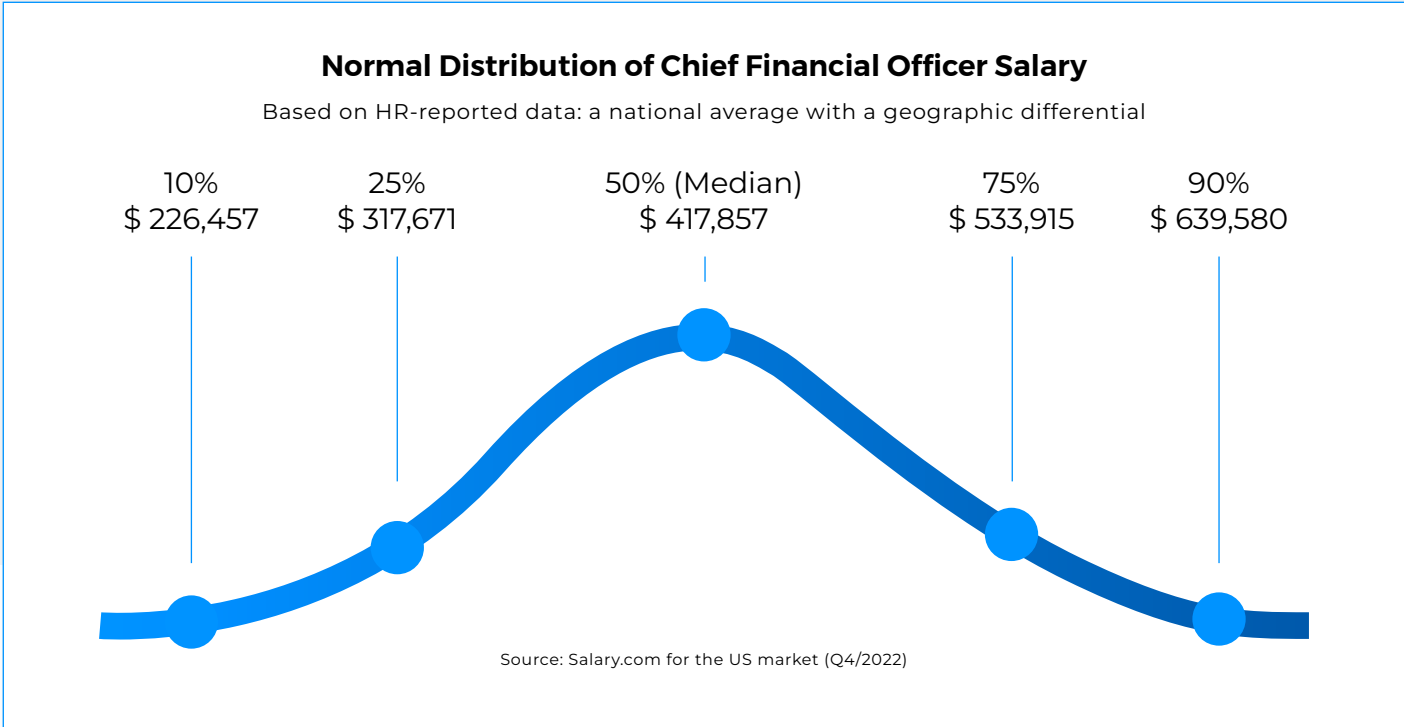
Think beyond  
in-house, full-time  
employee position ▶

A virtual CFO is a proven solution to bridge the gap for small to midsize businesses that are growing to the point that they need a financial executive but who don't yet have the revenue to invest in a full-time CFO. Finance director used to be all or nothing, but now, businesses can hire virtual CFOs on a flexible and part-time basis.

## What will a virtual CFO actually do for me? What do I get for my money?

- Budgeting and forecasting
- Strategic planning and execution
- Cash flow management
- Mitigate or prevent foreign exchange losses in international trade (FX hedging)
- Identify opportunities for a business to expand and grow
- Identify and evaluate the possible impact of new products, new service offerings, or new business initiatives
- Comprehensive and detailed financial reporting and analysis
- Deep insights on business finances, including comparison with competitors' financials
- Analyze large amounts of financial and operational data for trends
- Analyze financial trends and budgets to identify issues and opportunities for the business
- Review financials, develop insights, make recommendations, and formulate strategies to support business growth and make business processes more efficient
- Preparation and presentation of monthly and quarterly financial reports as well as review of end-of-year financials
- Advice on the latest software and tools, such as business intelligence (BI) and reporting
- Develop reliable cash flow projection processes and forecasting models
- Model the impact of different scenarios and perform useful what-if analysis
- Review debt-reduction strategies and negotiate more favorable loan terms with banks
- Be a critical team member in financings, M&A transactions and restructurings

# How much does the full-time CFO Employee cost?



Having an experienced financial professional at a fraction of the cost of a full-time CFO will not set you back as much as \$500k annually.

A virtual CFO will carry out all the duties of a traditional CFO, but work remotely and on a part-time basis. As you grow and need to scale, your virtual CFO's contract will adjust as you need.

## How founders react to “unscalable CFO”

Cost as high as half a million dollars can't be borne by every startup or SME. Employment-seeking finance managers or executives rarely offer or accept part-time, scalable stints.

That is why founders often try to manage finance or perform rudimentary controlling themselves, but they often lack the skill set and experience.

Sooner or later, this is also detrimental to an ongoing friendly relationship among founding partners/shareholders. Additionally, their attention gets diverted from vision, strategy or sales. Thus, their business gets hurt on several levels and bad becomes worse.

## When to consider that the time is right for a virtual CFO?

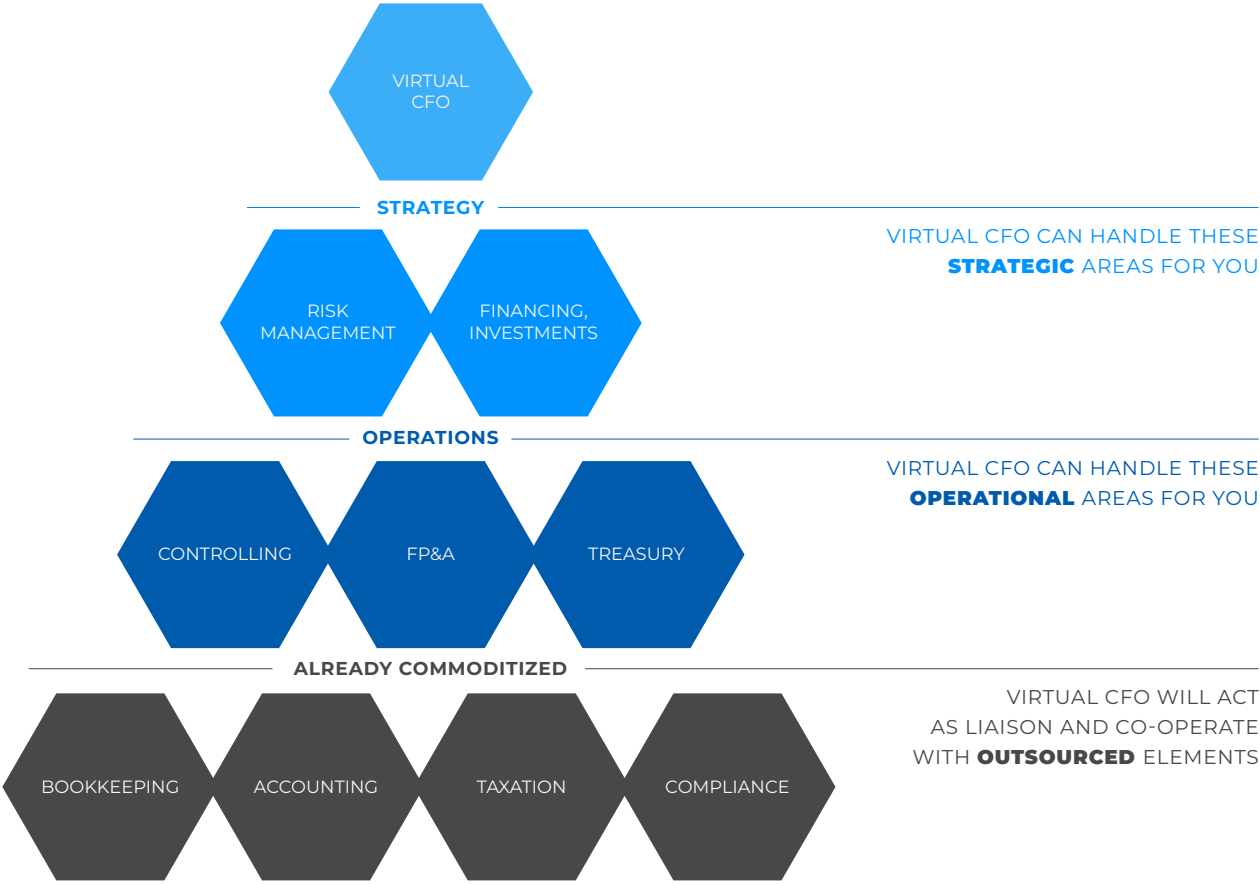
- When you think your company should have more profit and liquidity
- When you need a strategic partner to discuss and quantify impact of your visions
- When you need support in planning, budgeting and forecasting
- When you need to find outside financing or refinance (both debt and equity)
- When your internal rules and controls don't exist yet or don't provide desired outcome
- When your finance team needs to step up or get training
- When you need to reduce your overall or specific risk exposure

# Remote CFO in 2024 business environment

Bookkeeping, taxes and compliance are already commoditized. Most companies are better off, having outsourced these necessary, but low value-added functions (mostly required by regulation).

Your CFO should thereby focus on higher value-added objectives, making sure that routine low-level tasks, such as opening and closing accounts, reconciliations and compliance are adequately serviced by your bookkeeper, accountant and tax experts. The same goes for audit if you are subject to it.

This schematic will help you break down and understand the essence of corporate finance, deconstructed as modular blocks in a clear hierarchy<sup>1</sup>:



<sup>1/</sup> Diagram by no means aims to be exhaustive but gives a good overview of the prevailing situation: Not knowing any better, founders only focus on the bare minimum when it comes to finance, completely ignoring more advanced layers (which can only be reasonably well performed by academically-trained and experienced finance professionals). Closing the gap by having a virtual CFO therefore enables to feed way more utility back into the business (better decision-making, more opportunities, lower risk).

# Who are typical users: entrepreneurs, startups, SMEs

1

## Early adopters

Growing startups which need more than an accountant but can't afford an expensive full-time CFO. Their founders embrace cloud technology and have lower mental barrier towards accepting strategic help delivered remotely.

They are used to working with Gmail, Zoom, Slack, Salesforce, smart home, online banking, photos in cloud and so on. Receiving remote IT support or negotiating deals on video calls is business as usual for them.

Therefore, outsourced accounting, payroll and remote CFO seems a logical next step of the cloud evolution to undertake without being perceived as risky or too uncomfortable.

2

## SMEs in special situations

SMEs find themselves in a sweet spot to benefit most from their "scalable" CFO. Many delicate business situations are their first such occasion to overcome – which means they need to boost senior expertise immediately or temporarily and a mere "Big 4" consultant won't cut it.

Life happens and clients often need a finance veteran to fight in their battles (M&A, fundraising, fraud detection and prevention etc.). Such professionals are rarely interested in becoming salaried employees though.

Moreover, the cost and time of hiring (headhunters and several rounds of interviewing plus notice period) a full-time in-house finance expert is often detrimental to winning on time.

3

## Companies in distress

Business is not always smooth sailing. Sometimes trouble adds up and a remote CFO is needed ASAP to deal with it. Such examples are damage control, litigation, corporate debt recovery etc.

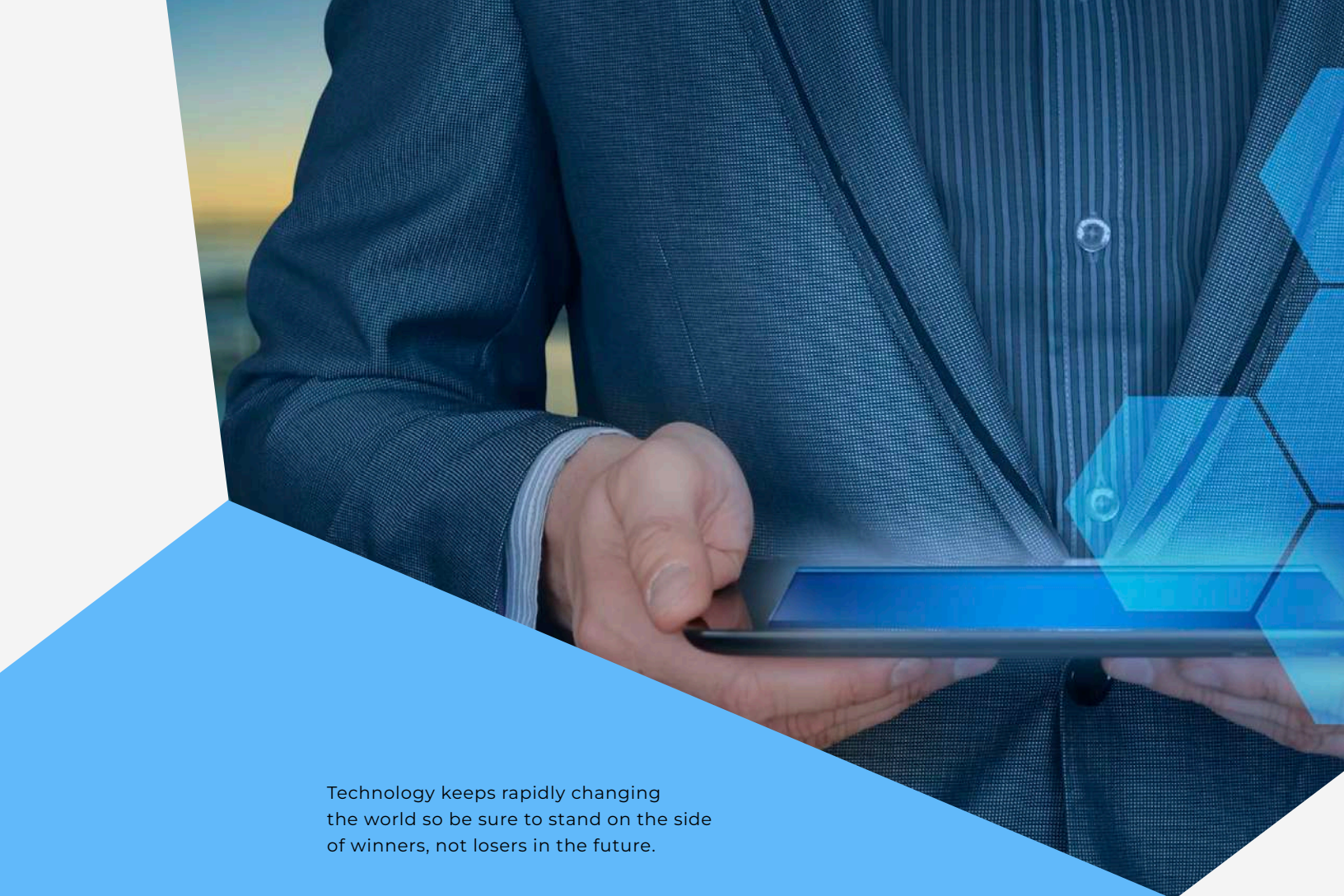
Such projects require a dedicated and well-orchestrated team of finance and legal pros working closely with senior management (or founders).

## How virtual CFO differs from staff working in major consulting companies

Virtual CFOs often work alongside consultants so you get the added value of the full attention plus a wide range of expertise. Thus, you avoid the common situation where a consulting firm partner will not give the client their full attention as they spend much of their time chasing new deals, providing strategic guidance to their project managers and dealing with internal politics, competition and government relations at the same time.

The reality that nobody talks about is that a sizable amount of work (and billables) is done by overworked junior consultants who are still in college, supervised by "seniors" freshly graduated out of college. Such work is often prone to mistakes which not always get filtered out by the experienced professionals.

Also, unlike consulting companies delivering a deck of attractive slides, virtual CFO has to actually do all the work needed to solve their client's problem, not just provide a blueprint... where understaffed or underqualified team members won't realistically stand a fighting chance to make the desired impact.



Technology keeps rapidly changing the world so be sure to stand on the side of winners, not losers in the future.

**Shift gears to “CFO as a service” now and find inspiration in these 6 principles:**

1. Build strategically but stay nimble.
2. Set achievable goals and quantify them into your cash flow.
3. Be smart and pro-active, and run different scenarios of future course.
4. Update your business plan in light of new market conditions.
5. Change path well before crisis hits hard.
6. Remember that the usual hiring process will never offer as fast reaction to specific projects or situations as the “CFO as a service”.

GET IN TOUCH WITH A PREMIER VIRTUAL CFO PROVIDER:

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We will help you see the information you need in time, while remaining agile, with minimum overhead.