REPUBLICAN

Date: Monday, February 21, 2011
Location: SPRINGFIELD, MA
Circulation (DMA): 62,819 (109)
Type (Frequency): Newspaper (D)
Page: 5,16
Keyword: O'Hara & Company

CFO role critical to shaping firm's value

By BOB O'HARA

The conventional definition of the chief financial officer may be "manager of the day-to-day financial risks of a corporation," but in recent years this description has expanded, with an increasing number of CFOs playing a pivotal role in building an organization's business value toward an exit strategy.

And with good reason; business value is a corporate component that should never be underestimated, and no one understands this better than a company's CFO.

While "increase sales" is far too often the primary mantra of business owners – particularly during insipid economic times – what is forgotten is the attention that should consistently be paid to the future. The eventual need or desire for the "great escape" will occur and this is one area where the talents of a professional CFO shine bright.

Bob O'Hara

As a company moves toward an exit or succession goal, a strong strategic planning process is a must; here is where guidance from the CFO can be crucial to the targeted outcome. Elements of the exit planning process include the company's strengths, weaknesses, opportunities and threats, aspects that the CFO can assist a company's owner-CEO to identify.

Implementation of an exit strategy can be led by the CFO as he/she has the ability to develop effective financial controls that monitor and minimize expenses, and maximize profits and cash flow. However, capitalizing on enterprise value for the long-term is not a solo endeavor.

An organization that is wholly dependent upon the owner creates a weak link to the future as all responsibility rests there; however, a business overseen by a team of key management players, including the CFO, has a process in place that can better build productivity and cash flow in addition to adding value to the table when the time comes to sell the business.

Developing plans that provide incentive for key employees to assist senior management in building business value is an area where today's CFO can take an active role. CFOs can assist in identifying employees' specific talents and recommending how these skills can be utilized and amplified. Employees who are allowed to explore their talents find increased meaning in

Please see **O'Hara, Page D16**

their work, embrace an "ownership mentality" and create broadened parameters not only for their success, but also for that of the company.

Assisting in the increase of company efficiencies also comes under the auspices of today's CFO. By connecting key employee incentives to a company's broad mission and scope of values, an organization can create an environment that fosters success for today and in the future when an exit plan takes action.

The responsibility of the CFO also includes the review and adjustment of business strategies to minimize taxes upon an eventual sale or transfer of the business. It is imperative of the CFO to review the company's corporate tax structure on an ongoing basis in order to maximize the amount of proceeds resulting from a future sale.

On balance, the functions of the CFO are many – to work with business owners to manage their accounting and finance departments, connect with business sources that can help the company grow, interact with employees to increase efficiencies and provide financial data to help make strategic long-term or day-to-day decisions.

Ultimately, however, today's CFO is a strategic thinker, able to assist in leading not only a company's executive team but also its entire workforce in adapting to change.

Bob O'Hara is president and CEO of O'Hara & Co., PC, founded in 1995 to address the growing need for entrepreneurs to create a comprehensive exit strategy from their businesses. O'Hara & Co. hosts an educational website for business owners at ***www.exitplanning-edu.com***