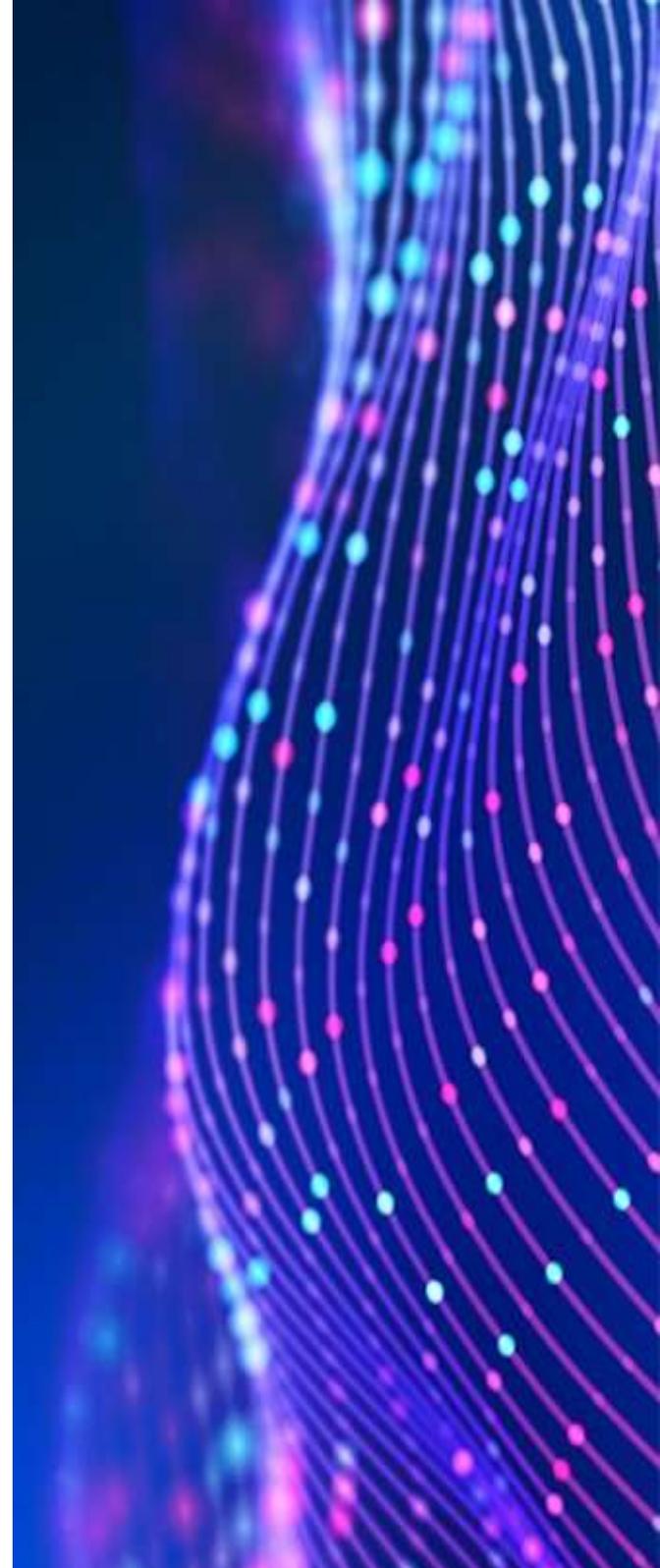


# CFO / Finance Director

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Hiring Guide for Ambitious UK Digital Companies & Investors

EQUITY | EXECUTIVE



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# What an effective CFO / Finance Director can offer a business

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## **Financial Excellence**

If a company's financial practices are not allowing them to manage costs or capitalise on opportunities then it is time to seriously consider hiring a CFO / Finance Director. A good CFO / Finance Director will manage risks including putting controls in place to help the business more effectively manage its costs. He or she will put accounting practices in place to ensure financial results presented to the board are accurate. The CFO / Finance Director will set budgets, develop performance measures and monitor progress of strategic plans against budgets. A growth focused CFO / Finance Director goes a couple of steps further. They develop industry-specific and company-specific metrics that better focus behaviour toward customer value, link the business planning cycle to developing better capabilities and encourage the prudent use of assets and other resources. They continually consider the relevance of these and other metrics as their company and the market(s) they operate in evolve. They devise and support the company's strategy through provision of financial information and insight. They support key business initiatives in pursuit of strategic goals to include corporate development, new product development, new market entry and geographical expansion.

## **Growth Acceleration**

When a company is looking to grow, this can often be the right time to consider hiring a growth focused CFO / Finance Director. Such an individual will have successfully led expansion efforts and will have the financial insight to help the CEO develop optimal growth strategies, maximise the financial value of these opportunities and minimise risk associated with such growth. Equally if a business has just had a sharp increase in revenue, the financial situation is going to change drastically. The CFO / Finance Director will help ensure the business is funded for further growth, help assess the financial value of growth opportunities, ensure the company has the necessary controls in place to control costs and ensure a healthy cash position is maintained.

## **Partnership with the CEO**

Some CEOs work best under the co-leadership model, working with a CFO / Finance Director who they can bounce ideas off and who can challenge them, ultimately supporting the CEO to develop the optimal strategy for the business.

## **Transformation**

A lack of growth, or an inability to grow consistently, jeopardises a company's position in the marketplace. In these times it is a strategic imperative to transform a business or certain aspects of it and very often it is a change in the way the company is managed financial that is required. This is often the right time to hire a CFO / Finance Director with a track record of success, who knows what good looks like and can quickly innovate to improve financial performance through process improvement, systems change, refinancing, debt restructuring, cost reduction and operational restructuring.

## **Fundraising & Investor Relations**

Many first time CEOs do not have a clear understanding of what an investor is looking for when investing and what an investor will expect from the CEO once they have invested. Equally, sometimes working with involved investors can cause a CEO's focus to shift away from running the day to day business and as such business performance can suffer. This can then lead to misalignment amongst the board. In this situation an experienced CFO / Finance Director can really help. They can work with the CEO to research, identify, attract and secure investment for the business through the provision of financial due diligence, debt structure management, financial reporting and data preparation. They can also manage investor relationships and provide investors with the insight they are really looking for, freeing up the CEO to focus on running the business.

## **M&A**

A merger or an acquisition can change a company's finances very quickly. An experienced CFO / Finance Director can supervise acquisition due diligence, negotiate acquisitions and manage integrations to ensure these quick changes do not negatively affect company finances and performance.

### **Finance Team Leadership**

A CFO / Finance Director understands the role they play in the company, but they also understand that it is their team that ensures the business operates effectively. If a company's Finance department lacks leadership and needs guidance, a strong CFO / Finance Director can help ensure the team consists of the right people armed with the right knowledge to help the business succeed.

### **Exit Management**

Companies can help ensure a successful exit by hiring a CFO / Finance Director that has managed the sale of businesses before and can help maximise returns by positioning the company in the most attractive and profitable light.

### **Initial Public Offering**

Taking the leap to become a publicly traded company requires careful financial planning. The CFO / Finance Director must be able to set a business up for the best possible IPO in order to ensure future success. The expertise of an experienced CFO / Finance Director can be a huge asset when a business is taking this step forward.

# Traits to look for when hiring a CFO / Finance Director

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## **Strategic & Can Leverage Business Drivers**

Effective CFOs / Finance Directors define the metrics that track performance, which means defining the ways in which success is recognised. Since the numbers reveal trends, risks, and opportunities, these metrics also determine the company's awareness of the outside world. A strategically oriented CFO / Finance Director can ensure that the whole company focuses on a few key business drivers that convey a broad understanding of the value proposition and how the company fulfils it. Some well-established financial metrics such as margin and EBITDA are ill suited for strategic decision making. They are too internally focused or they are lagging indicators that show progress against pre-set expectations rather than showing how to create value in the future. Leading CFOs / Finance Directors develop industry-specific and company-specific metrics that better orient behaviour toward customer value, link the business planning cycle to developing better capabilities and encourage the prudent use of assets and other resources. These metrics should not be treated as static; the finance function must continually revise and refine them as needed to match changes in consumer behaviour, technology, regulation, and other external factors. In fact, continually evolving these metrics to ensure the company is focusing on the right factors is itself a distinct managerial proficiency that finance must own and develop.

## **Data Driven, Analytical & Adaptable**

Data has enormous potential to give companies the real-time critical information they need. The best finance leaders have been quick to embrace that potential, analysing this data to create actionable insight, playing a unique and crucial role in driving strategy across the entire enterprise and enabling the company to stay ahead of the curve. A dedication to continued professional development and a willingness to accommodate innovative practices is important here. To identify and track value drivers for each business, successful CFOs / Finance Directors draw on all the sources of information available: enterprise-wide operational data, market trends and vast amounts of financial and nonfinancial data. They take advantage of the deluge of data now available on business activity including market and company data, financial results, and data gathered from online employee and customer activity. As such, in some companies the Technology function reports up through the CFO / Finance Director.

## **Leadership Credentials**

An assertive and confident CFO / Finance Director is able to drive a business toward favouring strategies with a strong financial underpinning. Rather than just advising the CEO, the CFO / Finance Director should be regarded as an equal business partner and trusted authority on data-driven action planning. The ability to positively influence others and push initiatives is essential here.

## **First Class Communication Skills**

In a marketplace with intense global competition and increasingly active shareholders, the CFO / Finance Director must be as adept as the CEO at communicating the company's vision and performance. The best finance leaders use the numbers to tell a clear and coherent story. They are adept at simplifying and reducing the clutter so that shareholders have a clear view into the company's vision, goals, and progress, while employees understand exactly how they contribute to achieving company goals. By getting the company and departments to focus on the KPIs that are most important, top CFO / Finance Director keep everyone aligned and marching in the same direction.

## **Relationship Builder**

A strong CFO / Finance Director sets a tone of transparency and openness, forming trusting relationships with the CEO, business unit leaders, partners, regulators and the board. To be successful the CFO / Finance Director must collaborate closely with the CTO to manage data, with the Chief People Officer to shape the culture, with the business unit leaders to invest in the right places to create value, with the COO to gain the most value from operational investments, and with all of them to design and build cross functional capabilities. An effective CFO / Finance Director will spend time with these leaders developing ways that they can use finance to improve their effectiveness and distinguish worthwhile projects from lower priority, less strategic ones.

## **Understands Operations**

With their growing role in shaping corporate strategy and direction, CFOs / Finance Directors must understand the operation of every function. The best CFOs / Finance Directors master operational KPIs, not just financial metrics, to ensure that every department and the company as a whole understands what drives performance.

### **Able to See the Big Picture**

Strong CFOs / Finance Directors come outside of their office and into the enterprise, connecting the dots between processes, products, sales and marketing. They have insight into their competitors and pay attention to their partners, suppliers, and especially their customers.

### **Builds Value as well as Managing Costs**

CFOs / Finance Directors tend to shine in times of trouble, when companies need to cut costs, improve efficiency and conserve cash. When companies are in growth mode however, it is important the CFO / Finance Director is not seen as the “no” person. The best finance leaders strike a balance, bringing a more disciplined approach to pursuing innovation and working to ensure that the company takes on the right mix of risks.

### **Culturally Engaged**

Effective CFOs / Finance Directors use their influence to help make the organisation stronger and more flexible and more resilient in the face of shifts and disruptions. These finance leaders move beyond encouraging people to use resources efficiently to more sophisticated efforts such as helping build the kind of culture where people naturally want to invest only in projects linked to the capabilities that matter most and they lead by example. They use planning and performance management processes of the enterprise, such as strategy development, annual budgeting, resource allocation, investment planning and periodic performance reviews, as opportunities to set and reinforce behaviours consistent with the company’s strategy and performance expectations.

# CFO / Finance Director job description

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## **Strategic Financial Support**

- Contribute to development of the company's strategy through provision of financial information and insight in partnership with other members of the management team
- Implement and direct strategic plans
- Develop industry-specific and company-specific metrics that better orient behaviour toward customer value, link the business planning cycle to developing better capabilities and encourage the prudent use of assets and other resources
- Continually consider the relevance of these and other metrics as the company and the market(s) they operate in continue to evolve
- Support key business initiatives in pursuit of strategic goals e.g.) M&A, new product development, new market entry, geographical expansion. In respect to M&A, supervise acquisition due diligence, negotiate acquisitions and manage integration
- Allocate capital to the company's priorities by setting company budgets with support of the management team and board

## **Finance Operations**

- Compile financial information
- Report financial results to the leadership team and investors
- Manage the accounting function
- Oversee financial operations of the company to include subsidiaries and foreign operations
- Manage any third parties to which accounting functions have been outsourced
- Oversee transaction processing
- Implement IT systems to enable accurate reporting
- Implement operational best practices
- Oversee employee benefits plans

## **Investor Management**

- Arrange for debt and equity financing
- Managing relationships with external stakeholders including investors and banks through representing the company's progress on strategic goals
- Invest funds
- Monitor cash balances and cash forecasts

## **Risk Management**

- Understand and mitigate key elements of the company's risk profile
- Report risk issues to the board
- Construct and monitor reliable financial controls
- Monitor all open legal issues involving the company and affecting the industry
- Maintain appropriate insurance coverage
- Ensure the company complies with all legal and regulatory requirements
- Ensure that record keeping meets the requirements of the auditors and institutions
- Maintain relations with external auditors and investigate their findings and recommendations

## **Management of the Finance Team (& Other Teams)**

- Manage the Finance team and other departments that may include IT, HR, Legal, Property and Administration
- Consider the composition of the Finance team and other teams necessary to successfully execute the business strategy over time
- Recruit high calibre executives into the right positions at the right times
- Lead direction of the Finance team and other teams by conveying the company vision
- Motivate the Finance team and other teams and manage conflict
- Incentivise, reward and retain high performers

- Create measurable performance criteria for the Finance team and other teams and measure performance of teams as a whole and as individual contributors
- Address any weaknesses identified through performance management and recruitment

### **Candidate Requirements**

- Qualified accountant with extensive professional experience in senior finance positions
- Exceptional financial literacy, strategic insight and commercial acumen
- People leadership credentials with experience of developing excellent finance teams and team cultures
- Excellent communication, presentation, influencing and negotiations skills
- Sector experience in circumstances where only candidates from the sector will possess the necessary knowledge
- Situational experience in circumstances where only candidates with experience of dealing with specific business situations will possess the necessary knowledge – eg) securing investment, professionalisation, turnaround, supporting growth and expansion, M&A, investor relations, exit preparation

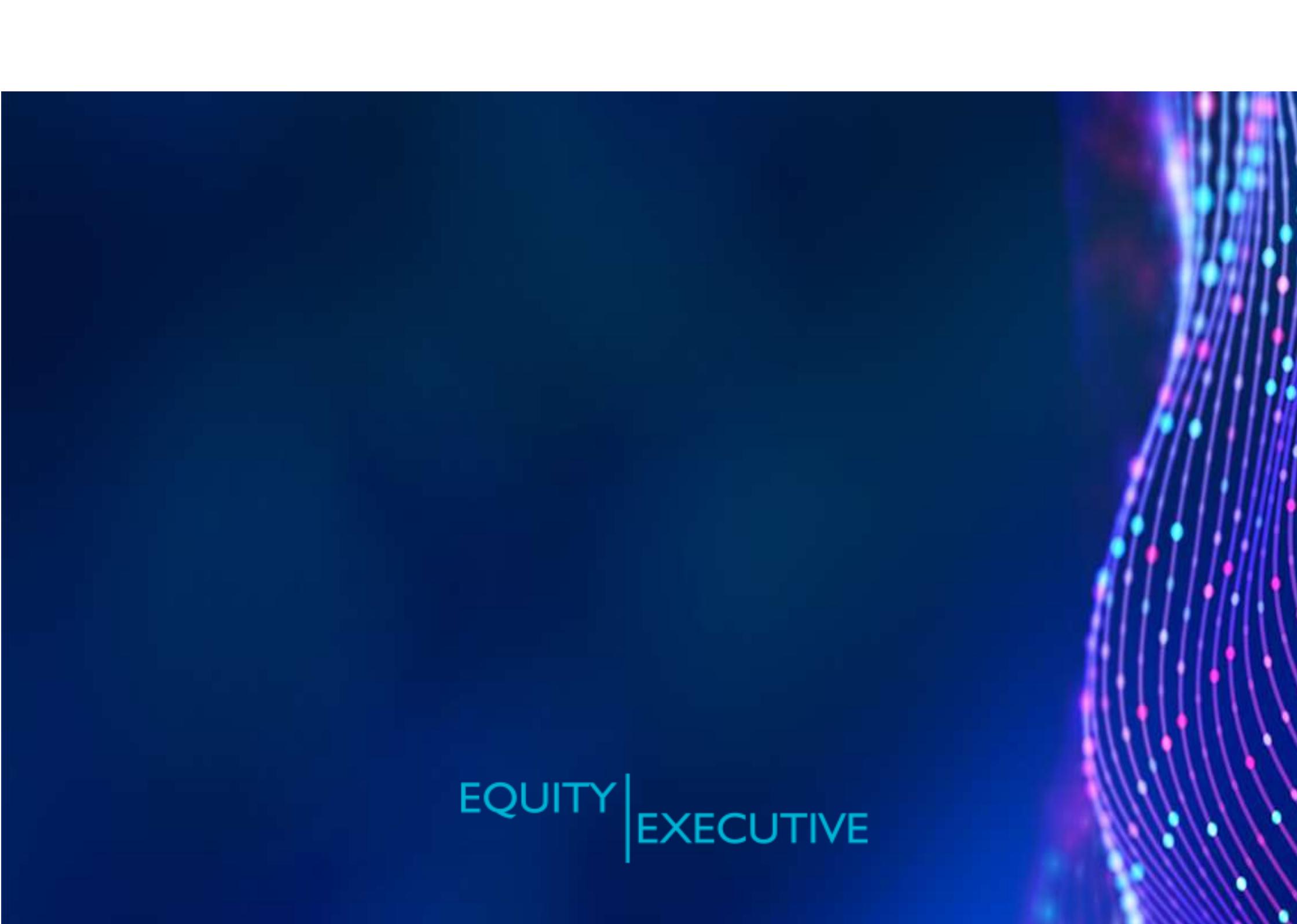
# CFO / Finance Director salary guide

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Stage of Growth	Base Salary £GBP 000's
Early Stage (typically VC backed)	120 - 160
Later Stage (typically VC backed)	160 - 260
Mid-Market PE backed	160 – 320

The figures relate to average **London** salaries. We typically find the **South East** pays approx 80% of these figures, the **East of England** pays approx 75% of these figures, the **Midlands** pays approx between 70 – 75% of these figures and the rest of the UK which includes the **South West, North East, North West, Yorkshire, Scotland, Wales and Ireland** pays approx 70% of these figures. Salaries in and around major cities and tech hotspots will be higher than these figures.

The information provided above is based on our internal data and external data obtained for the purposes of developing this Salary Guide. There will be exceptions to our findings and caution should be exercised before drawing absolute conclusions.



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