



THE ULTIMATE GUIDE TO

HIRING vs **OUTSOURCING**

FINANCIAL SPECIALISTS

The Ultimate Guide to Hiring vs. Outsourcing Financial Professionals

Get some insight into whether you should hire or outsource your CFO, controller, and accounting needs.

Making decisions about who to hire for a job can be stressful, particularly when you realize that you can lose large amounts of money when you hire the wrong person. Outsourcing certain services or jobs can help ease the burden of decision-making and onboarding, when you find the right provider of services.

Whether you're working at a large company or running a small business, outsourcing can be beneficial to your business. Read on to discover why outsourcing might be for you, and how it can help your business.

Dealing with Worker Shortages and Low Unemployment Rates

Unemployment rates and the supply of available full-time workers goes in waves, depending on a multitude of factors like:

- **Economic upturns and downturns**
- **Job availability**
- **The size of outgoing and incoming generations of workers**
- **Automation of jobs and artificial intelligence advances**

In early 2018, businesses are dealing with low unemployment rates and a steady addition of jobs each month. Starting the new year at a 4.1 percent unemployment rate, March and April led to an even lower **rate of 3.8 percent according to the Bureau of Labor Statistics**.

In the financial industry, the unemployment rates are even lower, hitting two percent, or even less in some areas of the United States, **according to the BLS**.

That makes financial professionals incredibly difficult to come by when hiring.

While the low unemployment rates are great for workers, it puts businesses in a tough spot. How do you resolve your business's needs when finding professional labor is so much more challenging?

How to Decide When to Outsource

To determine the best course of action when you're trying to decide, it's best to ask a few crucial questions. The following questions are a good starting point.

- **Is it a job position you're trying to fill, or a project you're trying to cover?** If the job is related to a regular, salaried position, outsourcing can be a temporary solution, but may not work long-term. If the job is more project-oriented, like preparing for an audit, outsourcing is a much more efficient option and should be up for consideration.
- **When is your deadline?** If you're up against a quick deadline to find professional labor, it may be better and more efficient to hire an interim replacement or part-time from an outsourcing service, rather than trying to hire someone that will be permanent. Rushed hiring decisions can often create larger problems down the road, particularly if the candidates under consideration are not fully qualified.
- **Is the project short-term or long-term?** If the assignment is project-based, consider the timeline. Is it ongoing, or is there a one-time deadline? Try to anticipate any factors that might extend the project or cut it short. In the likelihood that the project will not hold to a particular timeline, a full-time employee may not be the best option.
- **Is the project specialized or niched in some way?** Specialized knowledge or job training requirements can make finding job candidates extremely difficult. In those situations, outsourcing is often the most efficient solution, particularly if you're subject to a time crunch. Outsourcing in this situation also allows you to make the best use of specialized knowledge, without having to pay for them full-time.
- **Can the company afford the onboarding and training costs of a new hire?** Hiring someone that ends up being a bad fit can be a costly mistake. Depending on how long they stay and how much training is invested, the bad hire can cost the company thousands of dollars and crucial time. And even when the hire is the right fit, it can still cost a lot of money to hire and train someone new. Without the necessary resources for hiring, it is more efficient and cost-effective to outsource.



Outsourcing CFOs

Knowing when you need a CFO is crucial to your company's development. Because a CFO's knowledge is both incredibly sought-after and specialized, using a part-time, fractional, or interim CFO can be a useful starting point. CFOs are primarily employed to:

1. **Oversee the financial direction of the company.**
2. **Perform specialized tasks like exit strategies or mergers and acquisitions.**
3. **Ensure compliance with GAAP and other accounting standards.**
4. **Select and oversee accounting software and processes.**
5. **Determine strategy for pricing, funding, and accounting practices.**

Full-Time CFOs

As a business grows, there will be a greater demand on the CEO or business owner's time, which means that businesses with larger revenues are still going to need a full-time CFO dedicated to their company's finances. This provides your company with the stability and consistency that you'll require to stay afloat.

If your company is still relatively young with a low revenue, or you have specific project needs, you'll need to consider the other options below.

Consulting Part-Time or Fractional CFOs

Whether you're experiencing problems hiring a full-time individual or you can't really afford it, you can hire a consultant.

A consulting CFO can help you keep up with the necessary workload, which will prevent your company from heading in a disadvantageous financial direction. You need to keep up with the growth of your business, so finding a part-time consultant can help you do that.

If there are special projects you require a CFO for, you can also hire a consulting CFO to supplement an existing full-time financial officer. Such projects would mainly consist of closing deals and lingering projects that require additional experienced manpower or expertise.

Interim CFOs

If you're in a situation where you need to redirect your company's trajectory, an interim CFO may be the best solution. An interim CFO can be helpful if:

- **You're about to experience a growth spurt or expansion.**
- **You're going to acquire or merge with another company.**
- **You've filed for bankruptcy and you're looking to restructure.**
- **You've fired or let go your previous CFO and need someone to pick up the slack.**



An interim CFO will likely be better suited to one of these specialized tasks, but you will not need to keep them in a long-term commitment. Depending on how specialized their skillset is, they may not expect to stay any longer with your company than is absolutely necessary.

Outsourcing Controllers

Business owners may not realize how essential controllers are until they really need them.

That can create problems, because your need for a controller may be more immediate than you might initially think. Finding someone to remove the pressure from your accounting team (many of which are often understaffed in a startup) should be a top priority. Otherwise, you might end up overextending your resources or overworking your existing accounting staff.

Outsourcing controller services can be a great way to see how a controller can help your company, as well as help you understand what exactly a controller does, without having to commit to a full-time employee right away.

What an Outsourced Controller Does

Because of the variety of tasks or projects a controller can take on, the uses for a consulting controller are virtually limitless. You may want to consider a controller if you need help with:

- **Accurate financials**
- **Cash flow forecasting and budgeting**
- **Selecting and negotiating with vendors**
- **Choosing and implementing accounting software**
- **Improving internal financial visibility**
- **Internal controls**
- **Overall improving your accounting operations and projects**

Overall, a controller will help leaders make better decisions based on reporting and financial visibility, without businesses overextending themselves to find or hire a full-time controller.

Outsourcing Accountants

Hiring skilled accountants is a difficult process in the midst of a worker scarcity.

Outsourcing some or all of your accounting can help you address the workload until you hire a full-time accountant, or you can simply rely on outsourcing to meet your needs.

4 Reasons to Outsource Your Accounting

There are some factors that go into determining whether you need to outsource your accounting to a consultant.

- 1. You own a small business.** A small business may not require a full-time accountant right off the bat, simply because there isn't enough work to fill their time at first. One option is to hire a part-time bookkeeper, but you can receive professional help by outsourcing to an accounting firm.
- 2. You have monetary considerations.** When you hire the wrong people to fill vacancies, it can end up costing a lot of money. For a time, you'll be able to save money by outsourcing to a consulting accountant or accounting manager.
- 3. You're in a transition period.** If you're about to go through a specific transition like a merger, acquisition, turnaround, or simply expansion, it may work better to outsource. You can still receive the necessary expertise for these processes, without upsetting the current accounting structures in place.
- 4. You have one-time or short-term projects.** With projects that exist outside your accounting department's regular workflow, it can be useful to outsource, particularly if those projects require certain skillsets or expertise. By outsourcing these kinds of projects, you can save your business from going through the effort of filling a temporary position yourself.

What Outsourced Accounting Consultants Can You With

Outsourced accountants can assist with both special projects and regular accounting services, such as:

- **Accounting system set-up**
- **Reconciling bank accounts**



- **Cutting checks**
- **Billing and invoicing**
- **Accounts receivable and payable**

Special projects, on the other hand, could include items like:

- **Account clean-up**
- **Critical analysis**
- **Assistance with audit preparation**
- **Checks and balances**

It's important that you receive the help you need when your accounting department doesn't have the bandwidth to take on extra jobs and projects.

Conclusion

The question of outsourcing vs. hiring really boils down to your company's needs and who you think can best address those needs.

Fortunately, there's usually more than one solution to the hiring problems you're facing, and both outsourcing and hiring encapsulate multiple options.



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