7

TIPS TO IMPROVE BOARD REPORTING

Enhance your board's effectiveness with top-notch board reporting

CONTENT

DATA VETO

THE MEANING OF BOARD REPORTING FOR A GROWTH COMPANY

For a busy growth entrepreneur, it may feel like there is not enough time or energy to compile comprehensive board reporting. Because of this, board materials often end up only including financial figures, the latest cash status, and significant customer events. This is only a surface-level overview that doesn't provide the board with a sufficiently clear picture of the company's situation.

Board meetings are usually allocated two to three hours. If reporting is insufficient, the time reserved for a meeting is wasted on clarifying the current situation of the business and interrogating the entrepreneur. This frustrates all parties involved. However, a problem bigger than frustration is that the company ends up being unable to fully leverage the expertise of its board members in developing the business.

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This mini guide is meant for growth companies in different phases of growth as a general guide to improve board reporting. The practical tips given are based on years' worth of experience regarding the challenges of board meetings and work in general.

DELIVER THE MATERIAL IN GOOD TIME

Where growth entrepreneurs are chronically busy, are the calendars of board members typically also packed to the brim.

Reviewing material delivered at the very last minute tends to be superficial, and thorough familiarization won't happen until during the board meeting. This unnecessarily extends the meeting's status update and eats up time that could be spent on more important matters.

> **Reviewing material delivered at the very last minute tends to be superficial.**

So, make sure to deliver the meeting materials to the board members in good time. Even the busiest board member should be able to review material sent a week prior to a meeting.
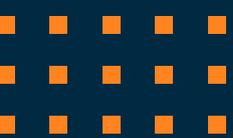
REQUEST QUESTIONS BEFOREHAND

Board members usually have loads of questions regarding the delivered material. Processing them during the meeting easily eats up a disproportionate amount of time reserved for the meeting.

Also, some of the questions may require some level of investigation, making answering them during the meeting close to impossible.

> Once you've delivered the materials to the board members in good time, ask for their comments and questions before the meeting.

Once you've delivered the materials to the board members in good time, ask for their comments and questions before the meeting. This way, you can gather the necessary information and send the responses to the board members before the meeting, ensuring that these issues do not end up dominating the use of time of the meeting.

3

MAINTAIN AN AP-LIST

During board meetings, various tasks are typically assigned to the management to execute. These tasks should be properly documented, and their progress should be actively monitored.

Nothing spoils the mood in a board meeting as quickly as people realizing that the CEO forgot a task assigned to them.

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| AP LIST				
AP #	**Action point description**	**Deadline**	**Status**	**Responsible**
2.01	Something need to be done	28-Feb	Done	CFO
2.03	Something else need to be done	31-Mar	Open	CEO
3.01	Something in deed need to be done	30-Apr	Open	CFO
3.02	Something more need to be done	30-Apr	Open	CEO
3.03	Even more need to be done	30-Apr	Open	CEO

Image: an example of an AP-list

Few things spoil the mood in a board meeting as quickly as people realizing that the CEO forgot a task assigned to them.

While some of the assigned tasks are recorded to the board minutes, you should still add all of them to a separate AP (action point) -list and ensure that they are completed within the agreed schedule. The list is typically a simple table that includes a description of the task, the schedule for its completion, and the person responsible for executing the task. In addition, the table should include task status tracking.

Add the up-to-date list as a part of the board material, and agree with the board to go through it e.g. at the beginning of each board meeting, while reviewing the minutes of the previous board meeting.

VISUALIZE RELEVANT DATA
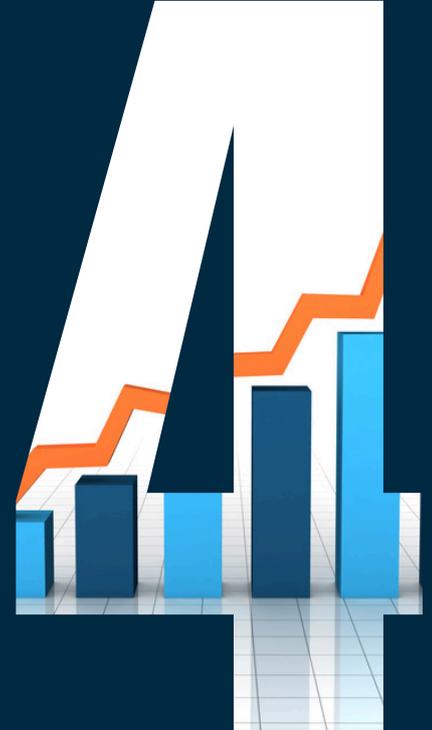
Don't waste the time reserved for the board meeting by individually going through each and every reported item. Instead, focus on showing the most relevant data business-wise.

A picture is worth a thousand words, and this applies to data as well. Showing your data as simple and visual graphs paints a clearer picture when compared to heavy tables or verbal descriptions.
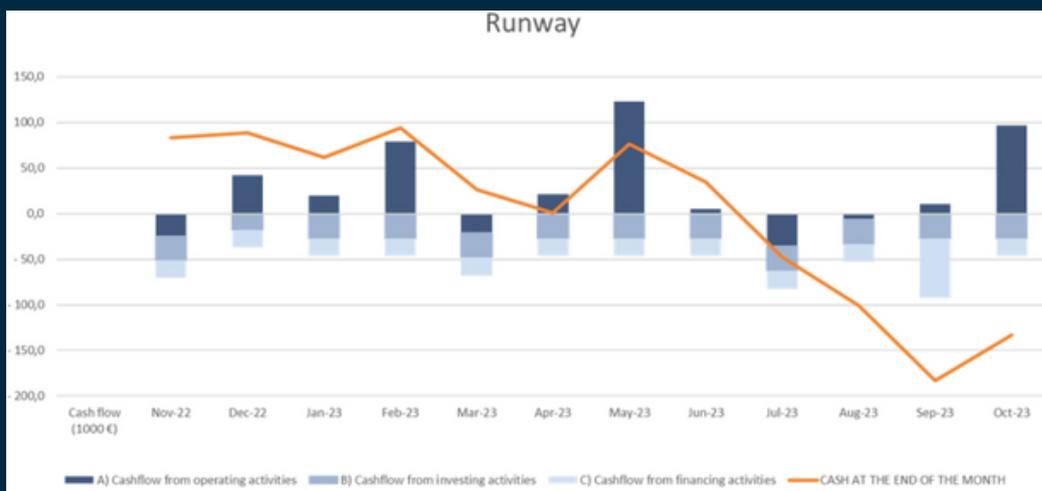
For example, the cash flow forecast shown above is much easier to understand than a table with the same data. The graph is able to paint a much clearer picture of the company's cash situation to the board members.
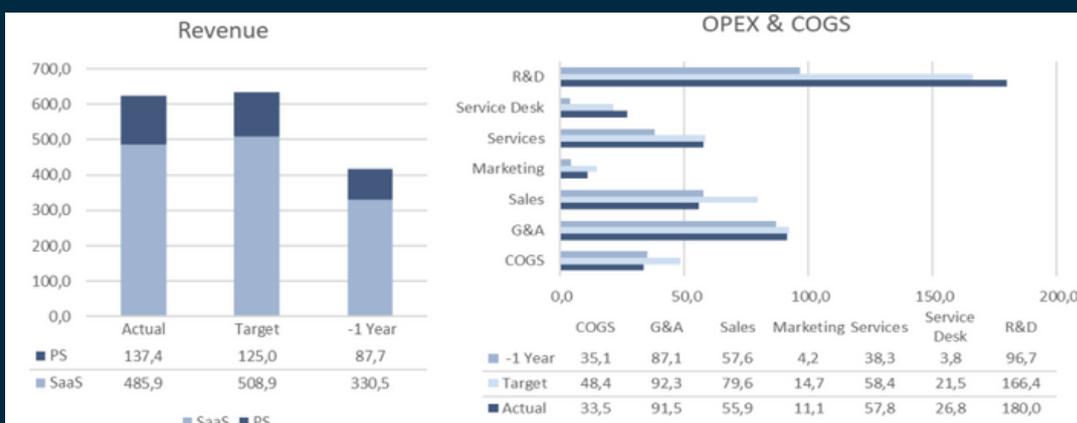
Similarly the tracking of sales and expenses is more demonstrative when shown visually.
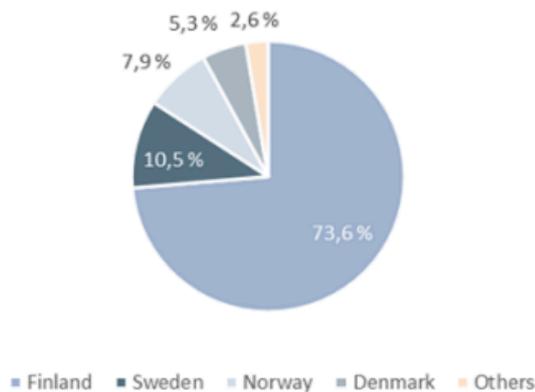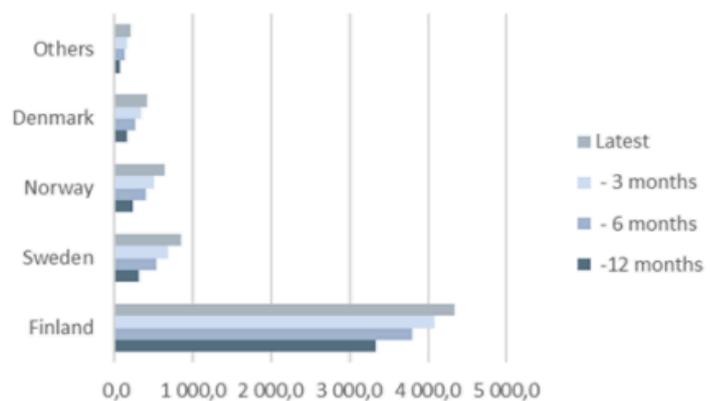
5 SHOW WHAT CAUSES A CHANGE

Board material usually shows what's happened in the business (e.g. P/L reporting), and what is expected to happen in the future (forecasts). These paint a good picture of business development but fail to show what causes the changes - although this is essential from a management perspective.

> **Board material usually shows what's happened in the business, but fails to demonstrate what causes the changes.**

Revenue by countries (LTM)

5,3% 2,6%
7,9%
10,5%
73,6%

Finland Sweden Norway Denmark Others

Change in revenue by countries (EUR)

Others
Denmark
Norway
Sweden
Finland

Latest
- 3 months
- 6 months
-12 months

0,0 1 000,0 2 000,0 3 000,0 4 000,0 5 000,0

This is why your reporting should include descriptions of what is causing a change. For example in terms of sales, it should show which product, customer segment, or geographical area is behind the change.

SHOW HOW THE FORECASTS DEVELOP

Reliable forecasting is crucial for every growth company, and keeping track of forecast accuracy is a critical part of the forecasting process. Therefore board meetings should also focus on tracking the development of especially sales forecasts.

> **Reliable forecasting is crucial for every growth company, and keeping track of forecast accuracy is a critical part of the forecasting process.**

1000 EUR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Target	100	110	120	130	140	150	160	170	180	190	200	210	1860
January	100	110	120	130	140	150	160	170	180	190	200	210	1860
February		100	110	120	140	150	160	170	180	190	200	210	1830
March			100	110	120	145	160	170	180	190	200	210	1785
April				100	140	145	160	170	180	190	200	210	1795
May					110	130	140	170	180	190	200	210	1730
June						110	130	150	175	190	200	210	1675
July							120	140	150	190	200	210	1630
August								120	140	170	200	210	1580
September									125	150	200	210	1545
October													
November													
December													
Cumulative													
Target	100	210	330	460	600	750	910	1080	1260	1450	1650	1860	
Actual	100	200	300	400	510	620	740	860	985				
Target vs actual %	100,0 %	95,2 %	90,9 %	87,0 %	85,0 %	82,7 %	81,3 %	79,6 %	78,2 %	0,0 %	0,0 %	0,0 %	

The simple table above is a great tool to track forecast development. From it, you can clearly see how sales forecasts have developed over time, and at which point the forecasting has been reliable.

MAKE A SEPARATE DATA PACKAGE

You shouldn't jam all data into the board materials, because there is simply not enough time to go through them.

> **You shouldn't jam all data into the board materials**

However, board members are usually interested in taking a deeper dive into the data of the business. For this, you should create a separate data package that you can attach to the board materials.

In it, you can include e.g. a more comprehensive selection of tracked indicators or additional information on sales.

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FINANCIAL MANAGEMENT FOR GROWTH COMPANIES

Dataveto is a service provider specialized in developing financial management for startups and growth companies.

In addition to accounting services, we build and maintain comprehensive financial reporting for our clients and develop business forecasting processes at a fixed monthly price. We also support companies in various stages of M&A - processes.

Dataveto was founded in 2022, but our team has decades' worth of experience in tackling the financial challenges of growth companies. We always take a deep dive into our client's business, provide hands-on, practical and concrete services, and are fluent in both SaaS and entrepreneur.

Schedule a meeting! Visit www.dataveto.fi to book a meeting with us. Together, we'll assess your company's situation and identify potential areas for development and prioritizations.