

Growing firms seek part-time execs

High-level help in demand at midsize companies that can't afford full-time pay

BY JACLYN TROP
The Detroit News

Midsize companies, targeted by Michigan officials as the engine for future economic growth and job creation, are reporting a greater demand for part-time high-level executives as the economy recovers.

The need for part-time help in the corporate suites of growing Michigan companies is so pressing that the Small Business Association of Michigan recommended to Gov. Rick Snyder in a white paper that the state create a third-party system — either state-run or private — to connect businesses with experienced executives, said SBAM President Rob Fowler. Companies and executive services have difficulty finding each other, and many companies don't even know that part-time services exist, he said.

"If they can buy it in pieces, it would be more valuable to them than if they made the full leap," Fowler said.

There has been no response yet from the Snyder administration, he said.

The Great Lakes State had about 57,000 second-stage companies in 2008, according to the latest data available from the Edward Lowe Foundation, a private operating foundation that focuses on assisting second-stage entrepreneurs. Second-stage companies are traditionally defined as businesses

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with \$1 million to \$50 million in annual revenue, 10 to 99 employees and high growth expectations, Fowler said.

But midsize companies often find themselves in a "no man's land, where they're too big to be small and too small to be big," he

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said. "They're not ready to justify the expense (of new full-time hires), but their needs outstrip their current capacity."

When a company reaches several million dollars in annual revenues, its need for at least a part-time chief financial officer instead of a bookkeeper or a part-time chief technology officer in

lieu of a web technician becomes undeniable, Fowler said.

"By the time you get to \$5 million, your financial systems will have to be pretty sophisticated for you to grow your company," he said.

Michigan CFO Associates in Sterling Heights and Just-in-Time CFO Solutions LLC in Ann Arbor are two local firms taking advantage of this new trend in executive employment.

During the recession, people looked to part-time CFO companies to cut expenses, but now most of Michigan CFO Associates' clients are fledgling companies poised to grow, said director Brian Bach. Demand has picked up during the last 12 to 18 months for the 5-year-old company, which seeks clients with \$2 million to \$20 million in annual revenue.

"Business owners don't know what they don't know unless they take the time to learn or have someone show them," Bach said. "The smart business owners are keenly aware of this shortfall and also know that every company that can afford one has a CFO."

Chief financial officers complement and support a CEO's vision by charting financial projects and valuations, said Michael Rodocker, principal at Just-in-Time CFO Solutions.

"Growth needs to be managed," Rodocker said.

"Firms easily stumble in thinking that getting bigger is the sole objective."

B2B CFO, a Phoenix-based franchise that helps part-time CFOs market their services, reports that the franchise has grown to nine Michigan part-time CFOs since 2005 and to

more than 200 nationwide since 2003.

There's great financial benefit in hiring a part-time CFO for \$30,000 to \$50,000 a year instead of paying a six-figure salary and benefits costs, said B2B CFO founder and Chief Executive Jerry Mills.

Beverly Hills resident Sheri Pawlik joined the B2B CFO franchise four years ago after taking a buyout from Chrysler Group. She provides part-time CFO services to eight companies while enjoying the flexibility of making her own schedule.

"It takes a few months for the CEO to trust you and realize you really do have their best interests at heart," Pawlik said.

Small firms that expect to grow but can't afford a full-time executive are changing their attitudes toward hiring part-time help and are more open to the idea, analysts said.

"The model has changed," said John Challenger, chief executive at Challenger, Gray & Christmas, a Chicago job outplacement consulting firm. Part-time services give "growing companies access to talent they were once unable to afford."

Accounting firms are also providing part-time CFOs and controllers as they seek to extend their relationships with clients with additional consulting services, said Robert Holland, chairman and CEO of Vistage Michigan, a network for chief executives.

"However, once most companies hit the approximately \$15 million mark and they see a growing revenue stream, they want full-time employees at the C-level," Holland said.



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Brian Bach, left, director of Michigan CFO Associates, and Todd Rammler, principal, are using the new trend in executive employment – part-timers – to their Sterling Heights' company's advantage.