

BUSINESS FINANCE

IS YOUR BUSINESS RUNNING ON REAL NUMBERS —OR JUST A GUT FEELING?

The Hidden Financial Risk You Might Be Ignoring—and Why It's Costing You More Than You Think

A PITCH BUILT ON CONFIDENCE—NOT CLARITY

I recently watched a startup founder pitch investors on franchising their concept after just one location—claiming \$400K in revenue and 25% margins. But when pressed, they said profits were \$275K. The math didn't add up. Without documentation or a breakdown of their costs, the financial claims quickly unraveled.

Too often, business owners find themselves in similar situations—making critical decisions without clear, reliable financials. And they may not even realize how much it's holding them back.

When the numbers are murky or outdated, confidence erodes. Planning becomes guesswork. And opportunities slip through the cracks.

INCOMPLETE FINANCIAL DATA ISN'T JUST INCONVENIENT—IT'S A BUSINESS RISK

When your financials aren't clear, it creates hidden risks that can limit your ability to succeed:



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✓You're flying blind

When reports are unreliable, business owners default to instinct. In a previous article, I discussed how gut-based decision-making—though common—isn't a strategy. Without real visibility, even smart decisions around pricing, hiring, or new projects become educated guesses that often miss the mark.

✓You miss warning signs

Margin compression, cost creep, or slow-paying customers rarely announce themselves. When books aren't current, these issues go undetected until they turn into cash crunches or losses.

✓You lose money

Poor records mean missed deductions, delayed collections, and untracked expenses. Margins erode. Job costing suffers. You pay more in taxes and get paid more slowly—if at all.

✓You can't grow

Without clear metrics like break-even or cash runway, you can't invest confidently—or convince others to invest in your vision.

THE DANGER OF SKIPPING THE FINANCIAL FOUNDATION

Back to that pitch competition.

With only one store, the founder was already trying to franchise nationally—skipping the obvious next step: opening a second location to validate the model.

When judges asked for specifics, the founder repeated their revenue and margin claims, but their answers on profitability didn't line up. There were no unit-level economics or cost breakdowns. No proof the model could scale.

The lesson here is clear: growth without good numbers isn't a strategy—it's speculation.

Worse still, they weren't just trying to grow—they were leaping into a completely different business model.

Franchising isn't an extension of a retail store. It's a new business, with its own legal, operational, and financial complexities. And it was clear they hadn't thought that through.

The judges weren't convinced.

A REAL-WORLD FIX: BETTER SYSTEMS, BETTER DECISIONS

I once worked with a company using unsupported, overly complex accounting software. Monthly bank reconciliations were done manually—taking a full day for a business under \$5 million.

When we moved to a right-sized system like QuickBooks, the results were immediate:

- Reconciliation time dropped to under 30 minutes
- Unused features and support risks were eliminated
- Financials became accurate, timely, and actionable

This wasn't just an IT fix—it gave leadership clarity, saved time, and restored control.

THIS ISN'T JUST ABOUT BOOKKEEPING—IT'S A SHIFT IN HOW YOU LEAD

Too many business owners treat the books as a tax chore. But financial clarity is more than compliance—it's how you lead.

With current, accurate numbers, you make faster, smarter decisions. You avoid surprises. You act with confidence instead of hesitation.

✓Books that support the business—not just the IRS
Timely, accurate data reveals how you're really performing.

✓Insights that drive decisions
Numbers without context are noise. Proper interpretation creates clarity.

✓KPIs tailored to your model
Whether you sell time, products, or both—your reporting should reveal the levers that drive cash and profit.

✓Financial ownership—not firefighting
You shouldn't be chasing numbers. A strong finance partner ensures nothing gets missed and everything is actionable.

FINAL THOUGHT

Gut instinct can spark a business—but it's clear data that fuels sustainable growth.

If you're still relying on vague reports or end-of-year catch-up, it's time to stop flying blind. Because when you build your business on real numbers, you don't just gain visibility—you regain control.

NEED A CFO WITHOUT THE FULL-TIME COMMITMENT?

That's exactly where I come in.

As a fractional CFO, I help business owners move beyond gut-based decision-making by creating financial clarity, structure, and strategy. Whether you need better systems, clearer reporting, or someone to turn the numbers into actionable insight, I provide high-level financial leadership—without the full-time cost.

If you're ready to lead with confidence and stop second-guessing your financials, let's talk.