Why Hiring a Fractional CFO Is a Game-Changer for Your Business

Paul Whitley | C-Suite Support

Ray Delgado runs a $16 million mechanical contracting company outside Tulsa. He can walk a job site and price the work in his head within two percent. He built the company from a pickup truck and a pager, and he will tell you that story, usually before you ask.

Last spring, Ray opened his Monday leadership meeting with what he thought was a simple question: "If we take the hospital job, can we cover payroll through the summer?"

Silence.

His controller, a careful man named Stan, offered that the March financials would be closed by the twentieth. His banker had just requested a thirteen-week cash forecast before renewing the line of credit, and nobody in the building had ever built one. That afternoon Ray called his CPA, who reviewed the situation and delivered his professional opinion: "Ray, you're profitable."

"Then why am I sweating payroll?"

There was a pause. His CPA said he would look into it and circle back.

He never circled back.

They rarely do.

A Numbers Problem That Isn't About Numbers

Here is what makes Ray's situation worth studying: nothing was wrong with his books. Stan closed the months accurately. The tax returns went out on time. Every dollar was recorded exactly where it belonged.

The problem was that everyone on his payroll was paid to describe the past.

A bookkeeper records what happened. A controller makes sure what happened is recorded correctly. Both matter. Neither is responsible for what happens next. Ray had a very accurate history and no future.

Somewhere between $2 million and $50 million in revenue, the questions an owner faces change shape. It stops being "did we make money last year?" and becomes "which customers are we actually making it on? What will this growth cost us before it pays us? If the bank tightens the line, how many weeks do we have?"

Those are not accounting questions. They are judgment questions that happen to involve numbers. And most companies in that range have no one whose job is to answer them.

The Math Most Owners Never Run

The obvious response is to hire a chief financial officer. The obvious response is also the reason most owners don't.

A full-time CFO with real scars, the kind who has renegotiated a credit facility and lived through a downturn, will cost somewhere in the neighborhood of $300,000 to $400,000 a year once you count salary, benefits, and bonus. In a $10 or $15 million company, that person will be underworked within six months and quietly shopping for a bigger job within twelve.

Here is the part that took our industry a surprisingly long time to figure out: you don't need a CFO forty hours a week. You need the right two days a month, done by someone senior enough that those two days count.

That is the entire idea behind a fractional CFO. Same experience. Same seat at the table. A fraction of the hours, at a fraction of the cost. For most companies in this range, the investment runs a fifth or less of a full-time hire.

What Actually Changes

When Ray brought in a fractional CFO, three things happened, roughly in this order.

First, he got a thirteen-week cash forecast. Within a month, "can we cover payroll" stopped being a feeling and became a number, updated every Friday. His banker noticed. Bankers always notice. The line renewal that had been dragging for months closed in three weeks, on better terms.

Second, he learned which work was worth winning. Job-level margin analysis showed that his two largest customers, the ones he was proudest of, were producing his thinnest margins, because his crews treated their change orders as favors instead of revenue. That one conversation paid for the CFO's entire year.

Third, and this is the one owners never see coming, Ray got a second chair at the table. Someone with no stake in flattering him, who had watched a dozen companies take on a job like that hospital and could say, "Take it, but not on these terms. Ask for a mobilization payment and revised retainage." Ray asked. The general contractor agreed. It turned out nobody had ever asked before.

The forecast was math. The margin work was analysis. The second chair was the game-changer.

Closing Reflection

I have spent a lot of years around businesses in that $2 million to $50 million stretch, and I've noticed a pattern. Owners will spend real money on equipment they can touch and software they'll never fully use, then hesitate over the one hire that changes how every other dollar behaves.

I understand the hesitation. It feels like admitting you can't read your own business.

But think about what's actually entrusted to you. Every payroll is a promise. Every job priced wrong takes something from a family that trusted you to get it right. Stewardship of a company that size is too heavy to carry with a rearview mirror alone.

The question isn't whether your numbers are accurate.

The question is whether anyone in your building is reading the road ahead.