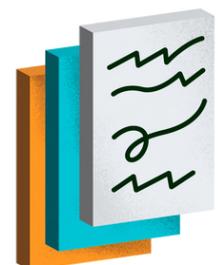airCFO

Startup Back-Office Flightplan:

Launchpad

The ultimate accounting, finance, tax, and people operations guide for pre-seed startups

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The Startup Back-Office: A Phased Approach

At airCFO, we segment a startup's journey from startup to scaleup into four key phases: Launchpad, Launch, Iterate, and Scale. Each phase presents its own set of unique challenges and requires a shift in approach for setting up and running the back office.

Our goal is to help startups align their back-office operations with the needs of the business. We help startups find a balance with their back office so that they don't underbuild and fall prey to pitfalls, or overbuild and waste valuable time.

With all this in mind, we've launched a series of guides that shows the ideal back-office setup for each stage of the startup lifecycle. We kick things off with the Launchpad guide, which will be followed by the Launch, Iterate, and Scale guides.

airCFO defines a Launchpad-stage company as one that meets the following criteria:
- <$2M in total funding (pre-seed)
- <$25K in monthly revenues
- <$50K in monthly expenses

Preparing for a Moonshot

As an early-stage startup leader, you're like an astronaut strapped into a rocket, preparing for an exhilarating but daunting journey. You've tested your understanding of product development, marketing, sales, and even finance - but it still feels like there are a million things that could go wrong at any moment. The responsibility of steering your startup to a successful orbit weighs heavily on your shoulders.

The truth is, you're so focused on achieving liftoff that you might not be thinking about your blind spots — and that's completely normal. It's not like you have time to make heads or tails of the latest tax code or learn how to roll out a reliable payroll program while you're charting your course.

But here's the good news: you can avoid many of the black holes that trap early-stage startups by making an early investment in your accounting, finance, tax, and people ops functions. Think of it as running through your pre-flight checklist. By being proactive in these areas, you can create a foundation that will shoot your startup to new heights and position you for long-term success.

Accounting

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At airCFO, we've been on this mission before. We've served as mission control for 300+ venture-backed startups, guiding them through the turbulence of launch to achieve a stable orbit. Now, we want to share our flight manual with you.

With that in mind, we've compiled a comprehensive pre-launch checklist covering accounting, finance, tax, and people operations — all tailored to the unique needs of pre-seed founders like you. Let's suit up and get ready for takeoff.

Pre-Flight Checklist: Accounting Essentials

When you're on the launchpad, your accounting should be as simple and streamlined as possible. Any unnecessary complexity will weigh you down like excess cargo, undermining your trajectory. However, it's critical to set your accounting systems onto a solid foundation early, so they're robust enough to handle the pressures you'll encounter as you scale.

Accounting best practices to follow

Separate personal and business finances from the start. Even if you're just getting started, create a bright line between your personal and startup finances. This will help you maintain accurate records and avoid any disastrous mixups.

Reconcile your cash from day one. You wouldn't take off without knowing exactly how much fuel you have in the tank. That's what cash reconciliation is for your startup - an accurate measure of your most important resource.

Put an invoicing process in place. Before you can collect revenue from customers, you should create a smooth, lightweight system for creating, sending, and tracking customer invoices. This is one small step you can take now to avoid cash flow craters later.

Keep track of all vendor agreements. You need a centralized hub for all your contracts so you and your accountant can ensure that expenses are reported accurately. This keeps your burn rate calculations precise so you can be confident in your projected zero-cash date.

Craft a lightweight chart of accounts that reflects your business. This forms the basis of all your financial reports - it's the key that helps you, your investors, and your team understand the story your numbers are telling.

Accounting

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Think long-term when setting up your accounting tech stack. Your accounting software is like your navigation system. Investing in a platform built to scale means you won't have to rip out and replace your tech in mid-flight. The time to get your core systems in place is now, before you're juggling the demands of a rapidly-growing operation.

The tools you'll need from day one:

1. An accounting system (e.g. Quickbooks)
2. A corporate bank account
3. A payroll provider
4. A credit card / expense management platform

The Tech Stack section of this document calls out startup-friendly options for each of these pieces of a back-office tech stack.

Accounting pitfalls to avoid

Lack of communication with your accountant. If you don't keep mission control updated on your startup's vitals - income, expenses, assets, and liabilities - they can't give you an accurate read on your trajectory.

Using a vendor's services in exchange for equity — and not telling your accountant. Without a conversation, you'll risk missing expenses on your profit & loss statement, and your vendor will likely miss out on their 1099 form. That's the kind of oversight that can cause major turbulence come tax season.

Tracking profit, not cashflow. This is the inverse of the cash reconciliation tip above - we're repeating ourselves here for emphasis. You need to know exactly how much fuel you have in the tank, how fast you're burning through it, and how far it will get you. Paper profits won't do you any good if you run out of cash!

Doing everything yourself. You're the astronaut, but every astronaut needs a strong support system to get to space. Learning basic accounting is smart, but if you don't have time to fully commit to doing it right, you're jeopardizing your mission. Shoddy accounting doesn't just necessitate an expensive cleanup - it prevents you from getting real-time visibility into your startup's financial picture at the most critical stage.

Neglecting accounting until an investor asks for financials. Investors want to see that you can provide basic data on demand. If you can't produce recent, accurate financial statements, it's a red flag that your startup isn't prepared for the next phase.

Finance

Imagine you're looking out the window as your rocket hurtles through the void. Glancing in the rear-view mirror at the rapidly receding Earth, a stream of exhaust shows the path you've taken. But when you turn to your console to see your real-time trajectory and plot the course ahead...that's the role of a finance function.

Finance takes the raw data coming out of your systems of record and transforms it into actionable insights that guide your flightpath. It's your startup's navigation system, making sure the founder's plan is playing out in reality.

When you're at the Launchpad stage, your top finance priority is making sure you don't prematurely run out of money. That means dutifully tracking your cash burn and runway. Beyond that, while you're still pre-revenue and laser-focused on reaching minimum viable product, you won't need too many fancy financial processes. If the market doesn't want what you're building, even the most elegant financial model won't save you.

Finance best practices to follow

Set a budget and track against it. This is how you keep enough fuel in the tank to reach every milestone on your flight plan and position yourself for your next fundraise.

Track & reforecast your cash flow each month. If your runway projections starts approaching more quickly than you'd planned, your cash flow statement will pinpoint the source of the leak. It's like a real-time diagnostic of your startup's fiscal health.

airCFO offers a fractional CFO service that has helped clients raise hundreds of millions in debt and equity finances. We have also taken several companies from seed to exit, leveraging our financial expertise while they continued to build and refine their products.

Learn more here.

Finance pitfalls to avoid

Spending too much time on long-range financial projections. Your pre-seed investors need evidence you're chasing an immense opportunity - but a granular five-year model isn't the best way to paint that picture.

Tracking vanity metrics. Pre-launch, there's no need to worry about your cost-per-acquisition or churn rates. Once your startup's taken off, then you can start worrying about those downstream indicators. For now, keep your eyes locked on your cash burn, cash balance, and runway.

Ignoring your startup's finances. The founder can't just be a passenger - they need to be in the pilot's seat, closely monitoring every number (especially cash). If you can't give a quick rundown of money in, money out, and how much runway you have left, you're flying blind.

Tax

Taxes are a necessary evil of running a startup - not exactly the most glamorous part of your journey, but ignore them at your own peril. Managing your startup's tax obligations doesn't have to feel like getting sucked into a black hole, though. With the right flight plan, you can keep your venture compliant and on course.

Tax compliance best practices to follow

Consult a tax professional to determine your unique filing requirements. The formal term for this is a "nexus study" - think of it as charting your tax footprint based on where your startup has crew members and operations. For startups with a presence outside their home state, this step is critical to avoid costly penalties.

Use a good payroll system to simplify payroll tax. With the right tech and the proper withholdings in place, payroll taxes become a breeze.

Hire a sales tax advisor. If payroll taxes are an easy jaunt in near-orbit, sales taxes are like navigating an asteroid field. There are plenty of nuances that can make it dangerous to try to handle this yourself; a seasoned sales tax consultant will steer clear of costly penalties.

Tax pitfalls to avoid

Filing your own taxes. However slick the off-the-shelf business tax software looks, preparing your startup's return is anything but simple. There's a reason most online financial articles have a disclaimer that "This is not tax advice. Consult your tax professional for your specific situation..." Don't try and cut corners here to save a few dollars.

Assuming you don't have to file taxes because you aren't profitable. You may not owe the government anything if you don't have income - but you almost always still have to file. Forgetting that is a great way to run into a penalty down the line.

Using cash earmarked for taxes to fund operations. If you're withholding taxes from your employees' payroll or collecting sales tax from customers, that money isn't yours to spend. Using it as operating funds is a recipe for disaster - those funds already belong to the government.

People Operations

Your people are the heart of your startup's mission. No matter the size of your squad, you need people ops processes in place to keep everyone on course as you scale.

Here's how to keep your people ops running like a well-oiled machine:

People operations best practices to follow

Look beyond basic payroll software. Payroll platforms love to claim they can automate everything - but ultimately, as a founder, you're liable for compliance. Reinforce your payroll setup with tools designed to support the full range of startup HR and people ops needs.

People Ops

Crystallize your mission and vision from the start. Some founders dismiss this step as 'fluffy' - but codifying your startup's purpose is how you attract fellow pioneers who'll propel you forward. Bake your mission and vision into everything from job postings to performance reviews to keep your whole crew pointed at the same North Star.

The value of people operations for pre-seed startups

Building a solid people ops foundation in your startup's pre-launch phase is essential for getting off the ground and achieving escape velocity. From the first crew member you bring on board, you're on the hook for a whole host of compliance obligations - and the penalties for early missteps can be severe. By investing early in smart policies, comprehensive benefits, and airtight HR processes, you're inoculating your startup against disastrous risks while boosting your capacity to attract top talent. The launchpad is the ideal time to put your people ops framework in place - so when your rockets are ready to roar, you can be confident your crew will take you to the stars.

People Operations pitfalls to avoid

Thinking you're too small for people ops. Even a skeleton crew needs people ops guardrails in place to ensure everyone's basic needs are met. Codifying processes like payroll, benefits admin, and PTO tracking signals to new hires that you're a well-run operation.

Neglecting key HR registrations. If you onboard a new employee without properly registering in their home state, you're asking for a world of bureaucratic hurt. A simple 30-minute form is all it takes to get compliant - but if you skip that step, get ready for an administrative nightmare to untangle that oversight down the road.

Building a Reliable Back-Office Tech Stack

As you do more to establish, grow, and maintain your back office functions, you're going to need a reliable and integrated tech stack. This stack should include tools for banking, bookkeeping, managing spend, sending & receiving invoices, and countless other tasks. Choosing the right software will take time, and may take a few iterations, but it will be worth it to have tools designed to help you scale your business.

When reviewing technology solutions, consider these five evaluation criteria:

- **Does it meet your needs as a pre-seed startup?** If the software is designed to serve freelancers and independent contractors, or enterprises and global businesses, then it might not be right for your company.

- **Is it user-friendly?** You and your team have a lot on the go and don't have time to spend learning a complex technology. As such, the software should be easy to deploy, adopt, and learn.

- **Does it integrate well with the rest of your stack?** In particular, you should check whether the technology integrates well with the tools you already have. Plus, you'll want access to a customer success team that will help you navigate any obstacles.

- **Will it scale?** At this stage in your company's development, you want tools you can adopt quickly and that will support you as your company grows. That way, you can avoid regular switching costs.

- **Will the software grow with you?** Evaluate whether the vendor has a solid track record with this and other products. It's worth choosing a provider that feels reliable and trustworthy.

With these questions in mind, you'll be able to create a shortlist of tools depending on what you need at the time.

Tech Stack

Recommended software for your back-office tech stack

What follows is a list of recommended financial software for pre-seed startup founders to consider:

Type of Technology	Recommended Tools
Bank accounts	Mercury, Brex, big banks (e.g. Chase, Bank of America)
Accounting general ledger	Quickbooks Online (QBO), Xero, Puzzle
Spend management	Ramp, Brex, Expensify, Bill.com/Divvy
Invoicing & payment processing	Stripe, Quickbooks
Payroll	Rippling, Gusto, Justworks
Cap table management	Carta, Pulley
Startup business insurance	Embroker, Vouch
Sales tax	TaxValet, Avalara
Other useful tools	Middesk, Stable

You can learn more about each of these tools, and why we recommend them, in our blog post.

Preparing for Takeoff

Accounting, finance, tax, and people ops may feel like extra cargo when you're chasing product validation. You can see them as dead weight - or you can recognize them as essential, the infrastructure that will transport your startup to its ultimate destination.

If you invest in building that scaffolding now, you'll have the infrastructure you need to reach near-orbit and smoothly level up to a Seed-stage startup.

We know the pre-launch phase can feel overwhelming - you're staring up at an impossibly complex machine, pointing it towards the far off stars in the distance.

We've been there in that cockpit ourselves. And we've guided hundreds of other founders through those same pre-flight checklist. So when we tell you that you've got what it takes to get you to the next level, we're speaking from experience.

airCFO is here to be your trusted co-pilot, from the launchpad to the stars and everywhere in between. We'll keep an eye on your control panel so you can focus on the horizon. When you're ready to punch it, we'll be right there on the comms, guiding you upward and onward.

About airCFO Launchpad

airCFO was created as a full-stack back office partner for startup founders, aimed at helping them go from startup to scaleup. We're singularly focused on the unique challenges startup founders face as they build their ventures.

We strip away the complexity (and anxiety) around finance, accounting, bookkeeping, and tax work, giving founders the confidence to navigate every twist and turn. We built airCFO Launchpad as a no-frills financial service for our earliest-stage founders, equipping them with the toolkit and guidance they need to lay a solid foundation. Launchpad is the right fit for you if you have raised less than $2M, have less than $20K in revenue, and are spending less than $50,000 per month.

Want to learn more? Get in touch.

Launchpad Back-Office Flightplan Cheat Sheet

	Best practices	Pitfalls
Accounting	• Separate personal and business finances from the start. • Reconcile your cash from day one. • Think long-term when setting up your accounting tech stack. • Put an invoicing system in place. • Keep track of all vendor agreements. • Craft a custom chart of accounts that suits your business.	• Lack of communication with your accountant. • Using a vendor's services in exchange for equity - and not telling your accountant. • Tracking profit, not cashflow. • Doing everything yourself. • Neglecting accounting until an investor asks for financials.
Finance	• Set a budget and track against it. • Track & reforecast your cash flow each month.	• Spending too much time on long-range financial projections. • Tracking vanity metrics. • Ignoring your startup's finances.
Tax	• Consult a tax professional to determine your unique filing requirements. • Use a good payroll system to simplify payroll tax. • Hire a sales advisor.	• Filing your own taxes. • Assuming you don't have to file taxes because you aren't profitable. • Using cash earmarked for taxes to fund operations.
People Operations	• Look beyond your payroll software. • Codify your mission and vision from the start.	• Thinking you're too small for people ops. • Neglecting key HR registrations.

Recommended tools for your back-office

- Bank accounts: Mercury, Brex, big banks (e.g. Chase, Bank of America)
- Accounting general ledger: Quickbooks Online (QBO), Xero, Puzzle
- Spend management: Ramp, Brex, Expensify, Bill.com/Divvy
- Invoicing & payment processing: Stripe, Quickbooks

- Payroll: Rippling, Gusto, Justworks
- Cap table management: Carta, Pulley
- Startup business insurance: Embroker, Vouch
- Sales tax: TaxValet, Avalara
- Other useful tools: Middesk, Stable