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Fractional Chief Financial Officer: Roles and Responsibilities

In the ever-evolving landscape of modern business, there exists a strategic architect behind the scenes, a financial expert who conducts the fiscal harmony of an organization with precision and strategy. This vital conductor of financial operations, often cloaked in the title of Chief Financial Officer (CFO), plays an instrumental role in shaping the destiny of companies, large and small. I have trained CFOs, assisted companies in hiring CFOs, earned a degree in accounting, am proficient in deciphering numerical data, and am the current Chief Executive Officer at Gehman Accounting.

In this article, I offer a perspective on what distinguishes an effective CFO from an ineffective one. To clarify those distinctions, I use the analogy of wheat becoming flour and flour being the springboard for the abundance of creative options accessible to an effective CFO.

When a baker has a bag of flour, the possibilities of creative production are endless. They could make a chocolate cake, fresh donuts, a golden loaf of bread, or countless other baked goods. However, before a baker turns the flour into an emerging delicacy,

a specific series of events has already occurred. A farmer planted a seed that grew into a golden stalk of grain. The grain was harvested, dried, and cleaned. The grain kernels changed shape as the mill ground them into fine flour. Once these processes are completed, the flour settles into readiness for the baker's creativity. The baker is now ready to strategize how to utilize and invest in the flour that has been so carefully prepared. In business, this is the strategic spot of the CFO. The CFO takes the numbers that the bookkeepers and accountants have so carefully prepared and uses those numbers to create and develop the company.

The role of a CFO often becomes blurred with the functions of a bookkeeper or tax accountant. Many CFOs spend significant time preparing the numbers through reconciling accounts, paying bills, maintaining ledgers, and generating financial statements. This is like a baker who spends all their time harvesting and processing the grain. The baking process is left to default processes and lacks creativity and strategy. A CFO's role focuses on using the prepared flour, or financial numbers, to grow the business.

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Pivotal Roles of a Fractional CFO

1. Financial Strategy Development

A fractional CFO plays a critical role in developing and implementing a company's financial strategy. They work closely with the executive team to align financial goals with the business strategy. This involves analyzing the current financial state, identifying growth opportunities, and devising strategies to mitigate risks.

2. Budgeting and Forecasting

Budgeting and forecasting are fundamental aspects of financial management. Fractional CFOs are responsible for creating and maintaining the company's budget and developing accurate financial forecasts. These tools help businesses plan for the future, allocate resources effectively, and make informed decisions.

3. Cash Flow Management

Maintaining healthy cash flow is vital for the sustainability of any business. Fractional CFOs actively manage cash flow by monitoring receivables, payables, and working capital. They also implement strategies to optimize cash flow, such as managing inventory levels and negotiating favorable terms with vendors.

4. Risk Management

Identifying and mitigating financial risks is another critical responsibility of a fractional CFO. They assess various risks, such as market volatility, regulatory changes, and economic uncertainties, and develop strategies to minimize their impact on the business.

5. Cost Control and Efficiency

Controlling costs and improving operational efficiency are ongoing objectives for any business.

Fractional CFOs analyze the company's cost structure, identify areas for cost reduction or optimization, and implement cost-saving measures to improve profitability.

6. Capital Management

Capital is the lifeblood of a business, and fractional CFOs are responsible for managing it effectively. They help organizations secure financing when needed, evaluate investment opportunities, and allocate capital to projects that align with the company's strategic goals.

7. Strategic Planning

Fractional CFOs are active participants in the strategic planning process. They provide valuable financial insights and data-driven recommendations to help the executive team make informed decisions about the company's future direction.

Conclusion

Fractional Chief Financial Officers are more than guardians of spreadsheets and balance sheets; they are the architects of financial strategy, the stewards of resources, and the gatekeepers of fiscal integrity. Their responsibilities encompass a range of financial functions, from strategic planning and budgeting to risk management and compliance. By leveraging the expertise of a fractional CFO, companies can gain a competitive edge and confidently navigate the complex financial landscape. Whether it's a startup seeking financial direction or an established corporation looking for temporary support, a fractional CFO can be the financial compass that guides a business toward success.

*–Nathan J. Siegrist
Owner/CEO*

Tax Season Deadlines

January 16, 2024 –

Fourth Quarter 2023 estimated tax payments

January 31, 2024 –

1099s to IRS and recipients; W-2s to employees

March 1, 2024 –

Tax returns for farmers who owe taxes

March 15, 2024 –

Tax returns for Partnerships and S-Corporations

April 15, 2024 –

Tax returns for individuals, sole proprietors, Single-Member LLCs, and C-Corporations

April 15, 2024 –

IRA and HSA contributions for 2023 tax year

April 15, 2024 –

First Quarter 2024 estimated tax payments

*No matter how brilliant your
mind or strategy, if you're
playing a solo game, you'll
always lose out to a team.*

| Reid Hoffman |

Team Member Spotlights

Loretta Miller



Career. God opened the doors for me to do what I always thought I wanted to do: bookkeeping. I'm the department manager and have worked here for nine years.

Books. True stories and non-fiction are my favorite genres because there is so much to learn from other people.

Educational Interests. I would like to learn more about personalities, birth order, love languages, and psychology.

Places Lived. I was born in MS, moved to GA when I was almost 11, lived in IN for three years, and settled in PA in 2014.

Recreation. I like to read, get outside with my camera, and go thrift store shopping. 🐦

Llewellyn Martin



Career. I followed God's promptings to change careers because my personality didn't fit my work. God led me to Gehman Accounting, where I've worked for two years in sales. I recently transitioned to the business advising team, and I'm blessed by how God has opened doors one by one.

Educational Interests. I plan to work through an online accounting course to enhance my role as a business advisor.

Places Lived. I grew up in the Lebanon/Myerstown area until age 16. Then we relocated to OH after my mother married a widower from there. I currently live in southeastern MI with my wife and five children. 🐦

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Bulletin Board

New Face at Gehman —

Beth Bauman - Bookkeeping Team

Midwest Tool Expo, Indiana —

January 25-27, 2024, Booths 535-536

Presentations—

Increasing Profitablity through Job Costing
by Ken Nisly, Jan 25, at 2 pm

Building a Sustainable Workforce
by John Zook, Jan 26 at 2 pm

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Gehman Accounting™
180 Diller Avenue • New Holland, PA 17557
12485 Old Turnpike Road • Mifflinburg, PA 17844



Tax Season Office Hours

Beginning January 29, 2024

New Holland

Mon, Thurs, Fri 7:30 am to 8 pm
Tues & Wed 7:30 am to 5:30 pm
Sat 8 am to 12 pm
Sun Closed

Mifflinburg

Sun & Mon Closed
Tues & Fri 9 am to 4 pm
Wed By appointment only
Thurs 12 pm to 8 pm