



Financial Review  
17 October 2008  
Page 18

# Virtual CFOs plug the gaps

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Small companies may want top-flight financial advice, but affording it will always be a problem – so a Sydney-based accounting firm is striving to fill the gap.

Michael Derin started the Azure Group in 2002 to fix what he saw as a glaring hole in services provided by the profession.

“My background was in corporate finance. I could see the needs of small corporates, especially, were not being met.

“Businesses of between \$1 million and \$20 million turnover need good advice, just like larger businesses. But it’s very hard for them to afford a chief financial officer – who aren’t cheap – or to keep a CFO interested enough to hang around.”

So many businesses with between five and 50 staff are unable to secure the strategic advice CFOs provide. That prompted Azure to start its “virtual CFO service”, part of a suite of services aimed at the corporate advisory market.

Mr Derin said its virtual CFO furnishes a wide range of services including financial and cash-flow expertise, mentoring internal finance staff, managing the business’s tax and accounting functions, helping with corporate governance and providing strategic advice.

“We aim to manage the entire finance function so companies can focus on their core business activities,” Mr Derin said.

For the CFO service, Mr Derin said Azure has permanent and contract CFOs on its books. Azure works hard to make sure they have the requisite skills to supply the level of advice sought by clients.

Azure differentiated itself



Michael Derin provides advice for firms that don't have a CFO. Photo: MICHELE MOSSOP

through its focus on that advice, he said. As well as audit, it was able to provide a long list of management reporting and taxation functions.

That approach has helped Azure expand. Revenue has been increasing solidly through its formative years and should reach \$2 million this year.

Staff numbers have grown as well. There are 12 full-time employees in

the Sydney office, up from eight last year. The firm has two partners, Mr Derin and his sister Tanya, who heads its tax division.

Another sister, Natalie, has joined the firm in the marketing area.

“It wasn’t planned this way, it’s just happened that we were able to get them into the business, which has been great,” Mr Derin said.

“Had I known, it might have been

the Derin Group rather than Azure,” he joked.

The business has just opened an office on the Gold Coast, its first move beyond Sydney. Mr Derin said the growing importance of south-east Queensland made it a natural move.

“We went to the Gold Coast because we had a few clients there, but that doesn’t mean we won’t be servicing the Brisbane market or the rest of south-east Queensland.”

Client work has taken the firm to Papua New Guinea and Asia.

Domestically, Mr Derin said his goal within the next five years is to have an office in all Australian capital cities, offering CFO and other accounting-related services.

The firm’s clients have enjoyed revenue growth, he said. The total turnover of its CFO-serviced clients was \$100 million, and Mr Derin wants to grow that to \$500 million within five years.

Global economic woes are making it difficult for business. But that in itself can prove a boon to accountants, as businesses need to come to grips with their numbers.

“We haven’t seen much of an impact because of the economic problems, but we believe there will be challenges for some businesses.

“The most important things for small corporates are to be cash-flow positive, month to month, and to understand their liabilities.”

The accounting profession is being challenged, as has been identified by the Institute of Chartered Accountants and Big Four firm KPMG. Many small accounting firms have gone down the path of introducing wealth management into their practice. “But we’re not going that way, we’re focusing on corporate advice,” Mr Derin said.