

Sytrus



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FCCA. Founder of Sytrus. 14 years experience.
Specialise in supporting venture-backed, rapidly scaling companies.

Agenda

- 🍊 Lightning introductions
- 🍊 Four key pillars of the finance function
- 🍊 Role of the CEO in relation to finance team
- 🍊 Build a team or outsource
- 🍊 Example team structures
- 🍊 Job descriptions / roles and responsibilities
- 🍊 Tech stack



Lightning Introductions



What's your background related to finance?



How confident are you in your current finance operations?



What are your plans for the co - investment, bootstrapping?



How many people are currently in your team? Company wide, co-founders?



What are you hoping to learn during this session?



So far in this accelerator, what's been your standout learning?



Back to basics – What is a finance function?



OPERATIONAL FINANCE:
Fractional CFO,
Financial Controller,
Finance Assistant



COMPLIANCE:
Statutory accounts, CT600s, VAT, Payroll



FINANCIAL PLANNING AND ANALYSIS:
Building robust models,
Cashflow Forecasting,
KPI monitoring



TAX ADVISORY:
R&D tax credits, Share schemes,
Benefits/PSAs, S/EIS compliance





OPERATIONAL FINANCE:

Fractional CFO,
Financial Controller,
Finance Assistant

Keeping the show on the road:

Getting suppliers paid

Paying employees

Replying to supplier and
customer questions

Collecting payment

Capturing accurate data

Reporting to stakeholders

FRACTIONAL CFO:

Ownership and oversight of operational
finance function.

Modelling, forecasting and cash burn and
runway forecasting.

Analysis of financing and funding strategies.

FINANCIAL CONTROLLER:

Ensure policies and procedures
are adhered to, eg staff expenses,
approval of supplier payments.

Month end close and monthly reporting
for financial planning and analysis.

Preparing for year end and liaising
with auditors.

FINANCE ASSISTANT:

Frequent bookkeeping, ownership of AP
(making sure suppliers are paid) and AR
(collecting customer payments)

Support smooth month end close eg
income and expenditure timing adjustments
and maintaining fixed asset registers.

VAT entries



FINANCIAL PLANNING AND ANALYSIS:

Building robust models,
Cashflow Forecasting,
KPI monitoring

What were your key takeaways from Sally's session on Monday?

Fundraising and stakeholder management:

- The model tells the overall story of the business
- what's your G2M strategy, what jurisdictions and products are you tackling first.
- Have you made realistic assumptions about sales & marketing
- Will you have enough cash to get to the next milestone.
- **Are you a reliable Company to invest in.**
- **And will you deliver 10x for your VC, after dilution.**

Thinking from the investor perspective also provides you with a clear direction and accountability





COMPLIANCE:
Statutory accounts, CT600s, VAT, Payroll

Year end accounts

Companies House / Share filings

HMRC

VAT

Payroll

Pensions

Demonstrate adherence / competence
(credit check notifications)

Accountable to shareholders

Avoid penalties & interest

Accountable to employees

**Even for accountants, this isn't the fun bit...
But getting it wrong is a real own goal!**





TAX ADVISORY:
R&D tax credits, Share schemes,
Benefits/PSAs, S/EIS compliance

Special projects

Extremely unique to each situation

A key truth: You don't know what you don't know



Back to basics – What ISN'T a finance function?



THE CEO!

The finance function provides insights and advice.

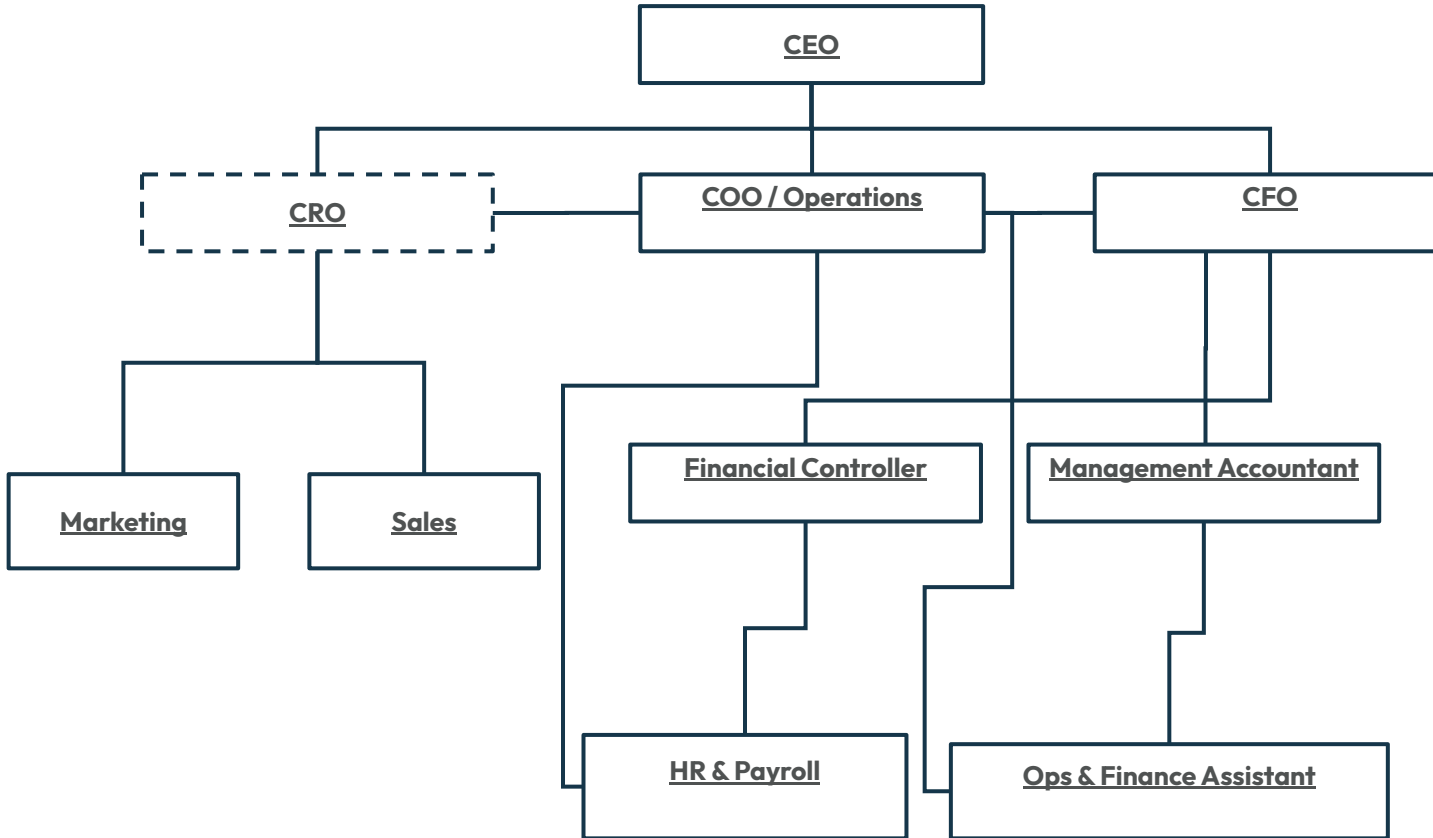
The CEO makes hiring and firing decisions.

The finance function provides runway reporting.

The CEO instructs fundraising activities to maintain 12-18 months runway.



Example Organisation Chart



Statutory Accountants

Statutory Auditors

R&D Claims / Consultants



Advantages

Outsourcing:

In house:

Accountability on output - clear deliverables	More visibility, control and accountability over how their time is spent
Usually more cost effective, especially in early stages. Especially with recruitment fees	Founder may feel more connected to the finance function and learn more
Often has the flexibility to grow with the company without the wait for recruitment, and notice periods	Integrated part of the team. Can enable more time in person
Structured to meet ever-changing needs by easily being able to increase or reduce services	Can be easier to build interdepartmental relationships across the business
Having a supportive team already in place helps with the onboarding process for new employees	More control on staff changes and recruiting replacements if required
Reduction to key person risk, cover for last minute absences	
Access to broader experience, knowledge and insights	

Challenges

Outsourcing:

In house:

Requires confidence that providers are doing as they say they will - may still need management	Many roles would be part time until substantial growth occurs - can leave tasks waiting
Requires planning for ensuring development and retention of in-house talent and not developing over-reliance on a key supplier	Recruitment process is costly and time consuming
Requires collaboration with management to ensure provider has what they need to be able to provide the required service	Key person risk, lack of cover for unexpected leave.
	Need HR policies in place to set performance review processes in order to nurture, develop and retain talent
	Business needs to be in a period of stability to offer employees long-term security and incentives to join

<u>CEO</u>		<u>CFO / CRO</u>	
HR personnel management	Management reporting	FP&A	Other
Set actionable deliverables, define what good looks like and hold team accountable and assist with cohesion	<p>Receive management reports</p> <p>Use financial information for strategic planning and decision making (cost reductions, etc)</p> <p>Provide feedback for ongoing improvements in information received</p> <p>Constantly consider whether reports and underlying data includes required information for key commercial advancement and industry specific insights (eg churn rate on longer contracts)</p>	<p>Build financial models</p> <p>Analyse funding strategies and raise funding</p> <p>Interpret and flex forecasts as a result of increased data from actual results as reported by FC</p> <p>Review Monthly Management Reporting and present to the board</p> <p>Final approval of payments over a certain threshold / new suppliers.</p>	<p>Build shareholder relationships</p> <p>Make strategic pricing decisions</p> <p>Use financial information for strategic planning and decision making recommendations for CEO (cost reductions, etc)</p> <p>Provide feedback for ongoing improvements in information received</p> <p>Constantly consider whether reports and underlying data includes required information for key commercial advancement and industry specific insights (eg churn rate on longer contracts)</p>

Financial Controller / Finance Manager

Salary: c£60k-£90k = c.£75-£110k cost to Co.
ACA/ACCA/CIMA qualified with >5 years PQE

Forecasting and modelling	Reporting	Treasury	Other
<p>Report against budget and forecast. Support with building and maintaining the model, keep this information up to date</p> <p>Departmental costings and providing data to department heads - Regional focus vs departmental strategic elements</p>	<p>Review P&L, investigate unexpected variances and anomalies</p> <p>Review revenue and ensure WIP and other timing adjustments reconcile.</p> <p>Account for prepayments and accruals</p> <p>Register new Fixed Assets, maintain FAR and account for depreciation</p> <p>Where information is available, report on non-financial KPIs as agreed in reporting scope</p> <p>Expand and improve the shareholder reporting, establish non-financial KPIs with management</p>	<p>Weekly cash flow flash updates for moving funds between accounts</p> <p>Monthly runway update</p> <p>Review AP and approve payments to suppliers and for salaries</p> <p>Deal with escalation of any credit control issues</p>	<p>Finalise Accounts or Audit</p> <p>R&D Claims (perhaps with external supplier)</p> <p>Ensure ERS returns are up to date (perhaps with external supplier)</p> <p>Payroll, P11D, PSA compliance</p> <p>VAT compliance</p> <p>Review of tech stack</p> <p>Implementation projects as required</p>

Finance Assistant

Salary: c£35k-£50k = c.£42-£60k cost to Co.

AAT qualified or AAT/ACA/ACCA/CIMA trainee with >2 years experience

Data entry	Treasury	Other
<p>Manage inbox, deal with customer and supplier queries, escalate issues as necessary</p> <p>Process purchase invoices in adherence with approval hierarchy</p> <p>Draft supplier payment runs for authorisation and payment by financial controller</p>	<p>Onboard new customers into the accounting system, set up GoCardless if applicable, raise invoices (or assist other departments to ensure invoicing is complete)</p> <p>Carry out pre-approved earlier stages of credit control issues in adherence with policy, when automated process is insufficient</p>	<p>Reconcile bank statement against Xero records</p> <p>Review ageing payables - resolve discrepancies</p> <p>Assist with reconciling balance sheet control accounts and gain third party documentation e.g. reconcile HMRC liabilities to Govt Gateway account records.</p>

Outsource or build a finance team in house

1. Key roles: CFO, Financial Controller, Finance Assistant. Do you have the expertise to line manage each of these role and specify their responsibilities and provide feedback, training, progression and ensure their output is up to the standard you need?
2. Do you have a full time position at each level or are these going to be a number of part time roles?
 - a. Will there be cross over between the part-time employees to collaborate with each other
 - b. How much does the workload fluctuate throughout the week, month, year? Could there be critical tasks which have to wait until they're back in the office if they don't get done in the 1 or 2 days they're in?
 - c. Holidays can have disproportionate impact on part time employees output
3. What's the environment like for the finance person - is retention going to be easy? Progression, only finance person, is finance & compliance treated as important?
4. How quickly are requirements of the business changing - could growing resource constraints pull senior CFO into administrative tasks.

1. If the answer is yes, build in house if this is a priority for your time, particularly if you're scaling rapidly.
2. Full time roles lend themselves more towards in house, part time roles can be easier to manage via a single relationship combined with compliance services.
3. It's often easier to retain within a team. Sole finance person can create significant key person risk at the same time as being harder to retain.

Tech stack

Year end reporting – outsource! CCH, Iris, Digita, etc. Far too expensive for 1 co.

Overall accounting system – Xero (up to ~£15m), Netsuite, SAP.



Reporting – Excel!, Syft, Fathom



Payments – Telleroo, Xero/Wise



Inventory management – Cin7



Expense management – Dext, Pleo



pento

Payroll – Xero, Pento, Rippling, Deel (includes overseas contractors).



HR – HiBob, (consider professional services including outsourcing)



General – GSuite, Office 365



Training and collaboration – Notion, Scribe, Loom, TL;DV



***Contains many filters based on my own experience and personal opinion. ** Many will charge per user**

Sytrius

Let's connect!:



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