

The journey of startup tech CEOs in need of a sounding board

By [Dean Meyer](#)

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Being based in the Boland region for The CFO Centre South Africa, we get a fascinating mix of clients from agriculture, real estate and more recently technology startups.



Source: [Unsplash](#)

Adding to this dynamic is that many of the businesses in our region are typically far less mature than our counterparts in other parts of the country and we end up dealing with entrepreneurs far earlier in their business journey.

In the “big” cities, there is far more appetite for consulting and advisory services. I remember starting out and being told by a potential client: “You’ll need to have at least 20 cups of coffee with me before you’ll convince me I need advice”.

The good news is that we passed the 20 cups of coffee mark a while back and we now have a great client on our books. Through this engagement, we have been fortunate to identify some key trends that shape many of our current business engagements.

It’s lonely being a CEO in a startup

Forget what you see in many of the start-up publications – in early-stage businesses, the CEO very often has to take on a “jack-of-all-trades” role within the business which means being responsible for technology, business development, marketing and if they are lucky they have a bookkeeper to help them keep their accounts up-to-date.

We have a client who loves being on the road and talking to clients but when they started working with us, they dreaded the end-of-month cashflow crunch. Until you've been responsible for the livelihoods of people who depend on your payroll each month, it is very hard to explain how lonely it can be.

Through our interventions, this client was able to get on with doing what he loved – seeing clients – and he knew he had a sounding board to guide him through the ups-and-downs of the month.

We made his life easier and his company stronger.

Knowing the numbers that matter

“Do you know how much profit your company actually makes?”

This is one of the most illuminating questions we ask when we start engaging with clients – particularly in markets such as technology.

In a recent interaction with a client, they insisted that they made a 50% gross margin on the work they did... they just couldn't work out why it was not reflected in their cash flow and why they were struggling to make payroll.



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Similarly, we have seen technology businesses who struggle to articulate their key financial metrics when they are looking for funding.

Your CFO function is not a bean-counting function – it is about having somebody who can tell you the metrics that matter and how to report on them so you can get doing what you love.

Excel will give you any answer you want

Unbridled optimism is a key characteristic of many technology entrepreneurs who ascribe to the “build it and they will come” approach for their businesses. Much of this can be attributed to the US venture capital markets where raising capital often seems to be more exciting than running an actual business.

While it's definitely tougher in the SA market to raise capital, this optimism is often reflected in the budgets and cash flow forecasts that these entrepreneurs prepare and use to guide their strategy.

They often don't have somebody ask them the tough questions about the cost of acquisition or where growth is going to come from or whether the plans are realistic.

Sound business principles don't go out the window just because you're running a technology business or building the next Tesla.

Is your financial function strategic?

Too often the finance function of the business is not considered strategically – particularly in early-stage technology businesses. We have been able to grow with our clients and in many cases have been considered for board seats because of the value we add.

We know being the CEO of a technology business is often a lonely endeavour but if you are serious about growth, the right financial support can be a game-changer.

ABOUT THE AUTHOR

Dean Meyer is the regional director of Western Cape - Boland, for The CFO Centre. Dean is an experienced CFO who is passionate about helping business owners grow their businesses sustainably. His early career was spent working in large companies before he moved abroad where he started to work with start-ups. This opened his eyes to the mindset of an entrepreneur as he worked with businesses that experienced very rapid growth. Dean joining The CFO Centre was thus a very natural continuation of his passion.

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