



WHEN ARE YOU READY
TO HIRE A **VP OF FINANCE**
OR **CFO**?

KEY INFLECTION POINTS FOR GROWING STARTUPS

As your company scales, particularly at the Series A and B stages, choosing the right financial leadership is crucial for smooth growth. The decision to hire a VP of Finance or a CFO hinge on the company's current needs, complexity, and future vision. Here's a breakdown of when to bring on each role and the inflection points that signal the need for one over the other.

1. VP of Finance: The Early-Stage Finance Leader

At the Series A stage, many tech companies don't yet need the full strategic oversight of a CFO. Instead, a VP of Finance often fits the bill, providing operational efficiency without over-engineering the finance function. Here's when hiring a VP of Finance makes sense:

Inflection Points for Hiring a VP of Finance

- **Revenue Growth and Basic Financial Reporting:** As your company begins to generate consistent revenue and require more structured financial reporting, a VP of Finance can step in to manage these tasks. Their primary focus will be operational, ensuring smooth cash flow management, setting up financial controls, and preparing the company for further growth.
- **Navigating Early Fundraising:** At the Series A stage, you're still in capital-raising mode, and a VP of Finance can manage investor relations, forecast future financial performance, and help execute early fundraising rounds. However, their role will typically be focused on presenting accurate data rather than leading strategic fundraising initiatives.
- **Operational Complexity:** When managing increasing operational costs—such as growing headcount, expanding into new markets, or navigating customer acquisition costs—a VP of Finance ensures the business runs efficiently while building out scalable systems.

In essence, a VP of Finance is ideal for Series A and B companies that need someone to manage day-to-day financial operations but aren't ready for the full breadth of responsibilities a CFO would assume.





2. CFO: The Strategic Financial Partner

As companies move beyond the Series B stage, typically reaching \$20-\$50 million in revenue or preparing for an IPO, the role of a VP of Finance may no longer be sufficient. At this point, you need a CFO—a leader who can drive high-level financial strategy, manage complex investor relationships, and oversee potential M&A activity.

Inflection Points for Hiring a CFO

- **Scaling Rapidly:** Once your company reaches a point of substantial revenue growth and operational complexity, a CFO can provide the strategic foresight needed to scale efficiently. They will focus on long-term financial planning, capital structuring, and aligning financial strategy with business goals.
- **Fundraising and Strategic Partnerships:** At Series B and beyond, fundraising becomes more complex. A CFO is essential for leading fundraising efforts, managing board relationships, and navigating strategic partnerships or acquisitions.
- **Preparing for Exit or IPO:** If you're gearing up for an exit, acquisition, or IPO, a CFO is vital. They will manage the rigorous financial audits and compliance checks required for such processes and provide the strategic guidance needed to position the company for a successful transition.
- **Global Expansion:** For tech companies expanding into international markets, a CFO is often necessary to navigate the financial, legal, and tax implications of global operations.



3. Key catalysts

For making finance leadership transitions



CONCLUSION

Hiring a VP of Finance or CFO is a critical decision that hinges on your company's growth stage, financial complexity, and strategic objectives. A VP of Finance is ideal for managing early-stage financial operations, while a CFO brings strategic leadership, particularly as the company scales and prepares for major milestones like fundraising, M&A, or an IPO. Understanding these key inflection points ensures your tech company has the right financial leadership at every stage of its growth.



This blog draws insights from startup-focused sources such as First Round Review, Silicon Valley Bank Insights, OpenView Partners, Andreessen Horowitz, and Carta, providing an informed guide on finance leadership for scaling tech companies.



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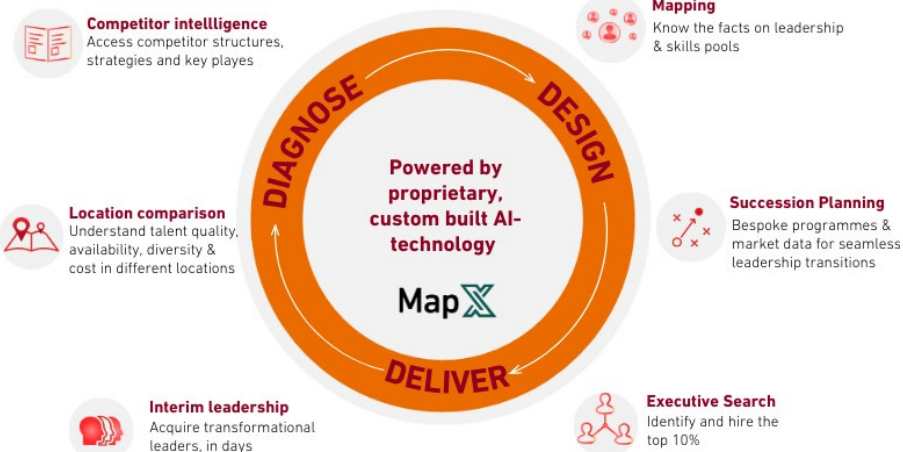
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