

N U R O L E

# Nurole's Startup Board Compensation Report

**2023**

NR | Nurole VC compensation report 2023

## Introduction

Non-Executive compensation is difficult to benchmark. In order to help the UK startup community, Nurole has gathered data from Non-Executive Chairs and Directors from over 300 high-growth companies.

This report is important because transparency is part of Nurole's DNA. We want to shed light on this critical but often overlooked issue as part of our wider mission to demystify the way board-level hiring works.

If you're looking to hire the best and most diverse candidates, then we're here to help.



### **Ned Cummings**

Head of Venture Capital and High Growth

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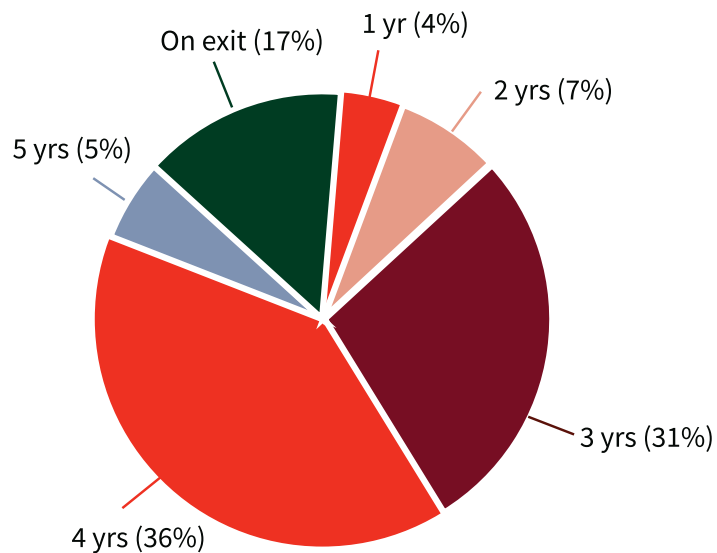
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# Executive summary

NUROLE'S INSIGHTS AT A GLANCE (Averages from across all funding stages)

## Vesting schedule



## Average Equity Value

CHAIR

£485K

NED

£124K

## Average Board meetings per annum

9

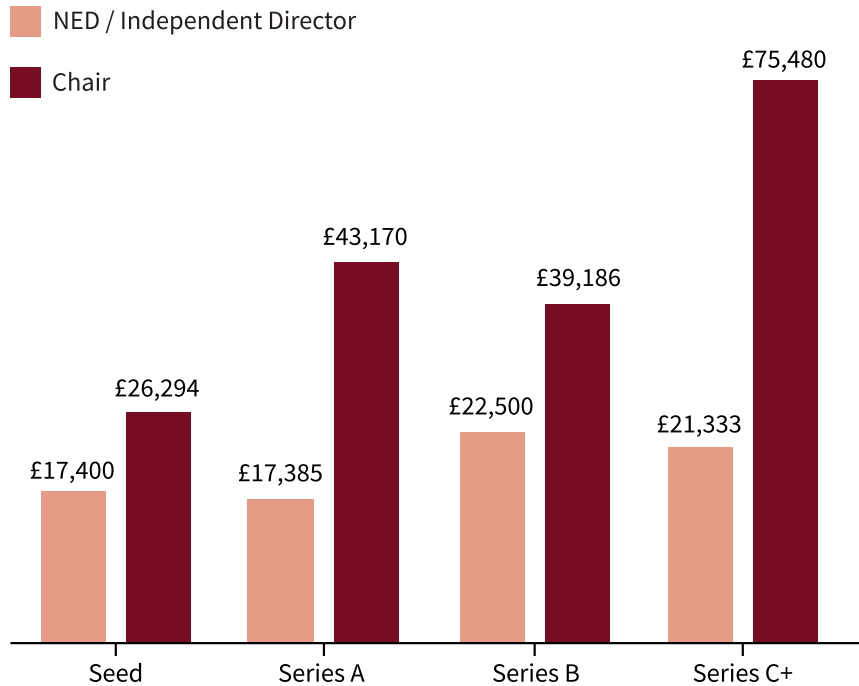
# Executive summary

## NUROLE'S INSIGHTS AT A GLANCE

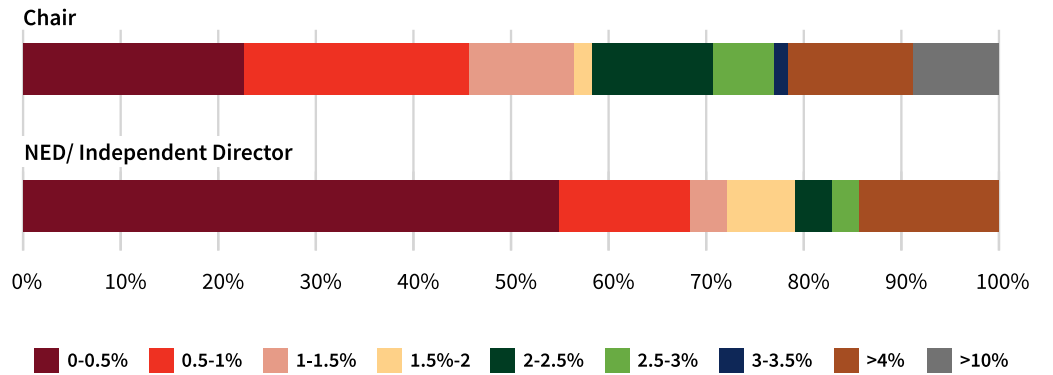
### Analysis

Cash compensation increases while equity % ownership decreases by funding round. Although it is very common to grant Chairs equity, many Independent Directors are offered none or less than 0.5% at all stages

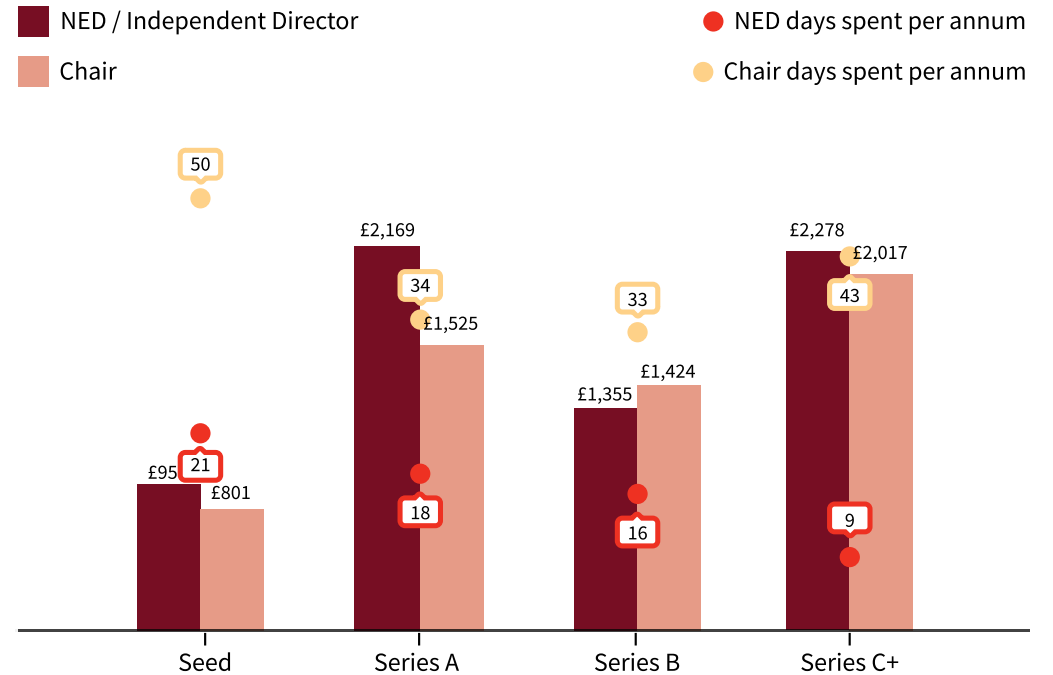
## Average Annual Remuneration



## Percentage Equity



## Day Rates and Days Spent

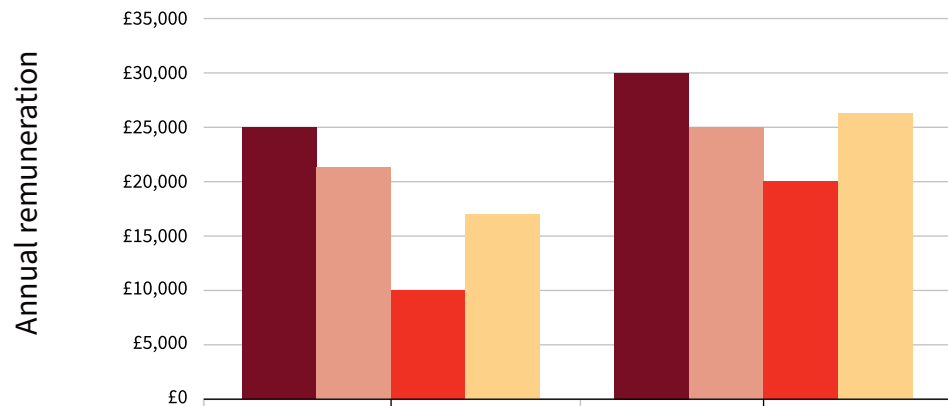


# Seed Stage

At its earliest round of financing, overall remuneration is at its lowest, although compensation still varies greatly. We recommend that clients consider remuneration as a day rate, particularly at seed stage where time commitments can be flexible

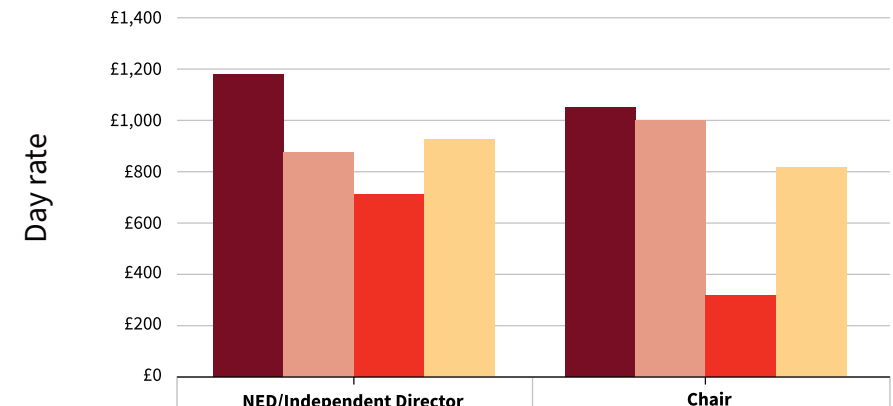


## Seed Compensation



	NED/Independent Director	Chair
Upper Quartile	£24,750	£30,000
Median	£21,000	£25,000
Lower Quartile	£10,750	£20,000
Average	£17,400	£26,294

## Seed Day Rates



	NED/Independent Director	Chair
Upper Quartile	£1,188	£1,083
Median	£833	£1,000
Lower Quartile	£652	£333
Average	£958	£801
Days contracted	21	50
Actual days spent	25	59



# Seed stage

## Time commitment

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AN AVERAGE OF

**21** days per annum  
for NEDs

AN AVERAGE OF

**50** days per annum  
for chairs

## Board meetings

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An Average of **8** per annum

## Board makeup at seed

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Independent Director

**1** (0.9 Average)

Venture Capitalist

**1**

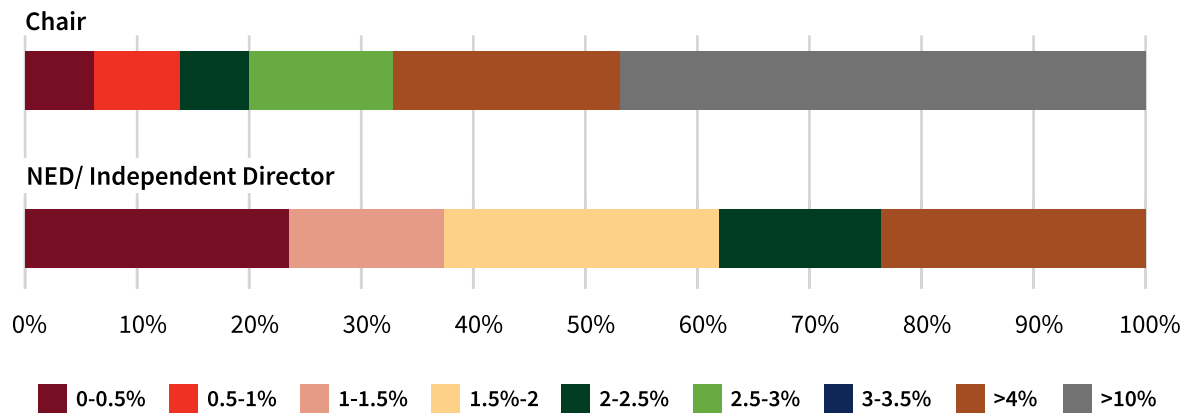
Investor Director

**1** (1.3 Average)

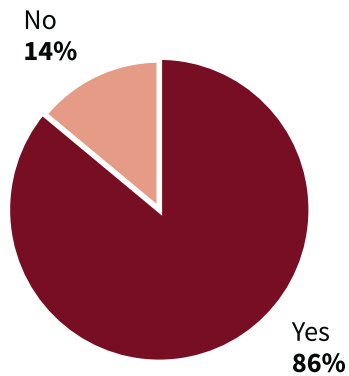
Executives

**2** (1.8 Average)

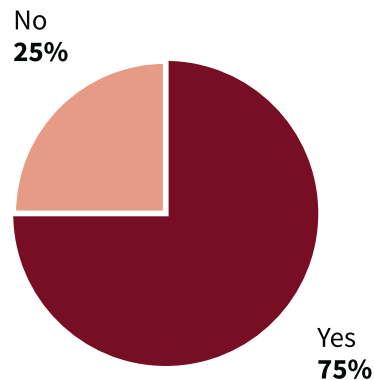
## Equity at Seed



At Seed, Chairs and independent directors command higher percentages of the equity. These figures drop off rapidly at later rounds. Seed equity seems to be binary; when granted percentages are high (30% of Independents have 1.5-2%) but almost 30% of NEDs and 10% of Chairs are granted none.



Opportunity to Invest - **Independent Director**



Opportunity to Invest - **Chair**

## Average value of equity at Seed

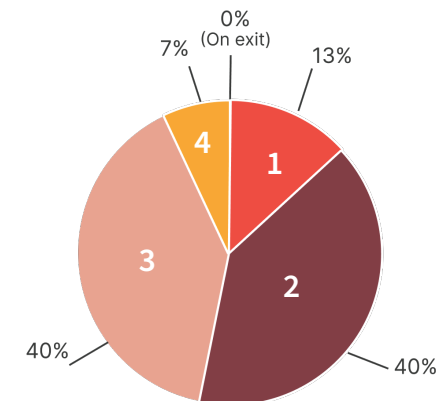
INDEPENDENT DIRECTOR

£156k

CHAIR

£208k

## Vesting Schedule ( yrs )

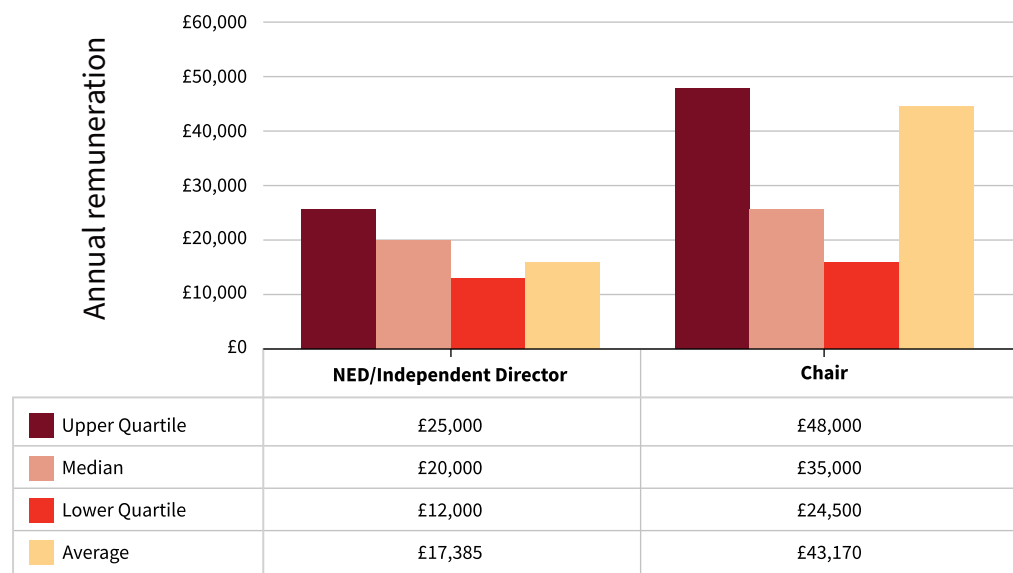


# Series A

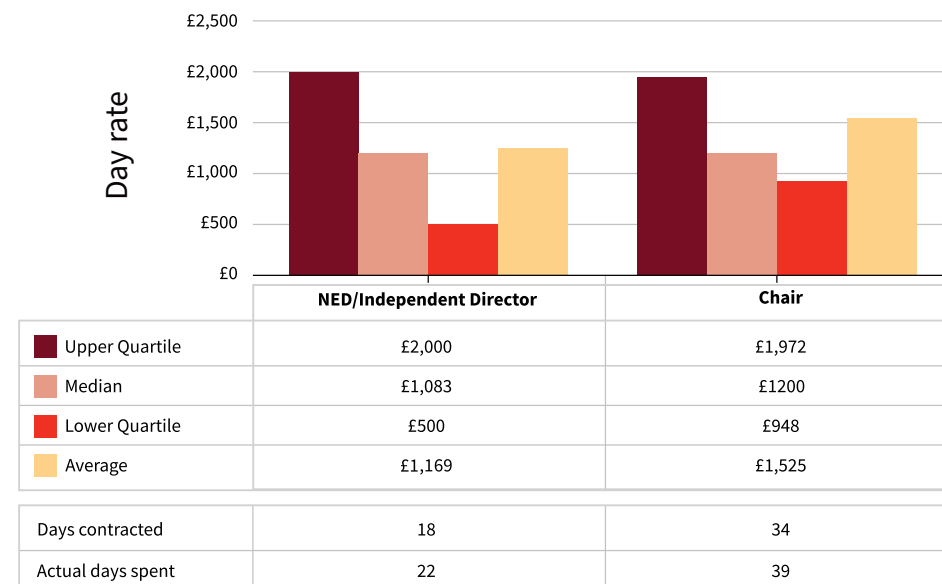
At its earliest round of financing, overall remuneration is at its lowest, although compensation still varies greatly. We recommend that clients consider remuneration as a day rate, particularly at seed stage where time commitments can be flexible



## Series A Compensation

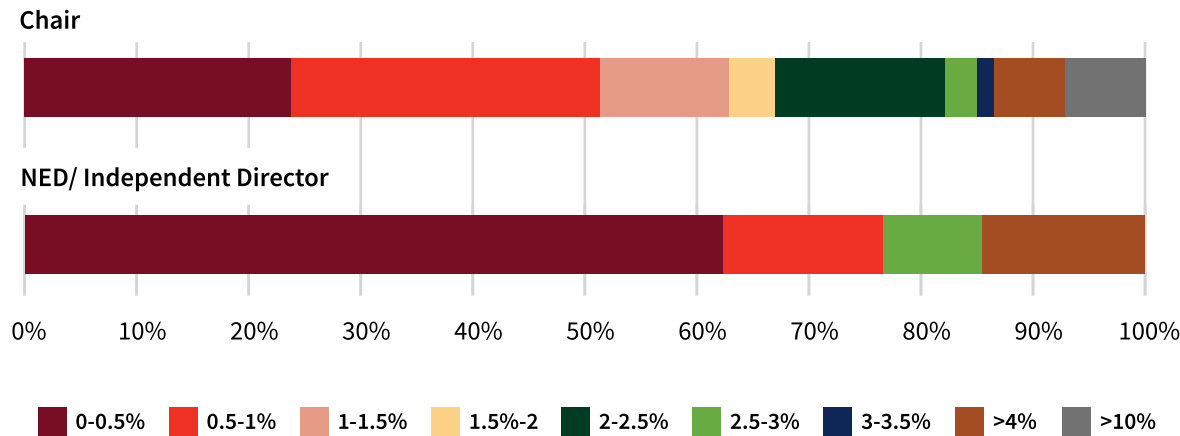


## Series A Day Rates





## Equity at Series A



Cash compensation increases while equity % ownership decreases by funding round. Although it is very common to grant Chairs equity, many Independent Directors are offered none or less than 0.5% at all stages

## Average value of equity at Series A

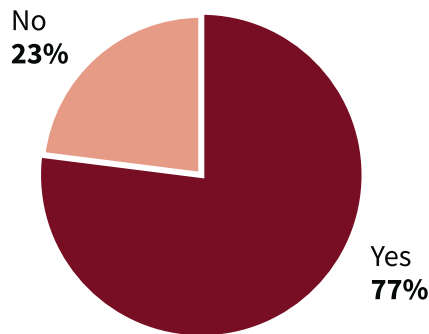
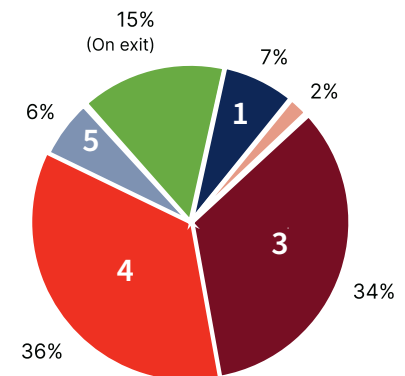
INDEPENDENT DIRECTOR

£92k

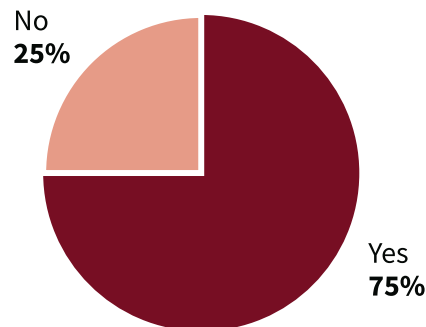
CHAIR

£365k

## Vesting Schedule ( yrs )



Opportunity to Invest - **Independent Director**



Opportunity to Invest - **Chair**



## Time commitment

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AN AVERAGE OF

**17.7** days per annum  
for NEDs

AN AVERAGE OF

**34** days per annum  
for Chairs

## Board meetings

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An Average of **8.4** per annum

## Board makeup at Series A

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Independent Director

**1** (1.1 Average)

Venture Capitalist

**2** (1.8 Average)

Investor Director

**1** (1.1 Average)

Executives

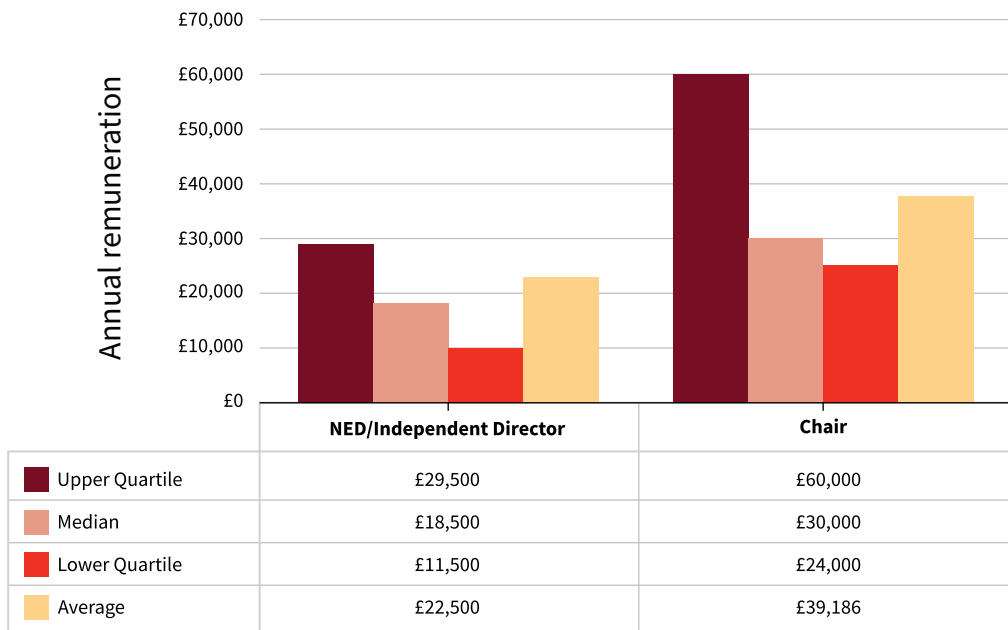
**2** (1.8 Average)

# Series B

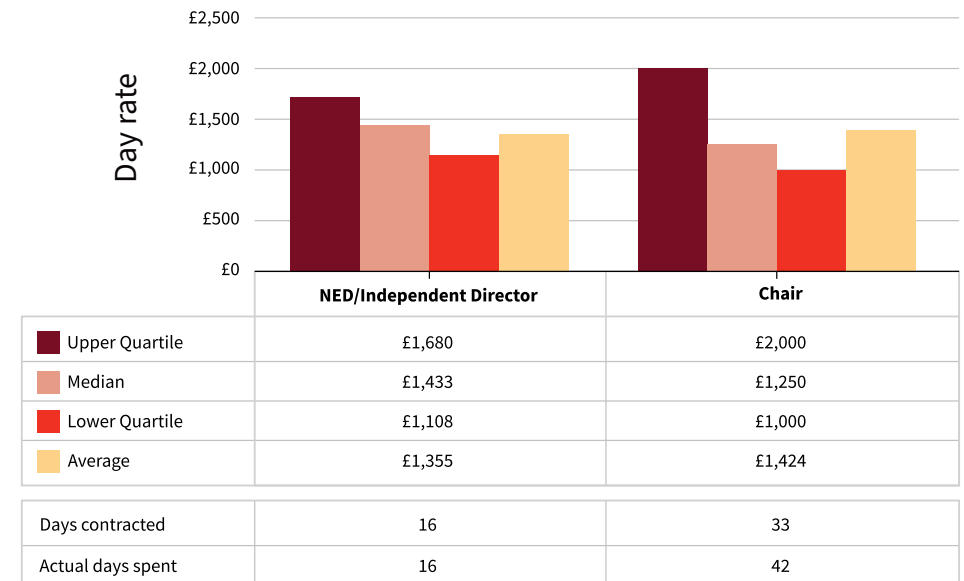


At its earliest round of financing, overall remuneration is at its lowest, although compensation still varies greatly. We recommend that clients consider remuneration as a day rate, particularly at seed stage where time commitments can be flexible

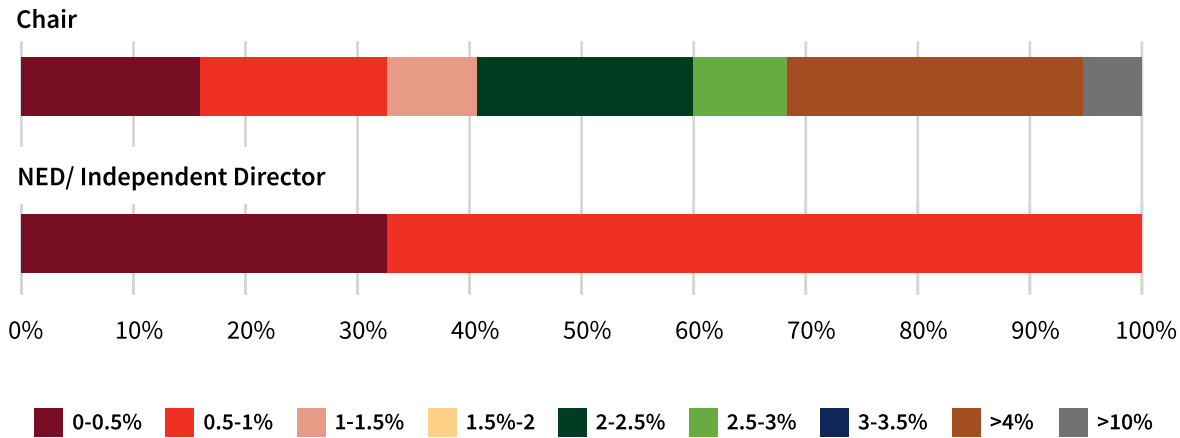
## Series B Compensation



## Series B Day Rates



## Equity at Series B



## Average value of equity at Series B

INDEPENDENT DIRECTOR

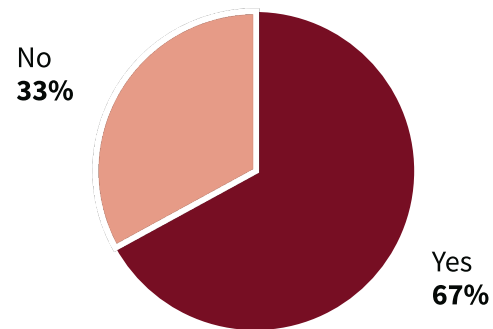
£184k

CHAIR

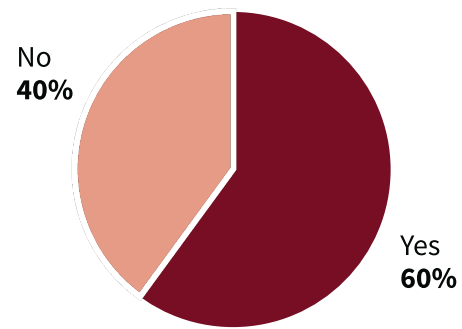
£889k

At Series B equity percentages decline significantly for Independent Directors. 50% of NEDs are not offered equity and 25% of Chairs.

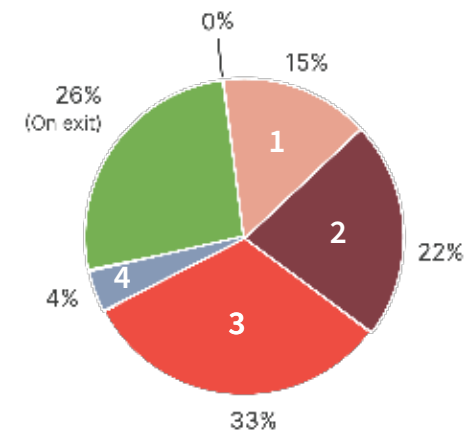
## Vesting Schedule ( yrs )



Opportunity to Invest - **Independent Director**



Opportunity to Invest - **Chair**



# B Series B

## Time commitment

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AN AVERAGE OF

**15.5** days per annum  
for NEDs

AN AVERAGE OF

**33** days per annum  
for chairs

## Board meetings

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An average of **8.3** per annum

## Board makeup at Series B

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Independent Director

**2** ( a Chair and Independent Director, 1.75 average )

Venture Capitalist

**2** (1.86 Average)

Investor Director

**1**

Executives

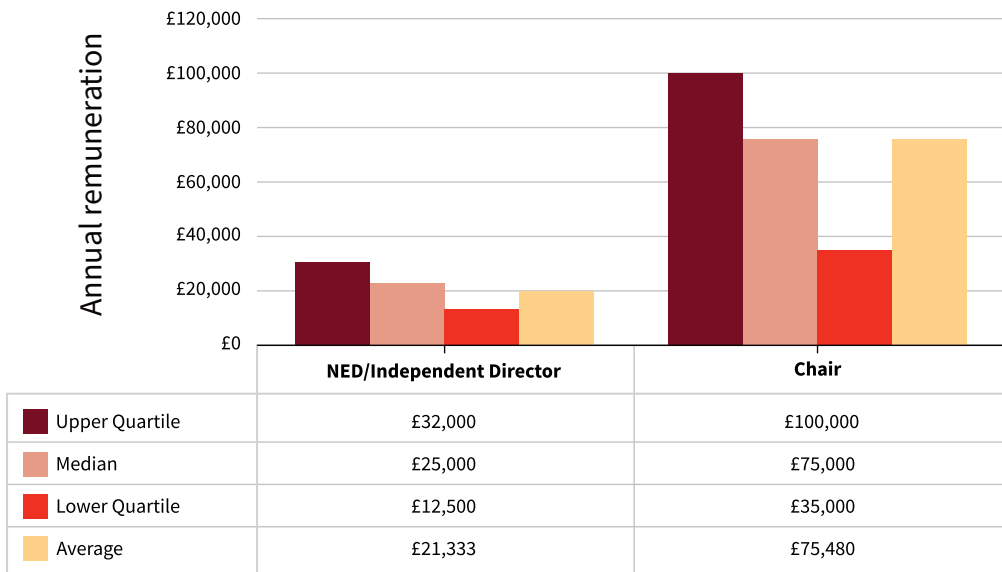
**2** (1.63 Average)

# Series C

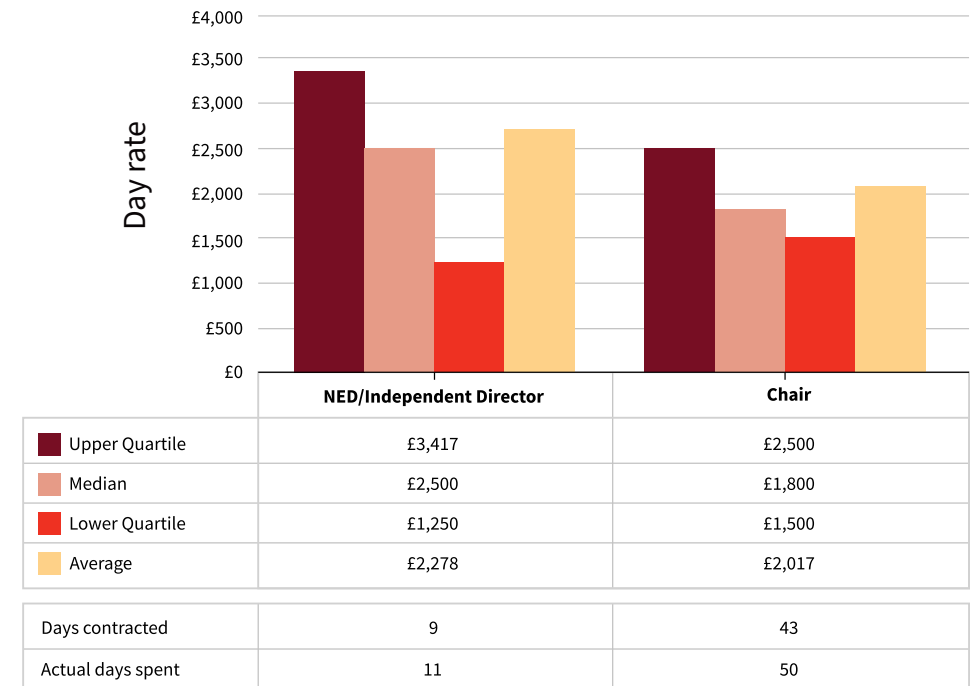


At Series C compensations shifts most dramatically for Chairs. Average total remuneration increases c.£30k from its Series A figure to £75k.

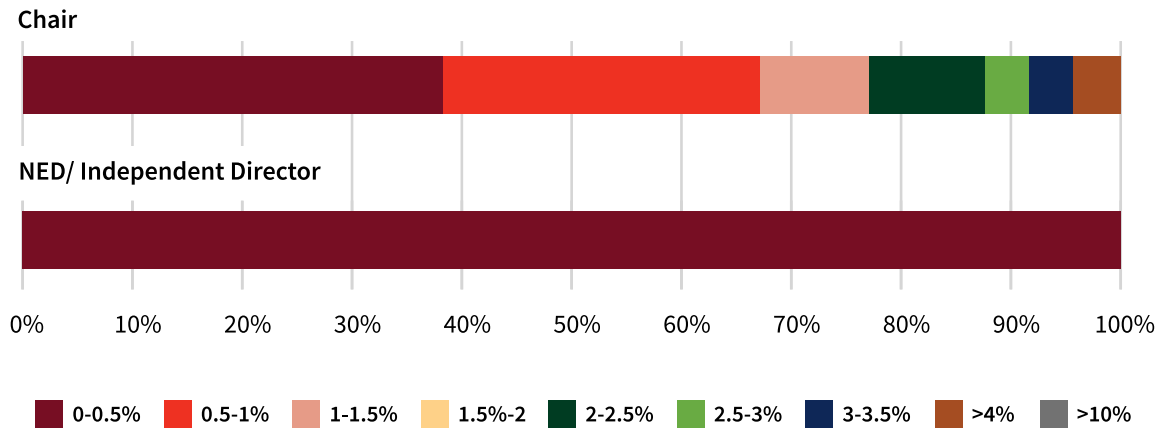
## Series C Compensation



## Series C Day Rates



## Equity at Series C



## Average value of equity at Series C

INDEPENDENT DIRECTOR

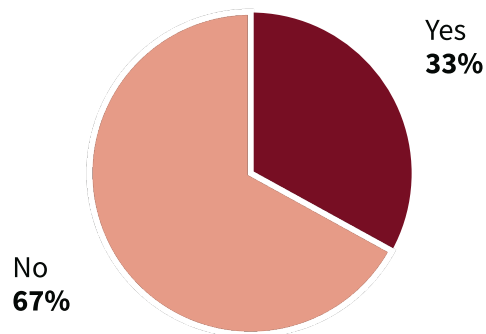
£193k

CHAIR

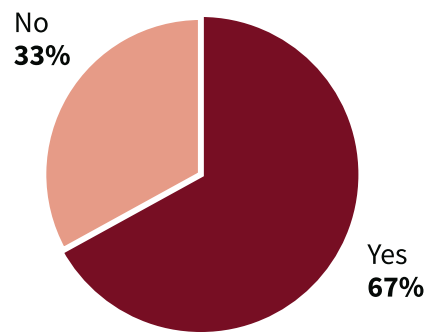
£453k

Equity at Series C declines for Independent Directors who are likely to receive 0 to 0.5%. Many Independent Directors will receive none (c.50%)

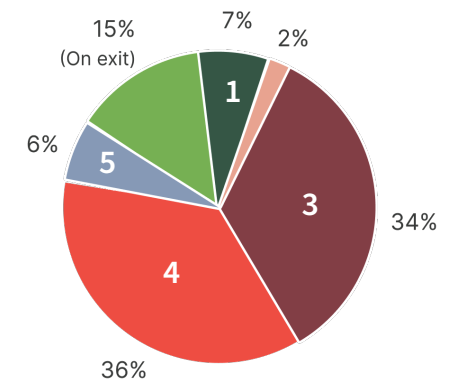
## Vesting Schedule ( yrs )



Opportunity to Invest -  
**Independent Director**



Opportunity to Invest -  
**Chair**



# Series C

## Time commitment

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AN AVERAGE OF

**9.3** days per  
annum for NEDs

AN AVERAGE OF

**42** days per annum  
for Chairs

## Board meetings

---

An Average of **9.5** per annum

## Board makeup at Series C

---

Independent Director

**2** (2.3 Average)

Venture Capitalist

**2** (1.8 Average)

Investor Director

**1** (1.25 Average)

Executives

**2** (1.86 Average)





# Advice for Founders and **CEOs** from our community

We asked our community to share any advice they would like to offer CEOs to get the most out of their board.

## A few key messages came across:

- 1** Use board meetings wisely
- 2** Choose your board members well and get the right Chairperson
- 3** Engage outside the boardroom
- 4** Be coachable
- 5** Trust them

# 1. Use board meetings wisely

**Board meetings should be some of the best time you spend anywhere in your business. So be prepared for them.**

## Prior to the meeting

- Send out board papers in good time with a clear indication of a few topics you would like to focus on specifically. Directors won't know what you know and you don't want to waste time in meetings getting everyone up to speed
- Discuss key issues and big decisions prior to any meeting to get a feel for how discussions will go
- Do your homework, have a planned structure and agenda and give the board good data

## During the meeting

- Don't just sell how well things are going or just brainstorm. Give them homework so they can go away and think
- Focus on sharing current and anticipated problems
- Listen to them. Challenge the board, they are there to add value to you, communicate and be Inclusive and transparent

# 2. Choose your board members well and get the right Chair

- Be aware of diversity debt. Don't rely on yours or your investors networks, this can reduce the cognitive diversity of your board on the long term
- Build a diverse set of competencies such as leadership, finance, industry governance, risk management and others depending on the industry

- Make sure you have an experienced chair (They don't need to be a rockstar - just really rounded and experienced)
- They will have a key role beyond good governance - your sounding board and confidante and will help to manage investor relations
- Don't focus on the name or the celebrity factor in a Chair or NED, identify what you really need out of them and focus on that characteristic. This will add one or two exceptional qualities to your board which can be rounded out by the other, cognitively diverse, board directors

### **3. Engage outside the boardroom**

- Make the time to get to know your board well early on
- Discuss issues outside of board meetings
- Communicate frequently and ask for help on specific issues
- Give your board enough of your time and attention, so they get to care (almost) as much as you do

### **4. Be coachable**

- Be prepared to get advice, listen to it then act on some
- Don't be afraid to be wrong. Work with them to find solutions
- Make sure board interactions are a 2 way street
- Respect your advisors and board members' time
- Be clear about what the key problems are
- Don't be afraid to say "I do not know. What would you recommend?"

## 5. Trust them

- Don't be afraid, the Chair is your friend and supporter
- Develop a relationship of transparency, mutual trust and appreciation for the guidance they can bring
- Stay regularly in touch
- Be open about gaps, risks, weaknesses and motivations to seek support for growth challenges
- Define your expectation, create trusted relationship, provide them with appropriate level of timely information to get them on side



# Advice to current or future **board members** from our community

We asked our community to share any advice they would like to offer CEOs to get the most out of their board.

## Some key themes stood out:

- 1** Know the limits of your role
- 2** Engage outside the boardroom with all stakeholders
- 3** Have special insight in specific areas
- 4** Constructively challenge

# 1. Know the limits of your role

- Find out specifically why the CEO wants a board member (they might not)
- Don't patronise but instead support the Founder
- Understand the difference between your Non-Executive role and that of the CEO -- don't try to be a "parachute CEO" when showing up for meetings once a quarter
- Don't over-extrapolate from your own experience
- Have humility and remember the founders run and mostly own the company

# 2. Engage outside the boardroom with all stakeholders

- Be generous with time outside of Board meetings to really understand motivation, fears, culture, skills and behaviours of team and investor
- Create relationships in the business below the C-Suite
- Engage directly with some customers or external partners to avoid iceberg risk, only getting filtered information (not necessarily intentionally) from executives
- Use your network to assist the business
- Take time to get to know the exec team outside board meetings but to also engage non-board exec team members in board meetings - by invitation to present on key matters. Boards need to be visible
- Be available to help as required outside the board meetings. Check in and drop in with the CEO and FD on a regular basis that way you will know what is really going on and be more relevant both in and out side of board meetings
- Recommend informal communication between the Chairman and Directors
- Listen to all stakeholders and seek clarity and strategic alignment at all times

### **3. Have special insight in specific areas**

- Make it clear what specialties you can add value on. What are the areas where you can add special knowledge and experience
- Bring special insight in 2 or 3 domains with strong engagement, but listen closely and express questions and opinions where helpful on all topics including those ‘outside your comfort zone’
- Take an active role in coaching first line management in the identified specific areas
- Take ownership of a particular problem and don’t shirk difficult questions or issues

### **4. Constructively challenge**

- Your first function is to support the CEO - challenge quietly and support loudly
- Challenge LT strategy, forcing it to make choice between business options/priorities, provide network/benchmarking, push towards brutal honesty when looking on how things are going
- Ask difficult questions, but not for the sake of it
- Look forward, not back. Don’t get lost in reporting past events but take enough time discussing strategy. Also, spend much time on the so-called “soft topics” such as culture, HR policies, Vision, Mission, career development, sentiment
- Don’t shirk difficult questions or issues
- Be curious and patient