

Don't Fake On Finances

Understanding the power of CFOs and profitability

Have you ever heard the term "Finance Faker"? Probably not. I made it up! I didn't just make it up, I actually lived it for over SIXTEEN YEARS! And, I'm here to tell you, actually to plead with you, to NOT be a Finance Faker!

If you are a builder who cares about profitability. If you are a builder who craves simplicity and predictability. If you are a builder who wants more structured organization when it comes to finances and future planning. If you are a builder who cares about all of this, stop pretending to be an accountant yourself and hire yourself an individual that can go to work every single day with the single laser focus of creating more profitability and structured financial organization for your company.

Let's take a look at 10 things you could immediately ask your CFO to do in your organization. I did all of these things on my own for well over a decade with my own crazy spreadsheets. Everything changed for the better, including profitability, when I finally made the jump and brought on the right individual to manage it all.

10 Possible Roles of a CFO

1 Save your sanity

Do what you are good at and delegate the insanity to those that are good at that.

2 Fix the fake

Let them start by cleaning up your accounting messes and aligning your Chart of Accounts with NAHB.

3 Draw processing

Work with the banks each month to process draw requests from construction loans on all active jobs.



4

Bank relations

Management of bank relations, line of credit requests and renewals. They are in charge of finding and maintaining the funds to run the business.

5

Annual budgets

Prepare annual budgets, both income and expenses. Distribute, train and track budget monthly and quarterly to ensure profitability.

6

Cash planning

Assess current cash position along with future closings, future lot takedowns and other cash needs to project future cash/liquidity in the business.

7

Strategic thinking

As a member of the leadership team, let them engage with strategic thinking toward improved systems and procedures to run a better business from the perspective of finance and accounting.

8

Margin tracking

Document current projected margin on all active jobs along with reasons for margin slippage. Train company to eliminate repeat slippage.

9

Profit management

Make this their one scorecard measurable. Set the goal of net profitability together and then empower them to go out and work with your team and your systems to ensure profitability is hit.

10

Management reports

Develop a set of monthly, quarterly and annual management reports with key information and measurables that give you the information you need to run an informed business. Let them produce, manage and train on these reports.



The Power of CFOs

A few questions to consider:

Do you love accounting? Are you excellent at accounting? How much time do you spend on accounting? How much time should you spend on accounting?

If you disappeared tomorrow, are there systems and reports developed and reviewed regularly that would allow the business to continue to thrive? Or do all of the important reports live in your own head and on your own laptop?

How would you be empowered to run a better business by detailed and accurate reports each month that address P&L, Balance Sheet, Cash Position, Job Margin Tracking, Bank Relations and more? In what ways would these reports provide information to you that could improve the systems and profitability of your company?

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