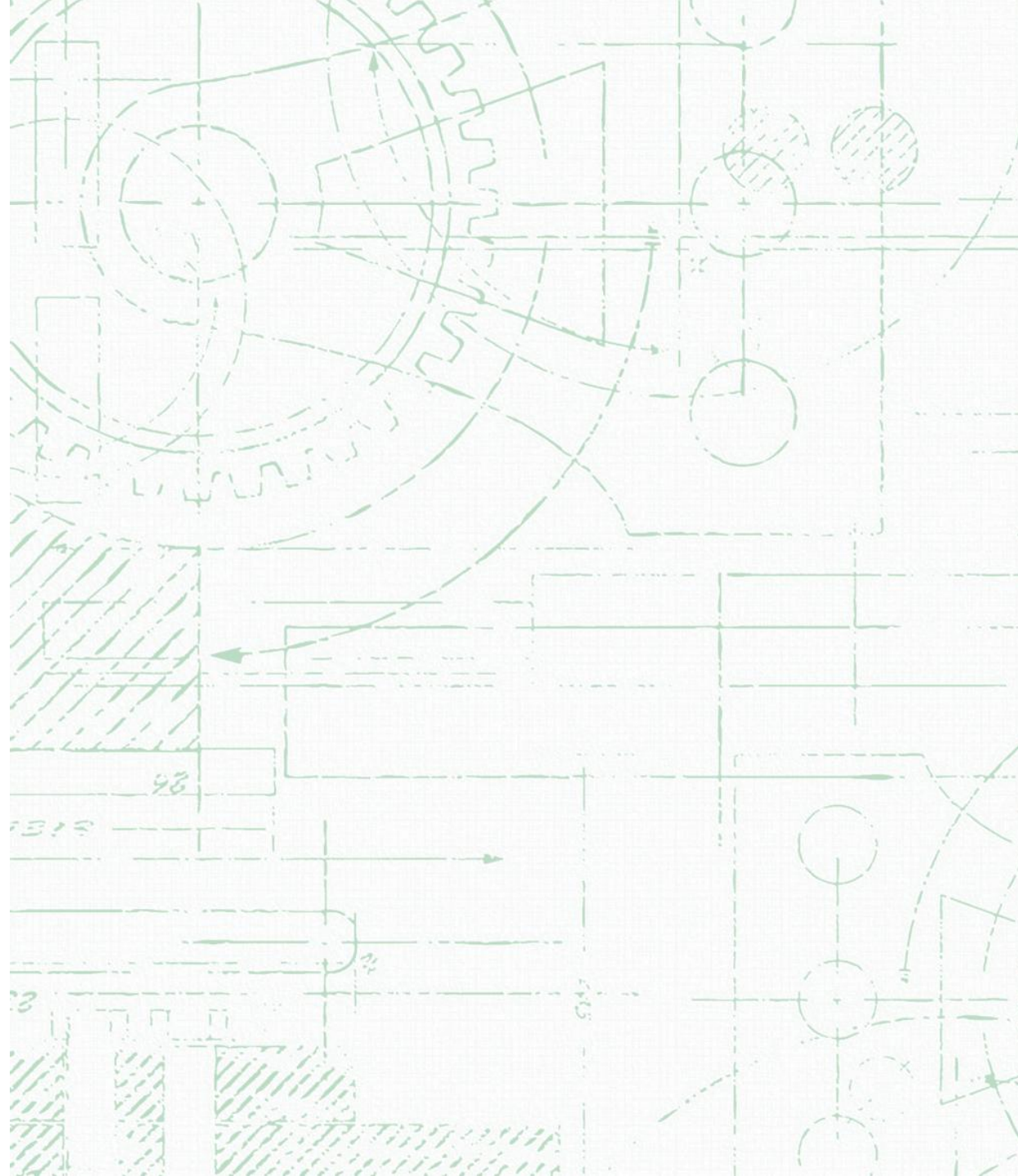


Finance Leadership: A Hiring Blueprint

Finance leadership trends from company inception to IPO

June 2022

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Introduction

ICONIQ Growth Leadership Analytics

Executive hiring is the final frontier within the modern organization that is yet to benefit from the proliferation of data. Despite having data to guide nearly every other business decision – and despite the criticality of executive hiring decisions – CEOs and Founders have heretofore been forced to rely on anecdotal guidance.

ICONIQ Growth set out to change that.

Determined to help de-risk hiring decisions by empowering CEOs and Founders with data, we are studying every leadership hire between Founding and IPO at dozens of high-caliber SaaS companies. We segment each hiring decision by growth stage in order to deliver hyper-relevant insights.

The result is a series of **first-of-their-kind playbooks** that help guide decision-making across the entire private company lifecycle – whether you are making your first leadership hire or evaluating the skillsets needed to adeptly enter the public markets.

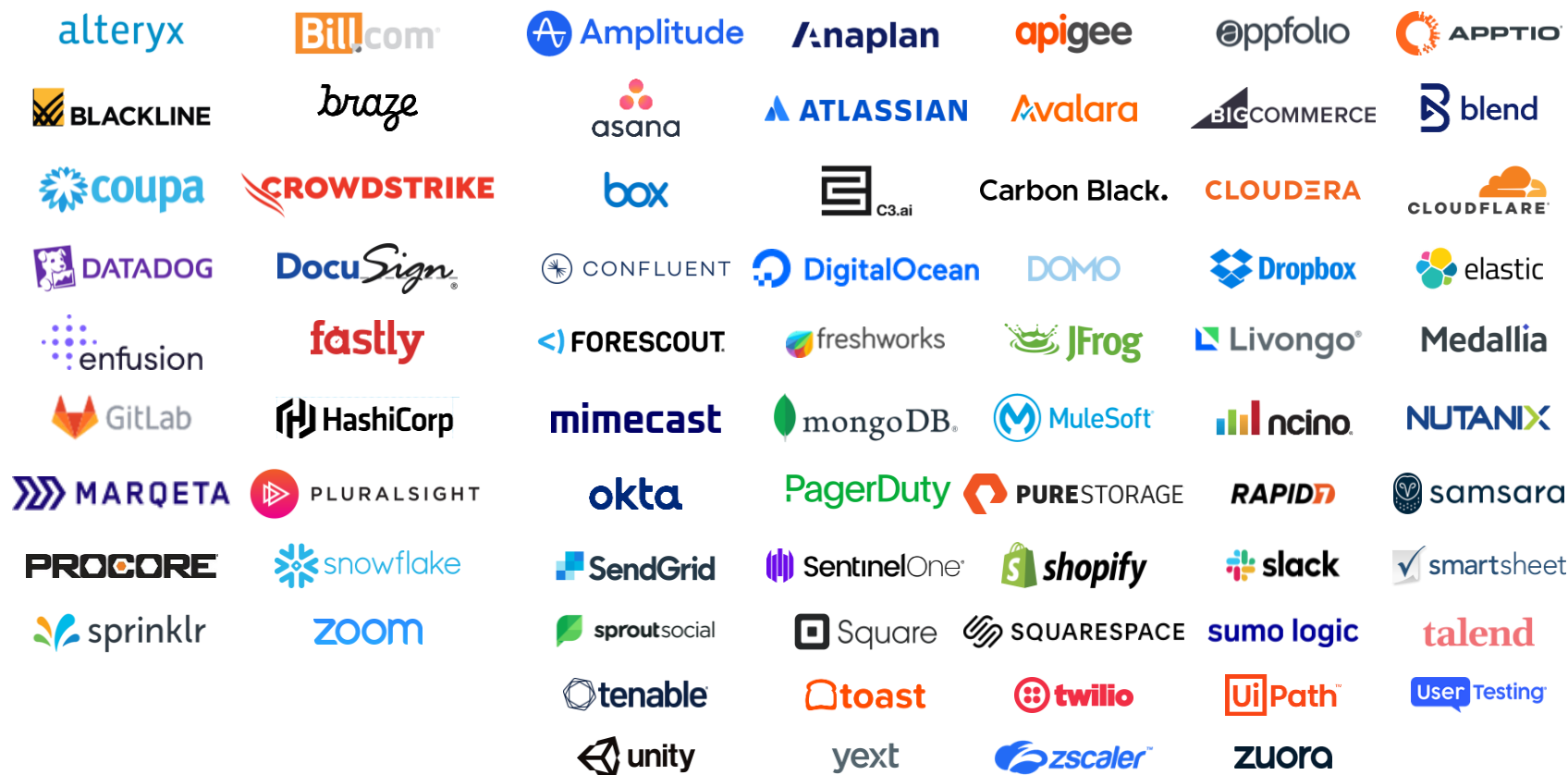
We hope this analysis, which examines the backgrounds of Finance executives at companies from \$0M ARR to IPO, serves as a north star as you build and scale your leadership team.

The Dataset

We studied every Head of Finance (n = 175) hired at these 72 B2B SaaS companies from the day they were founded to the day they went public, capturing the entire private company lifecycle:

ICONIQ Growth Portfolio Companies^{1,2}

Other Companies²



We defined “Head of Finance” as the senior-most executive responsible for the finance organization (aside from the CEO), agnostic of title. This includes *CFO, Head of Finance, (E)(S)VP Finance* and others, depending on organizational structure and titling conventions at each company. Throughout this analysis, we use “Head of Finance” as a catchall term.

Interim and fractional CFOs are excluded. Background trends analysis excludes co-founders serving as CFO.

Company Inclusion Criteria:

- SaaS business model
- Went public 2015-2021 via IPO or Direct Listing
- Raised venture capital prior to going public
- US-based (exception: Shopify)

(1) Includes fully realized investments. (2) Includes companies that have been de-listed. Please see full list of ICONIQ Growth Portfolio companies at the end of the presentation. Some data is collected from LinkedIn profiles and relies on the accuracy and completion thereof.

Executive Summary

Early Stage: \$0M-\$20M ARR
Early Growth Stage: \$20M-\$50M ARR
Growth Stage: \$50M-\$100M ARR
Late Growth Stage: \$100M ARR to IPO

1

Hire for your stage: Someone may be a fantastic CFO, but not the right CFO for your stage. >75% of the companies we studied had multiple Heads of Finance whose respective skillsets aligned with the company's operational needs at that time (i.e., private company experience with "stage affinity" for early stage companies; public company experience for later stage companies). Hiring someone overqualified for an early stage company (i.e., public company CFO) did not confer any advantages in terms of tenure or misfire rates, so do not needlessly prolong your search by looking for the needle in the haystack.

2

Proactively level up: ~40% of the CFOs in this study were "layered," or moved to a different role internally to make room for a new CFO. This does not mean they were performing poorly – but rather that someone else was better equipped to handle the organization's next chapter. While asking someone to move from CFO to VP Finance is never an easy conversation, do not wait until your current functional leader has "scaled out" to begin an executive search. CFO searches can take >6 months, plus ramping/onboarding time. Make difficult decisions proactively.

3

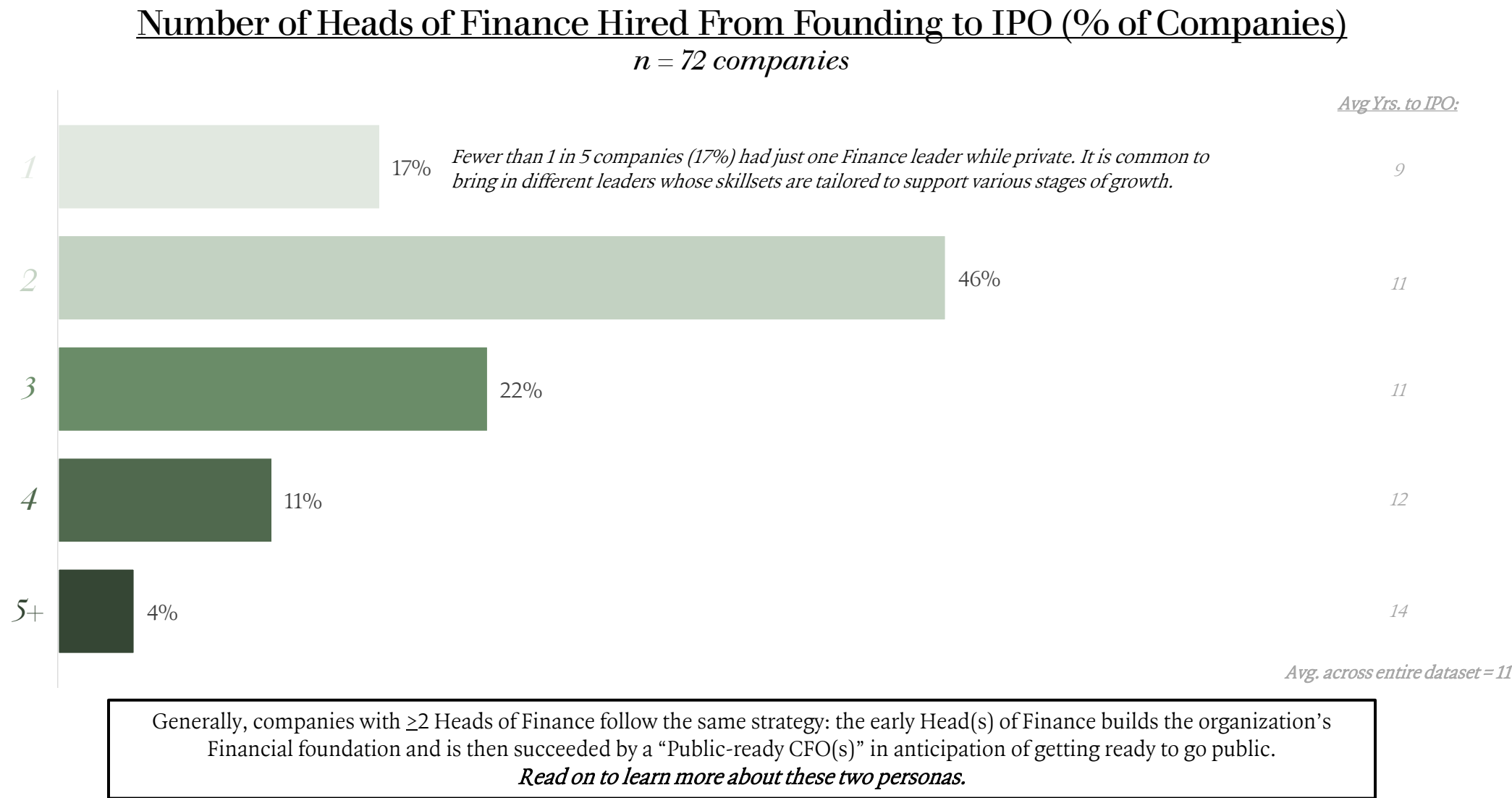
Choose the right skills: Both "Foundation Builders" and "Public-ready CFOs" are becoming increasingly well-rounded, zigzagging across what were once thought to be singular swim lanes. Early stage companies should seek out Heads of Finance from Technical or Operational backgrounds – or both – rather than those from Transactional backgrounds. Later stage companies should seek out Operational backgrounds, especially once nearing an IPO. 88% of CFOs at IPO had an Operational background in 2021, representing the second consecutive YoY increase.

4

Hone your requirements: Later-stage companies should optimize for prior public (SaaS) company CFO experience (~67% of CFO hires >\$50M ARR checked this box). If not possible to land a prior public company CFO, the next best alternative is a public company (S)VP (ideally someone who reported directly into the CFO) – not a private company CFO. This is because Finance leadership at a public vs. private company requires a different skillset, and there is a meaningful level of risk that arises when asking someone to learn this for the first time on the job. However, nearly 70% of CFOs who took a company public had not been part of an IPO before, so focus on prior public company experience but do not over-index on whether they were there to ring the opening bell.

Finance Hiring Overview

As a high-growth SaaS company, you can expect to hire 2-3 Heads of Finance/CFOs between founding and IPO.



Note: This page, and all subsequent pages, include only FTEs; fractional/interim CFOs excluded.

Finance Hiring Strategy

The most common approach to Head of Finance hiring is to recruit an early leader who builds the financial infrastructure for your organization and is then succeeded by a “Public-ready CFO” as the business matures.

Recommended Approach to Head of Finance Hiring

76% of companies

The Foundation Builder(s)

Initial infrastructure builder(s), generally hired <\$50M ARR

The Public-ready CFO(s)

Later-stage executive(s), generally hired >\$50M ARR

Depending on various factors (e.g., cultural or operational misfires, personal circumstances, etc.) you may have two or more Heads of Finance in each of these categories.

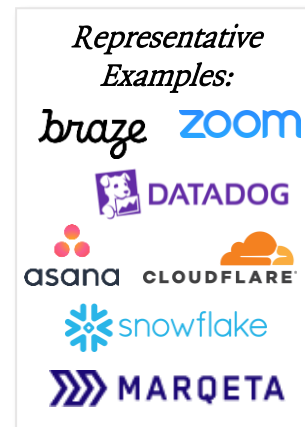
Foundation Builders...

- Implement scalable Finance and Accounting infrastructure
- Establish budgeting and forecasting processes
- Create rigorous financial reporting cadence across key business metrics
- Effectively manage liquidity and resource allocation; manage burn across all aspects of the business (including headcount planning and human capital spend)
- Lead company through first financial audits

Public-ready CFOs...

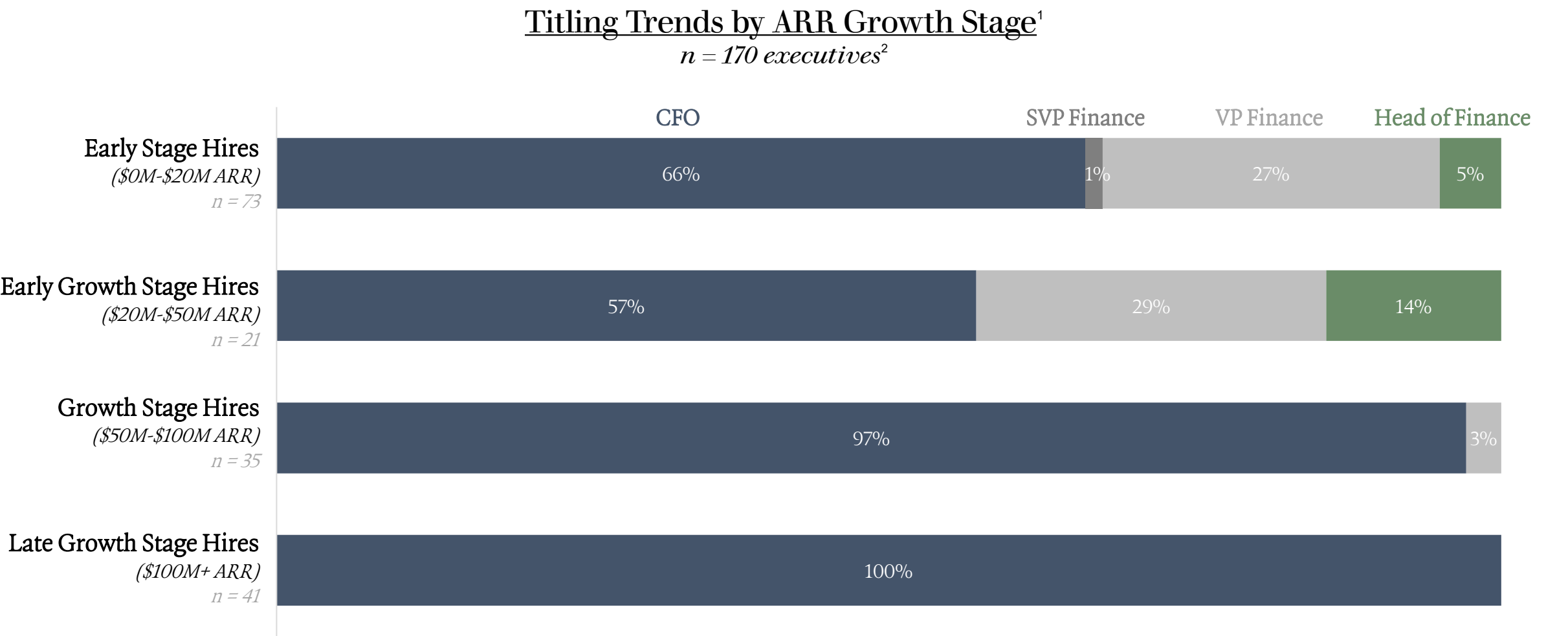
- ... Do everything on the Foundation Builder list, plus:
- Hold other functions accountable for predictability; develop organizational discipline to meet forecasts while maintaining operational efficiency
- Earn the confidence of public investors and analysts (often leveraging personal credibility built previously)
- Execute effectively in a high-risk, tightly regulated environment in which there are material consequences for missteps

Deviating from this approach can lead to a mismatch between a CFO's skillset and the operational needs of the business.
Just because someone is a fantastic CFO does not mean they are the right CFO for your stage.



Titling

CFO titles are virtually ubiquitous among late-stage Finance leaders, while roughly 1 in 3 Foundation Builders have a “(S)VP Finance” or “Head of Finance” title.



(1) Stages defined by ICONIQ and approximated using a variety of metrics.
(2) Excludes co-founders serving as CFO.

Finance Backgrounds: Primer

As we explore “Foundation Builders” and “Public-ready CFOs,” the following slides will refer to these three Finance backgrounds:

1

Technical Finance: Finance professionals with a background in audit, accounting, tax (either in-house, at “Big 4” firms, or at boutique firms), controllers, or Chief Accounting Officers. Most have held a CPA at some point in their careers.

2

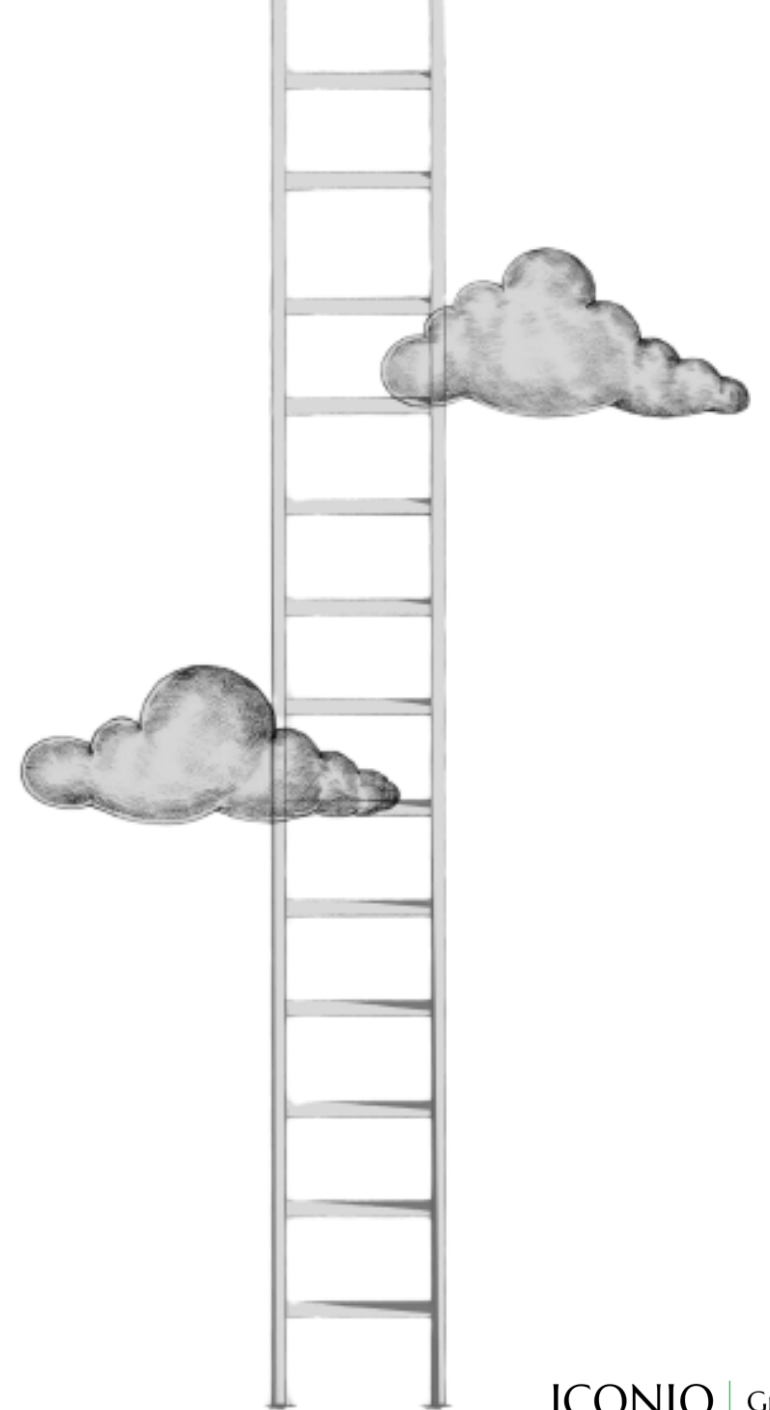
Operational Finance: Finance professionals with backgrounds in FP&A, strategic finance, corporate finance, divisional or regional CFO roles, or COO roles with a finance component. Leaders who are “operational by default” – or who have gained operational finance experience only through CFO roles – are excluded.

3

Transactional Finance: Finance professionals with backgrounds in investment banking, equity research, corporate development/M&A, venture capital/private equity, treasury, investor relations, or other externally-oriented domains that generally pertain to accessing the capital markets.

The Foundation Builder

Skip ahead to our findings on Public-ready CFOs by clicking [here](#).



Timing (1 of 2)

82% of companies hire their first Finance executive before reaching \$20M ARR. On average, the first Head of Finance joins 4 years after founding.

ARR Scale at Time of First Finance Executive Hire

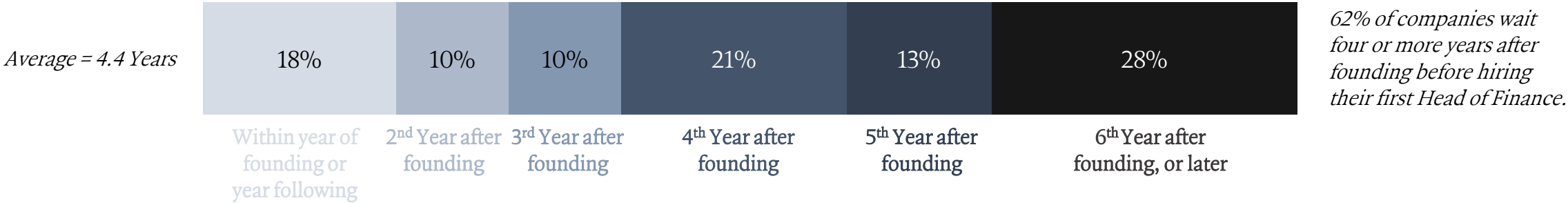
n = 68 companies¹



While we do not have full visibility into every company’s ARR history, we estimate that most of these hires took place in the \$10-20M ARR range, vs. \$0-10M.

Company Age at Time of First Finance Executive Hire (Years After Founding)

n = 68 companies¹



(1) Excludes co-founders serving as CFO.

Timing (2 of 2)

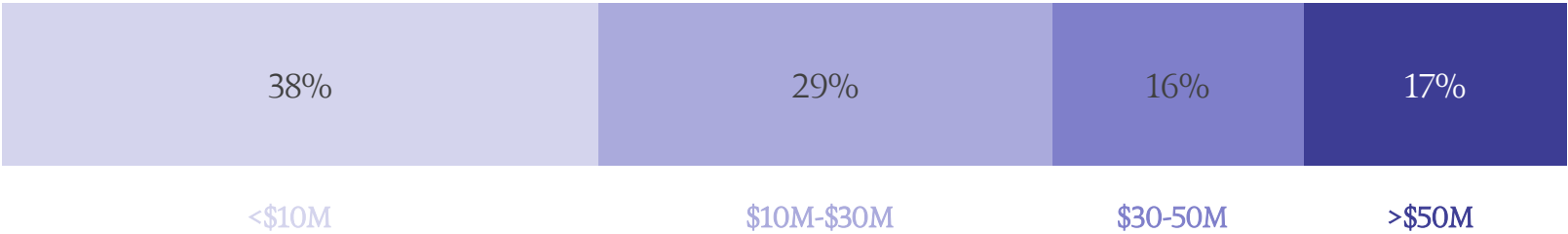
56% of companies hire their first Head of Finance after the Series A or Series B, and 83% of companies have this role in place by the time they raise \$50M.

Fundraising Round¹ at Time of First Finance Executive Hire *n = 66 companies²*

First Head of Finance Hired After...



Primary Invested Capital¹ at Time of First Finance Executive Hire *n = 66 companies²*



83% of companies hired a Head of Finance before raising more than \$50M, demonstrating the importance of having financial leadership before raising significant capital.

(1) Data per PitchBook. Fundraising announcements assumed to be 2 months delayed. Round names and sizes have changed meaningfully over time, so this data may not be reflective of current trends.
(2) Excludes co-founders serving as first CFO and companies with incomplete fundraising history available.

Foundation Builders: Leadership Experience

CEOs hiring a Foundation Builder should remove “public company CFO” from the list of ideal characteristics. Hiring a prior public company CFO at this stage is not common and not necessarily advantageous.

Leadership Experience: All Head of Finance/CFO Hires¹ Made <\$50M ARR

n = 86



Hiring a prior **public company CFO** before \$50M ARR is **uncommon**: just 14% of companies hired someone with this qualification, likely because it can be difficult to attract (and afford) this type of candidate before reaching significant scale.

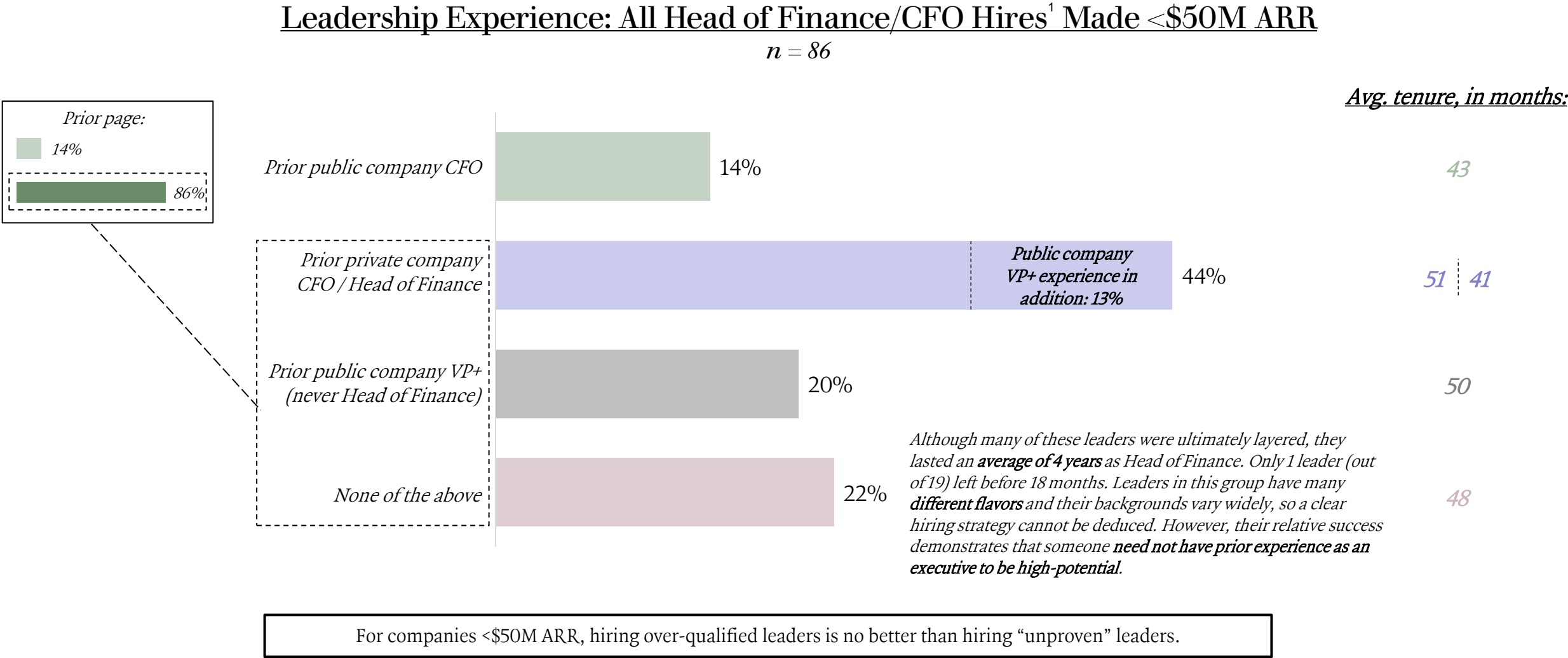
Companies that *did* hire this profile found that it was **not necessarily advantageous**. Only 3/12 (25%) of these leaders made it to IPO, meaning that 75% of these companies still needed to re-recruit for this role. It is important to note that all 3 of the CFOs who made it to IPO **succeeded a prior “Foundation Builder,”** demonstrating that this hiring strategy is best deployed after a solid financial foundation has been laid.

Removing the 3 CFOs who made it to IPO, the average tenure among this group is just **27 months** – **meaningfully lower** than those without public company CFO experience (48 months), demonstrating that those without this qualification can find long-term success. Companies that hired this background early on likely burned meaningful equity to hire someone whose skillset was not tailored to their operational needs at the time.

(1) External hires only (excludes co-founders, internal hires). Excludes leaders with a deleted or incomplete LinkedIn.
Note: may not have been sitting public co. CFO at time of hire; was not necessarily most recent role.

Foundation Builders: Leadership Experience

Hiring “unproven” (first-time) Heads of Finance appears to deliver similar outcomes to hiring private company Heads of Finance or public company VP+’s.

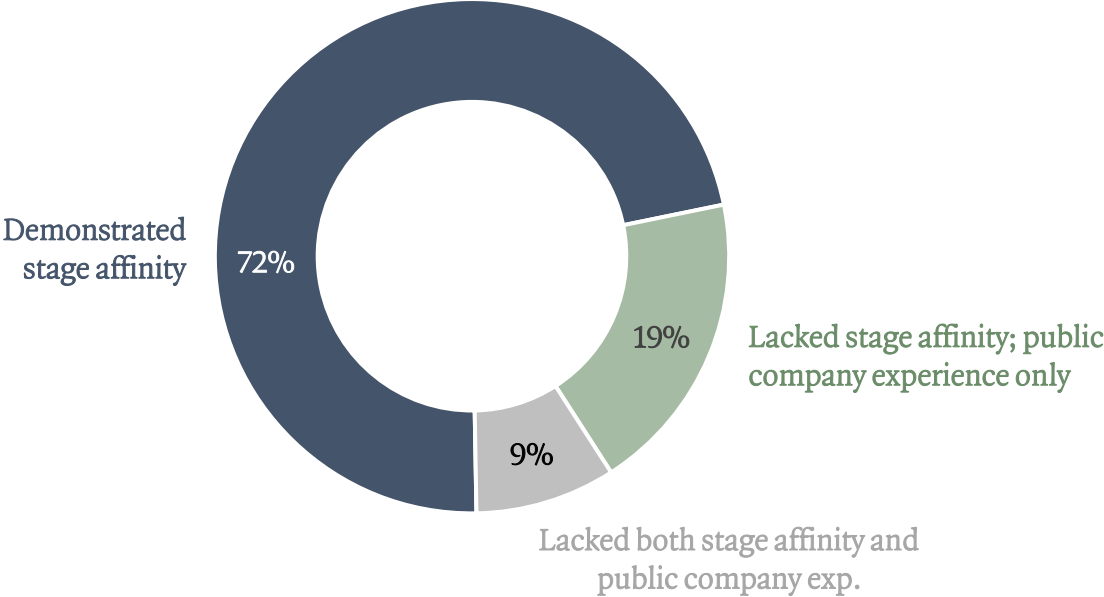


(1) External hires only (excludes co-founders, internal hires). Excludes leaders with a deleted or incomplete LinkedIn.

Foundation Builders: Stage Affinity

72% of companies hired at least one Head of Finance before \$50M ARR with stage affinity.

Companies that Hired (*at least one*) Foundation Builder with Stage Affinity
n = 68 companies¹



A candidate is said to have *stage affinity* when they have spent time working in Finance (at any level) at a startup that was around the same stage as the one they are looking to join. Having “*seen the movie before*” is an important qualification because these leaders have generally:

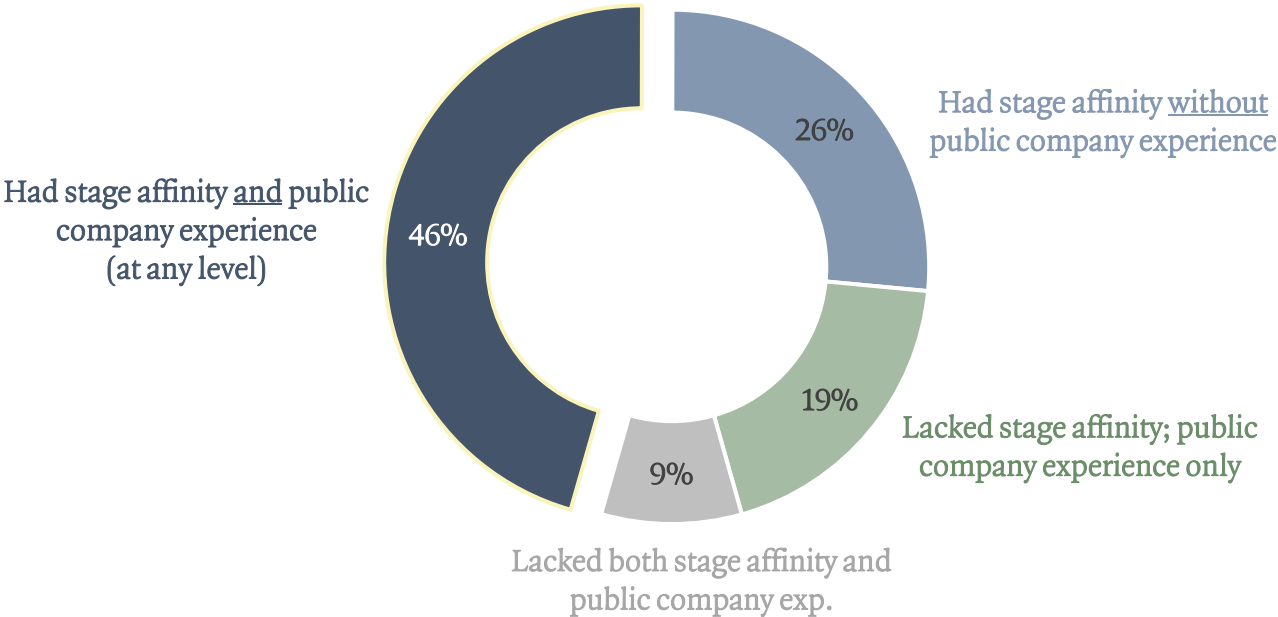
- ✓ Operated in a *resource-constrained, high-growth* environment (which may not be the case for those with only public company experience)
- ✓ Developed a “roll up sleeves” or “*builder*” *mentality*, having helped put Financial infrastructure in place previously
- ✓ Already *experienced the challenges* that rapidly scaling companies face
- ✓ Demonstrated they can operate in a *similar environment* (thus de-risking the hiring decision)

(1) Excludes companies that did not make a Head of Finance hire before \$50M ARR.

Foundation Builders: Stage Affinity + Public Company Experience

Most Finance leaders with stage affinity also had public company experience.

Companies that Hired (*at least one*) Foundation Builder with Stage Affinity
n = 68 companies¹



Stage affinity coupled with public company experience is a particularly powerful combination because it affords exposure to both a similar environment to the company the candidate is joining and an environment with likely greater process discipline, financial rigor, and exposure to best practices.
Note: public company experience includes Finance roles across a variety of levels and does not refer exclusively to CFO roles.

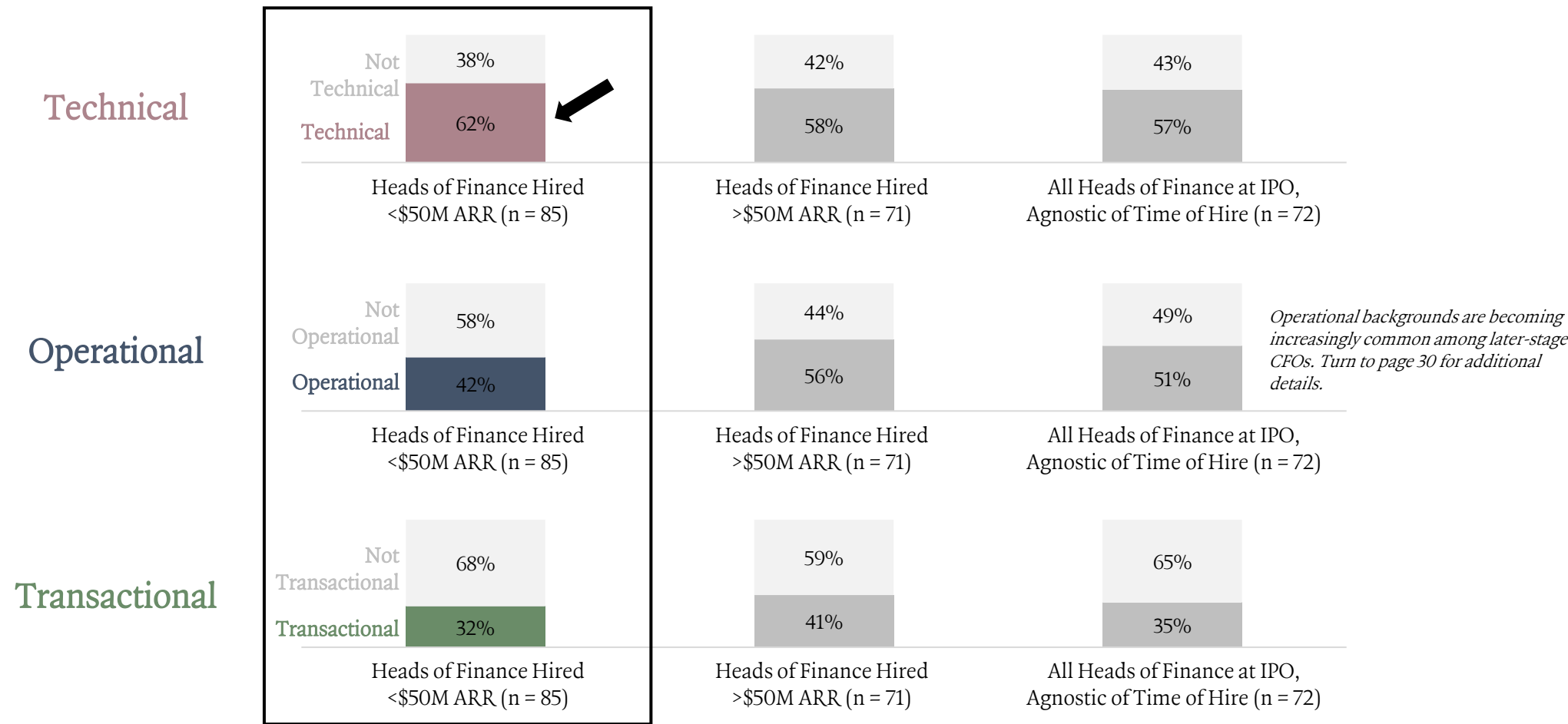
(1) Excludes companies that did not make a Head of Finance hire before \$50M ARR.
Note: Stage affinity and public company experience can apply even if not Head of Finance.

Foundation Builders: Technical Backgrounds

Technical backgrounds are the most common among early Head of Finance hires, with 62% of executives demonstrating this skillset.

Backgrounds of Heads of Finance by Stage of Hire

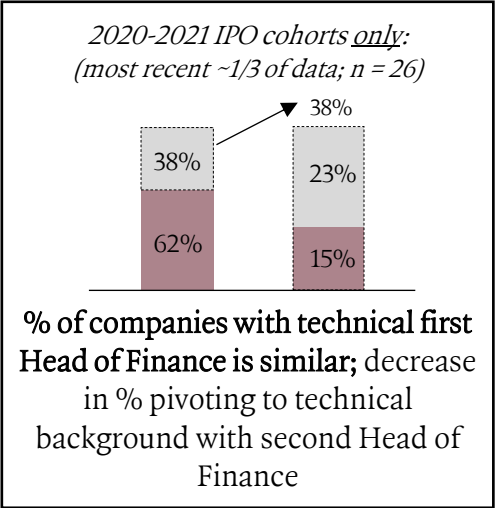
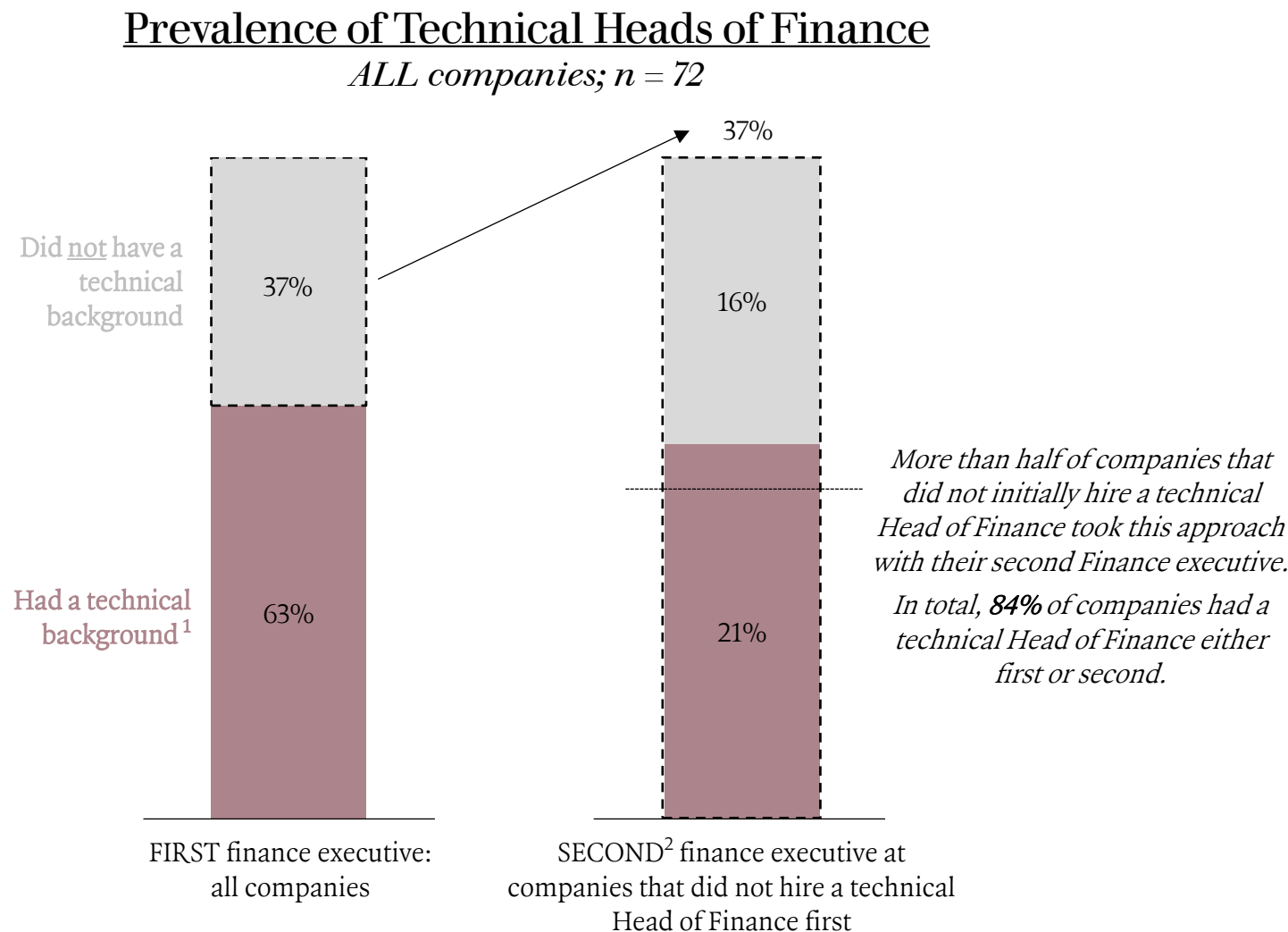
Executives can be counted across multiple categories



Note: backgrounds may be under-reported due to incompleteness of LinkedIn profiles. Companies double-counted if they made >1 hire in a stage.

Foundation Builders: Technical Backgrounds

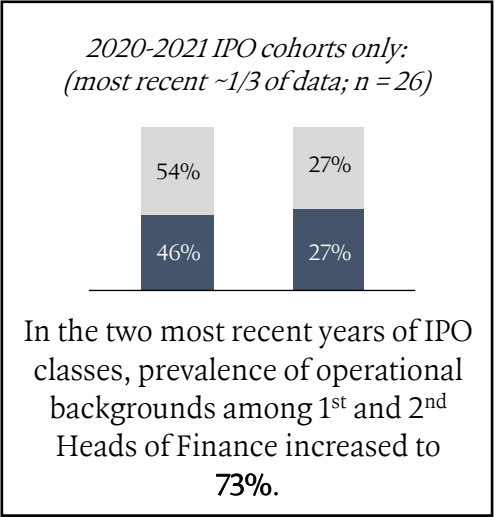
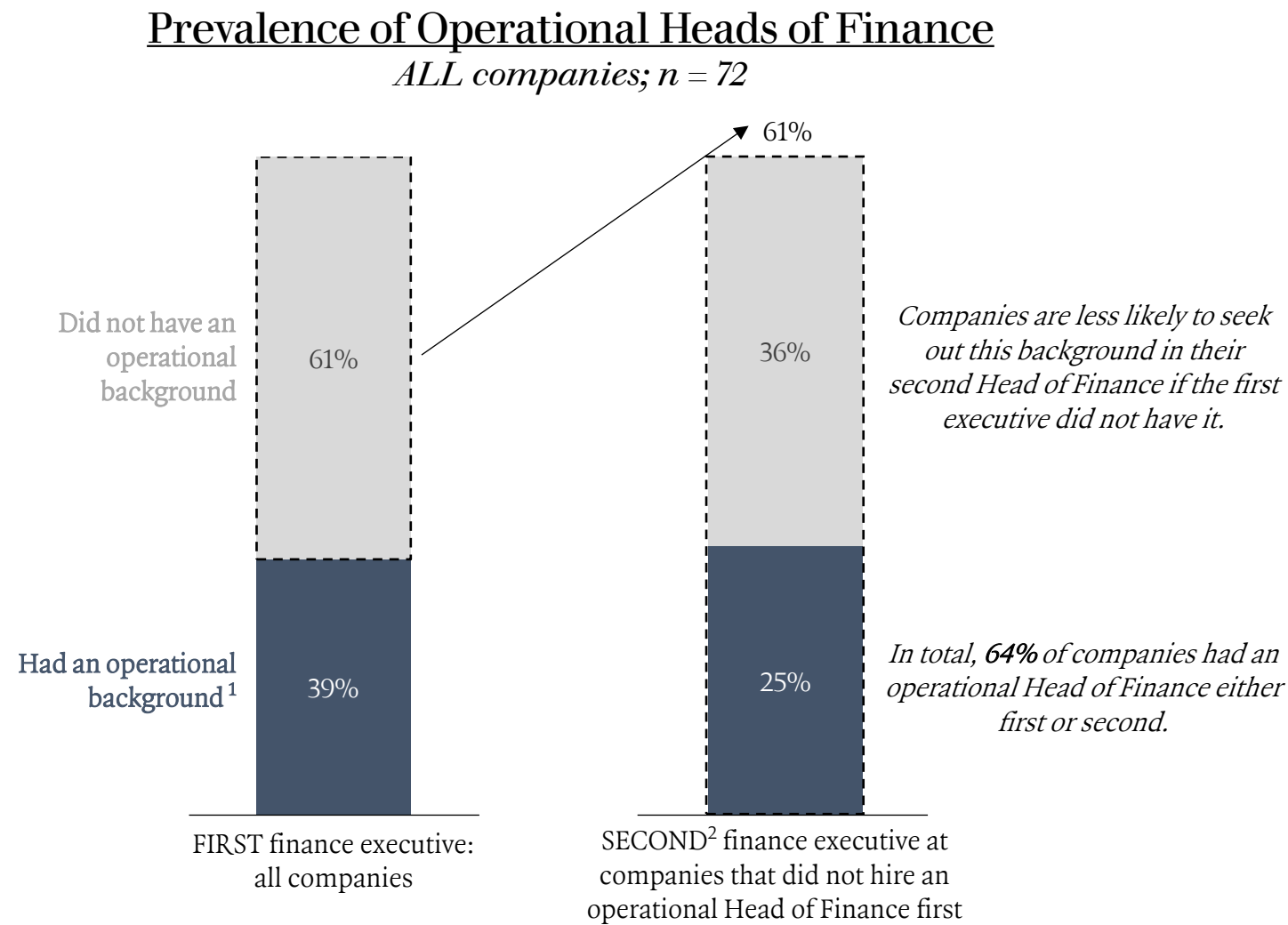
Companies that do not hire a technical Head of Finance first often wind up “course correcting” this decision with their second Head of Finance, resulting in 84% of companies hiring someone with this profile within their first two functional leaders.



(1) May have had Operational and/or Transactional background in addition.
(2) Some of these 'second' leaders were hired >\$50M ARR and would not be considered Foundation Builders. However, holistically, these statistics demonstrate the importance of establishing a strong technical foundation.

Foundation Builders: Operational Backgrounds

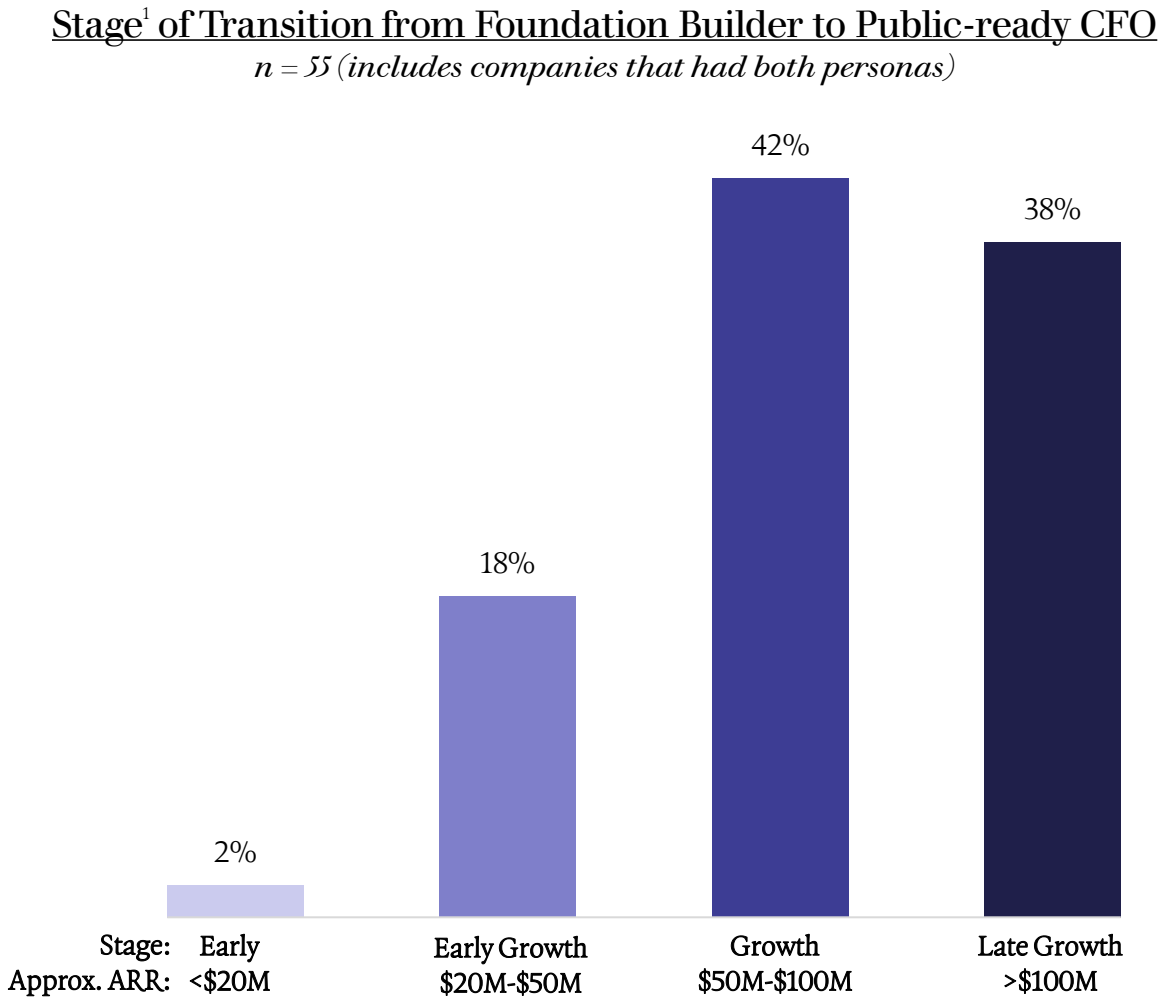
The prevalence of operational backgrounds among first or second Heads of Finance is on the rise, though still lags technical backgrounds.



(1) May have had Technical and/or Transactional background in addition.
(2) Some of these 'second' leaders were hired >\$50M ARR and would not be considered Foundation Builders. However, holistically, these statistics illustrate the extent to which companies built operationally oriented foundations.

Transitioning from Foundation Builder to Public-ready CFO

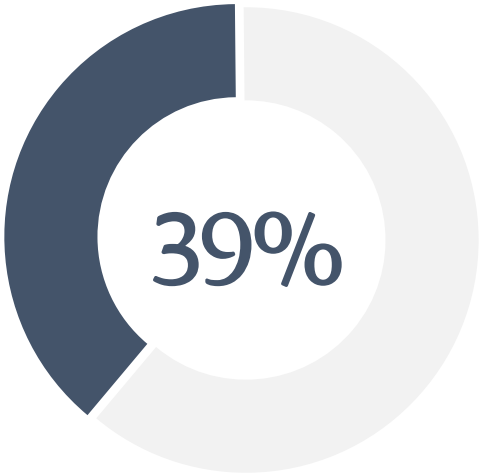
Companies were roughly split in terms of when they transitioned from “Foundation Builder” to “Public-ready CFO.” “Layering” is common, with upwards of 39% of Finance executives finding themselves proactively replaced.



Proportion of Pre-IPO Leaders² who were “Layered”
n = 111

39% of Finance leaders were “layered” or “topped” – meaning someone new was hired above them, even in cases where the original person held a CFO title – or moved to a different role within the company (e.g., Chief Strategy Officer) to make room for a new CFO.

This figure is likely under-reported, as other executives may have departed preemptively when they learned that they would be layered.



Closely monitor the performance of your “Foundation Builder” and maintain awareness of when it’s necessary to uplevel finance leadership and experience to meet the strategic and operational needs of the company. Be mindful of how long CFO searches can take (>6 months in some cases) and plan accordingly.

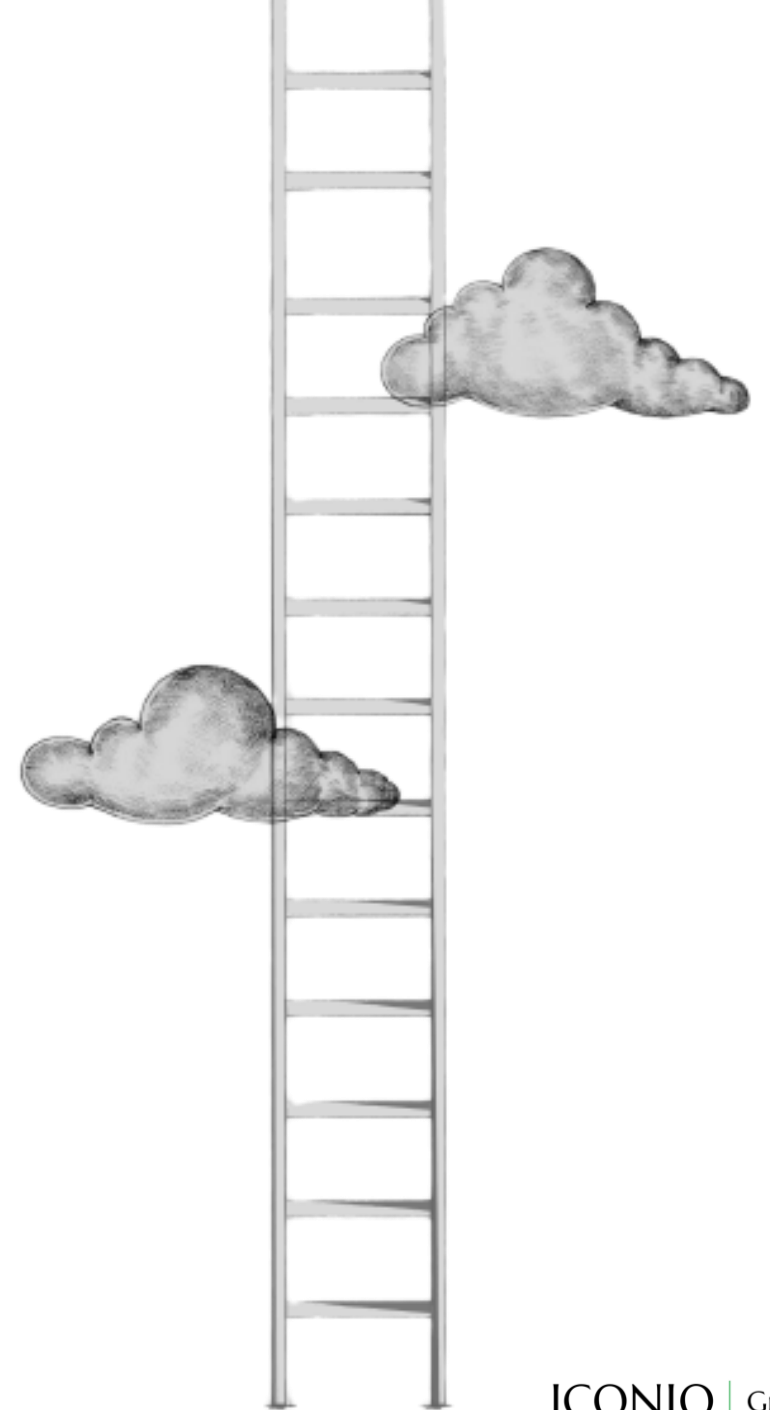
(1) Stages defined by ICONIQ Growth and approximated using a variety of metrics.
(2) Defined as any Finance executive other than those who led the company through IPO.

The Public Ready CFO

We typically think about the “Public-ready CFO” as someone who could adeptly lead your company through an IPO.

Even if this event is not on the horizon for your organization yet, we recommend keeping these traits and qualifications in mind as you transition from “Foundation Building” to a more mature company.

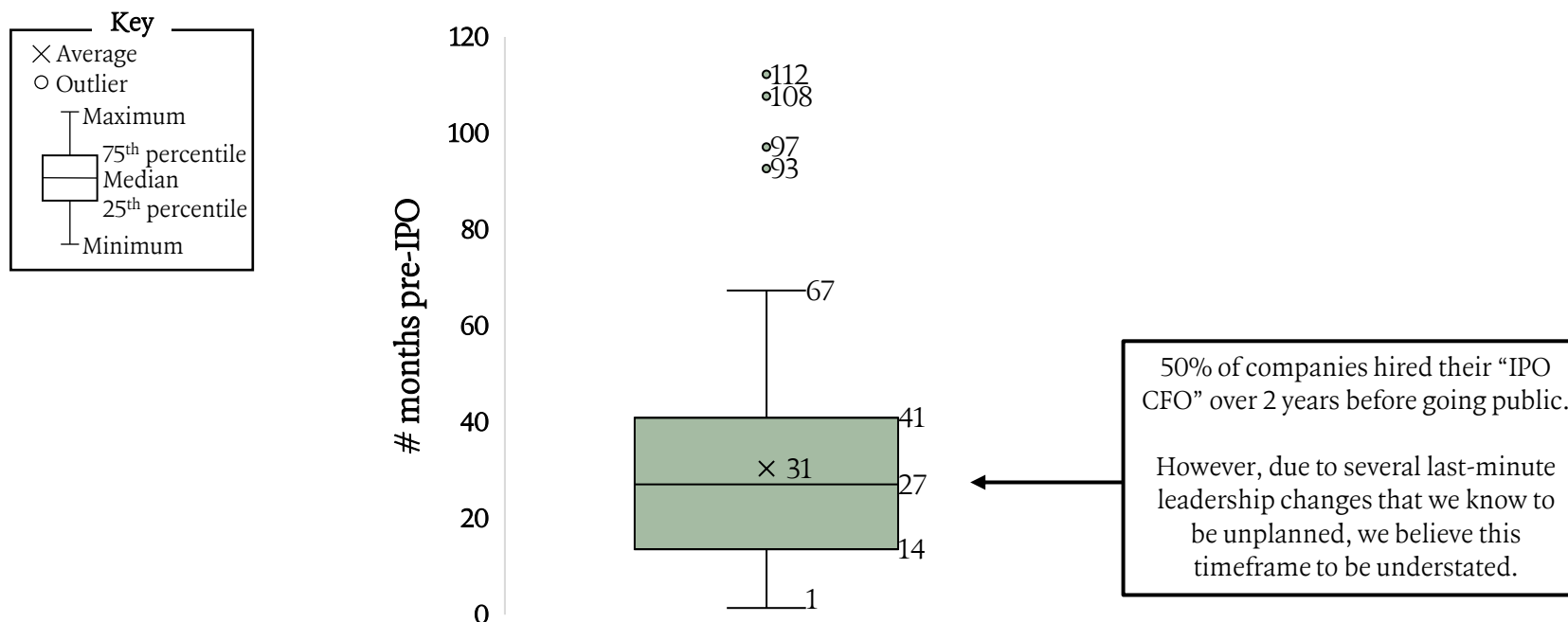
Otherwise, you may introduce risk by necessitating a leadership transition during a period when consistency and stability are key.



Timing

CEOs should strive to have the CFO who will lead the company through its IPO in seat at least 2 years before this event. This allows for sufficient time to begin “dress rehearsing” revenue forecasting and building a “beat and raise” muscle.

Number of months pre-IPO that the CFO who took company public joined *n = 72 companies*



“

A company’s ability to “**beat and raise**” revenue estimates each quarter post-IPO is strongly correlated to public market performance, signaling visibility into future performance, strong growth prospects, and internal financial and operational rigor. We typically see companies start ‘**dress rehearsing**’ these forecasting best practices about **1 to 2 years before IPO** in order to develop the required reporting rigor and accountability required of public companies.

–Building Enduring Public Companies: An ICONIQ Ideas conversation with Mike Scarpelli ([link](#))

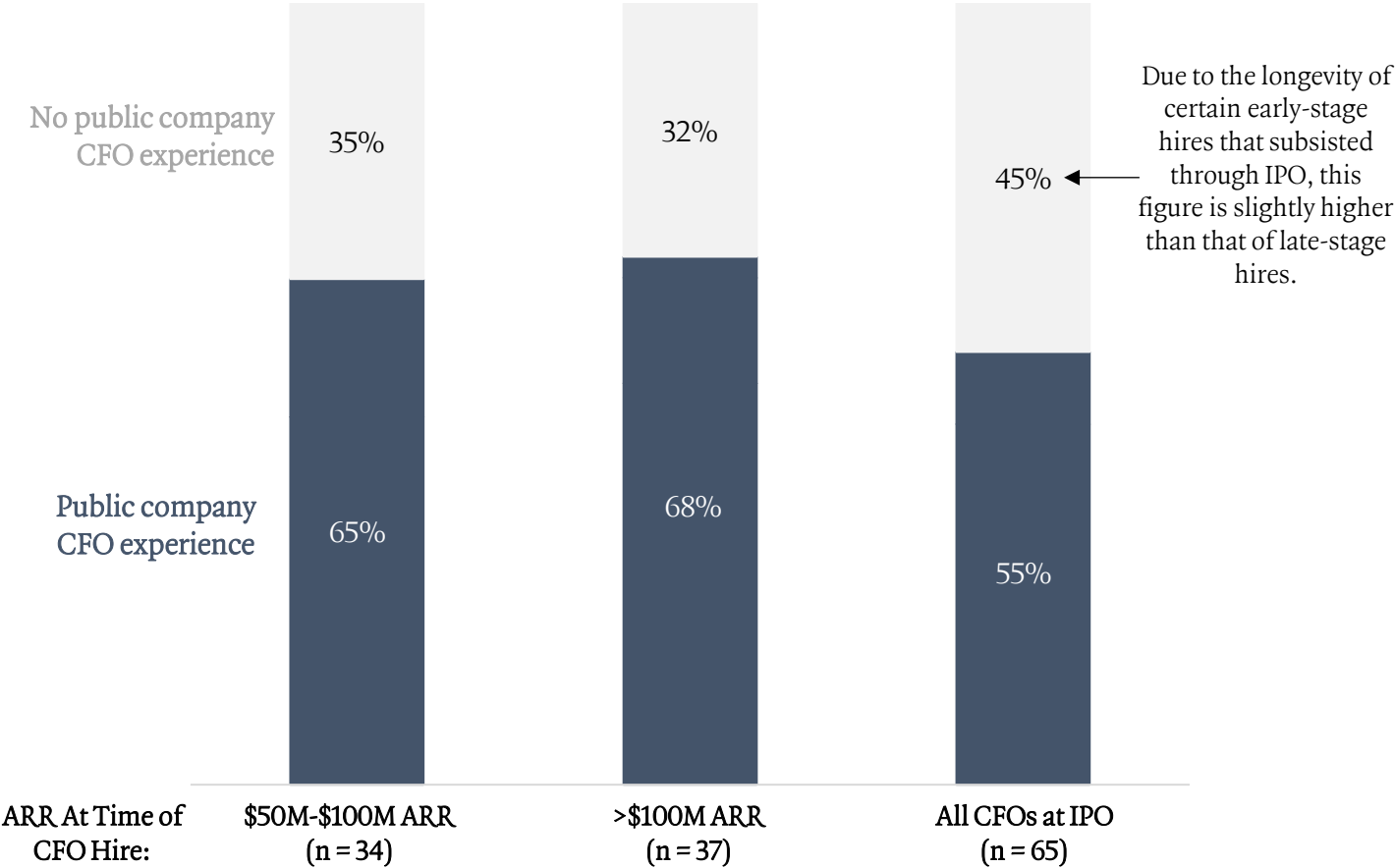
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Public-ready CFOs: Public Company CFO Experience

At the “center of the bullseye” for Public-ready CFOs is prior experience as a CFO at a public company. 65% of CFOs hired between \$50-\$100M ARR, and 68% of CFOs hired >\$100M ARR, have this qualification.

Percentage of CFOs with Prior Public Company CFO Experience

External hires only



Public company experience is important for CFOs because – unlike other functional leadership positions – the public vs. private dichotomy isn’t simply about scale.

Being a public company CFO requires a *different knowledge base* (e.g., SEC disclosure requirements) *and set of skills* (e.g., forecasting and “beat and raise,” building credibility with the investment community).

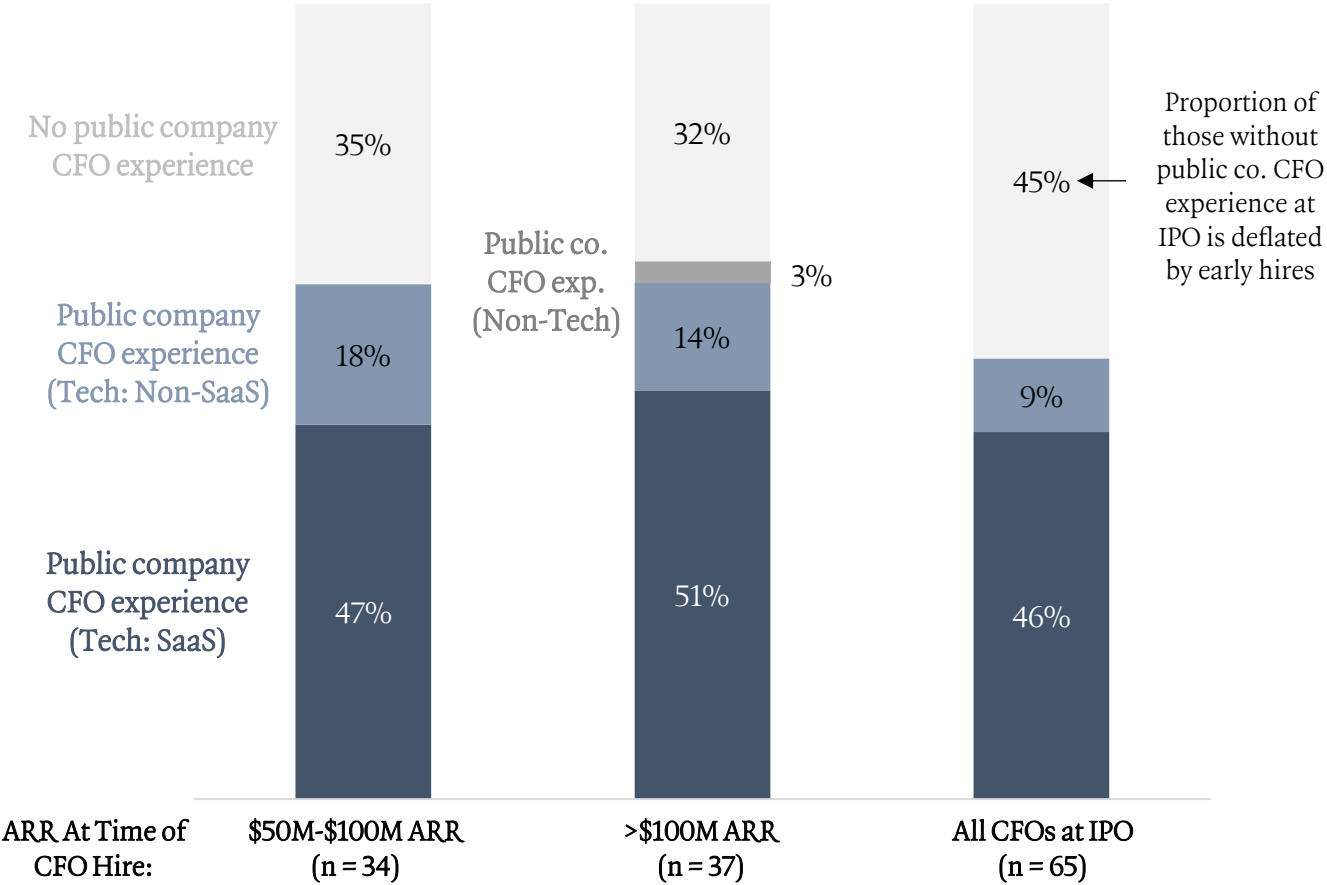
These skills and areas of expertise are learned *exclusively through prior public company experience*. Companies may introduce risk by asking someone to “learn on the job” when operating in a public company environment for the first time.

- Additional detail on following page -

Public-ready CFOs: Public Company CFO Experience

Not all public company CFOs are created equal: SaaS CEOs should look to hire a public SaaS company CFO.
Just 1 CFO (out of 72) with public company experience came from outside the tech industry.

Percentage of CFOs with Prior Public Company CFO Experience
External hires only



Only one CFO with public company experience came from a non-tech company. SaaS CEOs should look to the *technology sector at a minimum – and preferably to SaaS companies specifically* – when recruiting for public CFO experience. Familiarity with SaaS business models is a key qualification.

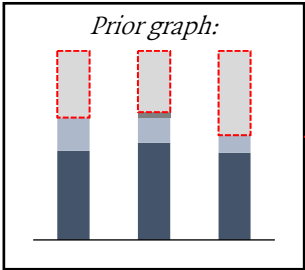
Examples:

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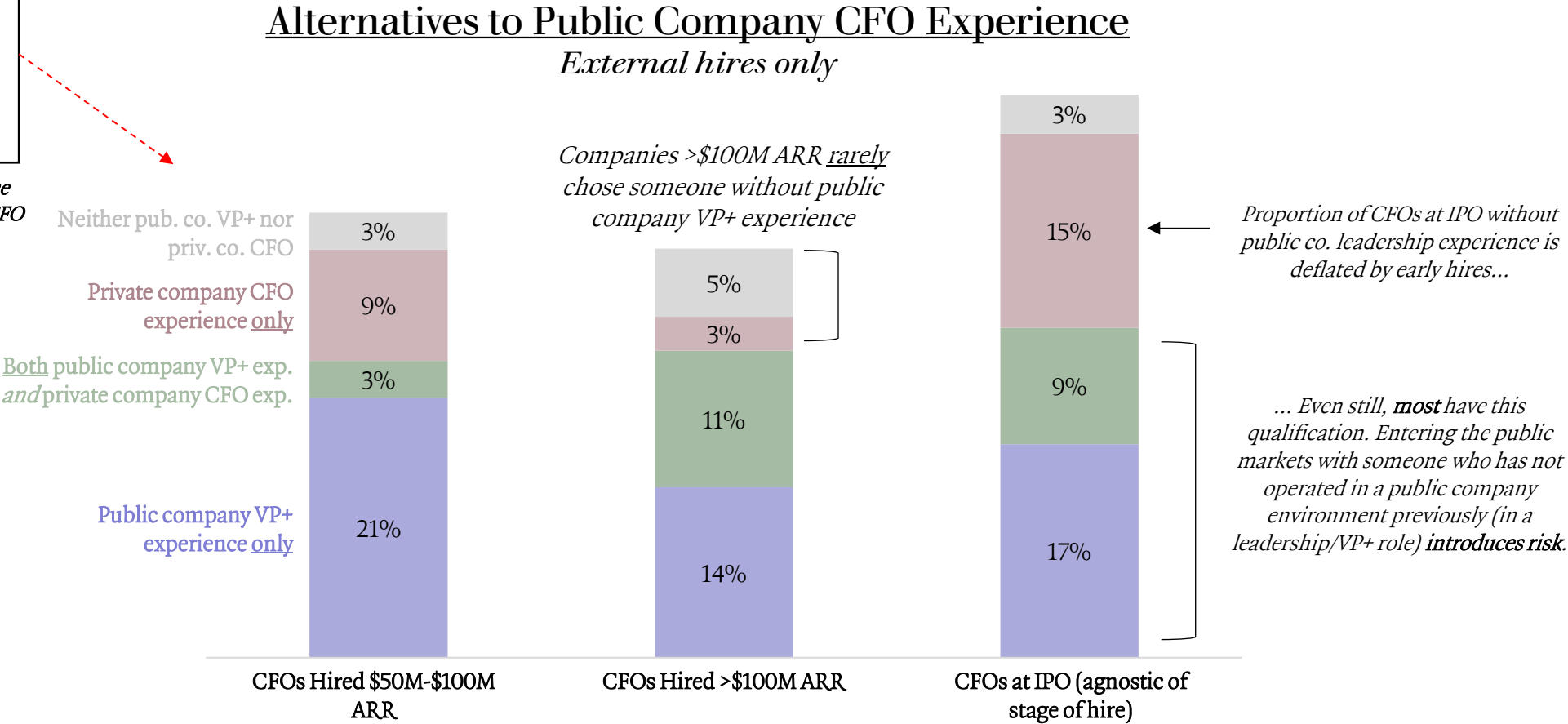
Note: Prior public company CFO experience does not refer exclusively to most recent role.

Public-ready CFOs: Public Company Exposure

Given the importance of public company exposure, the “next best thing” after public company CFO experience is public company VP+ experience – not private company CFO experience. CEOs chose the former over the latter >2x as often.



Additional detail on those without public company CFO experience



Many of those with **public company VP+ experience** were direct reports of a public company CFO. In some cases, this afforded the opportunity to work with and learn from some of the best public company CFOs in the industry. Recruiting someone who has worked under and learned from an incredible public company CFO can be a powerful alternative to recruiting a public company CFO.

Public-ready CFOs: Prior Exits

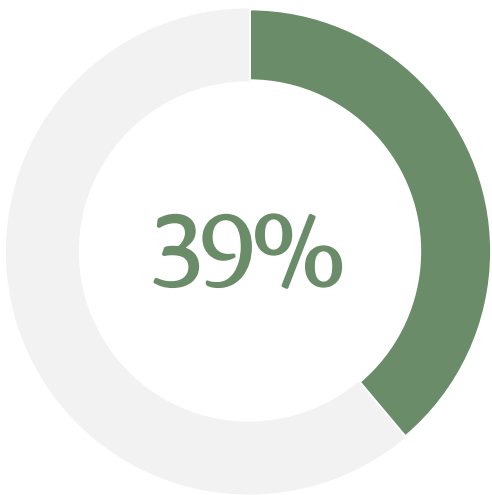
While most Public-ready CFOs have prior public company CFO experience, this does not mean they have gone through an IPO before. 69% of CFOs who led a company through its IPO were doing so for the first time.

Externally hired CFOs at Time of IPO

n = 65

IPO Experience: Public Company CFOs

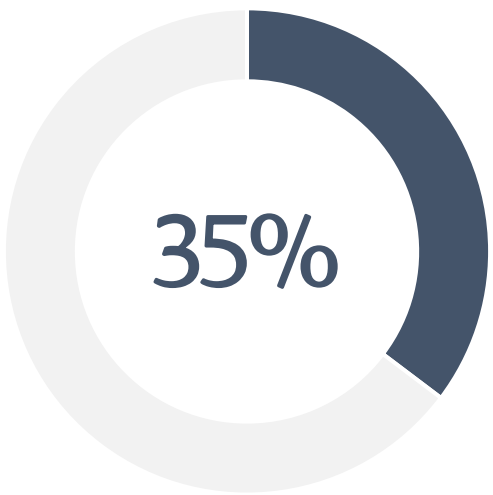
n = 36



Among leaders with public company CFO experience, just 39% participated in the IPO. Most (61%) joined these companies after the IPO had taken place.

IPO Experience: Public Company VP+¹

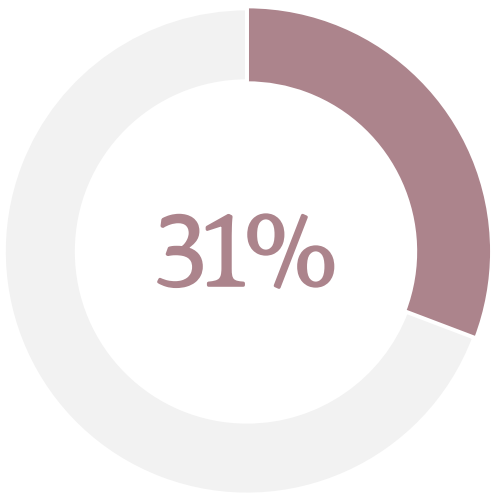
n = 17



Among those who did not have prior public company CFO experience but had been a VP+ at a public company, just 35% had prior IPO experience.

IPO Experience: ALL CFOs²

n = 65



Most CFOs who led these best-in-class software companies through their IPO were doing so for the first time – less than one-third had been part of an IPO before.

While public company experience has proven to be critical, we believe prior *IPO experience* is **not necessary** (and not the predominant trend) because this is a prescriptive and well-documented process that can be learned, especially by those who have operated in public company environments.

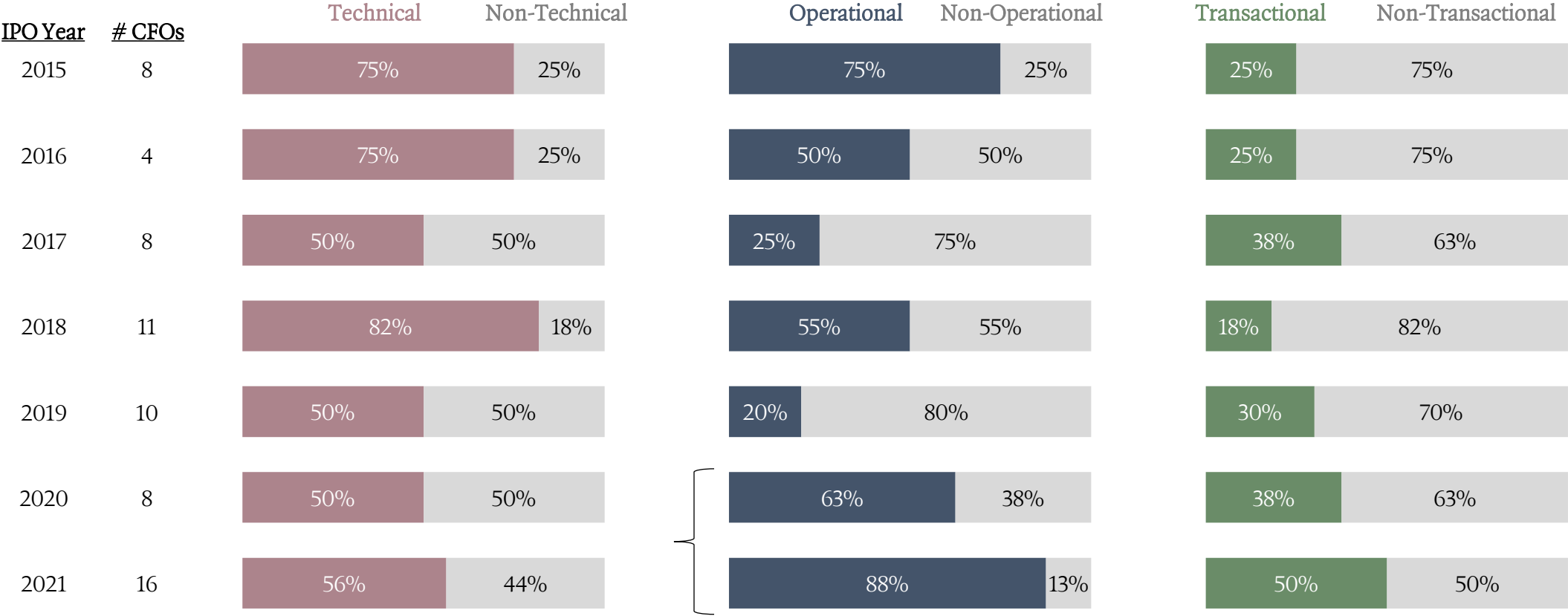
(1) Includes those with and without private company CFO experience.
(2) Includes leaders with no public company experience.

Public-ready CFOs: Competencies

Operational Finance backgrounds have become increasingly common for Public-ready CFOs in recent years, with 88% of CFOs in the 2021 IPO cohort having this background. The prevalence of technical backgrounds has declined.

Leaders at IPO: Backgrounds and Skillsets

n = 65 (external hires only) | CFOs can be counted across multiple categories



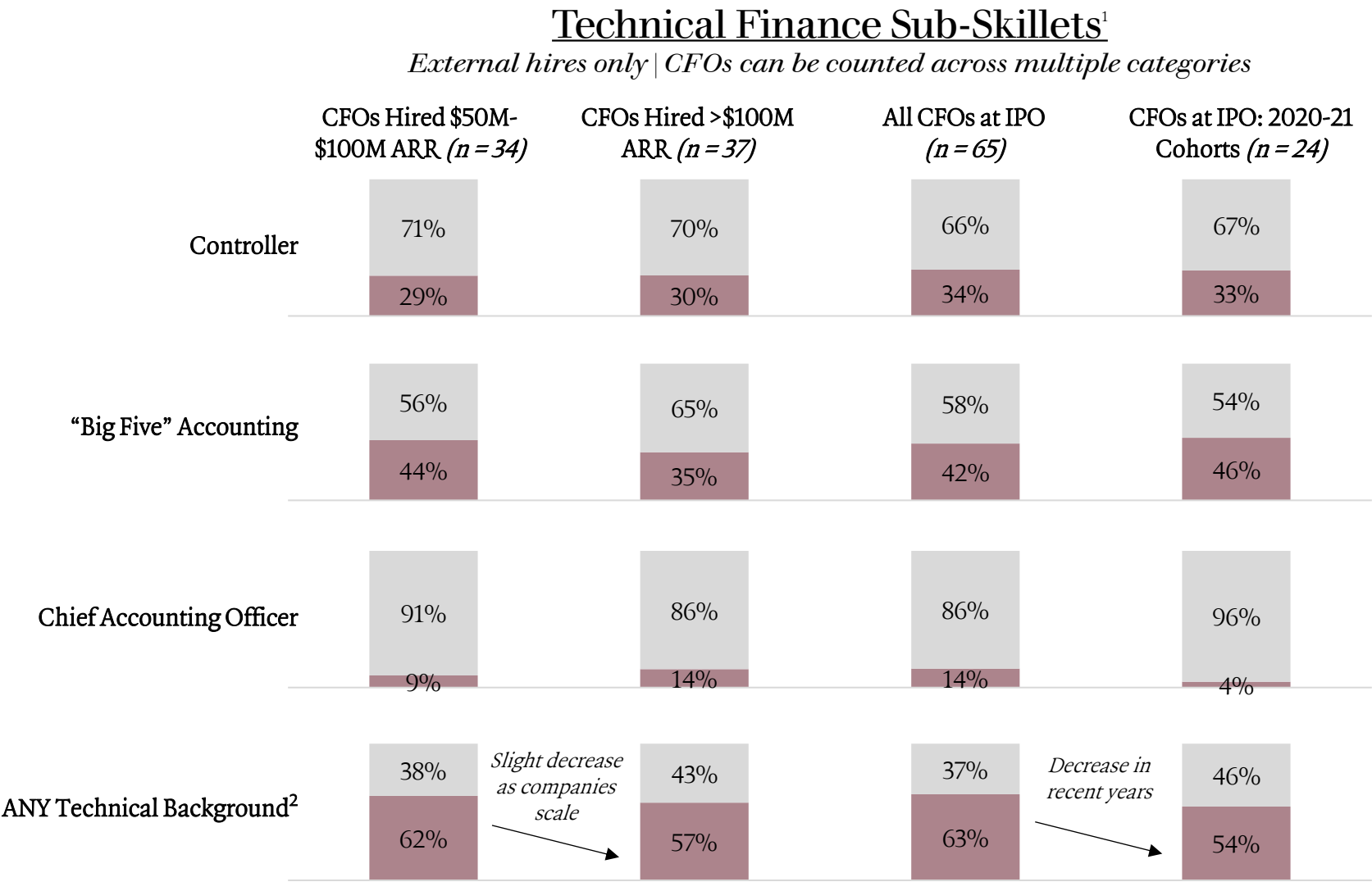
*In earlier IPO cohorts, most CFOs at IPO had a **Technical** background, but this has declined in recent years.*

*Within the 2020 and 2021 IPO cohorts, most externally hired CFOs at IPO had an **Operational** background (including 14/16 CFOs in 2021).*

***Transactional** backgrounds (e.g., investment banking) have never been the predominant trend (though of late are increasing in prevalence).*

Public-ready CFOs: Technical Skillsets

More recent IPO cohorts have trended away from “CPA CFOs,” demonstrated by the decline in technical backgrounds among CFOs who have taken companies public more recently.



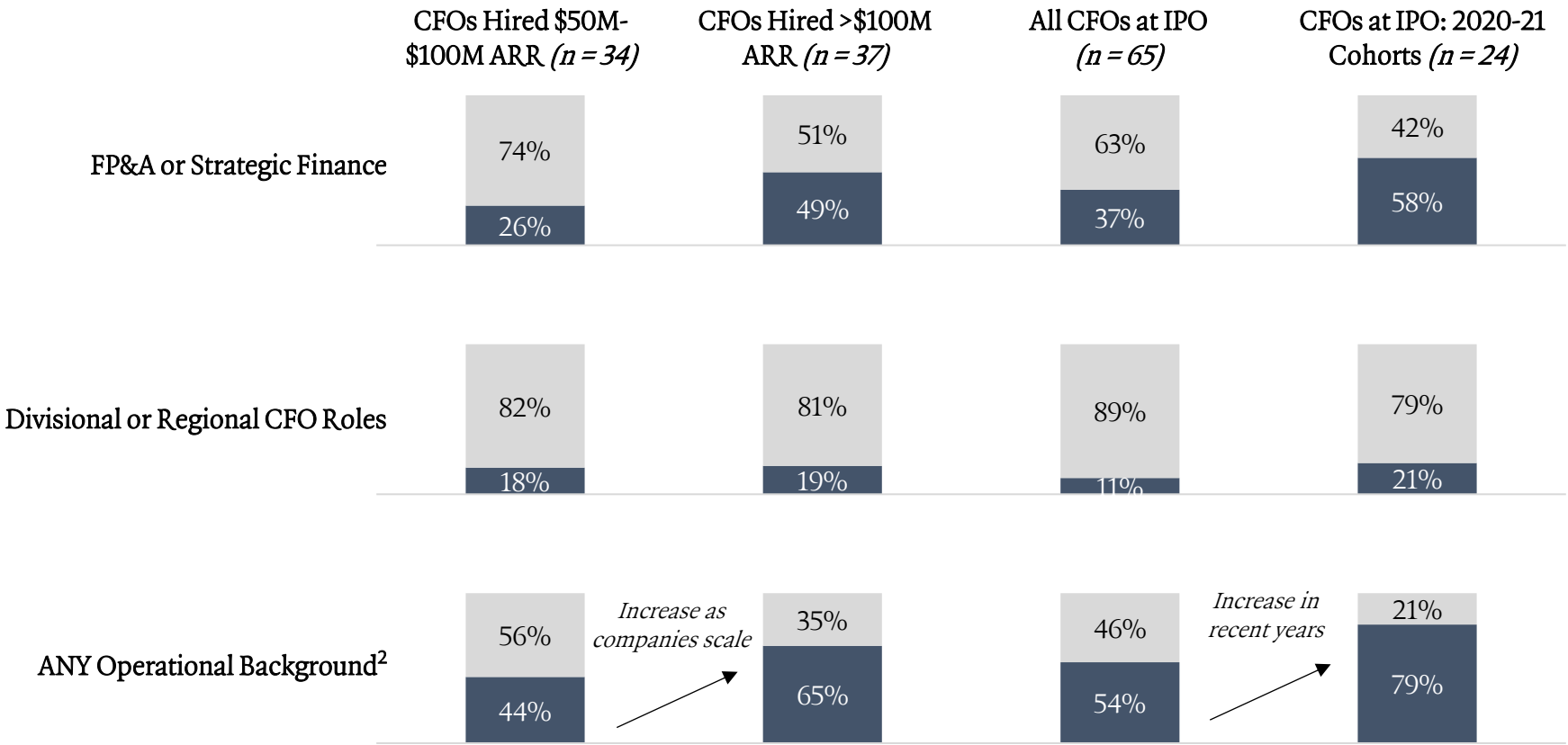
(1) Due to incompleteness of some LinkedIn profiles, sub-skillsets may be underreported. Only most common sub-skillsets shown; additional technical skillsets may be included in bottom graph ('ANY Technical Background') but not shown separately.

Public-ready CFOs: Operational Skillsets

The increasing importance of forecasting as companies prepare to enter the public markets is reflected in the prevalence of CFOs with FP&A backgrounds hired at companies >\$100M ARR.

Operational Finance Sub-Skillsets¹

External hires only | CFOs can be counted across multiple categories



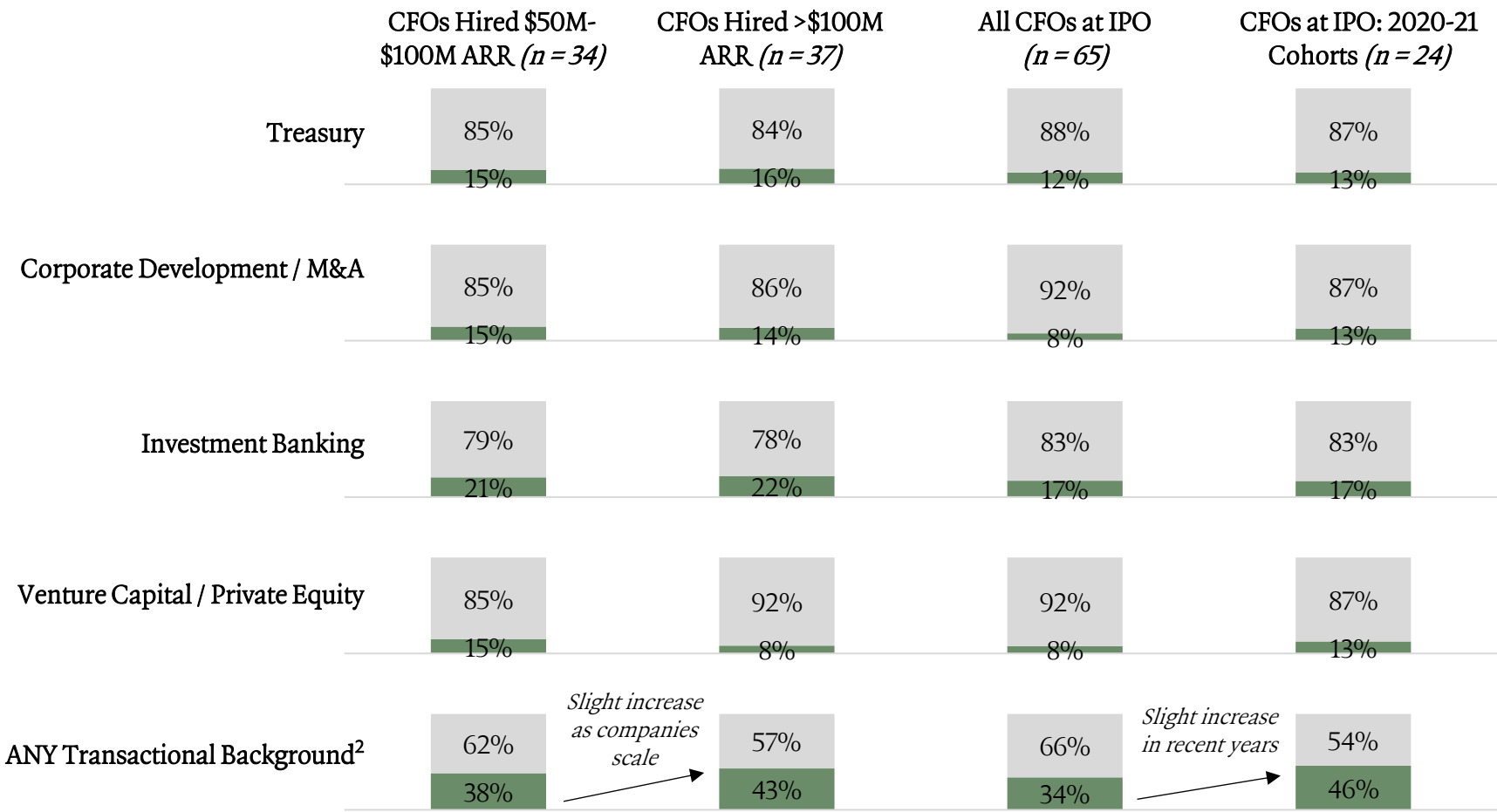
(1) Due to incompleteness of some LinkedIn profiles, sub-skillsets may be underreported. Only most common sub-skillsets shown; additional operational skillsets may be included in bottom graph ('ANY Operational Background') but not shown separately
(2) We have omitted leaders whose operational finance skills stem solely from prior CFO roles.

Public-ready CFOs: Transactional Skillsets

Transactional backgrounds remain the least common. We hypothesize that companies hire for this type of CFO to address something hyper-specific within their organization (e.g., plans for meaningful inorganic growth may call for a CFO from an M&A background).

Transactional Finance Sub-Skillets¹

External hires only | CFOs can be counted across multiple categories

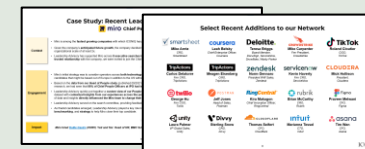


(1) Due to incompleteness of some LinkedIn profiles, sub-skillsets may be underreported. Only most common sub-skillsets shown; additional transactional skillsets may be included in bottom graph ('ANY Transactional Background') but not shown separately (e.g., equity research).

Other reports from ICONIQ Growth Leadership Advisory

Leadership Advisory Overview

- Overview of our core motions and ways that we can support your organization



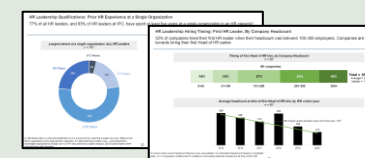
Chief Marketing Officer Study (Two-Part Series)

- Quantitative analysis of the most prevalent – and most successful – operational backgrounds and qualifications for Heads of Marketing at private SaaS companies, segmented by Growth Stage
- *Data source: Proprietary dataset of >200 marketing leaders at 63 SaaS companies*



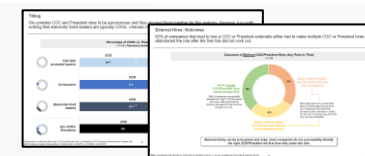
Chief People Officer Study

- Quantitative analysis of the most prevalent – and most successful – operational backgrounds and qualifications for Heads of People at private SaaS companies, segmented by Growth Stage
- *Data source: Proprietary datasets of >100 People leaders at 59 SaaS companies; 2021 Cloud 100 People leaders*



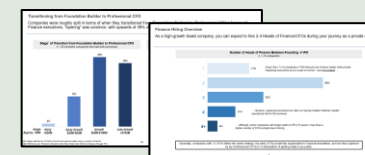
President & Chief Operating Officer Study

- Examination of the advantages and challenges of having a COO and/or President role
- *Data source: Proprietary dataset of every past and current COO/President at 61 SaaS companies*



Chief Financial Officer Study

- Quantitative analysis of the most prevalent – and most successful – operational backgrounds and qualifications for Heads of Finance at private SaaS companies, segmented by Growth Stage
- *Data source: Proprietary dataset of >170 finance leaders at 72 SaaS companies*



Chief Revenue Officer Study (Two-Part Series)

- Quantitative analysis of the most prevalent – and most successful – operational backgrounds and qualifications for Heads of Sales/CROs at private SaaS companies, segmented by Growth Stage
- *Data source: Proprietary dataset of >180 sales leaders at 69 SaaS companies*



Please reach out to LeadershipAdvisory@iconiqcapital.com with any questions

Supporting founders through pivotal milestones and various stages of growth

Executive Hiring

Talent and Leadership Advisory

Guidance to attract and unlock the power of talent through advisory, connections and research

“ICONIQ delivered the best reference check I’ve ever seen, overnight.”



Eleven Labs

Mati Staniszewski
Co-founder and CEO

Product and Go-to-Market Strategy

Technical Advisory and Go-to-Market Boards

Strategic advisory from industry leaders with hands-on experience in technology, digital innovation, go-to-market, and more

“It has been so valuable to lean into ICONIQ’s expertise, network, and advice. What you do is a total game changer.”



PIGMENT

Eléonore Crespo
Co-founder and CEO

Revenue Acceleration

Portfolio Operations
Digital and Growth Advisory Boards

Strategic and commercial connections across industries to support global expansion goals

“The customer introductions have been incredibly valuable. ICONIQ’s relationships are truly deeper.”



SIERRA

Bret Taylor
Co-founder and CEO

Category Leadership + Operational Optimization

Analytics and Insights

Data-driven insights to support decision making across business operations and strategy

“Working with ICONIQ has been a dream partnership, they’ve gone above and beyond at every step.”



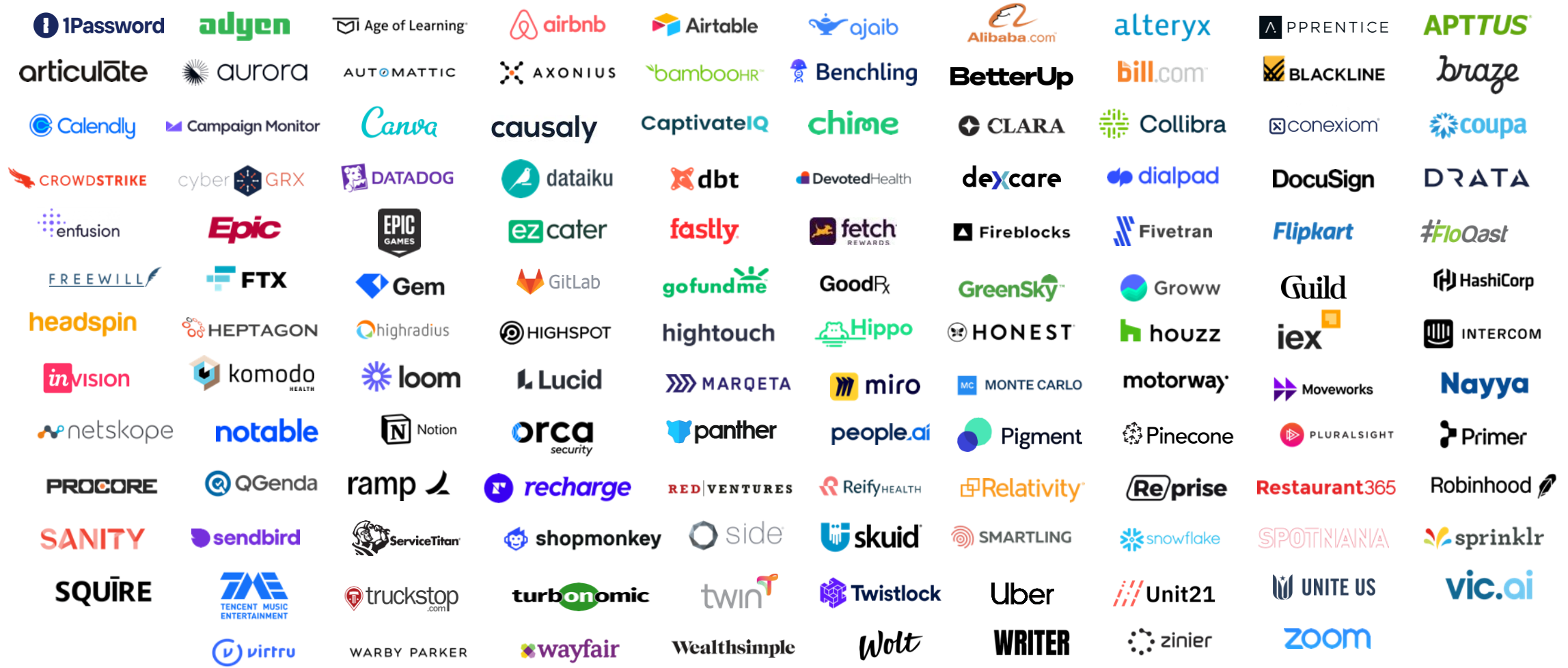
WRITER

May Habib
Co-founder and CEO

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A global portfolio of category-defining businesses

As of September 27, 2023



These companies represent the full list of companies that ICONIQ Growth has invested in since inception through ICONIQ Strategic Partners funds as of the date referenced above (except those subject to confidentiality obligations). Trademarks are the property of their respective owners. None of the companies illustrated have endorsed or recommended the services of ICONIQ.

Technology matters. Strategy matters. People matter most.

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