

My Career as a Fractional CFO

By John Vogelpohl

I was flattered to be asked to write a note about my experiences as a fractional CFO (aka outsourced CFO). It's not for everyone and I guarantee this is not a job you can bluff your way through. My clients were patient as I learned "them", but they value you for what you bring that they do not (know). If you have CFO type skills, this is a very satisfying way to be useful. And I frankly cannot imagine a better way than the FocusCFO model to practice it.



The Arrangement

The agreement between FocusCFO and the CFO was easily worth the percentage the company retains of the billings. My experience in public accounting with people starting similar businesses (janitorial franchises, childcare franchises, personal trainer franchises, and many more) were inevitably problematic on the long-term since their actual service providers regretted the percentage given up and decided they could go on their own and have the whole pie. I never had an inkling of that feeling. I got immense value that I never second-guessed:

- 1) The powerful marketing, name recognition, and instant respect.
- 2) Effective "qualifying" of leads, so that when they make it to me, they are appropriate and likely productive. Focus sets rates and we don't have to do that little bit of agony.
- 3) Making available a proven methodology to process referrals after the CFO first identifies one, with the potential of an override for the referrer.
- 4) Relieving me of nearly all administrative tasks, since they are provided by Focus.
- 5) Continuing education and learning from monthly team meetings and semi-annual All Hands Meetings, as well as the available resource of many other truly bright CFO's, always ready to share experiences and advice.
- 6) Liability insurance coverage.
- 7) Support in the background when it is needed. The folks I reported to at FocusCFO were always welcome resources. They treated me as a respected co-professional.

Customer Service - a Priority for Me

Now, I was trained in customer service starting 45 years ago by Thomas R. Flynn at his accounting firm. He was the best example I ever worked for. I don't think he remade me from something I was not, but he awakened a natural resonance. Like him, I knew I liked the (accounting) business if it was primarily about helping to make good people, successful. It was not about audits and debits and credits, it was about helping folks solve problems, and jumping off from the accounting products into "success services". That has always been fun, and funny thing, it cements strong relationships and loyalty. For Tom (and me) it wasn't simply a business style or tool, it was sincere and satisfying. I got to bring that to FocusCFO in spades.

Pivoting from CPA to CFO

Now, I digress: A switch from lifetime CPA (me – 38 years) to CFO was not an easy transition. I would discourage most CPA's from doing it, and the company de-emphasizes CPA backgrounds – the first thing I did was retire my certificate. FocusCFO clients are glad you know GAAP when you need to know it, but it's absolutely not why you work for them. Your valued skill set is not APB's and FASB's. Your valued skill set is strategic vision, problem solving, crisis averting, seeing the future, explaining dynamics of a

business, especially financially, and sometimes simple coaching. READ THIS: Gray hair valued!! So the digression is that CPA's have been trained to be 2-dimensional straight-line thinkers. Thank-you linear audit programs and little boxes to initial as you performed a step, so that when all boxes are initialed you can sign off that procedure, avoiding all thinking. Most accountants are lost when asked to think 3-dimensionally. Most accountants are unable to say what their product is (I won't tell you what it is here). They know the correct answer is NOT a piece of paper with a signed letter on the front, but they practice as though that is their product; hence they have commoditized themselves. I may spend a bit too much time on this point but it is in order to contrast FocusCFO practice.

- 1) Price is less of an issue. With clear results/benefits, clients pay rates.
- 2) Accounting clients look at their watch when you visit, multiple times, and look nervous. Focus CFO's are welcomed in weekly, in some clients almost festively. Accounting services and the like, are incremental services, lightly valued, use of which are to be minimized. A FocusCFO's cost is a sunk cost, already committed; with an attitude which is "now let's make the most of it".
- 3) I said it above: my clients were also looking for wisdom, even if they didn't say it that way. How wonderful to be pushing 70 and have that be a primary positive qualifier!
- 4) You actually get to use your brain, fully and meaningfully. Your input is welcome. You get to be a clear factor in your clients' success.

My Day to Day Operation

How did I operate? Some of this comes from a bit of "learning the hard way", but learning in time:

- 1) Insist on regular client conversations/facetime. (weekly?) Don't let client busy-ness deprive them of this. They want it and need it even when it does not seem they do. A few weeks without personal contact can be the start of a problem.
- 2) Don't make your product boilerplate. Don't just fill in the blanks for a monthly report. I wrote all reports from scratch. For that matter, do written monthly financial commentary. They cannot remember all you tell them in verbal-only session. It can also be handy to remind clients you'd discussed a point multiple times. Facts and information is not enough. It must conclude with "what does this mean"?
- 3) Devise meaningful reports that grab important information and help develop GREAT metrics and KPI's.
- 4) I loved teaching and coaching. My clients (mainly) did not understand financial statements well or financial concepts, but they can learn. To some degree that is an important function for a CFO. I want to lift my clients "out of the fog" at the very least. Blind faith in others, even their CFO, has only so long a life.
- 5) I managed strategic relationships, like the outside CPA's, some lawyer services, insurance and bonding services, and the banking relationship. Sometimes "manage" means understanding conversations better than your client and explaining back to them what they must understand.
- 6) Solving problems. I've helped clients explain positions to collect Receivables, explain misperceived financial information to win customers/contracts (faulty D&B reports, for example). I've held CPA's to a higher quality service and expected them to adopt better tax strategies, in one case reducing current year taxes by 7-figures.
- 7) Helping them manage and deal with their accounting team. One of the first questions each new client asked, was "is my Controller doing a good job"? On that note, help good controllers become great controllers (and, "No, they are not out for your job" – different skill sets and they know it).
- 8) Lastly – service, service, service. The weekly engagement is a problem to overcome. You must be available, respond to Emails and Texts before "next week". Meeting with critical business partners like bankers can't always happen on your day of the week with the client. In asking one

client to be flexible for a schedule adjustment for some other client, remind them that this is the same level of service you pledge to give him. That is always approved!

In a broad overview, I was proud to be a CFO with FocusCFO. The Company had such a clear vision of who and what they were and were to be, that I felt great constancy at the helm. That is wonderful and sadly, rare enough. Their primary “secret” has been a commitment to hiring great people and trusting them. My most memorable experiences included:

- Very frequent recognition of the name (on my shirt) and hearing the persons’ overwhelming positive perception and experiences. I felt like I worked in a prestige operation. That was nice!
- All bankers and attorneys know us and like us. One Huntington banker told me that they sort of were coming to feel like FocusCFO was their “work-out” division!
- I spoke to many FocusCFO clients over my time, and each was happy with the company, spoke highly of it, and bragged on their CFO. That says lots!

This is an especially great second career that pays very well. I was going to say “work as hard as you want to”, but that’s not true; you will always work HARD in this business; to some of us *hard* work is a gift which connotes value. But it is satisfying and rewarding work. What I would mean is work as many hours as you want. Enjoy the back-office support and services that Focus provides and you will be amazed at what you can do.

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