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The Startup CFO Playbook

A Blueprint for a High-Performance Finance Function

A guide to help build and mature finance function capabilities for companies, especially venture-backed startups.

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Introduction

The role of the Chief Financial Officer, or CFO, is no longer what it used to be.

More than accounting and auditing, the CFOs of today have to make sense of applying new and disruptive technology to the business while taking the driver's seat on strategic initiatives instrumental to the long-term growth and success of a company.

> Everyone knows a CFO as the Chief Financial Officer. A great CFO in my view is also the Chief Future Officer… A true business partner, advisor, leader as well as critic to guide the company to become even stronger and more future-proof.
>
> **Ernest Chew**
> Chief Financial Officer, Carro Group
>
> **Source:** On Call with Insignia podcast (2020)

In this playbook, we examine how leaders can better understand the role of a CFO and modern finance teams, and provide guidance on building a winning finance function that sets up the company for exponential growth.

01

Behind Every Great Company is a Great CFO

The responsibilities of a startup CFO

The CFO's responsibilities

In today's complex business ecosystem, the role of a CFO has become indispensable. CFO positions have been touted as the hottest and most in-demand jobs in the market, especially for startups, but not all finance leaders are equal — and there's no one path to becoming one. As investor expectations for sound financial management and profitability rise, the CFO has evolved from a financial overseer to a strategic advisor, forward-thinking planner, and critical thinker. To meet these expectations, entrepreneurs must understand the correlation between the three primary functions of a CFO and the skill sets required. While CFOs likely can't independently fill all roles needed by a finance function, knowing which areas they excel in will enable a finance leader to hire and build the right team.

	1. Defensive Financial Management & Critical Thinking	**2. Fundraising & Forward-Thinking**	**3. Strategic Direction & Strategic Partnership**
Responsibilities	The function of defensive financial management involves managing audits, corporate financial accounts, and regulatory compliance. This function directly correlates with a critical thinking mindset. In the face of complex financial landscapes, a CFO must be capable of identifying risks, managing resources efficiently, and challenging unnecessary expenditures.	The second function of a CFO—fundraising—necessitates a forward-thinking approach. This function requires the ability to strategize fundraising activities effectively and foresee how today's capital will fuel tomorrow's growth.	The third CFO function involves setting the strategic direction for the company, including potential mergers and acquisitions (M&A). This function ties closely with the principle of a strategic partnership. The CFO needs to serve as a strategic partner to the CEO, understand the CEO's vision, and translate it into a viable financial strategy.
Skill sets	Risk management, audit, and compliance. Possesses analytical skills and understanding of regulations necessary to maintain financial integrity while questioning conventional wisdom to drive growth.	The ability to understand investor expectations and create compelling financial narratives for fundraising. A foresight to align current fundraising activities with future business needs.	Guide strategic direction of the startup through knowledge of market dynamics and complex business strategies.

The different types of CFOs

A CFO's role changes depending on a company's needs.
Here are the core types of CFOs:

Acting/Interim CFO
Typically fills the CFO role for growing companies that don't yet require a full-time CFO. Oversees all finance activities, sets up finance processes, and manages cash flow with a focus on growth.

Growth CFO
Primarily concerned with helping the company expand to new markets or regions, or scaling up the business while keeping costs low.

Public company CFO
Answers to internal stakeholders, operates under considerable scrutiny from external parties, such as regulatory boards, and adheres to predetermined growth targets. Oversees quarterly earnings reports.

Startup CFO
Oversees financial operations, fundraises, builds up infrastructure, and keeps an eye on profitability.

> For the past couple of years, one of the top skills that people look for in a CFO is the ability to do fundraising. Recently, it has moved from fundraising to fundraising plus control. I've even met people who are looking for strong controls… The role of a finance leader is ever-evolving yet critical. So if you join a startup, be ready to be agile, adaptable, and embrace the multiple hats you'll wear.
>
> **Jason Tan**
> Chief Financial Officer and co-founder, Rainforest
>
> **Source:** On Call with Insignia podcast (2023)

When is the right time for startups to build a specialised finance function?

Though some startups believe it's best to pass on a specialised finance function altogether, especially if they are resource-strapped, companies without a CFO or finance team can run into trouble. There could be regulatory and compliance issues, or they may suffer from a lack of proper financial processes, resulting in delayed payments, challenges with tax authorities, and cash-flow troubles.

A CFO hired early in the growth stages can help optimise finances, ensure solvency, and prevent skyrocketing operating costs.

How does the role of a startup CFO evolve over time?

1-2 YEARS

Operates as a one-person team, helping the company unlock product-market fit and growth with healthy financials (expanding expectations beyond net profitability).

3-5 YEARS

Oversees hiring the right talent to take on specialised functions as business needs become more complex.

5-7 YEARS

Ensures the finance function is optimised for smooth daily operations, while helping the company expand into new markets or verticals.

7+ YEARS

Focuses primarily on growth strategies with senior leadership and stakeholders, with a view on IPO, which requires 6.4 years on average and five funding rounds, according to BCG. Oversees quarterly earnings reports and the health of stock prices post-IPO.

When Jared Valarao became the CFO of AirAsia Philippines just before the pandemic, he had to guide the company through challenging times that saw the finance team change drastically – especially due to new technology.

With technologies like AI and machine learning fast becoming a staple in how businesses operate, the role of the CFO will continue to evolve. But the key tenets of a successful CFO include the following: adopting a strategic mindset, finessing the ability to connect and empower smart financial decision-making among employees, and possessing a willingness to adapt by taking on different functions and responsibilities.

> Not only have many job functions become more streamlined, we are seeing the emergence of new roles. As a CFO, I have to examine what my team looks like, how they deliver value, and how they support me in this specific function.
>
> **Jared Valarao**
> Former CFO, AirAsia Philippines
>
> **Source:** #CFOTalks Podcast by Aspire (2023)

02

Finance in the Driver's Seat

The role of finance in strategic growth

Back to basics with capital allocation

It's vital in our current market conditions to allocate capital efficiently and strategically. What is capital allocation founded on?

Execution (including Due Diligence)

While some founders might be tempted by a promising business idea, if the execution isn't right, it's not worth the investment. Instead of pouring in more money, sometimes it's best to return to the basics and evaluate the return on investment for every dollar spent. This has echoes in history. Investments, M&As, and transactions without proper due diligence have resulted in significant losses, compounded by market conditions.

Preserving Liquidity

Avoid prioritizing growth at the expense of investor funds. It's about preserving liquidity. For example, for a lending/financing business, without adequate liquidity, high non-performing loan ratios can devastate a business.

Robust Controls and Treasury/ Cash Management For Early Risk Mitigation:

Effective risk management and robust control frameworks are essential. Businesses need sufficient reserves and a clear financial runway, especially since the timing and valuation of the next fundraising round can be unpredictable. Whether you're in e-commerce, trade, or another field, regularly reviewing cash flows can help identify potential problems.
It's about foreseeing potential issues and addressing them proactively, like re-negotiating payment terms with clients or swapping a variable rate loan into a fixed one.

Discipline / Culture

A critical role of a CFO is to uphold discipline. While CFOs are advocates for the company, they are also stewards of investors' funds. It's vital to strike the right balance between spending for growth and ensuring that the growth pursued is meaningful and sustainable.

Key considerations for capital allocation

When strategizing capital allocation for business growth and expansion, there are several key considerations to keep in mind (written in order):

1. **Measure Startup Health**
   Firstly, it is important to have a forward-looking approach that focuses on growth and risk planning, rather than just historical numbers.

2. **Translate Health Findings Into Operations**
   Secondly, creating a financial culture and discipline within the organization is crucial, as it helps in analyzing, interpreting, and tracking financial metrics effectively.

3. **Implement Controls for Strategy Execution (Corporate Governance)**
   Furthermore, setting up rigorous corporate governance and frameworks early on can contribute to long-term success.

4. **Communicate and Align Strategy Across Stakeholders (Stakeholder Management)**
   Additionally, it is essential to prioritize regulatory alignment and approval, as overlooking this aspect can hinder fundraising efforts, especially in later stages.

5. **Secure Cash for Further Strategy Execution (Fundraising Flexibility)**
   Lastly, in the current market environment, where fundraising has become more challenging, entrepreneurs should explore creative sources of capital, such as debt financing or non-dilutive options, while maintaining a strong focus on sustainable growth.

1 Measuring startup health

The assessment of startup's health depends on the startup's stage. The focus for a company varies depending on its growth stage:

1. **Seed Stage:** The main priority is achieving the right product-market fit (PMF). For instance, Avanthu underwent multiple product pivots from 2017 to 2019 before finding its sweet spot. The goal isn't rapid growth but disciplined experimentation. Spend wisely and ensure that your product aligns with the market demand.
2. **Series A & B:** Once PMF is secured, the emphasis shifts to growth. However, it should be disciplined growth. At this stage, investors don't necessarily expect profitability. The key metric here is the burn multiple: assessing the growth achieved for every dollar spent. If spending vastly outweighs growth, it's a red flag.
3. **Series D & Beyond:** At this mature stage, focus is not just on growth but also profitability, especially if there's significant private equity investment.

How do you know your company has PMF?
PMF is not just a point in time for a company's growth — it needs to be sustained. Here are some considerations for evaluation.

1. **Growth Rate:** Have you witnessed a consistent growth rate for the past few years (e.g., >30% for 4 years)? Sustained growth over such a period is a strong indicator of PMF.
2. **Profitability:** At which line in the P&L statement is the company in the green? Is it EBITDA positive? How does the company's profitability metric correlate with scaling over time? Is it stable to growing even as the business scales (revenue growth)? Stable to growing profitability metrics, combined with scaling, is a clear indication of a robust PMF.
3. **Other Business-Specific Metrics vs the Rest of the Market:** What metrics are important to your business / industry? For example, a lending / finance business should have below market NPLs.

Understanding what metrics the business needs to prioritise

Operational indicators

1. Profitability ratios are straightforward, but some might not be applicable in the startup world. For instance, terms like ARR (Annual Recurring Revenue). But metrics such as CAC (Customer Acquisition Cost) and LTV (Lifetime Value) are vital in evaluating startup performance. How much does it cost for your teams to acquire a customer? And how much will that customer spend on our platform over their lifetime? Usually, it's framed in terms of the LTV divided by the CAC ratio.
2. User engagement metrics are indispensable for your team, particularly if you've built an online product. Metrics like MAU (Monthly Active Users), DAU (Daily Active Users), and WAU (Weekly Active Users) are prevalent in the startup sphere.

Cash flow indicators

1. The burn rate, or how long your funds will last, is typically calculated as available funds divided by monthly expenses. However, depending on your business model, this may not be entirely accurate.
   a. For example, if you're spending significantly on fixed assets, this formula might misrepresent your true financial state.
   b. An alternative calculation, especially for companies with heavy cash flow activity, projects cash outflows for the next 12-24 months, considering elements like capital expenditures.
2. For business models that need a steady supply of working capital, like an commerce distribution business, the Cash Conversion Cycle (CCC) is essential to ensuring, to ensure operations are efficient and productive.
   a. A reduced CCC means your money isn't tied up in inventory for too long. Decisions about working capital are influenced by the CCC. Rather than using the basic formula of current assets minus current liabilities to determine working capital, you can employ a more rigorous method.

Early-stage startup health metrics (<1 year to <3 years)

Early-stage startups, such as seed to Series A, require more attention on a core set of financial indicators, because they may not have much historical data — only projections.

With a company that's been operational for about a year, for instance, key metrics include:

1. **Monthly Recurring Revenue (MRR):** This indicates how predictable your income is, especially if you have a lending or SaaS product.
2. **Customer Acquisition Cost (CAC):** How much do you spend to acquire a new customer? This might include marketing, promotions, or the salaries of the sales team.
3. **Monthly Churn:** After investing in acquiring customers, how many stick around? If you spend on 10 new customers and only 2 remain, you need to scrutinize your monthly churn rate.
4. **Net Revenue Retention:** This represents the proportion of revenue you can retain after accounting for churn. Essentially, after spending on customer acquisition, how much of that investment translates to stable, retained revenue?

If your startup has been around for more than a year but less than three, you may have data for "vintage cohorts", such as 12-month retention or churn. In this case:

1. **Track monthly metrics, comparing actuals against projections.** If your sales don't match forecasts, you need to probe deeper: Is it a product-market fit issue? Or perhaps your sales team's performance?
2. **Examine customer behavior.** If high expenditure on acquisition correlates with high churn, it could signal product issues or over-reliance on promotions. If customers abandon your product after promotions end, that's a sign of unsustainable growth.
3. **Lastly, for a more mature company, delve into Lifetime Value (LTV).** You calculate this by taking the average revenue for the year and dividing it by the churn rate. It gives a long-term perspective on the value each customer brings to your business.

2 Translating startup health findings into operations & strategy

Application 1: Budgeting and Forecasting

Startup Health Findings

1. When it comes to decision-making and projections, especially revenue, use independent variables like price, number of transactions, users, customers, and vendors. Multiply these independent variables by the Average Order Value (AOV). For instance, if we have 100 customers with an AOV of 500, the revenue is 50,000. This method of using independent variables to project the top line is not novel. In the asset management industry, analysts have been employing this approach. It's essential not to solely rely on past growth percentages when forecasting.
2. Analyse the historical gross margins across products (SKUs) and business units.
3. For forecasting operational expenses (OpEx) and non-OpEx, it's crucial to understand that as your revenue grows, so do your infrastructure needs. Simply basing these expenses on a percentage of revenue is insufficient because certain costs, like depreciation, don't scale linearly. Be mindful of variable costs like wages, advertising, and social media expenses. Adjust them as necessary to match your desired burn rate.

Operational Requirements

1. The business may want to deliver financial projections in two forms: a realistic case for the CEO and the finance team, then a more aggressive or "best-case" target for the COO and sales teams.
2. Communication is crucial. On a weekly or monthly basis, it's vital to communicate with your operational team. They're the ones interfacing with customers and have in-depth field knowledge. Even if you're familiar with the numbers, they understand the people, the customers, and their needs.
3. Budgeting is typically done annually. However, depending on the resources available to the company and dynamics of the industry, the company may decide to take a quarterly approach. But note that the latter can be challenging. It requires frequent adjustments and a forward-looking perspective.
4. Depending on company resources, one could shift from using spreadsheets to more comprehensive third-party accounting platforms to proprietary enterprise resource planning systems (ERPs) — but note that these can be quite painstaking to build.
5. Balance between strict adherence and flexibility. Always assess unforeseen expenditures against their potential risk and reward. Don't be too rigid, as opportunities often arise unexpectedly.

Strategy and Capital Allocation Implications

After forecasting and budgeting, you'll be clear on your cash needs for the upcoming months. You'll understand your working capital requirements, operational expenses, and the amount of excess cash on hand. This is the right time to negotiate with banks for better interest rates, especially if you're an established company. The potential to deposit significant sums is enticing for banks, and they might offer better rates. Such negotiations can lead to improved interest income, which can offset your burn rate. Furthermore, always have a buffer. Keep about 10% extra cash as idle funds to account for unforeseen expenditures.

Application 2: Addressing Declining Sales

Startup Health Findings

Addressing a dip in sales requires a multifaceted approach. Start by analyzing the revenue-generating units of your startup – typically, these include sales, possibly tech or product, depending on the nature of the business. It's crucial to determine the root cause of declining sales. Questions to ask include:

1. Is the sales team underperforming?
2. Is there an issue with the PMF?
3. Is competition overshadowing the startup's efforts?

Operational and Strategy Implications

1. When sales decline, revisiting the organizational structure becomes essential. Hard decisions may be necessary, reminiscent of measures taken by companies like Shopee.
2. In certain startups, employees have chosen to defer their salaries to maintain a handle on the burn rate.
3. However, if sales continue to disappoint, it’s essential not to simply approach the situation as a cost-cutting exercise. Dive deeper to discern the broader challenges. Open communication is vital; as a CFO, regular updates to the board about financial health are non-negotiable.
4. When presenting to the board, especially when targets aren't being met, providing them with comprehensive historical data in advance helps maximize the value of board meetings. This prep allows the board to focus on strategic advice and probing questions. Sometimes, board members, with their broader experience, might spotlight aspects overlooked by the CFO or CEO.
5. Above all, transparency is key. Before executing significant decisions related to costs or sales, maintaining clarity with primary stakeholders is essential. The board should be in agreement with the chosen course of action before it's set into motion.

Application 3: Working with your CEO

Four Ways to Improve Communications Between CFOs and CEOs

1. **Open Communication:** It's crucial for a CEO and the finance function to maintain transparent dialogue. This not only applies to the CEO but extends to the entire C-suite, sales teams, and department heads. Understanding their vision for the company's growth over the next 6 to 24 months helps in planning and financial management. Offering honest and difficult advice can be important in building trust.
2. **Articulating Financial Implications:** It's the CFO's responsibility to clearly convey how specific decisions will impact financial performance. Every decision has financial consequences, and it's crucial to highlight potential challenges. The clarity of summarising finance data into actionable insights can go a long way in delivering value as a finance team.
3. **Balancing Risks:** While founders and CEOs are inherently risk-takers, the finance function must provide a counterbalance by challenging ideas constructively. It's about ensuring that you have clear metrics to evaluate the success of your decisions. For instance, if you expand to a new location, how do you define and measure that success?
4. **Breaking Down Information:** Providing CEOs with granular insights is vital, and sharing additional context by benchmarking against the industry can be helpful. CFOs always have a clear understanding of the unit economics for each region, the revenue generated by each salesperson, and profitability metrics. This detailed view aids the CEO in making informed investment decisions.

3 Implementing controls and driving growth through corporate governance

Recent startup collapses highlight the importance of good corporate governance. Startups often neglect corporate governance in their pursuit of fast growth.

Investors are preparing portfolio companies as they grow and prevent destruction of value from fraud / poor governance.

Poor governance can negatively impact an exit process, causing IPOs to fail, acquirers to walk, lowering valuations or needing additional due diligence.

The lack of governance was a major contributing factor to the collapse of many 'branded' startups:

- 1 person controlling all financial transactions
- Inadequate oversight by investors/board
- Lack of systems and processes for transactions

Three key ideas on governance for startups

1. Governance is often shaped by behaviors and decisions from day one: the decision on what assumptions to use when measuring product-market fit, the decision on whether to start spending more on a specific vendor or not, the decision on how data is reported to management, etc.
2. Governance is centered on de-risking an organization as it grows. It is a battle against natural tendencies toward chaos (entropy, as it is called in physics). This means that governance should be optimized to have visibility on these risks (e.g., audits, data collection, and reporting) and the capability to address these risks (e.g., diverse board of directors, solid mission, vision, and values).
3. Company growth is cyclical. Putting systems in place will not stop the emergence of risks and issues. Having one audited financial statement is not the end. Companies already practice the items listed above and more, and yet these do not ensure 100% protection against crises. In governance, the process and its continued practice matter more than any specific ends or results.

Governance is an organizational foundation on which finance is able to drive strategy and growth, but startups aren't always readily equipped or able to prioritize some elements of governance early on.

In the early stages of a startup, corporate governance is often a matter of the founder's or management team's ability to steer their team (less than 50 people in most cases) towards a certain direction, aligned with the mission, vision, and values of the company. At this point in time, adjustments can be quickly made and feedback loops are small. But as the company grows in size and complexity, steering the team in alignment with its mission, vision, and values becomes increasingly difficult. More stakeholders (and therefore compliance/requirements to each of them) are involved.

Decisions made early on in the life of the company, forsaking process for speed and building up "governance debt", will oftentimes come back to haunt leadership. Of course, some of these tradeoffs are made consciously, with an awareness of the risks and the need to address them eventually, but more often than not the accumulation of "governance debt" is not that apparent. It could be as simple as overlooking bookkeeping assumptions, inconsistencies in the company's financial documentation, or even management habits that impede an organization's decision-making abilities over time.

7 ways to reduce "governance debt" for startups

A robust finance function starts with the books. It's important to know what "being in charge of finance" means to the company and align the finance function development with this evolving definition. Early on, more than focusing on revenue and growth, being in charge of finance is to develop solid bookkeeping foundations. Do you have competent bookkeeping capabilities/bookkeepers? Are you unknowingly making accounting assumptions? Rather than speed, bookkeeping should be optimized for the organization. Then, when it comes to growing the finance function over time, it is important to identify how the tasks are evolving vis-a-vis what the organization needs – do they demand investing in world-class talent? Are there audit tasks that can be outsourced? The ideal situation is one where you are able to bring in a finance professional early on to set the standards – a great example in this regard is Alibaba's Joe Tsai, who was there from the beginning.

Governance lives and dies on data and reporting. Beyond bookkeeping and cash management owned by the finance function, it is important for the company to also build up a way to organize the ownership and communication of operating data and metrics across the business. For example, Slack used its own product, integrating bots to shoot real-time data into channels as they were needed. Every company will organize that differently but it's important to figure out how real-time data can be made available to make decisions at all levels – where does each type of data come from? How is it delivered? Tools and processes are one thing here, but it's also important to trust the people tasked with their data ownership.

Create greater risk visibility through tighter and more nimble feedback loops. When it comes to reporting channels for data communication (typically bottom-up) and decision-making (typically top-down), there's a tendency for these to naturally become bureaucratic over time. Some organizations may decide to break up their business into smaller units to create faster feedback loops. Regardless of the method, the idea is to have more efficient feedback loops. This not only helps with execution but also creates visibility from the management level, to reduce the risk of issues before it is too late to address internally.

Manage reporting functions not as singular requirements or events, but as a continuous process to reduce the burden on finance teams. The demands of reporting periods (e.g., financial audits, fundraising, budgeting) on finance teams are rigorous, and there is pressure to move quickly while at the same time not dropping the ball on any detail. From a management perspective, it's important not to forsake accuracy for speed and think about reporting not just as an "event" or "exercise" that needs to be achieved at certain points in the company's calendar, but as part of a larger, continuous process of data collection and documentation that occurs beyond reporting periods. Doing it fast is great, but the price of mistakes cannot be traded for speed.

Retain problem-solving "scrappiness" to mature financial discipline. As the company grows, it will naturally have a higher volume of cash flow to manage (the health of this cash flow is another matter entirely), and having more money to manage naturally increases the temptation to just throw money at problems. A way companies have been able to stay disciplined in terms of spending is to "remain scrappy" in terms of their problem-solving mindset. This sounds counterintuitive to maturing a company's governance, but creativity in problem-solving as it relates to reducing burn ultimately makes an organization more mature in the way it handles money.

Have "boards" and "watchmen" beyond the board of directors to diversify risk mitigation and governance capabilities. As the company grows, there are more sources of risk, and it can become increasingly challenging for a single group of people (board of directors) to exercise checks and balances. Companies nearing public market debuts will often introduce sub-boards as working groups to deal with the robustness of internal controls, create enterprise or operational waste management frameworks, serve as advisory boards for a specific market, or even facilitate succession planning. For example, in the case of the Alibaba partnership, a working group outside of the board of directors ensures the health of the organization's mission, vision, and values through its leadership appointments. Apart from working groups within the organization, companies will also engage with external auditors as they raise growth-stage rounds not just to qualify audited financial statements but also to do health checks on their organization. The ideal scenario is to leverage both internal and external "watchmen" to have more holistic visibility over potential risks. From the board of directors itself, risk mitigation is often done over time by building up the diversity of a board, and engaging with experts across the various needs of the company.

Governance is shaped by cyclical development and alignment on vision, mission, and values, which are themselves first shaped by the company's founders. The growth of a company, while often portrayed as linear – e.g., raising seed to Series D, going from one product-market fit to the next, one market to regional to global expansion – is more accurately cyclical. A company will be forced to reckon with itself in the face of existential challenges and milestones (e.g., the arrival of a competitor, debuting on the public markets, new technologies, and market recessions). The ability of a company to navigate these cycles is founded on the alignment of its organization to the company's vision, mission, and values, much of which is influenced heavily by the way the founders and the initial management team started the company.

For early-stage investor, this makes evaluating the "people" factor much more important with respect to developing processes and therefore governance. There's the story of the early-stage founders who chose to ride the bus home from their coworking space rather than take a taxi to save on costs. This kind of mindset matters in the long run, say when they have exercised cost-cutting measures for a multinational organization in the hundreds. Then when the company matures, the continued alignment and development of these pillars falls on the shoulders of the CEO. One can only take a snapshot of a publicly-traded company that has been around for the past half-century and see how CEO changes have impacted the company's perceived value, and that is but one indicator of the top-down and cyclical nature of governance.

4 Managing and communicating with stakeholders

Not all stakeholders will be privy to the same amount of financial information — as a business, you need to determine which type of information is shared, and with whom. Here are some tips on communicating financial results in an effective and ethical way with the following parties:

Board Members

Only present key metrics
Board members are busy people, with limited time to examine all numbers, so show them only the most important information.

Provide ample context
As board members are not familiar with the daily workings of your business, ensure you provide crucial financial performance information to help them understand the business results better.

Investors

Communicate risk mitigation strategies
Investors will want to know how the business overcomes challenges and prepares for unforeseen situations, so be sure to include risk-mitigation strategies.

Be open to questions
Be prepared for questions that dive deep into the financial data presented.

Auditors

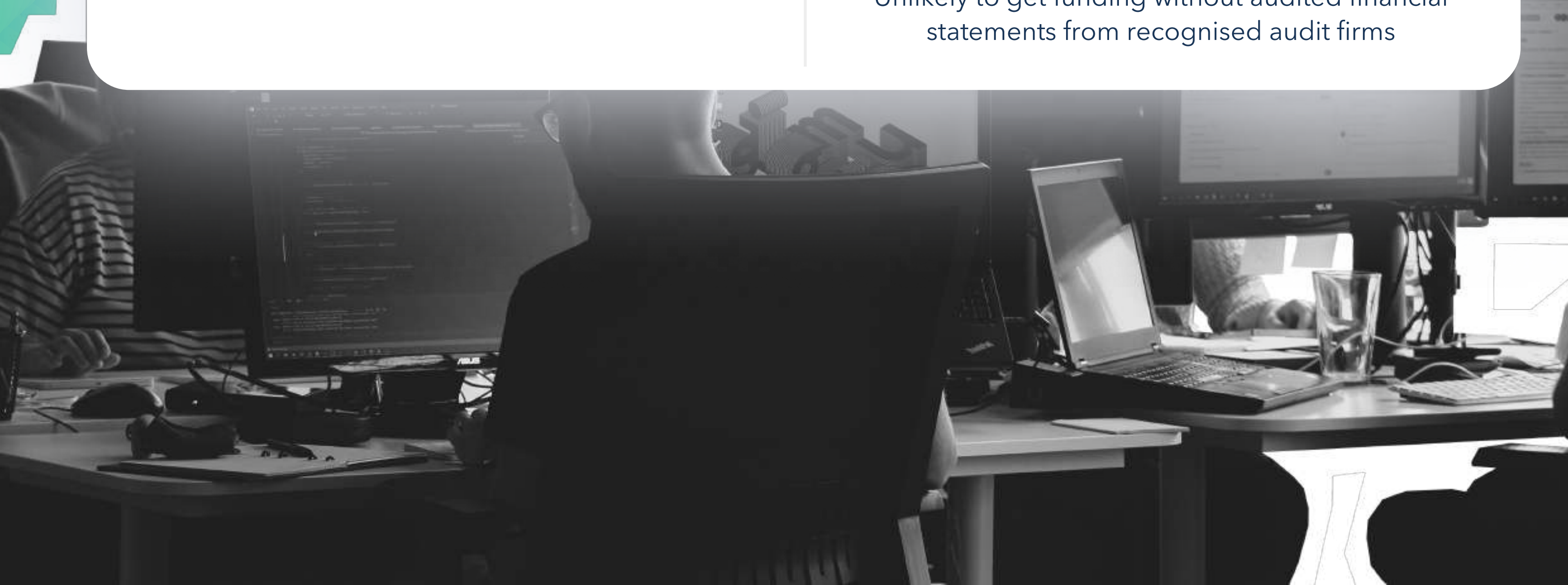
Champion transparency
If discrepancies are discovered, work closely with auditors to correct mistakes, and proactively implement corrective strategies to address their findings.

Maintain open lines of communication
Respond to requests for information in a clear and timely way, and provide proactive updates about significant changes to the company's financial situation.

5 Fundraising in a challenging environment

Fundraising in today's economic climate is vastly different from what it used to be.

Fundraising in the Past	Fundraising Today
Pitch Deck	Pitch Deck is not enough
Growth at all costs	Growth with positive unit economics
Traction without PMF	Traction with product-market-pricing fit
Topline PMF (GMV, GTV, revenue growth)	Positive unit economics and (path to) profitability (gross profit and EBITDA)
12-18 month runway sufficient before next funding round	Longer fundraising cycles, need to be either profitable or have significant runway (>36 months)
Less pressure to live up to valuation premiums (can raise another round)	Valuation premiums are penalized with flat/down rounds unless company is able to justify them with sustainable growth
	Unlikely to get funding without audited financial statements from recognised audit firms



When fundraising, companies are often at a crossroads: they might already be cash-rich, or need to get to profitability, or have a 36-month runway, need to take a down round, find a buyer, or fold under pressure. The possible scenarios are illustrated as follows:

1. If the company is already cash-rich (profitable and/or has a three-year runway), then it's time to be aggressive. If the company is not in that position yet, the obvious alternative is to make that happen.
2. Focus on cutting burn to create a longer runway, or even better, refocus the business towards profitability. In some cases, the company is able to safely raise a bridge round or a decently priced follow-on to add to this cash "cushion" as they refocus the business. If the company has already done these measures but is still not in a safe position at the least, taking a down round may be necessary, or considering other instruments (venture debt, debt, and other revenue-based financing instruments).
3. If these measures still don't work, it may be time to find a buyer to inject a significant amount of cash in exchange for ownership of the company. Depending on the founder or management, this may actually be the optimal choice, to ensure the product or service continues to be delivered and also relieve the pressure of having to navigate the bear market alone. That said, there needs to be buyer interest, to begin with.
4. Ultimately not all businesses will be caught within the safety of this crossroads, and others will fold under pressure.

There are many stages to successful fundraising, from reputation building to receiving money in the bank.

1. **AWARENESS:** In the early fundraising stages, prioritize building reputation over active fundraising. With a relatively small investor community, it's a good time to generate positive word-of-mouth and create urgency for potential investors to join your funding round.
2. **INTEREST:** When ready to fundraise, initiate investor outreach by reconnecting with previous contacts or seeking new investors. Consistently track and update your investor outreach table to reflect any progress and any communication made with investors.
3. **INTENT:** Investors have serious interest at this stage, and will hand over a term sheet and request for a data room. Some indicators that an investor is serious: Investors would follow up very quickly. Partners will be introduced and can join calls.
4. **EVALUATION:** After securing a lead investor and receiving a non-binding term sheet, revisit existing investors to offer them the opportunity to join the funding round and maintain their ownership in the startup. Deeper due diligence and reference calls would be conducted at this point.
5. **CLOSING:** Following due diligence, often done by the lead investor (if there is one), negotiations ensue regarding legally binding documents such as long-form agreements, shareholder agreements, and subscription agreements, where ownership percentages are finalized.
6. **MONEY IN THE BANK:** Always remember: don't consider it secured until you see the money in the bank. Many times, discerning a clear "no" from potential investors can be challenging, as they often avoid giving a direct negative response. Our optimism might trick us into misreading their interest level. However, the real difficulty arises when stakeholders back out or don't keep their promises. We must understand it’s not personal – we all have our stakeholders, our teams, our LPs.

The role of data in fundraising

Without finance, fundraising is nearly impossible. If you don't have your numbers, it's challenging unless you're doing a very early angel round based on personal relationships. It mostly revolves around your business and its projections.

1. **It's crucial to have clear and confident financial statements**. This doesn't mean getting an auditor who agrees with everything you say. Engage with your auditor on industry trends and occasionally challenge each other on transaction recordings. The essence is to ensure confidence and clarity in your numbers, especially when they're scrutinized during fundraising.
2. **Organize your data.** Simple things like indexing might seem trivial, but when an investor asks for specific data, you should locate it quickly.
    a. Typical Data Room Contents
        i. Investment Deck
        ii. Capitalization Table
        iii. Financial Record
        iv. Growth Metrics
        v. Unit Economics
        vi. Business Projections
        vii. Tech Stack
        viii. Patent Documentation
        ix. Audited Financial Statements
        x. Legal Documentation
        xi. Organizational Structure
        xii. Market Research
3. **For the top metrics to show, it depends on the business. Metrics will vary across business models (e.g., take rates for a payments, NPLs for lending, etc.) but if your core financial numbers are solid, that's what really matters.** Historically, investors looked at GMV, then revenue, then EBITDA. If you're generating revenue, focus on metrics like Revenue, Corporate EBITDA, and Cash Flow from Operations. While other metrics like cash conversion cycles or MAUs might be relevant for some, always ensure your business is geared toward profitability. Ultimately, aim for scalability, sustainability, and find investors who believe in and support your vision.

The role of investor relations and corporate development in fundraising

Corp Dev / Investor Relations is a key function in startup finance teams that facilitates the efficiency of fundraising as a sales process (among other transactions, but fundraising is the main transaction in the early stages). Some key things to note in developing your fundraising sales process efficiency:

1. **Momentum Matters:** Building and maintaining momentum is crucial for attracting investors and generating interest in the fundraising round.

2. **FOMO and Urgency:** Create a sense of FOMO among investors by generating excitement and urgency around the investment opportunity.

3. **Consistent Messaging:** Ensure you deliver a consistent message to all potential investors to maintain credibility and avoid conflicting information that may spread within the investor community.

4. **Leverage a broad investor base:** Engage with as many potential investors as possible to increase the chances of finding the right fit and successfully converting them into participants in the fundraising round.
    a. **Thorough Research:** Research potential investors, including their industry focus, funding preferences, past investments, and current funding status.
    b. **Warm Introductions:** Seek warm introductions whenever possible to increase the likelihood of securing time with investors.
    c. **Personalized Approach:** Personalize your messages to fit each investor's interests and preferences.
    d. **Ongoing Communication:** Follow up with investors after initial calls and provide regular updates on your company's growth, such as through a monthly newsletter, to keep them engaged and interested.

5. **Be responsive and over-communicate:** Due diligence might be tedious, but it's valuable. It provides insight into your company's risk areas. An external perspective can often highlight issues you hadn't noticed. Engage with advisors not as adversaries, but as partners helping you understand your business better. Over-communication means anticipating questions. One tip is to maintain a Q&A bank for repeated questions across multiple fundraising rounds. This ensures consistency in your responses.

6. **Designate a point person for investor inquiries:** This ensures consistent messaging and better quality control. The gatekeeper might not be an expert in all areas but should know the overall narrative being presented to investors.

How to lean on your investors

Initiative	Purpose	Deliverables
Establish multiple touchpoints with the company's management team (including onsite visits)	Build closer working relationships with the finance function of portfolio companies, including CEOs, CFOs, and finance teams	• Follow up on due diligence matters and audited financial statements • Share best practices on internal controls and finance and accounting processes • Understand pain points and compile resources to assist companies across different stages.
Partnerships (auditors, tax consultants, due diligence advisory firms, CFO headhunters, CFO-as-a-service, bankers)	Plug into manpower and expertise gaps in a startup's finance function	• Hire the right personnel (financial controller, CFOs) • Help to put in place the right processes while the startup builds up a competent finance function for the long term • Recommend Enterprise Resource Planning (ERP) systems • Directors & Officers (D&O) Insurance
Post investment financial tracking and monitoring	To ensure that companies fix issues uncovered during due diligence and build the right fundamental pillars for future fundraising	• Condition subsequent clauses for companies to appoint reputable auditors, hire competent finance managers and executives • Regular reporting and monitoring of key financial metrics (revenues, gross profit margins, contribution margins, EBITDA, cashflow, AR / AP, cash balance, runway etc) • Follow-ups and remedial action on specific gaps uncovered during the due diligence process
Specific areas (non-exhaustive) • Statutory audit • Tax compliance • Regulatory compliance • Related party transactions	Fix red flags and other gaps before the company goes out to fundraise	Tap onto network of partners (e.g. audit partners) to troubleshoot and intermediate during roadblocks

Limitations of investor support

Limitation	Purpose
Investors are not operators of the company	The investor's role is to guide the founders, and the company hires people with the right experience and skill sets
Investors are not involved in the day-to-day operations and are not subject matter experts in every area	Build a network of trusted partners (auditors, due diligence / tax consultants, accounting firms) to ensure that compliance is adhered to and qualified experts are providing the right advice
Investors can't resolve legacy issues overnight – there are no quick fixes	Issues are a cumulation of missteps made in the past • Get founders to recognise the importance of corporate governance and a strong finance / accounting function • Encourage founders to adopt a proactive approach to hiring the right team and ensuring the right processes are put in place
Investors cannot be the sole safeguards against potential fraud	Build relationships and open channels across multiple levels of the organisation (CEO, CFO, VP of finance, etc., all the way to frontline employees) to be involved in guarding against potential fraud

Merger & Acquisition: The buyer's perspective

When it comes to M&A, Corp Dev, Strat Dev and Investor relation teams are all involved. The stars are aligning for M&A to have its moment in Southeast Asia. M&A has always dominated the region's exit landscape, thanks to the region's inherent diversity and multiple markets with varying regulatory regimes. But the bear market makes it even more of a buyer's market, with valuation adjustments opening up buying opportunities, increasing demand to improve cash positions and pave paths to profitability, and pressure to shore up investment positions and drive exits for maturing funds. That said, a buyer's market doesn't necessarily mean a free-for-all. The bar is higher.
Take a look at our checklist of considerations from buyers.

A buyer's M&A checklist

Understand the purpose (growth, competition, synergy) and how it impacts your criteria for target companies (financial health, customer base/ market share, team, assets).

a. Growth-type transactions typically happen to build up competitive advantages in adjacent verticals or new markets, and these range from strategic acquisitions to tech deals for patents to acquihires (see CARRO acquisition of MyTukar, Ajaib acquisition of Primasia Sekuritas or Shipper acquisition of Pakde and Porter). More of these types of M&As are expected to happen for businesses where there is a large pool of smaller enablers and bigger platforms need to strengthen their retention channels and customer lifetime value with upsell capabilities.

b. Competition-type transactions are more responsive with respect to the market, as in the case of buyouts of global companies' regional operations by local competitors when they fail to make productive headway or have to roll back their expansion. The latter is more likely in this market. For instance, Grab's acquisition of Uber's ops in SEA.

1. Synergy-type transactions happen when two adjacent players join forces to build an even bigger presence than they could achieve on their own, typically in response to competition or as a way to navigate the challenges of market expansion. The GoTo merger is an example of this type of M&A.

Does the target company have...	Growth	Competition	Synergy
Financials	Financially stable or profitable with growing revenues?	Mounting losses and would benefit from getting acquired?	Financially stable or profitable with growing revenues?
Market share / Customer base	Large or growing market share/ customer base?	A lot of expenditure going into growing market share/customer base but not much progress? (i.e. stalemate in competition)	Financially stable or profitable with growing revenues?
Team	Are they a capable and experienced team?		
Assets	Advantage (e.g. patents, licenses) in the target market/vertical that will make it easier to capture or establish leadership in the market/vertical?	Advantage that they would leave behind after exiting the market?	Cross-selling or up-selling opportunities through repackaging of value propositions?

Find out if you have the capabilities and bandwidth (beyond cash to spend) to actually proceed with the transaction.

This goes from sourcing targets to running due diligence (potentially engaging with third parties) to the cash and people needed to see the process through to the end.

1. Buyers need to know how their buying capabilities measure up against the wider world of potential buyers within their industry and what their activities look like. In this way, you can prioritize what types of transactions make the most sense for your business and benchmark the resulting performance of these companies post-transaction.
   a. It's important not to jump into buying opportunities just because the company has a substantial war chest. Even if the partnership poses a theoretical win-win outcome, run robust due diligence on targets and ensure you as a buyer have the capabilities to see the transaction and integration through.

- **Plan out how operations will look post-acquisition or post-merger.** Specifically, it's important to ask, how will the transaction impact scalability? In the line of business you are in, does consolidation benefit scale? Consolidation in specific markets benefits certain types of industries, for example, if companies thrive on distribution, or if the market is fragmented in terms of user experience (SaaS).
    a. Another case in point: Blue oceans. There is value in tapping into untapped markets. However, just because a market is large doesn't mean it's always the best fit. For example, Jungle, a company in the non-discretionary BNPL segment, shut down despite being in a blue ocean market. So fintechs should focus on achieving unit profitability and understanding the time it takes to get there. It takes time to build a scorecard and achieve a sustainable cost of risk.

- **Consider how this will impact everyone involved in the transaction, from employees to board members and shareholders.** What does buy-in look like? How will your network impact relationship-building and opportunities? There's also the nature of these transactions that take some time and is often built on years of relationship building even prior to considering the transaction itself, as mentioned in "Backing the Bold": "This execution is not always about hard-selling the portfolio company or getting right into the M&A and IPO process. Oftentimes these relationships are built over months or even years, early on in the life of the company, so the decision-makers in these exit targets already become familiar with the portfolio company when the time comes to act. Strategic investors the firm can bring in an earlier round could potentially be acquirers down the line."
    a. What this M&A journey will look like often depends on what the network of the company and leadership looks like (though often underestimated), as mentioned in "Backing the Bold": "But there are other ways to acquire customers and scale the business more strategically than burning cash — in Southeast Asia, that could mean leveraging a strong distribution network (i.e. referrals, FOMO, integrating it into regular interactions, B2B2C), capturing as much of the life cycle of a customer as possible through adjacencies, and tapping into network effects of local partners through investments or M&A. And venture capitalists can have a significant influence in supporting a startup's search for this balance of scale and profitability."
    b. When it comes to venture capitalists, it's also worth considering how investors/ shareholders will be impacted (both positive and negative) by a potential transaction.

The IPO checklist for startups

One fundamental point for all founders, especially those of startups, is their exit plan. Not every startup aims for an IPO. Depending on factors like the industry, competitive landscape, and regulatory landscape, startups may opt for mergers, consolidation exercises, or trade sales. However, a select few exceptional startups might choose the public route.

Timing

While every company's journey to the public markets is distinct, timing in capital markets is crucial. Deciding when to enter the markets is vital, but so is the extensive preparation beforehand. For example, companies considering an IPO usually start their preparations about two years in advance, accounting for financial disclosure and governance.

Financial Planning

If you're considering taking your company public, it's essential to ensure your financial forecasts, revenue projections, capital requirements, and other pertinent details are both realistic and reliable. Public market investors typically seek scalable companies with sustainable growth. Reckless growth, as seen with many startups during 2020 and 2021, can be detrimental.

Sustainable Models

It's important to pursue sustainable, scalable models that demonstrate potential for long-term value.

Recognised Auditor

Having a recognised auditor can instill confidence in potential investors. For instance, choosing from the big six auditors can lend credibility to your financial statements.

Right Management Team

The right management team is vital. The team suitable for a Series A or Series B startup differs from one preparing for an IPO. There might be a need to introduce team members experienced in investor relations or stakeholder management, especially when handling public funds. Transparency in financial reporting becomes paramount. Founders sometimes have to make tough decisions about their team's composition, especially as the company scales.

Engage with Bourses, IBs Early

On the topic of relationships with potential investors, it's a common mistake to wait until a company is a sizable enterprise before initiating engagement. Cultivating early relationships lets investors track and believe in your growth story. Moreover, when considering an IPO or trade sale, having knowledgeable financial and legal advisors is crucial. Some banks or underwriters might overpromise, leading to misaligned expectations and failed IPOs.

Preparations for an IPO should start about two years in advance. Timing is everything, be it for an IPO, a trade sale, or a merger. The market's sentiment plays a crucial role, and sometimes external factors, like the performance of a similar company's IPO, can influence your company's decision. The key takeaway: for any exit strategy, timing is pivotal.

03

The Finance Dream Team

Building a top-tier finance function

When it comes to building a business, the finance function is an important piece of the puzzle — but the ideal finance team is often different for every startup. The following roles are considered fundamental to most finance teams, regardless of company size, valuation, and industry.

CFO/Head of Finance
Manages the entire finance function, and works closely with the CEO to make strategic decisions.

Compliance Accounting, Tax, and Reporting	**Finance Operations / Treasury**	**Business Intelligence and Analytics**	**Corporate Development / Investor Relations**
Prepares and manages accounts, financial statements, and tax returns.	Manages an organisation's daily financial needs	Processes data and gleans valuable, data-driven insights to power the business.	Manages fundraising and strategic transactions / partnerships for growth

Strategies to attract top finance professionals to a startup
Finding a suitable finance leader can be challenging, so keep these guidelines in mind.

- **Selling the vision and mission:** Showcase your own passion and communicate your company's vision for the future along with the overall mission and long-term goals.
- **Competitive compensation package:** Offer attractive equity options, sign-on bonuses, or the promise of performance bonuses.
- **Challenging, impactful work:** Share how the candidate's skills and expertise will be instrumental in driving the company's growth, highlight opportunities for personal growth, and emphasise the opportunity of building a business.
- **Robust and flexible company culture:** Build an inclusive, supportive, and flexible work environment that prioritses work-life integration. Assemble a team from different backgrounds so people can learn from one another.

The roles you hire for and the rate at which you hire depends on the specific needs of your business and its growth stage. Here's a checklist on how to hire effectively.

Are you:	**Who you need:**
Rapidly expanding?	Budgeting/forecasting expert
Entering into new markets?	International taxation/compliance expert
Actively fundraising?	Capital raising consultant
Going public?	IPO advisor
Struggling to control expenses or stick to a budget?	Controller
Looking to make new investments?	Investment analyst
Experiencing financial discrepancies?	Forensic accountant

How a startup's finance function supports other teams

The best finance teams work in tandem with other departments to provide counsel and oversight. Here are the partnership opportunities:

Sales and Marketing

- Provide budgets for marketing plans and campaigns
- Set product and service pricing strategies
- Evaluate the financial performance of marketing campaigns and sales strategies

Human Resources

- Provide budgets for talent remuneration, bonuses, as well as training and development expenses

IT and Technology

- Help identify new and innovative technologies and infrastructure
- Evaluate the financial impact of technology investments and upgrades
- Budget and track the cost of software licenses and maintenance costs and sales strategies

Operations and Product Development

- Provide budgets and resources for operational projects and expenses
- Financially optimise production and supply chain processes

Legal and Compliance

- Provide budgets for legal expenses and contingencies
- Work closely on financial matters like statements, contracts, negotiations, and other regulatory and compliance requirements

C-Suite and Leadership team

- Collaborate on strategic planning, including financial forecasts and scenario analysis.
- Provide financial insights to guide major business decisions.
- Regularly report financial performance and key metrics to inform high-level strategy

Investors

- Manages investor relationships by facilitating leadership discussions, financial meetings and responding to enquiries
- Provide due diligence support via financial records, projects and assessments
- Share financial reports, performance updates and forecasts

How to balance in-house resources vs outsourced talent

Startups often require external support. Here's what to keep in mind when deciding between outsourcing work, or building up a robust in-house function:

In-House Team	External Sources	Considerations for Both
Tighter control over processes and workflows, allowing for better communication and collaboration with other departments of the company.	**Cost efficient,** especially for startups, as there are no hiring and training costs.	**Quality and reliability** Verify the professional standing of employees and third parties.
Stronger security Confidentiality agreements and NDAs mitigate the risk of data breaches.	**Access to a wider talent pool** with specialised skills and expertise.	**Run a cost-benefit analysis** to evaluate the financial implications of your choices.

What goes into a tech stack for a startup finance team?

Startups might prefer to minimise business software expenses due to limited budgets. But investing in important tech tools can help set you up for success in the long run – and potentially fill talent gaps as you build your finance team.

Here is a list of finance tech stack components to consider:

Accounting Software

Platforms like Xero and QuickBooks for expense tracking, financial reporting, book-keeping and invoicing

Customer Relationship Management (CRM) Software

CRM platforms like Salesforce or HubSpot for managing customer profiles and transactions

Financial Management

All-in-one finance operating systems like Aspire, designed for modern CEOs and CFOs, and for brands of all sizes

Financial Reporting and Analytics Tools

Business intelligence tools like Tableau or Looker for financial reports, dashboards, and data visualisations

Communication and Collaboration Tools

Tools like Slack and Microsoft Teams for internal communication and collaboration across multiple teams

Payroll Software

Platforms like Talenox or HReasily for payroll processing, tax compliance, and more

Data Visualization Tools

Tools like Tableau or Sisense for financial modelling and analysis

Cloud Storage and File Sharing

Platforms like Google Drive, Dropbox, and OneDrive for storing and sharing documents

How Aspire can help

No matter a company's size, finance leaders face similar challenges — the scarcity of time, a lack of visibility and control, and high expenses. Many look to tools and solutions to help automate and simplify the process, but it can be fragmented, with one tool for budgeting, another for expenses, and the list continues. With Aspire, businesses now have solutions to build, run and scale globally, while empowering operational efficiency and expense management.

Control and Real-Time Visibility

Streamline approval policies and workflows

Enforce compliance & eliminate fraudulent spending

Assign budgets, set spend limits and track spending in real-time

Unlimited and instant virtual cards for employees

A smarter way to manage expenses & increase operational efficiency

Learn More

Time and Cost Savings

Manage all finances on one single platform

Insights to optimise spending

Close books 2x faster with automated reconciliation and direct accounting integrations

Build a seamless receipt upload / management process & automate reminders

One-click reimbursement

Earn cashback and save on FX fees

04

For the Finance Professional

Taking the career leap into startups

Important considerations for finance leaders joining startups

For finance leaders looking to dive into the world of startups, here are seven considerations on how your work experience might change.

1. **BUDGET, RESOURCES AND COMPENSATION:** Get ready to shed your pride, roll up your sleeves, and get down to the basics. With startups, the finance function is often underestimated and undervalued. Startups generally expect these departments to accomplish more with fewer resources. For example, in a banking setting, you might have VPs, associates, analysts, and various cross-functional teams, totalling to a double-digit headcount team, working on an IPO or M&A deal. On the other hand, a typical early-stage startup might only afford a finance function from one to five people depending on where there are in terms of growth and the CEO's prioritisation.
   a. Spend will also differ. A $1000-2000 cost would be queried even for a growth-stage company, but in banking for example, this is a tiny fraction of travel expenses.

2. **JOB SCOPE:** Common finance backgrounds (e.g., accountants, bankers, consultants, MBAs) do not involve hands-on operational work, but managing the day-to-day functioning of the business is part and parcel of being in a startup. It may even require filling in for other roles the startup is unable to afford.

3. **GROWTH:** How much do you know the business? The most important thing when transitioning to a startup is dedicating time to truly understand the business. Spend your first 90 days comprehending the business, determining how you can add value as a CFO and be a business partner to other teams in the company.

This is important because the demands of growth are different in a startup. In a big MNC, when people talk about growth, attractive growth means double-digit percentage year-on-yer growth. But for a venture-backed company, doubling or tripling in revenues is often expected.

4. **HIRING ABILITY:** Can you hire for skills you don't have? Consider these five buckets and where your strengths and passions lie: FP&A, (Financial Planning and Analysis), Finance (Accounting/Cost/Audit), Treasury (Cash flow Management), Tax (and Compliance), Corp Dev / IR. It's unlikely for someone to excel in all five. Usually, professionals thrive in one or two areas. In startups, you'll be expected to learn the other areas over time and it's important to surround yourself with individuals who can bridge the gaps in your expertise. In some situations, management might ask you to handle something outside of your expertise, like procurement, but just as important is your ability to hire as the organization scales.

5. **STAGE OF THE STARTUP:** Consider which stage of a company's growth you can make the most impact. Some individuals, with decades of corporate experience, might be better suited for established startups like Grab or Uber. Others excel during the scaling phase, but may find it challenging in the initial seed stages due to the lack of structure. Identifying the phase where you can contribute the most is essential.

6. **DECISION-MAKING SPEED:** At big MNCs, decisions take time — with plenty of complex analysis, followed by stakeholder discussions across the globe and business units. Even one senior hire will take months. At a venture-backed startup, discussions are likely within a very small group of relevant stakeholders, and the responses are quick. Decisions need to be made almost instantly.

7. **EXPERIMENTATION:** To innovate, startups need to experiment and learn — even a bad decision will give valuable lessons. The fear of standing still at a startup is greater than failure.

Tips on becoming a startup CFO

Get your certifications in controls, treasury, and compliance to start. Complement this with real-world experience, which can be considered more valuable.

Develop a deep understanding of accounting – it's an essential skill set for a leadership role in finance

Become a proficient hiring manager. Even if you lack experience in certain areas, hiring the right junior-level people for groundwork is crucial.

Practice the art of prioritisation – it's a key skill that will help you manage multiple moving pieces in a high intensity, fast-paced startup.

Learn to identify company red flags from financial statements (something that MBA students are often trained to do). It's essential to understand the core business and its industry. For example, high inventory levels with low sales in e-commerce signal a problem. One must understand the business context to interpret financial numbers correctly.

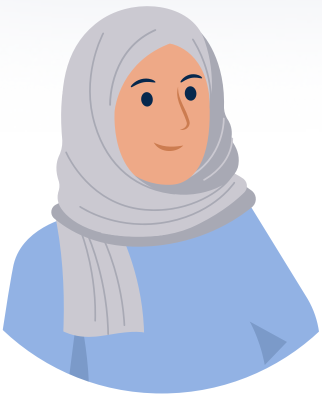
Develop a bias for action. Nothing can fully prepare you for being a startup. It’s important to be ready to tackle crises head on, take decisive actions, and create options for management. For example, in an economic crises, implementing measures to conserve cash, slash expenditures (meticulously going through expenses line by line), looking at payrolls, monitoring cash positions, and looking at liquidity sources (from monetizing inventory as well to exploring financing even if the business might not need it urgently yet).

CFOs and Finance Leaders can come from anywhere

There's no one path to becoming a finance leader, but here are some profiles and career journeys for inspiration:

Profile A had a 12-year stint at a regional bank with a tenure primarily revolving around strategy, M&A, corporate finance, and fundraising. A eventually jumped into startups as a founding member, leveraging their skillsets in fundraising primarily to grow several venture-backed companies. A's first startup eventually became a unicorn, and A is now on the third, which has since reached profitability.

Profile B is passionate about accounting. Over a decade, B became a chartered accountant, worked for one of the big four accounting firms, joined an investment bank, and then finally took the leap into startups. B's latest position involves working in a lending business, something which B had developed a deep understanding of from the early days. Thanks to this, B has been able to grow the business by 4x.



Profile C was originally COO for an e-commerce company with a background in FMCG and when the company went public, management decided to appoint C as CFO because of C's operational understanding of the business.

Mastering operational efficiency and expense management

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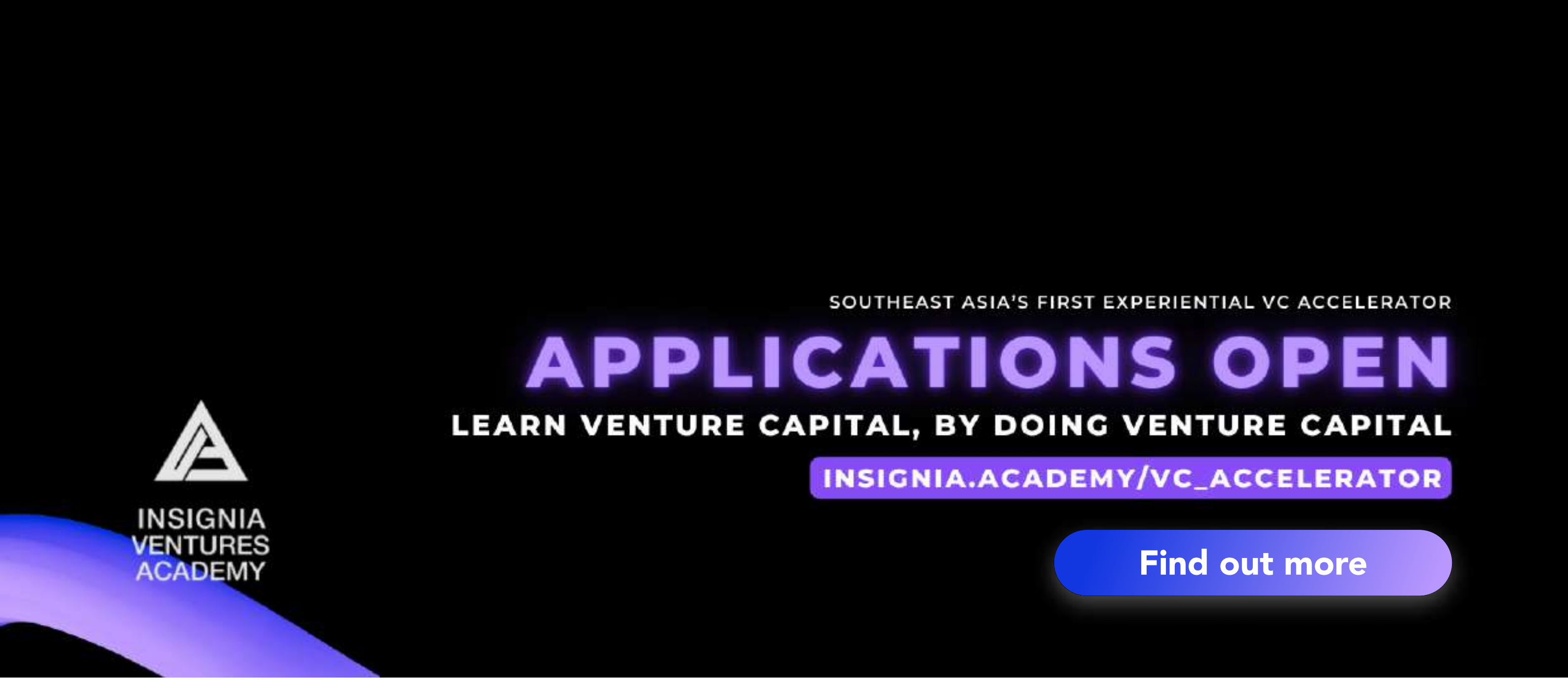
About Us

Aspire is the all-in-one finance software for new-age businesses. The company serves over 15,000 startups and SMBs, helping them save time and money with multi-currency accounts and cards, expense management, payable management, and receivable management solutions - all in one account.

Headquartered in Singapore, Aspire has over 400 employees across four countries and is backed by global top tier VCs, including Sequoia, Lightspeed, and Y-Combinator. Earlier this year, Aspire closed an oversubscribed US$100M Series C round and announced that it has achieved profitability.

Insignia Ventures Partners is a Southeast Asia early-to-growth stage venture capital firm partnering with unstoppable founders to build great companies. Since 2017, we have invested in emerging technology companies across industries and geographies in the region, including unicorns Carro, Ajaib, GoTo (IDX: GOTO), and Appier (TSE: 4180), and category leaders including Fazz, Shipper, Tonik, Flip and Super. We partner early with founders and support them from seed through growth stage as their companies create meaningful impact for millions of people in Southeast Asia and beyond. With our team of 30+ investment and operating professionals who bring together decades of experience and proprietary networks, we equip our founders with the tools they need for growth. We manage capital from premier institutional investors including sovereign wealth funds, foundations, university endowments and renowned family offices from Asia, Europe and North America. Learn more on our website and Insignia Business Review. Follow us on LinkedIn for daily updates and insights.



Insignia Ventures Academy

Insignia Ventures Academy (IVA) is home to Southeast Asia's first experiential Venture Capital 'VC' accelerator to nurture the next generation of leaders, investors and entrepreneurs. Led by world-class VC and industry leaders, our 12-week immersive program is designed for aspiring venture capitalists, investors, fund managers, and ambitious founders where individuals will get to participate in investment committee meetings and invest in real-life businesses. Individuals looking to break into VC will be given the opportunity to gain high quality investment experience through deal sourcing, conducting due diligence, navigating capital structure, participating in weekly investment committees, and sharing in the financial upside on select deals with Insignia Ventures Partners. You can apply to join their next cohort here. IVA also offers a self-learning course for those interested only in content and space to pace their learning.

Contact: Jiaway Koh, Program Lead at Insignia Ventures Academy

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