SPECIAL REPORT

What it takes to become a **CFO of a top-performing tech company**

Ledge

What's the path to becoming a CFO?

And how do you become a great CFO?

That's a tricky question to answer, especially given that no other position in the C-suite has changed so much in recent years as that of the Chief Financial Officer.

Especially in tech, the CFO role has needed to adapt to a rapidly shifting macroeconomic environment. After years of easy capital capped off by a "pandemic bubble," the tech sector experienced a dramatic turn in 2021.

Inflation, higher interest rates, and fears of a recession immediately hit tech companies' profits and share prices. The growth-at-all-costs mindset transformed into one of streamlining efficiency.

While the economy has rebounded, it's still an uncompromising market where businesses are expected to achieve and maintain sustainable, cash-positive growth.

In this challenging new reality, there is a crop of stellar tech companies, led by savvy and seasoned leaders, that have managed to succeed.

We took a closer look at the CFOs of the 100 best-performing medium to large publicly traded tech companies of 2023 and asked:

What's their background? What was their path to becoming CFO? Is there anything that we can learn from them? Here's what we found about the financial leaders that have played a major role in propelling their businesses toward success.

Key highlights about the CFOs of the 100 top-performing tech companies

- **30%** are first-time CFOs
- They had an average of **27 years** of experience before attaining their current role
- Nearly **50%** have a background as controller or accountant
- **22%** have a CPA
- They had an average of **18 years** of experience before attaining their first-ever CFO role
- **71%** were externally hired into their current role
- **21%** have investment banking experience
- **27%** are women, compared to **19%** in all Fortune and S&P 500 companies
- **66%** have an MBA, compared to **54%** in all Fortune and S&P 500 companies
- Of those with MBAs, **37%** earned it from an M7 school
- **36%** of all the CFOs come from 4 major financial institutions:
  - **13%** worked at PwC
  - **10%** worked at EY
  - **8%** worked at Morgan Stanley
  - **5%** worked at JP Morgan

The best-performing CFOs' first steps as CFOs

Ambitious finance professionals often wonder: how long does it take to become CFO for the first time? Are there any shortcuts to the financial C-suite? What experience or qualifications can increase your likelihood or ease the path?

Here's what we found based on the CFOs we analyzed:

- CFOs in the list were on average 39 years old when they attained their first-ever CFO role, at which point they had 18 years of experience
- 63% were hired externally into their first-ever CFO role
- Internally-promoted CFOs spent an average of 5 years at their company before attaining their CFO roles
- Controller is the second most popular breakthrough role to becoming CFO after VP Finance
- Being a controller accelerated the path to CFO by 2 years
- Having accounting experience increased the probability of internal promotion by 20% compared to external promotion

> *"Focus on getting the best experience possible versus chasing dollars.*
>
> Specifically, try to find great finance leaders and find a way to get a job working under them. The sooner you understand the true impact a world-class finance team can have on a business, the better. If you have never experienced this, you will never truly understand where you need to drive the finance team later in your career. When you get the job, volunteer for as many projects as possible. Build relationships with every department and with people throughout the organization. Later in your career, providing advice on marketing, sales, or operations will have more meaning if you have personal experience you can relate to. Ultimately, you will be making much more impactful decisions and recommendations."
>
> – Steven Taylor, CFO of Private Hospital and Aged Care Facility

Amongst the CFOs of the top 100 best-performing tech companies, **experience as a controller accelerated the path to CFO by 2 years.**

Our take:

It should come as no surprise that becoming a CFO takes time and experience. The individuals on our list became CFOs for the first time mid-way through their careers with nearly twenty years of experience under their belt.

While there are no easy or clear shortcuts, our analysis shows that having a background as an accountant or controller did accelerate the path amongst the professionals on our list.

Those with experience as a controller became CFO on average two years earlier than those without – that's 11% faster.

In addition, having accounting experience gave the CFOs on our list a leg up in terms of being internally promoted.

The path to becoming CFO at a top-performing public company

It's one thing to become a CFO; it's another thing to become a CFO of a top-performing publicly traded tech company. We took a closer look at the CFOs on the list to see what insights we could glean.

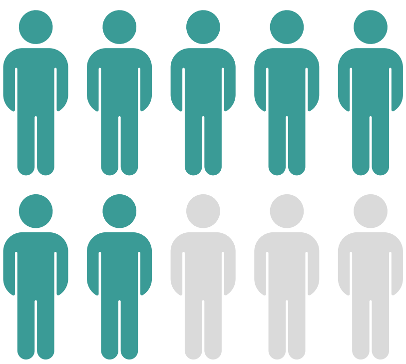
Here's what we found based on the CFOs we analyzed:

- CFOs in the list are on average 59 years old and had 27 years of experience before attaining their current role
- 70% of these CFOs have held a CFO title before and 30% are first-time CFOs
- 71% of these CFOs were externally hired into their current role

> *"I firmly believe every CFO should do a tour of duty in operations elsewhere in the org.*
>
> Not only does it help you better understand what a company sells, and the hurdles you jump over when building and selling something, but more importantly it forces you to develop empathy for people in other roles. Selling stuff is hard. Developing a product that didn't exist before is hard. A lot of that can get lost when you just look at historical results on a spreadsheet."
>
> – CJ Gustafson, CFO at PartsTech and writer of popular finance newsletter Mostly Metrics

71%

of the CFOs at the 100 best performing publicly traded tech companies were **externally hired** into their position



Our take:

The CFOs we analyzed are in the later stages of their career, with dozens of years of experience. This means, unsurprisingly, that the CFOs at the helm of the best-performing publicly traded tech companies are seasoned leaders, and there's simply no substitute for experience.

What is possibly surprising is that having prior experience as a CFO is not a prerequisite. Nearly one in three of the executives on this list are first-timers, having transitioned from various finance leadership roles ranging from accounting to investor relations.

Finally, this data shows that lateral career moves and cross-company experience matter. Most of these CFOs were hired externally into their current role, meaning they have a breadth of diverse experience, have seen how different companies operate, and usually have professional experience across multiple industries and scenarios.

Professional backgrounds of top-performing CFOs

Accounting or FP&A? Management consulting or investment banking? These are just some of the dichotomies often debated when considering the best path to becoming a CFO.

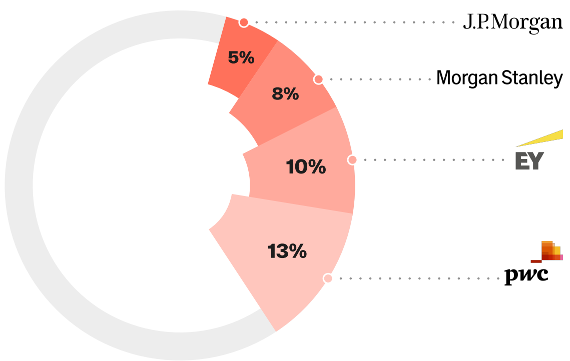
Here's what we found among the CFOs we analyzed:

- Nearly 50% have a background as controller or accountant
- 22% worked in an FP&A role
- 22% have a CPA
- 27% of included CFOs have public accounting experience
- 21% of included CFOs had investment banking experience
- 9% of the CFOs had management consulting experience
- 36% of all CFOs come from 4 major financial institutions
  - 13% worked at PwC
  - 10% worked at EY
  - 8% worked at Morgan Stanley
  - 5% worked at JP Morgan

> *"Everyone should have the finance skills. It's the secondary skills that separate you.*
>
> Focus on which of those gives you energy and become great at that. I challenge young accountants to focus on seeking out career opportunities that interest them and then work on their communication skills. Specifically, how do you communicate financial data to non-financial people within and outside an organization? There is no one path to the CFO seat, but more and more untraditional paths are finding their way into that seat. Don't be afraid to explore and take the 'long road.'"
>
> – Kurtis Hanni, CFO at Cowan Group Engineering and writer of the popular finance newsletter Frameworks & Finance

36%

of the **CFOs of the top-performing tech companies** come from 4 major financial instutions



Our take:

These CFOs come from a wide variety of financial backgrounds. Investment banking is nearly as common as public accounting, just as many of the CFOs have experience in FP&A as those who have a CPA, and having experience as a controller or accountant – once considered an absolute prerequisite for the CFO role – is evenly split 50-50.

Bottom line? There's no single professional path to becoming a CFO of a top-performing company.

Educational background & gender

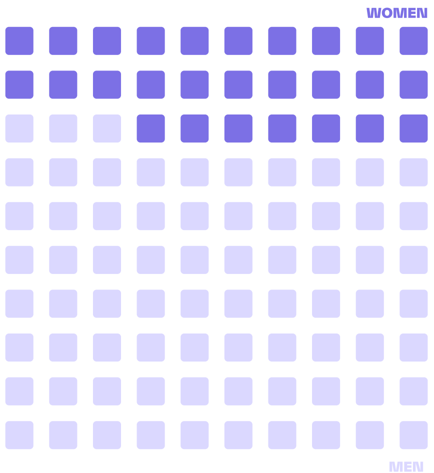
Finally, we analyzed the undergraduate and graduate backgrounds of the CFOs at these top-performing public tech companies as well as noted their gender.

Here's what we found based on the CFOs we analyzed:

- 27% are women, compared to 19% in all Fortune and S&P 500 companies
- 40% attended a top 25 US News & World Report school for their undergraduate degree
- 52% attended a public university for their undergraduate degree
- 11% attended an Ivy League university for their undergraduate degree
  - Of the Ivy League undergraduate alumni, over half attended the University of Pennsylvania
- 66% of included CFOs had an MBA and of those, 37% earned it from an M7 school

27%

of CFOs in the 100 top-performing tech companies **are women**, compared to 19% in all Fortune and S&P 500 companies



> *If you are starting out in finance, you must be detail-oriented.*
>
> Attention to detail is both art and science. You pick up the science early on and the art as you gain experience. Whether an analyst or CFO, details always matter. Technical skills are important early on but then you must transition to the communication phase. Distilling numbers into financial performance and then into a financial story that all in the organization can understand.
>
> – Ben Murray, former CFO and founder of The SaaS CFO and the SaaS academy

Our take:

In a world where non-formal education is becoming more important than ever for finance leaders, it appears that earning an MBA from a top program still matters and makes a difference for those reaching the highest ranks of top-performing public companies.

And while the CFO remains a largely male-dominated role, more than 1 in 4 of the CFOs in this group are women – that's 42% more than in all Fortune and S&P 500 companies, where less than 1 in 5 are women.

> "It's been interesting to see a trend back towards CFOs from a controlling background over the last couple of years.
>
> Boards tend to 'flee for safety' in tougher times. But fundamentally, there are more paths than ever to CFO, which is a good thing. For my first ever job, I was an entertainer at a children's play center, where I had to dress in a dinosaur costume. So if I can make it to the CFO chair, anyone can."
>
> – Secret CFO, creator of the popular newsletter CFO Secrets

There’s no singular path to becoming a great CFO, but they all have something in common

The path to CFO excellence in the tech world seems to be less about ticking specific boxes and more about embracing a multifaceted approach to leadership.

The leaders we analyzed have a mosaic of experiences, roles, and educational paths that brought them to where they are today, and if there’s one commonality, it’s that you need a background spanning different positions and sectors and a diverse skill set to succeed in today’s financial market.

The best financial leaders are the ones who have both intimate knowledge of how balance sheets come together and the ability to see the bigger picture and be a high-level, strategic thinker.

It’s not easy to achieve this balance, and now more than ever, CFOs need to leverage the right technology so that they can have clean books and crystal-clear visibility into their financial data and make strategic, informed decisions with agility and ease.

Today’s market demands a CFO who's not just all-weather but thrives in the storm, and that means being adaptable, diverse in experience, strategic in thinking, and savvy in leveraging the CFO tech stack.

Methodology

We compiled a comprehensive list of medium to large (market cap $2 billion - $200 billion) publicly traded tech companies and analyzed their revenue growth, EBITDA growth, and market performance in 2023.
These are the **100 top-performing companies:**

1. DocuSign
2. SMA Solar
3. Array Technologies
4. Getty Images
5. Squarespace
6. Marathon Digital
7. Vertiv
8. Palo Alto Networks
9. Affirm
10. Super Micro Computer
11. Applovin
12. Trade Desk
13. Global Business Travel Group
14. Duolingo
15. Samsara
16. First Solar
17. Five9
18. Paymentus
19. Block
20. Ionq
21. CrowdStrike
22. MicroStrategy
23. Zscaler
24. monday.com
25. Ceridian HCM
26. Shopify
27. Workday
28. Nutanix
29. Celestica
30. Itron
31. ServiceNow
32. MongoDB
33. Cloudflare
34. Xero
35. Fastly
36. Palantir
37. AppFolio
38. Rapid7
39. Grab
40. Altair Engineering
41. HubSpot
42. WiseTech Global
43. Wix
44. Paycor
45. Shift4 Payments
46. Guidewire
47. C3.ai
48. UiPath
49. SentinelOne
50. LiveRamp
51. DigitalOcean
52. Manhattan Associates
53. FICO
54. Constellation Software
55. Braze
56. Vertex
57. Spotify
58. Twilio
59. Clear Secure
60. InterDigital
61. Robinhood
62. Open Text
63. Remitly
64. DoubleVerify
65. Unity Software
66. Intapp
67. Asana
68. ePlus
69. Upwork
70. Dynatrace
71. Varonis
72. Aixtron
73. Qualys
74. Take-Two Interactive Software
75. EngageSmart
76. Rexel
77. GitLab
78. Freshworks
79. CyberArk
80. Procore Technologies
81. Paylocity
82. Alkami Technology
83. Smartsheet
84. Splunk
85. Parsons Corporation
86. AvidXchange
87. Intuit
88. Fortinet
89. Lightspeed Commerce
90. Flywire
91. Allegro Microsystems
92. AspenTech
93. Entegris
94. Gen Digital
95. Hubbell
96. Informatica
97. Rambus
98. Synopys
99. Yelp
100. Okta

We then examined the backgrounds of the CFOs of these companies, including professional background, experience, education, and demographics using publicly available sources.