

Where Startups Shop for Finance Talent

eBay Emerges as a Training Ground for CFOs



STEPHEN WEBSTER

By Emily Chasan

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Meet the eBay [EBAY 0.67% ▲](#) Mafia.

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That is the tongue-in-cheek name for the at least 20 executives who have become chief financial officers in Silicon Valley and beyond over the past three years after training in the big e-commerce company's finance department.

Many of these eBay Inc. alumni stay in touch with one another, regularly sharing tips about the growing pains of startups and initial public offerings, while waxing nostalgic over a bottle of Cabernet Sauvignon at a trendy San Francisco restaurant.

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As a combination of new technologies begins to converge on financial reporting, it's incumbent on CFOs to prepare by reimagining the process in its future form, fully automated end-to-end and designed to supply real-time insights. For finance executives, jumpstarting the transformation may mean adopting specific practices now as well as rethinking and redeploying the function's talent mix.

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The list of eBay veterans who now are corporate-level CFOs includes Rob Krolik at Yelp Inc., Douglas Jeffries at RetailMe Not Inc. and Sean Aggarwal at Trulia Inc., who have all taken their companies public in the past two years. Startups with former eBayers at the financial controls include the online clothing retailer ModCloth Inc., digital-video company Roku Inc. and online ticketing company Eventbrite Inc.

"A whole bunch of us have come out of the eBay and PayPal fold," said Trulia's Mr. Aggarwal, who was a vice president of finance at eBay's PayPal subsidiary. "We're all helping each other out."

eBay has become a hot house for CFOs in part because it has enough resources to invest in grooming up-and-coming financial talent and enough breadth to offer the best prospects hands-on experience running their own operations. The company says it has about 1,000 financial executives around the world and more than a dozen divisional and regional CFOs.

Rookies get both theoretical and practical training in finance, analytics and leadership. And, as part of a two-year program, eBay rotates star performers to a different division every six months to expand their professional networks across the company.

Sitting in on quarterly earnings calls with Wall Street analysts and eBay's executive team, Mr. Aggarwal recalls, helped him learn how to focus on the key points he wants to make to investors, and served him well during Trulia's IPO roadshow.

eBay considers minting CFO as part of its mission. "We recruit people who aspire to be CFOs," says Robert Swan, eBay's finance chief since 2006. "If along the way there are opportunities outside, that's OK....We have a deep bench."

Mr. Swan says he does annual assessments to identify potential candidates, in case of a vacancy, and any skill gaps employees might have. He also stays in touch with executives who have moved on "to understand how well they did and how well we did at preparing them to be top notch at what they do."

CFO FACTORY

eBay has become a hot house for CFOs in part because it has enough resources to invest in grooming up-and-coming financial talent. Learn more about the executives who have moved on from eBay to manage successful businesses.

Chief Financial Officer	eBay Unit	Role at eBay	New Company	New Company Start Date
Sean Aggarwal	PayPal	VP of Finance	Trulia	12/2011
Nabeel Ahmed	eBay	Finance Director, Technology	Wanderful Media (former CFO MarketTools Inc.)	2/2013
Erik Bardman	eBay	CFO for eBay Marketplaces	Roku Inc. (former CFO Logitech International SA)	4/2013
Adam Castleton	Shopping.com	International Finance Director, Shopping.com	French Connection (former Acting CFO at O2 UK)	5/2013
Glen Ceremony	eBay	Corporate Controller	Travelzoo Inc.	6/2011
Jonathan Chadwick	Skype	CFO, Skype	VMWare Inc.	11/2012
Michael Chao	eBay	Director, Finance	Famous Brands International	8/2013
David Clarke	PayPal	CFO, Paypal EMEA	Lebara Mobile	4/2013
Matthew Gustke	StubHub & eBay	CFO and Head of Strategy, Stubhub	TheRealReal	4/2013
Mary Hentges	PayPal	CFO of Paypal	Yapstone (previously CFO at CBS Interactive)	9/2012
Douglas Jeffries	eBay	Vice President of Finance and Chief Accounting Officer at eBay	RetailMeNot Inc. (Previously CFO of Taleo Corp., Palm Inc.)	1/2013
Rob Kroluk	eBay & Shopping.com	Vice President, Global Finance Operations at eBay Marketplaces division	Yelp Inc (Previous CFO of Move Inc., Previous CFO Shopping.com – sold to eBay)	7/2011
Dinesh Lathi	eBay	Vice president of managed marketplace and seller experience	One Kings Lane	10/2011
Caroline Moon	eBay	Analytics Manager	99designs (former CFO adBrite Inc.)	1/2012
George Redenbaugh	Skype, eBay	Skype Group Treasurer and Head of Risk Management	Kiva.org	2/2013
Scott Rosenberg	GSI Commerce (now known as eBay Enterprise)	CFO of GSI Commerce	Purchasing Power	9/2012
Mark Rubash	eBay	Principal Accounting officer	EventBrite (former CFO HeartFlow Inc., Shutterfly Inc.)	4/2013
Jeff Shotts	eBay	Sr. Director, Marketplaces Strategy and Business Incubation	ModCloth	3/2012
Servaes Tholen	eBay	CFO of eBay North America	Elance	8/2012
Aman Verjee	eBay, PayPal	CFO, eBay North American Marketplaces	Collective Media Inc. (former CFO Sonos Inc.)	8/2012

Source: the companies, LinkedIn

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Tech-industry CFOs tend to hop from startup to startup. They are among the least likely to harbor ambitions of replacing their chief executive, according to a survey this month by Deloitte & Touche LLP.

Of course, companies also regularly poach finance executives from Amazon.com Inc., Google Inc., and Salesforce.com Inc., especially those who have helped the company expand, says Joe Riggione, co-founder of executive-recruiting firm True Capital Partners Inc.

But eBay's training programs are specifically designed to turn out CFOs. For example, the company's finance employees often gain some dexterity with big data, so they can sift vast



Several members of the 'eBay Mafia' dine together a few times a year. Trulia CFO Sean Aggarwal is shown last month outside the San Francisco restaurant Flour + Water, a favorite with the group. JASON HENRY FOR THE WALL STREET JOURNAL

amounts of information to uncover trends in sales, shipping or other areas of operations. They also get classroom training from in-house experts on taxes, audits, investor relations and treasury.

Several of the eBay alums dine together a few times a year, often at Flour + Water in San Francisco's Mission District, where favorites include the margherita pizza and pappardelle with braised lamb. Matt Gustke, the new CFO of online luxury reseller RealReal, Inc., who spent a dozen years at eBay and used to have a weekend home in Napa Valley, typically chooses the wine.

"We call it the Chief's Dinner," says Mark Rubash, the finance chief at Eventbrite, which he joined in April after a few years as CFO at Shutterstock Inc., and a long career at eBay.

One of eBay's early auditors at PricewaterhouseCoopers in the 1990s, Mr. Rubash recalls that the company was initially described to him as a neat way to sell old golf clubs. He bought into the idea and switched employers in 2001. At that time eBay had about 800 employees. When he left in 2005, as its principal accounting officer, the company had grown over tenfold, and he had hired many of the future members of the eBay Mafia.

Among the qualities that make the former eBay executives most attractive to fast-growing young companies is their familiarity with e-commerce and Internet advertising, and tested strategies for building marketplace businesses.

Mr. Rubash says he wants to use his background in those areas to build Eventbrite into a major marketplace for concerts and events. "One of the learnings from eBay was that you have to get critical mass first. If you put that front and center, it starts driving all of the strategic decisions," he said.

The eBay gang is a kind of cousin to the PayPal Mafia that formed after eBay's acquisition of the online-payment service in 2002, when dozens of executives moved on but kept in contact, including PayPal co-founders Peter Thiel and Max Levchin. They went on to build or invest in new companies, including Facebook Inc. and the local-review site Yelp. Sometimes the two groups overlap. At Yelp, the CEO is PayPal alum Jeremy Stoppelman and the CFO is eBay alum Mr. Krolik.

About half the eBay Mafia are serial CFOs on their second or third job. Many held internal CFO roles at eBay that gave them broad responsibilities, such as running international acquisitions, and the freedom to decide how to allocate capital among operations with millions of dollars in annual sales. They say they were able to hone their skills so well because finance was crucial to eBay as its business model grew and became more global.

For example, Dinesh Lathi spent years in finance and operations at the company, working to encourage its top sellers to do more business on the site. Now, as chief operating and financial officer at One Kings Lane Inc., a flash-sales site for furniture, he is implementing a similar strategy. At eBay he says he learned you have to be "relentlessly customer-focused."

Experienced CFOs can be as hard to come by as superstar engineers. The bulging number of tech companies preparing to go public has increased the demand for their talents, which has spread beyond Silicon Valley. Brick-and-mortar retailers including French Connection Inc. and Famous Brands International, parent of frozen yogurt chain TCBY, both hired eBay alums as CFOs this year.

"You can usually pluck a finance head out [from eBay], put them in a CFO job and have them make that transition nicely," said recruiter True Capital's Mr. Riggione.

Jeff Shotts, spent more than a decade at eBay, taking turns at running its business-incubation team and managing product development and finance for its French unit. Now, Mr. Shotts, who became CFO of ModCloth last year, is using his analytical skills to manage the company's fast-growing supply chain.

Still, he says some of the most valuable tools he picked up at eBay were on the softer side: learning how to recruit and retain talent, do good performance reviews, and bring different groups of people together.

"There's a foundation you build up as you go through the organization at eBay," he said.

For him, the eBay network also has been a way to learn the ins and outs of developing a startup. His former colleagues "have different models and different situations, but those tips and tricks play pretty well."

Write to Emily Chasan at emily.chasan@wsj.com

