



Stanford eCorner

Role of Boards

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Video URL: <http://ecorner.stanford.edu/videos/1413/Role-of-Boards>

Being on the boards of various companies, Goldberg gives his perspective and a sense of the flavor of what happens in board rooms and the roles of different types of boards.



Transcript

For profit boards, very different than not for profit boards. And I'll address that first, and if we have time or interest we can address not for profit board. But for profit boards for small seeds stage startup company, the board is in essence just extension of the management team. So the selection of board members ought to be based on people who can really add value not just add capital to what you're trying to accomplish. So I'm on some boards where it's the founders and me or may be the founders and me and somebody with complimentary skills set to mine, who's an independent director or representing another venture partner in the financing. And we tend to meet on a monthly basis with a lot of interaction in between meetings. As a company grows, the board tends to grow in terms of size. It tends to shift its composition from being composed of founders and investors to being increasingly founders, investors, and then people with very relevant industry expertise who can help guide and support the management team as they move through later stages of commercialization and market entry. And the frequency of those meetings tends to be maybe semi or bimonthly sometimes even quarterly, and then ultimately by the time you get to public company board, it tends to be quarterly meetings. There tends to be a lot of more ministerial board work and by ministerial, I mean the work of board committee is very formal regulatory prescribed ways like an audit committee.

It has to comply with Sarbanes-Oxley rules or compensation committee that needs to be sure that its policies or the compensation of the CEO and the management team or consistent with fairness expectations of the institutional investor community. So very, very different the early stage board service is role up your sleeves. It's almost like being an entrepreneur yourself and as we grow companies, we tend to get more dressed up when we go to the board meetings and sometimes even wear ties.