

## Interim CFO Hired Permanently After Re-establishing Vital Relationships and Trust Across the C-Suite

**Our Interim CFO refocused the PE-backed SaaS business on the need to build and maintain cross-functional collaboration and to treat capital as a particularly prized premium in a recessionary tech market, earning the full-time CFO seat.**

### Our Challenge

With the tech market's slump in 2023, a \$125 million SaaS-based IT services business was dealing with inflated sales projections that were not realistic and an unproductive CFO at the helm. These issues were further compounded by a disjointed Finance function that isolated the controllership team from the FP&A team, projecting a lack of confidence in the Finance function as a whole. Furthermore, the absence of granular reporting views hindered Finance's ability to effectively communicate with and set clear expectations for operational business leaders, or to provide visibility to the executive leadership team and PE ownership. A leadership change was clearly needed.

With their portfolio company burning through cash and facing a very short runway, the PE investors engaged Focus Search Partners to identify an interim CFO with a proven track record of turning around comparably cash-strapped, PE-backed technology businesses while it searched for a permanent CFO.

### Our Solution

Understanding that the majority of CFOs today in PE environments have shifted their priorities from leading through an era of aggressive growth to meeting today's economic challenges by effectively generating cash and managing to EBITDA, Focus Search Partners presented an interim solution and identified a CFO who had driven substantial improvements and margin expansions to extend the cash runway for other PE-backed SaaS portfolio companies facing significant financial pressures that he had been a part of.

Specifically, his direct knowledge of the key drivers for this type of business, as well as the communication cadence and reporting expectations of PE investors, allowed him to immediately begin a course correction for the business in which a much higher value was placed on its capital.

Likewise, he intentionally began rebuilding fractured relationships within the Finance function and between it and other operational areas. He also began a true partnership with the CEO, a distinct change from the incumbent's approach and one that was a welcome first for the company's top leader.

### Our Outcome

Our consultant knew that establishing more effective cash management and adjusting to a more conservative capital approach would take tremendous teamwork, something the business lacked. Within Finance, he reconnected the controllership and FP&A functions, creating synergy and alignment between them. Cross-functionally, he set up meet-and-greet sessions with corporate and operational leaders, paying particular attention to Sales, Product, Engineering, and HR. He effectively presented Finance as a partner who could help them deliver on business goals.

With trust and rapport amongst the board rebuilt and relationships with the CEO, executive leadership team and his own team mended, he was able to focus the entire business on perfecting operational processes and seeking opportunities for cash savings while focusing Finance on professionalizing its modeling and reporting. These major accomplishments, along with the following wins, led the investors to offer this leader the permanent full-time CFO role after three months in the interim seat. He gladly accepted and is excited to continue making progress.

- Rebuilt a more realistic 3-year business plan
- Set clear expectations for tighter expense controls and greater margin expansion
- Created a monthly financial calendar with target dates for reporting preliminary and final results
- Collected \$1.2M of a \$1.7M past due account with a firm commitment for the remaining \$500K
- Increased the granularity of reporting views
- Corrected, improved, and resumed previously discontinued direct and indirect cashflow models

## Key Financial Results

- 18-month** acceleration to EBITDA-positive state
  - \$30M** improvement in cash trajectory
  - \$5M** savings from renegotiated vendor contract
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“ Our new CFO showed everyone within the business what good looks like. With him at the Finance helm, the future picture of the business looks bright. – CEO