STATE OF THE MARKET

Q3 - 2026

STARTUP FINANCE

Tom Hunter
tom.hunter@storyrecruitment.com.au
047 2727 237

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STATE OF THE MARKET

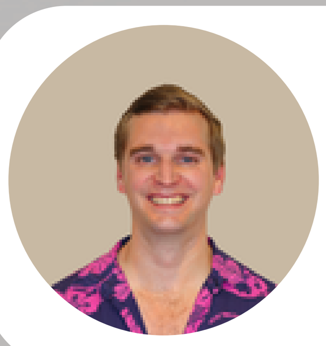
We polled the Story network of founders, CFOs and senior finance professionals across Australia on the first finance hire.

Over 260 votes covering the financial blind spots founders carry, the difficulty of making that first hire, what the hire inherits on arrival and what the best finance talent actually looks for in a founder.

We found that the first finance hire is rarely a technical problem, it is a judgement issue, on both sides.

Founders underestimate the gap between cash and profit and the finance leaders worth hiring are choosing founders on vision and trust, not on title or pay.

Included in this report is a detailed breakdown to help founders and finance leaders manage that decision with more clarity.



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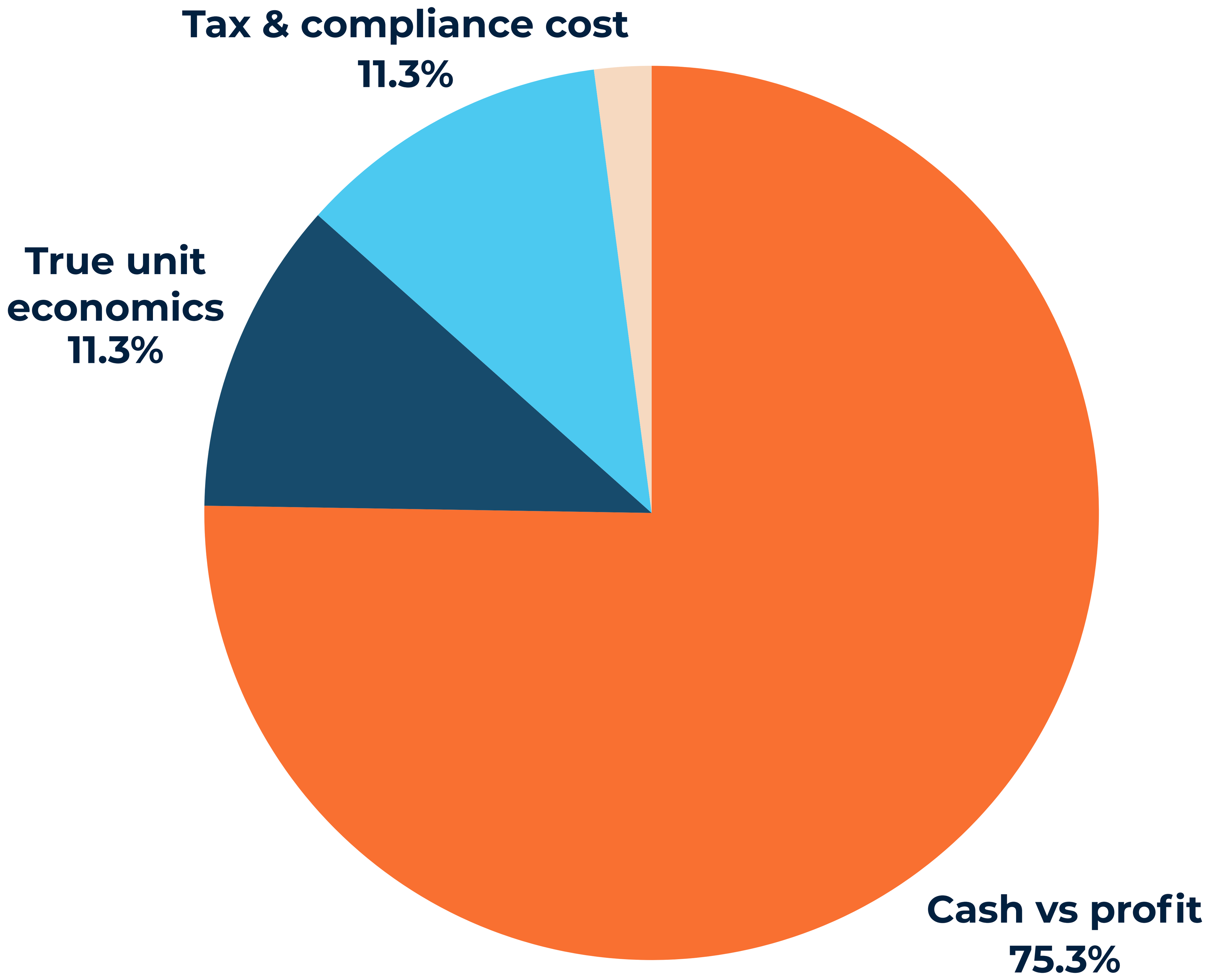
CASH IS NOT PROFIT: THE GAP FOUNDERS KEEP FALLING INTO

QUESTION

What's the financial reality founders most often miss?

KEY INSIGHTS

73% pointed to the gap between cash and profit as the reality founders most often miss, more than unit economics, tax and dilution combined



The result is isn’t really about accounting. A founder can be profitable on paper and still run out of money, or hold healthy cash while eroding margin. The two move on different timelines and the businesses that miss it tend to find out later than they should.

That 73% sits well ahead of everything else. Unit economics, tax and dilution matter, but they are secondary concerns. They become visible once someone is watching the cash-to-profit gap in the first place. When no one is, they compound.

This is the biggest point in the data for why the first finance hire exists. Not for reporting, but to hold the distinction between what the business is earning and what it can actually afford to spend, before the gap forces the conversation.

Takeaways:

- **For Founders:** If you cannot explain, this month, the difference between your cash position and your profit, that is the first thing your finance hire should give you. Treat it as the test of whether the hire is working.
- **For Finance Leaders:** This is where you earn trust fastest in an early-stage business. Make the cash-to-profit picture legible before you attempt anything more sophisticated.
- **For Candidates**: In a first-hire interview, lead with how you make cash and margin visible to a non-finance founder. It Is often more important than technical depth.

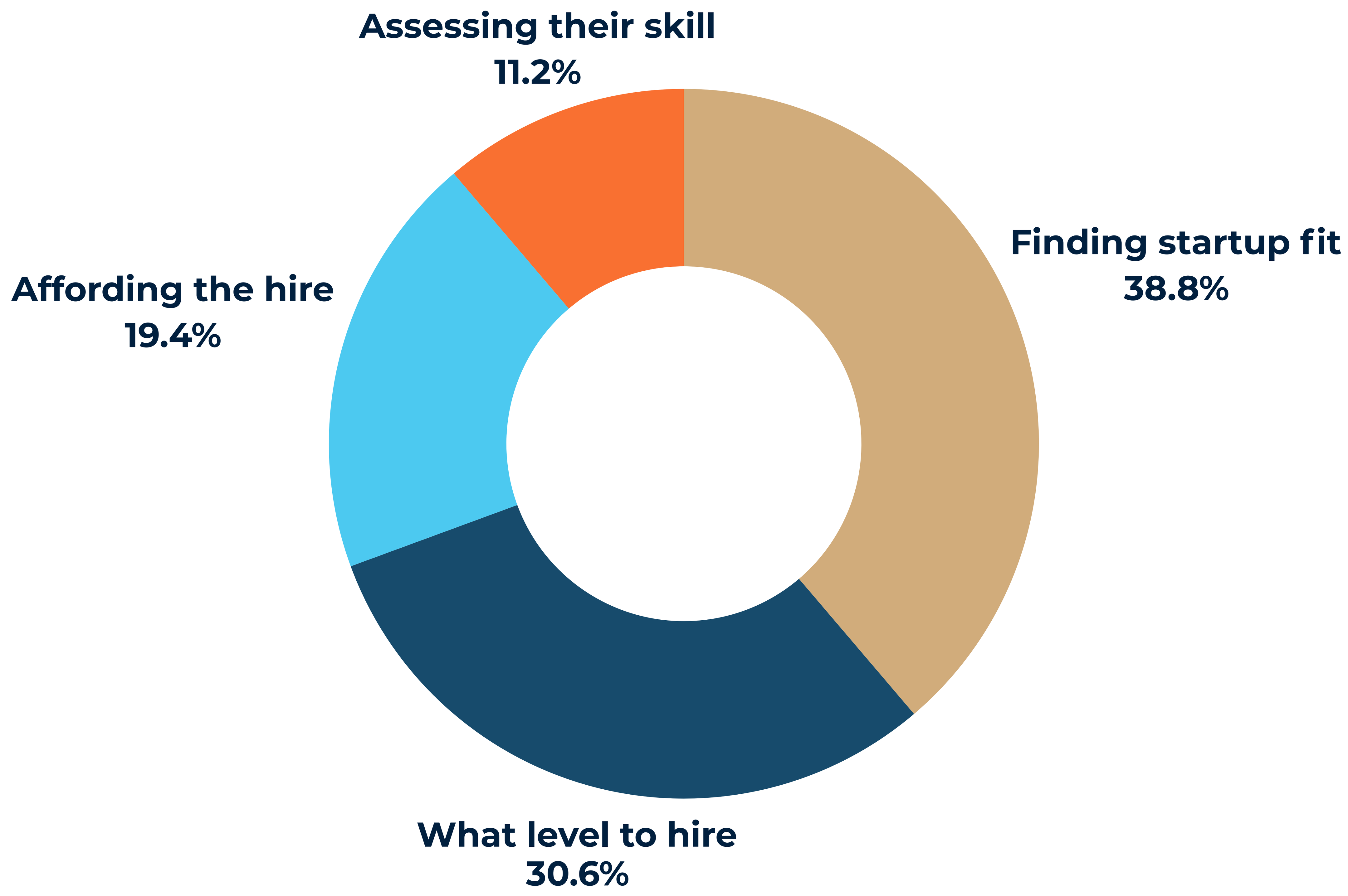
THE FIRST FINANCE HIRE IS A FIT PROBLEM, NOT A SKILLS PROBLEM

QUESTION

For founders, what's the hardest part of hiring your first internal finance person?

KEY INSIGHTS

The two hardest parts, finding someone who fits a startup **(38%)** and knowing what level to hire **(30%),** are both judgement calls. Only **11%** said assessing technical skill.



Founders are not worried about whether a finance person can do the work. Only **11%** flagged assessing skill as the hard part. What occupies them is fit and level, which together account for **68%** of the vote.

That is often what plays out in practice. A capable finance professional from a corporate background can still be wrong for a startup if they need structure that does not exist yet. And getting the level wrong, hiring a CFO when the work is a Head of Finance job, or the reverse, is the most common and most expensive early mistake in this market.

Affording the hire, at **19%** is real, but the cost concern is usually a symptom of the level question. Founders who are clear on what they actually need at this stage rarely describe the right hire as unaffordable.

Takeaways:

- **For Founders:** Solve level before you go to market. Define the work of the next 18 months, then hire to that, not to the title the board expects to see.
- **For Finance Leaders:** Fit is something you can evidence. Be specific about the stage you thrive in and honest about the one you do not. It protects both sides.
- **For Candidates**: If you are moving from corporate to startup, address the fit question head-on. Show where you have built without structure, not only operated within it.

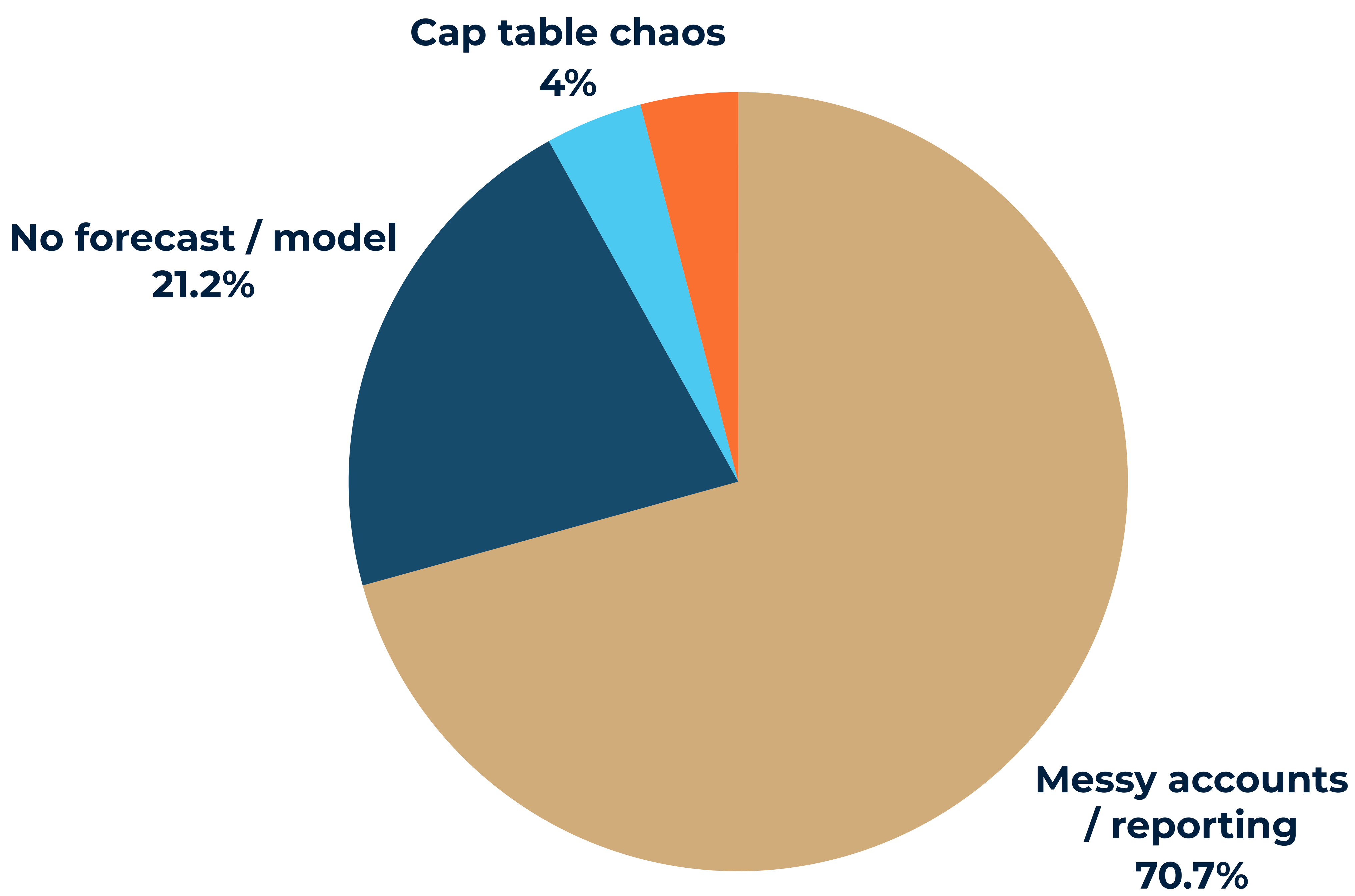
MESSY BOOKS ARE THE STARTING LINE, NOT THE EXCEPTION

QUESTION

For first finance hires, what's the most common problem you walk into?

KEY INSIGHTS

70% said the first thing they walk into is messy accounts and reporting. A clean set of books is the exception, not the expectation.



7 in 10 first finance hires start in the same place: untangling accounts and reporting that have been kept alive rather than kept clean. That is not a criticism of founders. It is what happens when finance is a part-time job for someone whose real job is building the product.

The 21% who inherit no forecast or model is the more strategic gap. Messy books are a cleanup. A missing forecast means the business has been making decisions without a forward view at all. Together, 91% of first hires walk into a function that is either behind or blind.

The reassuring signal is at the bottom. Cap table and tax problems sat at 4% each. The genuinely painful, hard-to-reverse issues are rare. Most of what the first hire inherits is fixable with time and rigour, which is exactly why the first 90 days should be resourced for cleanup, not judged on visible output.

Takeaways:

- **For Founders:** Expect the first quarter to be unglamorous. Your hire tidying up reporting is the job early days. Judge it on control, not on visible wins.
- **For Finance Leaders:** Assume you are inheriting a mess and price the cleanup into your first 90 days. Sequence accounts and reporting before you build anything forward-looking.
- **For Candidates:** Ask directly in interview what state the books are in. The answer tells you what your first quarter really looks like, whatever the job description says.

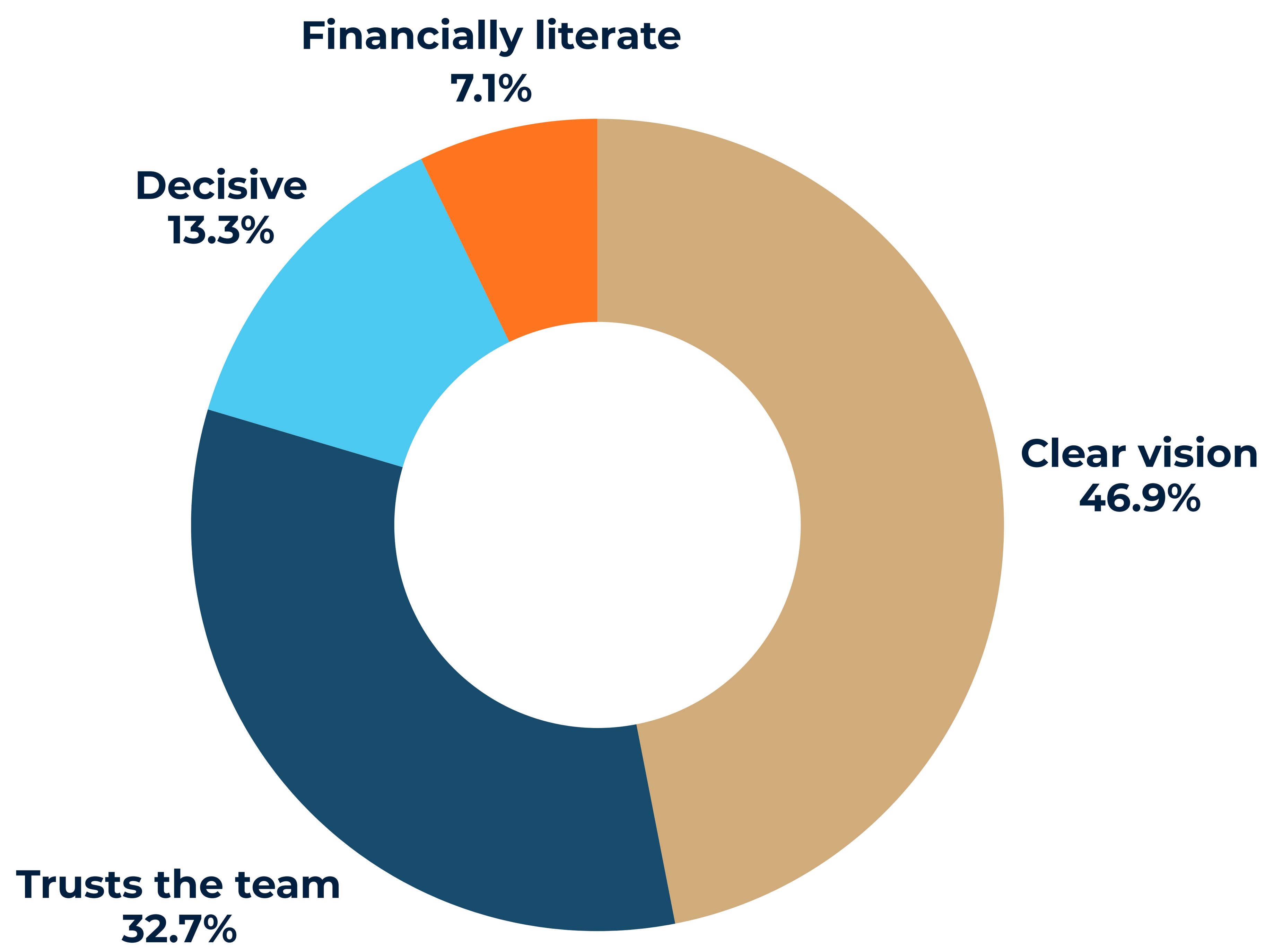
FINANCE TALENT BACKS VISION AND TRUST, NOT FINANCIAL LITERACY

QUESTION

Which is the most attractive founder trait for a CFO?

KEY INSIGHTS

46% said clear vision and **32%** trust in the team. Only **7%** cared whether the founder was financially literate.



Given the choice, senior finance talent does not need a financially literate founder. Only **7%** valued it. They want a founder with a clear vision at **46%**, who trusts their team, at **32%.**

The logic is that Finance is the one thing a good CFO can supply themselves. What they cannot supply is direction or autonomy. A founder with a clear vision gives them something to work towards. A founder who trusts the team lets finance actually operate, rather than seek permission.

There is a caution in it for founders too. The instinct to prove financial credibility to a finance hire is misplaced. **78%** would rather you were clear and trusting than numerate. And it connects directly back to the first poll. Founders miss the cash-to-profit gap because they don't have to, the answer is to hire someone who is, and then give them the room to do the job.

Takeaways:

- **For Founders:** You do not need to out-finance your finance hire. Bring clarity of direction and the willingness to let them own the function. That is what the best of them are choosing you for.
- **For Finance Leaders:** Interrogate vision and autonomy before you accept a role. Pay and title matter less to your success compared to whether you will be trusted to run the function.
- **For Candidates:** When you assess a founder, weight clarity and trust above their finance knowledge. The data says that those who have done it, would tell you the same.

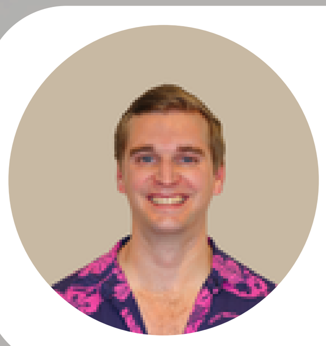
MOVING FORWARD

Q3 2026 moves where the market's attention sits. Q1 and Q2 were about finance teams under pressure. Q3 is about the decision that creates a finance function in the first place, the founder's first hire. It is a decision being made on judgement, not on technical grounds.

- **Founders most often miss the gap between cash and profit**. That is the case for the hire.
- **The hard part of making it is fit and level, not skill.** Get the level right before going to market.
- **The first hire almost always inherits messy accounts.** That is the starting line, not a red flag. Resource the cleanup accordingly.
- **The Finance talent worth hiring is choosing founders on vision and trust, not financial literacy.** The founders who understand that, hire better and keep people longer.

For founders building toward that first hire and for finance leaders weighing up an early-stage move. The right decision is made deliberately, with a clear view of the stage the business is actually at.

If you would like to discuss what these trends mean for your team or your next move, feel free to reach out.



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