

**To: First-Time CEOs**

**From: Peter W. Dupont, CEO Coach**

**Subject: Managing Your Board**

The quickest way for a CEO to insure his pre-mature firing is to mismanage his board.

Moreover, often the most difficult task for a first-time CEO of a company backed by venture capital is learning how to work effectively with your board.

A good board can be a terrific asset; a bad board can be very detrimental, indeed.

However, make no mistake - your responsibility is to recruit, energize, effectively communicate with and manage (not manipulate) your board. Like other effective leadership practices, confidently establishing clear rules of engagement, close relationships and a strategy of open and honest communications will define how you work with your board and what you expect from its members.

The following truisms - gleaned from my work with first time and experienced CEOs backed by top-flight venture firms - will prove helpful in building a strong relationship with your board:

- **Develop a philosophy around how you will work with your board.** Expect the best by viewing your board as a strong potential resource and ally. Be prepared to develop effective and dynamic relationships with board members because they are fundamental to your future success.

Many otherwise smart, effective CEOs regard their board as an unwelcome appendage, battling by taking an alternately patronizing and aggressive stance, which often leads to disastrous results. Others take a tentative approach, inappropriately relying on board members to provide leadership or look to the board for approving pats on the back. Boards are smart; they want you to take the lead. Treat your board with respect born out of self-confidence.

- **Be as open, honest and transparent as you possibly can.** Let the board see the company through your eyes in an unbiased manner, without an attempt to spin the facts or oversell your ideas.

Board members do not want to run your company, but they do want to be confident the person in charge is the right person for the job. If you are that person, prove it by being open, honest and, yes, even vulnerable about your shortcomings and performance mistakes. They should never question whether they are getting the real story or be concerned they are hearing anything but the unvarnished truth. VCs invested in you because they were willing to live in a foxhole with you for the next 5-7 years. They assumed you would be transparent and tell them what they need to know.

As one investor explained to me, *“The best CEOs I work with have pessimism of intellect and optimism of will. Their paranoia leads them to scan for and anticipate problems and their optimism gives them the energy and confidence to overcome difficulties.”*

- **Demonstrate you are truly accountable.** Mistakes or performance misses are opportunities to prove your maturity and composure. By aggressively standing up to problems, admitting your role, showing you truly understand the issue and have learned from it, you build confidence – both among board members and in your own professional capabilities. Remember, an issue hidden is yours alone. But once shared, the full power of your team is engaged to address the problem.
- **It is your meeting.** You drive the board meeting agenda, the priorities and tone of the dialog. A well-received board meeting includes clear expectations for the meeting communicated well in advance with information about attendees, timing and topics to be covered. Start and sustain a fixed format that becomes familiar and effective over time.

Present a consistent performance dashboard at each meeting, which presents an honest representation of business performance against objectives over the prior period. For example, summarize by saying, “*Here are the commitments we made at the last meeting; here’s how we did; and here is what we expect to do before the next board meeting.*” Transparent and efficient information sharing engenders confidence and builds trust.

Remember, a short board meeting likely means you are making good progress. Limit meetings to no longer than two to three hours and often 12 slides will be sufficient. Long meetings raise a red flag and tend to drone on because you are ill prepared, uncertain, overly detailed or reporting out on unnecessary functional details. Smart CEOs get to the fundamental insights regarding the state of the business without dwelling on irrelevant data or unnecessary stories.

Board meetings are not the appropriate time to introduce or give politically oriented airtime to your key executives. If they have something important to report, let them do it and then move on to the next agenda item.

- **While it is your meeting, look at it through the eyes of the board members.** Put yourself in their shoes and remember their interest will focus on the business imperatives. They perceive company information through a lens of value creation and investment returns over time.
- **Use board meetings to seek informed input.** Your responsibility is to build a well-informed board that can engage with knowledgeable input. By establishing a forum where capable board members can offer thoughtful insights, you help further build their confidence and demonstrate you are astute enough to mine the substantial capabilities of your board. After all these are smart, capable people who likely have lots of value to add...use them!
- **Then be decisive.** The board does not want to run your company nor do they expect to solve your problems. They want their input received with sincere respect and considered valuable. In response to their counsel, express your appreciation by saying, “*Thank you for your input. I will let you know what I decide.*” Incredible confidence comes from a clear and honest presentation of issues followed by a sincere solicitation for input and authentic appreciation for the value of their recommendations.

- **Understand the communication styles of your board members.** Ask them, “*How is it best to communicate with you; in person, email, or by phone? Do you prefer formal or informal correspondence? Do you want lots of detail or just the highlights?*” Knowing the appropriate way to connect to your audience provides you with long-term benefits.
- **Heed the “Breaking News Rule”. NO SURPRISES.** Important information should be shared through a constant drumbeat of back and forth communication between meetings. Pick up the phone every two weeks for a brief check-in; repeat your themes, preview potential issues, ask for input. One CEO I work with very effectively spends 30 minutes each two weeks sending a crisp, 3 to 5-minute voicemail to each board member individually; same message with meaningful and personalized information.
- **Understand the board should have a special relationship with the CFO.** Allow and facilitate this relationship, as well any other alliances with key leaders, which are often those handling technical development. Opening access to your team breeds confidence and lubricates communications. If you are afraid of this open communication you had better dig deep to understand why.

At the end of the day, the board’s power emanates from their two fundamental roles: they hire and fire the CEO; and they allocate or withhold capital. The board can also be an effective and powerful ally in support of your success. Following these four engagement rules with board members will help ensure long-term success for you and your company:

- Operationalize a culture of open and honest communication;
- Set proper expectations;
- Know your personal strengths and weaknesses, and;
- Take charge of developing a productive relationship with your board.

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