

The background of the slide is a light gray gradient. It is decorated with numerous realistic water droplets of various sizes. Some droplets are at the top left, some are scattered in the middle, and a larger cluster of droplets is at the bottom right. The droplets have highlights and shadows, giving them a three-dimensional appearance.

15TH ANNUAL BIOTECHNOLOGY ENTREPRENEURSHIP BOOT CAMP

SUNDAY JUNE 2ND & MONDAY JUNE 3RD

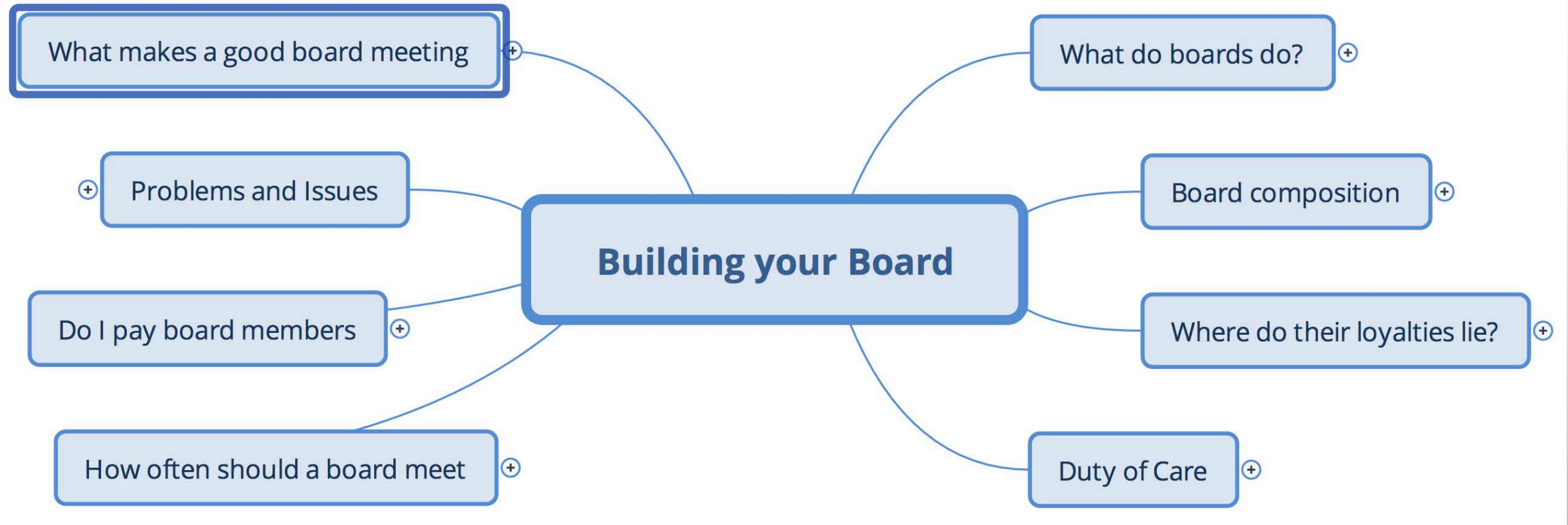


Building and working with the board

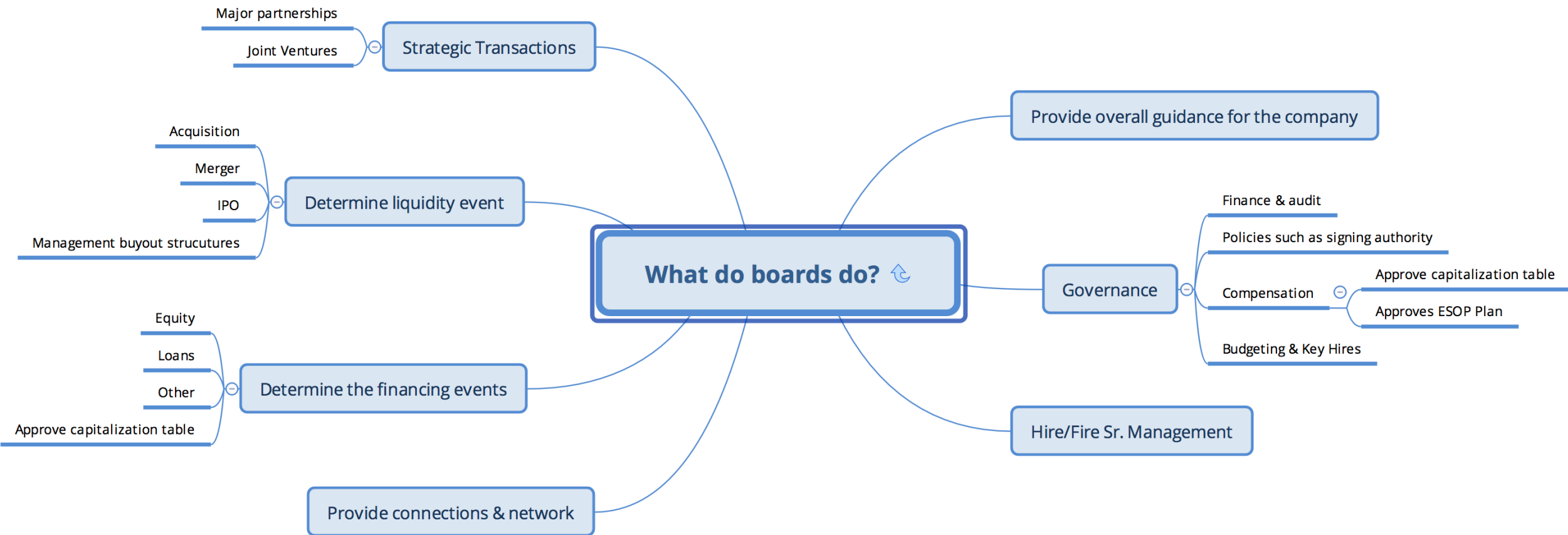
The slide features a light gray gradient background. In the top-left and bottom-right corners, there are clusters of realistic, 3D-rendered water droplets of various sizes, some overlapping. The text is centered in the middle of the slide.

Better boards make better companies

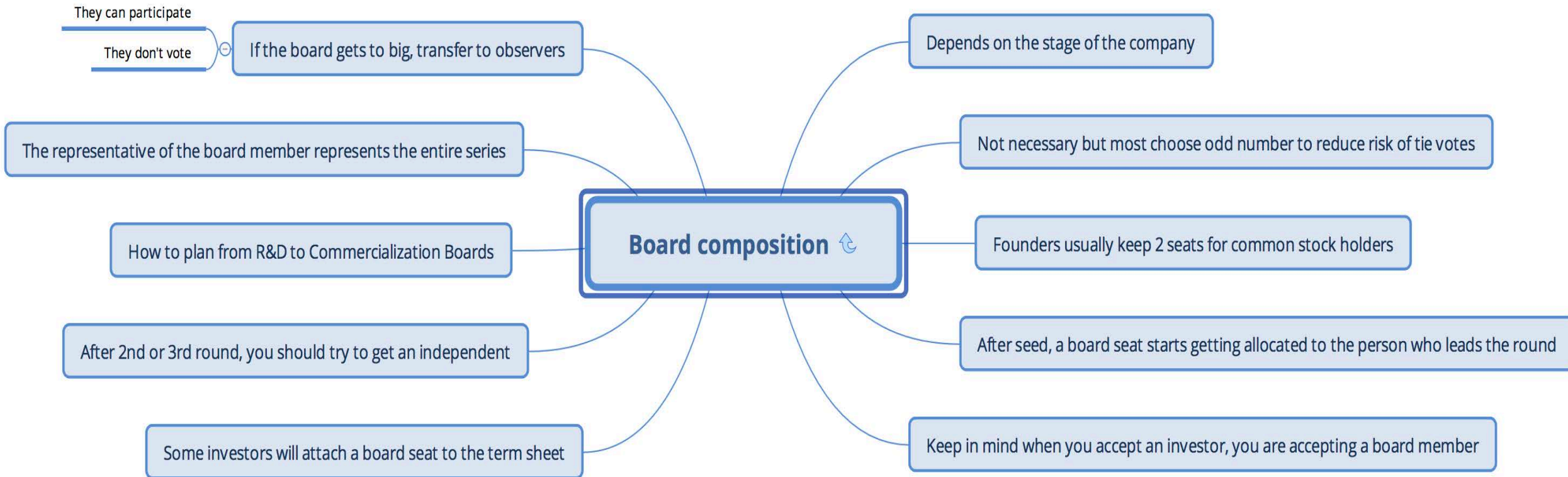
BUILDING YOUR BOARD



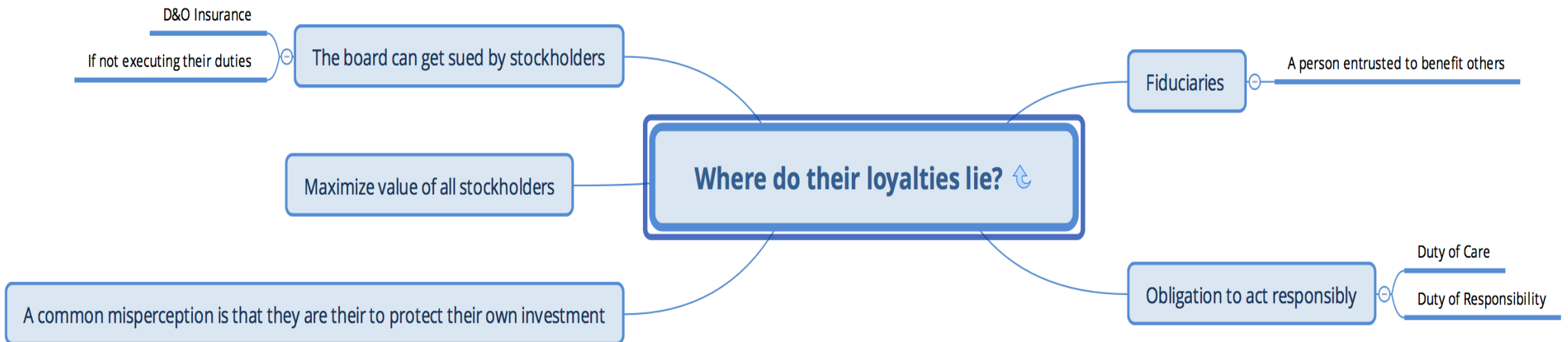
WHAT DO BOARDS DO?



BOARD COMPOSITION



WHERE DO LOYALTIES LIE?



DUTY OF CARE

Duty of Care ↻

The duty of care says that directors must be informed about what is going on and make decisions armed with the relevant facts.

If the director has a conflict of interest, the conflict must be disclosed to the other board members and the conflicted board member should recuse him/herself from the discussion and approval process

HOW OFTEN SHOULD A BOARD MEET?

How often should a board meet ↻

Depends on stage of company

Pre-seed/Seed - could be once a month

Usually 60-90 minutes

Early-stage - quarterly

Lasts about 3 hours

Executive Session

Have one every meeting

Any board member can generally request a Board Meeting to discuss a specific issue

DO I PAY BOARD MEMBERS?

Varies by stage

Varies by board member type

Investors

Founder

Independent

Board members who represent their own funds generally not compensated

It is typical for independent to get compensated for time and services

For early-stage range is 0.5% to 2.0% equity

Percentage drops over time as company gets more de-risked

In some cases, cash compensation is included \$500-\$2000 a meeting

All directors are reimbursed for travel and out-of-pocket expenses

A policy is advisable

Board members are also supported by indemnification and D&O insurance

Secure against loss or action

Generally a \$1M per member

PROBLEMS AND ISSUES

My board wants to get rid of me

More complexity requires more experience

Founder may find themselves removed from the board

CEO/Founder can control ESOP for more voting power

Try to plan for a future founder role upfront

My board members disagree

Board members should cooperate yet have vigorous discussions

Consensus must be met by a vote

If you have a board where votes are frequently divided and contentious, then you have a serious problem at the company itself

The issue may sit with one particular board member, you should address that member's issues separately

Some of my investors want to be observers

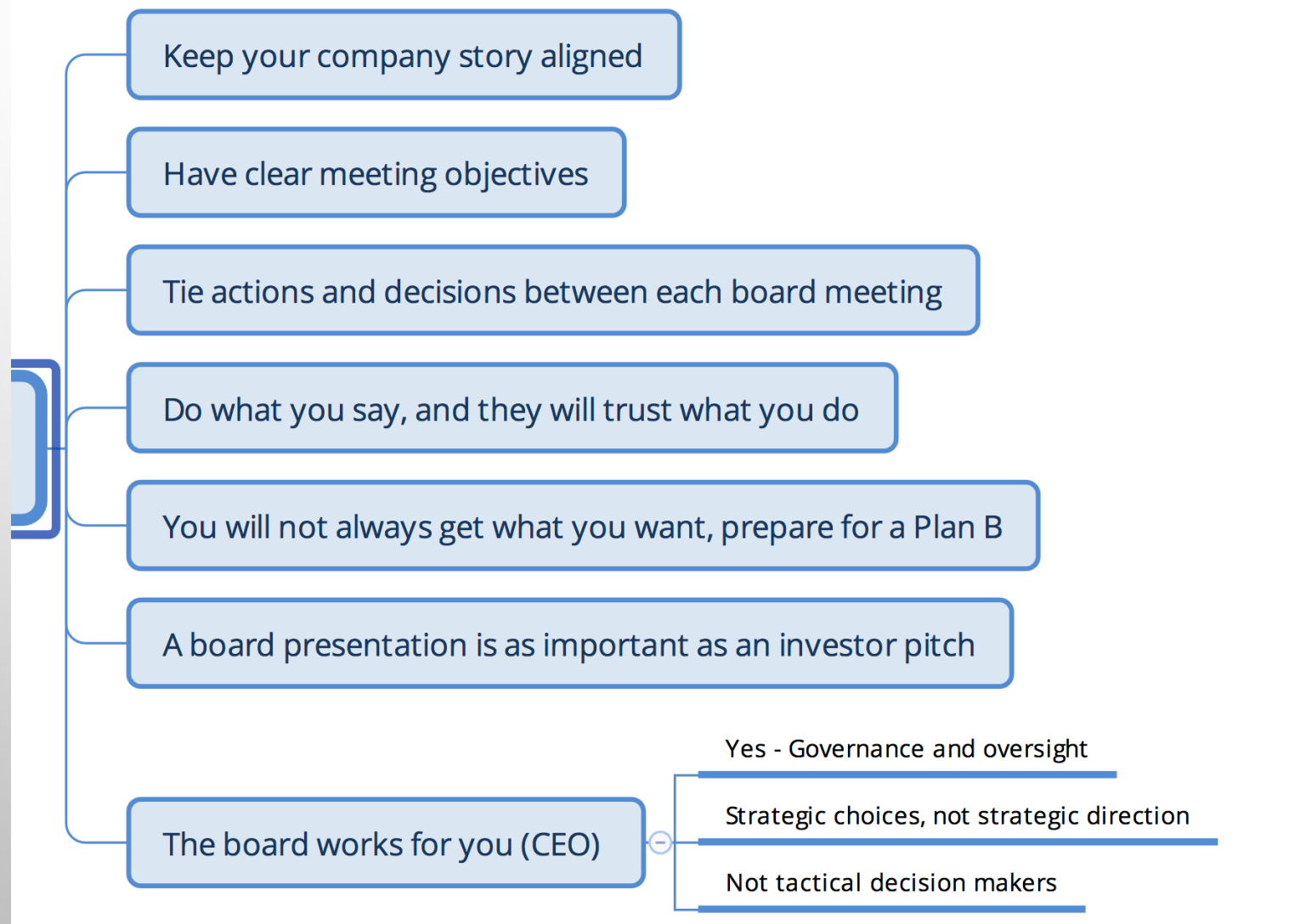
Some investors have made large investments but not enough to warrant a seat

You might want to compromise if they cause problems among investor base

Directors are bound by confidentiality requirements and have fiduciary duties and are covered by attorney/client privilege, while observers are not

Involve lawyers to make correct observer agreements

WHAT MAKES A GOOD BOARD MEETING?





***“THE ABILITY TO MAKE GOOD DECISIONS REGARDING
PEOPLE REPRESENTS ONE OF THE LAST RELIABLE SOURCES
OF COMPETITIVE ADVANTAGE SINCE VERY FEW
ORGANIZATIONS ARE VERY GOOD AT IT”***

-PETER DRUCKER, BUSINESS GURU

WHO'S DEALING WITH THIS ISSUE NOW

1. Who are entrepreneurs here that have an early-stage company or are forming one?
2. How many have established a board?
3. How many of the directors are outside of management?
4. How many directors are friends or loyal to the founder/CEO?

WHO SHOULD BE ON THE TEAM

- SEASONED CEO'S OR EXECUTIVES WITH SUCCESSFUL ENTREPRENEURIAL EXPERIENCE
 - (EVERYBODY NEEDS A COACH)
- PERSONS WITH CAPITAL-RAISING EXPERIENCE AND CURRENT CONTACTS
- EXECUTIVES FROM YOUR COMPANY'S TECHNOLOGY AREA
- VENTURE CAPITALISTS ARE COMING SOON
- EXPERIENCED BOARD MEMBERS FROM YOUR INDUSTRY