

# ***New Study by Vell & Associates Offers Recommendations to CEOs Looking for Board Members***

BOSTON--([BUSINESS WIRE](#))--One out of every three small companies has a help wanted sign hanging on its boardroom door. At big companies that same help wanted sign appears 16 percent of the time. So says a just released study by Boston-based [Vell & Associates](#), a premier executive search firm. The study – titled “Entrepreneurial Boards Composition Survey” – offers not only a look at the make-up of boards of directors, but also recommendations for attracting and retaining board members.

“Empty seats in the boardroom sap a company’s potential, and rob firms of the opportunity to draw from the wealth of experience a board member can bring,” noted Dora Vell, president of Vell & Associates. “The data from our latest survey indicates that many small companies mistakenly believe they cannot attract top-flight talent to their boards, so they leave seats open.”

Over the course of four months, Vell & Associates polled 150 chief executives, venture capitalists, vice presidents of human resources and board members at private and public companies across 18 industries. Seventy-seven percent of the survey respondents came from privately held companies. More than sixty percent of the companies surveyed by Vell’s team have been incorporated for five to 10 years.

Vell & Associates’ survey offers indicators as to why board seats at small companies, in particular, go unfilled. For instance, many small companies aren’t aggressive enough about pursuing the right candidates because chief executives feel that they can’t adequately attract or compensate a number of highly talented directors.

“But we found that experienced board members will often agree to serve at small firms in return for stock options, rather than large cash-based compensation packages,” said Vell.

Of the companies participating in Vell’s recent survey, 89 percent posted annual revenues of less than \$100 million. But almost half saw the wisdom in offering their board members stock options, restricted stock units or some other form of equity.

Vell and her colleagues found that 73 percent of companies in the survey reported not paying directors a fee to attend board meetings. “Paying a meeting fee to directors is a practice that companies engage in, but we found that many board members do not care to receive one, as they are more interested in the equity upside. The exception is retired executives looking to make a second career out of sitting on boards. When the fee is paid, it’s not exorbitant,” added Vell. “In fact, of the 27 percent of companies surveyed by Vell that do pay a meeting fee to board members, almost 50 percent pay just \$1,000 per meeting.”

After evaluating the data collected from the survey, Vell & Associates developed a number of recommendations for chief executives at small, especially entrepreneurial, companies:

- Maintain a diversity of skill sets and industry experience on your board. Seeing a challenge from many points of view is the best way to find the right opportunity. Unlike large companies, which need to be aware of Sarbanes-Oxley rules, key partners and customers can – at the right stage – be a big asset as directors for a young company. This idea has been well documented by prior studies. In fact, most successful companies that grew to more than \$1 billion in revenue had key representatives from partners and customers on their boards.
- Make sure the skill sets on your board mesh with your company’s strategy and complement your management team’s abilities.
- Seek to grow your board to about six to eight members. Too many members can breed confusion; too few directors at the table run the risk of missing important perspectives.
- Hold board meetings more often in industries that run at a brisk pace, such as software. Around six meetings per year is the average for most companies, across all industries.
- Define your ideal candidate and go after them. Building a great board is an opportunity.

“These findings are relevant to corporate directors serving entrepreneurial companies in the midst of a talent shortage, directors serving mature companies and chief executives seeking the best and brightest board members,” Vell said. “This is a pivotal guide for leaders who are considering a change in the structure of their board and corporate governance activities.”

For more information about the report, visit [www.vell.com](http://www.vell.com). Print and online copies of the report are also available for journalists.

## **ABOUT VELL & ASSOCIATES**

Boston-based Vell & Associates, a premier retained executive search firm, specializes in finding high-level, top-flight technology executives. Each of the firm’s professionals brings a distinctive knowledge of and experience in the technology industry. Vell & Associates credentials, experience, and unrelenting focus on satisfaction and execution empowers the firm to bring exceptional leaders, with proven track records, to the best companies.