

How Many Employees Do You Really Need?

Finding Your Finance Function's Sweet Spot



Is Your Finance Department Optimally Staffed?

It's a common question, especially as companies scale and consider significant milestones, like an IPO. The right-sized team is crucial for smooth operations, accurate reporting, and strategic financial planning.

But how do you determine the right size for your organization? Connor Group answers this question through years of experience and analyzing data from over 270 clients across 23 diverse industries. This client population includes a mix of private and public companies, ranging from pre-revenue to over \$7 billion in annual revenue.

The following analysis provides multiple key data points to consider when determining the size of your team. Putting it all together will require a more complex analysis, and we are here to help.

Headcount - A Strategy for Growth

Company size, as measured by total headcount and revenue, plays a crucial role when determining staff size. The volume of financial transactions and the complexity of financial operations typically increase in tandem with a company's growth. As a result, the headcount in finance departments usually increases as the company builds.

Total Company Headcount	Average Finance Headcount	Average Third-Party Headcount
1-499 Employees	13	1.5
500-999 Employees	21	2
1000-4999 Employees	37	2.5
More than 5000 Employees	41	3

The expanding scale and complexity of operations drive an increase in the number of staff. Larger organizations often have a higher volume and complexity of transactions. This necessitates increased support for departments and employees, particularly in areas like enhanced real-time financial reporting and analysis. They



may face stricter regulatory requirements, such as SOX. As the business expands, the volume, complexity, and strategic importance of financial management and oversight grow proportionately, necessitating a corresponding increase in resources and expertise.

Company Stage Influences Finance Team Size

Another significant factor in determining staffing needs is whether a company is public or private. Public companies, and those gearing up for an IPO, typically require a larger finance function to meet the increased demands of financial reporting, internal controls (including SOX compliance), and overall regulatory scrutiny.

Our data shows that private companies across industries average 13 full-time finance employees while public companies average 26.

This difference reflects increased financial reporting complexities and compliance requirements for public market operations. Depending on the existing team structure, clients hire more employees 6-12 months before a public event to address skill and capability gaps, financial reporting, and compliance requirements.

Finance Function	Private Companies	Public Companies
Finance & Accounting (incl. CFO)	8.5	16
Tax	0.5	2
FP&A	2.5	5
Third-party Support	1.5	3
Average	13	26

Some of these new roles generally include:

- SEC reporting
- Investor relations
- Increased technical accounting support
- Internal control design and execution
- Additional support for GL accounting and performing the month-end close process

Revenue Growth Increases Staffing Needs

Revenue tells a similar story. As a company generates more revenue, its financial operations generally become more challenging, requiring additional resources to manage increased transaction volume, reporting requirements, and financial analysis.

Our data clearly illustrates this correlation:

Total Company Revenue	Average Finance Headcount	Average Third-Party Headcount
\$0 - \$49 Million	8	1.5
\$50 - \$249 Million	16	1.5
\$250 - \$999 Million	31	5
More than \$1 Billion	44	4

This direct relationship between revenue growth and finance department size emphasizes the need for businesses to plan proactively for staffing requirements as they scale.

Staffing Dynamics Across Industries

Industry also impacts staffing needs. Companies in tech and software/SaaS, often characterized by streamlined operations, tend to have leaner finance teams averaging 14 - 15 full-time employees. In contrast, industries like retail, consumer products, and manufacturing, which deal with inventory, costing, and complex supply chains, require larger teams - averaging 17 -20 full-time employees.

The biotech industry presents a unique set of considerations. Headcount is often heavily influenced by stages of drug development, specifically the number of drugs in clinical trials and whether the company is generating revenue from marketed products. Pre-revenue biotech companies with multiple drugs in development may require significant resources to manage research and development expenses, clinical trial costs, and complex funding structures. At the same time, those with approved products may need more staff to handle sales, marketing, and manufacturing accounting.



Five Other Considerations

Beyond company size, growth stage, and industry specifics, several operational and strategic choices significantly impact the ideal finance department headcount.

1. Third-Party Support and Strategic Sourcing

Companies frequently supplement their in-house teams by engaging third-party experts to help address skill and capability gaps of finance teams, especially in specialized accounting areas (particularly regarding complex standards like ASC 606, 805, and 842), managed services (bookkeeping and financial statement preparation), tax, internal control support, and FP&A. In fact, 41% of our clients leverage technical accounting experts annually, and 23% use managed services to supplement their team's bandwidth.

Effective use of third-party providers can allow for a lean internal core team focused on strategic oversight and core competencies rather than hiring full-time specialists for occasional highly niche needs.

2. Decentralized Operations

Companies with finance operations across multiple domestic or international locations often experience upward pressure on headcount. Each location might require some level of local finance support for transaction processing, local compliance, and reporting – leading to a degree of role duplication compared to a centralized model. Managing and consolidating information from disparate finance teams may increase the complexity of intercompany transactions and require additional effort to consolidate at the group level.

3. Mergers and Acquisitions (M&A) Activity

If a company typically grows through acquisition, post-acquisition integration often requires a temporary or sustained increase in finance headcount. There is usually a need to merge disparate financial systems such as Enterprise Resource Planning (ERP) and reporting tools, standardize accounting policies, and align reporting processes. Many companies run parallel processes in the short term, as integration requires significant investment in time and resources.

M&A activity typically leads to a higher finance headcount to manage the integration workload – at least in the short term. Over time, successful integration leads to headcount optimization.



4. Company Culture

Overall, company culture influences many decisions related to technology adoption, process improvement, investment in talent, and the willingness to use external support. These directly or indirectly affect the size and structure of finance departments. Finding the right balance for your finance function is not a one-size-fits-all solution; it is a strategic decision influenced by a company's unique circumstances.

5. Technology and Automation

Finance departments with several manual tasks – such as extensive use of spreadsheets for core processes, manual data entry, and paper-based approvals – inherently require a larger headcount to manage workloads. This increase in human intervention also increases the risk of errors and inefficiencies.

A well-implemented and robust ERP system can streamline many financial processes (e.g., order-to-cash, procure-to-pay, record-to-report), provide better data visibility, and support more efficient workflows – potentially enabling a leaner team. A modern, well-utilized, and integrated tech stack (including robotics and Artificial Intelligence (AI)) generally supports greater efficiency and can facilitate a more optimized finance headcount.



Artificial Intelligence and the Future of Finance Headcount

AI is changing how companies think about finance staffing. Beyond automating routine tasks, it's now handling areas that once relied on professional judgment like forecasting, risk assessment, reconciliations, and management reporting. This means organizations may need fewer people for traditional tasks, but the focus shifts to the skills and capabilities of the team.

Finance leaders will increasingly look for professionals who combine financial expertise with data and technology skills, capable of interpreting and challenging AI insights. This allows for smaller, more strategic teams, where AI boosts efficiency and drives higher-value work. Over time, the key question won't be "how many

people do we need?” but “what’s the right mix of humans and AI?” Companies that get this balance right can reduce costs while improving decision-making, agility, and resilience.

What Companies Should Do Now

Start by evaluating where AI can add the most value - transactional work, forecasting, analytics, or compliance - and create a roadmap that balances quick wins with longer-term transformation.

Finance teams will also need stronger data and technology skills. Upskilling, redefining roles, and redesigning responsibilities to work alongside AI will help teams stay lean, strategic, and insight driven. Acting now positions finance to be more efficient, agile, and impactful.

Connor Group specializes in helping finance functions of all sizes achieve peak performance. Our growth assessment meticulously lays out your current people, processes, systems, and controls landscape to provide a clear, actionable roadmap. We collaborate with you to define your goals and deliver tailored recommendations on how to get there, ensuring your finance team is ready to drive and support your company’s success.



About Connor Group

Connor Group is built for breakthroughs.

We're a professional services firm focused on the most critical opportunities and challenges facing ambitious companies. We're leaders in accounting, compliance, M&A, IPOs, and digital solutions, including strategy, selection, implementation, automation, analytics, and AI. Serving the offices of the CFO, CIO/CTO, and CHRO, we're trusted by over 2,000 of the most exciting brands on earth to deliver results that last.

Founded in 2006, Connor Group quickly became the leading IPO advisory firm. Helping over 250 companies go public built our pragmatic, delivery-oriented approach and \$3.3 trillion in client valuation. It also created elite-level pattern recognition and listening skills to identify problems quickly and solve them efficiently.

The majority of Connor Group has industry experience. We know how to get things done. Our expert teams are fluent in function, technology, and world-class communication. Unlike others, we're independently owned and fully in control of how we deliver. We never compromise on quality.

Neither should you.

connorgp.com

For more information please contact:



Puneet Ishpujani

Connor Group
Partner, Transformation and Risk Leader
Email: Puneet.Ishpujani@connorgp.com



Abbi Bravi

Connor Group
Director, Fin Ops
Email: Abbi.Bravi@connorgp.com

