

A fancy for FIGURES

Here is a new field of entrepreneurship - providing financial services to startups and even established businesses in the role of a freelance chief financial officer (CFO). One such agency that has taken the lead in bringing this concept to India is Mumbai's SuperCFO founded by Bhairav Kothari, a chartered accountant

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To use the new generation parlance, they are the 'number crunchers', people who live and breathe in the world of finance. It is them who, many a times, are the brains behind the success of a startup, making that quintessential funding possible and creating the right channels for inflows and outflows for a business venture to run smoothly. Now, there is a new trend that has come into place - the freelance chief financial officer (CFO). This could be an agency that first-generation entrepreneurs and venture capitalists engage to monitor their investee companies or for specific projects such as building robust performance management information systems (MIS) or to act as interim CFOs.

Startups in their initial stages don't need a full-time CFO. According

to industry estimates hiring an outsourced CFO service agency can result in operational savings of 30-70 per cent, with savings being higher for compliance-related work. Fees charged depend on the nature of the job and can range from Rs 30,000 to a few lakh per month. Hiring a full-time CFO would typically cost a company upward of Rs 50 lakh per year. Such CFO agencies offer various packages to suit every need such as compliance, process management, funding, etc. In fact, in today's extremely competitive times, no entrepreneur can ignore the importance of streamlined processes, timely reporting, and clean books of accounts which can aid good decision-making and help attract VCs.

One such CFO agency is the Mumbai-based SuperCFO which specialises in virtual, outsourced, interim, special purposes and full-time CFO solutions. The company,

founded by Bhairav Kothari, works with several private equity funds in assisting their portfolio companies with smart CFO solutions. Established in 2008, the team at SuperCFO provides services to its clients right from their incubation days until they become a large public company. Explaining the nature of their different services, Kothari says, "Virtual CFO is for startups and SMS on an assignment basis, Interim CFO is for those companies whose full-time CFO has quit or taken a sabbatical, Special Purpose CFO is to assist the client's management team, and Full-Time CFO is for executive deployment of financial leadership."

For Kothari, finance has always been a passion. Born and brought up in the suburbs of Mumbai, as a child he was very introvert. After completing his schooling from Fatima High School in Ghatkopar, he graduated with distinction from



R A Podar College of Commerce & Economics. While in college, since all his friends were appearing for the CA entrance exam, he too decided to go with the flow. To his surprise, he was announced a rank-holder. So he decided to pursue it as a career and subsequently he also acquired a Diploma in Business Finance from the ICFAI. "My father had set up a trading business and I would go to his office during holidays to learn and gain hands-on experience. But I was very keen on pursuing my own dreams. I did not want to join the family business," he says.

Therefore, post becoming a professional chartered accountant, he worked with GRUH Finance, a subsidiary of HDFC, for about two years. Thereafter, he joined a startup in the healthcare BPO segment called CBay Systems, now known

as MModal, as their first employee in India. He worked there for over eight years and reached the position of Group CFO. "At CBay I was involved in all kinds of equity fund raising such as VC, PE, hedge funds, corporates and eventually IPO on AIM of LSE, cross-border mergers and acquisitions, restructuring, etc. CBay grew from a startup to the third largest in the world and then eventually the largest," Kothari reminisces.

So what led to him striking out as an independent CFO? "After having worked at CBay for so many years, the itch to become an entrepreneur became stronger. While at CBay, I saw several growth companies struggling in various areas due to lack of a good CFO on board. Further, a good CFO was expensive to hire. I came across some

interesting models in the US based on which I structured a solution suitable for the Indian market, wherein one CFO would help two to three companies on an ongoing basis," he says. Interestingly, Kothari couldn't think of an appropriate name that would define his new venture. He therefore asked his brother who suggested SuperCFO. "The underlying theme was that today's CFO seems as normal a guy as Clark Kent. But he needs to carry out several complicated tasks like cost and cash flow management, compliances, accounting, business strategy, investor relations, M&A, legal as well as secretarial and people management, all of which turns him into a Superman with superpowers," he says.

To turn his idea into reality, Kothari started off with an initial investment

of Rs 5 lakh which was increased to Rs 30 lakh soon after the launch. Primarily these were all personal funds. Looking back at the risk he took, Kothari says there has never been a moment of regret. "The company has been growing quite well. During 2014-2015, SuperCFO grew over 50 per cent," he reveals. The company's business model is based on the packages it provides. Therefore, in some cases there could be a fixed retainer fee while in others it could be pay per use or project fees. "It depends on what the client's requirements are," Kothari states, who has now put into place an ambitious plan to take the company to the next level of growth.

"We are aiming for deeper market penetration because there are perhaps millions of companies

without a CFO that need assistance. Also, we want to build a few more technology solutions, thereby making the business model more scalable and then service clients globally through such a technology platform. We also aim to have a 100-member high-quality CFO team in the next three years," he says. The plan fits with the projection that India is on its way to accepting this outsourced CFO model just as it is regularly done in western countries. "In India it is still early days but awareness is growing rapidly and companies across all sectors are investing in a good CFO," he says.

Defining what entrepreneurship stands for, Kothari says, "While for the outside world entrepreneurship means lots of glamour and wealth, in reality it requires a lot of hard work and passion. To be a good

entrepreneur you need to build a good team around you and should also spot a business opportunity, even during a worst-case situation." Speaking of teams, Kothari attributes the success of his venture to his colleagues, all of whom bring professionalism to the table. And among them is Shaival Trivedi, the chief operating officer (COO) of the company. Trivedi has over 18 years of cross-functional and cross-industry experience in the healthcare, FMCG, telecom, management consulting, finance and marketing arenas. Prior to that Trivedi was the leader of backend operations at CBay Systems and Services Inc. in Mumbai, leading a team of 400+ healthcare professionals. As Kothari puts it, "In our sector, getting the right people is half a good job done."

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