

Everybody needs somebody to lean on

Lessons Learned as a CFO

It can be lonely at the top — but it doesn't have to be. In my more than 20 years of working at both public and private companies here in St. Louis as both a CFO and then a COO, I often sought support and counsel on issues and opportunities. There is no way to be an expert on everything. In a small to middle market company, you don't usually have an unlimited budget, time or resources to address everything.

I've learned there are five key areas where it pays to get independent advice as the CEO or CFO of a small to middle market company.



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1. Hiring a controller or CFO

At my first CFO position, I needed to hire a controller. My new company didn't have a corporate HR department, so I had to manage the entire process or risk hiring a dud. I eventually found a great person but I learned the hard way how difficult it is to hire and retain great people on a limited budget. For many CEO's hiring a finance person is not their strength. A good advisor can really add value in this area.

2. Negotiating Insurance

In my larger companies, treasury or HR handled insurance. Over time, I learned that a great insurance broker looks out for the company's best interest, but there are plenty that need to be managed or require a lot more support from the company to ensure the company's goals are met. My first insurance renewal in private equity involved using a broker who wasn't exactly enthused when I asked about taking the programs out for bid. So, I engaged an independent insurance consultant to help me manage my broker and ask the tough questions. The result: We bid out a number of programs and realized over 30 percent savings in year one and retained most of those savings in following years.

3. Strategic planning advisory board

Some years ago in a leadership assessment, I was pegged as a "Finance Guy" who spent more time reviewing the past than visioning for the future. I've made a 180 degree change from that feedback and ever since have focused more intensely on strategic planning. I learned that having an outside advisory board or coach strengthens anyone's

strategic vision. For those companies challenged with multiple executives or family members, an independent advisor who can be a strategic facilitator makes a world of difference.

4. Transactions — mergers, acquisitions and divestitures

There are transactions that CEO's and CFO's don't have the skill set or time to master. Yet, they can't ignore these transactions. Knowing when to bring in experts versus trying to do it yourself has preserved and enhanced many careers and companies.

5. Value added but not critically important initiatives

Twice in my career my company was sold and I knew that there were areas on the balance sheet and in the earnings report that would benefit from a review and soundness test from another independent set of "CFO-Caliber" eyes. Having my auditors double-check their own work didn't make sense. In both cases, I brought in a trusted advisor who understood what a buyer would look for during due diligence to help strengthen the quality of our earnings and balance sheets in preparation for the sale.

Let's face it: There are risks to contain and opportunities to pursue that add stress to business leaders because they don't have the time or resources to address them. Engage a trusted outside advisor who's been on your side of the desk and enjoy peace of mind. ●

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