



CFOshare

5 signs your finance team is under-performing

A guide for small business owners.

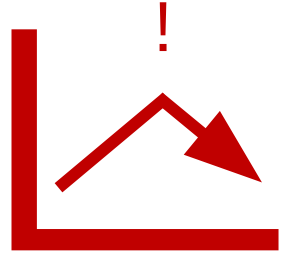
LJ Suzuki – Fractional CFO

Quick Survey...

- We do my own books
- We have a contract bookkeeper
- We have a W-2 bookkeeper/accountant
- We have a finance team of 2-5 FT employees
- We have a finance team of 6+ FT employees



Results of bad finance team



Surprise results



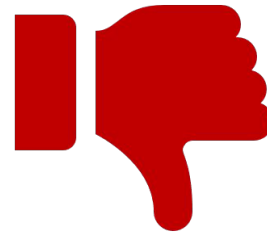
Reactive management



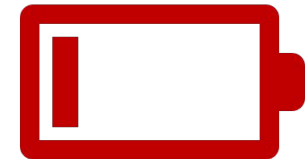
Sleepless nights



Cash shortages



Inability to be funded



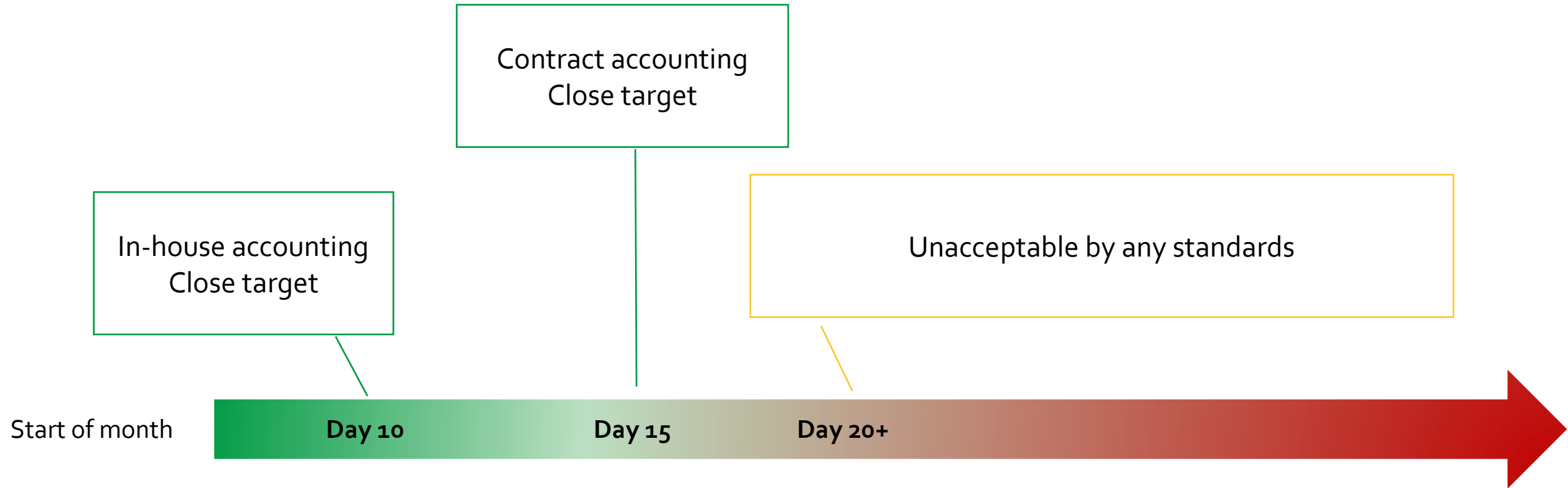
Low exit value



5 ways to evaluate your finance team

#1: Closes books in under 15 days

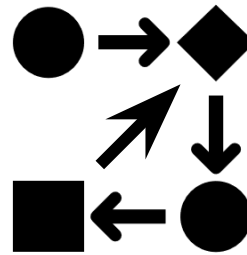
Reliable timing for monthly deliverables



Causes for long close



Overloaded or
Underqualified



Inefficient



Stuck in Old Ways
(e.g. QuickBooks Desktop)

#2: No red flags in financial statements

Can you identify red flags in financials?

List of Red Flags in Financial Statements

Balance Sheet:

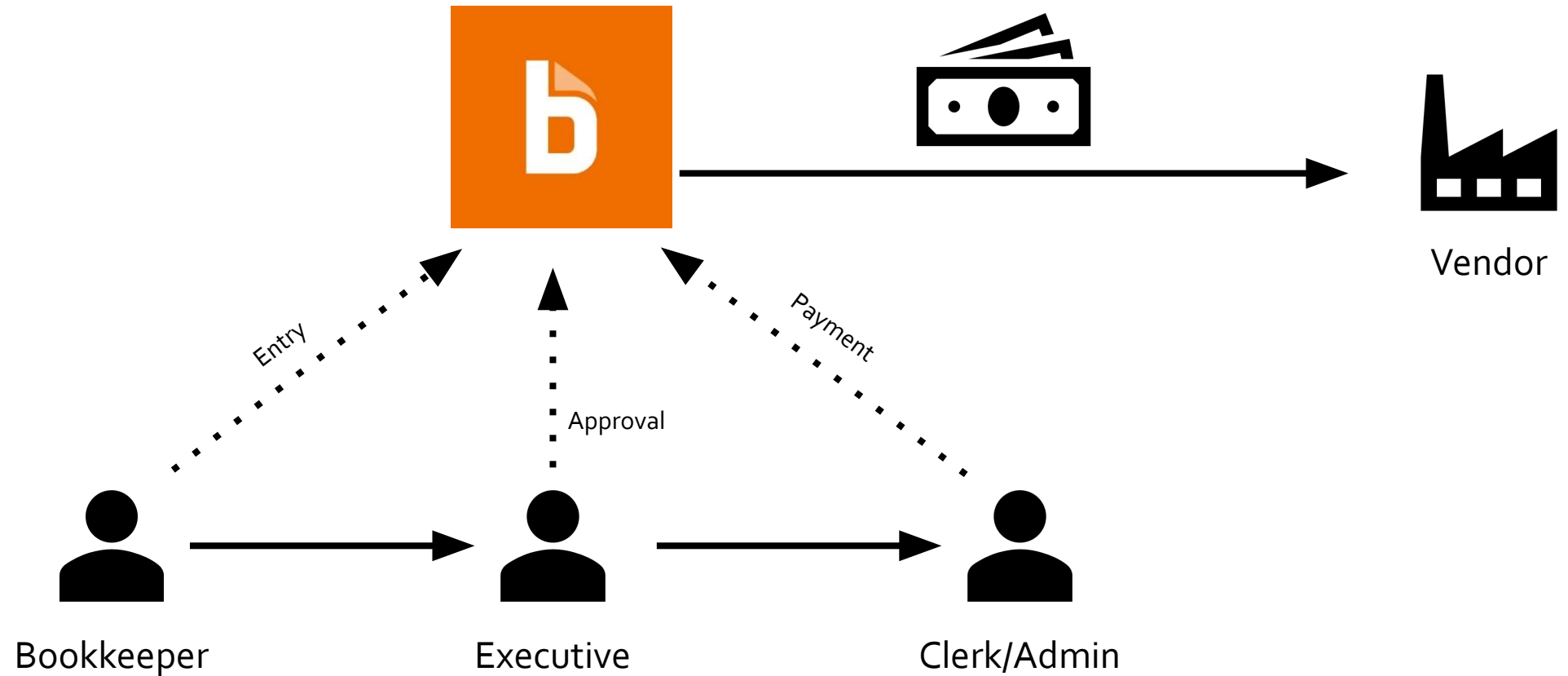
- Negative balances in:
 - Loans
 - Cash
 - AR
 - AP
- Excessive balances in:
 - Inventory
 - AR
 - AP
 - Prepaid expenses
 - Any current asset account
- Any balance in:
 - Uncategorized _____
 - "Suspense" or "clearing" accounts
- Large retained earnings but low cash balances
 - Unless offset by owner distributions
- "Opening balance equity" amounts

Profit and Loss :

- Negative amounts in:
 - Revenue
 - COGS
- No COGS during a period with sales
- Irregular gross margins
- Uncategorized *anything*
- Reconciliation discrepancies
- Excessive number of accounts
- Improperly grouped accounts

#3: Insists on proper controls

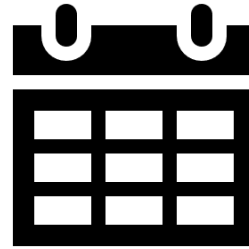
Controls involve 2-3 parties on bill payments, expense reports, and high-value purchase orders.



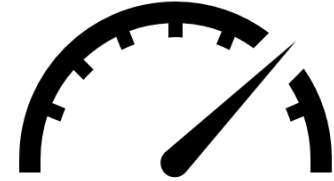
#4: Forecasts more than P&L + cash



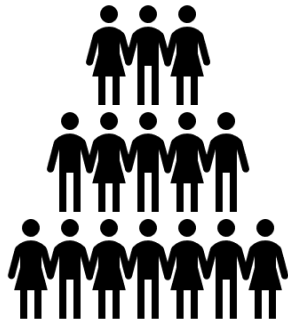
Balance Sheet



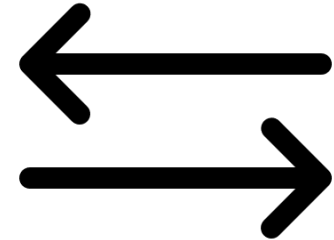
12-month outlook



Sales leading indicators



Headcount planning




Cash Flows

#5: Answers your questions

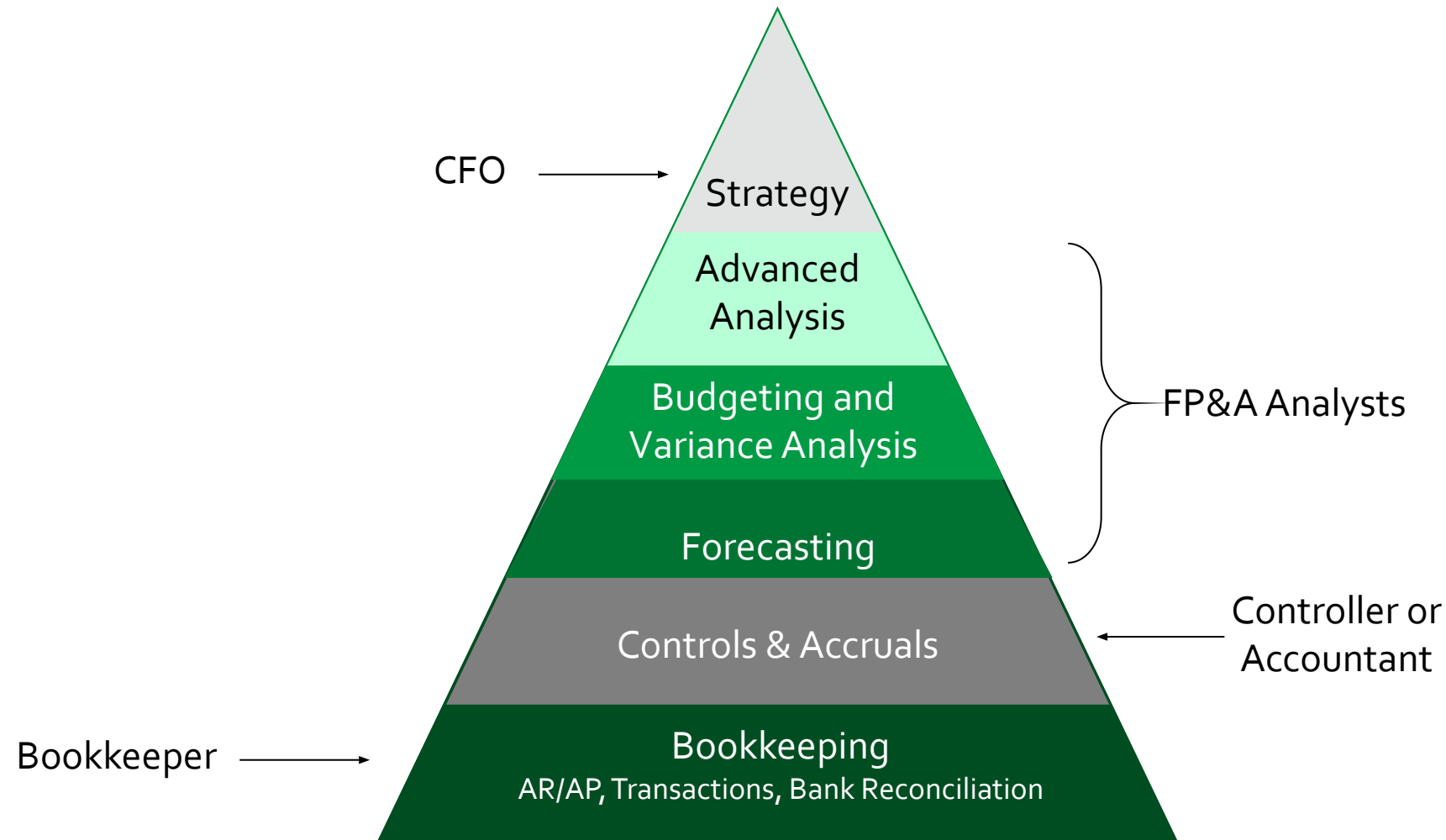
Simple proof they know what is going on.





**What if your finance
team is
underperforming?**

Identify where the team is falling short.



Get a second opinion

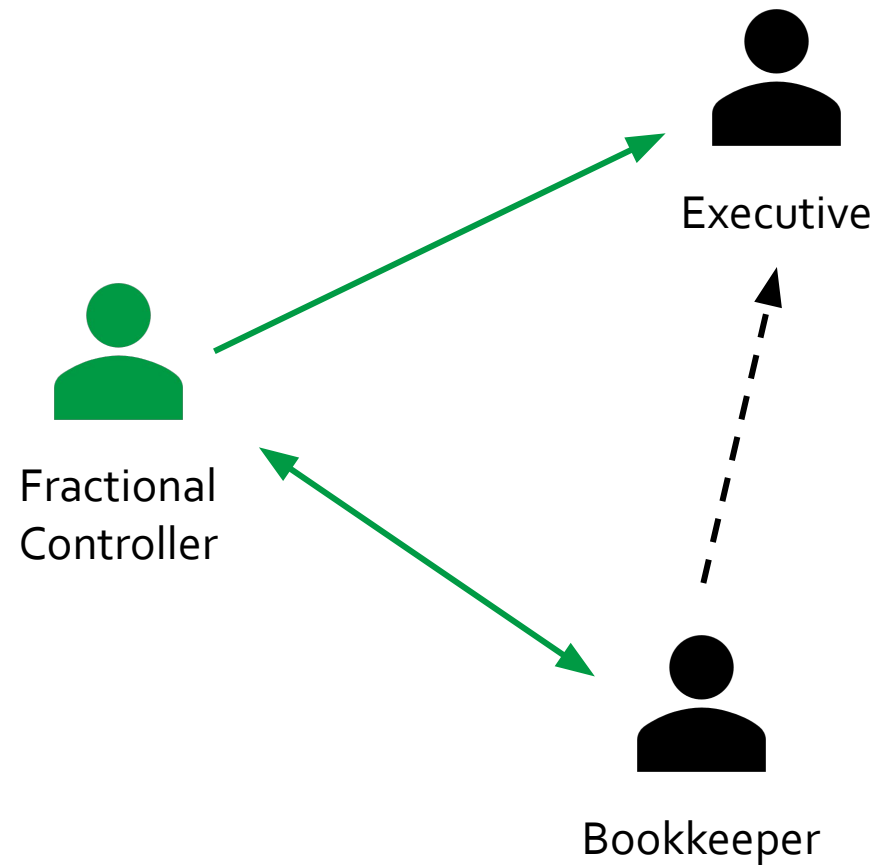
Consult a finance professional for validation

- Business advisor
- Board member
- An agency like CFOshare (info@CFOshare.org)

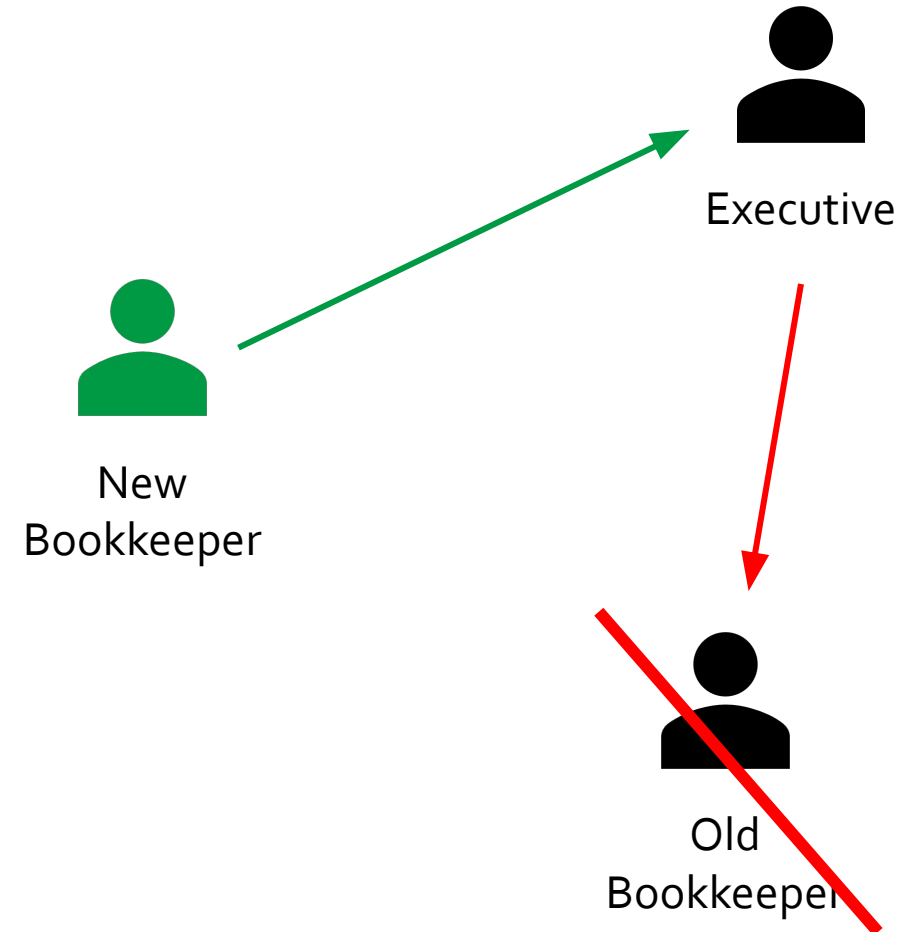


Hire to supplement, support or replace

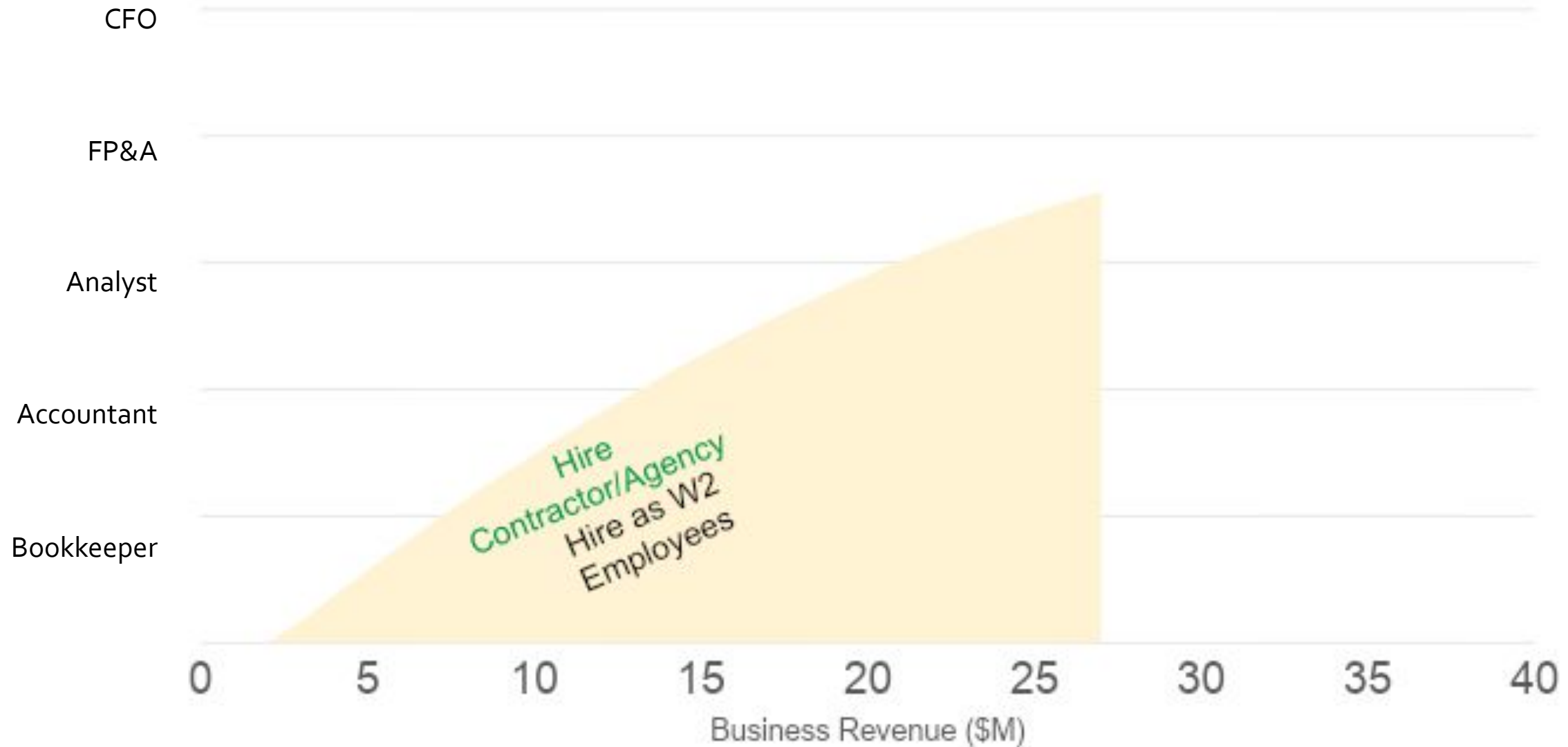
Supplement/Support



Replace



When to outsource vs insource



Final thoughts

Stay focused on growth by hiring someone you trust



Delayed Accounting Costs More



Hire Someone You Trust



CFOshare

Questions?

Info@CFOshare.org