

Virtual Finance Director (VFD) & Virtual Financial Controller (VFC) Ongoing Service



Overview

Our VFDs and VFCs are passionate about providing an effective Finance Function service for clients, achieved through the provision of both senior part-time Finance Director, acting at Board level, and experienced part time Financial Controller providing a more hands-on role. This mimics the structure in many well run mid-sized corporates but is made available to Owner Managed clients through the vfdnet service, ensuring cost effective input. After an initial project such as transforming the finance function (see project work below), the typical vfdnet ongoing service comprises:

Virtual Finance Director (VFD - vfdnet)

Key functions of the VFD are:

- ▶ Ongoing management of the Finance Function
- ▶ Review and continuous improvement of the Management Information provided to the Board for decisions
- ▶ Commentary on the Management Information – what actions should the board be discussing / anticipating?
- ▶ Attendance at the monthly Board / Management meeting, when asked to, chairing such meetings
- ▶ Advice on financial and operational best practice policies & procedures

Virtual Financial Controller (VFC - vfdnet)

Key functions of the VFC are:

- Review of the weekly Key Performance Indicators (KPIs)
- Review of the Management Information to ensure Accurate, Timely and Meaningful
- Review of critical areas such as Work in Progress, accruals & prepayments.
- Preparation of the Management Information from final trial balance and fully reconciled control accounts (see Finance Manager / Bookkeeping roles below)
- Review of cash flow Forecasts and KPIs
- Proactive suggestions to improve the monthly reporting cycles
- Assistance in implementation of best practice policies & procedures
- Mentoring client finance staff to be more effective

Finance Manager / Bookkeeper (Internal Client or Outsource provider)

Key functions of the Finance Manager (typically employed by the client) are:

- * Management of any data auto interface eg operational system data to the Finance system.
- * Supervision of all month end control account reconciliations including bank reconciliations, inter-division account reconciliations, PAYE and payroll control accounts; calculation of suitable accruals and prepayments to ensure accurate accounts.
- * Credit Control – doing the major Debtor chasing and supervising all other credit control.
- * Support to Business Unit Managers – for example assisting the NHS Services manager to manage commercial contracts through ongoing review of financial performance against contract criteria.
- * Each Month to produce a weekly cash flow forecast.
- * Preparation of complete accurate and valid quarterly VAT returns, EC Sales list and Intrastat.
- * Review of monthly Payroll run, ensuring correct calculation of PAYE, NI and other statutory deductions.
- * Supervision and management of Accounts assistant(s).
- * Supervision of the processing of supplier invoices, preparation of BACS payment runs.
- * Continuously improve and develop processes within the business

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Typical monthly vfdnet Costs

For a typical £2m turnover business without external stakeholders, once the business is in 'steady state' the vfdnet service usually is the equivalent cost of an employed bookkeeper. Depending on the project work required, we would expect to achieve this state between 3 and 6 months after commencement.

Projects by vfdnet

vfdnet is frequently asked to do project work for clients, to enable continuous improvement of the financial operation of the business, where the estimated cost is discussed and agreed with the client prior to commencement. Where part of the project is able to be done by the Finance Manager or Bookkeeper we prefer to delegate this work down whenever possible, so seeking the most cost efficient method for the client. Typical Projects include:

1. **Finance Function re-organisation** - Review of the Finance Function to ensure correct structure, including an evaluation of the views of key Managers supported by the function and evaluation of the competency of Accounts staff. Assistance with the Finance Manager job specification, person spec, interviewing, induction, development and mentoring.
2. **Auto interface work** – diagnosis, design and implementation of a revised and efficient data interface between the operational and Financial system, so improving accuracy and speeding up the month end process (making the Finance Managers time more effective).
3. **Month End Accounts process improvement** - diagnosis, design and implementation of automated tools to extract data from the Financial system into Excel reporting formats so improving accuracy and speeding up the month end process (making the Finance Managers time more effective)
4. **Customer / Project Profitability analysis** – design of reports to generate the Profit by customer / project / product – enables the management team to focus on generating more profitable customers and reviewing how to eliminate low profit or loss making customers.
5. **Finance for non-financial Managers workshops** – workshops to help non-financial managers to understand Finance jargon, so enabling them to better input to key issues as revealed by the Management Accounts.
6. **Financial Budgets** – preparation of detailed monthly phased Profit & Loss budgets, cash flows and balance sheets; using existing budget information, key business drivers and assumptions to prepare a fully integrated Financial Plan. Allows the Management team to analyse key 'what if' scenarios to understand cash impacts of different events, so helping to lower the perceived risk of future trading.
7. **Business Plans for Funding** – combining the Financial Budget with a well structured, critiqued and professional narrative business plan; this plan should answer all the key questions that a 3rd party investor / lender would be likely to ask.
8. **Profit Share schemes** – design and implementation of employee Profit Share or Bonus schemes, schemes which are well thought through, objective and align the motivation of managers to that of the business owners.
9. **Share Option Schemes** - design and implementation of tax efficient Share Option or phantom share schemes, schemes which are well thought through from the perspective of both owner and key manager, are delivered by experienced and professional teams of VFDs, Corporate lawyers and tax accountants.
10. **Pension Auto-enrolment** – review of existing employee pension arrangements, and planning required actions to comply with the Auto Enrolment (AE) legislation, meet your staging date and adapt existing payroll and HR systems

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11. **Strategy workshops** – facilitating a meeting of key managers to identify the key goals, significant challenges and to formulate a plan to achieve growth in both Profit and Value.
12. **Strategic Exit Reviews** – Top to bottom reviews of the business from the viewpoint of a potential business acquirer; effectively a dummy due diligence, done using vfdnet standard checklists, although VFDs will often go 'off piste' when conduct such a review. Output is a bullet point feedback meeting where strengths and key areas for improvement are identified, ready for prioritising into a focussed action plan.
13. **Commercial Due Diligence** – a more informal due diligence on a potential acquisition, reviewing the business plan, financial budget and strength of balance sheet – all from the viewpoint of how the business is likely to perform under new ownership.
14. **Statutory Accounts reviews** – review of year end Statutory Accounts from the viewpoint of an 'informed reader', so identifying key areas of potential concern and addressing such issues in the Directors Report in the Accounts (also included in the publicly available accounts).
15. **Managing annual audit process** - preparation of year-end audit file to ensure Audit progresses smoothly to time and cost budget.
16. **Contract reviews** – review of strategic customer or supplier contracts, input to the negotiation of such contracts.
17. **Customer / Supplier reviews** – review of key potential or existing customers to help set the acceptable credit limits; review of suppliers to assess security of supply.
18. **Competitor Analysis** – review of publicly available information to give guidance on size, profitability and financial security of key competitors.

Customer Testimonial

"Since joining the Leadership Team, our VFD James has made a significant contribution in turning the company around by transforming the finance function from a position of inaccurate reporting and lack of clarity to one of clear management reporting from which the Leadership can (and do) take strategic decisions. Examples of this are weekly cash and profit forecasts, a robust budget with which the Leadership Team has complete buy-in and monthly management accounts we trust. In addition James acts as an invaluable sounding board during strategic decision-making."

Val K – MD and Business Owner