BUSINESS FINANCE

FINANCIAL LEADERSHIP IS ABOUT DECISIONS

People often ask me what a CFO actually does.

My answer usually surprises them.

Budgets exist to support decisions.

Forecasts exist to support decisions.

Financial statements exist to support decisions.

Strip away all of the financial terminology and they all have one thing in common.

They exist to help leaders make better decisions.

That is what financial leadership is really about.

If that is true, then why do so many businesses treat those tools as the end goal?

- The budget gets finished.
- The forecast gets updated.
- The financial statements get reviewed.

Meeting over. That misses the point.

Nobody builds a successful business because the budget is finished.

Nobody builds a successful business because the forecast was updated.

Nobody builds a successful business because the financial statements were printed.

Businesses are built one decision at a time.

- Should we hire another employee?
- Should we expand?
- Should we buy that piece of equipment?
- Should we borrow money?
- Should we slow down?

Those are the decisions that shape a business. The financial tools simply exist to help answer those questions.

Take a budget. Many businesses treat budgeting as an exercise in projecting next year's profit. They spend weeks building it, argue over the numbers, approve it, and move on. I think that misses the point.

The budget is not the purpose.

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The purpose is making better decisions.

Can we afford another employee?

Can we expand?

Can we survive if sales fall short?

If your budget is not helping answer questions like those, then it has become an accounting exercise instead of a leadership tool.

Forecasts get misunderstood too. Most people think a forecast exists to predict the future. I think it exists to give leaders time.

Time to change course.

Time to adjust.

Time to make a better decision before the business makes it for them.

If the business is headed toward a cash shortage three months from now, would you rather know today or on the day payroll is due? A forecast cannot change the future. But it can give leaders enough time to make a better decision.

The same thing is true of financial statements. Most business owners think financial statements exist to tell them how they did last month. That is important. But I think they answer an even more important question.

What decision needs our attention next?

Are receivables taking longer to collect?

Is payroll growing faster than the business?

Are we carrying more inventory than we should?

Is overhead creeping up faster than expected?

The financial statements are not the destination. They are another tool to help leaders make better decisions. They simply point leadership toward the next decision that needs to be made.

It is not about producing reports

It is not about closing the books.

It is not about creating another dashboard.

Those things matter, but only because they help leaders decide what to do next.

Businesses do not succeed because they have better budgets. They do not succeed because they produce better forecasts. They do not succeed because they generate more reports. They succeed because leaders consistently make better decisions.

Financial leadership exists to improve the quality of every decision.

Jeff Solomon is a CFO with more than 25 years of experience helping CEOs and Boards strengthen financial decision-making and organizational discipline. He works with leadership teams to go beyond reporting, focusing on how financial information is built, interpreted, and used to guide decisions. His approach emphasizes challenging assumptions and improving visibility so leaders can see issues early and act with clarity.