

# Building a growth software company finance function

**This toolkit includes:**

- Steps for developing the finance function
- An overview of the finance function from the CEO's perspective
- A detailed approach to finance function development

# 01 Steps for developing the finance function

From a starting point where the founder CEO is often covering finance with some outsourced support or part-time workers, the next steps of development for a growing company are:

## 01

**Hire an experienced hands-on accountant** who understands what a top performing finance function looks like and can put basic disciplines and appropriate systems (based on cost benefit analysis) in place to cover accounting and compliance but is also prepared to get around the business and understand it from market environment and product through to employee behaviour and cost drivers.

## 03

**Bring in a quality CFO** who can drive continuous improvement and provide more insight and analysis and start to influence strategy and risk discussions at the top level.

Sometimes the first accountant recruited may have the potential to grow into being the CFO and you can recruit below rather than above them. It is vital in this scenario to benchmark what a good CFO looks like to ensure this structure is sustainable for the long term and not a short term fix that the company quickly outgrows. It is important to get the timing right on when a quality CFO is recruited but also that they are delegated the authority to share the leadership burden and make a difference.

Keeping out of jail and avoiding going bust are not inappropriate but they limited expectations of a finance function. The skillset that drives good finance process and discipline is often different

## 02

Provide greater focus on cash management, **recruit a dedicated accounts receivable person**, who understands the sales to cash process, freeing the accountant to continue to develop reporting as the company grows, and to extend required process and procedures for management and control of a larger business.

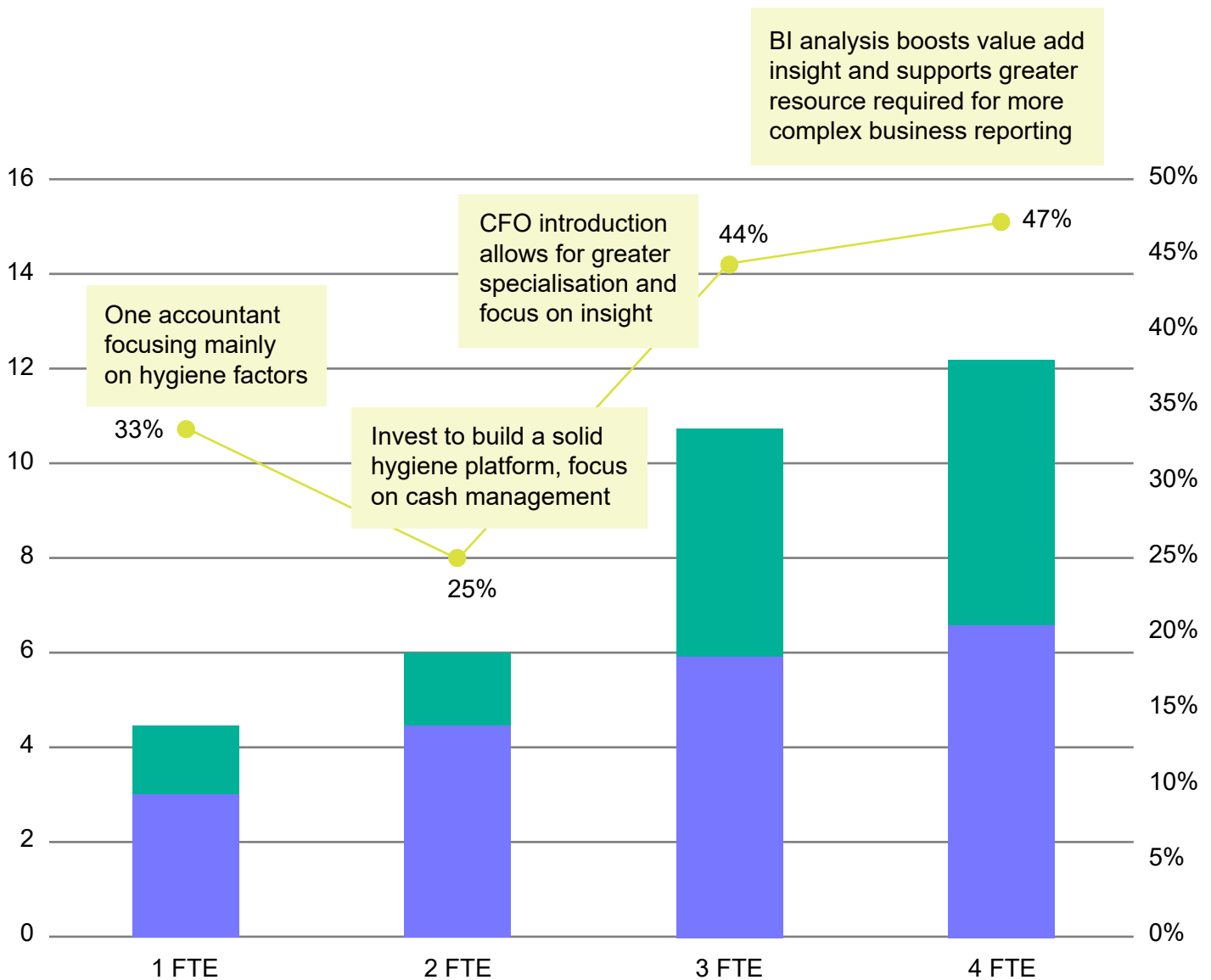
## 04

**Add BI resource** as the challenges grow to allow the CFO to focus on bigger picture elements such as funding and value creation whilst keeping on top of the lower level KPIs and developing more complex forecasting models.

and very complementary to that which sits in other parts of a growth business and it is worth investing in to help value creation. It is important that everyone in finance learns from the wider business but also has someone to learn from that talks their language.

**For a small business finance professional external mentoring and peer networks (like StartupCFO.tech and Growth CFO.net) can help enormously.** This is especially true for homegrown talent stepping up to a CFO role where there is a danger that neither they nor the CEO has a clear benchmark of what good looks like.

# Finance function development — CEO Perspective



- Value add - Mgt/control, strategy/risk, funding, BI
- Hygiene - Accounting, compliance, sales to cash, reporting
- Value add percentage

FTE build: 1 Accountant,  
2 Account Receivables  
(debtor collection),  
3 CFO, 4 Business  
Intelligence analyst

# Finance function development — Detailed approach

	Initial	Stage 1		Stage 2			Stage 3				
Team	Acct	Acct	AR	Acct	AR	CFO	Acct	AR	CFO	BI	Coverage development
Accounting	Lead	Lead	Support	Lead	Support	Support	Lead	Support	Support		1.0 to 1.5
Compliance	Lead	Lead		Lead		Secondary	Lead		Secondary		1.0 to 1.5
Mgt/control	Secondary	Secondary		Secondary		Lead	Secondary		Lead		0.5 to 1.5
Strategy/risk	Secondary	Support		Support		Lead	Support		Lead	Secondary	0.5 to 1.75
Funding	Secondary	Secondary	Support	Support	Support	Lead	Support	Support	Lead		0.5 to 1.5

Sales to cash	Secondary	Support	Lead	Secondary	Lead		Support	Lead			0.5 to 1.5
Reporting	Secondary	Lead		Lead		Secondary	Lead		Secondary	Secondary	0.5 to 2.0
Business Intelligence						Secondary			Secondary	Lead	0.0 to 1.5

Coverage	4.50	6.00	10.75	12.75
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Key	Lead and focus (Coverage 1.0)	Secondary focus (0.5)	Support (0.25)
Roles: Acct - Accountant, AR - Accounts receivable (debtor collection), BI - Business intelligence			

See more at [www.frogcapital.com/scale-up-methodology](http://www.frogcapital.com/scale-up-methodology)

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