

<b>Tool Name</b>	Why a quality board pack will make your life easier
<b>Methodology Category</b>	Applied Analysis & Sustainability
<b>Description</b>	Details of how a Board pack will help make your life easier, and assessing what a good Board pack looks like
<b>Accompanying Documents</b>	N/A



## Why a quality board pack will make your life easier

Many Founders and scale-up CEOs see a board pack as an additional burden that comes with new VC investment, consuming resources that could be better used to drive the business forward. This may be warranted at times, but the reality is that managing a board and delivering board packs are important scale-up skills. Every great tech company has a great board pack, so let's assess what great *really* looks like.

### **Why do I need a board pack?**

Managed well, a good board pack will deliver three things; it will help ensure an efficient, effective board agenda; it will be an important communication channel with shareholder representatives; and it will become a useful tool for you, as CEO, to drive change across the business.

### **What should my board pack include?**

In Frog's experience, the best board packs excel by giving a regular perspective on the business from 5 different angles;

- The customer
- Internal operational performance
- Financial
- Governance
- Strategic growth challenges

The board information should, for the most part, be a subset of the information you are discussing as an executive team.

Top of the agenda should be your customers. As your company scales, you are working hard to keep the customer at the heart of the culture and the values of your business. Make sure, then, that your customers' views and the KPIs that track them are front and centre in your board pack. New joiners, new investors and ultimately acquirers will feel comforted to see that customer satisfaction is the company's core priority.

Many scale-up boards get sucked into sales and operations, discussing the intricate details of account pipelines or tech development. Whilst this is interesting to many non-executive directors, is it adding any value to share this detail with Board members? A great board pack answers most reporting questions

before the board meeting even starts, allowing you and your Chairman to run an agenda focused less on reporting past results, and more on solving upcoming challenges.

## What do I want my board pack to achieve?

A great board pack shows off what progress you're making. But it is not a selling document. When Board members feel 'sold to', this starts to undermine trust. Great board packs openly highlight challenges and solicit input on your proposed solutions. In demonstrating integrity and impartiality by being proactive in highlighting and addressing issues, you build confidence with important stakeholders. No one likes surprises, and all good Board members will want to try and help with the challenges.

A key measure of great CEOs is their ability to hit targets, whether these are customer wins, financial KPIs, recruitment or tech development. Continually being over-optimistic with your budget significantly undermines your credibility. Use the board pack as a tool to educate your senior team in the importance of hitting their goals, and use it as a harsh reminder to yourself of how uncomfortable it is to present underperformance. Under-promise and over-deliver.

Every great scale-up has clear long-term goals, and a strategy to achieve them. The board pack should be used to regularly check in on progress against these goals, and to test whether the board needs a deeper review to discuss if they will be missed. If the pack's tracking of longer term, strategic goals is flagging up red, we recommend you consider doing a proper strategic review with the Board.

With all these elements in mind, here is the optimum benchmark for a great board pack:

## Board Pack Benchmarking:

Key Areas to Cover
1. <b>Customer perspective</b> (How do customers see us? – client acquisition, churn, penetration, new product take up, satisfaction ratings, references, account plans)
2. <b>Internal business perspective</b> (What must we excel at? – unit economics, product innovation, lead times, staff retention and development, systems, quality control)
3. <b>Learning and growth perspective</b> (Can we continue to improve and create value? - life cycle to product maturity, time to market versus competition, market dynamics, sustainable differentiation)
4. <b>Financial perspective</b> (How do we look to shareholders? – sales growth, cash burn, contribution margins, fixed overhead build, capex, current and forecast position)
5. <b>Governance perspective</b> (How do we look to under investigation, could be regulatory, litigation or due diligence related - minutes, actions, fiduciary duty disclosures, controls, reviews)
CONTENTS
1. <b>Agenda</b>
2. Company secretarial - Governance perspective – usually run by CFO/Co Sec
2.1. Prior minutes - conclusions and actions clearly recorded

2.2. Open actions - responsibilities allocated, review each month until closed
2.3. Other - share and option issues, changes of rights, director appointments etc
<b>3. CEO report – Learning and growth perspective</b>
3.1 High Level KPIs
3.2 Summary of What's going well, What's not going so well, and Key Priorities for the Next Period
3.3 Progress against longer term goals (green, amber, red)
3.4 Commentary on market developments and competition
<b>4. Customers, Sales and Marketing</b>
4.1 Existing Customers - Customer satisfaction KPIs, Churn, Account growth
4.2 Sales - Pipeline KPIs, Progress to Quarter targets, Cost of Acquisition, Win/loss analysis, How good are you at forecasting
4.3 Marketing - KPI performance of marketing investment
4.4 Team Performance
<b>5. CFO report – Financial Perspective</b>
5.1. Commentary on Key Performance Indicators
5.1. Management accounts – P&L, cash flow and balance sheet month and YTD v budget and prior year
5.2. Revenue and Gross Margin analysis – by client, product, geography as relevant
5.3. Forecasts – cash flow and P&L full year outturn at least
5.4. Funding update – current projects or timetable to meet future requirement
5.5. Bank covenants if applicable
<b>6. COO/Operations report - Internal business perspective (includes CTO, CPO remit)</b>
6.1 Summary of What's going well, What's not going so well, and Key Priorities for the Next Period
6.2 Operational Delivery KPIs - System downtime, Customer satisfaction issues, Key bottlenecks
6.3 Product Roadmap - Update with Roadmap milestones, progress against plan
6.4. HR report (often part of CFO report) – FTE by department v budget (list by name if < 50 FTE), departures and joiners with reasons, promotions, recruitment underway, 6 month recruitment plan (identifying what is in budget and not). Training and development summary.
6.5 if the business has a CTO or CPO they should produce their own report including predictive KPIs and linkage of their delivery schedules to the broader business performance
<b>7. AOB: Special papers e.g. planning cycle, reforecast, large capex, departmental reviews, new products etc</b>
<b>8. FINANCIAL and NON-FINANCIAL APPENDICES</b>

8.1 P&L actual to budget comparison
8.2 Cash-flow actual to budget comparison, plus forecast
8.3 Balance sheet actual to budget