

**Panelist | Rod Favaron, President and Chief Executive Officer, Spredfast, Inc.  
Director, Bypass Lane, Perception Software, and Upland Software**

It is ideal to have directors who have the following attributes:

- \* **Expertise:** Functional expertise to help scale the company (Sales, marketing, strategy, technology, finance)
- \* **Network:** Help for business introductions (Advisors, Partners, Prospects, Recruits)
- \* **Experience on private boards:** It's a roller coaster. Up's and downs. Maturity and experience are important. Also, it's very important for them to have experience serving on a board with venture capital investors.
- \* **Time:** Doesn't matter who you choose if they have no time to help you when you need them.
- \* **Leadership:** How can they help the CEO do his/her job better. Coaching, recruiting, problem solving, mediation with investors, etc.
- \* **Independence:** Strive to have one or more independent (non-investor) directors on the Board to avoid having a Board comprised of all directors who are also investors. Be sure to pick the types of people who are not afraid to speak up when conflicts arise so that, from their unbiased perspectives, they can assist in resolving issues.

In addition, have your legal counsel attend Board meetings so that he or she can help you identify when the investor-directors may be conflicted on an issue and may need to recuse themselves from the discussion or the vote. Good counsel can also periodically remind the investor-directors of their fiduciary duties as directors, which may conflict with their interests as investors.

Finally, if your company is on a trajectory to embark on an IPO, start recruiting for independent directors prior to going public so that you can get them involved in the company early and have a well functioning Board as you go through the intense IPO process. Having directors with strong, recent public company experience to help advise management through the process is invaluable.

**Panelist | Kevin Krone, Advisor, Southwest Airlines (NYSE: LUV)  
Director, Uplift, Inc.**

1. Do not be surprised when a very bright leadership team needs help navigating some of the nuances of business. This is where a board member can be very helpful in advising and mentoring as a company grows. Board members often have the past experiences that can be very insightful during growth and evolution of a company's life cycle.
2. Always be vigilant and willing to have a hard conversation. All difficult decisions have the best chance of success if thoroughly debated and alternative perspectives are discussed.
3. Take time to establish relationships with the leadership team and the other board members and build trust. This will allow much more productive conversations and debates.
4. Evaluate your effectiveness as a board and independent director and hold yourself accountable to improve.

**Moderator | Bill Bock, Director, Silicon Labs (Nasdaq: SLAB), SailPoint, Spiceworks, UnboundID, Worksoft and Zenoss and Entrepreneurs Foundation of Central Texas**

"Institutional investors in the same private company can have very different views on what constitutes a successful outcome."

"A private company does not have the public company burdens of SEC compliance, but the Board's responsibilities are remarkably similar."

**Additional program resources on these topics can be found at:  
<https://texastricities.nacdonline.org/Resources/meeting.cfm>**