

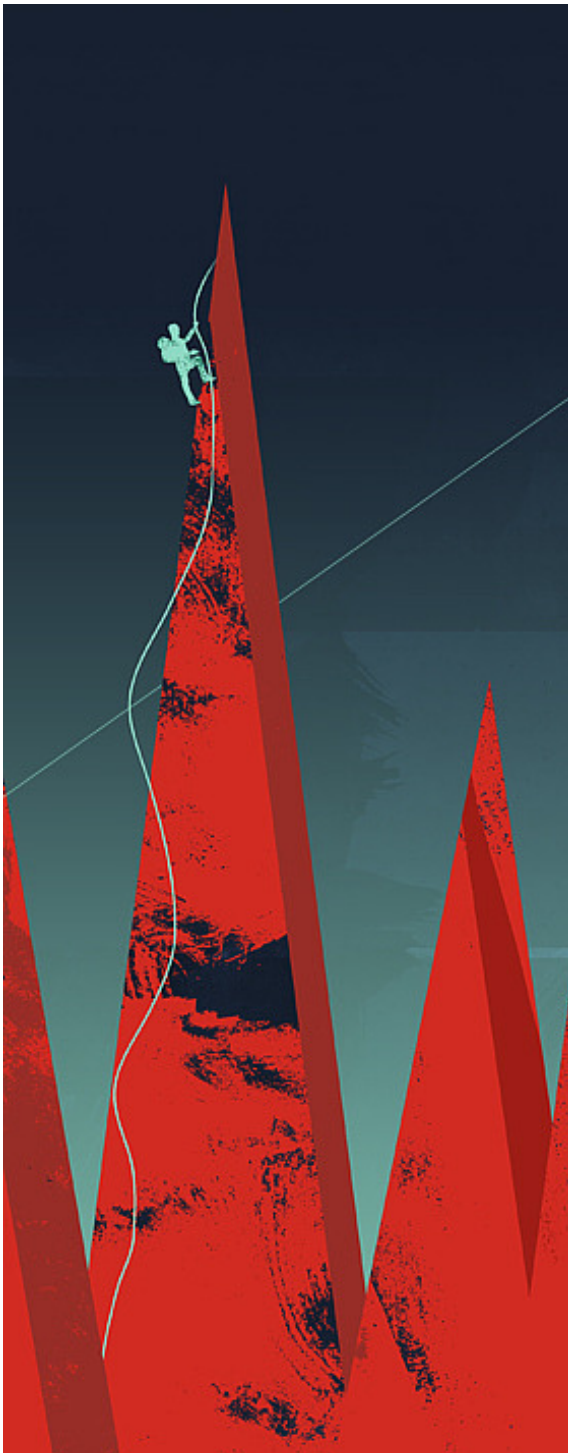
A person in a blue jumpsuit is climbing a rope on a red mountain peak. The rope is yellow and extends from the person down towards the bottom of the frame. The background is a dark blue sky with a light blue horizon line.

FRONTLINE VENTURES

&

The Series A Board

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The Series

A Board

- Editor's Note
- Value-add or overhead?
- Forming a board
- Unpleasant board situations
- How to run a board meeting
- From the Frontline Desk
- Additional resources



Editor's Note

The following content was curated from a recent Frontline Ventures' CXO event entitled "The Series A Board."

At the Marker Hotel in Dublin, we facilitated a discussion about boards among 11 startups and 3 non-execs with 20+ collective years of board experience.

Represented in the room were 11 companies, 9 CEOs, 6 technologists, and 5 executives.

Also included in this deck is a short section of board learnings pulled from the Frontline team's experiences.

Board dynamics are incredibly unique, complex, and nuanced. While not meant to be a technical manual, this material was created to be a helpful guide as you start forming a Series A Board.

- Kim Pham

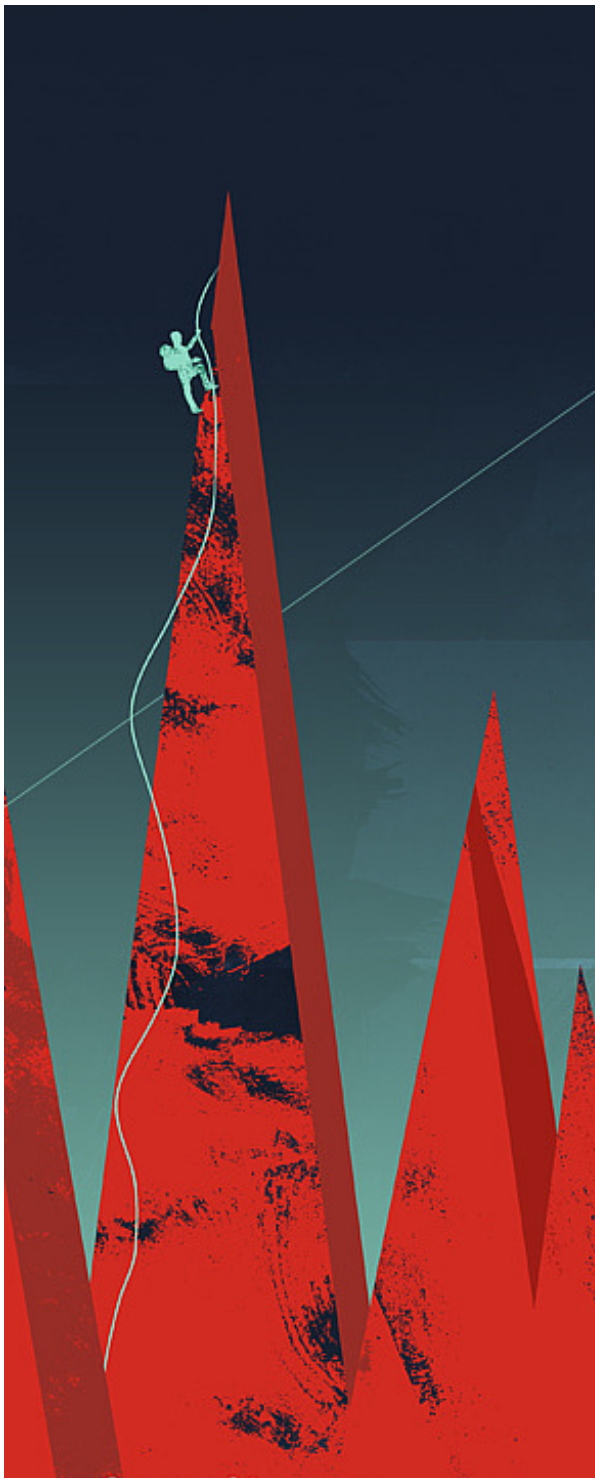
Head of Platform

A person is climbing a rope on a red mountain peak. The background is a dark blue gradient with several red mountain peaks of varying heights. The text is centered over the image.

Learnings from the Frontline portfolio

CXO EVENT | 9TH OF OCTOBER 2014

The Series A Board



Value-add or overhead?

Why create a board

A good board:

- can be extremely helpful
- is particularly valuable around capital events
 - i.e. fundraising, valuations, taking on debt, a sale
- is an untapped resource that you should strive to unlock
- spends time discussing real challenges and priorities
- is a single channel of communication between all stakeholders of your business

A bad board:

- is an inefficient time suck for all involved
- ends up as a dreaded, unhelpful overhead
- becomes a "group reading" meeting

An illustration on the left side of the slide shows a person in a green suit climbing a sharp, red mountain peak. A white rope is attached to the climber and extends upwards. The background is a dark blue sky with a faint, light blue line. The mountain has a textured, rocky appearance.

Forming a board

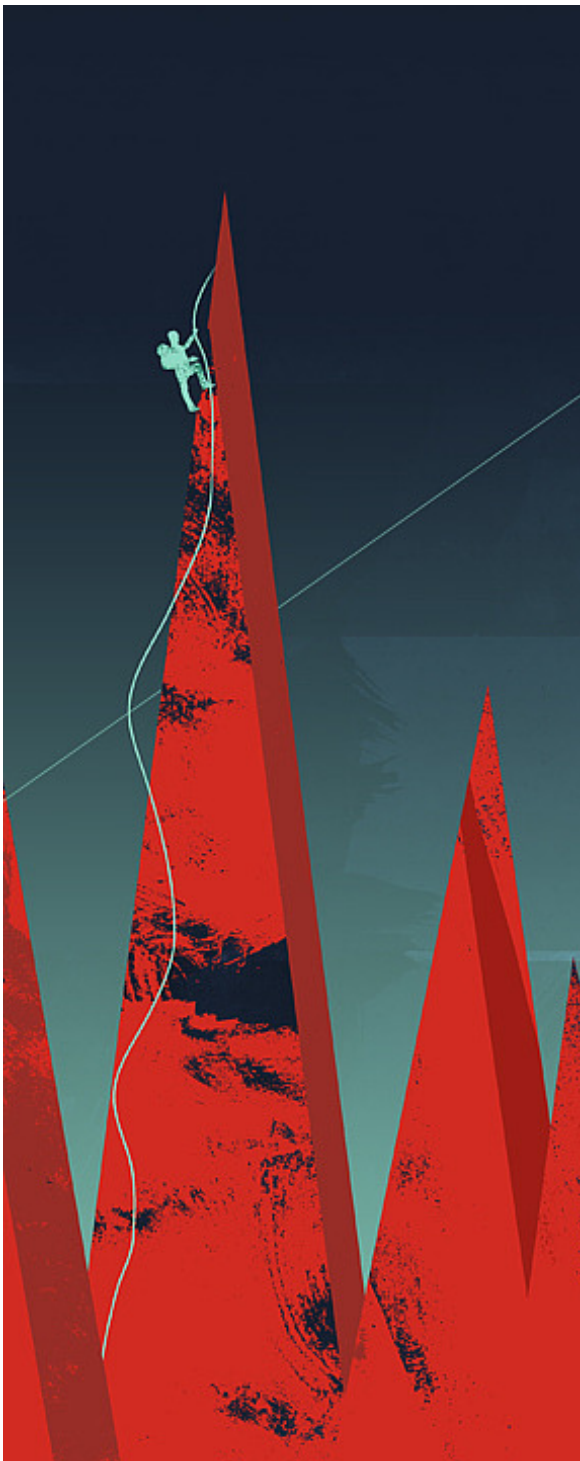
- Timing: don't feel pressure to form a board too early
- Focus on shipping product first
- In natural life cycle of a business - time will come when more formality ("a board") is needed
- Diversity in experience: include independent thinkers
- Average Series A board: 5 people, 1-2 founders
 - Taking on Series A money will affect the makeup and limits of your board
- Board remuneration: very open
 - can range: 0.5 - 1% equity, €5-10K/year, etc.
 - no payment or equity for advisory board

“ Do not confuse your board with receiving advice. Most industry experts are very generous - don't be afraid to ask! ”

Seeking help

Unpleasant board situations

- Always hire fixed-term directors
 - 2 year terms, \pm 1 year
 - Can always renew at the end of his/her term
- Outline all rights in advance
 - Especially helpful in case of a "business divorce"
 - Can get very messy, emotional, drawn out
- Make unemotional and straightforward decisions
 - Be tactful, especially with co-founder issues



**“ Never have a 50/50
shareholder business
without an exit mechanic.**

”

Co-founders

An illustration on the left side of the slide shows a person in a green suit climbing a sharp, red mountain peak. A white rope is attached to the climber and extends upwards. The background is a dark blue sky with a few white clouds. The overall style is modern and graphic.

How to run a board meeting

- CEO should request meetings on his/her terms
 - Board should not set the context or frequency
- Recommended: 8+ meetings per year
 - None in August or December
- Board packet should consist of: minutes from last meeting, accounts, financials, sales report
 - Send out > 48 hours in advance
- Length of meeting: no more than 2 hours
 - Discuss: finances, sales pipeline
- Minutes = 2-page summary, NOT detailed chapters
- Regular communication between board meetings is necessary
 - Nothing should be a surprise to any board members

**“ Turn your board members
into lobbyists. Tell the story
and bring them through
this journey with you.**

”

Value of the board



From the Frontline desk

ADDITIONAL LEARNINGS FROM WILL, SHAY, WILLIAM, & KIM

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An illustration of a person in a green suit climbing a sharp, red mountain peak. A white rope is attached to the climber and extends upwards. The background is a dark blue sky with a lighter blue band across the middle. Other red peaks are visible in the distance.

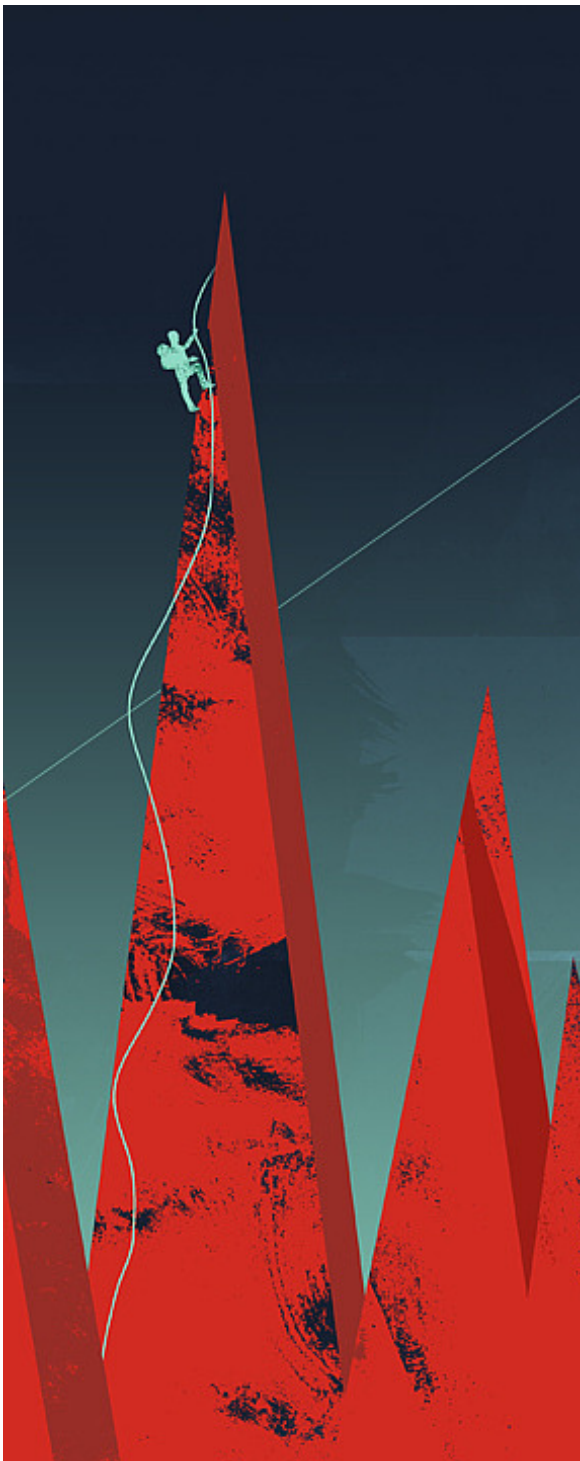
Finding the right chairperson

- Find an independent chairperson as soon as you can
 - Experienced, level-headed
 - Active in the industry
- Needs to be an impartial voice both sides can trust
 - Neither entrepreneur nor investor can see this person as "their man/woman"
- "When is the best time to bring in a chairperson?"
 - Consider when multiple investors become involved
 - Should be earlier rather than later for less experienced entrepreneurs

Note: None of the above applies if the wrong person is chairperson. Focus on bringing someone high quality to run your board.

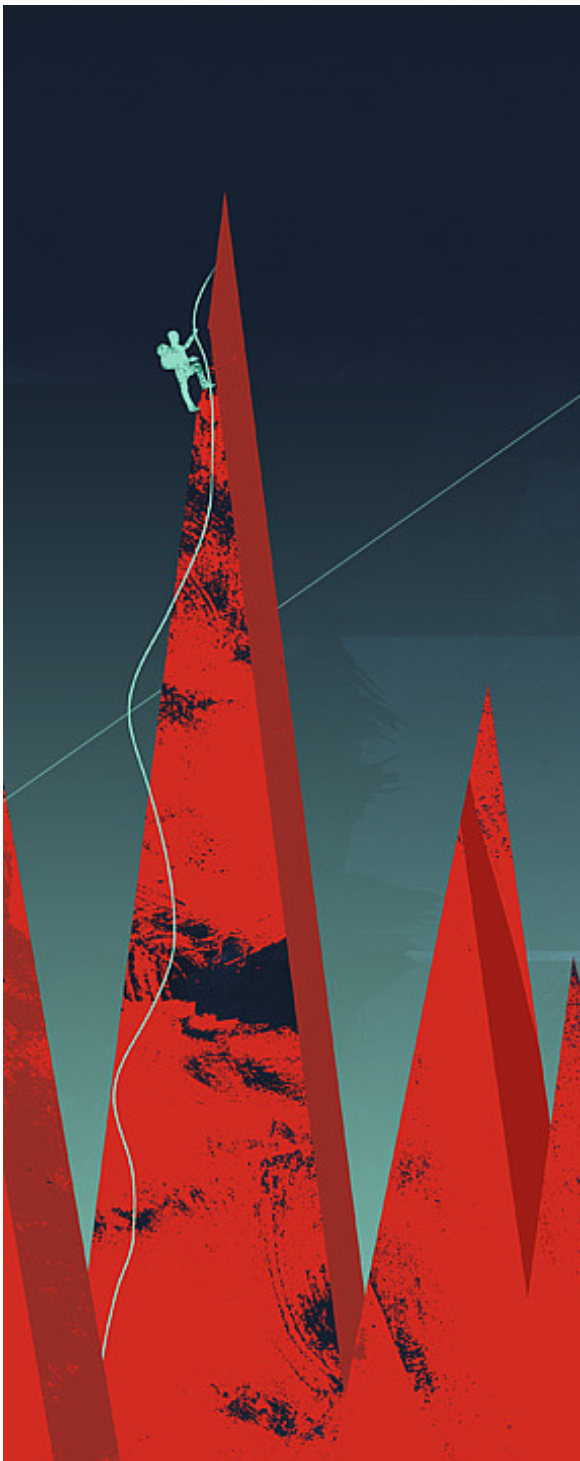
Pre-board meeting

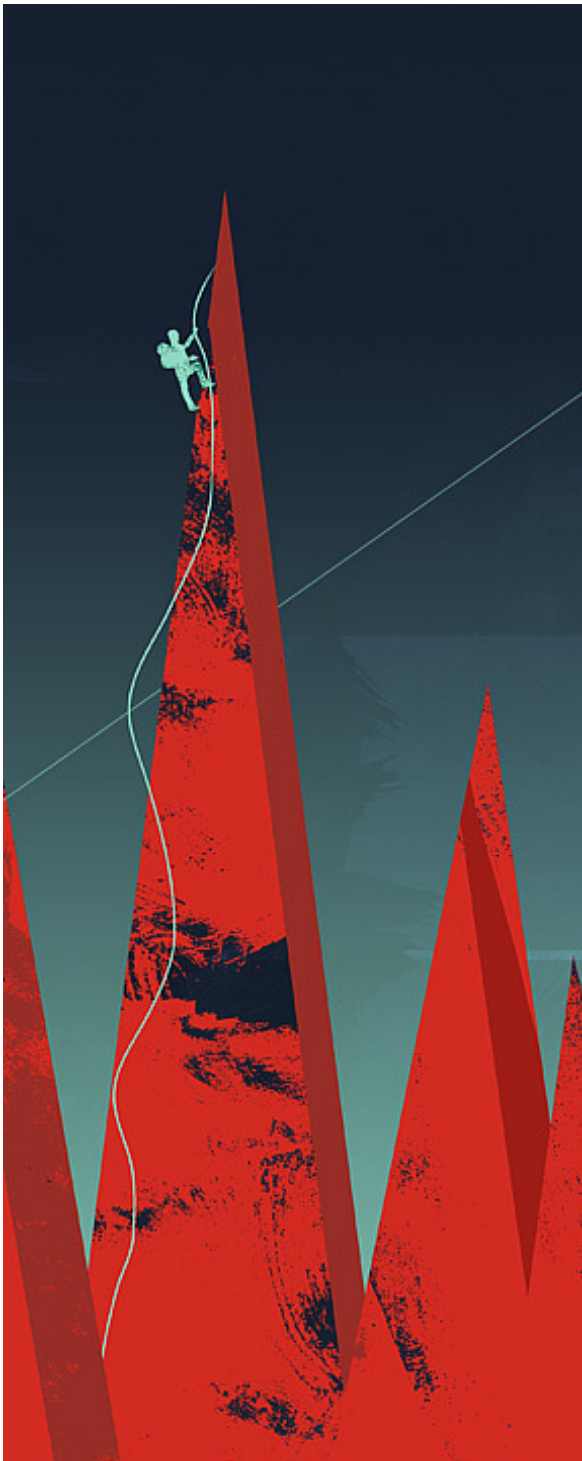
- Circulate board packets > 2 days before
 - Never compromise on this - otherwise, people arrive uninformed and half of the time is spent catching up
 - Non-execs cannot add value if they haven't been given time to prepare in advance
 - CEO should never present anything new at meeting that hasn't been circulated to board beforehand
- Consider organising a board dinner/lunch every 6 months
 - Timing: before/after a board meeting
 - Space for all directors to engage on less formal basis and to converse directly with CEOs
 - Gives CEOs time to "soft sell"



Board logistics

- Minutes - short & factual, typically 1 page
 - Keep in mind: minutes may be reviewed in the future by incoming investors and/or an acquirer
 - Investors/CEO should not take minutes - typically done by the 2nd person from the company (i.e. COO)
- Consider keeping "Action List" as separate doc
 - Track to-do's without clogging up formal minutes
 - Outlines specific tasks for all / individual members
 - Outstanding tasks shouldn't last > 2 meetings





Additional resources

For a full list of board resources (investor update email templates, sample board decks, blog posts on the ideal board, etc.), please visit:

bitly.com/bundles/frontlinevc/1



Thanks for reading!

FEEDBACK? SUGGESTIONS? GET IN TOUCH!
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