



Oversight of Financial Systems

A Key Role of the Chief Financial Officer

The Chief Financial Officer of a company, defined in general terms, is a person who oversees all the financial functions of a business. While the role of the CFO is much more complex and multi-faceted, financial oversight is one of the CFO's key roles.

The CFO does not perform the company's accounting, or other basic functions such as customer billing and accounts receivable, accounts payable, bank reconciliations, administration of employee benefits, internal office and administrative functions, payroll support, and business insurance. The CFO does, however, monitor all these functions and systems to ensure that they are streamlined and accurate. In addition, the CFO will assure the financial results are clear and effectively analyzed and able to be used to understand the financial performance of the business.

Strategy Around Four COAR Systems

At a higher level, the financial oversight role of the CFO is more strategic. At FocusCFO, a balanced approach is used focusing on the Four COAR™ Business Systems: Cash Flow, Operations, Accounting and Revenue. By having tools and systems in place in each of these areas, businesses can operate at an optimal level, and maximize internal cash flow.

Examples of the application of COAR include:

- Driving internal cash flow by actively managing working capital and improving product and service line profitability.
- Providing regular operations reporting, focusing on key performance indicators and operating data.
- Ensuring that all internal accounting and management reporting is timely and accurate.
- Developing tools to measure and manage revenue, including the sales pipeline.
- Improving the flow of financial and other information between the business and its banker, CPA and other key advisors.

Forecasting, Planning and Analysis Tools

In addition to building tools to ensure that the company is operating at an optimal level, the CFO will develop ongoing forecasting, planning and analysis tools in of the all key business areas in order to work collaboratively with the CEO to build a strategic growth plan for the company.

Don Cain of FocusCFO describes the role of the CFO as “overseeing the entire financial structure of the company to manage the financial needs of the business, based on its plans and goals, and to anticipate the future financial needs of the business.” In other words, the CFO forecasts the future of the business in order to shape its strategic direction.

During Stormy Weather

Especially during these times of instability, the CFO can provide guidance and be a stabilizing force in the business. With a 13-week rolling cashflow forecast, the CFO can provide the business owner with insight to make necessary pivots and decisions to assure the best outcomes. The CFO can lead continuous and proactive conversations with other key advisors (banker, CPA, attorney) to stabilize and provide funding to weather the storm. The CFO can also identify and analyze sources of new revenue like loans and grants, as well as options to minimize expenses, utilize current inventory efficiently, and workforce and salary reductions.