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How to Grow Your Company and Career in Lockstep

By Allen Shim on behalf of IVP

In Silicon Valley, age is just a number. With endless success stories of young startup founders and executives as inspiration, many of you will find yourself in the same place I was when I joined Slack — young, hungry and confident, both in my personal abilities and the growth trajectory of the company.

However, like the wisdom that comes with age, there are a lot of things that early-stage companies learn as they mature on the path to IPO and becoming a public company. Similarly, while startups are filled with young, hungry, confident executives, being a C-suite executive at a public company requires a level of maturity and perspective.

I grew my career at Slack in lockstep with the company's public trajectory and here's what I learned:

Stage Matters

After launching a private beta in August 2013, Slack started selling to the general public in February 2014. At that point, the company needed a finance leader who could manage expenses and revenue, so I was brought on as VP of Business Operations in March 2014. My goal was to eventually become the CFO, but that's not what Slack needed at that time.

Companies of all sizes need accountants to keep track of money, but finance is about understanding the balance between the funding needed to operate today and the investments that need to be made to allow the company to grow in the future. When I joined Slack, there were only 20 people working at the company. At a company with only 20 people, everyone does a little bit of everything because there's (seemingly) a new priority every hour. The early days at a startup are inevitably chaotic – everyone is moving as fast as possible, looking to triage problems and trying to keep their head above water. But once a company is in hyper-growth mode, this kind of chaos becomes unsustainable.

Evaluating Growth Half-Life

> ## "The decisions you make today need to also consider how to support the company tomorrow."

Once your company is growing quickly, operations can feel like a giant game of Whac-A-Mole. An issue will pop up and you'll knock it down, then two other issues pop up that also require immediate attention.

To figure out if your company is in *hyper-growth* mode, I refer to a concept called "**growth half-life**," which is how quickly a company doubles in terms of revenue growth. At Slack, we were growing at 10%, 15% or 20% week over week when I joined, more than doubling our revenue in a given quarter and in a given year growing 5-10x, which meant we had a very short growth half-life. With hyper-growth, your company will look much different tomorrow than it does today — so the decisions you make today need to also consider how to support the company tomorrow.

At that point, **prioritization becomes paramount**. It's less about getting everything done and more about getting the most important things done in the right order. Instead of focusing solely on the present, you must shift your focus to the future. Ask yourself, how does the company operate differently at twice the revenue or 5x the current level of revenue? What investments need to begin today that will become ready at the time and scale at which they are needed? Otherwise, the cost of continuing operations by Whac-A-Mole becomes too high and adds serious risk to the business. That's why it's critical to start thinking about the strategy, the leadership team, the resourcing, the geographic footprint, the partnerships and the other critical elements that will take multiple quarters, if not years, to build.

When I joined Slack, we were using the Canadian version of Quickbooks, since our CEO and a few other executives were based in Canada. My first instinct was to migrate over to the U.S. version of Quickbooks, which had better features to support the company, which was growing rapidly in America. But given Slack's short growth half-life, I quickly determined that migration would've taken 6-8 weeks and it only would've lasted us another six months before we outgrew it. To plan for the future, I suggested we skip to the next level up from Quickbooks, NetSuite. I made a decision that, at the time, felt slightly premature, but set us up for success for the future. We ultimately used NetSuite for five years and it eliminated a lot of the friction points that would have popped up if we had still been using Quickbooks.

Doubling Down on Documentation

As the first finance-focused hire at Slack, my initial focus was to understand what was being done and how money was being spent. For a fast-growing company to function efficiently, there needs to be a **transparent and reliable financial control system** in place. That way if

someone wants to spend company money, there's a standardized method to authorize and track that expense.

> ## "The reality of early startup life is that every situation is handled on its own merits."

The reality of early startup life is that every situation is handled on its own merits. As you scale, processes that are oftentimes informal, evolve to handle the volume. The challenge arises when each of these informal processes happens in a siloed way, disconnected from other teams in the company.

To mitigate these challenges at Slack, I spoke to teams not in terms of their individual tasks or processes, but more broadly at a company level. Understanding how the pieces connected together was the critical information and context missing from the day-to-day work of any given team or individual. For example, in the process of looking at the company's overall "quote to cash" process, it was evident that 90 day payment terms for customers were being allowed without approval, instead of the standard 30 days. This caused issues with our collections team who did not realize that a simple system change far earlier in the process could have prevented the excessive amount of exceptions being approved. Transparency on process provides context and uncovers opportunities to optimize operations across teams to improve *company* level performance.

Every department needs its own set of **documentation to detail practices and standards** if the ultimate goal is a successful exit. Creating documentation for every aspect of the business is only possible if you communicate cross-functionally. Finance and Operations teams have a unique opportunity to gather and produce this information given their role supporting all teams in a company. The need becomes much more apparent when teams are adding new members each month at scale. The ability to properly train and onboard these new hires will both make their contributions more valuable and simultaneously reduce the cost of mistakes and risks from less effective team members. A lot of companies will put off this analysis and documentation until they file for IPO which is a missed opportunity to build the efficiencies they will need ahead of becoming a public company, especially if the company has a short growth half-life.

Going Public vs. Being a Public Company

There's a big difference between going public and being a public company. One is an event and the other is a life stage, similar to the difference between a wedding and a marriage.

Before joining Slack, I worked at another company that successfully executed an IPO, but never invested in the documentation or processes to stay ahead of the requirements of being a public company. Being a public company can then either become an ongoing operational burden with

its requirements and schedules, or it is a reinforcing discipline to the processes and supporting systems in place.

At a high growth company, the finance department should **be an enabler, not a money gatekeeper**, helping everyone accomplish what they set out to do within established constraints and a standard set of practices. With insight into the drivers of financial results and an understanding of how processes are working, the finance department can bring a shared understanding of how the company is prioritizing where to invest its capital. While it may seem like the responsibility of an operations leader, finance leaders should also be involved to make sure sub-optimal procedures don't end up costing the company money down the line.

> ## "Ideally, the structure of a high-growth company should remain the same pre and post IPO."

Ideally, the structure of a high-growth company should remain the same pre and post IPO. It is important to build this level of discipline and control into the operations pre-IPO so that you start operating *like* a public company before you *become* a public company. For instance, the forecasting margin of error is expected to shrink from 15%+ at private companies to as close as possible to 0% for public companies. Schedules must run on shorter timelines and firm deadlines. Public companies are required to record earnings every quarter, close the books monthly for an audit every quarter and answer tough questions like how systems are aligned, who has access to data, and how it's being shared externally.

This level of control and discipline has become even more critical in today's market where going public is a lot harder than it used to be. In the years of easy money, when funding was plentiful and IPOs were a dime a dozen, your unit economics could be looser and profitability was a distant concern. The hidden blessing of the challenging IPO market is that it's created a forcing function for companies. Today, leaders benefit from managing through constraints towards building durable business models. In the end, they will realize they built successful (not yet) public companies in the process.

Humbling Yourself

I was a hungry and confident 33-year-old when I joined Slack. I was recently married, just had our first kid, and was working at this hyper-growth startup, feeling like I was unstoppable.

Like many other young executives, I was a strong individual performer and had become accustomed to regular promotions, which is one of the reasons I assumed I'd be appointed to CFO relatively quickly. But I started receiving feedback in my annual reviews that indicated I wasn't ready. There was one explicit piece of feedback I'll never forget: *Allen's fixation on becoming CFO is impeding his ability to be effective*. This was an extremely tough pill to

swallow at first. I did a lot of self-reflection before I realized what mattered to me most about the work was the people, the impact and the opportunity to be part of the journey.

> "The scope and focus of the job requires a shift in mindset from department-specific objectives to company-wide objectives."

I got an executive coach and received valuable insights from more experienced CFO mentors like Tim Cabral and Sarah Friar to get myself ready for the role and once I was, the board appointed me CFO four years after I started working at Slack. But the most important thing I realized is that along with all of the benefits, a C-suite role comes with more scrutiny, accountability and responsibility. The measuring stick is different. The CFO is not just a department leader but the CFO of the entire company. The scope and focus of the job requires a shift in mindset from department-specific objectives to company-wide objectives. It's about providing inspiration, clarity, direction and being someone who people want to follow. And sometimes, it requires the wisdom and maturity that comes with age to become that person.

Takeaways

- Early-stage companies don't necessarily need a CFO

- Refer to the **"growth half-life"** formula to determine if decisions should be made with an eye towards the present or the future

- Familiarize yourself with every aspect and process in the business through cross-functional visibility, transparency and communication

- Create documentation for every department to break down silos and prepare to be a public company

- Humble yourself, soak up feedback like a sponge and understand that being in the C-suite of a public company requires maturity to handle the inevitable scrutiny that comes with it

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About the author: [Allen Shim](#) is an advisor, angel investor and former CFO of Slack.