

Jerry:

So folks, I love doing podcasts. I have just a delightful pleasure of having two of my favorite people in the whole world in conversation with me today. Aileen Lee from Cowboy Ventures and Brad Feld from Foundry. But of course that's almost a 30 year friendship, Bradley, just to name how old we both are. Yeah. And I'm just so excited to have both of you on the show. You know, a few months back we were trying to organize this and we were originally going to talk about the role of the board and effectiveness and boards and we'll probably sort of go there. But of course as often as the case time passes. Life changes. And what I think would be really helpful today. Is to have a conversation about storm because while you know here we are we're at the tail end of March 2023 and for the better part of 18 months we've seen this you know falling market valuations and the collapse of what arguably could have been the most hyperinflated time in the venture-backed technology startup time, five years may be going. We're now a few weeks out after the second-largest bank collapse in US history and a bank run on everybody's favorite bank, Silicon Valley Bank. And as I think about what we're handling right now, I'm really curious, and I'll start with you, Aileen. How has it been? And how have you held yourself? during this time.

Aileen Lee:

Well, first of all, thank you. It's really a pleasure to be with you two today.

Aileen Lee:

How have I been holding myself? I mean, I guess... One benefit of being older is that there are many cycles in life and in work. And we have been living through a cycle.

Jerry:

Um

Aileen Lee:

And this is something not exactly the same but we have lived through before.

Aileen Lee:

And so there's some weird, sad familiarity

Jerry:

Mmm.

Aileen Lee:

About all the bad things that can happen and all the ways that you could hold yourself. So I think one of the important things is to actually be stable. And to try and stay calm. and have a steady hand, especially for people who have not lived through cycles before.

Jerry:

Hmm. Does that resonate with you, Brad?

Brad Feld:

I like the word stable a lot in that context. For me, one of the things that I have always tried to do, sometimes better than others, is do some version of absorbing all the stress in the system around me. And my own therapeutic metaphor for it is that I can metabolize. high amounts of stress in the system. And that stresses stress on me, but stress on companies and stress on founders. And part of what I try to do and how I hold myself or show up, Jerry, to use your language is I am a full participant in whatever is going on that a CEO is trying to sort through and navigate through. My view is my job help her be successful, period. And I need to be there to participate in that. But as part of that, I absorb a lot of the system's stress.

Jerry:

Hmm.

Brad Feld:

And because I can metabolize it at a high rate, it doesn't cause me that much stress. There is a point at which my metabolizer stops working as effectively.

Jerry:

Boom.

Brad Feld:

And I start to, the stress backs up, where I start to feel my own stress and anxiety but as gotten older I've learned how to deal with that a lot better, especially in high-stress situations. This notion of being stable, I like. It's also very interesting to reflect on this experience we just had around the failure of SVB and the bank run that happened. Think about the number of people, frankly, who were very experienced and who had been through lots of cycles, who were not particularly stable, helpful, thoughtful in this moment. And if in any sort of for many people how it amplified what was something that didn't need to happen the way it played out because of that lack of stability.

Jerry:

Hmm. Aileen, you were laughing but what were you thinking of, Aileen?

Aileen Lee:

Yes, the irony is that, you know, in the context of this conversation around boards, right?

Jerry:

Yep.

Aileen Lee:

And that your venture investors are, you know, generally supposed to be the more experienced ones, right? Who've seen things, can, you know, your responsibility as a board member is to

kind of be a wise, a wise hand to the CEO and to the leadership team. And yeah, I think there was a lot of anxiety and a fair amount of panic and a lot of game playing and people kind of trying to game theory at the system and thinking about oh we're in a prisoner's dilemma so I better you know I should pull my money first and you know and it's just this it had a big domino effect.

Jerry:

It's kind of the opposite of what we would expect a good board member to be generally.

Brad Feld:

There's a very important piece of this that, you know, is a few people have written, I think, pretty well about it publicly.

Jerry:

Mm.

Brad Feld:

Ben Thompson maybe wrote the best thing I saw, Stratechery on it. But, you know, like it very quickly became the sort of notion that this is a prisoner's dilemma and that, you know, it was a bank run, you know, mob fuel bank run.

Jerry:

A Twitter-fueled bank run

Brad Feld:

It said, well, it wasn't really Twitter. It was all the private WhatsApp groups and all the private VCs calling other entrepreneurs like that. Start with all of that as it doesn't matter what flavor of that it was. The essence of a prisoner's dilemma is that it's a single-turn game, that you're playing one time and you win or you lose. And I wrote about it in startup community way, which was the second book I wrote about Startup Community, the whole essence of startup communities and entrepreneurship and the whole ethos that I tried to extract from sort of some of the powerful characteristics of Silicon Valley and scale them, democratize them globally in terms of entrepreneurship was this notion that entrepreneurship is a multi-term game and that the experience as a founder, as an investor, as people participating in the startup community, are games that have many, many plays to them, and that there's a lot of failure along the way. There's a lot of stress along the way. And it's not that everybody's trying to help everybody else, but that you're consciously doing things where the decision-making is not only the short-term, single-term decision-making that's going on. So with the concept of that being abstract, what happened in literally 48 hours was an entire industry that talked about how this ethos was part of it just executed a complete opposite 180 degrees from that ethos.

Brad Feld:

Yeah, Silicon Valley Bank made lots of mistakes and there are lots of ways you can sort of say

this was the reason that that was the reason. But fundamentally, none of that had to happen. happened. There was no fundamental existential bank going out of business problem until the, you can say, the VC community, you can say the entrepreneurial ecosystem decide. Everybody created this fervor, this frenzy of fear that somehow, if I didn't get my money out of the bank, my money was gone.

Jerry:  
Mm.

Brad Feld:  
Which then becomes a self-fulfilling prophecy, And the interesting thing, you know, this was this just to sort of land in the moment on Friday when the FDIC stepped in which was, I didn't see that coming that was a total shock to me on Monday if you'd said hey on Friday and FDIC is gonna take over SVB I what the fuck you talking about?

Brad Feld:  
The thing to sort of ponder as these things unfold is, we pretty quickly realized it was absolutely, my partner's either. There was nothing we were going to be able to do before Monday morning. What should we do? The answer is there's nothing you can do. You've got to sit tight and wait and see what happens next.

Jerry:  
Mm.

Brad Feld:  
That quickly then became, oh, shit, we've got a whole bunch of companies that can't make payroll Monday morning. Payroll has to be funded Monday to make payroll Wednesday. Oh, shit, that's the problem.

Jerry:  
Hmm.

Brad Feld:  
Then the thought process, this is again back to the theme of this, like what do you do? The conversation, the way we functioned internally was much less about worrying about anything in that moment other than how do we help all these companies that we're investors in, how do I help all these CEOs who I'm on their board, navigate through what is incredible anxiety in this moment for them, which is the short term is I can't make payroll, the long term is what's going to happen to my money? Let's not worry about that. Let's focus on making sure you have cash on Monday so you can get the payroll fund.

Jerry:  
Yeah. Aileen, what was that weekend like for you?

Aileen Lee:

Yeah, so it was a combination of the different levels, right? Our firm, Cowboy Ventures, we banked with Silicon Valley Bank, so we had our money at Silicon Valley Bank. So there's a decision about what do we do about our accounts? Do we try and get it out? Do we try and leave it in? Because if we join the stampede, it doesn't help. And then how are our portfolio companies doing? And how much do they have at risk? Is there just risk of disruption to business? And then obviously, like, you know, of these companies have been so thoughtful about trying to extend runway during the downturn, even if losing 20% is a big hit to your runway.

Aileen Lee:

So then we started strategizing, like, okay, well, what do we know about whether regulators and the making committee of Congress is going to actually going to save SVB and make account holders whole or not? And trying to figure out what can we do because we were hearing from a political perspective that it was starting to get political. And that maybe some politicians were gonna use Silicon Valley Bank as a scapegoat and punish them because it represented all the sins of Silicon Valley.

Aileen Lee:

And so a lot of everyday workers and nonprofits and schools and starving startups would be punished if Silicon Valley Bank deposits were not saved. So we heard from contacts in Washington and in state offices that any stories of like, you know, regular people who are going to be negatively impacted if the deposits got wiped out would be really helpful to argue the case against the fact that Silicon Valley Bank was just an elitist bank for, for, you know, libertarian startup founders.

Aileen Lee:

And so we started pulling together examples of organizations that not based in Silicon schools, nonprofits to basically share with lawmakers and committee members to understand the impacts of and potential domino effects of Silicon Valley Bank deposits being wiped out and so and we became part of a group of people who are working together to do that both in the nonprofit and on the for-profit side so that's kind of how we spent a lot of the weekend was triaging across those three different buckets.

Jerry:

Well, I really love the way, you know, I was in touch with each of you during that time, just checking in as I checked in with a lot of different people because I too am a metabolizer of anxiety. It's kind of my role. And I want to read to you, you know, we did a VC boot camp last week and I want to read to you a little bit of what I shared with them. And I think that this is a kind of jumping-off point. This builds on the stable image. And it's a jumping-off point, I think, too, because, you know, as interesting as it is to talk about the, you know, Silicon Valley Bank, there is a way of seeing what you both just shared for a model of how to be in a lot of this

experience. And so this is from Pema Chodron's, *Comfortable with Uncertainty*. And she writes, "All around us, the wind, the fire, the earth, the water are always taking on different qualities. They're like magicians. We also change like the weather. We ebb and flow like the tides. We wax and wane like the moon. fail to see that like the weather we are fluid and not solid. And so we suffer. We resist that we change and flow like the weather, that we have the same energy as all living things. When we resist, we dig in our heels. We make ourselves really solid. If we learn to sit still like a mountain in a hurricane, if we learn to sit still like a mountain in a hurricane, unprotected from the truth and vividness and the immediacy of simply being part of life, then we are not this separate being who has to have things turn out our way. When we stop resisting and let the weather simply flow through us, we can live our lives completely." Now, you know me. know me. I'm kind of a knucklehead. I see Buddhism in everything.

Jerry:

When I was watching what was going on and tweets in all caps and people freaking out and I was thinking about like, your point about anxiety and I was seeing it from my angle and you know that I counsel both people on both sides of the table to use Mark Schuster's term, right? What strikes me is that a really effective board member, arguably first and foremost, knows how to manage their own anxiety so that they can then be that stable mountain in a hurricane and be of service to people. Does that make sense, Brad?

Brad Feld:

Yes, and so many people, and let's just say board members, many board members, and including investors, so non-investor board members, but also investor board members don't have enough self-awareness of how they are presenting themselves to the people around them.

Jerry:

Hmm.

Brad Feld:

And so in some people, it's the inability to process your own anxiety. But for others, it's the lack of awareness of how you're actually appearing to others. And I don't mean that you have to be totally calm.

Aileen Lee:

Jerry like

Brad Feld:

yeah. I'm not suggesting a particular affect, right? But it's whatever your own personality is and whatever your own affect is in the context of that being consistent, especially in situations of where you know that there's extreme stress on the system. And in very short order, you see it. And the feedback you can get that's helpful is almost opposite of what you would expect. So the more one gets pulled into a public real-time conversation about something, it's often because the histrionics or the provocativeness of that person. is greater. In contemporary media, the

real-time nature of it is you want more provocation. One of the things that plays out in that, and it doesn't have to be TV, it could be Twitter, it could be whatever, is that the engagement model is that people are actually almost, it's almost like out-of-body experience in some level. Is that really that person? Is what I'm seeing really have anything to do with reality here?

Jerry:

Mmm.

Brad Feld:

That's the And part of it, it's the contrast to what is most helpful, as again, we're saying board member, but I think as a mentor, frankly, as a leader in those moments, when you're trying to help a leader but in support of others, is clarity of thought. Like your ability in this middle of this crazy moment to sort of take a deep breath and say, all right, I got a lot of signals coming at me. My eyes are wide open here. I don't know what the right answer is. What should I do? And what should I encourage people to do versus, "oh shit that person said that therefore I should say that."

Jerry:

Mmm.

Brad Feld:

I'll cap scary bad monsters terrible horrible ending of world. And against the backdrop of you know fuck it in the end we all die anyway. Right so like what are you trying to are you trying to be and who are you trying to be in this moment?

Aileen Lee:

Totally. I mean, when some of that stuff was going down over the weekend, it almost felt like if you were watching the movie, you know, how like, some things go, some, there's some emergency and some people just panicked and do really stupid shit and like every man for themselves and then they wind up like kind of killing themselves by accident because they did something overreaction or in stupid and like the people who can stay calm, look around, figure out like, okay, what's the play and how do I save as many people as I can? And then you rally people and you figure out a way out together. It kind of felt like we were watching that play out in real-time.

Jerry:

Look, I think that the ability to do what you just said, Aileen, I think is incumbent or is dependent upon, in some ways, what Brad was saying about understanding how you come across, but also understanding that the threat that you're perceiving isn't quite what you think it is. It's that it's like the amygdala gets hijacked in that moment and you know, I'm gonna expand this beyond the Silicon Valley Bank weekend if we will, Weekend at Bernie's, whatever we want to call it into One of the phenomena that I see happening either directly or vicariously in board rooms, which is you know we've seen a profound drop in valuations in the last 18 months. You can argue

whether or not valuations are where they should be or should have been all along or whatever. And I've seen a number of firms sitting there counting their chickens before they hatched, trying to raise or having raised new funds based on markups that are no longer relevant. And I've actually seen investor board members block the right kinds of financings to keep companies going forward because they did not wanna take a write-down. And, you know, again, I wish that we had a video because watching Aileen's face these things. She's like, oh, the rolling of the eyes, right?

Aileen Lee:  
Yeah.

Jerry:  
I mean have you seen this, Aileen?

Aileen Lee: (25:00)  
yeah. Oh gosh, yeah. I know it's gonna sound, you know what Brad was saying is yes, and...it's like, I was talking with my partner Ted about this, the topic of boards and what we're seeing and I think he would echo what you said, which is he said that VCs are nervous, right?

Jerry:  
Right.

Aileen Lee:  
A lot of VCs have a lot going on in their partner table, their, you know, their personal portfolios and they're really, of anxiety, but instead of actually putting it in a box and thinking clearly in their role, it's like they're projecting their anxiety onto founders and they're just kind of asking a bunch of questions and not really thinking through the implications of the way that they're showing up. And it's not super constructive.

Jerry:  
I think

Aileen Lee:  
But yes.

Jerry:  
there's a projection going on and I would build on it and say what I've often seen. And I used to see this all the time, Brad, we've talked about this in the past. Sometimes people will mask their anxiety with aggression and the aggression comes down to, 'you should do this and you should have to do that.' And so if there's a disconnect from self-awareness, hey, I'm panicking right now. I'm probably not gonna be a mountain and a hurricane, right? If there's that disconnect, and then we've been trained that a good board member is a tough person who's always yelling at people, because there is that meme that goes out there, as opposed to saying, no, actually,



we're a partner in this endeavor, right? So you take that plus a heightened level of anxiety, and you got a whole lot of craziness going on in board rooms.

Aileen Lee:

You know, though, I might argue for the past five years, that stereotype of the tough board member, that's a lot harder to find. If anything,

Jerry:

Is it?

Aileen Lee:

we've gone the other

Jerry:

Good.

Aileen Lee:

direction. Yeah, well, at least I think because the market got so competitive, everyone was

Jerry:

Ah.

Aileen Lee:

chasing investments and they were really, you know, this idea of being founder friendly somehow got construed with not having a point of view and just doing whatever the founders wanted to do and just saying, you're great, you're awesome, everything's great, don't worry about anything. And that, like a lot of people that had become their board role was like just being a cheerleader all the time and never actually challenging much.

Jerry:

That's super helpful. I may be holding an old mental model in that regard.

Aileen Lee:

Well, or you're just on more constructive boards, maybe.

Brad Feld:

Well, I would add a piece to it. I strongly agree with what Aileen just said. But I go further. I think the number of inexperienced venture board members in this cycle are pretty extreme. That inexperience combined with a perspective of what you should or shouldn't be doing and a general busyness created an enormous amount of passivity among board members. And that passivity translated in lots of different ways. The one that was the worst, from my frame of reference, is a complete and total lack of critical thinking.

Jerry:  
Mm.

Brad Feld: (28:50)

And so you had people sitting in board seats who, again, my personal philosophy is, if I'm in a board seat, my job is to do everything I know how to do to help the CEO be successful. And I like to say I like to make one decision, which is do I support her or not. And if I don't, my job is to do something about it, which is not fire her, but it's to try to get back to a place where I support her. But fundamentally, as a, again, private company board member, in some ways I put myself in a position where I work for the CEO rather than the CEO works for me. Yeah, there's governance stuff, et cetera, but that forces me to have to be a critical thinker in that context, versus a cheerleader. Or versus sort of like, well, I'm on so many boards, I can't pay attention to all of them, so I'm not gonna worry about this one because everything's going okay here. Oh my gosh, things aren't going okay here. Now I have to go fix a problem somewhere, right? So you're sort of stuck in these weird places, versus showing up each time and saying, okay, what's the context, what's going on, what's the actual dynamics? What are the dynamics and what do I actually have to do here to help the CEO move things forward with this company? The other thing is, I think that There's so many words that are now overused to the point of not being meaningful in the context of entrepreneurship and, you know, there are words like transparency and authenticity. I think empathy is probably in that situation, in that word universe to or like it doesn't mean anything anymore. I'm empathetic. What the fuck does that mean? Like intellectually, you can define the word, but how are you behaving and this notion that as a board member, you know, should you or should you not be to the challenges that the CEO is facing or that the company is facing? I'm not even really sure what that means because if you aren't naturally empathetic and able to show up that way, then that's just an act.

Brad Feld:

So it's the same kind of thing where there's this sort of whole language around what should you do, how should you be that disconnects or disassociates from this notion of, hey my job here is to help this company navigate through. And to do that, I have to provide, I have to do my own critical thinking about what's going on versus just follow what other people are saying or ignore or pay no attention or the smartest person in the room because I just asked 10 questions that were hard questions and everybody says like, he's smart. He knows what's going on. I just wasted 30 minutes of everybody's time asking 10 questions that don't actually matter because the CEO knew the answers to those questions. Nobody else did. Okay, there's something else going on.

Jerry:

You know, I'm going to connect us back to something I see CEOs struggling with at times as well, which is confusing, kind of a harsh, non-listening stance with strength, and therefore associating empathy or defining empathy as not holding boundaries, not holding structure, not holding people accountable. It brings to mind one of my favorite Brene Brown quotes, which is "clarity is kindness."

Aileen Lee:

You know that's one of my favorites too. Yep.

Jerry:

Why does it work for you so well, Aileen?

Aileen Lee:

Well, for me, I grew up pretty non-confrontational. And so I get nervous about saying, my tendency is to be a truth-teller and to be direct. But I have to sometimes be careful and thoughtful about how I deliver the message. But I think sometimes if I'm nervous about delivering the message that needs to be delivered, that helps me remember I gotta do it because the person needs to hear it.

Jerry:

Right. And you know, to Brad's construct, right, how can I be in service to that CEO sometimes delivering bad news...Now, I would still argue, Brad, that you still need to be empathetic, but empathetic doesn't mean not being direct. It doesn't necessarily mean not being clear. Doesn't necessarily mean to somebody, "hey, these were the objectives. We didn't hit any of them. This is not working. We need to make some change."

Brad Feld:

Totally agree. I mean, completely. And interestingly, and I think about, Aileen, think about the directors that you know, you know, on board meeting four, when you realize that that director is gonna ask the same three questions they asked the last three board meetings. Or that director is going to say something similar to what they said...

Aileen Lee:

Yeah.

Brad Feld:

you know, the last three board meetings. And it's, direct is a good word, right? It may not be a direct statement. And you can just tell, like, that person is not happy with what's going on, but they're not actually saying what they're not happy about. Or they're expressing support, but are they really supportive of what's going on, or are they just sort of playing a role? And so I think that's the separation for me, Jerry, in this notion of, in using the word empathy just as an example. Like, I think some people are naturally on one end of the spectrum empathetic to others, and at the other end of the spectrum, not.

Jerry:

Hmm

Brad Feld:

And it got introduced into this language as, you know, around entrepreneurship, as a value that people wanted to subscribe to against this very competitive environment, founder-friendly, blah, blah, blah. And so you had a bunch of people who just naturally are not empathetic and or who don't even really know what it means in terms of practice and their own behavior who are now acting in a certain way that's not really helping the CEO or the rest of the board dynamic. And that just one flavor. I don't want to pick on empathetic because I think empathy is a very powerful construct. I don't want to. I don't want to sound down on it.

Brad Feld:

I'm very supportive of empathy. I'm very not supportive of people who are full of shit. That's the distinction I'm trying to make.

Aileen Lee:

I would say, just to kind of like to bring it back to this board topic, which is for the past, I don't know, five years we've been in this cycle where it seemed like everything, and I'm thinking about tech boards in particular, right? And venture-backed boards. Everything was up into the right. And so we got in this do loop for the vast majority of boards founders were like, a board is going to get in my way. I know exactly what to do. Just let me go as fast as I can. And the boards are like, yeah, you do you go as fast as you can, like we won't get in your way. And so a lot of the people on the board, a lot of the behavior on the board, and then the firms grew bigger. They hired a bunch of people. They gave people checkbooks. They put people on boards without really great training or apprenticeship to how to be a great board member. So you've got a lot of people who don't have great training or role modeling on how to be a responsible board member. And we also, you know, things have changed. And I think it's an amazing opportunity to reset boards right now and to kind of start over. You know, that phrase, what gets measured gets managed, right? Like, do you have a healthy board? How do you know? Are you measuring board health? Like, how would you define board health? As the CEO or, and you know, a lot of the positions on the board are pretty under-leveraged. Like a lot of boards probably don't have board chairs. That can be an incredible partner to the CEO in terms of taking some that stuff off her plate to measure board culture, board effectiveness, figure out like where is the risk, where are the accelerators, what skill sets do you wanna have around our table? Do we have those skill sets around the table? Do we have term limits? Like just so much stuff that we kind of didn't do. I mean, I'm looking at the gentleman who wrote startup boards, so I should let Brad talk, but I think it's an amazing opportunity to actually get back to some like, some time honored best practices being you have a healthy board and to be a responsible board member.

Jerry:

I will tell you that when I start working with the CEO, regardless of where they are in their development path, whether it's the first time she's ever sat in that seat or the fifth time. I always have to be the one to bring up, let's talk about how high functioning your board is. And a few weeks back, Fred Wilson and I were having lunch in New York, and I was like, how are you doing this before the collapse? And he said, well, I'm looking forward to getting back to doing

business like the old fashioned way, where we're really focused on building the company together and not chasing deals and valuations... what we've just been talking about. And, you know, when I think about it, I'm excited too about this opportunity right now that presents itself to really call into question, okay, what is the role of the board in building companies? What should we be focused on? How do we encourage the best possible behavior? Because, you know, is what I've been seeing, which is a lot of fear, but also a lot of self-optimization, forgetting the fiduciary responsibility of representing all shareholders, and not just my stake in a particular company.

Jerry:

And at the same time, encouraging this dialogue about what can happen. The highest functioning board I know is, I've worked with this one CEO for over twelve years. When we started working, the company hadn't launched and now they have about 600 employees. Many years ago, the board started with a self-assessment, then went into a 360 where they actually assessed every member and they created a board charter for themselves. What are our standards of behavior? How are we going to hold each other? And it wasn't the CEO who had to say to them, Hey, you're not hitting your objectives, it was each other.

Aileen Lee:

Mm-hmm.

Jerry:

And that was a supe...that has been a super effective board. And to your point, Aileen, it had a very strong, it was a lead director, not a board chair, but the same role, the notion of someone taking responsibility for the effectiveness of the board, not just what's happening at the company. Treating the board as a function of the business, not separate and above from the business.

Brad Feld:

A powerful line that I had, it's in the startup board's book, Jeff Lawson, who's the founder and CEO of Twilio gave it to me, which was, he says, some, I'll paraphrase, you know, I'm the CEO, I get to build a management team, or my leadership team, and you know, I view that as a team. And while the board can fire me, why not have a second team? That's a highly functional team that can help this business succeed. And yeah, I acknowledge that the board can fire me, but as long as they haven't fired me, I'm still the CEO. So I'm gonna work really hard to make sure I have a second team that can help us be successful. Some CEOs can do that without the help of a chair or a lead director, others can't. But at the same time, there are some amazing chairs and lead directors that work with the CEO to augment the CEO to help bring that second team to real high effectiveness. And if you cycle back, I mean, my guess is that the vast majority, almost none of, you know, my guess is almost zero, venture backboards do any real self-assessment with any, on any regular basis. And in fact, you know, still, and maybe we'll come out of it, you know, a little wiser this cycle, many companies that have venture backboards directors, or if they have independent directors, they have seats unfilled. And when they put somebody on the

board as an independent director, or somebody comes on the board as an independent director, there isn't really a focus on, OK, we've just changed the team. We've added somebody new to the team. Just we did it if we changed somebody in one of the executive roles. We need to do some work to make sure we're functioning as a team. Like on and on and on. I could keep going, right? So this whole notion that you've got this second team that can help you. That's not full-time. That's not in the business day by day. That's not like living in what's going on, but can be really functionally impactful on where the business is going and can be very helpful to the leader of the business, the CEO, in navigating through especially really challenging times, totally independent of financing.

Brad Feld:

Like, yeah, there's transactional moments, but in the sort of day in, day out of the business, well, your board's not going to be involved in that. But as a CEO, you have a set of people if they're aware of what's going on day in, day out, and you understand where they can help you and where they can help you. They understand amongst each other who can help in what way. All of a sudden, you have a team that starts to function.

Jerry:

You know, I think you've hit upon something that's super important. If that second team is involved in the day-to-day, then there's probably a dysfunction going on,

Brad Feld:

Huge dysfunction.

Jerry:

right?

Brad Feld:

Last thing in the world you want is your board...If your board's in your day-to-day, or even if one of your board members is in your day-to-day, then something else is wrong. And there are moments in time where a board member might get involved more actively in different aspects of the company. I mean, I think of a company that I'm involved in, you know, that for the last 12 months, I've been not operationally involved in the company, but I probably talked to the CEO, you know, at least daily and sometimes more frequently. And with members of the leadership team, I get involved in very functional things, helping them navigate through some stuff. But that's fine because that was a particular expertise that I have in that type of company, and the CEO is very comfortable with me playing that role. But I don't have any functional responsibility. I don't have any decision-making authority in the day-to-day. So will happen and that's useful, but defining those boundaries clearly are important. And for the board member, the second that board member starts feeling like they are part of the day-to-day team, maybe they're not a board member anymore. Maybe they should be part of the day-to-day team.

Jerry:

Yeah, I told this story many times. Early on in my venture career, I was spending way too much time in a portfolio company. This was with Main Spring,

Brad Feld:  
Oh sure.

Jerry:  
with John Connolly. And it was Bill Kaiser at Greylock And he said, you think you're helping this company by being there every day. You're actually preventing them from hiring somebody they really need who is going to be there every day. Now, if you want to join the company, you can leave the board and join the company, but you got to make a decision.

Aileen Lee:  
That is a great clarity of kindness example.

Jerry:  
It was fantastic. I have never forgotten that. It was my third year as a venture capitalist. And I was still a wet-behind-the-ears, puppy dog, trying to do things. And you're right, Aileen. It was Bill being kind by being clear with me.

Aileen Lee:  
That's much more effective. It's funny, I was gonna say, because there's a weird power dynamic, right? Between board members and CEOs, right? And the CEO is gonna be nervous about giving feedback to board members who maybe are distracting the conversation, not being value-added because that CEO can be fired, doesn't wanna get sideways with the board, all kinds of stuff. And so, how do you address the power dynamic of wanting to have a board that challenges you but makes you feel safe? Like there's just a lot of interesting, and so I was gonna, Because of all these newer people in our industry, you do have a bunch of people who are sitting around board tables who maybe are not being super constructive. Their partners don't know it. And the CEO is in an awkward situation. How does he or she tell the board member, hey, you're not actually making my life better or making the company better? And they don't want to rat out the junior partner to the GP or someone saying, hey, this person doesn't know what they're doing. But I've definitely seen that in multiple situations where part of me wants to call my friend who works at the firm and say, hey, you gotta help this person be a more effective board member, but that's a really difficult conversation to have.

Jerry:  
I'll tell you a quick story. We were called in to do a version of our assessment program, a version of our 360s for this board. And the assignment came from the board chair. And the consistent feedback we came back with was that the board chair was the problem, that they were narcissistic, that they were reaching too deeply in the organization, that they were making sexually inappropriate comments to employees. It was a disaster. And when I, you know, I had the unfortunate pleasure of delivering the results. And I was vilified. It was not, I would, you

know, they shot the messenger, right? Six months later, the board member was sued for sexual harassment, and they were out tail between their legs in the industry. You know, all of this brings to mind one of my other favorite lines. I'm about to quote poetry here, so be still, your beating hearts. John O'Donoghue has this brilliant poem called *Blessing for a Leader*, and in it he has a line which is, "May you be surrounded by good friends who mirror your blind spots." And what we're talking about is good friends, both at the board table, but at the management table, mirroring each other's blind spots. And what occurs to me, Brad, is when you think back to the construct of what is the role of that board, perhaps one way to think about it is that the board should be mirroring the company's blind spots. From that perspective of not being in the day to day. But having this sort of uplifted here's what we're seeing in the world at large perspectives so that I can see the blind spots. Any resonance with that?

Brad Feld:

Absolutely. And I think that so yes, a lot of resonance and interestingly, like, you know, I mean, there are moments and I'll personalize it. I think of a particular example where I was having a conversation. Well, I'll name the person. It was Matt Blumberg. Jerry, who you know well, I was on Matt's prior company's board return path for 20 years. His current company, Bolster, I'm an observer. I chose not to take a board seat so he could have an independent board member instead of me. And in that context, you know, I talk with Matt regularly about stuff and I was having a conversation with him and I think it might've been with his CFO, Jack, who I've also known for a long time. And I had had a shitty day. And it was like a call at the end of the day. And it was just, you know, like a couple of things didn't go the way, you know, they were hard. And the thing was a lot of conflict with somebody over something. And I was kind of like, kind of grumpy and tired for some reason, which is not normally how I am, but whatever. Maybe I didn't get enough sleep the night before. And I feel very safe with Matt and he feels very safe with me. And we had a conversation and I gave him some feedback. And it was not helpful the way I gave him the feedback. The feedback itself, I think, was probably useful, but the way I delivered the feedback was not useful. And I realized that. sort of played something back to me the next day when I was no longer in a bad mood. And I called him up, I said, I'm sorry. I just, I'm sorry for how I showed up yesterday. Let me try again. Here's what I was trying to communicate, but ignore all the other stuff I said because that wasn't helpful. So in that, in that moment, like I was being a good mirror. But my mirror was smudged with all kinds of gunk.

Brad Feld:

I had snot and boogers and probably some blood. And so he was looking at the mirror and getting the reflection with a whole bunch of garbage on it. And I think that's part of it too. It's that understanding, I mean, he's got a bunch of employees and customers and like a bunch of stress that he's trying to process and he's looking for feedback on something. When you're that mirror reflecting the feedback, but the way you reflect it creates more stress and more anxiety and more frustration or it's misheard because of the way that it's reflected. I think that's an important part of it too. And a lot of the boards I'm on over the years, I would say the mirrors are dirty. Or parts of the mirrors are dirty. Parts of the mirrors are great, but parts are dirty. And like that's another thing that the board can do is really focus on making or the individuals, I think more



even than the board, just make sure when you're giving feedback that you're giving it in a way that can be heard versus giving feedback in a way that either makes you feel better or incorporates all this other exogenous stuff to the company, but it's exogenous stuff that you're having to deal with in other parts of your world and other parts of your life that now the company is getting as well. And I think as human beings, like, we're all flawed in many ways, we all have bad days. But that sort of consistency of, okay, I'm focusing on your thing right now.

Brad Feld:

I'm not bringing the thing from over here into your thing. And that's just saying work. Like, forget about all the other pressures, right? I got, Aileen you mentioned earlier, I'm a new partner at a venture fund that's now struggling to raise its next fund because it's hard to raise a fund now. Last five years, it's been really easy to raise a fund. All you have to do is have a pulse. And now you actually, even if you're a really great investor, it's pretty hard to raise a fund right now.

Brad Feld:

And so there's pressure like, well, I have a job, you know, are they going to cut partners? You know, what's going to happen? What does this actually mean? I'm not in the closed-door rooms with the two senior partners who are mapping out the future strategy of the firm, given whatever new constraints are. So that board member investor might have those challenges. You might have personal stuff going on, you know, aging parent, new kids, a partner that you've got challenges with. I mean, all of these things get tangled up. The more of those things that get tangled up in the board communication, the harder it is for you as a board member to help the CEO, the dirtier that mirror gets. And I think we forget about, or a lot of people forget about that in the context of the communication.

Aileen Lee:

And so I think, well, maybe, Jerry, you can clarify. I mean, I assume some of our listeners are founders,

Jerry:

Yeah.

Aileen Lee:

and some of them are investors and board members.

Jerry:

That's right. That's right.

Aileen Lee:

So I think for CEOs, you already have a lot on your plate right now.

Jerry:

Mm.

Aileen Lee:

So I hate to add another thing. So maybe you do find a lead board member to partner with. And use the opportunity to have the conversation at your next board meeting about the world has changed, it's a great opportunity for us to evolve as well, right? And, you know, how helped me to use this opportunity to really set ourselves up for success for the coming years, which are probably going to be pretty rocky.

Aileen Lee:

You know, so let's, let's put some stuff out there about, let me share with you a little bit about what I need and what the company needs and what I am getting and not getting from you all. And you guys can say the same, but let's figure out how to reset our objectives together. And then if you can find a lead board member who will help maintain that accountability and that culture so that it's not one more thing on your plate, I think it's a great opportunity.

Jerry:

I'm going to add one other thing and it's an unabashed commercial for Brad's book, uh, *Startup Boards*. You know, uh, there are mitzvahs that we all do in the world. Um, and, uh, so many of the books in your startup series, Brad, are mitzvahs. They're gifts. They're good deeds and, uh, helping people sort of navigate. I highly recommend this book for people really looking at the question, doing what Aileen you were just talking about, really sort of taking a step and saying, using this time period, using this shit storm, if you will, to sort of really assess and redirect what's happening in that boardroom. And then, you know, I'll close by thanking you both. I mean, what a gift you both are to the community as a whole. I know you both personally, we've not really had this kind of a conversation before. And the truth is, I know your integrity and your values. And too often, the attention is brought to people who, let's call it, in the best of all possible ways and not enough attention is brought to the people who are consistently showing up with values and integrity. And the two of you do that day in and day out and your reputation shows that. So I want to thank you on behalf of everybody that you have supported over the years and will continue to support. So and thanks for coming on the show.

Brad Feld:

Thanks Jerry, much love back to you and I mean Aileen great to hang virtually.

Jerry:

Yeah.

Aileen Lee:

Yeah, I love time with you guys. Thank you for all you've both have done in the world. It's really an honor to be here.