

## The Cost of Doing Finance

**Most startup founders struggle with building a strong finance function**—not because they're incapable, but because they don't know what good looks like. The reality is that a well-structured finance team isn't just about keeping the books; it's about setting up the business for scale. A strong finance setup ensures you have the right mix of strategic planning (CFO), operational execution (Controller), and transactional support (Bookkeeper). Understanding these roles early helps founders make smarter decisions, attract investors, and avoid last-minute financial fire drills.

### Roles & Responsibilities

<b>Bookkeeper</b>	<p>Use various accounting platforms to maintain up to date historical financial statements for the business.</p> <p>Often also run payroll.</p>	<p>Can be in-house (\$36k-\$54k/year) full time</p> <p>or outsourced depending on the level of service.</p> <ul style="list-style-type: none"> <li>• \$500/mth</li> <li>• \$2k/mth</li> <li>• \$50/hour</li> </ul>
<b>Accountant</b>	<p>Analyzes the financial statements prepared by the bookkeeper to make financial decisions.</p>	<p>Usually has a CPA designation</p> <p>Costs vary from \$150-\$500+ an hour or \$100k full-time</p>
<b>CFO</b>	<p>Builds budgets/forecast models, implements efficiencies in the accounting, supports fundraising by preparing data room materials</p>	<p>Full-time CFO's can cost \$150k-\$250k for early startups</p> <p>Fractional resources usually look like \$4k/mth for 1-day a week</p>

## Frequent Mistakes

### **Working with a bookkeeper who can't consistently close your month-end books within 5-10 days.**

Prioritizing updated bookkeeping ensures:

- You/your finance team can track patterns in spending
- You're aware of customers who have missed payments
- You have an accurate understanding of your cash balance, and when you forecast to run out of cash.

### **Believing you need to complete an audit every year**

Rather than completing an audit, opt for a review engagement. A review engagement is completed by an accountant, and gives a moderate degree of assurances that the financial statements are free from material misstatements.

This is a much more cost effective alternative to a full audit, which is often seen as unnecessary for early-stage startup activity.

Costs range from \$6-\$20k depending on the amount of work and size of firm you hire.

### **Hiring full-time too early**

You can get away without full-time resources longer than you think. Profitual's CFO was the first finance hire at a previous startup, and was only hired once they hit \$4M ARR.

Utilize outsourcing and fractional resources as long as possible to keep costs low, until it becomes obvious that it requires full-time hours, then hire internal.

First internal hire is often: Bookkeeper, then accountant, then CFO

### **Falling for the TRAP**

What about the CFO that can do the bookkeeping and the strategic tasks too?

Some accountants will say that they are willing to do everything in the finance function. In very repeatable pattern, they do the bookkeeping for a short time, then wish to outsource it or hire.

The start-up now has a multi-person finance team that costs way too much for it's size OR you have a CFO doing bookkeeping for \$200k+ per year.