



Stanford eCorner

Building the Board of a Startup

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Video URL: <http://ecorner.stanford.edu/videos/1731/Building-the-Board-of-a-Startup>

Frame talks about the vital role a board plays in a startup. He addresses entrepreneurs by asking them to make careful choices while looking for a board member. A board should clearly understand startups and know that as long as the company is in the right direction, a few roadblocks do not hinder its progress.



Transcript

Board Construction. This is vital. If you get the wrong board, it can really hurt you. It starts with the VCs. When you're choosing a partner in a VC world, you want to find somebody. I mean, DFJ has a reputation for being very supportive, very pro-entrepreneur. That's exactly what you're looking for. You're going to go through ups. You're going to go to downs. It's always not going to be pretty and you want a VC who understands that, who understands start-ups.

Who understands that as long as you're trending in the right direction, no matter what, even if you have a bad month or bad couple months or something bad happen, that you're going to go through it and you're going to survive and you can stick together as a board. Independence. Very important. Get experience CEOs who have done companies like the one that you're building and faced the sort of challenges you're going to challenge and put them on the board, because they've seen it before and they're going to be invaluable. As an entrepreneur, you need to make sure that you establish relationships, personal relationships with everyone of your board members. It's very important. As a board, you're going to have very difficult times, very fun times. You need to make sure that the rules are set. Direct, open honest communication as a board. It's not always the most comfortable conversation but you're going to have that as a board.

And to have that board dynamic there is vital in having to help the organization. You have very limited time as a board. You're going to have good, you're going to have bad, you're going to have ugly. Get through the good, focus on the bad and the ugly because that's really the challenges you need to manage. And we try to foster that culture throughout the entire organization. It's a safe environment to talk about the ugly. If you know about something, it's going to slip the schedule two weeks or a month, it's OK to raise your hand and say, "Guys, we're not going to make the schedule." You need to manage the world the way it is, not the way you wished that it is.