BUILDING A HIGH-IMPACT BOARD OF DIRECTORS

A GUIDE FOR EXPANSION-STAGE CEOS

openview

TABLE OF CONTENTS

Foreword

If you are the CEO of an early stage or expansion-stage technology company, you know that it can be a pretty lonely job. The buck stops with you, and yet you might not have anyone you trust to help you. You are no doubt under enormous pressure to pay your people, produce something valuable for your customers, and build a great company for your employees and investors. Unfortunately, you generally also don't have the benefit of time or unlimited resources to achieve that goal.

This is where great board members and a strong board team can truly help.

For a company leader, pattern recognition in the boardroom can sometimes be more important than domain expertise in your field. This practical guide for expansion-stage CEOs makes an important contribution to the body of knowledge around corporate governance best practices that has developed over the past 15 years.

As emerging companies grow, regardless of whether they are backed by institutional capital, it is essential for these companies to formalize their board of directors. Properly organized and managed, a board can bring key corporate guidance, industry knowledge, access to important networks, and much-needed executive experience to companies whose CEOs often lack those skills.

A board of directors will not add value — and, in extreme circumstances, may even cause harm — if its members are not active, or if they are motivated by the wrong sets of objectives and goals. It is also no secret that some CEOs are not advocates of having a formal or active board of directors, while others see director involvement as a distraction or a hindrance. Even seasoned CEOs who have managed to assemble a valuable team of advisors and mentors sometimes struggle to manage their boards. They might not be sure how often to communicate with them, how involved they should allow board members to be, or where their board can provide the most value.

"Building a High-Impact Board of Directors" is written for CEOs of early stage and expansion-stage, high-growth technology companies who lack significant experience creating and overseeing boards or who find their existing boards to be suboptimal or dysfunctional. It provides insights into how to build and successfully manage a value-adding board.

It is important to note that this is not a textbook about the mechanics of board governance. Detailed information about those aspects of board management can be found in the resources listed in the Appendix of this eBook. "Building a High-Impact Board of Directors" succinctly explains the nuances of assembling and managing a cohesive board that functions collectively and effectively to add unique value to rapidly growing businesses.

One of the eBook's conclusions bears restatement in this foreword: "For a board of directors to be truly impactful, its members must be cohesive and collectively guided by a specific set of short- and long-term goals. That is true of any high-performance team, of course, but creating that cohesion — especially when adding new, outside board members who will play a large role without being full-time employees — is no small feat." If you, as a CEO, feel you could benefit from tools to help make your board more cohesive, you will benefit from reading this eBook.

Pascal Levensohn, Managing Partner,
Levensohn Venture Partners

INTRODUCTION

In September 2011, Eric Jackson, the founder and managing partner of Ironfire Capital, wrote a scathing article for Forbes *entitled "HP's Board of Directors is Pathetic."*[1] *In it, he suggested that the company's board — which had hired much maligned CEO Leo Apotheker and subsequently sat idly by while he made a series of decisions that sunk the company's stock and profits — was incompetent.*

Jackson wasn't the only one who felt that way. A New York Times *article published the same day revealed that HP's board had decided to hire Apotheker without ever meeting him.*[2] *As egregious as that might seem, the board's explanation for its lack of involvement — exhaustion from infighting — was even more condemning. The company's follies played out in the media for months to follow.*

The interesting thing is that HP had some remarkable people on its board, but even those remarkable people were not able to come together as a high-impact team. While this is an extreme example, the reality is that many boards struggle to be effective and can often even do more harm than good. Fortunately, it doesn't have to be that way. If you put the time and effort into recruiting the right board members and give your board the structure it needs to succeed, you raise the probability of creating a high-impact team that could bring tremendous strategic and operational value to your company.

OpenView has considerable experience working with entrepreneurs like you to navigate the challenges of building and managing the kind of board of directors companies need at the expansion stage. "Building a High-Impact Board of Directors" is a compilation of the insights and experiences we have gathered from our years as entrepreneurs, investors, and board members. It will help you:

- Understand the value that an effective board of directors can provide
- Assess whether or not it is time to change your current board
- Recruit and assemble a high-performance team
- Establish a clear management rhythm to engage your board effectively

In addition to sharing our own views, we have supplemented our insights with the results of a recent OpenView survey of more than 80 board members and CEOs at companies just like yours. Our goal was to get their views on things like the value that a great board of directors can bring, the ways in which bad boards can cause the most harm, and the most influential factors in determining whether or not a board is successful. The results of that survey are shared throughout this eBook.

Our goal is to illustrate the impact that a well-assembled, high-performing board of directors can deliver to expansion-stage companies, and help you avoid the fate of companies like HP. Constructed wisely, a board can deliver meaningful value to your growing business. You just need to know when to assemble one (or change the one you have), who to build it around, how to manage it, and what to do to keep your board engaged, focused, and productive. **Sounds easy enough, right? Read on!**

---

[1] Eric Jackson, "HP's Board of Directors is Pathetic," *Forbes*, September 21, 2011.

[2] James Stewart, "Voting to Hire a Chief Without Meeting Him," *New York Times*, September 21, 2011.

Chapter 1:

Why Build a High-Impact Board?

When people think about boards of directors, they often picture stodgy entities that provide companies with corporate governance and financial oversight. They also think about meetings as requirements and as something that takes people away from company-building activities.

While every board certainly should perform important governance functions (see Developing and Monitoring Guard Rails Through Governance on page 5), high-impact boards go well beyond governance, acting as high-performance teams capable of providing the strategic and operational support that help their companies succeed.

Of course, not all boards are created equally. In cases where board members are motivated by, or focused on, the wrong things (see HP, Yahoo, or Research In Motion), or have bad dynamics, they can do more harm than good.

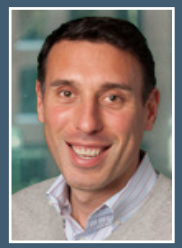
That's why it's important to understand that there are things that great expansion-stage boards must be, but also others that they should never be. Distinguishing between the good and the bad, while also ensuring that your board has the right qualities to truly add value, is critical to building a team that will help your business thrive.

Specifically, a high-performance board can be a:

SOUNDING BOARD	FORUM	SOURCE	RESOURCE FOR IDENTIFYING,	RESOURCE FOR NETWORKING
for you and your senior managers, helping you set and evaluate your company's top strategic goals and challenges	for problem solving and management support	of critical market and operational expertise	recruiting, and onboarding top managerial talent	with the key people outside your company who can help your company succeed

Conversely, a low-impact board of directors can be little more than a one-way avenue for delivering business updates and reports, and a forum for sharing good news about the company and its management team. Even worse, a low-impact board can be a painful necessity that brings little or no value to you or your management team. Meetings with such boards are a waste of time and money.

In this chapter, we will focus on what a high-impact board of directors can do to help your company develop its corporate strategy, recognize and remove impediments to growth, and provide the kind of operational support and network necessary to scale efficiently. We will also look at some of the fundamental problem issues that can result when your board is not set up to be a high-performance team.



"Even seasoned CEOs, who have managed to assemble a valuable team of advisors and mentors, sometimes struggle with board management. They're not sure how often to communicate with them, how involved they should allow board members to be, or in which areas the board could provide the most value. The best practices outlined throughout this eBook will help them to work with their boards more effectively."

Adam Marcus, Managing Director,
OpenView Venture Partners

Developing and Monitoring Guard Rails Through Governance

While not the focus of this eBook, a very important role that a board should play is to provide corporate governance and financial oversight. That role is arguably a board's primary tactical purpose, and how well it performs it is critically important to a company's success. These activities are basic requirements for every board and particularly for a high-impact board. CEOs create and evaluate employee compensation plans that ensure that they are fair and competitive.

A board's governance and oversight responsibilities should include:

1. Holding the CEO accountable to his or her stakeholders and the company's mission, vision, and values
2. Providing guidance to the CEO and executive leadership on important strategic and financial initiatives
3. Ensuring that the company's financial plan is developed and managed, and that the business is properly funded in light of new business opportunities
4. Providing the CFO or senior controller with the direction, oversight, and mentorship necessary to ensure proper governance and financial control
5. Ensuring that the company is adhering to regulatory, ethical, and legal best practices

Ultimately, a board is responsible for representing the interests of the company's shareholders and stakeholders, while monitoring the overall health, compliance, and performance of the business. This responsibility is especially important for companies that are emerging from the startup phase into the expansion stage, a particularly challenging time in their evolution.

For much more information on how a board of directors can provide effective governance, see Levensohn Venture Partners' excellent paper, "A Simple Guide to the Basic Responsibilities of VC-Backed Company Directors."

Raise Your Expectations!

Many CEOs and board members don't consider the importance of creating a high-impact board, so they set low expectations for their board and their boards tend to meet those expectations.

On the other hand, high-impact boards can truly help build companies in four primary ways by:

1. Setting and Evaluating Strategic Goals and Aspirations

Boards can help company managers step out of their day-to-day and week-to-week operating rhythm, think longer-term, and take a broader market view of your business. As you develop — or refine — your company's mission and vision, and the goals and strategies that will drive the business toward them, a board of directors can provide critical feedback that helps shape your future direction. That input can be very useful, helping you to either validate your strategy or take it in a better direction.

"The board of directors at expansion-stage technology companies should be thought of as an extension to the senior management team. As such, the board needs to be another high-performing team, staffed with highly talented people who are passionate about actively contributing to the company's success. To achieve this, the chairman of the board, who is the leader of the team, must proactively recruit the board members, set clear expectations, leverage the board members' expertise effectively, and hold each member accountable to the high performance expected."

Firas Raouf, Venture Partner, OpenView Venture Partners

Boards typically contribute by looking at a variety of areas, including the company's:

ASPIRATIONS

What are the mission, vision, values, and priorities of the business?

STRATEGIC INITIATIVES

What do you need to do in the next two to three years to fulfill the aspirations?

OPERATIONAL GOALS

What do you specifically need to accomplish in the next year and quarter?

MANAGEMENT RHYTHM

How do you keep everyone aligned and focused on a quarterly, monthly, and weekly basis?

KEY PEOPLE

What are the board and senior team gaps that need to be filled in the next year and quarter?

MARKET MAPPING

What are the state, trends, and predictions for our product and customer markets that will help us shape our strategies and tactics? Who does the senior team need to know and how do we help connect them?

In some cases, a board will work with you to design the company's strategic framework, and infuse the planning and goal-setting process with specific market insights or product expertise. That does not mean that the board is absolving you or your executive team of your roles in strategic planning or goal-setting. Instead, the board is simply providing the company with the mentorship and direction it needs to execute those tasks more efficiently and effectively.

In addition, an effective board of directors can help you and your executives engage in specific operational projects to help them achieve their top goals. After all, one of the primary benefits of independent board members is the varied experience and expertise they bring to the table, and the mentorship they can provide.

The key is to enlist board members who understand how to create, vet, evaluate, and monitor a corporate strategy that links back to a specific set of realistic goals.

2. Solving Problems and Supporting Management

Great boards provide a forum for problem solving and management support. Their members have often already fought — and extinguished — some of the same fires that expansion-stage CEOs and their management teams deal with every day.

As a result, boards and board members can deliver a level of support that expansion-stage executive teams are not used to receiving, which almost always translates into better management and company performance. Much of this support comes in the form of boards working with you to better understand your priorities, avoid potentially harmful distractions, and overcome common growing pains.

To deliver that value, board members can support CEOs and your management team by:

Helping unify the board — and the company — around a specific set of clear and attainable priorities

Identifying the ideas and opportunities that best align with your company's current priorities, while also developing a backlog of ideas that can be revisited later

Understanding the myriad challenges of scaling a business, and helping your executive team focus on the issues that matter the most at that time

Transitioning and reassigning executive team members to best leverage their strengths and mitigate their weaknesses

Coaching specific senior team members

The bottom line, as we will see, is making sure that your board comprises the right people to do all of these things.

3. Providing Market and Operational Expertise and Industry Contacts

Expansion-stage board members are typically either experienced investors in your marketplace or former industry executives with a wide range of knowledge as well as personal and professional networks. Since they tend to be externally oriented, they can be more objective and provide you with unique perspectives as you think about strategies to effectively penetrate a market and quickly grow within it. That unbiased viewpoint can help businesses examine their opportunities in a much broader context and gain insights into future market opportunities.

In the process, board members can often provide valuable introductions to other executives or business leaders in your market. They are also often willing to perform competitive research or new business development if it will help the company achieve its goals.

4. Recruiting, Managing, and Compensating Top Talent

Great board members can play a crucial role in recruiting and managing executives. They likely have run successful businesses, and often have strong ties to the markets you are targeting. As a result, you should consider engaging your board in two main ways as you either begin to assemble — or look to upgrade — your management team by:

Asking for guidance on how to find, approach, and hire top executives: Leveraging board members for executive recruiting increases the probability of finding and winning top talent. Board members provide a wider, and more experienced, lens than you might otherwise have. In some instances, it can even be advantageous to have board members define and guide the recruitment process. This is particularly true for inexperienced founding CEOs, as board members can be instrumental in helping candidates overcome the anxieties of being recruited by an inexperienced chief executive officer.

Utilizing members as a selling mechanism to identify and initiate contact with top talent: If you need to ensure a candidate's interest in working for your company, involving a board member who could potentially influence that candidate can help. Hearing about a potential opportunity from a board member who appears more objective about the company and the job opening can go a long way toward selling the candidate on the job. Candidates like to hear why certain board members were excited enough about the company to join it, and why they believe the company will be successful.

One talent management issue that often arises in growing companies is transitioning CEOs. In most cases, boards prefer to keep founding CEOs in their positions, provided they are capable of growing and evolving with the business, and guiding it to its ultimate goals. The reality, however, is that some founding CEOs lack the experience, vision, or even the talent to scale a business efficiently. In those circumstances, transitions become necessary.

A board can play a critical role in that process by:

- **Proactively managing a CEO review process:** Before arriving at the transition milestone, the board must deliver a clear set of performance expectations to the CEO, indicating any gaps that are in question. That process will prepare the CEO for an impending transition.
- **Managing an orderly transition:** Typically the board will appoint an interim CEO, elect a chairman to assume the CEO's duties, or provide coverage to the existing CEO, until it is able to recruit and onboard a new chief executive.
- **Recruiting a new CEO:** Ideally led by the chairman, the board can run a formal CEO recruiting process. The board can vet the candidates and manage the process of involving the senior managers later in the selection process.
- **Working with the founding CEO to onboard a new CEO:** While it might seem an unlikely scenario, a truly effective board is able to manage a CEO succession plan in a nondisruptive and collaborative manner — often with the help of the CEO who is being replaced. Having the founding CEO remain at the company in an operating role is also achievable, and sometimes desirable. The key is for the new and former CEOs to be able to work together.

In difficult transitions, it is not uncommon for the founding CEO to disagree with the board's decision, and he or she may need to be asked to leave. Although such scenarios can quickly test a board's mettle, the hallmark of a high-performance board is its ability to maintain control and execute a smooth transition, regardless of the circumstances.

Importantly, boards also often have relevant experience with setting employee compensation and can frequently help CEOs create and evaluate employee compensation plans that ensure that they are fair and competitive.

That process begins with creating the financial plan for the following year. From that, the board can define the broad set of parameters around which a company can design compensation plans such as the allocation of incentive stock options, the mix between base salary and variable bonus compensation, and drivers for allocating bonuses.

Once the compensation plan is set, the board is responsible for ensuring that the compensation plan is adhered to.

The Harsh Realities of Boards

The harsh reality is that most boards do not have the best board membership and board meetings often are bad experiences for the participants. It is extremely difficult to build and maintain a high-impact board and most companies never get there.

But a high-impact board still should be the goal — just ask anyone who has participated in one. High-impact board conversations are more stimulating, the board meetings tend to be shorter, and all of the participants tend to walk out with a sense of shared direction and feeling good about the time that they took to participate. Most importantly, the meetings lead to creating tangible value in the company.

Most boards will never become high-impact teams capable of providing the valuable strategic services outlined above. In extreme cases, they can actually hinder your company's progress and become a heavy burden on you and your management team.

Bad board dynamics result when:

1. The board is set up only for "control" or other "non-impact" purposes.

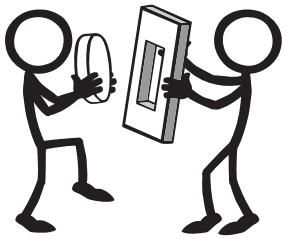
For example:

- There are too many investors who "have to be board members" as part of their investment. In general, the more investors on the board, the worse the board meetings (this generality is mitigated when the investor actually plays one or more of the important roles outlined later in this eBook).

- There are too many "pals" of the founder on the board who are generally appointed because the founder trusts them rather than because he or she believes that they will add the most value.

- There are too many management team members on the board. The management team members already are making an impact on the company and are using up a valuable seat that can be occupied by a uniquely valuable person.

- The board is haphazardly assembled without sufficient attention paid to board member relevant skills.



2. Board members are not committed to spending the appropriate time and energy to participate and be helpful.

3. One or more board members monopolizes the board and/or distracts the board from having a meaningful discussion.

4. Board members are not aware of or not held accountable for what's expected of them.

5. There is poor alignment between various board members around the company's short- and long-term goals and aspirations.

6. The management team does not properly prepare the board to have a meaningful conversation about the company and its markets.

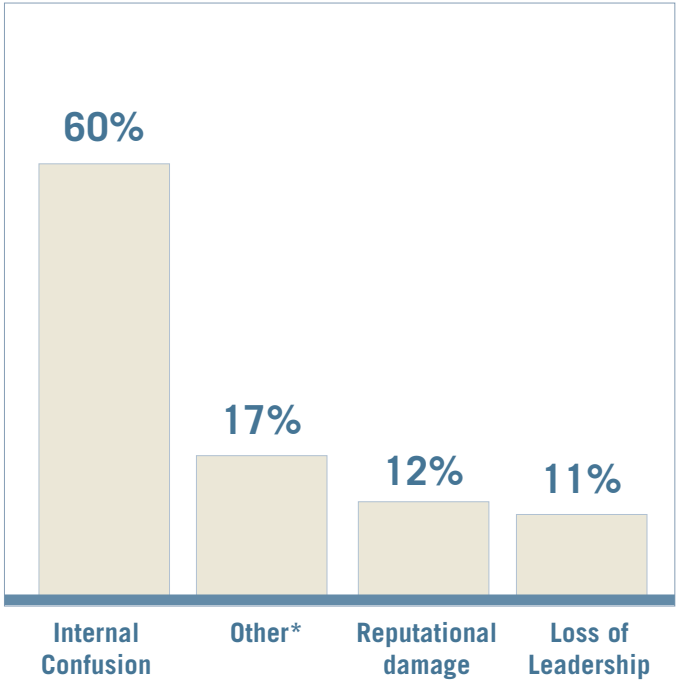
Those problems can quickly snowball into larger issues for the company, including:

- **Reputational damage:** A dysfunctional board can be harmful on its own, but that harm only gets worse if the board's follies become public. If your company's customers, prospects, and partners learn of your board's dysfunction, then you might find yourself spending more time defending your business and its strategy than talking about its game-changing technology.

- **Internal confusion:** When board members have conflicting agendas or disparate relationships with each other, that tension is often difficult to hide from the rest of the company. A lack of board cohesion can quickly trickle down to senior management, leading to poor focus and direction.

- **Loss of leadership:** The absence of board cohesion almost always results in the removal or departure of an expansion-stage company's CEO. That reality opens the door for a bad board to cause significant harm by replacing him or her with a new, poorly selected CEO. As a result, some CEO transitions tend to cause significant gaps in leadership that flow through the executive team down to every employee.

What is the worst impact that a bad board can have on a company?

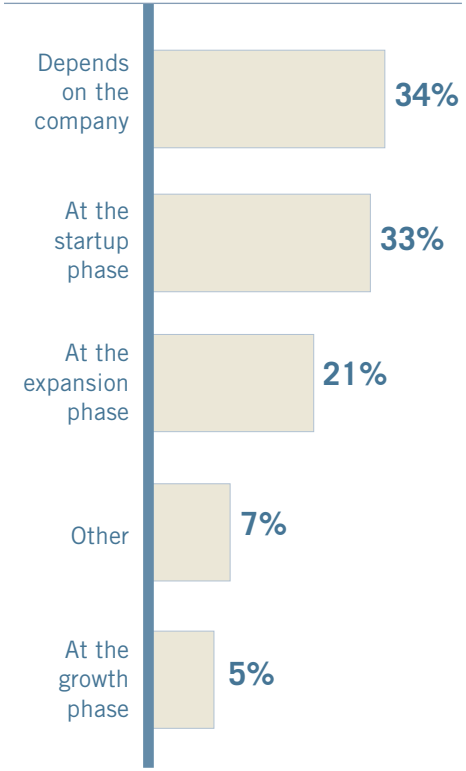


*Includes creating distractions, wasting the CEO's time, breaking the unity of executive leadership

Is it Time to Build a High-Impact Board?

If you do not already have a board, your company will need one to meet its full potential. If your current board is not the kind of high-performance team described earlier in this chapter, or worse, dysfunctional to the point where it is actually doing more harm than good, it is likely time to change your board.

When is the right time to create a board of directors?



In fact, even if you have a good board, if your company is about to or has recently entered the expansion stage, you should consider changing it. The reason is simple: As a company grows and enters the expansion stage, it faces a new set of challenges, which may require specific expertise to successfully deal with.

For example, as companies enter the expansion stage, they need to start focusing on building scalable business operations and assembling a management team that can help the founders grow the company. **Specifically, they must:**

1. Begin thinking about creating repeatable processes and imple menting the systems and infrastructure necessary to help them become bigger, more powerful businesses.
2. Create a more structured leadership team that is well equipped to manage the growing complexity of the company, and that can provide oversight and guidance toward a more formal business plan and organizational structure.
3. Focus more on corporate governance, particularly as company founders formulate their exit strategy and begin exploring venture capital investment.

A high-impact board of directors can help a company's founders do each of those things. Of course, for a board to be effective at the expansion stage, it has to have the right people, processes, corporate structure, and market focus to truly leverage it.

Entering the Expansion Stage?

Keep These Points in Mind Before Creating or Changing Your Board

When your company enters the expansion stage, you need to take stock of its existing board and assess what changes need to be made. As part of that effort, there are certain oles, business functions, and bylaws that you have to establish first to ensure that your company can support, guide, manage, and make use of its new expansion-stage board that may or may not have previously existed.

For instance, you need a specific charter that will govern the board and establish the goals and expectations to which the board is held accountable. That means writing board bylaws and a clear mission statement, and drafting a code of ethics and conflict of interest statement that will keep all board members in check. Each of those documents will provide clear expectations for board members up front and lessen the possibility of conflict after the board is assembled.

In addition, it's important to have either a CFO or senior controller recruited before creating a board. This person will not only set the future financial course for the company, but he or she will also help the CEO manage board meetings and the board engagement process.

If you are ready to build or change your board, carefully review the best practices outlined in the following chapters to ensure that you are creating and effectively managing a high-performance team.

Chapter 2:

How to Assemble a High-Impact Board

Similar to the process that you go through to recruit and hire a high-quality, well-rounded senior management team, an expansion-stage board of directors needs to be built with specific skill sets and core competencies in mind. Just as important, those skill sets should be balanced across a variety of roles, which will ensure that the board can provide a wide range of value to a growing business with evolving needs.

In searching for board members, it's imperative that you start with a few key questions:

- What skill sets are most important to your business?
- Will a board member with a specific skill set plug an operational or strategic skill gap?
- How much time and energy will board members need to commit to have a positive impact on the business?
- Will the board member you recruit positively or negatively impact your established company culture or senior management cohesion?

That last question is particularly important. For a board of directors to be truly impactful, its members have to be cohesive and collectively guided by a specific set of short- and long-term goals. That is true of any high-performance team, of course, but creating that cohesion — especially when adding new, outside board members who will play a large role without being full-time employees — is no small feat.

Ultimately, if you fail to consider each of the questions posed above, you run the risk of assembling a board of directors with bad board dynamics, which could wreak havoc on your business. In this chapter, we will cover the keys to identifying, attracting, and managing true value-adding board members, and explore the possible implications of recruiting board members who do not understand (or are not really committed to) your business.

Who Will Add the Most Value to Your Board Team?

Before you begin to recruit board members, it is critical to consider the value and expertise that you need the board to deliver to you and your company. To start, think about your company's current and future needs and anticipate areas for improvement, both individually and for the company as a whole.

For instance, if you are a first-time entrepreneur and CEO, it might be best to target board members who have successfully gone through the challenges you currently face. Alternatively, if you just hired or plan to hire a CFO or senior controller, then it might be helpful to have a mentor who could help you recruit and/or facilitate that person's professional growth.

"Think of a board of directors as a team. Like any team, you need to construct yours with the right set of people who add unique value to your organization. Expansion-stage CEOs need to surround themselves with a talented team of finance, sales, marketing, product development, and customer service executives, and managers who complement their strengths. That variety of skill and knowledge is the foundation that often takes a business from 'good startup' to 'great, big business.' "

Scott Maxwell, Senior Managing Director and Founder, OpenView Venture Partners

There are seven key board member personas to consider:

1. The Head of the Audit and Compensation Committee

This person should have previous financial experience (e.g., as a former CFO or public auditor) and must work with you, the CFO, and other board members to ensure the financial and legal well-being of the business. Additionally, this role is responsible for ensuring that the company's compensation plan is under control and competitive.

2. The Ying to Your Yang

This role is typically filled by a board member who is in some way complementary to you. For instance, if you have a sales background, this person might possess a stronger product development or customer experience background. The idea is to identify someone who can help you think outside the box and broaden your skill set.

3. The Personification of the Company's Target Market

Typically filled by an independent board member, this person possesses a keen understanding of the company's target market. He or she tends to possess a strong network of target buyers, and can monitor the pulse of — and trends in — your market. For instance, if your company's primary buyer is the CMO of enterprise software companies, you might recruit a former CMO of a similar company to fill one of your board seats.

4. Your Advisor and Mentor

While the previous three roles were more externally focused, this role has much more to do with to the company and your skill set gaps. Your advisor and mentor should be a retired CEO who has guided a company through the expansion stage. He or she can provide you with relevant insight, expertise, and feedback, particularly as the business begins to scale.

5. The Exit Strategist

While company executives focus on scaling the business, someone needs to begin to think about the company's strategic direction, economic model, and exit plan. Should the business shoot for a merger or acquisition, or is the better exit strategy an IPO? If a company has accepted outside financing, this role is typically the responsibility of investor board members.

6. You, the CEO

It might sound obvious to suggest that you must also be a board member, but some boards fail to elevate their CEOs to the level they should. That's a critical mistake. If you are supposed to command respect and serve as the company's primary leader, how can you do that without commanding respect from the board? As a board member, you may not have the same power that you hold over your executive team and managers. It's still your job, however, to lead and manage the board.

7. The Chairman of the Board

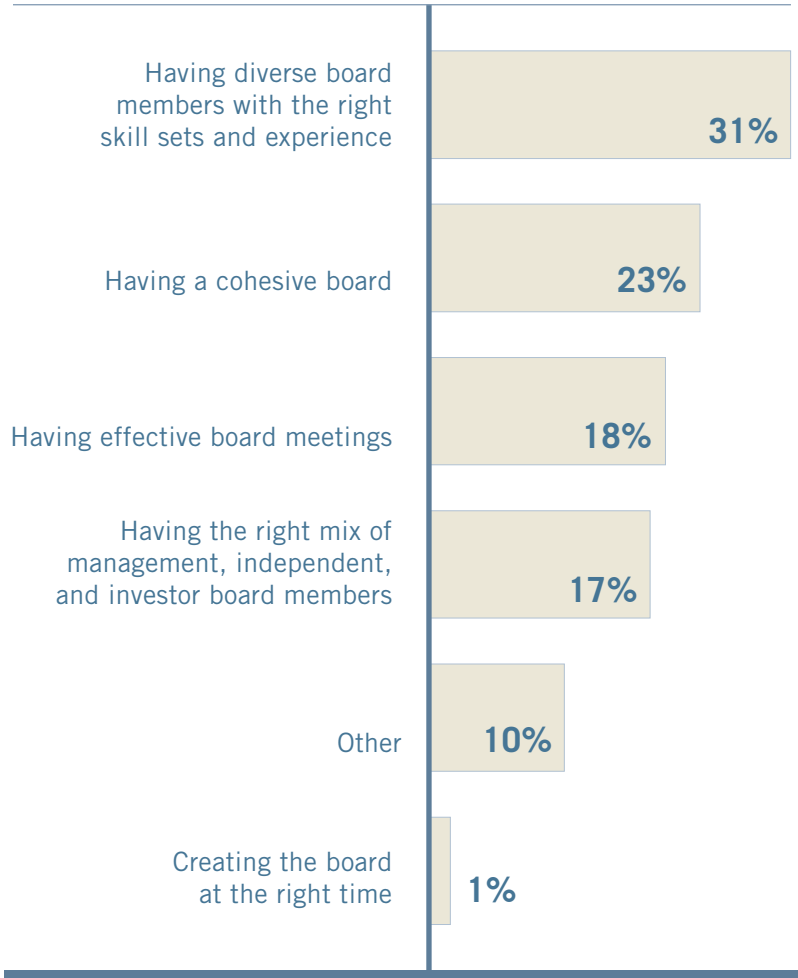
This role might seem obvious, too. Deciding who should fill it, however, can be a tricky issue.

Companies typically choose from two approaches:

- You assume the role of chairman: In this case, it's a good idea to appoint a senior director who can work with you to ensure that other board members' voices are being heard and that you have some help leading the board team.

- An independent board member serves as chairman: If you are already stretched thin and can't afford the time to serve as chairman, it's generally a good idea to appoint a director who can organize the board, keep everyone on the same page, run a good board meeting, and foster board cohesion. Ideally, this person will be an independent board member.

What one factor will most influence whether or not a board succeeds?



"For early stage companies, it's important to have an independent board member assume the role of chairman. That's because the CEO may not have the relevant experience to deal with a board, raise equity or debt financing, or grow and scale a company. If you have a successful independent board member acting as chairman, he or she will be able to mentor the CEO; assist in talent evaluation; and serve as a sounding board for the CEO regarding the strategic direction, mission, and goals of the company."

Robert Steinkrauss, Independent Board Director, CEO Mentor, Exinda

Picking Rock Star Board Members

While boards can vary by size depending on a company's stage, financing, and skill set gaps, you should ideally have a five-seat board through the expansion stage, and perhaps increase it to seven or nine members as you grow beyond $100 million in revenue. An ideal expansion-stage board consists of:

- **Management board members (one seat occupied by the CEO):** You may have more than one founder and need to offer a second seat to a co-founding COO or CTO, but each seat that you offer to management team members beyond the CEO will reduce the board's impact potential.

- **Pure investor board members (as few as possible)**: Unless your investor fits one or more of the personas described above, the more investor team members that you have on your board, the lower the probability of creating a high-impact team. (Note: Most professional investors who do not fit the above criteria are not going to appreciate this point of view, and most are going to require that they participate on your board.)

  To the extent that they are pure investment board members, it might be worthwhile to discuss offering their seat to someone who can offer additional impact and offering the investor an observer seat. This idea is uncommon and fraught with risk, but if you have a good relationship with your investor and your investor wants to build a high-impact board, it may be a worthwhile conversation, particularly if the investor has two board seats under their control (you might be able to get them to give up one of them).

- **Outside board members (three to four, so long as they are high-impact people who have high-impact personas):** These are the unique high-impact people that will truly change the nature of your board.

In most situations, you probably won't achieve an optimal board because your shareholders (typically founders and institutional investors) will put requirements in place that will make that virtually impossible.

Investor Board Members

The board recruiting process is a bit challenging when it comes to selecting investor board members. You have the greatest ability to influence the investor board member prior to taking an investment. You can control the venture capital firm that you choose to partner with, and you also have some flexibility in determining the control the investor has over board seats. You can also try to get the firm to appoint the best people to your board. (Note: This is a delicate conversation, as investment partners at VC firms are sometimes very sensitive about this issue, while others are more open and willing to work with you to get the best board appointment.)

You can also raise the question periodically as to whether the investor appointee should rotate off your board and someone else rotate on. Again, this is a delicate situation, so get the advice of your other board members and, perhaps, others in your venture capital firm about the potential receptivity to this conversation.

In general, you will not get the best board members for your company without asking, but asking can create potential issues with some venture capital firm partners.

"The balance among board roles and the types of issues around each should evolve with the stage of the company. For example, early stage companies look for market fit and legitimacy, while later stage look for scaling within a market and across markets. That leads to the tougher issue of how to transition the board team to match the company's needs. That's one of the key responsibilities of the chair or lead director so that CEOs don't have to spend their political capital evolving the board."

James Geshwiler, Managing Director, CommonAngels

Independent Board Members

Recruiting independent board members is where you can have the most impact. Independent seats provide an excellent opportunity to bring the most targeted and effective talent into your company. Recruiting independent board members is similar to recruiting other senior roles:

- Clearly define the talent gap you are looking to fill
- Develop a detailed role description that outlines expectations
- Create a thorough summary of your company, including its aspirations, to share with candidates
- Assign an existing board member to lead the search
- Leverage the networks of all your current board members
- Consider asking an executive recruiter to help introduce you to candidates (many retained recruiters will do this for free or for minimal cost if you do other business with them)
- Involve all board members in vetting candidates
- Make sure that the person who you recruit has the time and interest to fully engage in your board and that you are aligned on what is expected (there is a wide range of expectations for board members).

Setting Clear Expectations, Demanding Full Accountability

Expansion-stage boards cannot be effective if their members do not clearly understand their roles and responsibilities. That is why you must treat recruiting a board member like you would a senior executive, setting clear expectations and reviewing each member's performance over time. If someone still isn't carrying his or her weight after understanding that there is an issue, you shouldn't hesitate to remove them.

While expansion-stage CEOs should only recruit board members who can commit a significant amount of time and energy to their role, it is important to be realistic, too. After all, board members are not the company's full-time senior executives; the best board candidates often have myriad other projects or roles. **At a minimum, however, expansion-stage board members should be able to commit to:**

- Four to eight hours per month for board-related activities and responsibilities
- One day per quarter for on-site board meetings
- One day per month to provide ad hoc operational or strategic advice

The specific responsibilities of each role will depend in part on your company's needs, investment history, and stage. However, the checklists on pages 39-40 in the Appendix provide some general guidelines.

Another expectation that you should set up-front relates to board terms. Our view is that board terms typically should last two to three years, and if you set this expectation up-front it will be easier to rotate board members over time (you can still decide to reappoint people who continue to be a good fit and serve the board well).

Rotating Members off Your Board

When you recruit and hire an independent board member, you do so hoping to add a high-achiever, mentor, or critical advisor to your team. Unfortunately, it does not always work out that way for various reasons, mostly surrounding the independent board member losing interest or losing available time.

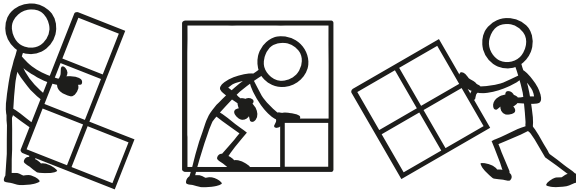
If a board member who was recruited to fulfill a specific role is not carrying his or her weight, or failing to meet the expectations you agreed to, you must be willing to ask that person to step up or step down. At the expansion stage, after all, you do not have the luxury of time. **If your independent board members become more distracting than helpful, you should:**

1. **Objectively measure the board members' performance:**
   The best way to do this is to evaluate their contributions relative to the role and responsibility description you initially provided them. If your objective measurement reveals that a board member is not pulling his or her weight, then you will have something tangible to present to other board members to make your case.

2. **Openly communicate your expectations (and, potentially, their performance gap):**
   The easiest way to do this is to spell out your expectations and ask them if they still want this role. Board members are smart, successful people so their performance gap generally comes from lack of time or interest rather than lack of ability. Just asking will get you to the conversation that you need to have.

3. **Quickly replace the board member if your dissatisfaction persists:**
   If a board member continues to fall short of expectations, he or she can be replaced. In that scenario, there are governance criteria that you must follow and the decision must be approved by investor board members, who often possess blocking rights on hiring and firing board members. Be sure to consult your in-house or external legal counsel before taking any action.

Our view on rotating members also applies to VC board members and founder board members. While these conversations are more delicate, those board seats are not lifetime appointments, and if board members are failing to deliver value they should be replaced with new board members who will.



Building a Foundation for Success

Simply knowing that your company is ready to have a board of directors is no guarantee that you will assemble a value-adding board that drives success. In fact, the process of building a board strategically — recruiting and hiring the right types and number of members, and setting clear expectations for them — can send many businesses off course.

Think of building a board of directors as like assembling a top-notch management team. You must consider the value that each member will bring to the table and how that member will impact board cohesion and dynamics. If you can assemble a team that agrees on common goals and understands what it is expected to deliver, you will stand a far better chance of creating a board that drives the business to success.

Then again, that board will not manage itself. In the next chapter, we will cover the keys to running a highly productive board meeting, and lay out an agenda that can be used for each meeting you host.

Chapter 3:

Creating Board Rhythm

Although board meetings are critically important, many senior managers, CEOs, and board members dread them. The management team stresses over creating volumes of informational material for the board, and assumes that most of the meeting will be spent updating the board on basic business matters. Their expectation of value creation is very low.

The board members stress over hearing updates drone on over several hours when they could have simply read the material. They also often wonder if management team members want their feedback and suggestions. They wait for management team members to raise an important issue that they are struggling with and/or ask the board what they think about a particular topic. With so little interaction, a management team could simply have recorded their presentations and let the board members watch them in their spare time.

The best expansion-stage board meetings are nothing like that. If you prepare and execute best practices before, during, and after meetings, then discussion at actual board meetings can remain focused on important topics for your business. Your board meetings, in turn, can become a huge source of value for your company.

"Setting a company's mission, vision, goals, and strategies should be the primary agenda for every company's board meetings. It's also important that the CEO presents how the company is performing against its goals and strategies at every meeting and to do so in a consistent fashion. Failure to do so limits discussion because the board is then forced to spend its time trying to figure out whether or not the strategies and goals have changed. Conversely, presenting this information the same way every time will help facilitate a strategic, rather than tactical, discussion."

Bill Conroy, Director, Kareo, AtTask, and Prognosis

Assuming you have value-adding, engaged board members attending your meetings, there are several key steps that will help you run highly successful — and productive — expansion-stage board meetings, including:

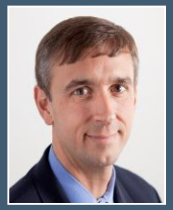
- Surveying board members and the management team in advance to determine the issues or topics they want to cover in the upcoming meeting
- Distributing meeting materials, operational reviews, and corporate financials to the board at least a week in advance of the meeting (ideally, highlighting the areas that the management team is particularly proud of or troubled by)
- Engaging board members individually before meetings to discuss meeting materials, answer questions, and ensure alignment on the top two or three strategic topics
- Developing a consistent meeting agenda, restating that agenda at the beginning of each meeting, and reasonably sticking to it
- Ending meetings with a clear consensus around the top action points and strategic topics, and following up afterward with a meeting summary and conclusion

What's the most important step to ensure successful board meetings?

Ending meetings with a clear consensus	38%
Engaging board members individually	34%
Developing a consistent meeting agenda	16%
Distributing meeting materials advance	9%
Surveying board members in advance	2%
Other	1%

In this chapter, we will explain how to best execute each of those steps and provide advice to ensure that your board meetings provide value and make the most of everyone's time.

What to Do Before a Board Meeting



"For a company to succeed, it is critical that its CEO, management team, and board of directors all be aligned in terms of the organization's strategic direction and major milestones."

Dan Demmer, President and CFO, Endeca Technologies

Because one of the primary goals of a board meeting is to conduct a well-rounded, insightful retrospective of the company's performance over the prior quarter, you should start board meeting preparation by meeting with your senior team to:

- Review departmental retrospectives and identify potential discussion points
- Analyze what the company did — and did not do — well in the previous quarter
- Create goals for future quarters and support them with sound analytics
- Summarize each retrospective and compose conclusions for each department

You can use that information to create meeting materials that concisely summarize the company's performance, and submit them to the board in advance of an upcoming board meeting. **Ideally, this board package should be sent at least one week before the meeting, and you must demand that all board members read those materials prior to the meeting.**

If any board member has a question about the package, encourage them to contact you directly before the meeting. Additionally, if there are key decisions or issues that pertain to a particular board member's interests, be sure to review them with that member before the meeting. This way, the board meeting can stay focused on critical management and operational issues, as well as the future direction of the company.

What to Do During a Board Meeting

A board meeting is not the forum to discuss every possible challenge, issue, or roadblock that the company is facing. As you are developing your meeting agenda, think about the two or three strategic or operational issues that matter most to your business, and set a meeting agenda that consistently and exclusively focuses on those topics.

Every board meeting should generally include several topics of discussion, with the most important topics covered at every meeting. OpenView has found that it is helpful to rotate the other topics so that each is covered once every six to nine months. This will allow full, deep, and impactful conversations that lead to better insights.

The following is a good list of topics to consider for your board meetings and who should cover them:

Market dynamics overview, including how the target market segments prefer to buy and from whom	VP of Product Management
Product roadmap and overview of key product development issues	CTO or VP of Product Development
Latest sales forecast and overview of key selling dynamics	VP of Sales
Review of operating control book and financial overview	CFO/Senior Controller
Update on CEO and management goals	CEO
Key strategic topics, including business development and exit strategy	CEO
Governance and board matters	CFO/Senior Controller

Don't Forget About the Board Dinner

Another critical aspect of any board meeting is hosting a board dinner. It cannot be overstated how important it is to build in time for board members to interact in a social setting so that they have the opportunity to get to know each other informally and build bonds. Doing so will go a long way toward helping them become a cohesive team.

ANOTHER POINT TO CONSIDER is having each member of your executive team try to engage the board in a **conversation**, presenting some high-level information from their respective areas, including deep and impactful conversations that lead to better insights.

High-level discussion, lasting no more than two to three minutes	◎ Goals for the last quarter and their results ◎ What went well ◎ What did not go well
Deeper discussion lasting 15 to 45 minutes	◎ Key issues that they are struggling with, both tactical and strategic ◎ Any questions, ideas, or suggestions from around the table ◎ Goals for the next quarter and beyond

The key to this is to have the executive team members try to engage their peers and the board so that they can extract their ideas and suggestions.

Communicating Challenges Effectively

Great board members understand that even great functional heads struggle with issues. When functional heads don't talk about their issues to the board, board members wonder why. The answer, from the board's perspective, is that either the functional head doesn't recognize the issues or is not transparent enough to discuss them (perhaps they lack confidence, or fear the board or being judged). **It is a serious red flag for board members when functional heads do not present their issues**, and it is generally indicative of their limited career potential — due to their own shortcomings, rather than any potential board action.

It is also critically important to require board members to attend quarterly meetings. Outside of emergencies, no board member should be dialing-in to the meeting. If the meeting is not important enough for a particular member to attend, you should consider removing him or her from the board.

How to End Board Meetings on a High Note

Board meetings generally should last three to six hours, with almost all of that time dedicated to operational review. You should always leave time at the end to summarize the strategic issues that were discussed and establish a clear consensus on the action points that the company's management team — and the board — plan to address going forward.

If board members have questions about a particular senior management issue after the main meeting agenda points have been discussed, it might be worth having senior management team members address the board after the primary meeting is complete.

Additionally, one of the best ways to improve your board's overall cohesion is to host a social event on the day or night of your board meeting. By having all senior managers, executives, and board members in attendance, you can foster a closer relationship between the board and the company's senior team. Ultimately, that should spawn stronger trust between both parties and create an environment that is much more cohesive and collaborative.

EXPANSION-STAGE
BOARD MEETINGS DO NOT RUN THEMSELVES

As the company's chief executive, the onus is on you to set the tone for board meetings. You should proactively prepare for them, rather than wait for board members to deliver talking points and meeting agenda issues to you.

It is important to remember that board management is a very different process than the management of full-time employees. Because your interaction with the board is less frequent, you must make the most of the time you have with each member and with the board as a whole.

Doing that requires establishing a reasonable communication rhythm before board meetings, setting and sticking to a predetermined agenda, ensuring that every board member's voice is heard, and following up after meetings to make certain that everyone is on the same page.

End Note

Although it might appear so from the outside, expansion-stage CEOs are not superheroes who can magically turn their companies into high-growth, revenue-driving machines overnight. In fact, the reality of managing and scaling a growing technology company is often much less glamorous. It requires hard work, and the CEOs are very often under incredible pressure to create something of high value in a relatively short time.

Then again, the job of an expansion-stage CEO does not have to be a lonely one. By effectively recruiting, assembling, and managing a value-adding board of directors, CEOs can lean on a trusted team of advisors to help them with critical tasks like strategy development and goal setting, executive recruiting and talent management, and strategic relationship building and market research.

Of course, none of those benefits will come to fruition if your company's management team and its board are not aligned and focused on a shared set of goals, objectives, and aspirations.

As this eBook has shown, those things ultimately serve as the guide rails that keep everyone on track, ensuring that you not only assemble and manage a board that provides value and drives success, but also one that cohesively acts as an objective extension of your business. If you're able to successfully create that board environment, then you will possess a highly valuable asset that can work with your business to drive it to the place it wants — and needs — to go.

Appendix

Board Assessment: How Does Your Board Stack Up?

Please evaluate the extent to which each of the following statements is true with respect your company's board using the following rating system.

1 – Completely False **2 – Generally False** **3 – Generally True** **4 – Unqualifiedly True** **NA – Not Applicable**

Include your ratings and comments in the appropriate columns.

Principal Components	Rating	Comments / Action Plan to Improve Effectiveness
SECTION 1. Structure and Composition of Board		
1. Board Size The current size of the board is appropriate.		
2. Board Committees. The board has an appropriate number of formal committees given the company's current stage of development.		
3. Board Composition. The board has the appropriate balance and breadth of backgrounds, business experience, skills, and expertise in areas vital to the company's success given the markets it currently serves and its stage of development.		
4. Director Performance. Independent directors are adequately contributing to the board.		
5. Director Performance. VC directors are adequately contributing to the board.		

Principal Components	Rating	Comments / Action Plan to Improve Effectiveness
6. Director Performance. Management directors are adequately contributing to the board.		
7. Familiarity with the Company. The board is appropriately familiar with your company, the markets it serves (including competitive factors) and its strategies and business plans, and reflects this understanding on key issues throughout the year.		
SECTION 2. Board Culture and Communication		
8. CEO-Board Communication. The board members individually communicate informally with the CEO on a regular basis in advance of board meetings in order to have knowledge of issues that will be discussed at the meeting.		
9. Director-Director Communication. The board members communicate with each other informally and are well informed about each other's positions on issues affecting the company.		
10. Overall Effectiveness. The board grasps and deliberates on the important issues and brings decision topics to closure in a timely manner.		
11. Board Initiative. The board asks the penetrating questions necessary to uncover serious problems.		

Principal Components	Rating	Comments / Action Plan to Improve Effectiveness
12. Board Support of Management. The board is appropriately balanced in challenging and supporting management.		
SECTION 3. Board Information		
13. Accuracy of Information. The information provided to the board by management and outside advisors is accurate and reliable.		
14. Relevance of Presentations. Presentations to the board are appropriately focused on the key issues for board consideration.		
15. Digestibility of Presentations. Presentations to the board are appropriately "to the point" and do not contain unnecessary data and/or analysis.		
16. Timeliness of Information. The information provided between board meetings is timely, enabling members to fully prepare.		
17. Access to Management. The board has appropriate access to the company's senior management.		

Principal Components	Rating	Comments / Action Plan to Improve Effectiveness
18. Director Requests. Director requests for information from management are reasonable in amount and time frame and are responded to appropriately.		
SECTION 4. Board Process		
19. Board Meeting Agendas. The board has appropriate input into the preparation of the agendas and there is proper priority of agendas items.		
20. Time Allocated for Board Meetings. Ample time is allocated for board meetings to assure full discussion of important matters.		
21. Number of Meetings. The board has an appropriate number of meetings per year and schedules its meetings at appropriate times.		
22. Conduct of Board Meetings. Board meetings are conducted in a manner that ensures effective utilization and prioritization of the time available.		
23. Executive Sessions. There is sufficient time and opportunity for outside directors to meet independently during the time allotted for the formal board meeting.		

Checklist for the CEO and Other Management Board Members

- ✔ Have you represented common shareholder and employee interests?
- ✔ Have you recruited board members with the right expertise to suit the company's needs?
- ✔ Have you clearly articulated your needs from other board members and held them accountable to providing you that help?
- ✔ Have you established meeting agendas and sent out necessary materials prior to board meetings?
- ✔ Have you created a meaningful dialogue when key company issues arise and communicate with non-management board members in between meetings?
- ✔ Have you responded positively to board members' feedback and provided feedback to them?

Checklist for Investor Board Members

- ✔ Have you maintained a primary fiduciary responsibility to the company's shareholders and a secondary responsibility to their venture capital firm's investors?
- ✔ Have you made your best efforts to build positive relationships with other board members to ensure overall board member cohesiveness?
- ✔ Have you built a relationship of trust with the CEO to the point where you are sought out for mentorship and assistance?
- ✔ Have you worked cohesively with management board members to achieve the company's short- and long-term goals, rather than focusing only on the potential exit strategy?
- ✔ Have you provided key strategic insight, market knowledge, or competitive intelligence? Have you assisted management in ensuring the proper funding of the company through various funding sources?
- ✔ Have you actively participated in the board subcommittees?
- ✔ Have you helped in executive team member searches by tapping into your expansive professional network?
- ✔ Have you made your best efforts to ensure the proper governance is being applied at the company?

Checklist for **Independent Board Members**

- ✔ Have you brought an assertive, objective point of view to the table that creates balance between management and investor board members?
- ✔ Have you made your best efforts to build positive relationships with other board members to ensure overall board member cohesiveness?
- ✔ Have you shared valuable industry or market expertise that might uncover new opportunities or competitive advantages?
- ✔ Have you acted as the advisory arm of the board and served as the CEO's mentor?
- ✔ Have you evaluated at least one functional area of the business annually by analyzing its people, processes, and strategies?
- ✔ Have you successfully leveraged your network resulting in the recruitment of key employees, advisors, and partners?
- ✔ Have you provided key insights during annual strategy or planning sessions?
- ✔ Have you actively participated in the board subcommittees?
- ✔ Have you made your best efforts to ensure the proper governance is being applied at the company?

Checklist for **the CFO**

- ✔ Have you effectively supported the CEO in ensuring that board agendas and materials are communicated to the board 3-5 days prior to each meeting?
- ✔ Have you effectively helped the CEO manage the board meeting agenda including the presentation of the right materials at the right time for utmost meeting efficiency?
- ✔ Have you effectively supported the formation and execution of board subcommittees, such as the Audit and Compensation Committee?
- ✔ Have you leveraged accounting and legal service providers to ensure the proper application of governance at the company, and provided the utmost transparency to the board?
- ✔ Have you sought out the mentorship of board members to improve your effectiveness and the overall advancement of your function within the company?

Common Board Challenges and their Solutions

Challenge	Symptoms	Solution
My board isn't cohesive	Board meetings go over time and don't result in clear alignment and conclusions One or two members overpower other members and overly influence the agenda	True board cohesion can only be achieved when companies assemble a diverse team that recognizes and respects the individual interests of each board member. Management board members need to feel respected and valued by their investor directors; investor directors need to feel that company managers are being held accountable; and independent board members must feel empowered to keep the board in balance. If an expansion-stage board can create that level of trust, then board cohesion will follow. If it cannot, the board will struggle to achieve anything meaningful. This is a non-issue if you recruit the right board members in the first place. When every member is aligned around a similar set of goals, priorities, and motivations, and feels like their individual interests are represented, it's far more likely that cohesion will take care of itself.

Challenge	Symptoms	Solution
Lack of clarity or effectiveness in board decisions	Board meeting ends but there are insufficient decisions and/or action items that clearly drive the next set of goals and priorities Management team doesn't feel it received explicit approval for a recommendation that was made to the board Differing board member perspectives resulted in a non-decision	The CEO is ultimately responsible for ensuring that there is extreme clarity on the decisions that the management team is looking for the board to approve. The CEO is also responsible for driving the agenda that would incorporate the review of the decisions and how they were derived, and their ultimate approval. The CEO should have the board meeting materials sent to board members a few days before the meeting. The CEO should then have one-on-one calls with each board member to discuss the material, and the decisions that need to be made. At that point, the CEO can react to questions and provide additional information as required. The goal should be to get alignment (to the extent possible) prior to the board meeting. If there's disagreement, the CEO should try to get issues resolved to the extent possible prior to the meeting. This way, the decision being made at the meeting becomes a formality. CEOs who struggle with this aspect of board management (or don't want to deal with it) should consider having the board appoint a chairperson. The chair can assume the role of board management, including supporting the CEO in driving the discussions and the subsequent decisions.

Challenge	Symptoms	Solution
My investor board members are not aligned when it comes to our long-term aspirations	One of my investors is pushing me to look for an exit, while the other is aligned with my desire to keep growing the company We would like to raise another VC round. My current investor is tapped out, and would like us to sell the business. He is worried that a new investor coming into the business will supersede him	These are classic examples of the misalignment that can occur over time between a company and its investors. The decisions around raising money from institutional investors can have long-term ramifications on a company. This is especially so as the company goes through the various growth stages, from startup through expansion to later stages. The first decision point is when to raise the first institutional round and from what type of investor. At this point, you must look beyond the highest valuation offer and do the necessary due diligence regarding each investor. You should look at the size of the investor's fund and the amount of capital that will be reserved for your company; the length of time that he holds on to his investments; and the willingness to bring on new investors in follow-on rounds. You should research the investor by speaking with a number of his portfolio CEOs to get a sense of how the investor behaves after years of being on the board, especially vis-à-vis working with other investors. The second decision point is when you're ready to raise follow-on rounds. At this point, you should be looking at a process for evaluating new investors both for valuation purposes, and — more importantly — to find investors who may be a better fit for your company's next stage of evolution. One of your evaluation criteria should be the alignment between your existing investor and a new investor that you would bring on board. You must make sure that both firms are aligned in their commitment to the company, that they are both in line with the company's long-term aspirations, and are willing to stick out the investment until a natural exit manifests itself. There is nothing worse than having an investor who is looking for an early (and potentially smaller) exit, and another more recent investor who desires a later (and potentially larger) exit. There are ways of overcoming these challenges when they appear. One way is to find a way for the incumbent investor to cash out — partially or completely — from the business without forcing an exit. There are growth-stage investors who specialize in these kinds of transactions.

Challenge	Symptoms	Solution
One of my board members is not adding any value	The board member does not attend all board meetings in person. He also doesn't seem to be prepared for the meetings, even though the board materials are sent days in advance I have tried to get some help outside of the board meetings from my board member, but he never seems to have the time to engage in value adding activities	First, you must make sure that anyone who joins your board has the capacity to actively participate. Inexperienced board members tend to underestimate the effort required to be a value-adding member of a board. The key is to be clear and upfront about the expectations you have of each board member, and specific about the time commitment you are looking for. Second, be clear with the board, and each member, as to the expectations on an ongoing basis. Make a portion of your quarterly goals objectives that you look for board members to help with. Be very specific as to what you will need each board member to do each quarter. For example, board member A will conduct an evaluation of the company's product roadmap and team. This would include spending a day with the VP of R&D and the VP of Product to go through the roadmap. It would also include an evaluation of both leaders, and their respective teams. The deliverable of this initiative is a report to the CEO with specific recommendations. Third, be willing and able to provide your board members with performance reviews, and to fire a board member (assuming he or she is not an investor member) for poor performance. If you are not comfortable doing either, then you should seriously consider appointing a chairman to manage the board.

ADDITIONAL RESOURCES

"A Simple Guide to the Basic Responsibilities of VC-Backed Company Directors"
"How to Run Effective Board Meetings"
"All About Boards of Directors: Building a High-Performance Team"
"How to Recruit an Effective Board of Directors"
"Have You Looked at Your Board Composition?"
"The Time Has Come: Reinventing the Average Board Meeting"

About OpenView Labs
OpenView Labs is the strategic and operational consulting arm of OpenView Venture Partners, a global Venture Capital firm that invests in expansion-stage technology companies.

More Information
Visit the OpenView Labs website for more ideas and inspiration for senior managers of technology companies.

To learn more about OpenView Labs or OpenView Venture Partners, contact us directly at (617) 478-7500 or info@openviewpartners.com.