

Building a finance function: from bookkeeper to Virtual FD

Owners often hire for a stage they have not reached, or stop at one they have outgrown. This paper sets out five stages of a finance function, a short self-assessment to find yours, and the order in which to build.

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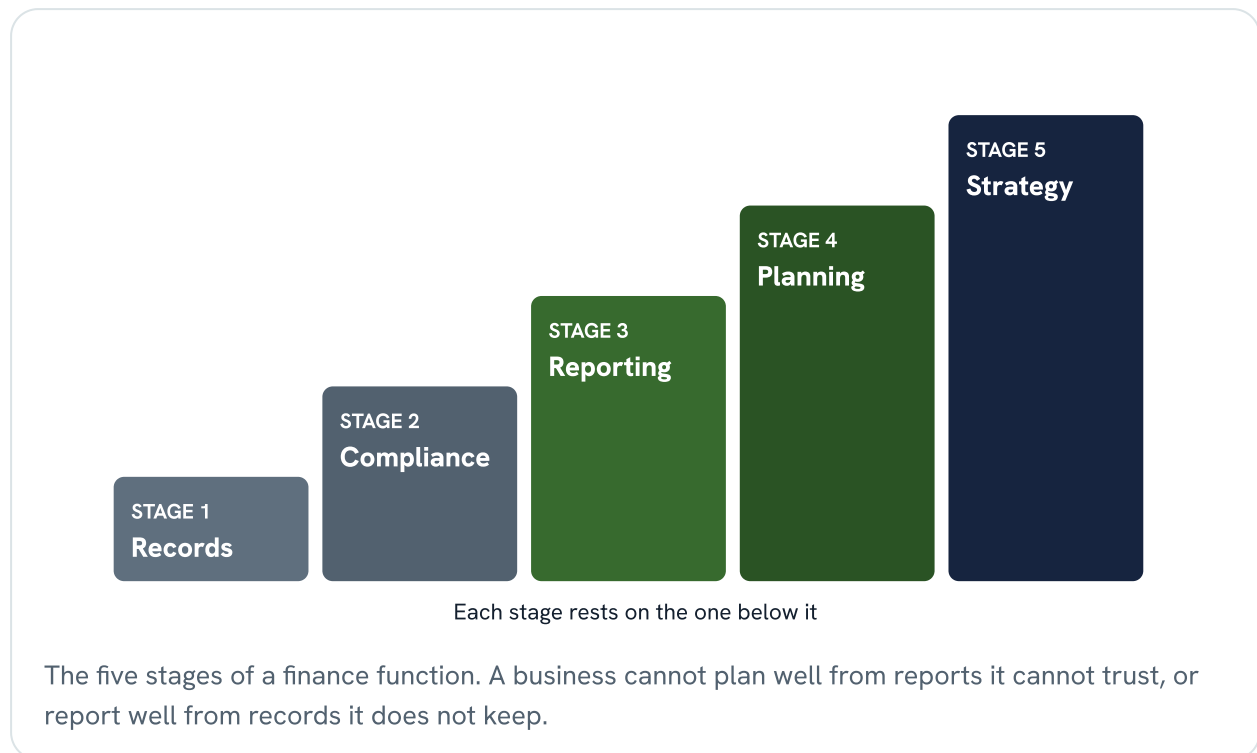
- A finance function has five stages: records, compliance, reporting, planning and strategy. Each rests on the one below it.
- The most expensive mistake is buying the top stage first. A senior finance hire cannot plan from books that are late or wrong.
- A ten-question self-assessment places most owner-managed businesses at a stage. The stage where your first 'no' appears is the one to fix.
- A full-time finance director is a large fixed cost, with published South African pay estimates from about R0.8 million to R2.6 million a year before employer costs. An outsourced Virtual FD buys the same stage 4 and 5 work in the hours you need.
- Build from the bottom up. Two to three months per stage is realistic when the owner is involved.

Why this paper

Owner-managed businesses tend to build their finance function by accident. A bookkeeper is hired when the paperwork piles up, an accountant is added at tax time, and later someone suggests a finance director. The result is a function with gaps at the bottom and a top that cannot work.

This paper offers a simple structure, a way to find where you are, and a sequence for building. It is a practical framework drawn from how finance work depends on itself. It is not the result of a survey, and we say where numbers come from.

1. Five stages



Stage	What it delivers
1. Records	Every transaction captured, bank reconciled monthly
2. Compliance	VAT, payroll and tax filed on time, without penalties
3. Reporting	Monthly management accounts and a few KPIs, on time
4. Planning	Budget, 13-week cash forecast and pricing analysis
5. Strategy	Funding, structure and growth scenarios in the boardroom

Stage 1, records. Every sale, purchase and payment is captured with proof, and the bank is reconciled every month. Without this nothing above it can be trusted. See our guide to recording transactions.

Stage 2, compliance. VAT, payroll and income tax are filed and paid by their dates, and the business does not pay penalties. See our paper on the compliance calendar.

Stage 3, reporting. Management accounts arrive within about ten working days of month end, in the same format, and the owner reads a handful of numbers. See our guide to reading management accounts.

Stage 4, planning. There is a budget, a rolling 13-week cash forecast, and a view of margin by product or customer. Pricing and hiring decisions use numbers, not instinct.

Stage 5, strategy. Funding, structure, expansion and exit are modelled as scenarios before decisions are made.

2. Where are you? A ten-question self-assessment

Answer yes or no. Your stage is the last one where every answer is yes.

Question	Stage
Is every transaction recorded with proof within a week?	1
Is the bank reconciled to the books every month?	1
Are VAT, payroll and tax filed on time, every time?	2
Do you know your tax dates, and has a payment ever been late in the last 12 months? (Yes only if never late.)	2
Do you receive management accounts within ten working days of month end?	3
Can you state your gross margin and debtor days for last month?	3
Do you have a budget that you compare with actual results?	4
Do you have a 13-week cash forecast that you update weekly?	4
Have you modelled the effect of a price change or a big hire before making it?	4
Could you show a lender or investor a forecast and history you would stand behind today?	5

How to read it. Every "no" at a stage is where to start. If the first "no" is in stage 1 or 2, the priority is not a finance director. It is a reliable bookkeeper and accountant, and a routine. If the first "no" is in stage 4 or 5, and the base is solid, a Virtual FD is the natural next step.

3. Who does what

Work	Owner	Bookkeeper	Accountant	Virtual FD
Capture transactions, reconcile the bank	Reviews	Does	Checks	
VAT, payroll and tax returns	Approves	Prepares	Files and advises	
Management accounts	Reads	Prepares	Reviews	Interprets
Budget and 13-week cash forecast	Sets goals	Supplies data	Supports	Builds and updates
Pricing, hiring and margin decisions	Decides			Models options
Funding, structure and growth scenarios	Decides		Tax input	Models and prepares

The owner decides in every row where a decision is involved. Titles vary between firms. What matters is that each piece of work has a named person.

4. What it costs

A full-time finance director. Published South African pay data for a CFO or finance director runs from roughly R0.8 million to R2.6 million a year for the salary alone, depending on the source and the seniority. The samples are small, so treat the figures as indicative. Employer costs, leave, recruitment and equipment come on top. Our cost model for an extra employee shows that each productive hour costs about 37% more than pay suggests.

An outsourced Virtual FD. The cost depends on the scope you agree, and the fee is fixed against a written scope. Our guide to the outsourced CFO explains how to compare quotes.

The choice between them turns on how much stage 4 and 5 work you really have. Below a certain workload, buying the hours is cheaper. Above it, a hire may be. Work it out with the break-even method in the cost model.

5. A 90-day roadmap

Starting point	Days 1 to 30	Days 31 to 60	Days 61 to 90
Stage 1 or 2 is weak	Clear the backlog, reconcile the bank, set a weekly capture routine	Build the compliance calendar and tax reserve	First monthly management accounts, on time
Stage 3 is weak	Agree the format and five key numbers	Deliver accounts within ten working days for two months in a row	Set targets and a monthly review meeting
Stage 4 is weak	Build the 13-week forecast	Add a budget and margin by product	Run a pricing or hiring scenario
Stage 5 is weak	Prepare a three-year model and history	Test funding and expansion scenarios	Ready a pack for a lender or investor

6. Failure modes

- **Buying the top stage first.** A senior hire on top of weak records produces expensive spreadsheets.
- **Stopping at compliance.** A business that is always on time and never looks forward is safe but blind.
- **No owner involvement.** Reports that nobody reads do not change decisions.
- **Changing everything at once.** Two or three months per stage is enough. More than one stage in a quarter usually stalls.
- **Confusing advice with a transaction.** A Virtual FD prepares the numbers for a raise, a sale or an acquisition. Running the transaction is corporate finance work.

7. Method and limits

The five-stage model is a framework, not a research finding. The salary figures come from public estimates, and they are inconsistent, as our outsourced CFO guide explains. The self-assessment is a screening tool and does not replace a review of your books. TBL Accounting is not a licensed financial services provider under the Financial Advisory and Intermediary Services Act (FAIS) and does not give investment advice. Buying, selling and raising capital sit with our corporate finance colleagues at Caban Corporate Advisors.

We welcome your challenge, and we will record accepted changes in a new version.

Version history

Version	Date	Change
1.0	30 September 2026	First release.

Sources and further reading

- Chief financial officer salary in South Africa, Indeed (54 salaries, updated April 2026)
- Finance Director salary in South Africa in 2026, PayScale
- CFO salary in South Africa (2026), ERI Economic Research Institute
- Outsourced CFO in South Africa: what it is, what it costs and when to hire one, TBL Accounting
- What an extra employee really costs in 2026/27, TBL Accounting
- How to read your management accounts in ten minutes, TBL Accounting

Cite this paper

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