

BUSINESS FINANCE

WHY GOOD DECISIONS STILL CREATE FINANCIAL PRESSURE

What gets many CEOs into trouble financially is not strategy. It is timing. A decision makes sense when it is made, and the business moves on. The financial impact does not show up right away. When it finally does, it may not even be recognized for what it is. More often, it feels disconnected from the original decision, simply because enough time has passed that the cause no longer feels relevant.

DECISIONS AND CONSEQUENCES DO NOT ARRIVE TOGETHER

In most businesses, decisions and financial consequences do not arrive together. Hiring ahead of revenue, extending payment terms, or adding overhead in anticipation of growth are all common choices. None of these are unusual, and none are automatically wrong. The issue is that the financial effects tend to appear later, long after the decision felt settled.

WHY LEADERS FIX THE WRONG PROBLEM

This delay is where confusion sets in. Most business owners are wired to solve problems quickly. When results do not match expectations, the instinct is to look at what is happening now and fix it. Leaders study current numbers, adjust tactics, and push for change, even though the cause of the issue may sit several months back. Financial statements report outcomes, not timing. They show what already happened, not when the pressure was created. As a result, leaders often end up fixing symptoms rather than addressing the decisions that actually set the problem in motion.

This is compounded by how fast businesses move. Priorities shift. New opportunities surface. Attention moves forward. Very few leadership teams pause long enough to connect today's pressure with a decision made last quarter. It feels like old history. Yet financially, it is often the starting point.

WHEN PROFIT MASKS PRESSURE

Profit can make this harder to see. A business can appear healthy on the income statement while cash quietly tightens. Revenue may be growing. Margins may look stable. Yet commitments have already been made and expenses have already moved,



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even if collections or results have not caught up. The business does not feel broken, but it feels constrained.

If you are growing, this dynamic is often amplified. This is often exemplified by how resources are committed ahead of results. People are hired before revenue settles. Capacity is added before utilization is certain. Systems are put in place before efficiencies materialize. This is how growth works. The risk is assuming the timing will sort itself out. When it does not, the organization feels busy and financially tight at the same time.

WHERE FINANCIAL LEADERSHIP SHOWS UP

Financial leadership shows up in how this gap is managed. It means asking when a decision will affect cash, not just whether it will pay off eventually. It requires being explicit about assumptions related to timing and recognizing how sensitive those assumptions can be. When those questions are asked early, decisions become

more deliberate and surprises become smaller.

Most financial problems do not start in the financial statements. They start in the space between decision and consequence. CEOs would be wise to ask whether financial leadership in their organization extends beyond reporting results. Is someone actively challenging timing assumptions before commitments are made, or only explaining outcomes after the fact?

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