

What a CFO Actually Does

And When Your Business Needs One

By Bob Wells, CFO & Financial Advisor | bobwellsco.com

I've spent decades working with business owners, and I hear the same question over and over: "Do I really need a CFO?" The answer depends on where your business is and where you're headed. But first, let me explain what a CFO actually does—because it's not what most people think.

A CFO is Not a Bookkeeper or Controller

This is the most important distinction I can make. Your bookkeeper or controller looks backward. They record what already happened, maintain your chart of accounts, make sure invoices are paid on time, and produce financial statements showing historical performance. This is essential work. But it's not strategic.

A CFO looks forward. I spend my time asking questions like: "Can we afford this acquisition?" "Should we take on more debt or raise equity?" "Are we managing cash correctly?" "What does our financial position look like six months from now?" "Where are our biggest risks?" "Is this investment worth making?" A CFO bridges finance and strategy.

Many growing businesses have excellent controllers or bookkeepers but no CFO. That's fine until it's not. Usually, that's the moment the owner realizes they're spending nights and weekends wrestling with financial decisions instead of running the business.

The Six Core Responsibilities of a CFO

1. Strategic Financial Direction

My job starts at the strategy table. I help formulate where the company is heading financially. What growth rate is sustainable? Should we enter a new market? Can we support it with our current capital structure? I develop financial and tax strategies that align with the company's goals and ensure leadership makes decisions based on solid financial analysis, not guesswork.

2. Capital and Treasury Management

I manage everything related to capital: budgeting, cash flow forecasting, and arranging financing. Should we take on debt or raise equity? How much debt can we safely carry? When are we going to need cash, and where will it come from? I maintain banking relationships, manage capital requests, and invest excess funds wisely. I've seen owners make million-dollar financing mistakes because they didn't understand their options.

3. Financial Operations

This is where I ensure the day-to-day financial machinery works. I oversee accounting practices, maintain a proper chart of accounts, ensure financial statements are accurate and timely, and manage everything from accounts payable and receivable to payroll. You can't make good strategic decisions if your financial information is unreliable.

4. Performance Measurement

Numbers mean nothing without context. I develop performance measures and key financial metrics specific to your business. I calculate operating metrics, build annual budgets, and track budget variances so you know whether you're on track. This is how strategy becomes actionable.

5. Risk and Compliance

Every business faces financial risk. My job is to understand and mitigate it. That means maintaining appropriate insurance, ensuring you're legally and regulatory compliant, and maintaining internal control systems that catch problems before they become disasters. I've caught everything from embezzlement to accounting errors that could have cost hundreds of thousands.

6. Reporting

I report to the board or owners with clear financial information, and I coordinate with external auditors and lenders. Banks and investors increasingly demand sophisticated financial reporting. If they don't trust your numbers, they won't fund your growth.

Real Examples: What This Looks Like in Practice

The Debt Restructuring

I worked with a business carrying \$1.7 million in debt with tight cash flow and upcoming maturities that were going to crush them. The owner was stressed, and the bank wasn't helping. I analyzed the full financial condition and guided them through a restructuring. The result: monthly debt service dropped from \$30,000 to \$16,000, freeing up \$400,000 in additional capacity for the business. That's not a small thing. That's the difference between survival and growth.

The Exit That Wasn't

One owner came to me ready to sell after a particularly good year. They'd had one fantastic financial performance and thought the time was right to exit. I showed them that one year of success isn't a trend—buyers want to see consistency. But here's what I also did: I found them \$200,000 in government funding they didn't know they qualified for, hired a marketing company to accelerate growth, and cleaned up the accounting so everything told a coherent story. The owner went from wanting to sell at a \$1 million valuation to planning a \$5 million exit in two years.

The Cash Flow Crisis

I inherited a situation that looked like complete chaos. Bills were late, financial statements took six weeks to produce, and the owner was anxious about payroll every month. I did three things: created a 13-week rolling cash flow forecast so they could see coming shortfalls in advance, restructured debt to free up capacity, and reduced monthly debt service by 40%. Now financial statements are ready within 10 business days. That shift from reactive scrambling to proactive planning is transformative.

The \$500,000 Mystery

I was reviewing a balance sheet that simply didn't make sense. Inventory was off by \$500,000—way too much for normal variance. I dug in and discovered someone had quietly changed the accounting method in the system, which corrupted the entire inventory record. Once I fixed it and restored the correct accounting, we got bank compliance back on track. Sometimes being a CFO means being a detective. You can't solve problems you don't see.

When Do You Actually Need a CFO?

Not every business needs a CFO, especially not full-time. Here are the signals that you should be thinking about it:

- **Revenue is \$5 million or more and growing.** At this scale, financial complexity increases dramatically. You need someone whose sole job is managing that complexity.
- **You're making decisions about financing, acquisitions, or exits.** These are high-stakes financial decisions. You need expert guidance.

- **Your cash flow is unpredictable.** If you're constantly surprised by cash shortfalls, you need someone forecasting and managing cash strategically.
- **You don't trust your financial statements.** If you question whether your accounting is accurate, that's a problem. A CFO either fixes it or ensures you have confidence in the numbers.
- **You're spending your time on finance instead of running the business.** If you're the one wrestling with financial decisions because no one else can, that's a signal you need help.
- **Your bank or investors need more sophisticated reporting.** As you grow, lenders and investors want detailed financial analysis. A CFO delivers that.

The Bottom Line

A CFO is a strategic partner who helps you understand your financial position, forecast your future, and make decisions from a position of strength rather than confusion. A bookkeeper or controller keeps the books accurate. A CFO helps you understand what those books mean and what to do about it.

You might not need a CFO at \$2 million in revenue. But once you're at \$5 million and your growth is accelerating? Once financing, tax strategy, or exits are on the table? Once you realize you're spending more time on financial anxiety than on actually running your business? That's when a CFO becomes one of your most valuable assets.

The best time to hire a CFO is when you're doing well enough that you can afford one, not when you're desperate enough that you need one. By then, you've already left money on the table.

If you're wondering whether your business is at the stage where a CFO would change things — that's exactly the kind of question worth asking.

Related Resources

Budgeting and Forecasting — A practical guide to the financial planning tools a CFO brings to your business.

Have questions? — I'm happy to discuss your specific situation.

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If you'd rather know than guess about your financials, let's have a conversation. A conversation costs nothing. Clarity might be worth everything.

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