



Frank Rotman @fintechjunkie

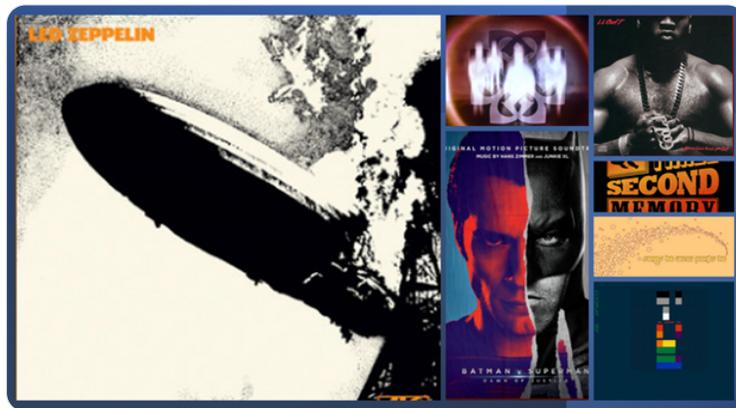
Aug 23, 2021 · 39 tweets · [fintechjunkie/status/1429951269209350146](https://twitter.com/fintechjunkie/status/1429951269209350146)

Do you want to know a secret about Board meetings?

The secret: They aren't unique!

Seasoned Board Members discover that Board meetings fall into very distinct categories.

What follows is a classification framework and a few insightful nuggets (including a soundtrack).



2/39: I used to think that Board meetings were mysterious gatherings of powerful people in smoky rooms where fights would break out and massive company-making or breaking decisions were made.

3/39: I imagined that as a Board member I'd dramatically swipe everything off a massive table to make room for a giant map that I would use to brilliantly explain the master plan.

4/39: And of course, entrances would be in slow motion with each Board member having his/her own theme music. My favorite entrance theme of all time is linked below. Truly kick ass. The powers that be would never let my music be that cool.

https://open.spotify.com/track/2LBoqOhqIbcdfDhbTVVQpM?si=UZbwGjlkSRCCxFYIGRu03w&dl_branch=1

5/39: What I quickly found out is that the reality of being a Board member is a lot less interesting than I imagined. Most Board meetings felt like a variation of the same agenda:

Minutes, financials, committee updates, technical matters and topical discussions.

6/39: The topical discussions are the fun bits but the truth is that Board meetings aren't the right place to have in-depth discussions. To give insightful advice about important strategic or tactical matters requires more context than can be provided in a Board meeting.

7/39: This leads to the deep discussions taking place between trusted Board members and the company's leadership team OUTSIDE of the Board room. And not all Board members are in this inner circle. You have to earn your position as a trusted consigliere.

8/39: The result is that the topical conversations can feel like "tick the box" exercises. And meetings can become painful if a vocal Board member who isn't in the inner circle tries to force a dive deep during the Board meeting. But that's a topic for another day.

9/39: With this said, Board meetings play an important governance role. Well run meetings create a shared perspective of a business's trajectory, challenges and potential. They aren't just page flipping exercises. They generate alignment and feelings.

10/39: Alignment and feelings don't come in an unlimited number of combinations so neither do Board meetings. There are always "one of a kind" Board meetings, but I'd assert that 95%+ fall into one of the following general types:

11/39: Dazed and Confused

Every investment comes with a first Board meeting. Most VCs describe this meeting as the "Oh Shit" Board meeting because you're finally treated as an insider and can determine if the company you thought you invested in is what you actually invested in.

12/39: A new Board member is chomping at the bit to participate but the smart ones lean back and observe the interpersonal dynamics around the table. Everyone is typically on their best behavior because they don't want to spook the new investor. It's an interesting dance.

13/39: Coming out of the meeting, the "to-do" list for a new Board member is quite extensive.

And coming out of the meeting, the other Investors and the company's leadership team have a much better sense of whether the new addition is going to be additive or a problem.

14/39: The soundtrack for this meeting would be serious and somber. Listening to the music would make you feel a bit disoriented and a bit anxious. If I only had one track to play, it would be “Dazed and Confused” by Led Zeppelin.

<https://open.spotify.com/track/6hu1ficXSw7OAqhpSQ2zDy?si=cbd46d63dd4e4097>

15/39: Fix You

Most startups aren’t consistently “up and to the right”. Success isn’t guaranteed and the journey isn’t mapped out in advance. There are times when things are going well and times when the sky is falling. Most startups feel “kind of broken” most of the time.

16/39: As a result, most Board meetings fall into the “Fix You” category. Meetings are tests of trust and surface the strength of relationships. It’s clear which Board members actually understand the business and which ones can only provide generic advice.

17/39: Coming out of a Board meeting, Board members need to determine if they’re comfortable operating in a “trust but verify” model or if changes need to be made.

And the CEO needs to follow up to assess whether everyone is on the same page. Usually they are...but not always.

18/39: The soundtrack for this meeting would be mellow and calm. Listening to the music would make you feel calm and supportive. If I only had one track to play, it would be “Fix You” by Coldplay.

https://open.spotify.com/track/3iOfjg5nunc1x9F2EVB3Qv?si=VhMP3NirROK_cenbyeJ4SQ&dl_branch=1

19/39: One Million Views

I’ve talked to many Founders and Investors about Board meetings and can say that there’s a universally favorite Board type. It comes right after the business has “cracked the code” on a critical driver of its business model (usually growth).

20/39: The common truth is that when one driver is off-the-charts-good, others tend to be in good shape at the same time (or at least in control). When all major metrics are “green”, the Board shifts its advice out of pragmatic and into hyper-growth mode.

21/39: Board conversations revolve around filling talent gaps and addressing operational challenges associated with growth. Topics that are important to early-stage companies are abandoned (i.e. - PMF) and others take their place (i.e. - drivers of enterprise value).

22/39: The soundtrack for this meeting would have swag and an infectious groove. Just listening to the music would make you feel cooler than you actually are. If I only had one track to play, it would be “One Million Views” by Goldfish.

https://open.spotify.com/track/3XrCCwqtq4E4f6vPnpCLAl?si=v7VIVVtZQl2ltvuzbfNFRA&dl_branch=1

23/39: Pink Fluffy Unicorns Dancing on Rainbows

Once a company hits a certain size it's natural to start planning for a liquidity event. The best companies are constantly courted by potential acquirers. And Bankers can't help but tell Founders tall tales about cities of gold.

24/39: For the best companies, this energy and effort will ultimately turn into a term sheet for an event that is going to move the needle for Investors' funds and is going to be a life changing event for Employees.

25/39: Board meetings during the exploration, discovery and negotiation phases feel very much like typical Board meetings with the addition of a topical discussion at the end surrounding liquidity options and the status of various potential deals.

26/39: But Board meetings feel very different once a term sheet is signed. Normal business matters are discussed but everyone secretly wants to focus on risk mitigation and making sure that the liquidity event stays on track.

27/39: Investors share encouraging words and war stories. Everyone volunteers thoughts on how to best land the plane. It's the Executive team that has the tough task of sifting through all the good and bad advice that's coming from all directions.

28/39: The soundtrack for this meeting would be happy but annoying. Listening to the music would put you in a good mood but make you want it to stop. If I only had one track it would be “Pink Fluffy Unicorns Dancing on Rainbows” by Songs To Wear Pants To.

https://open.spotify.com/track/4Xn2RsLiDUDisOgJ24FigK?si=zlj5AYLlS8C5oN-RzQoVfA&dl_branch=1

29/39: Mama Said Knock You Out

Most Boards and CEOs tend to operate harmoniously whether or not a company is doing well. But, it's a major issue that can't be ignored when a Board member or the CEO doesn't see the “state of the union” the same way as everyone else does.

30/39: Board meetings take on a very toxic dynamic when there are major disconnects about the best path forward. The issues are best solved outside of the Board meetings if the dissent is coming from a single outlier, especially when the dissent is coming from the CEO.

31/39: But when there are opposing viewpoints with more than a single person on each side, Board meetings start to feel like battle zones. Clear demarcations surface that define which “camp” each person is in. Things can get really ugly really quickly.

32/39: And the chaos doesn't end until one side emerges as victorious. Once control of the company's operating plan is regained, Board meetings can go back to business-as-usual. But until then, the company's performance takes a back seat to hashing out toxic dynamics.

33/39: The soundtrack for this meeting would be aggressive and energetic. Listening to the music would pump you up and give you the confidence to stand your ground. If I only had one track to play, it would be “Mama Said Knock You Out” by L.L Cool J.

<https://open.spotify.com/track/6C7ZgThn6Yan5MTZdAEEFw?si=64be4b97cf194c36>

34/39: Dear Agony

The final type of Board meeting is a natural function of investing in unproven businesses. Sometimes they fail, and when they do Board meetings take on a really sad tone. Everyone feels gobsmacked once it's clear that the company is unlikely to survive.

35/39: The market has spoken and something dramatic needs to change or the company is destined to run out of money. Board meetings are a last attempt to determine if there are steps that can be taken to help the dying patient live to fight another day.

36/39: These meetings are about making strong declarations and making tough calls. They test the ability of the Board members and CEO to put emotions aside and discuss bad news in a professional manner. It's about making decisions with incomplete information.

37/39: The hardest discussions revolve around “pass the hat” or “turn off the lights” decisions. The true perspectives of Board members and the company's Executives will always come out. Remaining calm and rational works best but emotions frequently get in the way.

38/39: The soundtrack for this meeting would be sad and gloomy. Listening to the music for any length of time would be draining and bring out deeply suppressed emotions. If I only had one track to play, it would be “Dear Agony” by Breaking Benjamin

https://open.spotify.com/track/5l3W66TDufGaj6lfSA5LRZ?si=EaDUka9OTxCEAuiLnfnwvQ&dl_branch=1

39/39: TL;DR: Board meetings are predictable so it serves Board members and CEOs well to know in advance which type of Board meeting they're likely to be part of. That way the DJ can queue up the right soundtrack and make sure everyone is armed with tissues or boxing gloves.

• • •