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## Part-Time CFO Guide Financial Failure Patterns in Retail, Services and Manufacturing Businesses

*A practical advisory guide for growing businesses that want to identify financial distress early and strengthen decision-making before pressure becomes severe.*

Designed as a downloadable companion guide to the blog post: "Why Every Growing Business Needs a Part-Time CFO - Before It's Too Late."

### CFO ADVISORY GUIDE

DIFFERENT BUSINESS MODELS. DIFFERENT FINANCIAL REALITIES.



Retail



Inventory turns, margin pressure, seasonality, and cash flow management drive performance.



Services



People, relationships, and capacity utilization impact profitability and scalability.



Manufacturing



Capital intensity, supply chain, and operational efficiency shape financial outcomes.



Tailored financial strategies. Stronger decisions. Sustainable growth.

## Executive Summary

Many businesses do not fail suddenly. Financial distress often develops gradually through weak cash flow visibility, poor pricing, unmanaged costs, delayed customer payments, weak controls, poor stock management, and strategic decisions made without reliable financial information.

This part-time CFO guide compares the financial failure patterns of three common business types: retail, services, and manufacturing. Each business type faces different financial risks. A retail business may struggle because cash is trapped in stock. A services business may be busy but unprofitable because time and expertise are not converted into profitable billings. A manufacturing business may continue producing and selling while margins collapse because costing, wastage, overhead recovery, and working capital are not properly managed.

The guide also explains how a part-time CFO can help business owners and management teams identify warning signs early, improve financial visibility, strengthen controls, and implement practical interventions before business pressure becomes severe.

This guide is intended for business owners, founders, managers, investors, and decision-makers who want to build stronger, more resilient, and financially sustainable businesses.

## Why This Guide Matters

South African businesses continue to face a difficult operating environment. The Bureau of Market Research reported that available data shows more than three-quarters of South African small businesses fail, and it noted that 52.8% of responding small businesses in the 2025 Absa/SACCI/BMR Small Business Growth Index were either contracting, trading with difficulty, or at risk of closure if cost pressure and adverse macroeconomic conditions persisted. [1]

The pressure is not only visible in small business failure trends. Eyewitness News reported, based on Statistics South Africa figures, that 1,534 South African businesses were liquidated in 2025, including 836 companies and 698 close corporations. This represented a slight 1.1% decline from 2024, but still reflected significant business distress across the economy. [2]

Business Partners has also highlighted an important disconnect: South African SMEs reported declining confidence in Q3 2025 despite positive macroeconomic signals such as GDP growth, lower inflation expectations, and lower interest rates. The article noted that SMEs were still making decisions based on immediate realities such as cash flow, customer demand, and payment behaviour. [3]

These realities reinforce a critical business lesson: economic improvement alone does not automatically create stronger businesses. Sustainable growth requires financial visibility, disciplined decision-making, cash flow management, operational control, and strategic leadership.

**That is where part-time CFO support becomes valuable: it helps management interpret financial warning signs early and act before pressure becomes severe.**



Financial visibility helps business owners identify risks early and make better strategic decisions.

## What a Part-Time CFO Does

A part-time CFO provides senior financial leadership without requiring the business to appoint a full-time finance executive. The role is not limited to accounting or compliance. It focuses on converting financial information into strategic insight and practical action.

A part-time CFO helps management:

- understand the true financial position of the business;
- improve cash flow forecasting and working capital management;
- identify profitable and unprofitable customers, products or services;
- strengthen pricing, costing and margin analysis;
- build management dashboards and reporting systems;
- improve financial controls and governance;
- support funding readiness; and
- guide growth, restructuring or turnaround decisions.

For many growing businesses, the value of a part-time CFO lies in identifying the specific financial failure pattern early enough to prevent deeper distress.

## Case Study 1: Retail Business

### When Sales Are Growing but Cash Is Disappearing

#### Typical Business Profile

A retail business may include a supermarket, clothing store, hardware outlet, pharmacy, furniture shop, online store or specialist product retailer.

Retail businesses usually operate with stock-heavy operations, supplier credit arrangements, tight margins, seasonal trading patterns, rental commitments, staff costs and daily cash flow demands.

A retail business can appear healthy because sales are visible and frequent. However, frequent sales do not always mean the business is financially strong.

#### Common Failure Pattern

**Strong sales activity, weak margins, poor stock control, and cash trapped in inventory.**

#### Early Warning Signs

A retail business may need part-time CFO support when:

- sales are increasing, but cash flow remains tight;
- stock levels are rising faster than sales;
- slow-moving or obsolete stock is not identified early;
- gross profit margins are declining;
- discounts are used too frequently to generate sales;
- suppliers are being paid late;
- rent and fixed overheads consume too much margin;
- daily sales, refunds and discounts are not properly reconciled;
- stock shrinkage, theft or wastage is increasing;
- management cannot identify which product categories are truly profitable.

#### Root Causes

Retail Business financial distress is often caused by:

- weak stock management;
- poor purchasing discipline;
- lack of product-level profitability analysis;
- poor gross margin monitoring;
- excessive discounting;
- stock shrinkage;
- poor supplier negotiation;
- weak cash flow forecasting;
- inadequate controls over stock, cash, refunds and discounts.

## Part-Time CFO Interventions

A part-time CFO can help by introducing stronger financial visibility, discipline and decision support. The intervention may include:

### 1. Stock and Margin Diagnostic

The CFO reviews stock turnover, slow-moving inventory, dead stock, gross profit by category, supplier pricing, discounts, shrinkage and product profitability. The objective is to identify where cash is trapped and where margins are being eroded.

### 2. Cash Flow Forecasting

The CFO introduces weekly or monthly cash flow forecasting that considers expected sales, supplier payments, rent, salaries, VAT, debt repayments and seasonal trading cycles.

### 3. Product Profitability Analysis

The CFO helps identify which products create value and which products tie up cash without adequate return. This supports better buying, pricing and promotional decisions.

### 4. Working Capital Controls

The CFO assists with stock ageing, reorder levels, supplier payment planning, purchasing controls and cash conversion monitoring.

### 5. Retail Performance Dashboard

A useful retail dashboard may track daily or weekly sales, gross margins, stock turnover, supplier exposure, cash balances, shrinkage and overheads as a percentage of sales.

## Expected Outcome

A successful CFO intervention should help the business:

- improve liquidity;
- reduce slow-moving stock;
- protect margins;
- improve supplier payment discipline;
- reduce losses from shrinkage;
- strengthen pricing and purchasing decisions.

## Strategic Lesson

**Retail businesses do not survive on sales alone. They survive on stock control, margin discipline, cash flow visibility and tight operating controls.**

## Case Study 2: Services Business

### When the Business Is Busy but Not Profitable

#### Typical Business Profile

A services business may include a consulting firm, accounting practice, legal practice, IT services provider, marketing agency, engineering consultancy, cleaning business, security company, training provider or project-based professional services firm.

Unlike retail businesses, services businesses usually do not carry physical stock. Their main economic resource is time, skill, people, capacity and client relationships.

#### Common Failure Pattern

**The business is busy, but effort is not being converted into profitable, billable and collectible value.**

#### Early Warning Signs

A services business may need part-time CFO support when:

- the team is busy, but profits remain weak;
- projects take longer than expected;
- clients regularly request additional work outside the agreed scope;
- invoices are issued late;
- debtors are not collected promptly;
- staff costs are increasing faster than revenue;
- the business depends heavily on a few clients;
- the owner is involved in too much operational delivery;
- there is no clear pricing model;
- projects are quoted without proper costing;
- management cannot identify which clients, projects or service lines are profitable.

#### Root Causes

Services Business financial distress is often caused by:

- underpricing;
- weak project costing;
- poor time tracking;
- scope creep;
- late billing;
- weak debtor collection;
- low staff productivity;
- over-servicing clients;
- weak contract terms;
- excessive dependence on owner involvement.

## Part-Time CFO Interventions

A part-time CFO can help by introducing stronger financial visibility, discipline and decision support. The intervention may include:

### 1. Client and Project Profitability Review

The CFO reviews revenue by client, direct staff cost, project hours, recovery rates, write-offs, gross margin by service line and profitability by engagement. This helps management identify which clients create value and which clients drain capacity.

### 2. Pricing and Fee Model Review

The CFO reviews hourly rates, fixed fees, retainers, project pricing, value-based pricing, minimum engagement thresholds and escalation clauses. The aim is to ensure that pricing reflects time, expertise, complexity, risk, urgency and value delivered.

### 3. Utilisation and Productivity Dashboard

The CFO introduces key indicators such as billable hours, non-billable time, staff utilisation, revenue per employee, project margin, recovery rate, average fee per client and write-offs.

### 4. Billing and Debtor Discipline

The CFO helps strengthen upfront deposits, milestone billing, recurring billing, debtor follow-up, payment terms and client approval processes.

### 5. Reducing Owner Dependency

The CFO helps the owner identify what should be delegated, which clients require too much owner involvement, where systems are needed and how the business can become less dependent on one person.

## Expected Outcome

A successful CFO intervention should help the business:

- improve pricing;
- reduce scope creep;
- improve cash collections;
- increase project profitability;
- strengthen staff productivity;
- focus on higher-value clients.

## Strategic Lesson

**Services businesses do not usually fail because people are not working hard. They often fail because effort is not converted into profitable, billable and collectible value.**

## Case Study 3: Manufacturing Business

### When Production Continues but Margins Collapse

#### Typical Business Profile

A manufacturing business may include food processing, furniture manufacturing, metal fabrication, packaging, textiles, chemicals, building materials or industrial components.

Manufacturing businesses are financially complex because profitability depends on raw materials, labour, machinery, production efficiency, wastage, overhead recovery, pricing, inventory, quality control and working capital.

#### Common Failure Pattern

**Production continues, but margins weaken because costing, efficiency, wastage and working capital are not properly managed.**

#### Early Warning Signs

A manufacturing business may need part-time CFO support when:

- revenue is stable, but profits are declining;
- raw material costs are increasing faster than selling prices;
- production waste is not measured;
- machine downtime affects output;
- labour costs are increasing without productivity gains;
- inventory levels are too high;
- work-in-progress is not properly monitored;
- finished goods are not moving quickly enough;
- product costing is outdated;
- overheads are not properly allocated;
- management cannot identify which products are profitable.

#### Root Causes

Manufacturing Business financial distress is often caused by:

- weak product costing;
- poor production planning;
- low capacity utilisation;
- high wastage;
- excessive rework;
- weak procurement controls;
- poor inventory management;
- outdated pricing;
- uncontrolled overheads;
- insufficient performance reporting.

## Part-Time CFO Interventions

A part-time CFO can help by introducing stronger financial visibility, discipline and decision support. The intervention may include:

### 1. Product Costing Review

The CFO reviews raw material costs, direct labour, machine time, overhead allocation, wastage, rework and contribution margin by product. This helps management understand the true cost and profitability of each product.

### 2. Margin and Pricing Analysis

The CFO helps assess whether selling prices properly reflect input cost increases, labour costs, production inefficiencies, overhead recovery and required profit margins.

### 3. Production Performance Dashboard

The CFO introduces financial and operational indicators such as gross margin by product, production yield, wastage percentage, machine downtime, labour productivity, stock turnover, cost per unit and capacity utilisation.

### 4. Working Capital Review

Manufacturing businesses often carry significant cash in raw materials, work-in-progress, finished goods and debtors. The CFO reviews the full working capital cycle to improve liquidity and reduce funding pressure.

### 5. Capital Expenditure and Funding Planning

The CFO supports decisions about machinery upgrades, production expansion, asset finance, funding requirements, return on investment and payback periods.

## Expected Outcome

A successful CFO intervention should help the business:

- improve costing accuracy;
- protect margins;
- reduce waste;
- improve production efficiency;
- release cash from working capital;
- strengthen pricing decisions;
- plan capital expenditure more effectively.

## Strategic Lesson

**Manufacturing businesses often fail when operational inefficiencies are not identified, measured and converted into financial action early enough.**

## Comparative Summary: Failure Patterns and Part-Time CFO Interventions

Business Type	Common Failure Pattern	Early Warning Signs	Part-Time CFO Intervention	Strategic Outcome
Retail	Cash trapped in stock and weak margins	Rising inventory, poor cash flow, excessive discounts, supplier pressure	Stock analysis, margin review, cash flow forecasting, retail dashboard	Improved liquidity, stronger margins, better stock control
Services	Busy operations but weak profitability	Scope creep, late billing, weak collections, poor project margins	Client profitability review, pricing model, utilisation dashboard, debtor controls	Better pricing, improved collections, stronger project profitability
Manufacturing	Production activity but declining margins	Rising input costs, waste, poor costing, stock build-up	Product costing, margin analysis, production KPIs, working capital review	Improved cost control, pricing discipline, efficiency and cash flow

## Practical Self-Assessment Questions for Business Owners

Use these questions to assess whether your business may need part-time CFO support:

1. Do you know which products, clients, services or projects are truly profitable?
2. Can you forecast your cash flow for the next 13 weeks?
3. Are you able to identify early warning signs before cash becomes tight?
4. Are your pricing decisions based on accurate cost and margin information?
5. Are stock, debtors, work-in-progress or overheads consuming too much cash?
6. Do your monthly reports help management make decisions, or do they only record history?
7. Can your business support growth without placing excessive pressure on cash flow?
8. Are you confident that your financial controls are strong enough for the size of the business?
9. Do you have dashboards showing the most important financial and operational indicators?
10. Are you making strategic decisions with reliable financial insight?

**If the answer to several of these questions is "no", the business may have outgrown basic accounting support.**



Timely CFO intervention can help management stabilize performance, strengthen controls, and build a clearer path to sustainable growth.

## Conclusion: Financial Distress Is Easier to Prevent Than Reverse

The financial risks facing a growing business are shaped by its business model.

Retail businesses must manage stock, margins, supplier terms, cash conversion and daily operating discipline.

Services businesses must manage pricing, utilisation, billing discipline, debtor collections and client profitability.

Manufacturing businesses must manage costing, production efficiency, waste, inventory, overhead recovery and capital investment decisions.

This is why a part-time CFO should not merely prepare reports. The role should help management understand the specific financial failure pattern affecting the business and implement practical interventions before pressure becomes severe.

Business failure is rarely caused by one event. It is usually the result of many unresolved financial, operational and strategic weaknesses building up over time.

The earlier management strengthens financial visibility and decision-making, the easier it becomes to preserve value, improve performance, manage risk and support sustainable growth.

## Next Step: Strengthen Financial Leadership Before Pressure Becomes Severe

If your business is growing but financial visibility, cash flow, margins, controls or decision-making are under pressure, it may be time to strengthen your finance function.

Explore how Bethanie Management Consulting's [Strategic Finance & CFO Advisory services](https://www.bethanieconsulting.co.za/services/strategic-finance-cfo-advisory.html) - <https://www.bethanieconsulting.co.za/services/strategic-finance-cfo-advisory.html> - can help your business improve financial clarity, manage complexity and support sustainable long-term growth.

## References

[1] Bureau of Market Research. "Why do more than three quarters of Small Businesses fail in South Africa?" Published 4 September 2025. <https://bmr.co.za/2025/09/04/why-do-more-than-three-quarters-of-small-businesses-fail-in-south-africa/>

[2] Eyewitness News. "More than 1,500 SA businesses liquidated in 2025." Published 29 January 2026. <https://www.ewn.co.za/2026/01/29/more-than-1-500-sa-businesses-liquidated-in-2025>

[3] Business Partners. "The SME disconnect - why are SMEs not seeing benefits from economic uptick?" Published 19 February 2026. <https://www.businesspartners.co.za/the-sme-disconnect-why-are-smes-not-seeing-benefits-from-economic-uptick/>