



# FUSE

Executive Hiring Excellence



# VP of Finance/CFO



# STEP 1 :

## Understand the role you are hiring for + build a framework

Before you set out to hire your VP of Finance / CFO, it is important to:

1. Understand the key roles and responsibilities of a finance leader
2. Identify your company's current needs + stage of growth
3. Attract and go after an individual that is stage appropriate

**\*\* Note: The following proposed framework is for an early-stage VP of Finance. You may need to adjust your framework based on your company's maturity. \*\***

### Defining the Role:

#### VP of Finance/CFO\* + CEO = "Yin and Yang"

A VP of Finance/CFO acts as a complementary strategic partner or counterpart to the CEO. For example, if a CEO is an optimist, the VP of Finance/CFO leader should be the realist. A VP of Finance/ CFO will also be a bandwidth extension of the CEO – they will work together to divide and conquer.

A great VP of Finance/CFO is also a strong thought partner to the CEO and a collaborative decision maker. They build frameworks to help CEOs prioritize, and oftentimes are crucial in surfacing important items that may be overlooked or unknown.

TLDR: There are many responsibilities this leader will cover that will not be explicitly stated in the job description; as such, the CEO will need to assess what those items are based on their own experience and strengths. (I.e. a product-minded CEO may pursue a more GTM-minded CFO).

**Note:** there usually is not a large amount of money to manage at the early stage, so a VP of Finance/ CFO will cover finance and operations (often includes HR as well). In some ways, the VP of Finance/ CFO will function as the "Chief Operator" at the company.

**\*VP of Finance vs. CFO:** Title clarity doesn't matter as much for this role. As mentioned above, a VP of Finance will manage the full operations of a business and will be a subject matter expert on all things control & compliance and planning & forecasting. This holds true for CFOs, however later-stage CFOs will be key in telling the company's financial story to large cap buyers, investor relations, or public market investors. As such this later-stage CFO candidate will need expertise in financial positioning/ storytelling (we will describe this more in the following sections).

# STEP 2 :

## Build a stage framework

**Directions:** See the frameworks below. Output of this is for you to 1) identify the key pillars of the finance function and how they map to your company's stage; and 2) understand how your finance leader(s) should evolve over time.

### Key Pillars of the Finance Function:

- Controls & Compliance
- Forecasting, Planning & Analysis (FP&A)
- Business Operations & Systems (i.e. Finance, IT, HR)
- Tax & Treasury
- Board preparation
- Investor Relations

### Stage Framework

#### **Phase 1:** **Product-** **Market-Fit** **0-3M**

At this stage, you will likely use a contractor, agency, or part time VP of Finance / Controller.

- Your business requires basic budgeting and expense management, compliance with tax filings, payroll, etc.
- **Note to CEO:** It will most likely be a part time roll at this stage.

**Key finance pillars to build:** Controls & Compliance

#### **Phase 2:** **Early** **Scaling** **3-25M**

In most cases, this is the first stage to hire a full-time professional VP of Finance or CFO.

- The business will require the "controller basics" – you will most likely outsource this support. The VP of Finance/ CFO is responsible for finding that support.
- Other key responsibilities include:
  - Building the first plans and forecasts + iterating and improving company's forecasting capabilities.
  - Interfacing with sales and product (i.e. to discuss commissions, customer contracts, legal compliance, or other initiatives such as a framework for remote hiring).
  - Wearing multiple hats helping the CEO and Executive team with back-office operations.
  - Handling most G&A/ operations activities.
  - Managing real estate commitments and other obligations.
  - Likely managing HR (unless this is hired for separately), legal, and a sundry of other functions.

- Depending on the candidate's skills, they may also be key in the company's fundraising strategy.

**Key financial pillars to build:** Controls & Compliance, FP&A, and Business Operations & Systems

**Phase 3:**  
**Growth + Pre-IPO**  
**25-100M**

A CFO is important at this stage. The leader in this role is:

- The CEO's righthand person in scaling the organization and systems (controls, IT, etc.).
- The point person for orchestrating the company's financing strategy.
- Lead for defining and refining the business model as well as the planning + measurement processes.
- Generally responsible for significant, company-wide IT projects.
- Lead or co-lead on significant business development efforts and partnerships.
- An integral part of any M&A activity and will lead the integration.
- Often the point person for board preparation.

**Key finance pillars to build:** Controls & Compliance, FP&A, Business Operations & Systems, Tax & Treasury, Board Preparation

**Phase 4:**  
**IPO Readiness**  
**100M**

Time to evaluate if you have the right CFO who can scale to take your company public.\*

- You will likely need someone with prior experience shaping a company's public story and managing that story quarterly and annually.
- This person may also lead the corporate development function
- Additional key responsibilities at this stage include:
  - Ability to interface and evangelize with the investor base
  - Ability to manage a quarterly cadence
  - Leadership and management skills to build a global organization

**\*Note to CEO:** You may have a COO at this point as well, but that role is not necessary depending on the operations scope of CFO and/or CEO. You will mostly likely need a COO at this stage if the CEO has a narrower scope (i.e. product, etc.) or is inept / inexperienced in certain sales/ operations components.

**Key finance pillars to build:** Controls & Compliance, FP&A, Business Operations & Systems, Treasury & Tax, Governance & Board, Investor Relations, (also may drive Business Unit & Geography Finance)

# STEP 3 :

## The mandatory deliverables of a Finance leader

**Overview:** The following provides an overview of the four critical traits/deliverables of a finance leader. Understanding these will help you prioritize and have full awareness about the person you hire. You need to be comfortable with the strengths and weaknesses a candidate brings to the table.

**(1) Financial Expertise and Experience** – Understanding how all finance components come together is table stakes. A VP of Finance/ CFO is responsible for developing a strong business model and operating model within the context of the company's resource constraints. They will also need to evolve both over time.

### When screening for this area in interviews

- Look into the candidate's education (i.e. do they have a degree or related experience in accounting, finance – or another relevant curriculum track?).
- The candidate must have strong previous work experience. Look for Big Four (PWC, Deloitte, EY, KPMG) or equivalent experience.
- Be sure that candidate has Industry certifications (i.e. CPA, MBA, CFA), even if the certifications are not current.
- The candidate must be able to prove a demonstrable track record of continued responsibility and success in prior roles.
- **Note to CEO:** many of the potential candidates you screen may not have worked directly with a CEO before. As such, it is important to uncover if they were able to influence a strong-willed decision maker in prior roles.

**(2) Operations Experience** – The VP of Finance/CFO is key for supporting the CEO, prioritizing top business objectives, and helping the company improve / adjust as it scales. An ideal candidate is a great problem solver, strong negotiator, and interfaces well with the leadership team. The role is also highly cross-functional, as the VP of Finance/ CFO manages expenses and legal matters across the entire business. As such, they must interact with every department.

### When screening for this area in interviews

- Ask: "What was the most difficult conversation you had with a CEO (or strong-willed decision maker) at a prior company? What was the outcome?"
- Ask them to describe a time when they shaped a company's agenda in the midst of many conflicting views.
  - **Note to CEO:** You want to see that the candidate is a strong influencer and will bring in factual-based insights to a discussion with the leadership team. It is important that they bring a resource-constrained mindset and can force prioritization.

- Ask the candidate about their involvement with pricing, licensing and contracting at their prior company.
  - **Note to CEO:** You will likely have many young employees who are not highly informed in the company's business model and resource model. The CFO is key in educating the company regarding these matters.
- "What was the most difficult negotiation you led (i.e. with a customer, partner) at a prior company - and how did you defend your product's price (especially if you were pitching to a Fortune 500 company)? How do you win arguments using logic and data?"
- Understand the candidate's experience scaling with a prior company.
  - **Note to CEO:** This is critical for a startup. You are not looking for a cost-cutting expert. This role is wholistic and requires someone with a strong breadth of experience + a high bar for building and scaling a quality company.
- Look for signal that the candidate has incredible execution capabilities across multiple tasks. In a hyperscale environment, finance leaders will be doing more than seems humanly possible at times. The key things to look for:
  - Great candidates will love the complexity of the role. Lean into those who demonstrate excitement about the complexity.
  - High-stress situations will emerge, and the VP of Finance/ CFO will be responsible for bringing order to the chaos. As such, pay attention to the candidate's excitement level about playing the "reconciler" role for the company.
- **Above all else, the candidate must have impeccable integrity** – the Finance leader is the business' truth teller. They will keep you compliant and out of jail!
  - **Note to CEO:** this will come to light in the candidate's track record + reference checks.
  - A key question to ask in the reference check is about the outcome of a previous audit at the candidate's former company.

**(3) Ability to recruit and manage a team** – In addition to handling finance + operations, working closely with the CEO, and managing other parts of the business (i.e. HR, IT etc.), the VP of Finance/CFO must have strong leadership capabilities and the ability to bring on AND retain top talent.

### **When screening for this area in interviews**

- Ensure that the candidate demonstrates previous experience in basic recruiting and talent management.
- Ask them to give specific examples of where they have hired, developed, and fired. The candidate needs to be experienced in each of these areas.
  - **Note to CEO:** You will need to incorporate additional context based on the person's stage of career/ life. I.e. if you hire a younger person, it is likely they have not fired as much in their career so far. Or if the candidate is older, perhaps they have not hired much as of recent. Dig in deep here to uncover!

- Sample interview questions:
  - “What types of people you hire?”
  - “If you join this team, who are 3–5 people who will follow you?”
  - “Of the people you’ve hired in [x previous company], how many have become leaders in their current companies?” (Be sure to follow up on this to make sure answers are consistent!)
  - “How do you delegate responsibilities across your team?”
  - “How did you set the goals for your team? What % of people were hitting the goals? If they weren't hitting the goals, were they on PIP? What was the final outcome?”
  - “How did you learn to manage to high performers and to deal with poor performers?”

**(4) Systems experience** – The VP of Finance/ CFO must have experience leading or supporting the development of the general ledger, forecasting systems, expense systems, customer care, HR systems/payroll, etc.

#### **When screening for this area in interviews**

- Ask about the candidate’s previous systems experience at previous companies.
  - How did they develop the general ledger?
  - What was the selection and procurement process like for forecasting systems, expense systems, etc.?
- **Note to CEO:** Longer term, you will want this leader to manage IT in its entirety – so it is important to uncover the candidate’s aptitude in systems management.



# STEP 4 :

## Thorough Diligence is a MUST

Now that you understand your company's needs + the key deliverables for the finance leader you are targeting, it is important to do the proper work upfront. Note: many of these components are repeats from prior roles' diligence checklists, however they are still relevant for the VP of Finance/ CFO.

### (1) Tips on reading a resume - things to pay attention to:

- **Find a demonstrable track record of success** – Make sure there is evidence of the candidate moving up in their career (i.e. vis-à-vis the companies they joined and roles attained). You want to know the candidate is constantly trying to improve.
- **Frequency of job change** – If there is a lot of “job hopping”, dig into the reasons why. You want someone who is a builder. If they are only at a company for one year, they likely did not build anything substantial while there. It will take time to build out effective finance functions and implement key systems.
- **Are they an “A-Player”?** – Did they work at winning companies? Generally, “A-Teams” hire “A-players” and will drive significant output from them. Be sure to investigate the candidate's prior companies and see if they have reputations for strong accountability models. If not, it is important that the candidate is aware of that and articulates it to you.

### (2) Cautions right off the bat – before and during interviews:

- **Referrals** – Do not advance internal, or in-network recommendations too quickly – dig in deeper. Do not immediately assume that the candidate will be a fit just because they come in referred from people you trust.
- **Do not assume executive recruiters are the reference check** – DO IT YOURSELF.
- **Listen for “I” statements versus “we” statements** – “WE” needs to be the primary word used by the candidate when they are speaking about prior experiences. The work of a VP of Finance touches many parts of the business- it is not a solo journey, so candidate should not be speaking as such!
- **Never hire someone after one interview!** – The CEO needs to spend ample time with the candidate. You should feel like you are gaining value from each interaction and getting more excited with each interaction.
- **\*\*Screening advice:** Be on the lookout for the potential “Yin-Yang” dynamic we described initially in this section. You need to find a candidate that can challenge you as the CEO and bring balance to your outlook/ strengths. \*\*

### (3) How to complete good reference checks:

- **Allocate substantial, quality time** – Reference checks are beyond a “check the box” activity. It is important that you spend ample time preparing for and conducting reference checks.
- **Ask for a well-rounded, “360-view” list of references** – Ask the candidate to provide references from three different levels – someone who worked above them (manager\*), a peer, and a direct report. (\* Ideally this person would be the CEO – so you can understand if there was a complementary working relationship.)
- **Understand what you are asking about / looking for** – Most people will not agree to do a reference call if they do not have good things to say. As such, make the conversation about FIT, not about generically judging whether this person is “good” or “bad”.
- **Spend time preparing the list of questions** – this is crucial for ensuring you get the most out of the diligence call. Be sure to ask questions that aim to figure out what the person can DO, not what they are like (at least at first). As noted above, culture fit is important and something to address, but you must first understand what the person is capable of, as this will be the initial go/ no go point.
- **Do a lot more LISTENING than talking on these calls** – the more talking the reference does, the more you will learn and the more data you will collect. A good rule of thumb is: 90% listening, 10% talking.
  - **When you talk:** Any speaking you do should be to describe the role and traits you are looking for upfront. OR what you want to validate and / or risk areas you want insight on. Once you have stated those items upfront, direct the conversation from there.
  - [**Note to CEO:** If someone is vague in explaining why said person is no longer at their company, they are probably not disclosing something to you = **RED FLAG.**]
- **DO NOT be swayed by a single reference.** Use it as a data point, not the absolute truth.

