How Bad Boards Kill Good Companies

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Being a Director in the 21st Century

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Bad boards do kill companies

- From my personal experience:
- When I make a lot of money on an investment, it was usually the CEO
- But, when I've lost of all of my money, it was <u>always</u> the board's fault

An opportunity to share lessons

- Every veteran investor, or director, has a story,
- About a personal experience where a bad board killed a good company.
- This module is an opportunity to exchange some valuable lessons,
- In a confidential environment.

Fewer want to be directors

- The increased time commitment, accountability and personal liabilities,
- Have caused many experienced, successful business people to decide that they don’t want to be directors.
- The shortage is acute and compensations have increased correspondingly.

Advisors, observers and coaches

- The challenges of governance are increasing the popularity of observers, boards of advisors and coaches.
- All roles without the time commitments and liabilities.
- But without the governance that is required by all companies that need equity financing.

Term sheets are evolving

- Investors are realizing that they can no longer rely on the assumption that there will be good governance in place.
- Angel investors especially are changing their term sheets.
- To incorporate more controls and investor protections.

Governance is changing

- The only thing that is certain is that governance is changing.
- Lots is being written and workshops like this are growing in popularity.
- Hopefully today will provide some insights,
- And excellent ‘take home value’.