



FOUNDER'S GUIDE TO HIRING YOUR FINANCE LEADER

erevena

UNDERSTANDING THE CFO LANDSCAPE

Within the Financial Officers Practice at Erevena, we have the privilege of supporting some of the most disruptive and impactful tech scale ups in Europe and the US to find their Finance leaders. Every business we work with is unique, and we work closely with each of our clients to truly understand their business, its mechanics, its complexity, what it really needs from its Finance leader at any given chapter in time, as well as how best to attract top talent whilst balancing ambition with pragmatism.

CFOs come in many forms, with different backgrounds and different super powers and for any Founder or CEO looking to hire a new Finance leader, it can be challenging to know where to start, and what's right for their business. Hiring the right person at the right time can be the difference between success and failure, and through sharing some of our insights over two decades of hiring CFOs we hope to answer some of those questions and provide a little clarity.

Of the 40 most recent CFO searches we've completed, 20% have been at Series A, 25% at B, 20% at C, 10% at D onwards, and 25% have been backed by Private Equity.

By consciously managing and maintaining a spread across different stages of business maturity in the searches we take on, it offers us a unique perspective of the changing demands and priorities throughout the scaling cycle. We've also been executing CFO searches long enough to understand the changes in demand according to economic cycles.

OVERVIEW

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ABOUT THE AUTHOR

Harry is a Partner at Erevena having joined the London office in 2012, and has successfully executed CFO searches across a wide range of early and late stage Venture, Growth Capital, and Private Equity backed B2B Tech companies including Exotec (Goldman Sachs, 83 North) | Dataiku (Insight Partners, Tiger Global, Stripes, Iqonic) | Oritain (Highland Europe) | Pexapark (Titanium Ventures, Swisscom Ventures) | Seven Senders (Yttrium, btov) | BobW (Evli Growth Partners, Taavet+Sten) | Nano Interactive (Foresight Group) | Paligo (Gro Capital, A&F) | Stravito (Endeit Capital).

CONTACT



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EXAMPLE CFO SEARCHES EXECUTED:

EXOTEC



PEXAPARK



BOB W.



SERIES A>B YOUR FIRST FINANCE HIRE



Whether you should hire a VP Finance or a CFO, and how do they differentiate is a question we're asked often.

In more scaled companies where there may be both a CFO and a VP Finance in place, there will be greater differentiation between the two roles, however in the context of either one of these being your most senior Finance figure, the truth is the lines can be blurred and the title may in fact be influenced by experience levels, the stage of the company and available budget as opposed to the thinking behind the responsibilities traditionally associated with either.

That said, as a general rule:

- **A VP Finance will be more focused on establishing the decision frameworks, systems, operational controls, and measurement disciplines needed to scale a business effectively. Things like leadership capabilities, advanced modelling and fundraising will fall further down the priority list**
- **A CFO will tend to have a wider business and commercial focus, and will operate as a strategic business leader, shaping the company's financial future and influencing executive decision-making**

“ The best Founders understand that hiring a CFO isn't just about ticking a box - it's about buying clarity, credibility, and confidence at the next stage of growth. ”

- Harry Tolfree, Partner, Erevena

SERIES A>B YOUR FIRST FINANCE HIRE



The decision between whether to hire a VP Finance or a CFO should never be about a compromise in quality of individual, academic background, or ambition, simply a trade off in terms of learned experience and key core skills.

Whether you decide to go to market for a VP Finance or a CFO **it pays for the first Finance leader to be a Finance generalist** – a Swiss army knife who can turn their hand to a multitude of tasks and isn't afraid to roll up their sleeves and be in the weeds.

CATEGORY	VP FINANCE	CFO
Focus	Operational control, systems, frameworks	Strategic partner, commercial leadership
Typical Stage	Seed – Series B	Series A+ or post-raise
Fundraising Involvement	Light touch / supports	Leads funding strategy & investor comms
Leadership Maturity	Mid-senior level, strong executor	Board-level exec with wider business exposure
Ideal For	Building Finance foundations	Driving long-term business direction

THE CASE FOR FIRST-TIME CFOS



For early stage companies committed to hiring a CFO versus a VP Finance, there are some important considerations to be aware of. Often there's an assumption that by going to market for a CFO in a Series A business, you'll attract a wealth of proven Series A to B/C CFOs, however the data tells a different story. In the sample referenced earlier of the last 40 CFO searches we've completed, 87% of the CFOs placed into our Series A clients were first time CFOs.

Every early stage Founder or CEO wants the best CFO in their business. CFOs tend to be methodical and rational with their career moves, and tracking the career paths of most successful scale up CFOs will show them moving each time to a more scaled, more mature, better funded, later stage company than the one before. Principally for four reasons that are tough to compete against:

- The role of an **early stage CFO is uniquely demanding**. There is a microcosm of CFOs who love the early stage build, and will repeat that cycle many times over – it's their 'sweet spot'. But they are the exception versus the rule
- **Compensation** – later stage, superiorly capitalised, more mature companies can offer their CFOs richer compensation packages
- **Risk/reward** – perceived reduced risk profile being that much further down the scaling journey, and with a shorter timeframe to more likely and often greater wealth creation opportunity is a powerful draw
- Business challenge/opportunity for **professional development** – the opportunity to solve a different set of challenges to those they've experienced before, with the draw of a probable exit or possible IPO often the greatest attraction

87% of Series A CFOs
placed by Erevena were
first-timers

HIRING A FIRST TIME CFO



There's an incredible layer of aspiring talent in the European Tech ecosystem, and a large portion of our time is spent tracking and assessing that talent so we have access to the best of the next generation of Finance leaders as they emerge.

Of course hiring a first time CFO shifts the balance of qualification somewhat, from experience based hiring to doubling down on things like transferable skills such as specific sector knowledge and business model familiarity, as well as understanding who they've learned from, what exposure to some of the more traditional CFO associated activities they've gained, but above all else their ability to embrace first principal thinking, learn, be adaptable, be coachable, accountable, diligent and ambitious. Cultural fit rises to the top of considerations too.

There can be distinct advantages in candidates stepping into CFO seats for the first time that we'd encourage more business leaders to consider embracing. They can bring fresh perspective, modernity, and they are less likely to seek an alternative role when the going gets tough. Because of the knowledge gaps, as a Founder/CEO, you'll often get better questions, better reasoning, and a CFO with a desire to prove themselves and a hunger to succeed.

HIRING A FIRST TIME CFO



The best rising star Finance leaders will actively look to bridge knowledge gaps by establishing a network of mentors, almost creating a mini board for themselves, and will continually invest in their development as part of a new wave of Finance leaders we see who are seeking to redefine the role that Finance plays in a scale up, pushing the Finance tech stack boundaries and leveraging AI to create game changing efficiencies.

ATTRIBUTE	FIRST-TIME CFO	EXPERIENCED CFO
% of Series A hires	87% (from Erevena data)	13%
Motivation	Step-up opportunity, long-term ambition	Often seeking maturity or exit opportunity
Advantages	Fresh perspective, coachable, resilient	Pattern recognition, board credibility
Risks	Experience gaps, requires mentorship	May expect more infrastructure/support
Cultural Impact	More adaptable and driven to prove themselves	May be less hands-on at early stages

SERIES B – D SCALING WITH A GROWTH CFO



When companies start to achieve significant scale, the complexity and trajectory will demand a more strategic, growth oriented CFO who can partner hand in glove with the CEO and other leaders to develop and execute the business strategy.

The emphasis naturally shifts from hiring for aptitude, horsepower, flexibility and general problem solving ability to learned experience where they will bring that priceless ability to metaphorically see round corners.

Great growth CFOs will effectively partner with the wider leadership team on go-to-market strategy, pricing, unit economics, hiring plans, and scalability. They'll help form a clear view of the market and how the business can look to capitalise on commercial opportunities including M&A. They'll be constantly evaluating the organisation's fundraising plans, capital structure and capital allocation to fuel growth whilst keeping a sharp eye on fiscal discipline and increasingly in today's world – plotting a path to profitability.

CFOs must now focus
on **profitability** as
much as growth

MATCHING CFO SKILLS TO COMPANY STAGE



By isolating a chapter in a company's growth story and understanding the types of stresses and strains they usually experience in that chapter allows us to map a CFO's experiences to a moment in time that gives you – and your investors – the confidence that they possess the right kind of skills to think around those particular sets of challenges, and know what's coming ahead of them.

In this chapter of evolution, **CFOs typically take one of two forms**, each with distinct advantages and trade-offs that should be carefully considered.

1) Investment Bankers turned CFOs who will typically skew away from core accounting disciplines to much more of a strategic Finance focus. They can bring key strengths around fundraising, M&A, capital structure and deployment, and exit preparation, but will be less adept at rolling their sleeves up when it comes to getting into the accounting mechanics in quite the same level. Having the right team around them is critical

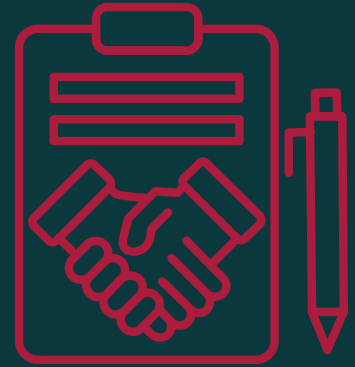
MATCHING CFO SKILLS TO COMPANY STAGE



2) Traditional ACA Qualified CFOs, specifically those with an orientation towards FP&A and more of the strategic disciplines, versus control. They will possess a greatly enhanced ability to delve into the financial detail, and will excel in all areas of financial rigour, discipline, and compliance and whilst they should have fundraising experience, may be less skilled in building the narrative and maximising valuations

PROFILE TYPE	INVESTMENT BANKER CFO	ACA/TRADITIONAL CFO
Strengths	Fundraising, capital strategy, M&A	Financial discipline, FP&A, compliance
Weaknesses	Light on core Finance ops	May lack exit narrative building skills
Ideal When	Exit/M&A is on the 12–24 month horizon	Strong internal controls & forecasting needed
Complementary Team Needed?	Yes — strong controller & FP&A lead	Potentially yes — support on corp dev/M&A

WHEN EXIT EXPERIENCE MATTERS MOST



Having a CFO with exit experience can be the difference between a good deal and a great deal, or indeed no deal at all! One of the most distinct characteristics of CFOs we've met who've successfully taken a company through an exit event is not just their deep understanding of the business and valuation modelling, but their communication style, their ability to effectively tell a story through the numbers to investors and paint a compelling equity picture with credibility. This part can often be overlooked and shouldn't be underestimated.

Exits can range in complexity depending on the nature of the transaction, and as any CFO will tell you, they can be all encompassing events. CFOs who are able to call upon prior experience will have an ability to anticipate and navigate through the most challenging obstacles to ensure the deal remains on track and an optimal outcome is achieved.

WHAT FOUNDERS SHOULD EXPECT



Being clear on the strategic priorities for the business over the next 24-36 months and focusing on solving for these key themes will help drive both a successful search process and successful appointment in the long term. It's uncommon for one CFO to last the entire journey, as most specialise in a specific stage of company-building. It's rare to find someone who demonstrates the adaptability and the willingness to lead both an early-stage startup and a public-ready business.

On average, companies that successfully go public for example have three Finance leaders in the period from inception to IPO. Typically there's a Head of or a VP, followed by two CFOs – a growth CFO and an IPO CFO. There is of course the occasional exception with one person being all of those things, with perhaps the best and most recent example being Praveer Melwani at Figma who joined the company in 2017 with 25 employees and less than \$4m in revenue and has since seen revenue smash through \$750m ARR, culminating in its record breaking IPO in July.

To indicate how far ahead you should plan before being prepared to re-assess the skill set required, across the last 40 CFO searches we've completed, **the average tenure across the two previous positions held by the successful candidates is 3.2 years, with the median being 2.7 years.**

When thinking about the right CFO to take you through an exit, if that's a change in CFO, most heavyweight exit or IPO CFOs are unlikely to join if an event is more than 18-24 months out.

Most scaleups have
**3 Finance leaders
pre-IPO**

Average CFO tenure:
2.7–3.2 years

BE REALISTIC



The truth is that every Founder believes their business is the best out there and that the best CFOs should want to join them.

The reality is the demand for great CFO talent today is as strong as it ever has been, and **the best have choice**. CFOs are notoriously challenging to extract ‘mid cycle’. They tend to be completer finishers. And you want them that way. An organisation’s ability to attract them mid cycle becomes more of a challenge unless you’re offering a candidate an opportunity to take a significant step up in their career. Our job is to track who is where in what cycle and understand what their levers might be and when, in order to ease that process, but you have to be realistic.

Remembering aside from in exceptional circumstances, **few CFOs go very far backward in terms of scale and maturity** for the reasons outlined above. We work closely with our clients to establish the realms of achievability, and architect a search strategy around that. Just because a CFO has done the exact journey desired before, doesn’t mean they’ll be driven to do it again. We’d always advise our clients to be ambitious and seek to hire the very best within that agreed framework of achievability in the context of where their business is at that time.

BE REALISTIC



Be realistic on compensation and agree the parameters including equity early in the process. The data tells us that CFOs and VP Finances are not prepared to reduce their compensation when moving, something frequently expected by early stage Founders in particular. Whilst CFO comp has been flat in the last 12 months, they know their value in the market, and you won't find yourself a good cut price CFO! A handful of our mission driven clients have been an exception recently when there is ultimate alignment but it remains unusual.

Be prepared for the diligence you can expect to be subject to at the later stages of a process and balance the importance of selling an opportunity with ensuring there are no surprises in the financials which can risk derailing a process down the line. CFOs are unique in their ability to qualify opportunities and the areas they'll focus on given their skill set and associated interests. Thinking ahead and being prepared for that is vital. For example they will expect to analyse the most recent financials, look at investor decks, view the cap table, and they are better qualified than any other Exec to analyse this data.

CFO HIRING IN TODAY'S MARKET



The return of mega rounds – Erevena clients Anthropic and Mistral AI raising \$13bn and \$2.3bn growth rounds respectively in the last month alone are testament to that – but outside the AI rush, the funding environment dynamics remain much changed compared with those of pre-Covid.

Whereas four and five years ago we saw a lot of capital availability across the board, high valuations especially in B2B SaaS, huge velocity and momentum with large rounds being raised very quickly, the market has since corrected, and investor expectations have shifted considerably. They're being afforded more time to conduct deep financial diligence. The bar has been raised in terms of the quality of organisation that represents an investable asset, including seeking profitable unit economics, route to breakeven or profitability and a leadership team that has a greater understanding of their business and its financials than ever before.

These factors are driving two things with our clients; they're being forced to hire CFOs earlier in the cycle, and they're looking to hire a different type of CFO. Specifically we've found they are demanding their CFOs are masters of creating a profitable organisation that's focused on bottom line growth as well as the top line, versus growing at all cost.

Investor scrutiny has
intensified
CFOs are being hired
earlier

6 PRACTICAL TAKEAWAYS



- The data suggests your CFO will be with you for 2.5 to 3 years. Be clear on the strategic priorities in that timeframe and architect a profile and search strategy around those things
- Balance ambition with realism – aim for the top percentile talent but be realistic about who you can attract in the context of your business, its stage and your market
- Consider a step up candidate in early stage companies – not just because of market dynamics, but because there can be active advantages of doing so
- Prioritise CFOs who are embracing technology, automating where possible, and leveraging AI to build the leanest, most efficient, data rich, scalable Finance teams that enable you to win
- Competition for the best Finance leaders regardless of stage is as competitive as we can remember, even if the profile may have shifted
- Establish what you're willing to pay early – be prepared to pay for the best talent

STAGE	KEY PRIORITIES	TYPICAL CFO PROFILE
Series A	Cash control, first budget, Finance stack	First-time or VP Finance
Series B/C	Forecasting, commercial modelling, GTM	Growth CFO with scaling experience
Series D+/Pre-Exit	M&A, investor confidence, exit narrative	Experienced CFO with exit track record

CONTACT US

Whether you're hiring your first Finance leader, planning a strategic step-up hire, or want a market check on CFO talent - we'd love to help.

At Erevena we partner with Founders and investors across Europe and the US to find the Finance leaders who shape the future of their businesses.

Reach out to us here: hello@erevena.com

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