



45-SECOND CHECKLIST

Follow these 9 “must do” items when recruiting board members and avoid delays, frustration, and failures.

✓ 1. Establish Qualifications

Establish why a board member is being recruited. For example, is it because they're best qualified to execute an already-defined strategy? Or because they can help develop a new strategy? Clearly define what capabilities are “must-haves” versus “nice-to-haves?”

✓ 2. Define Compensation

Before you begin your search, clearly define how compensation will be structured: typically this is a combination of payment per meeting and equity upon exit dependent on the risk tolerances of all parties. Not discussing that balance will waste time and delay placement timelines.

✓ 3. Know Roles & Authority

Understand who in your PE firm and portfolio company is a decision-maker, influencer and/or vetoer in the candidate vetting process. Otherwise, you may waste a lot of hours on the interview process only to run into an unexpected dead end.

✓ 4. Identify Existing Obligations

Top candidates often sit on multiple boards. Verify upfront that the cadence of their existing board obligations don't conflict with yours. Otherwise, you'll waste time on the interview process only to discover insurmountable timing issues at the last hour.

✓ 5. Confirm Interview Logistics

Coordinating interview time for high-profile board candidates, PE firm members, and portfolio company evaluators can derail the evaluation process. Confirm calendar availabilities on both sides before starting down the interview path to avoid frustration and delays.

✓ 6. Align Expectations

Get agreement between you, your portfolio company, and the candidate about expectations. Do you want introductions to the candidate's network of contacts? Will the candidate be expected to help develop partner relationships? Is he or she there to succeed or replace a current board member? What is their role in your exit strategy? Avoid misalignment before you begin and you'll avoid friction later in the process.

✓ 7. Clarify Exit Strategy

Get clarity on the board candidate's role in your exit strategy. For example, are they being brought on for their industry relationships in order to attract acquirers? How will their compensation be executed at exit? Having a clear picture of exit issues will avoid headaches later on.

✓ 8. Define Special Projects

Will you ask new board members — perhaps due to their expertise — to undertake projects outside their standard board responsibilities, for example, product development? If so, how will you compensate them? Defining non-board activities upfront will help ensure aligned expectations.

✓ 9. Build Relationships

A successful board member recruitment process will result in a number non-winning candidates who are nonetheless highly-qualified individuals. Planning a respectful and positive conclusion to the interview process is always beneficial. Runner-up finalists can often become members of your network, serving as experts consultants, advisors, and board candidates for other companies in your investment portfolio.