



Best Practices for Compiling and Distributing a Board Package

From:
DDC & Morgan Lewis

Authors:
Farid Naib, CEO, DDC
Steven M. Cohen, Partner, Morgan Lewis

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Board Package Best Practices

All companies and their boards are different. With that understanding, there is some commonality of experience and function among companies. What follows is a general outline of “best practices” for a board presentation for a venture backed private company. This is meant as a guide rather than as hard and fast rules. If you do add or subtract a section, just spend a moment thinking what the addition or subtraction means to your board’s view into your business. Further, different VC’s prefer different equally effective approaches, so periodic discussion of board presentation format with the board is encouraged to reach consensus as to the best approach for a particular group of directors at the company’s current stage of development.

When creating a board presentation, it is important to keep in mind that you (the CEO or member of the management team) know much more about your company than your board, but typically your board has more experience across a wider range of companies. For this reason, even if your business is really unique, try to adopt some standards in your presentations to make it easier for the various board members to digest the information and to compare it with their own experiences. The board needs to be able to gauge management effectiveness and your board presentation should give them insight into this. In addition, keep in mind that written board presentations (and any hand written notes retained by directors) are discoverable in litigation.

Also as a best practice, board presentations should be available several days BEFORE the board meeting. Sending out a package at midnight the day before a board meeting is disrespectful to the board members, and makes it difficult for directors to satisfy their fiduciary duty, as it does not give them sufficient time to prepare and therefore does not use the board meeting time as efficiently and effectively.

Many of the sections below require only one slide. The intent of the meeting is to give the board a clear overview of the business without drowning them in detail. However, the detail should be available to those directors who do desire to review it.

Another best practice to consider is board package distribution. SaaS applications, such as SmartBoard, part of the Radar suite from DDC, may be used both to schedule board meetings and distribute board and back-up materials in a secure, organized way.

1.0 Agenda

The agenda should typically contain the following:

- 1.0 Key Events Since Last Board Meeting, CEO Update
- 2.0 Approval of Draft Board Minutes



- 3.0 Financial Snapshot
- 4.0 Product or Service Usage Metrics
- 5.0 Operations
- 6.0 Development
- 7.0 Sales
- 8.0 Marketing
- 9.0 Committee Reports
- 10.0 Board Actions and Resolutions
- 11.0 Strategic Discussions
- 12.0 Calendar
- 13.0 Executive Session
- 14.0 Distribution

Board Resolutions and Strategic Discussions should be listed individually as these items tend to vary from meeting to meeting more than the other items. This also gives the board a chance to reflect on these items and, if needed, move directly to them.

The CEO should not run the meeting as a two hour monologue. Relevant executive managers should be brought in to directly update the board for their respective sections, and direct dialogue between directors and managers builds confidence by the board in the management team.

Sample Board Agenda

DDC Board Meeting Agenda October 15 Philadelphia Headquarters

- Key Events Since Last Board Meeting
- Financials
- Usage Metrics
- Operations
- Development
- Sales
- Marketing
- Board Actions and Resolutions
 - Approval of September Board Minutes
 - Approval of Option Plan
 - Independent Director
- Strategic Discussions
 - New Product Introduction
 - Pricing Strategy
- Calendar





1.0 Key Events Since Last Board Meeting, CEO Update, Approval of Draft Minutes

This should be restricted to one slide of bulleted points to illustrate the progress and setbacks that have occurred in the company since the last meeting. For example, you might provide a summary of financial performance, the number of deals closed, status of clinical trials, update on a regulatory path, any changes to upper management, a relocated office, etc. These are items that affect your business and this slide is meant to be a quick update to the board of what and how the company has moved forward. This is also a good place to alert the board to any problems or developing situations via an “Issues” bullet point.

Sample Key Events

DDC Key Events
Since last board meeting September 17

- Closed 1st client for new Investment Application
- Gained 6 new BoardPortal clients
- Lisa Sable, VP of Marketing, left firm
- Hired Becky Holloway as new VP of Marketing
- Opened West Coast office
- Completed development of Portfolio for LPS

Issues

- Cash burn greater than expected
- Increased competition for staff



2.0 2.0 Approval of Draft Board Minutes from Prior Meeting

Board minutes should concisely and summarily describe the topics discussed at the board meeting. They should not be a “he said, she said” recitation of comments by particular board members. Material decisions approved by the board should be documented in board minutes. Reviewing and approving past minutes is a good kick-off to the substantive agenda items that follow.



3.0 Financial Snapshot

One common mistake in the presentation of financials is providing too much information, typically large spreadsheets. There should be a one page summary of finances followed by an income statement and, if desired, a comparison to budget. Depending on the board, a balance sheet and cash statement should also be made available.

NOTE: Detailed financials, usually contained in a spreadsheet, should always be available to the board. These can be stored in Radar's Interim Financial Report or Financial Report document category. Assumptions used in preparing the financial statements should be included in that detail.

Financial Summary

Include a slide containing the highlights of your financial performance. Items might include the revenue, operating income/loss, change from year to year (ex. June 2010 revenue grew 48% from June 2009), under or over spending on any expense items, cash remaining at the period and order backlog.

Income Statement

Include a clearly marked month-by-month income/loss statement. Too much detail in the income statement is cumbersome, for example, a line item that averages \$50 per month. While every company is different, Figure 3 contains a list of income statement line items that has worked for other firms.

As cash is often of particular interest, reporting ending cash on a monthly basis can also be useful. Development stage companies should include a monthly cash burn analysis.



Sample Income Statement – Suggested Line Items

Income	
	Recurring / Subscription Income
	Consulting Income
	Other Income
Expenses	
	Salaries and Benefits
	Payroll Expense <i>need a break out by employee</i>
	Payroll Taxes
	Commissions <i>need amount here that corresponds to plan</i>
	Bonuses <i>need amount here that corresponds to plan</i>
	Professional Services
	Accounting
	Legal
	Other
	Consulting <i>use this if you have consultants that work on client or internal projects that you pay</i>
	Hosting Costs <i>if applicable</i>
	Data Center
	Data Fees / Subscriptions
	Marketing
	Trade Shows
	Ad/Keyword Advertising
	Collateral Development
	Printing
	Web Site Development
	Other
	Facilities
	Rent
	Utilities
	Phone and Internet
	General
	Insurance
	Capital Expenditures
	Computer Software
	Computer Hardware
	Office Supplies
	Travel
	Misc
EBITDA	
	Depreciation
	Interest Expense
	Taxes
NET INCOME	



Comparison to Budget

Most companies operate with an approved budget or operating plan. Assuming such a budget is in place, a comparison of actual versus approved budget for the last month and the year to date is useful. The following columns can be used:

Budget Comparison Table

Budget m/yr	Actual m/yr	Variance	Comment	Budget YTD	Actual YTD	Variance	Comment

Use the last month for which financials are available.

The board may also desire to see upside, downside and expected performance for the balance of the plan year at each meeting.

4.0 Product or Service Usage Metrics

NOTE: This section is typically different for each company and may be omitted if not relevant.

This report should show the increase or decrease in various metrics over time. For example, the number of users and/or the number of companies might be tracked.

In order to be meaningful, the same report format should be used across meetings so that the board becomes familiar with the format. Metrics are useful as they provide a quantitative way to track a company’s progress.

Sample Metrics

SUMMARY	July	August	9/3	9/10	9/17	9/24	10/1
Client Name							
Users	43	96	97	100	115	118	128
Documents	216	535	563	568	579	608	692
Clients	11	19	19	19	21	22	23
# of New Clients	1	2	0	0	2	0	1
Num Clients: New Users	1	1	0	1	3	1	2
Num Clients: New Docs	2	3	4	1	3	3	2
Unique Users				92	107	109	119



For a life sciences company, this section may be replaced by a detailed regulatory presentation.

5.0 Operations

The operations section is typically brief, but important. In this section basic operational aspects of the business can be reviewed, including a client delivery report (for those companies selling products that require installation), a report on server up times, any HR concerns, etc.

6.0 Development

A report on major development items should be included in this section. Typically, group development items fall into the following three categories:

1. Client (*items for an existing or planned client*)
2. Functional (*items which add functionality to the product*)
3. Infrastructure (*items which help improve efficiency or make the product more robust*)

Development items completed since the last board meeting should be discussed as well as those planned for the future. Be careful not to go into too much detail here. For more fully evolved companies, the expected timeframe and its return are very useful measures.

7.0 Sales

Most companies are dependent on sales of some sort. In this section, some insight into the sales pipeline should be given. If few in number, successfully completed sales should be discussed.

It may also be useful to highlight the top 4 or 5 prospective deals. Note that once a prospective deal has been discussed, the board should be made aware of the outcome of the deal at the subsequent board meeting.

8.0 Marketing

A one page snapshot of marketing activity should be given. Information, such as sales meetings and website statistics (number of visitors, unique visitors, keyword results, etc.) should be shown on a multi-month basis. Any upcoming major marketing initiatives should be highlighted. Press releases issued since the last board meeting should be highlighted.



Sample Marketing Snapshot

Rebranding Efforts	
Project	Status
8 pg booklet	In revision; awaiting Farid's review
Website	Review home page with Mike D. today
Banner	Due to arrive today

Press Releases	
Topic	Status
PR NewsWire	\$195/yr membership; \$680/release (national and industry-targeted release)

Conferences	Date	Location	Status
MAC Alliance	Nov. 3-4	Philadelphia, PA	Follow-up letter to attendees in process
BoardSource Leadership Forum	November 20-21	Orlando, FL	Richard Binswanger to bring DDC materials; coordinating with Becky
New England Venture Summit	Dec. 8	Boston, MA	\$3,500 to sponsor and get a table; \$595 to attend as service provider

AdWords and Web Report: August, September, October Comparison										
Keywords	Impressions		Clicks		CTR		Avg Position		CPC	
	Google	Bing	Google	Bing	Google	Bing	Google	Bing	Google	Bing
Search Engine										
August	497,455	409	62	7	0.01%	1.71%	3.5	2.33	\$2.29	\$1.24
September	684,834	1039	73	12	0.01%	1.15%	3.9	2.74	\$3.02	\$1.32
October	860,126	768	115	5	0.01%	0.65%	3.4	2.44	\$2.63	\$1.92

Website Traffic	Visits	Unique Visitors	Direct	Referring Sites	Search Engine
August	330	170	72.73%	18.79%	8.48%
September	594	377	77.44%	15.32%	7.24%
October	387	195	77.52%	12.66%	9.82%

9.0 Committee Reports

Many VC-backed companies have special committees such as compensation or audit. These special committees should periodically report to the board.



10.0 Board Actions and Resolutions

Any issues requiring a board resolution should be covered here, including such items as an approval of the option plan and equity grants. If action is required on any of the items above, resolutions should be within this section of the meeting, i.e. cash presentation includes approval of line of credit or a potential material agreement has been discussed. Draft documents and resolutions should be distributed.

11.0 Strategic Discussions

This section is frequently moved up in the agenda to make sure that all board members have an opportunity to participate. Any item which affects or modifies the current business plan of the enterprise should be in this section.

12.0 Calendar

In this section, the company reaffirms the date of the next board meeting and covers any dates for events, such as compensation committee or audit committee meetings.

13.0 Executive Session

Even if there is nothing planned for discussion, the non-management members of the board should meet briefly. This sets up precedent (rather than creating alarm) when there is an important and/or controversial topic for discussion such as CEO performance or a potential sale of the Company.

14.0 Distribution

Typically board packages are distributed to members electronically via email or hard copy through regular mail. A number of drawbacks, however, exist to this standard practice. Email is insecure, susceptible to loss of data through electronic failure, and often plagued with disorganization, making information retrieval time-consuming. Mailing a physical board package possesses its own disadvantages, which include the cost and time involved in printing and mailing and the risks of damage or accidental mis-delivery of sensitive information. Recently more secure and less costly methods of distribution have emerged. The use of web-based board portal software permits the confidential dissemination of information contained in a board package, increasing both security and convenience. Some software, like SmartBoard, even facilitates the aggregation of minutes and resolutions from previous meetings for easy incorporation into the next meeting's board package. In addition, board membership is tracked with contact details and meeting dates are recorded with automatic reminders, ensuring the most up-to-date information in a single, secure location.



Easy access to any board package

View latest comments

Past Board Packages on SmartBoard

BOARD MATERIALS: Sort By Company By Type BoardPortal - Board Materials

[-] Spectrum Images
[-] Board Packages

Date	Company	Type	Title	Com	Last Comment
22-Jul-10	Spectrum Images	Board Package	Q3 10 Package	0 1	Package is available for review.
03-May-10	Spectrum Images	Board Package	Special Board Meeting for Acquisition of NJ Company	1 0	
21-Apr-10	Spectrum Images	Board Package	Special Meeting for potential acquisition	1 0	
15-Apr-10	Spectrum Images	Board Package	2Q 2010 Spectrum Board Package	1 1	Please note the change in venue for this meeting. Our new office address is on of the board package.
15-Jan-10	Spectrum Images	Board Package	1Q 2010 Board Package	2 1	Please remember that this meeting will be at our new offices in Phoenix.
11-Jan-10	Spectrum Images	Board Package	May 2010	1 0	
06-Oct-09	Spectrum Images	Board Package	3Q 2009 Board Package	1 0	
09-Jul-09	Spectrum Images	Board Package	2Q 2009 Board Package - Updated	1 1	Remember, we are doing a GoToMeeting for this month's board meeting. Direct attached to the event notification.
09-Apr-09	Spectrum Images	Board Package	1Q 2009 Board Package	1 0	
07-Sep-08	Spectrum Images	Board Package	3Q 08 Board Package	1 1	Need to see the other documents from this meeting. We are meeting with the Tuesday.
22-May-08	Spectrum Images	Board Package	2Q 08 Board Package	1 0	
03-Mar-08	Spectrum Images	Board Package	1Q 08 Board Package	1 1	All, please ignore the earlier version of this package, I gave Sam the wrong co Thanks.
22-Dec-07	Spectrum Images	Board Package	4Q 2007 Board package	1 1	This is for due diligence
11-Jan-07	Spectrum Images	Board Package	1Q 2007 Board package	1 2	Finally found our first board package and posted it to DDC.

Board Composition Screen from SmartBoard

Email all committee and board members with one click

BOARD COMPOSITION: Lithographix Corporate Governance - Board Composition

Lithographix: Board Composition

Audit Committee					Email Committee Members
Member Name	Title	Office Phone	Cell Phone	Email	
Richardson, Sam	Managing Director	515.496.1212	515.496.1213	srichardson@technologycapital.com	[Email]
Wong, David	Partner	515.496.1234	515.496.1235	Dwong@earlyinvestments.com	
Lin, Kevin	CEO - Graphics International	515.496.1238	515.496.1239	kevin.lin@graphicsinternational.com	

Current Board Members					Email Current Board Members
Member Name	Title	Office Phone	Cell Phone	Email	
Shield, Gina	CFO	515.496.1236	515.496.1237	Gina.Shield@lithographix.com	[Email]
Sanders, Mark	CEO	515.496.1210	515.496.1211	Mark.Sanders@lithographix.com	
Richardson, Sam	Managing Director	515.496.1212	515.496.1213	srichardson@technologycapital.com	
Wong, David	Partner	515.496.1234	515.496.1235	Dwong@earlyinvestments.com	
Barnes, William	Founder	515.496.1214	515.496.1215	barnes.william@angelfunding.com	
Lin, Kevin	CEO - Graphics International	515.496.1238	515.496.1239	kevin.lin@graphicsinternational.com	



Event Reminder Email from SmartBoard

Subject: A new event was entered in your DDC account
 From: ddcadmin@docdep.com
 Date: Mon, 15 Jun 2009 08:58:20 -0600

DOCUMENT DEPOSITORY CORPORATION [Contact Us](#) [Login](#)

A new event was entered in your DDC account on 15-Jun-2009 08:58 AM

Event Information		Open Event	Add To My Calendar
Company Name	Spectrum Images		
Event Title	EU Meeting		
Event Date	15-Jun-09		
Start Time	10:00 AM (GMT) Greenwich Mean Time : Dublin, Edinburgh, Lisbon, London		
End Time	12:00 PM (GMT) Greenwich Mean Time : Dublin, Edinburgh, Lisbon, London		
Location	London		

Quickly open the event to see further details

Add the event directly to your calendar program (Outlook, Gmail, etc.)

Following best practices in board management and corporate governance allows a CEO to create a positive impression and working relationship with the company’s board, which is in the best interest of all companies and their stockholders. SaaS-based software applications, such as SmartBoard, enable CEO’s to follow these best practices while saving time and valuable resources that can be spent growing the business instead of on email and document management.

For more information contact DDC at 800.872.9394 or info@docep.com or contact one of the following Morgan Lewis representatives:

Steven M. Cohen
 Morgan, Lewis & Bockius LLP
 502 Carnegie Center
 Princeton, NJ 08540-6289
 Phone: 609.919.6604
scohen@morganlewis.com

Thomas W. Kellerman
 Morgan, Lewis & Bockius LLP
 2 Palo Alto Square
 3000 El Camino Real, Suite 700
 Palo Alto, CA 94306-2121
 Phone: 650.843.7550
tkellerman@morganlewis.com

Additional resources for entrepreneurs can be found at www.morganlewis.com/entrepreneurstart.