



Choose Wisely: How to Select Great Board Members

By [Susan Schreter](#) Published April 03, 2012 | [Features](#) | [FOXBusiness](#)

A few weeks ago I wrote an article on what board members expect from entrepreneurs in terms of integrity, candor and compensation. Since then my inbox has been active with questions about what entrepreneurs should expect of their board members and how to go about organizing your first board of directors.

Continue Reading Below

It's true that one of the most intimidating action steps of first-time entrepreneurs is asking

business professionals to join their new company's board of directors. Of course, they worry about rejection but they also wonder about the risks associated with inviting the wrong individuals to their company's inner sanctum. This is why first-time entrepreneurs often settle for loyal spouses, friends, and relatives to fill first board seats.

There is a better way. Entrepreneurs who are serious about business growth should organize a serious board of directors from day one. Here's how to do it:

Keep it small. Quality always trumps quantity at the board level. At the time of incorporation, applicants usually specify a minimum and maximum number of board participants for a business entity to remain in good standing. For privately-held startup companies a good range is to nominate no less than three board members, but no more than 7 board members. Entrepreneurs who intend to raise equity from private investors or venture capital funds should reserve one or two board seats for investment representatives. It's entirely appropriate for the founding entrepreneur to serve as board chairman.

Seek "been there, done that" expertise. The starting point for targeting business professionals to serve on your company's board is to think about your most challenging business objectives during the next three years. If for example you want to sell your hot new consumer product to chain retailers, then identify business professionals who have direct operating experience in accomplishing that objective. If you want to franchise a restaurant concept, then reach out to other business professionals who already understand the legal process and marketing requirements to build a franchise network on a regional or national basis. Board member skills and experience should always match "where you want to go" instead of "where you are today" to help minimize costly surprises and beginner's mistakes.

Seek balanced board experience. It's never wise to stack a board with similar talent. Try to organize a board that represents complementary expertise in product development, finance, sales, marketing, etc. It's also helpful to select board members who already have served on one or more for-profit boards too. You don't want to involve rookies who don't yet appreciate the proper role of boards in business building.

Continue Reading Below

ADVERTISEMENT

Hire legal help as needed. Entrepreneurs should save voting board positions for non-legal business advisors. Corporate lawyers can attend board meetings as non-voting corporate counsel or as an acting secretary.

Get aligned. Before inviting anyone to your board, take time to explain your company's business goals, product development priorities, financing objectives and distribution strategies in detail. This candid discussion can help ensure that the board is aligned and working toward the same business objectives. It's ok to disagree on tactics but not healthy to have ongoing dissention about a company's overall business priorities at the board level.

Use 'em or lose 'em. It's up to the founding entrepreneur to use each board member's time to its highest and best use. Just listing board member names in a business plan or asking for access to their valuable eco-system of business contacts is not enough to keep high functioning business professionals fully engaged in a company's growth path. \When great business professionals join a board, they expect to dig in in a productive way. It's up to you to make sure it happens.

Just do it. Most successful people I know feel a special responsibility to help jump-start promising companies that can create new jobs and economic activity. They want to give back, so ask them for their help. If a business professional doesn't have time to join your board right now, then ask for referrals to other qualified board member candidates.

Going out on your own should never mean going it alone. Startup entrepreneurs and small business owners benefit when they surround themselves with astute business advisors who can routinely challenge and improve a company's operating direction. There is no better time than today to think of candidates who can upgrade your company's board of directors. Don't delay.

Susan Schreter is a 20-year veteran of the venture finance community and a university educator in entrepreneurship. Her work is dedicated to improving startup longevity in rural, urban and suburban America. She is the founder of www.takecommand.org, a community service organization that offers the largest centralized database of startup and small business funding sources in the U.S. Follow Susan on Twitter @TakeCommand.

Sponsored Stories You May Like

Ad Content by



9 Free Business Productivity Tools For Startups

Tweak Your Biz

The Rise of the IT Department

brought to you by Oracle & Intel®

Should This Navy SEAL Grade Flashlight Be Banned From Public?

Vir3

The most addictive game of the year! Play with 15 million Players now!

Forge Of Empires

Sponsored Stories

- **IoT Demands Innovative Applications** (brought to you by Oracle & Intel®)
- **Gamers around the world have been waiting for this game!** (Elvenar)
- **The most addictive game of the year! Build your city!** (Elvenar)
- **How 3 normal guys learned French in just 7 days** (Babbel)
- **Free Online HR Tools You Should Be Using** (Webiot)
- **6 Dividend Stocks for New Retirees** (The Motley Fool)

More from Fox Business

- **Teen hacks into North Korean Facebook using the password 'Password'**
- **Massachusetts boy, 5, calls 911 to report 'Daddy went through a red...'**
- **Honda adds motorcycles to massive airbag recall**
- **Taking a spin on 'The Joker'** 📺
- **FOXBusiness.com Exclusive: 5 Questions and a Plug with Creed's Scott...**
- **Celebrate Memorial Day with Five-Cent Nathan's Hot Dogs**

Ad Content by

What do you think?

Click the button below to comment on this article.

Show comments



[About Fox Business](#)

[Channel Finder](#)

[Advertise With Us](#)

[Jobs at Fox Business](#)

[Internships](#)

[Terms of Use](#)

[Privacy Statement](#)

[Ad Choices](#)

[FAQ](#)

[Media Relations](#)

[Closed Captioning Policy](#)

Quotes delayed at least 15 minutes. Real-time quotes provided by [BATS BZX Real-Time Price](#). Market Data provided by Interactive Data ([Terms & Conditions](#)). Powered and Implemented by [Interactive Data Managed Solutions](#). Company fundamental data provided by [Morningstar](#). Earnings estimates data provided by Zacks. Mutual fund and ETF data provided by [Lipper](#). Economic data provided by Econoday. Dow Jones & Company Terms & Conditions.

This material may not be published, broadcast, rewritten, or redistributed. © 2016 FOX News Network, LLC. All rights reserved.

[FAQ - Privacy Policy](#)