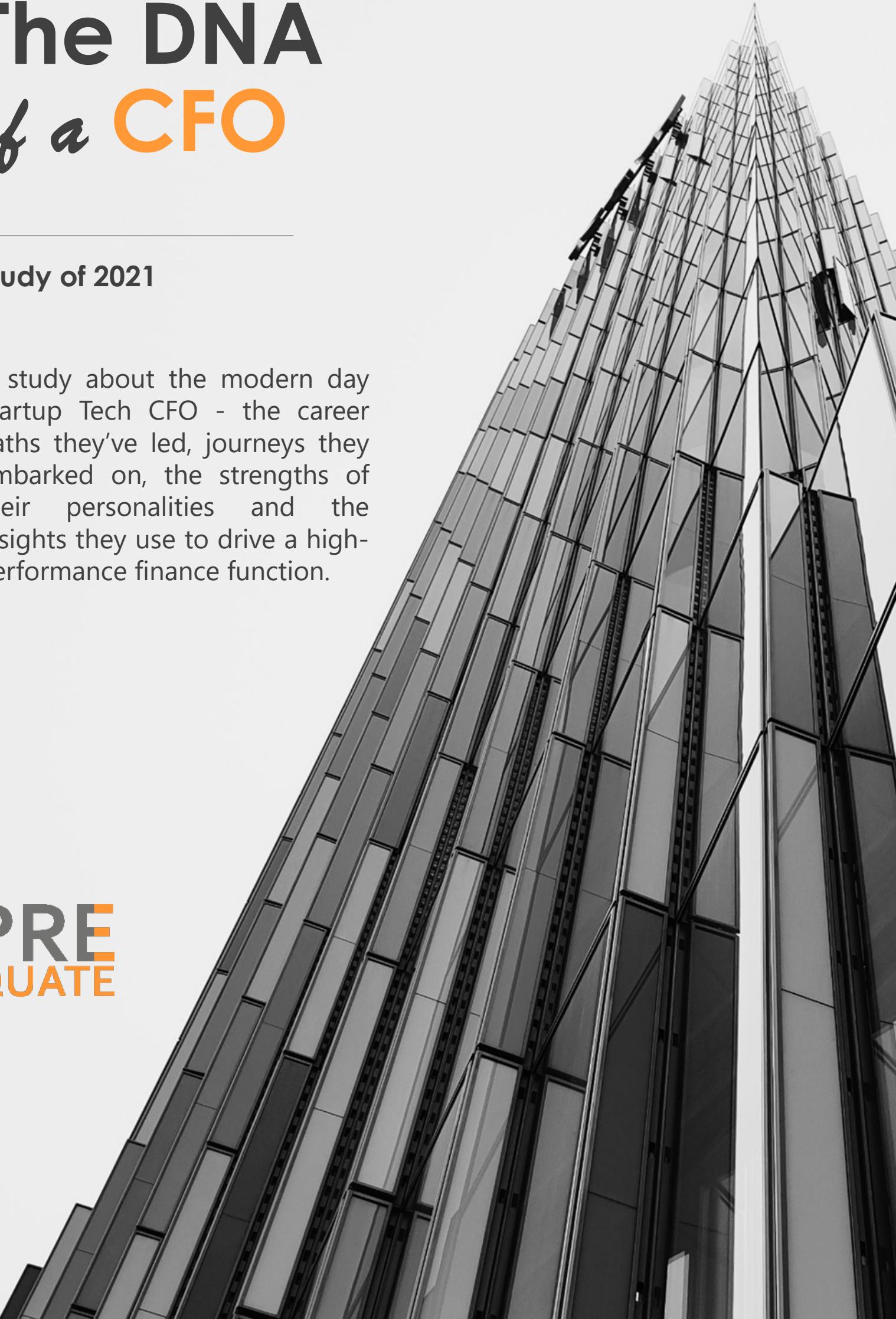


The DNA of a CFO

Study of 2021

A study about the modern day Startup Tech CFO - the career paths they've led, journeys they embarked on, the strengths of their personalities and the insights they use to drive a high-performance finance function.

PRE
QUOTE



the big why & what

1

Helming the finance department is the peak for every finance professional. Knowing the commonalities between journeys to the top can help understand what makes them tick.

2

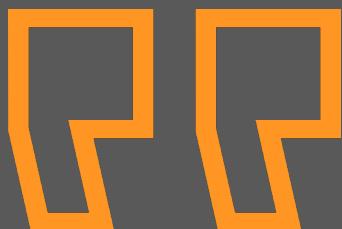
CFOs are the first line of offence against potential financial adversity. Analysing their personalities can help understand how they use their strong-suits to wield and sustain such influence.

This is an endeavour of doing a 'first-in-the-world' (*that we know of at least*) analysis of the CFO picks of the top startups in the country using data to see who they are, how they work and what makes them a class apart.

This playbook is the DNA of a CFO.

how

In the month of Feb 2021, we analysed the profiles of 100+ **CFOs of the leading Tech startups (TCFOs)** focusing on their education, work experience and their personality styles over the course of their entire career. We synthesized this data to identify patterns and commonalities (correlation or causation is anybody's best guess) in their paths.



The CFO of today is
the **storyteller** of
where the **company** is
and **where it's going**.

That's an art as
opposed to a science.

- Jeff Thomson

CEO, Institute of Management Accountants

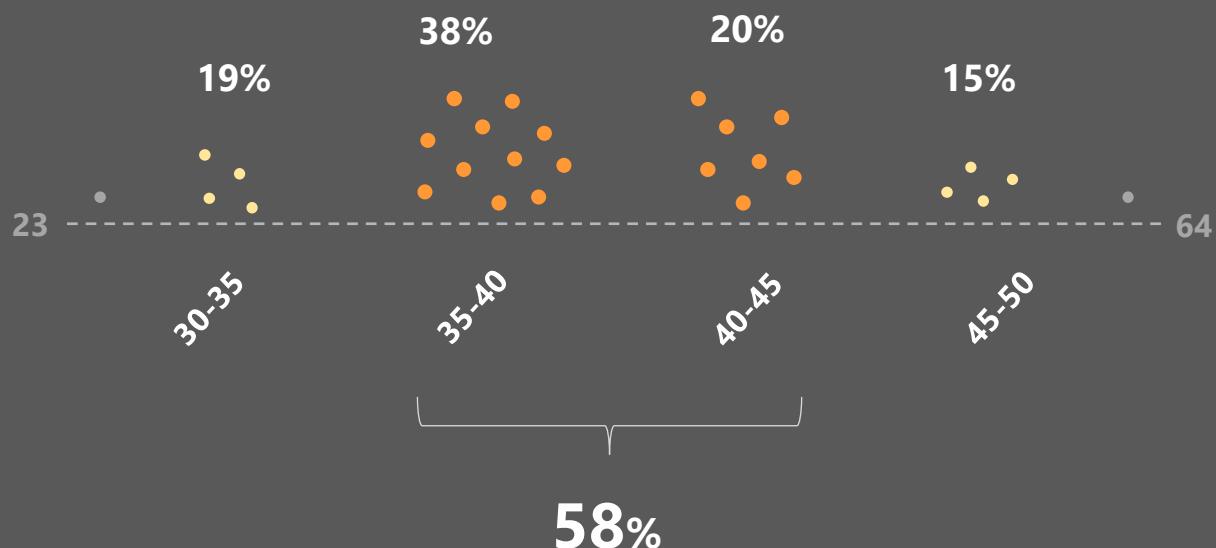
Who is a TCFO today?

Top 5 takeaways

- 1** 57% of the TCFOs were between 30-40 years of age (far lower than the industry average of 52 years).
- 2** The oldest TCFOs were also the ones working with the largest startups in the sample.
- 3** Of the total TCFOs, 50% reside in Bengaluru, thus making it the hot bed for grooming finance leadership in tech companies.
- 4** Women have slowly been entering finance leadership positions over the last 3-4 years which is a welcome sign.
- 5** The youngest TCFO was only 20 when he was recruited into the company and now helms finance before turning 24!

Who is a TCFO today?

#1 How old is he/ she?



Younger than ever before.

Average age of a TCFO studied was ~40 years. Comparing this to their counterparts in the listed companies, they were getting there 35% sooner.

Youngest were early members.

The youngest TCFOs were either founding members or early employees in their organizations.

Pocketful of experiences.

The oldest TCFOs have held a minimum of 4 positions in the capacity of a CFO in their past. They are now leading the more mature (from an organizational maturity POV) ones.

Who is a TCFO today?

#2 Women in finance



Gender imbalanced?

No secrets here.

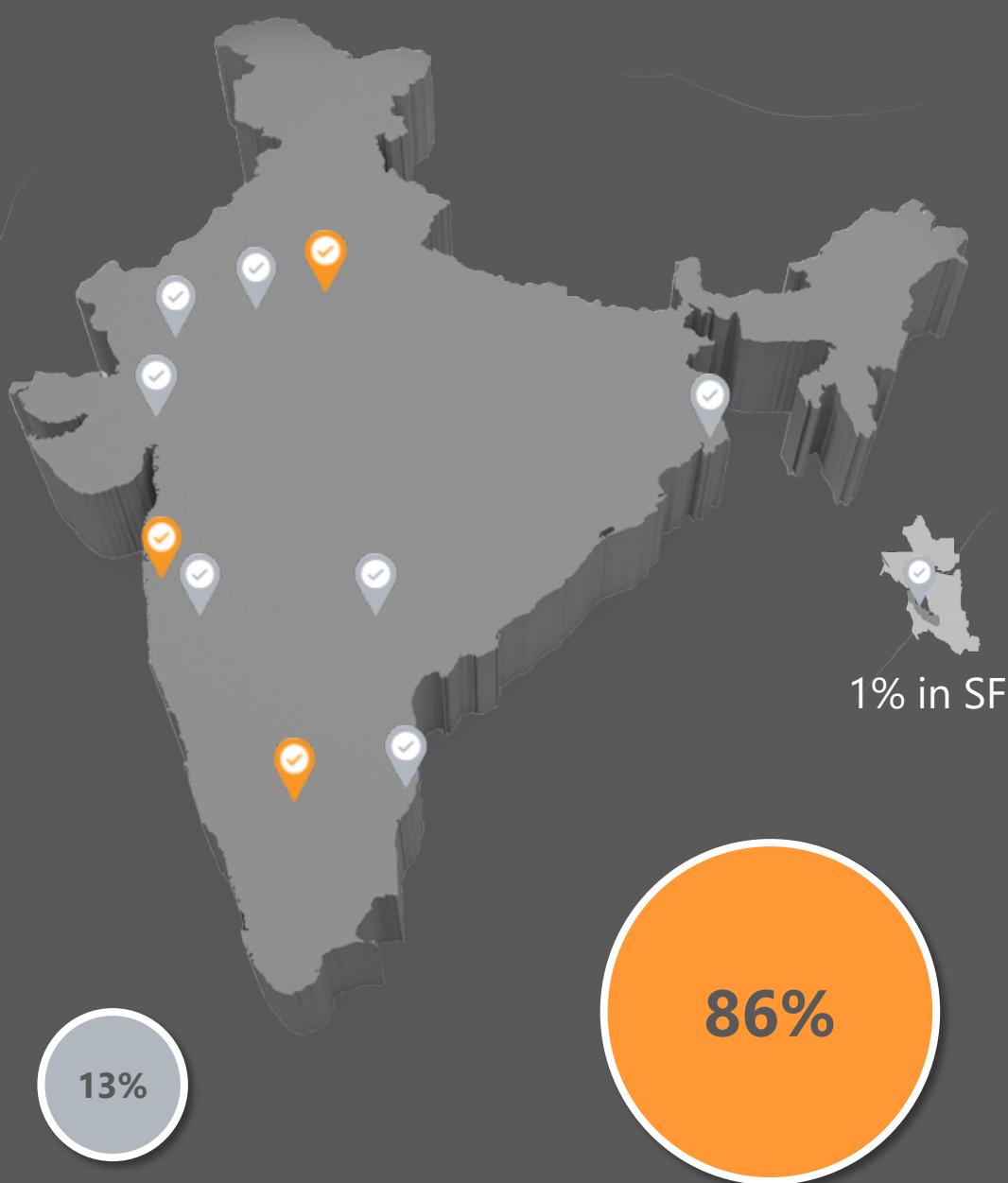
The number of women in finance leaderships has always been a concern. Less than 5% of all the TCFOs we reviewed were women!

But there are green shoots of better times.

60% have taken up CFO positions for the first time in the last 2 years. Promising.

Who is a TCFO today?

#3 Where do they live?



4% reside in Chennai, followed by Pune (3%) & Hyderabad (2%)

50% of TCFOs currently reside in BLR followed by NCR (21%) & Mumbai (15%)



The CFO who will replace you is

First Name



— — — —



24% of the TCFOs had their first names beginning with A, followed by S (22%). 25% of them had names with exactly 6 letters. Beginning with A & ending with T – a surprising 9%!

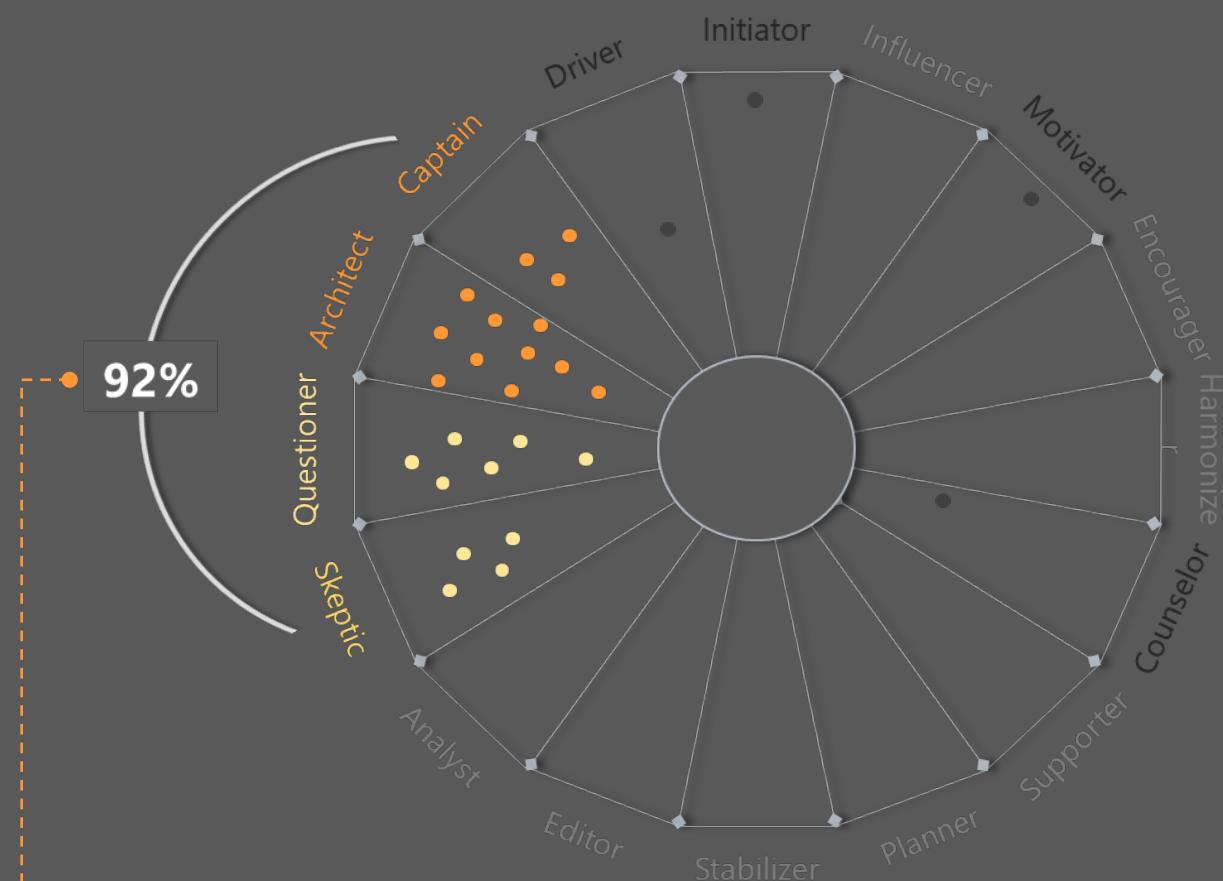
What's a TCFO like?

Top 5 takeaways

- 1** The 'Architect' personality type was the most common among TCFOs (39%) – meaning self-motivated, driven & detail-oriented.
- 2** The top standout traits of TCFOs were: focused, persistent, committed, often blunt, vigorous & efficient.
- 3** A vast majority of TCFOs appreciated direct and clear communication using a business tone and clear data to back.
- 4** Women leaders also possessed very similar personality types to their male counterparts with little deviation from the group.
- 5** Most TCFOs loved a certain level of autonomy, felt motivated in taking on new challenges and liked to inspire their teams.

What's a TCFO like?

#4 What kind of a person is he/ she?



belonged to the 4 personality types that have a few key traits in common between them:

- - ▶ Determined workers
 - ▶ Focused on outcomes
 - ▶ Blunt in sharing feedback
 - ▶ Disciplined performers
 - ▶ Independent and often assertive

What's a TCFO like?

#5 How would one describe them?

Architect / 39%

perfection driven, takes initiative, diligent, strong-willed, creative, critical, determined

Questioner / 28%

skeptical, questioning, critical thinker, analytical, stubborn, impatient, cynical, objective, systematic, high standards

Skeptic / 14%

skeptical, value autonomy, questioning, highly value accuracy, accountable, private

Captain / 11%

strong-willed, self-reliant, outspoken, bold, ambitious, straight-forward, belligerent, controlling, firm, tough-minded

The Outliers

CFOs who were also founders or CFOs with high level of experience did not fit the same personality type as the majority.

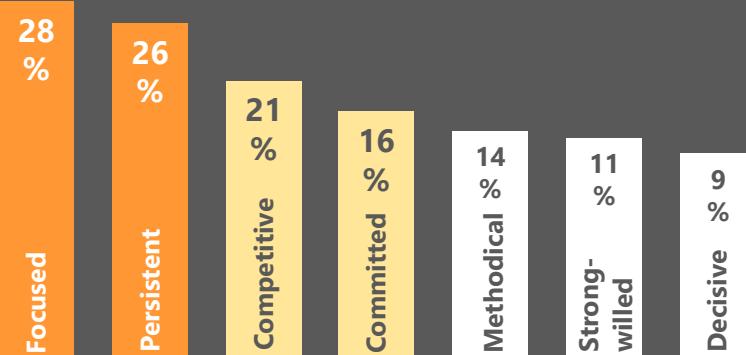


What's a TCFO like?

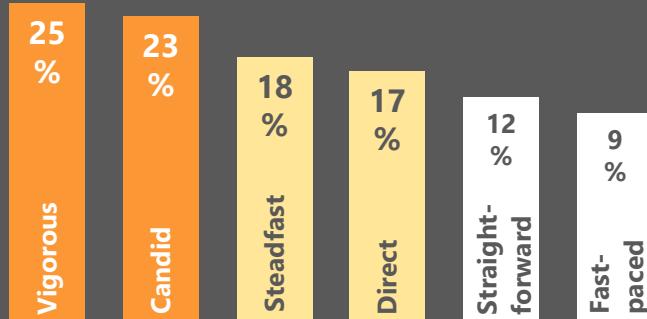
#6 What are their most common personality traits?

We analyzed their personalities to draw out personality traits across attitude, demeanor and values. This is what we got.

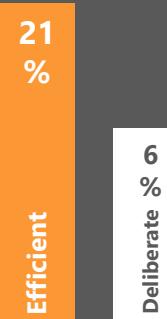
Attitude



Demeanour



Values



What's a TCFO like?

#7 How do they like to work?



Meetings should be brief. They should be scheduled only when absolutely necessary.



Conversations should be direct, oriented towards business, using a confident and an assertive tone.



Feedback should be direct, critical, and focused on the results is more important than the alternate.

What's a TCFO like?

#8 What motivates them at work?

Completing ambitious projects with a tight deadline keeps them highly engaged and feel rewarded.



Are you sure this is the fastest way?



I'm great at minding my business.



Aren't growth & profitability the same thing?

Developing & delivering agile strategies with less complexity or with a high ease of management.



The CFO who will replace you is

Last Name



— — — —



20% of the TCFOs had their last names beginning with S, followed by A (16%). 23% of them had names with exactly 6 letters. Beginning with A & ending with L – a surprising 10%!

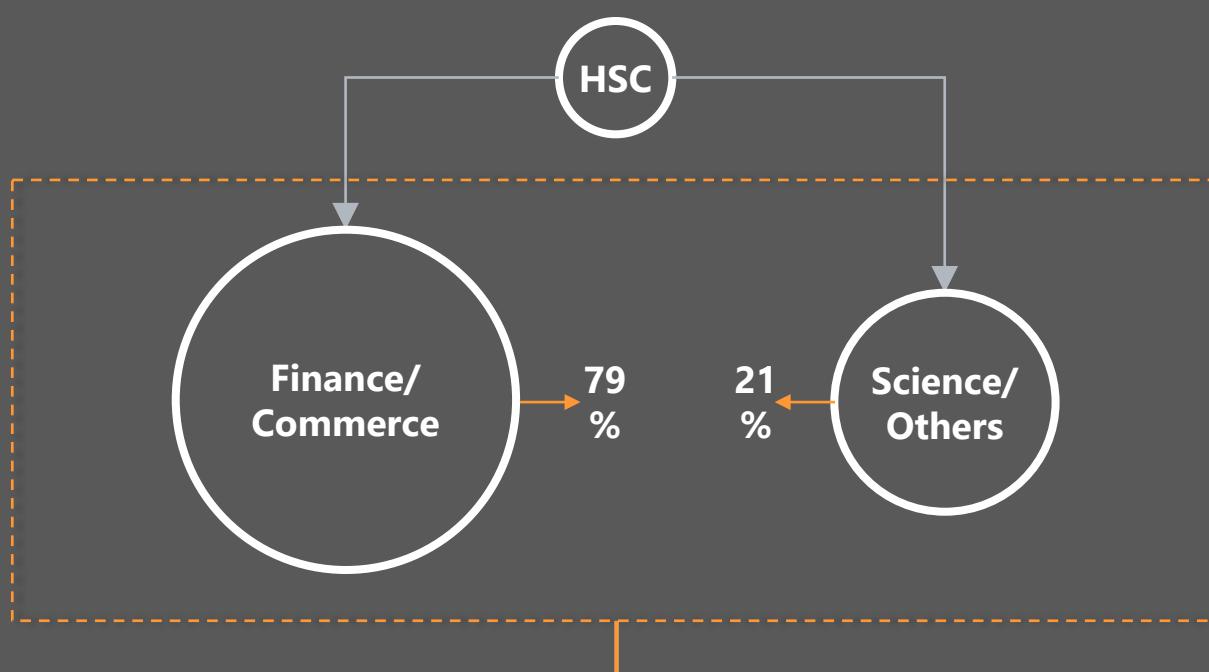
Making of a TCFO

Top 5 takeaways

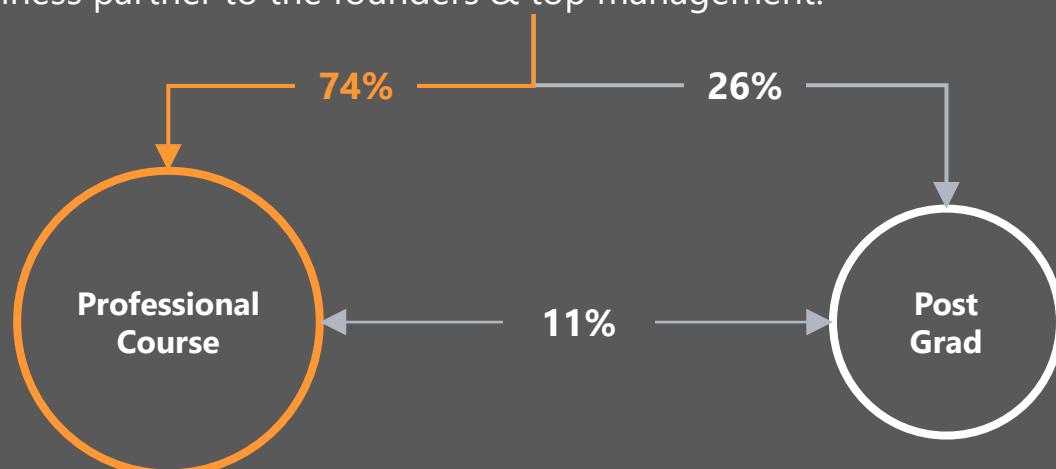
- 1** A vast majority of the TCFOs had between 15-20 years of work experience before taking charge as a CFO.
- 2** Only 10% of the total TCFOs pursued education from universities abroad. CA remained the dominant education choice.
- 3** The average number of organizations they worked in before becoming a CFO was ~5 organizations.
- 4** The median job length across the TCFOs profiled was a little over 3 years – with a high variability across organizations.
- 5** 76% of Int-TCFOs were still way under their average stint length in their current organization.

Making of a CFO / Education

#9 Did they always want to be in finance?



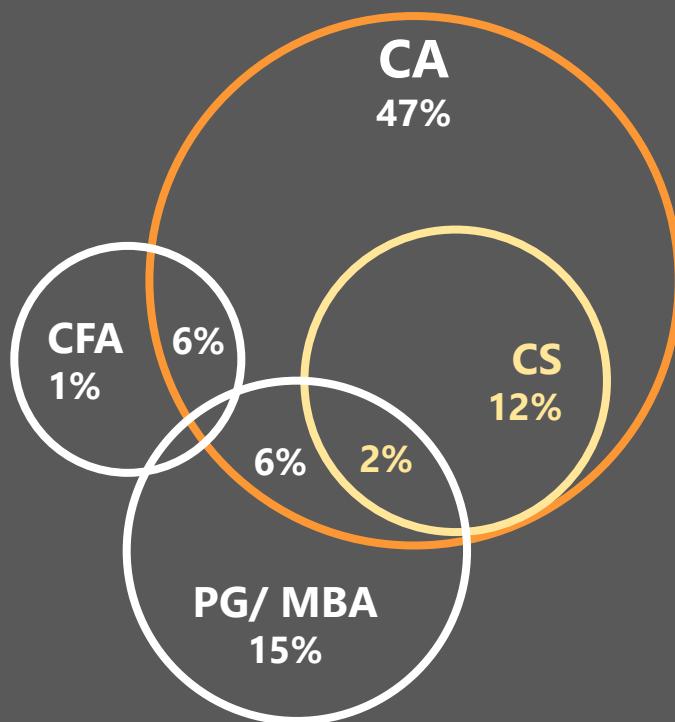
Till the last decade, CFOs across organisations were, not surprisingly, primarily CAs. As their roles evolved to become more dynamic, successful TCFOs have overturned the perception of being "accountants" and are now (~26%) re-positioning their role as a business partner to the founders & top management.



Making of a CFO / Education

#9 So they must all be CAs. Right?

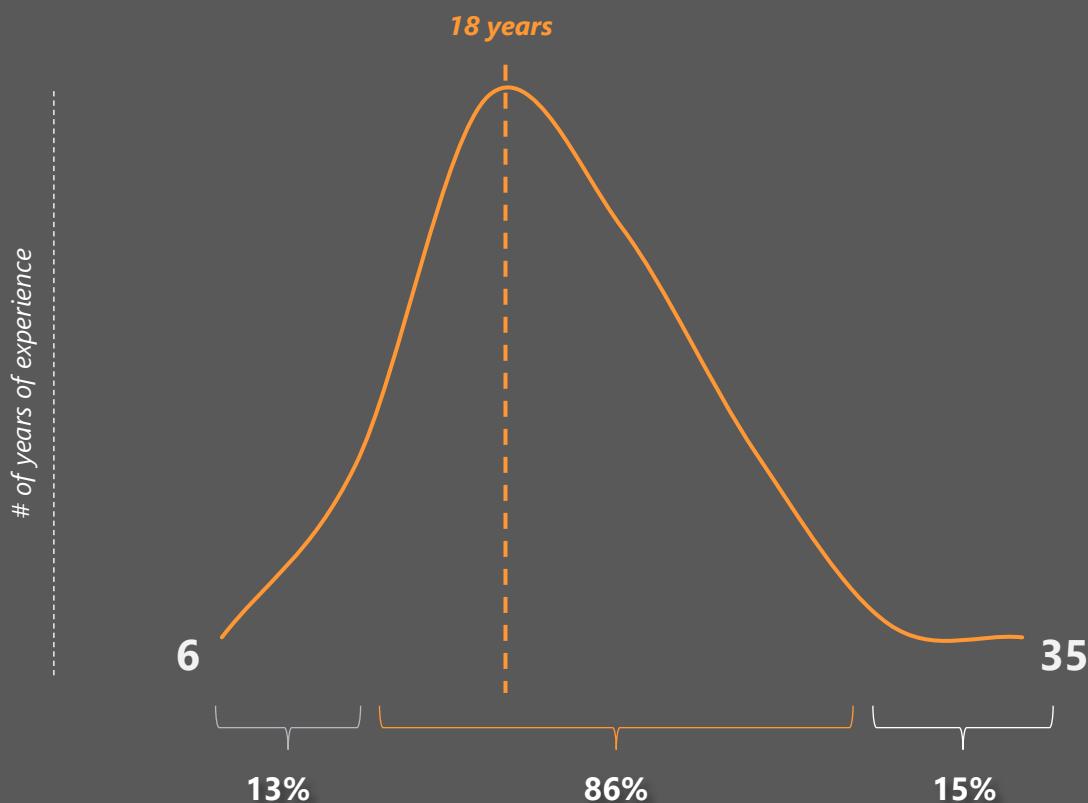
Yes. But more than just a CA.



~30% of TCFOs proceeded to get more than just the first post-grad/ professional education. This indicates their quest for **continually adding credentials, competence and skills beyond the workplace**.

Making of a CFO / Work Experiences

#10 Does number of years of work-ex really matter to begin leading tech-fin?

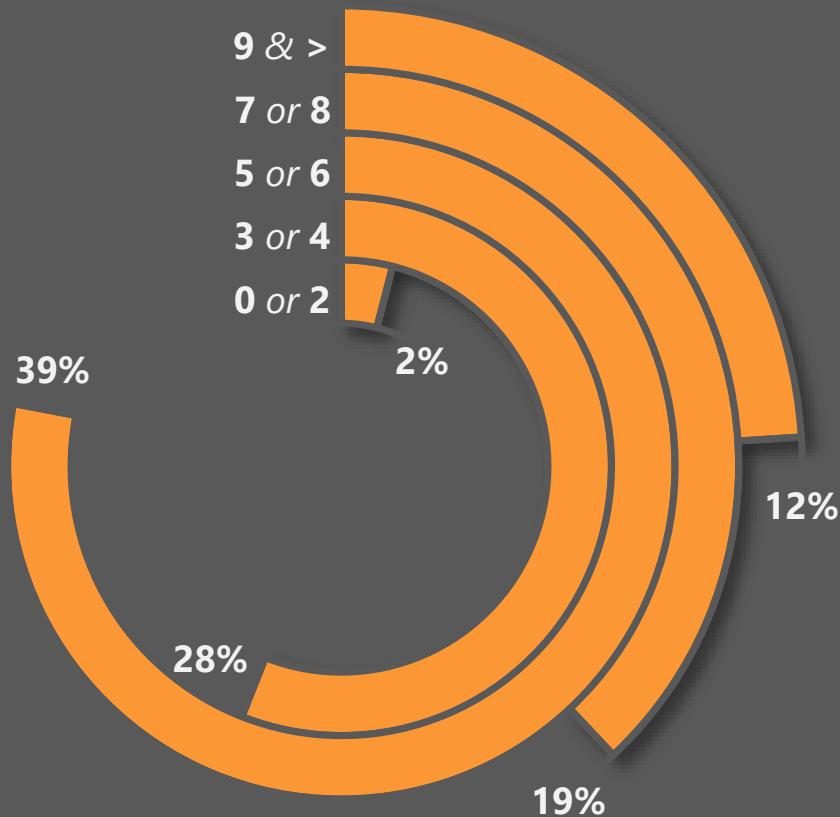


Though the average (& median) work-ex was ~18 years, their **work experience levels were spread across a wide array**. Some TCFOs were as young as 6 years of work-ex and some as experienced as 35 years. This was surprising to note since most TCFOs had **very similar education paths but extremely distinct career graphs**.

Making of a CFO / Work Experiences

#11 How rich are their work experiences?

5 organizations on Avg.



Total # of organizations worked at >

A flattish bell curve.

Almost all the TCFOs were able to carry experiences across a few organizations (between 5 or 6) at least, which could be an indicator of how **they value the role than just the organization they are working in**.

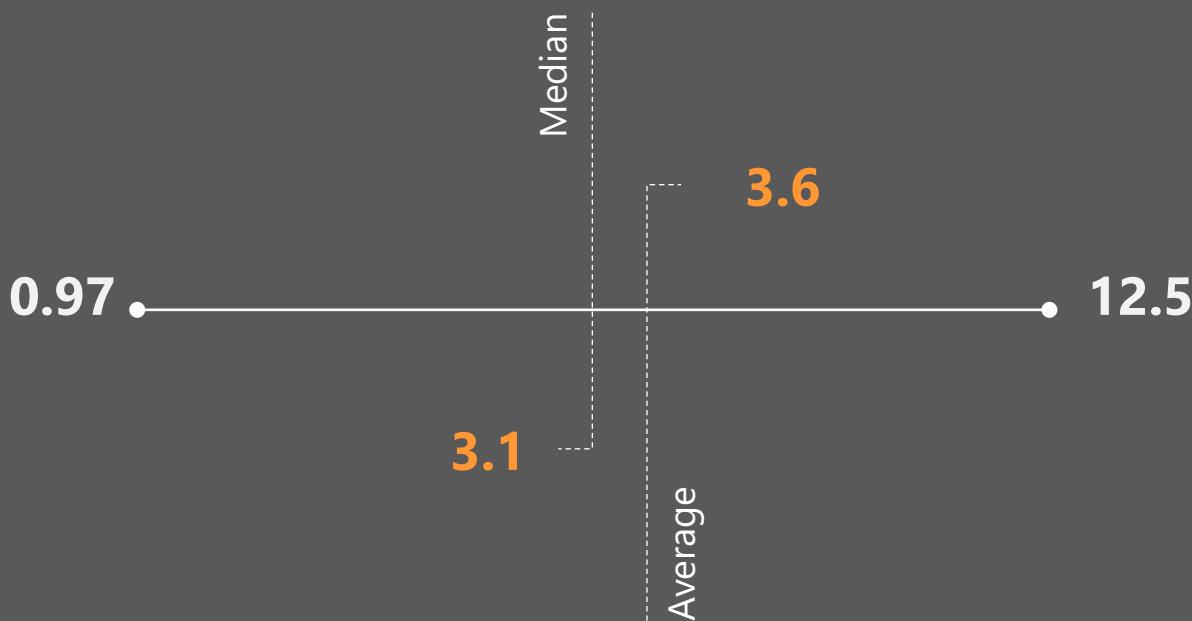


A good financial plan
is a **road map that**
shows us exactly
how the choices we
make today will affect
our future.

- Alexa Van Tassel
Founder, LearnVest

Making of a CFO / Work Experiences

#11 How long do they spend in each?



Switch, Switch!

12% TCFOs spent less than 2 years on average in their previous organisations. TCFOs seem to be the kind who do not wait around but chase after the right role for them.

Part of the furniture at work?

Only 2% of TCFOs had spent over 10 years in average across their previous organisations. A meagre % stay in organisations for very long - a vast majority don't let complacency kick-in.

Making of a CFO / Work Experiences

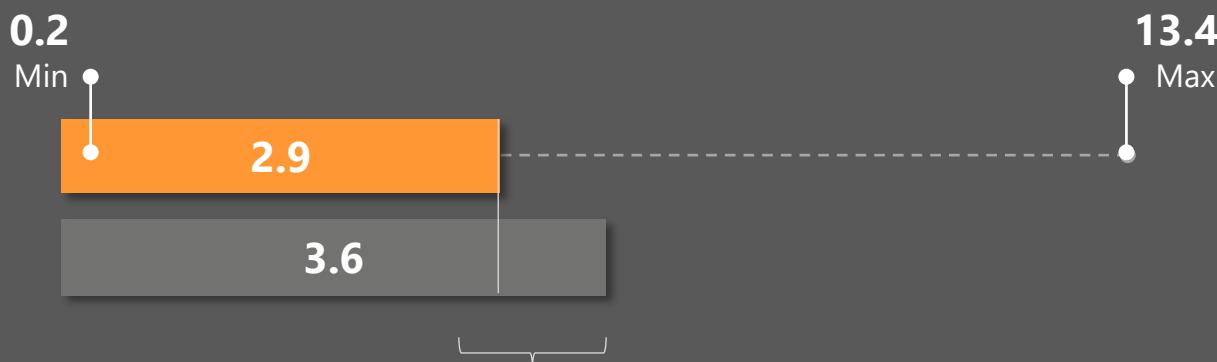
#11 How many CFO positions are at risk then?

31%

TCFOs have been in a
CFO/ Finance
Leadership position
for the very first time

41%

TCFOs have been in
their current
organisations for 3+
years



Cause for alarm?

A vast majority of TCFOs are moving way over their usual staying period in their organizations.

**Not really.
Here's why**

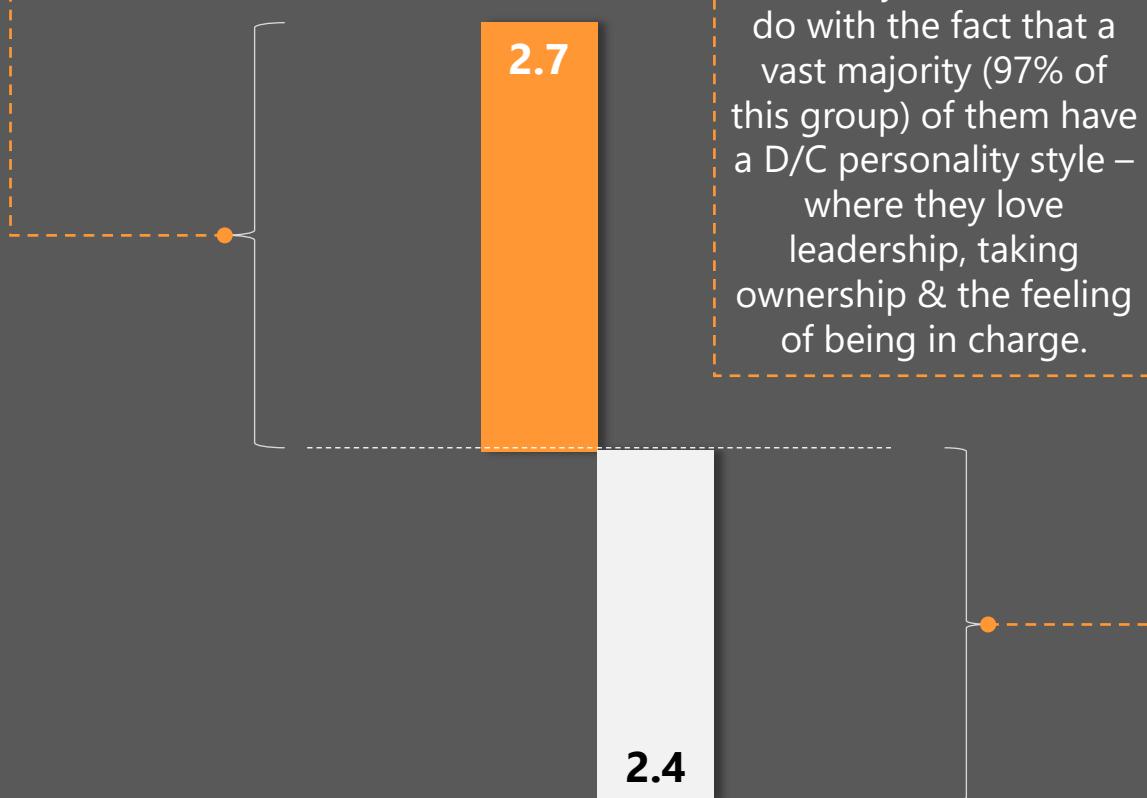


Making of a CFO / Work Experiences

#12 Does momentum motivate/ scare them?

The 34% that have stayed around longer than their

- usual average have been with the startup for ~2.7 years on average.



Whereas, the remaining 66% were well below the average time they have spent at various organizations.

Making of a CFO / The Big4 Experience

#13 Do large accounting firms create a breeding ground for future CFOs?

40%

The total % of CFOs
with work-ex from
top-tier accounting/
high-finance firms



75%

Of this, the % of CFOs
who have had work
experience in **Big4**
accounting firms

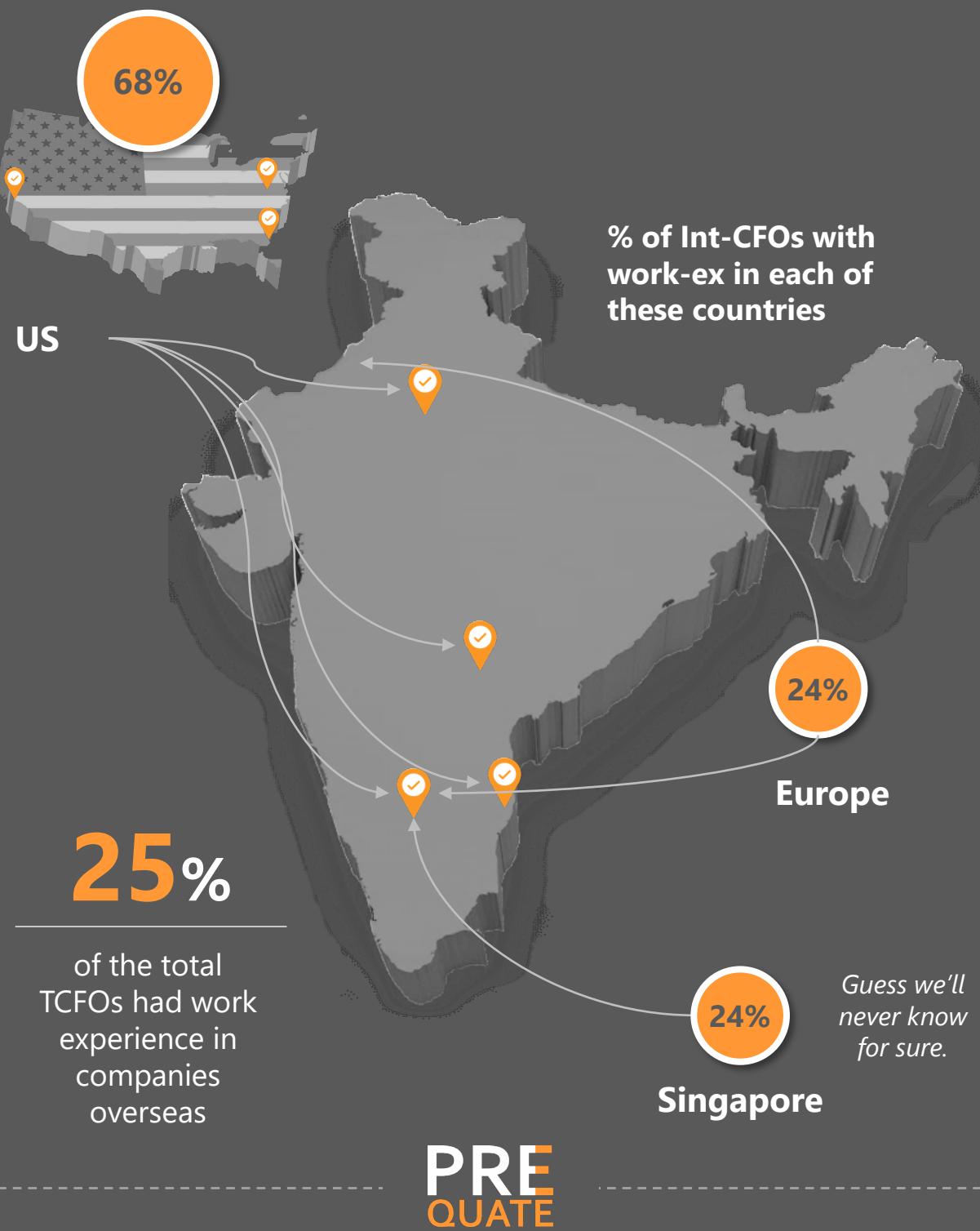
10%

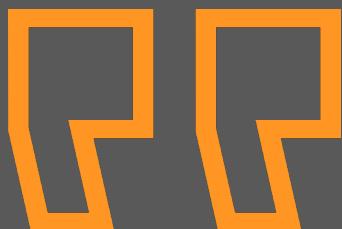
Of this, had their
work-ex from wall-
street firms/ large
banks

Big4s seem to provide a strong technical footing that startups find quite valuable. As they are built grounds-up, having people who are acquainted with the functioning of large organisations can provide invaluable insight. This could explain the unwritten dependence on the Big4 for these finance leaders.

Making of a CFO / 'International' exposure

#14 Is experience overseas a criterion for a CFO at Indian Tech?





The CFO of the future
will need to be the
connector between
the business and
data scientists.

- Ash Noah
VP CGMA, AICPA

the big disclaimer

This study & the report ensuing has been prepared for intellectual interest only. We don't intend for this to be a benchmark of any kind or even authoritative literature. The 100+ CFOs, the tools we use, the frameworks we use or the analysis is intended to educate a limited group of CFOs and is quite honestly, really, really, small to be indicative of the world at large.

But (isn't there always one),

The intent was clear. To understand the mind and personality of the modern-day CFO, a few who we work with and many who we wish we were working with. Hope this insight can give you one takeaway – if not anything else – which is how to work with today's Tech CFO.

the thanks

It may be a few Mb of data, but it has taken a few hundred hours to assimilate, organize, compile, interpret and decide only what to show to you. A big thanks to the platforms we use and the TCFOs who were unknowingly data points in our analysis for maintaining rich online profiles we could use to do some basic research.



is basically us innovating on the paradigms of marketing & sales

PRE QUATE

Thanks for still being here.

In case you haven't heard about us earlier, we aren't a market research firm.
We aren't an advertising agency either.
We aren't an events firm.

Though those are all great businesses we could have also been in,

We are a **strategic finance advisory**.

Using a plug-&-play model, we provide startups (the Paul Graham definition) & medium-sized companies with advanced finance capabilities like board management, simulations, restructuring, financial modelling or performance dashboarding.

```

graph TD
    A[Are we top 5 most profitable in our industry?]
    B[Is the organization running as efficiently as possible? How do we compare with our peers?]
    C[What is the real profitability of the business?]
    D[Are we doing well really?]
    E[Are we competitive as a business?]
    F[Strong understanding of what is important to the business]
    G[Drawing attention to what needs to be worked upon in the short term]
    H[Tracking what matters most to customers with dashboards]
    I[Tracking business risks and opportunities long-term impact]
    J[Tracking impact of what could go wrong]
    K[Emphasizing those aspects that matter more than those that are common practice]
    L[Balance between long term & short term risks than just overall emphasis]
    M[Strategic understanding than just highlighting data as unrelated events]

    A --> B
    B --> C
    C --> D
    D --> E
    E --> F
    F --> G
    G --> H
    H --> I
    I --> J
    J --> K
    K --> L
    L --> M
  
```

What is the real profitability of the business?

Is the organization running as efficiently as possible? How do we compare with our peers?

What are our top 5 red flags in a business? Are we competitive as a business?

Strong understanding of what is important to the business

Drawing attention to what needs to be worked upon in the short term

Tracking what matters most to customers with dashboards

Tracking business risks and opportunities long-term impact

Tracking impact of what could go wrong

Emphasizing those aspects that matter more than those that are common practice

Balance between long term & short term risks than just overall emphasis

Strategic understanding than just highlighting data as unrelated events

managing cash flows

Health Scores to identify the need for action

Cross-linking to identify risks and opportunities

Unique analysis tools to identify potential problem areas

Benchmarks to identify problems affecting groups within the company

Simulations to highlight probable levels of concern or provide comfort

Customized to the uniqueness of the business than rules of thumb

Root cause analysis of a problem than merely highlighting a number

Action oriented analysis than merely an academic numerical exercise

Are we on track as a business to achieve our plan? What is the real performance of the business? What is the real growth in the business? **Do we need to relook at our pricing?** Is the organization healthy? **How healthy is my cash flow position?** Are we ensuring a strong level of growth? **What are our top 5 red flags as a business?** **Are we doing well really?** Are we competitive as a business?

Are we on track as a business to achieve our plan? What is the real profitability of the business? What is the real growth in the business? We need to know what's working well so we can continue growing as effectively as possible.

How do we compare with our peers? What are our top 5 red flags as a business? Are we strong as an organization? Are we consistent as a business?

measuring growth

Health score for emphasizing need for management focus

Calling out deviations to track potential issues before they happen

Combining business metrics to measure sustainable growth

Cross-functional measurement that tie up ops & finance

Business risk evaluation for long-term priorities

Best-in-class measurement for tracking & diagnosis

Continuous measurement to evolving plan than static comparisons

Constructive evaluation than merely showcasing what went wrong

Analysis based on strengthening a business just than mitigating risk

How do we measure up relative to our competitors?

Is our growth strategy in alignment with the market needs? Do we need to change our product positioning strategy? Are we addressing industry pain points? Is our product competitive? Is there competition that I should be worried about? Who is my competition exactly? How are we doing in terms of our market share?

Competitive Quotient

Competitive placement
To identify where you are positioned and how your competition could come from

Market positioning
Analyze your market position based on market share and market growth

Alternative positioning
Opportunities to allow for differentiation or better profitability

Suggestions on how the company should be placed than just information

Deep understanding of positioning than highlighting basic information

Assessment of market perception than an academic exercise

```

graph TD
    A[Market assessment  
To understand product, service and organization framework, channels] --> B[Brand promise assessment  
To understand key message, how being set out by competition]
    B --> C[Demand + Promise Analysis  
How to identify customer demands to the brand promise]
    C --> D[Competitor intel  
To understand positioning strategies of competition]
    D --> E[Dynamic analysis of sentiment to identify opportunities than static comparisons]
    E --> F[Evaluation of market sentiments through tacit comparisons to competition]
    
```

Product Promise Assessment

Market assessment
To understand product, service and organization framework, channels

Brand promise assessment
To understand key message, how being set out by competition

Demand + Promise Analysis
How to identify customer demands to the brand promise

Competitor intel
To understand positioning strategies of competition

Dynamic analysis of sentiment to identify opportunities than static comparisons

Evaluation of market sentiments through tacit comparisons to competition

How do we measure up relative to our competitors?

Market needs? Do we need to reassess our strategy? Addressing industry perceived needs? **What is my competition doing?**

Market needs? Do we need to reassess our strategy? Addressing industry perceived needs? **What is my competition doing?**

Media Assessment

Media focus: Reassess your relative position in the competition is using media and how

Overall media performance to identify strengths and opportunities in marketing channels

Media performance by channel and activity

| Channel | Activity | Score |
|---------|----------|--------|
| Search | Search | High |
| Search | Social | Medium |
| Social | Search | Medium |
| Social | Social | Low |
| Email | Search | Medium |
| Email | Social | Medium |
| Email | Email | Medium |
| Display | Search | Medium |
| Display | Social | Medium |
| Display | Email | Medium |
| Display | Display | Medium |
| Display | Other | Medium |
| Other | Search | Medium |
| Other | Social | Medium |
| Other | Email | Medium |
| Other | Display | Medium |
| Other | Other | Medium |

Media usage by channel

Media value

Messaging Metrics: To evaluate the key messages sent to the competition to understand what works

Channel wise understanding of performance than *rate of return*

Deep understanding of media strategy than just listing channel exposures

Analysis of messaging themes rather than just listing of activities

Basically, we help add more flexibility, resilience and competence to all those things that are critical and those things that will be 3 years from now while the CFOs & CXOs continue to focus on the current focus of the business.

PRE QUATE



About Prequate

Prequate is a management ^ finance advisory that acts and manages as a Business Finance, Strategic Finance & Management Assist group. Over the last decade plus, Prequate has worked with 350+ businesses in 20+ industries across 25+ countries and has been covered by various publications for its breakthrough approach to advisory.

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Got questions?
[connect@prequate.in]

Want to understand what
Prequate can do for your Org?

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Head, *Engagement*
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