frog capital

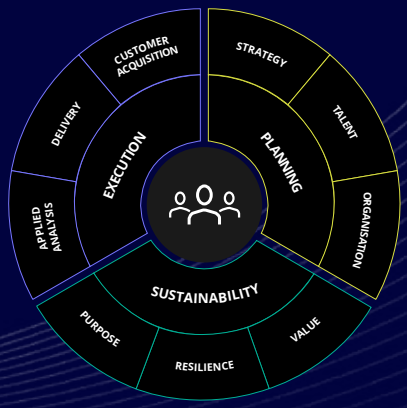
Scale-Up Toolkits

The Frog Scale-Up Chairing Framework

Helping CEOs, Chairs and Shareholders work effectively through the Scale-Up phase.

www.frogcapital.com/scale-up-methodology

Introduction



At Frog Capital we have spent a significant amount of time focussing on CEO's and their teams in the scale-up process and how to match the team's development to be at the same trajectory of their enterprise. Now we are turning our attention to the importance of chairing the Board and the role of the Chair, as another critical success factor in our Scale-up Methodology.

The following toolkit is founded upon interviews with a range of successful Scale-Up Chair people, as well as our own experience. The majority of Chair people are experienced leaders and already have some form of personal playbook when it comes to chairing organisations. Our framework is not seeking to replace this, but instead offer a constructive challenge to ensure the balance of focus is appropriate for the situation in hand.

To stimulate reflection and discussion, the Chairing Framework is asking you where your emphasis is across 5 elements;

1. **Strategic time horizon**
   Do you focus on the longer or shorter term?
2. **Stakeholder focus**
   Are you concentrating on the Team or Shareholders?
3. **Approach**
   Is your leaning towards Governance or Mentoring?
4. **Style**
   Are you more adaptive to a situation or intentional?
5. **Development strategy**
   Are you focused more on the Team or the Board?

About the author

Mike Reid
Frog Senior Partner

Mike Reid is a senior partner at Frog. He founded the business in 2009 after 12 years at 3i. He works across deal origination and investor relations and runs the marketing and fundraising disciplines at Frog.

Scaling innovative organisations from 50 to up and beyond 500 people is seriously hard. Mike passionately believes senior scale-up leaders need and deserve excellent, proactive and professional growth investors through this phase.

About the author

John Sutherland
Frog Operating Partner

After finishing three degrees in various aspects of psychology, John started his career with ten years in the UK health service as a clinical psychologist.

For the last 25+ years, John's focus has been on assessing and developing senior teams, having the privilege of working with a wide range of teams across a range of sectors, and at differing stages of business maturity, from start-up to IPO. At Frog Capital, he has continued to develop senior teams in his role as Operating Partner, a key part of scaling up a business.

Frog Scale-Up Chairing Framework

We ask those chairing our companies to consider 5 sets of elements within the Chairing Framework that require a balance, to be most productive. We, of course, have a Frog view on where the balance needs to be for a Scale-Up business, and indicate the Frog recommended ratio for the five elements of the framework.

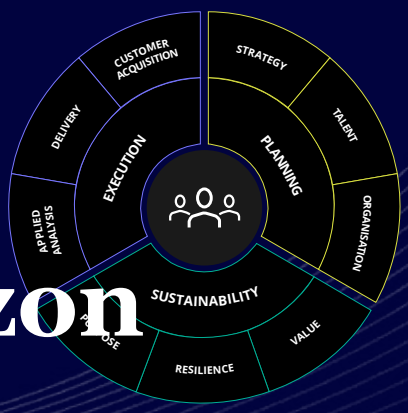
	Strategic time horizon	Stakeholder focus	Approach	Style	Development strategy
100%*	1-2 years	Management Team	Governance	Adaptive	Management Team
80/20%					
60/40%	**60/40%** Frog recommended ratio	**60/40%** Frog recommended ratio			**60/40%** Frog recommended ratio
40/60%					
20/80%			**20/80%** Frog recommended ratio	**20/80%** Frog recommended ratio	
100%*	4-5 years	Shareholders	Mentoring	Intentional	The Board

* Note: We have included both of the 100% positions for illustrative purposes, but in reality there is no 100% position

Structured Discussion

Whilst there may be a range of answers for effective levels of balance the key to the framework is to offer a structured discussion on all of these key elements of Chairing. It proves useful not only for the initial appointment discussion but, as importantly, regular check-in discussions with key players like your CEO, your fellow Board Directors and lead investors.

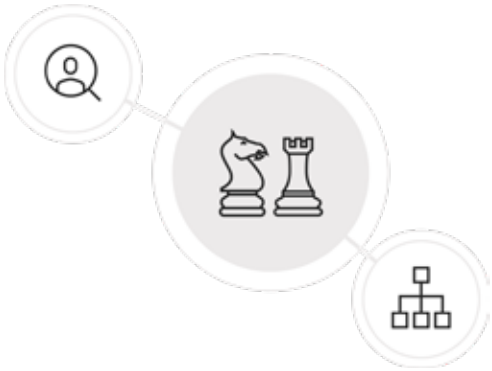
01 Strategic time horizon



Strategy 1-2 years / Strategy 4-5 years

A focus on the short to medium term is vital in terms of Scale-up success, allowing you to get to Plan B quickly, if needed, and developing momentum. Most Board meetings focus strongly on the next 1-2 years.

A focus on the medium to long term allows the current strategy to be viewed out beyond the restrictions of the current investment exit, making sure the business can focus on the fuller expression of its Purpose and Vision.



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	Strategic time horizon	Stakeholder focus	Approach	Style	Development strategy
100%*	1-2 years	Management Team	Governance	Adaptive	Management Team
80/20%					
60/40%	60/40% Frog recommended ratio	60/40% Frog recommended ratio			60/40% Frog recommended ratio
40/60%					
20/80%			20/80% Frog recommended ratio	20/80% Frog recommended ratio	
100%*	4-5 years	Shareholders	Mentoring	Intentional	The Board

Frog recommended ratio

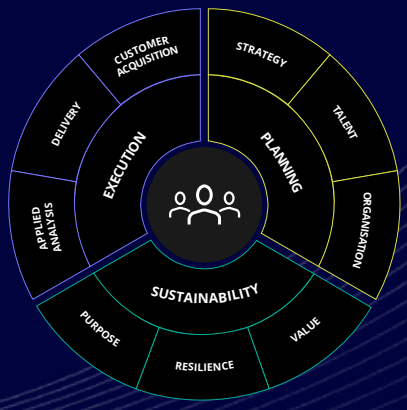
Our call is to have 60% of the focus on the next 1-2 years but retain 40% of the focus on the longer term. Whilst an annual focus can be common due to cash constraints, it is important to assess the capabilities of the team to deliver medium term goals as well as the short term.

	Strategic time horizon
100%*	1-2 years
80/20%	
60/40%	**60/40%** Frog recommended ratio
40/60%	
20/80%	
100%*	4-5 years

Questions to ask yourself?

- What issues in the business are you avoiding addressing due to shorter term cash considerations?
- Is your focus too short term focused to consider significant and important team change?
- Is the business clear on what major value milestones are key to potential acquirers as well as investors?

02 Stakeholder focus



	Strategic time horizon	Stakeholder focus	Approach	Style	Development strategy
100%*	1-2 years	**Management Team**	Governance	Adaptive	Management Team
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40/60%					
20/80%			20/80% Frog recommended ratio	20/80% Frog recommended ratio	
100%*	4-5 years	**Shareholders**	Mentoring	Intentional	The Board

Focus on Team / Focus on Shareholders

It is quite natural for a Chair to become closely linked to the management team, providing support and guidance in-between Board meetings. This is especially so when they have invested their own money in the enterprise.

It is less common for Chair people to spend much time with shareholders outside of the Board meeting, but can be very productive, in terms of understanding shareholder agendas and priorities. We think this needs a stronger focus than it tends to receive.

Continued overleaf

	Stakeholder focus
100%*	Management Team
80/20%	
60/40%	**60/40%** Frog recommended ratio
40/60%	
20/80%	
100%*	Shareholders

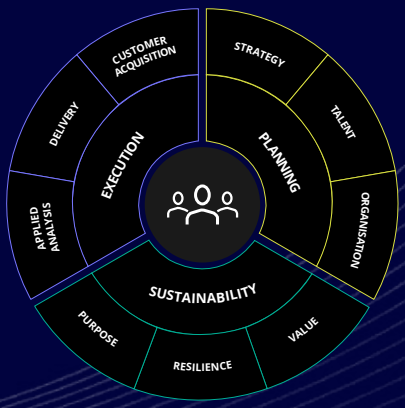
Frog recommended ratio

A moment's reflection tells us that both are valuable. Our call is to have 60% of the focus on the management team and 40% focus on the wider shareholders. Understanding what is going on behind the scenes of a shareholder's world can reveal vital sources of potential misalignment or hidden insights a formal Board environment may not reveal. And of course, management team members are themselves typically key shareholders.

Questions to ask yourself?

- How updated are you to internal politics, process and manoeuvrings within your larger shareholders?
- Are you giving your larger shareholders enough time and space to be open with their perspectives on the business and team?

03 Approach



Governance / Mentoring

One key element of the Chairperson's role is Governance, ensuring that the right things are done in the right way and reported accurately to the correct people. Governance and scrutiny provide powerful parameters within which the business has to operate. Governance by its nature is prescriptive.

A completely different energy is that of Mentoring, where the work includes supporting, and coaching the CEO and their team. Mentoring is by its nature, relatively facilitative, although can include challenge and confrontation.

Switching between the two modes usually needs clear signposting, otherwise the 'friendly' support can suddenly feel like an attack, when a correction is needed.

Continued overleaf

	Strategic time horizon	Stakeholder focus	Approach	Style	Development strategy
100%*	1-2 years	Management Team	**Governance**	Adaptive	Management Team
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60/40%	60/40% Frog recommended ratio	60/40% Frog recommended ratio			60/40% Frog recommended ratio
40/60%					
20/80%			**20/80%** Frog recommended ratio	20/80% Frog recommended ratio	
100%*	4-5 years	Shareholders	**Mentoring**	Intentional	The Board

Frog recommended ratio

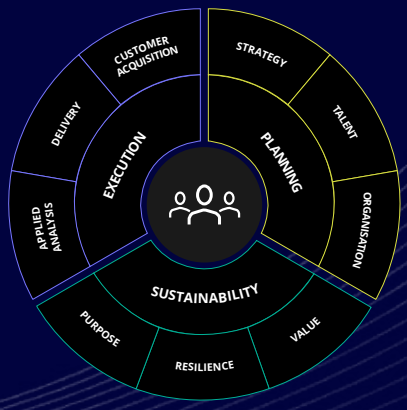
Our call is to place more emphasis on Mentoring in the scale-up phase, taking up some 80% of the time, but with a clear 20% being given to Governance.

	Approach
100%*	Governance
80/20%	
60/40%	
40/60%	
20/80%	**20/80%** Frog recommended ratio
100%*	Mentoring

Questions to ask yourself?

- What would you be doing if you were the CEO and how aware of this is the CEO?
- Have you developed a clear language between you, the CEO and CFO on what governance means and your role in leading on it?

04 Style



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40/60%					
20/80%			20/80% Frog recommended ratio	**20/80%** Frog recommended ratio	
100%*	4-5 years	Shareholders	Mentoring	**Intentional**	The Board

Adaptive style / Intentional style

Some Chair people feel they use a different approach with each of the Boards they chair, based on the needs of the business and the management team. Adapting their approach allows them to provide the support they know each business needs most.

The opposite approach by many Chairs is a clear personal Playbook, setting clear intentions and operating with an explicit and consistent framework across all their organisations. These Chairs may, for example, have their own model of Scale-Up or look to set a high level intention each year for the business to focus on.

Continued overleaf

Frog recommended ratio

Our call is to place more emphasis on the intentional approach, either through an explicit framework or the setting of regular yearly (or half-yearly) high level objectives. A management team wants to absorb the experiences and guidance of a good Chair so, whilst being explicit may cause contention, it is worth it. It also helps with Shareholder / Stakeholder communication and confidence building.

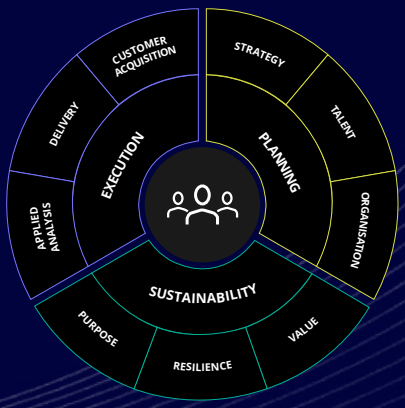
We believe this should occupy 80% of the time, leaving 20% for an Adaptive approach, within the framework adopted.

	Style
100%*	Adaptive
80/20%	
60/40%	
40/60%	
20/80%	**20/80%** Frog recommended ratio
100%*	Intentional

Questions to ask yourself?

- Do you have an effective rhythm of feedback both ways with your CEO?
- How would your CEO describe your chairing style and your style of chairing the Board meetings?

05 Development strategy



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40/60%					
20/80%			**20/80%** Frog recommended ratio	**20/80%** Frog recommended ratio	
100%*	4-5 years	Shareholders	Mentoring	Intentional	**The Board**

Develop or change the team or the board

It is common for Chairs to place a strong focus on developing or changing the management team. Ambitious change is key to successful Scale-Ups and a Chair is at the centre of ensuring the right level of challenge is being applied to all key roles in the management team by the CEO and on the CEO themselves by the Board/ Chairperson.

In our experience it is less common for Chair people to focus on developing or changing the Board itself. Arguably this can be just as important as developing or changing the management team as the needs of the business evolves, when for example, a new territory is being targeted.

Continued overleaf

Frog recommended ratio

Our call is to expend 60% of the focus on developing or changing the management team but to retain a healthy 40% to ensuring the Board remains a strong fit for the needs of the business, both in terms of who is on the Board, but just as importantly how the Board operates in meetings and through the annual cycles.

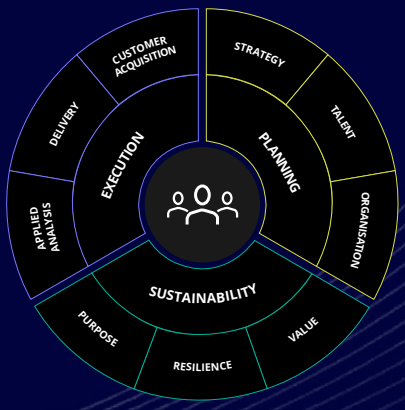
Boards can get in a rut of being dominated by investor-directors and less self-reflective on how effective discussions are, how much value the Board is to adding to the management team and how educated they are in assessing the strategic risks and opportunities facing the business.

	Development strategy
100%*	Management Team
80/20%	
60/40%	**60/40%** Frog recommended ratio
40/60%	
20/80%	
100%*	The Board

Questions to ask yourself?

- What would the ideal Board look like for this company? What are the steps to getting there?
- What is holding back more effective board working and how can this be addressed?

06 Conclusion



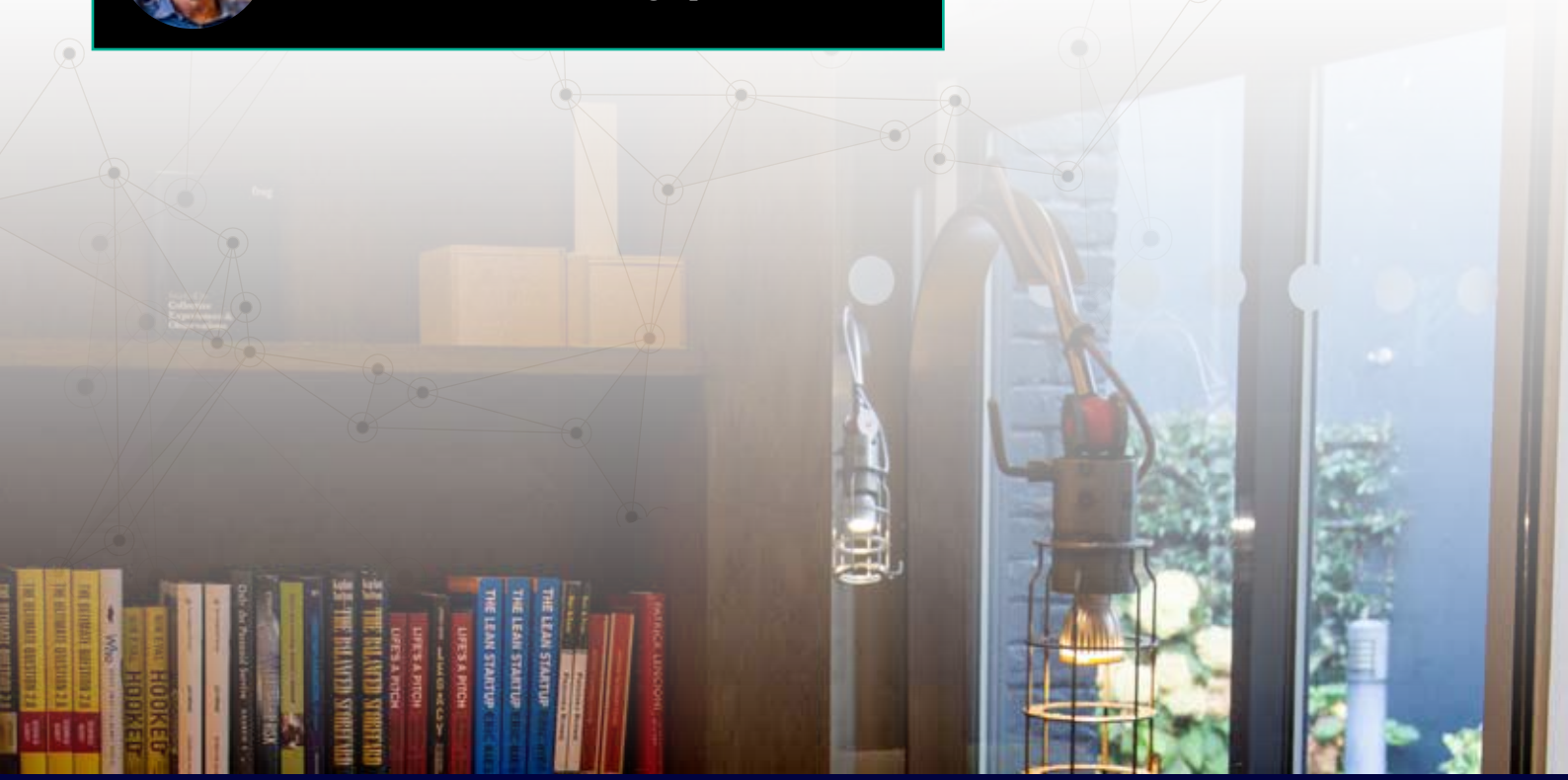
Getting the balance right

In each case some 'both/and' thinking is required.

Our experience in using this framework is that it can act as a useful prompt for reflection and refinement for Chairs, CEOs and Board Directors/Investors.

Having an overall framework also allows for some benchmarking comparisons, allowing Chairs, who may seldom meet up with other Chairs, an opportunity to explore how others see the role.

To discuss the Frog Scale-up Chairing Framework in further detail, please email Mike Reid (mike.reid@frogcapital.com)



Frog Capital Ltd
The Mews, 1A Birkenhead Street
London WC1H 8BA
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