

IPO-Ready or Just Optimistic?

A CFO's Playbook for Facing the Hard Truths Early

Going public is a milestone. But for CFOs, it's not just about readiness—it's about resilience. The IPO journey exposes everything: gaps in reporting, weaknesses in controls, fragmented systems, and fragile forecasts. You can't fix everything overnight. But you can focus on what breaks under pressure.

This POV lays out eight hard truths we've seen derail IPO timelines and valuation. For CFOs navigating the path to public markets, consider this a pressure test and a pragmatic guide for getting ahead of the pitfalls.

1. Regulatory Compliance Isn't Just a Box to Check

The SEC and Sarbanes-Oxley (SOX) regulations are not simply compliance tasks—they're barometers of operational maturity. Too often, companies run a surface-level checklist without addressing foundational control and process gaps. Begin with a full-spectrum gap analysis, identifying where systems, documentation, and oversight fall short. This isn't just about being compliant on paper—it's about building systems and processes that can withstand scrutiny at scale.

Modernizing your ERP system and integrating it with reporting and forecasting platforms is non-negotiable. Ensure that your data has integrity, your processes are auditable, and your financial systems can scale with transaction volume. Automated controls, audit trails, and evidence-based testing methodologies should be deployed early. Don't wait for your auditors to identify these gaps—they need to be addressed well before the audit cycle begins.

2. Financial Statements: Unqualified or Unready?

If you're preparing to file an S-1 and your audit opinion is anything less than unqualified, stop and reassess. Unresolved material weaknesses, significant deficiencies, or inadequate documentation of accounting positions can slow or derail your IPO altogether.

Public investors view financial statement quality as a proxy for the strength of your leadership and governance. Strengthening internal controls, enhancing segregation of duties, investing in training, and implementing layered review processes are not nice-to-haves—they're survival tools. CFOs should oversee the development of technical accounting memos for all complex transactions (revenue recognition, stock comp, acquisitions), reviewed in partnership with external auditors.

Transparency builds confidence. If your financials are complicated by audit qualifications, have a crisp narrative and a remediation plan ready. Otherwise, you risk valuation loss, regulatory delay, or reputational damage.

3. Valuation Hinges on Credibility, Not Hype

Your target valuation must be grounded in financial integrity, not just market trends. That means creating defendable assumptions, validating key performance indicators (KPIs), and clearly articulating how your business model scales.

Benchmarking is only credible if the comparables make sense and your assumptions can be justified. Engage independent valuation firms to sanity-check your models and assumptions. Build out investor decks that show not just upside, but also downside mitigation. Your equity story is only as strong as the numbers behind it.

4. Investor Readiness Starts Long Before the Roadshow

Investor engagement is more than just storytelling. It's about delivering a coherent, well-supported equity narrative backed by financial rigor. Build a proactive investor relations (IR) function early, staffed with experienced professionals who can translate business strategy into capital market terms.

Preparation includes anticipating tough investor questions, conducting mock Q&A sessions with your board and bankers, and pressure-testing your forward guidance. Investors expect transparency, consistency, and a clear path to profitability. Your IR function should also be prepared to support quarterly earnings calls immediately after IPO—that means aligning messaging, metrics, and communications across functions from Day 1.

5. Cost Control Isn't Optional

Going public is expensive—from legal and advisory fees to technology upgrades and investor relations. But unchecked IPO costs signal weak fiscal discipline, something public investors will scrutinize closely.

Build a detailed IPO budget with specific line items for legal, audit, financial system upgrades, and IR infrastructure. Monitor it weekly. CFOs should designate a dedicated finance resource or IPO controller to track and report on all IPO-related expenses.

Distinguish clearly between expenses that can be capitalized (e.g., direct issuance costs) and those that cannot. Understand how these impact your P&L and ensure accurate classification for audit and SEC filing purposes. Transparent cost control not only improves investor trust but also builds a culture of accountability.

6. Non-GAAP Is Not a Workaround

Non-GAAP metrics are useful, but only when they meet strict SEC requirements. That means reconciliation, consistency, and prominence. Many IPO-ready companies make the mistake of treating non-GAAP as a marketing tool rather than a supplement to GAAP financials.

Establish internal policies around non-GAAP usage, ensure consistency across periods, and maintain rigorous documentation. Work closely with legal and auditors to review all investor-facing materials. The SEC has shown a willingness to challenge and penalize misleading or poorly presented non-GAAP disclosures. Be proactive.

7. Governance Isn't a Formality

Governance structures must evolve before the IPO—not after. CFOs play a critical role in working with legal and HR to formalize board composition, assign audit and compensation committees, and institute conflict-of-interest policies. Ensure your board has the financial and industry expertise needed to support you in public markets.

Additionally, governance extends to internal operations. Staff need to be trained in public company controls, quarterly close cadence, and SEC reporting protocols. Conduct internal audits or dry-runs to evaluate SOX readiness. Strong governance earns investor confidence—and makes your job easier post-IPO.

8. Coordination is Your Biggest Leverage Point

IPO execution is a cross-functional marathon. Misalignment across departments can lead to conflicting timelines, delayed filings, and stakeholder confusion. Establish an IPO Steering Committee with cross-functional leaders who meet regularly and report against a shared roadmap.

Designate a seasoned IPO Project Manager to track interdependencies, escalate blockers, and manage the master timeline. Legal, IT, HR, IR, and Finance all need to operate in sync. Use collaboration tools and secure document repositories to avoid version control and compliance mishaps. Simulate SEC filing runs to test coordination and reduce surprises.

What Breaks Under Pressure Will Cost You Multiples

CFOs who succeed in the IPO journey are not just executors—they're orchestrators. They build cross-functional trust, manage complexity with conviction, and hold the standard across every workstream. Above all, they know where to focus: on the levers that determine valuation, credibility, and investor confidence.

If your IPO is more than 12 months out, this is the time to diagnose. If it's less than 6, the window for course correction is narrow.

If you're wondering whether your current trajectory will hold up under the realities of the public market, now is the time to evaluate. A clear-eyed readiness assessment can reveal the silent risks and quick wins that make the difference between a successful offering and a costly delay.

Curious what a high-impact IPO focus plan looks like in practice?

We can walk through what leading CFOs put first—and how they ensure execution doesn't slip when it matters most.

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