



Seven signs that your CFO can drive growth successfully

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(originally published on *I by IMD*)

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As a partner at a growth equity investment fund that invests in European companies in the digital space, I've worked on boards of directors of several high-growth businesses. These 'scale-ups' face many high-growth challenges. One of the biggest is hiring and retaining top talent. Among the top talent needed for successfully managing a high-growth journey is a strong chief financial officer (CFO). This is why, on the board, we regularly discuss what to look for in a (new) CFO. Usually, these discussions end up with a high-level conclusion that we need a "strategic and commercial" CFO who can drive growth successfully. But what does this actually mean? How should one assess whether a CFO is "strategic and commercial" and can successfully drive growth?

Based on my experience helping founders hire strong CFOs and working closely with CFOs on ensuring fast and efficient growth, I am convinced that looking out for the following seven signs can help you assess whether your CFO can drive growth successfully.

1. Your CFO is acting as a partner to the whole organization

If your CFO limits himself/herself to being bookkeeper and guardian of cash, which usually means becoming a speed bump on the road to sustainable high growth, you are in big trouble. Strong CFOs are different. They embrace their role as a growth enabler and operate as a partner to the whole organization. They work collaboratively with all other departments, create cross-functional teams that create shared goals and

joint plans, and lead crucial conversations with ease. Strong CFOs ask what they can do to help other teams make well-educated decisions. They educate other departments on how to think about investing, key performance indicators (KPIs), and data-based decision making. They demonstrate strong leadership and pro-actively grow the business efficiently and predictably.

2. Your CFO has a deep understanding of the entire customer journey

CFOs cannot go toe-to-toe with other departments about how to steer the business without having a deep understanding of the business and the entire customer journey. Therefore, commercial CFOs are customer-centric, spend time in the market, understand what customers expect, and grasp what each department must deliver to succeed.

3. Your ‘actuals’ are essentially in line with budgets

Strong CFOs involve all departments in the budgeting and forecasting process, embrace bottom-up financial planning, and ensure processes support the growth plans. While budgets and forecasts are only predictions of how the future might evolve, strong CFOs make sure that actual numbers are essentially in line with budgets and forecasts.

4. Good accounting, reporting, and controlling processes are in place

In my experience, many scale-ups face unnecessary accounting and reporting issues and do not track the right KPIs at a level granular enough to steer the business successfully.

While the accounting and reporting topics can differ from company to company, typical tech scale-up topics like revenue recognition and capitalization of development costs turn into audit issues way too often. Strong CFOs avoid this. They anticipate reporting and audit issues, embrace generally accepted accounting principles, and stand for smooth and timely accounting closes.

Analyzing the development of major KPIs like customer lifetime value (CLV), customer acquisition costs (CAC), and payback period can help CEOs steer the business in the right direction. Strong KPIs can also convince investors to invest in and acquirers to acquire scale-ups. For this, all relevant KPIs must be available and calculated correctly. Accordingly, strong CFOs ensure the accounting team establishes charts of accounts that are sufficiently detailed to extract all relevant KPIs, and the controlling function monitors them closely.

5. Good cash management leads to accurate cash forecasting

Strong CFOs know that ‘cash is king’. Their treasury department accurately forecasts cash burn and communicates the cash runway accordingly. A strong focus on working capital management improves cash efficiency. While it seems obvious that effective inventory management, quick cash collection, minimizing late cash payments, and

ensuring little bad debts can go a long way in this regard, I've been surprised how many scale-up CFOs leave cash on the table here.

6. You have excellent board meetings

A high-performing board of directors can be a competitive advantage. Strong CFOs assist their chief executive officer (CEO) in this context, making sure the board receives the meeting agenda and the reporting package well in advance of board meetings. Clearly, well-prepared board meetings enable board members to make the most out of the time spent together, to ask value-creating questions, and to effectively contribute to relevant discussions. As the CEO and the CFO can tap into the knowledge of highly experienced board members, good board meetings can have a material positive impact on the business trajectory, fundraising and exit processes.

7 Fundraising and exit processes are well prepared

If your CFO meets the first six criteria, you should also be well prepared for your fundraising and exit processes. The CFO and his/her team make a professional impression and have all relevant information available. KPIs are shown accurately. Plans are both ambitious and realistic. The data room is complete and up to date. A state-of-the-art pitch deck conveys a compelling message. Having business acumen, gravitas, and a deep understanding of the company's business, strong CFOs also assist their CEOs in discussions and negotiations with potential investors and acquirers.

If you have a strong CFO, you will see the seven signs described above. You will be working with a commercial CFO who is a strategic partner for the whole organization.

Want to know more?

If you are interested in learning more about our growth mindset leadership coaching, consulting, and mentoring, please [reach out](#), check out Patrick's growth handbook '[FastScaling](#)' or read his leadership tale and leadership guide '[The Leadership House](#)'. You can find more information about us on www.unloggrowth.com.