



**SECOND EDITION**

# **STARTUP BOARDS**

**A FIELD GUIDE TO BUILDING  
AND LEADING AN EFFECTIVE  
BOARD OF DIRECTORS**

**BRAD FELD**

**MATT BLUMBERG**

**MAHENDRA RAMSINGHANI**

**FOREWORD BY  
JOCELYN MANGAN**

**WILEY**



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an Effective Board of Directors**

**Second Edition**

**Brad Feld  
Matt Blumberg  
Mahendra Ramsinghani**

**WILEY**

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## Foreword

I was honored when Brad, Matt, and Mahendra asked me to write the Foreword for the second edition of *Startup Boards*. As the CEO of Him for Her, I've worked closely with Brad and Matt. They are iconic leaders who have done much to promote entrepreneurship. I also read the first edition of *Startup Boards* and found it to be a helpful outlay for venture-backed boards, so I responded with an enthusiastic "Yes!"

The world has changed immensely since the first edition of the book came out in 2013. Today, boards deal with increasingly complicated issues, including remote work, the great resignation, pandemics, racial injustice, climate change, and social responsibility (Environmental, Social, and Governance, ESG). We now have more diversity in our board members, but not nearly enough.

It was immediately apparent to me, others, and most importantly to Brad, Matt, and Mahendra that the book's first edition had a significant flaw. The stories were all told from a single voice—same race, same gender, same age and thus missing the richness that the best modern boards today reflect. With a good amount of humility, Brad admitted that the book in this state wasn't acceptable, nor was it an accurate representation of startup boards. And then, Brad did what he does so well: he worked hard to change the narrative by spending extra time learning, engaging in many new conversations to expand his network, and broadening the diversity of the people whose stories were in the book. It's not easy to operationalize the intention to make diversity a reality. Extending networks requires leaders to spend the time and energy to find resources outside what they already know and isn't something that can be delegated.

This edition has more voices telling stories from different perspectives. Because of this, I hope that a broader audience will find

interest in this book, its stories, and the roles of CEO, founder, investor, and board member. The future we face demands that the brightest, most passionate, and most engaged people from all backgrounds work together—not a select, similar few.

I've often heard the phrase, "You can't be what you can't see." While it's easy to think of the phrase as something applicable to role models for kids, it's equally valid for the world of business, professions, and academics. Nowhere in the corporate world are things more cloaked under a veil of secrecy than in the boardroom. Few people ever get the opportunity to "see" the inside of a boardroom or participate in a board meeting. And when conjuring up an image of a typical board member, most envision a 62-year-old White male who was previously a CEO or CFO or an investor who sits on many, perhaps too many, boards as part of an investment firm. While these are familiar images, they aren't the complete picture, and the landscape is changing. For example, you'll see a story from me in these pages. I'm a seasoned product executive who joined her first board in her forties.

*Startup Boards* shines at demystifying the startup boardroom. It provides readers with an insider's account of board issues, dynamics, and challenges. By breaking down exactly what a board of directors does, what a board member is, what the job entails, and all the scenarios accompanying it, many executives—of all backgrounds—can start to see themselves in this role. In addition, a new section of the book provides the details of getting that first board seat, so readers who want to have a board role can benefit.

The best companies and the most effective boards seek to gain a variety of perspectives. Guiding companies requires experiences and questions from board members representing various industries, business models, growth stages, ESG experience, customer segments, and functional expertise. One key challenge to building diverse boards is that these roles have traditionally been filled through personal networks, which are limited. Thankfully, many, including our team at Him for Her and Matt's team at Bolster (both of which Brad supports), are working to make it easier to extend networks and build better boards.



The content in this book is helpful to all in the board ecosystem. I hope it engages a broad audience as we collectively pave the path to a more diverse group of people who form and shape our boards and the companies they steward.

Jocelyn Mangan  
Him for Her, founder/CEO  
February 2022



## Preface

**T**he first time I saw the inside of a boardroom, I was the most junior executive at MovieFone, a public company I worked at from 1995–1999 as the “internet guy.” MovieFone was an interactive telephone/media company at the dawn of the commercial internet. The board consisted of the founders, the chairman/majority shareholder (the CEO’s father and a formidable character I’d met a few times), one of the chair’s business associates, and one independent director (the even more formidable Strauss Zelnick).

I gave my “state of the department” presentation to that board. I found presenting to that board of directors similar to how a lawyer must experience arguing a case before the Supreme Court. You talk for two minutes, someone interrupts you with a question, and then you stand in the firing line until someone mercifully tells you that it’s over. You slink out of the room, rethinking every word that just came out of your mouth, wishing you could have a do-over.

While I worked there, I presented to the MovieFone board several times. Each session was uncomfortable, but I got a lot out of each one. I constantly confronted one question, “Why is your group losing so much money?” I responded each time with an unsatisfying combination of mumbled apologies, while pointing out that other internet businesses were losing much more money.

Even though that wasn’t a winning answer with the MovieFone board, it was a formative experience in my career. By the time I started my first company, Return Path, I felt like at least I had a running start on how to form, lead, and report to my board of directors.

I was CEO of Return Path and chaired its board for two decades. We scaled the business through multiple pivots,

acquisitions, financings, divestitures, growth spurts, layoffs, two recessions, 9/11, and the dot-com bust. When Validity acquired Return Path in 2019, we were a vibrant, \$100 million revenue, profitable industry leader.

Our board started with two independent directors and me. It grew to a highly functioning board, including three great venture capitalists (Fred Wilson, Greg Sands, and Brad Feld, coauthor of this book) and two outstanding independent directors (Scott Petry and Jeff Epstein). Over two decades, we have had over 15 directors serve on the board. I learned how to build and run an effective board of directors from each of them.

While I've made many mistakes, I've gotten a lot of things correct and have learned a lot. I realized the immense power of a strong board many times, but the most memorable was a board meeting when we were wrestling with several tough decisions since the business was going sideways. These decisions included whether to sell off two business units to focus on our most promising line of business, even though that meant shrinking the company by over 50%. We were also considering whether to expand internationally, and whether we should build an indirect sales channel. In a long and boisterous board meeting stretching from the boardroom to a dinner that included my senior management team, we charted a bold new course for the business that set us on a path we ended up following to a successful exit a dozen years later. A less functional board could have taken a more conservative approach. The business likely wouldn't have thrived and might not even have survived.

Today, my new company, Bolster, helps startups, scaleups, and public companies find and recruit talented executive leaders, mentors, and coaches. We help CEOs build their boards and have helped dozens of CEOs think strategically about bringing in independent directors. We help CEOs determine the kind of executives they want to add to their boards. And, we help them find, hire, and compensate those directors.

I've taken a different approach to building Bolster's board. The Return Path board consisted of seven White males with prior board experience, similar to most companies throughout history. In contrast, the Bolster board has two White men, one Black man, and three women, one of whom is Asian-American, one of whom

is Black, and one of whom is Latina. Four of them are first-time directors. Three of our investors, who are White men, chose to be board observers rather than take a board seat so we could fill board seats with diverse directors. It's early in Bolster's life, but I already feel that our board is more powerful and effective than the one we had at Return Path, especially at this stage. This approach is a new way to scale up a board: leveraging excellence through the observer roles while expanding the boardroom's diversity of experience and demographics.

I've served on a dozen boards and chaired about half of them, including private companies, a public company, a non-profit board, university alumni boards, and a complex industry trade association board with over 40 members. I've spent a lot of time with venture capitalists and entrepreneurs understanding their views on boards. I've also observed my wife Mariquita's experience serving on and chairing several non-profit, civic, and community organization boards.

After completing the second edition of *Startup CEO: A Field Guide to Scaling Up Your Business* and the first edition of *Startup CXO: A Field Guide to Scaling Up Your Company's Critical Functions and Teams*, I realized that I often wrote and blogged about boards publicly for Bolster and on my blog at [startupceo.com](http://startupceo.com). I approached Brad, whom I've worked with in different capacities for 20 years (including sitting on four other boards together), and Mahendra, whom I met when he and Brad wrote the first edition of *Startup Boards: Getting the Most Out of Your Board of Directors*, about collaborating on a second edition.

Since the first edition was written in 2013, I thought an update could include more contemporary thinking about boards. For example, Delaware created Public Benefit Corporations (PBCs) in 2013, and the dialogue about stakeholder vs. shareholder capitalism has recently gained momentum.

While the discussion around diversity in the boardroom was becoming more extensive, George Floyd's tragic murder in 2020 significantly changed the dialog and the urgency around boardroom diversity. Finally, the COVID-19 pandemic impacted all aspects of business, including the boardroom. After a brief discussion, Brad and Mahendra enthusiastically supported the idea. The second edition is the result of our collaboration.

I hope you enjoy *Startup Boards: A Field Guide to Building and Leading an Effective Board of Directors*. If you are a CEO looking to build and lead an effective board, an investor thinking about how to improve some of the boards you are on, or an executive thinking about how to create a “board-ready” profile for yourself, as I did at MovieFone, we hope you find this book useful.

Matt Blumberg  
Bolster, founder/CEO  
February 2022

# **Section 1**

## **Board Fundamentals**





# Chapter 1

## Introduction

**T**he word *boardroom* conjures up images of important people puffing on cigars or sipping Scotch while sitting in leather chairs in wood-paneled rooms. They talk about complex things that determine the company's future. Formality and seriousness fill the air. Big decisions are being made.

While first-time CEOs and founders often have an elevated view of the boardroom, great startup boards aren't fancy, complex, or pretentious. Instead, a startup board is usually a small group of people trying to help build your company.

We've served on hundreds of boards. A few were great, many were good, and some were terrible. When things were going smoothly, the board was congratulatory and supportive. When there were challenges, some board members helped, others panicked, and a few vanished. The tempo and interactions of these boards varied dramatically. In some cases, reality dominated the discussion, while often, it was ignored or denied.

After a particularly tedious board meeting, Brad realized that a startup board's default structure, composition, and approach were an artifact of the past, dating to how early venture-backed company boards operated over 40 years ago. Things had changed and evolved, but the dramatic shift in communication patterns and technology hadn't been incorporated into how most boards worked. As a result, Brad ran a two-year experiment where he tried different things—some successful, some not. As with every experiment, he did more of what worked, modified and killed what didn't, tried new things, and measured a lot of stuff.