

# Top 20 tips for Emerging Company Board Meetings



One of the best ways to demonstrate to investors that your company is operating effectively and building value is to have good governance practices in place. A well-functioning Board of Directors having regular meetings is a great way to keep your investors informed and engaged, and is a critical component of sound corporate governance. Here are some tips on how to accomplish this.

1. **HOLD FREQUENT MEETINGS.** Following any initial venture financing, expect to hold six to twelve Board meetings per year depending on investor preference. Venture capitalists are particularly sensitive to the first Board meeting after they invest—be sure to be adequately prepared, and there should be no important disclosures that were not disclosed in due diligence pre-closing. Suggest to your Board alternating between in-person and teleconference meetings with the latter being more operationally focused and shorter in duration.
2. **SET A MEETING SCHEDULE.** You will find that it is hard to find mutually-agreeable dates for all of your Board meetings. At the outset, and then before the beginning of each following year, work with the assistants of each of your Board members to set a schedule of Board meetings for the whole year, and then do what you can to stick to it.
3. **SELECT A MEETING LOCATION.** Consider having some of your meetings away from the company's offices. For example, consider occasional meetings at the offices of your investor or company counsel.
4. **USE A BOARD BOOK.** Send a Board “book” at least a day in advance. The Board book should include, at a minimum: a “dashboard” highlighting key financial and operational metrics (talk with your VCs to see what info they want to see); summary financial statements including comparisons against plan/budget; operational reports (sales, business development, product development/engineering, marketing, finance); minutes from prior meetings for approval; listing of proposed stock option grants for approval; and an up-to-date capitalization table that includes a full listing of outstanding stock options.
5. **SET A MEETING AGENDA.** Include a summary agenda with the Board book, including estimated discussion times for each agenda item (see “Time Management” below). The principal objective of each meeting is to review critical operational and financial issues as well as short term and long term strategy. With respect to operational reviews, consider picking one functional area for focus at each meeting.



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6. **MANAGE TIME.** Venture capitalists and busy executives are very sensitive to their schedules and as a result are very appreciative when management can run Board meetings efficiently. Board discussions can often take on a life of their own, and while it is important to allow the Board to have meaningful discussions on important topics, it is also important to manage towards a timeline so that your meetings do not run far beyond the time allocated for the meeting. To this end, assigning estimated discussion times next to each agenda item can be a helpful tool to help guide expectations regarding anticipated discussion times and to help ensure that you are able to reach each topic on your agenda. Don't read every slide contained in the Board book; rather, focus on highlights. Detailed information can be placed in appendices to the Board book for review by Board members before or after the meeting. Most Board meetings can be concluded in a two-hour period if people are focused on being efficient.
7. **DETERMINE MEETING ATTENDEES.** Determine who gets invited to attend the meeting from the management team. Remember, this may be a political issue. Consider inviting management team members on a rotating basis to drill down on select topics. Empower management team members to make presentations to the Board on their functional areas (being mindful of "Time Management").
8. **HOLD EXECUTIVE SESSIONS.** At the beginning or end of each Board meeting, allot time for an "executive" session (i.e., Board members only, no management team members), even if there is no set agenda. This will condition your management team to expect there to be a closed session which mitigates anxiety about them.
9. **HOLD INVESTOR-ONLY SESSIONS.** Consider scheduling an investor designee-only session at the end of each meeting. Some venture capital investors will expect this as a matter of custom. Ask your investors what they prefer.
10. **TAKE MINUTES.** Minutes are intended to be "summaries" of the meetings. Most venture capitalists and counsel would advise you that "less is more." These shouldn't be play-by-play summaries, but rather a very high level summary of discussions and actions, and attaching any appropriate resolutions adopted. Be careful about putting certain information in minutes, such as the names of individuals you are trying to recruit, prospective investors, potential buyers or targets—remember, this will be seen later in due diligence by others and you may not want to discuss those details later. Have counsel prepare, or at least review, the minutes.
11. **DON'T SURPRISE BOARD WITH BAD NEWS.** Although it is fine to spring good news on your Board, consider calling individual Board members in advance of a meeting with bad news so that they are not surprised. Similarly, if you are going to need to discuss difficult or controversial topics, call each Board member individually before the meeting so you know what to expect and can manage the discussion.
12. **ADOPT COMPENSATION GUIDELINES.** Have the Board adopt compensation guidelines for salary, bonus and option grants that will provide parameters to management in between Board meetings.
13. **ELECT INDEPENDENT DIRECTORS.** Try to identify and elect independent directors with relevant experience in connection with an initial financing. Aside from the "checks and balances" these independent directors can provide between founders and investors, having them may be essential for review and approval of interested party transactions, and will become important for Audit Committee and Compensation Committee membership.

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14. **CREATE COMMITTEES.** Create a Compensation Committee and an Audit Committee, each comprised of all or mostly independent directors if possible.
15. **SET TERM LIMITS.** Set explicit term limit expectations for outside directors—if the person is not a fit, it will be easier to replace if there is no expectation of a perpetual seat.
16. **SET AN ANNUAL BUDGET/PLAN.** Management should present their proposed budget/operating plan for the following fiscal year at one of the Board meetings to be held one-two months before the end of the current fiscal year. Allocate more time for this Board meeting to review and discuss the proposed budget/operating plan.
17. **CREATE PROCESS FOR TRANSACTIONS.** In the context of corporate transactions, such as M&A and future financings, the Board needs to be very careful about demonstrating a careful and deliberate process. Showing that the Board is informed about the transaction and alternatives is critical. It may be advisable to create a committee of the Board, comprised of independent directors, to review and/or approve a transaction where there is a significant “interested” component (e.g., insider “down round” financing).
18. **PROTECT ATTORNEY-CLIENT PRIVILEGE.** Be sensitive to protecting the company's attorney-client privilege. This is different than just protecting “confidential” information. Never discuss sensitive legal matters, including potential liability of Board members, with non-Board members or without counsel present. These matters should be reserved for the Board-only session and company counsel should be included in the discussion.
19. **USE YOUR BOARD.** Don't view the Board as your enemy. Most venture capitalists expect to be an active participant in the company's activities. They should have many contacts that you may be able to draw upon, and new or different viewpoints on issues that help create a spirited debate. They are trying to push you to succeed; don't be defensive about their comments and suggestions.
20. **TAKE ACTION TO AVOID DYSFUNCTION.** If you sense that your Board is becoming dysfunctional, take action and try to bring in new members or discuss swapping out existing members to change the dynamic. The situation will not likely improve on its own.