

Boardroom Toolkit for Search Fund Boards

Guidelines for director readiness and effective board engagement

The Search Fund community is thriving yet facing acute growing pains. At the 2025 Stanford Graduate School of Business Search Fund Conference, both CEOs and investors voiced concern that board effectiveness and support seem to be declining. CEOs are seeking more coaching and guidance, while many experienced directors are overstretched and newer board members often lack comprehensive board training. The result has been a perceived weakening of trust, collaboration, and high performance—values that have historically defined the ecosystem. The **Board Development Program (BDP)** was launched to address this gap, creating resources to strengthen director quality and board functionality. This “Toolkit” offers practical guidance for new or existing boards.

I. FORMING – Building the Right Board

The early formation of the board—ideally before an acquisition— is critical. CEOs and investors must intentionally construct boards grounded in trust, respect, and complementary skills.

1. Who Should Be on the Board

An effective board blends four archetypes:

- **Operator:** an experienced small-business or Search Fund CEO who understands daily operational realities and can advise the CEO on typical operating challenges.
- **Investor:** brings financial insight, capital allocation skills, and pattern recognition.
- **Expert:** adds technical or industry-specific knowledge (used sparingly or as an advisor).
- **Local:** provides regional context and networks, especially for international acquisitions.

Boards typically consist of 3 to 5 members (the CEO(s), 1–2 operators, 1–2 investors, possibly a local or expert). Notably, some people can fill more than one role. Not all seats need to be filled on “Day 1,” and CEOs should establish term limits to allow future adjustments to the board as the company matures.

2. Board Roles and Composition

High-performing boards intentionally fill specific functional roles:

- **Lead Director:** coordinates board activities and CEO feedback; can emerge informally but should be designated and clearly communicated among the group.
- **Board Veteran:** an experienced director with deep pattern recognition and mentoring ability.
- **Emerging Director:** a less experienced director learning under the veteran’s guidance (ideally leveraging the BDP’s existing [mentorship framework](#)).
- **Functional Expert(s):** provide oversight in areas like finance, operations, product, or sales.
- **Runner:** has capacity to handle administrative follow-through and coordination.
- **Confidant:** serves as a trusted sounding board who offers personal/emotional support to the CEO.

Directors often fill multiple roles. Note that investors/advisors can and should provide topic-specific and/or deeply valuable complementary support without being a director.

II. NORMING – Setting Expectations and Working Effectively

Once formed, boards must align early on responsibilities, behaviors, and operating norms.

1. Responsibilities

The board's primary duties include:

- Supporting and evaluating the CEO
- Approving major strategic and capital allocation decisions
- Maintaining financial oversight and risk management
- Helping the CEO set strategy, priorities, and KPIs
- Engaging shareholders and managing compliance
- Representing the broader shareholder group
- Reviewing its own performance

Directors act as *coaches*, not *players*: they advise and hold the CEO accountable but do not manage day-to-day operations.

2. Behaviors and Culture

High-performing boards model the Search Fund community's values of humility, integrity, transparency, empathy, and candor. Directors should:

- Serve the company and CEO first
- Be prepared, engaged, and available
- Encourage open discussion and constructive disagreement
- Be an active listener and show/teach whenever possible
- Offer feedback with "direct kindness" and accountability

CEOs, in turn, must over-communicate—especially around bad news—to build and maintain trust.

3. Time Commitment and Cadence

Being a director is a significant time commitment (typically 80–120 hours per year). Minimum expectations include:

- Quarterly formal meetings (with at least two in-person annually, ideally on-site post-acquisition; higher frequency is better, if directors are able to coordinate)
- In-depth review of materials and content shared by CEO with pre/post-meeting calls as needed
- Timely follow-up and follow-through on specific requests/needs of CEO (e.g., introductions to key resources, guidance on sales commission plan, etc.)
- Monthly or biweekly check-ins with the CEO
- Functional subcommittee sessions and occasional ad hoc meetings

The lead director or confidant should maintain regular, informal contact with the CEO (recommended weekly or biweekly, particularly early on in the CEO's tenure).

4. Meeting Protocols and Agendas

High-quality preparation drives high-quality discussion. Boards should:

- Request that the CEO distribute pre-reading at least one week in advance.
- Submit written feedback or questions beforehand.
- Structure agenda to focus on the most important topics (including administrative items, CEO updates, strategy review, key decisions, financials, and approvals).
- Conclude with Non-Executive Director (NED) sessions to discuss CEO performance privately, with feedback summarized and shared with the CEO.

- Hold informal dinners, breakfasts, or activities around board meetings to provide important social time that helps strengthen relationships and trust between board members (these can also be a forum for productive organic discussion about the business).

5. Board Materials

Core board packs should include:

- Agenda and objectives (including time allocated for key topics)
- Executive summary and prior minutes, including matters arising from prior meetings
- KPI dashboard and financials (three financial statements against budget and prior year)
- Organizational chart, summary of original transaction, and current cap table
- Summary of any critical risks, regulations, legal actions, or conflicts (varies by region)
- Updates on strategic initiatives and pending decisions
- Clear requests for any approvals or votes that are required

Materials should align with management reporting. Minimize time spent creating board-only materials.

6. Feedback, Accountability, and Term Limits

Effective boards institutionalize feedback loops and renewal processes by:

- Conducting quarterly CEO feedback via the lead director and an annual formal performance review
- Building relationships with key executives while respecting reporting lines
- Providing quarterly investor updates using summarized board materials
- Reviewing board performance annually and refresh membership as business needs evolve
- Facilitating annual investor group calls to enhance transparency and resource sharing

III. CONCLUSION

Strong board practices are essential to sustaining the Search Fund model's success. While these principles may seem simple, consistent execution requires intentional effort. The BDP's framework—emphasizing structure, trust, preparation, and feedback—aims to revitalize the ecosystem's cultural foundations and elevate both performance and experience for CEOs and directors alike.

A one-page checklist (**Exhibit 1**) accompanies this note to help new and existing boards apply these practices immediately.

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Feedback: This note, like all BDP content, is a work in progress, sourced for and by the Search Fund community. It is a living document, and the BDP welcomes feedback to improve future versions (and other BDP materials and processes). Feedback on this document, or the BDP in general, can be sent to chris.hendriksen@pacificlake.com, rob@ambit.partners and/or sara@tcerpartners.com.

EXHIBIT 1 - A BASIC BOARD CHECKLIST

FORMING THE BOARD

What best practice looks like:

1 Does the board have at least one

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|------------------------------------|-------|---|
| <input type="checkbox"/> Operator? | | Yes; ideally a Search Fund veteran on <=5 boards. |
| <input type="checkbox"/> Investor? | | Yes; ideally a Search Fund veteran on <=5 boards. |
| <input type="checkbox"/> Expert? | ..... | Yes, but only once expertise is validated (can be added later). |
| <input type="checkbox"/> Local? | ..... | Yes, but only if other directors do not bring enough local knowledge. |

2 Is there at least one director willing to serve in the following role(s) (one director can play multiple roles, provided s/he has capacity)

Foundational

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|---|-------|---|
| <input type="checkbox"/> Lead? | | Yes; ideally formally appointed with written remit. |
| <input type="checkbox"/> Veteran? | | Yes; with capacity to mentor emerging director. |
| <input type="checkbox"/> Emerging Director? | | Yes; with capacity to be mentored by veteran. |

Support

- | | | |
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| <input type="checkbox"/> Expert? | | Yes, but nice to have; ideally aligned to specific requirements. |
| <input type="checkbox"/> Runner? | | Yes, but nice to have; often the Lead if there is no junior director to fill. |
| <input type="checkbox"/> Confidant? | ..... | Yes; often the Lead if not any other director explicitly. |

SETTING NORMS & EXPECTATIONS FOR THE BOARD

What best practice looks like:

1 Has the board established meeting cadences and/or touch points that include

For the first 100 days, post acquisition -

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| <input type="checkbox"/> An on-site board meeting, to see facilities and meet key stakeholders? | | >= 1 meeting; 100% attendance (or 100% asynchronous director visits). |
| <input type="checkbox"/> Bi/weekly check-ins between the Lead and CEO? | ..... | >80% adherence, schedules permitting. |
| <input type="checkbox"/> Monthly informal board calls? | | 60-90 mins, focused on financials; majority attendance. |

Thereafter, tapering as trust and performance builds

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| <input type="checkbox"/> Check-ins between Lead and CEO? | | >80% adherence, schedules permitting. |
| <input type="checkbox"/> Informal monthly board updates? | | 60-90 mins, focused on financials; majority attendance. |
| <input type="checkbox"/> Formal quarterly board meetings? | ..... | 3-4 hrs, >= 2x per year in person; covering minimum content below. |
| <input type="checkbox"/> Ad hoc and/or functional group and/or 1:1 meetings? | ..... | As required. |
| <input type="checkbox"/> Crisis response or "Red Alert" calls? | ..... | <= 24 hr response time. |
| <input type="checkbox"/> Annual shareholder updates? | | >= 1 in person per year. |

A preferred communication medium (e.g., email, WhatsApp, Slack)

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| <input type="checkbox"/> With set response times? | | Acknowledgement <= 48 hrs (unless "Red Alert"); response as required. |
|---|-------|---|

2 For formal quarterly meetings, is the board clear on its protocols, and

- | | | |
|--|-------|---|
| <input type="checkbox"/> Circulating all pre-reading materials well in advance? | ..... | Distributed >= 7 days prior. |
| <input type="checkbox"/> Coming prepared, having read all board materials in advance? | ..... | Questions/comments shared >= 2 days prior. |
| <input type="checkbox"/> Holding a pre-meeting dinner or breakfast (for in-person sessions)? | ..... | 100% adherence, if in person. |
| <input type="checkbox"/> Conducting Non-Executive sessions | ..... | 100% adherence. |
| <input type="checkbox"/> Providing regular CEO feedback (against clearly established KPIs)? | ..... | 100% adherence, within 72 hrs (notes shared in writing). |
| <input type="checkbox"/> Sending resulting reports to shareholders on time? | ..... | 100% adherence, within 7 days of board meeting. |
| <input type="checkbox"/> Attending all virtual board meetings with video on? | ..... | 100% adherence. |
| <input type="checkbox"/> Addressing any performance issues with underperforming directors? | ..... |  |
| <input type="checkbox"/> Preparation | ..... | 100% preparation; no excuses. |
| <input type="checkbox"/> Attendance | ..... | 100% attendance; 2 misses in a row = performance discussion. |
| <input type="checkbox"/> Response times | | 100% adherence; repeated/chronic misses = performance discussion. |

3 For meeting content, is the board clear on minimum requirements, like

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| <input type="checkbox"/> Minutes (including matters arising from prior meeting) for sign off? | | Yes; shared <7 days after meeting (and again >= 7 days prior to next meeting). |
| <input type="checkbox"/> Agenda, with meeting objectives stated? | ..... | Yes; includes timing guidelines, and "tags" (information only; debate; decision). |
| <input type="checkbox"/> Executive summary (e.g., 3 highlights, 3 lowlights, 3 fixes)? | ..... | Yes; includes bad news first, key wins too. |
| <input type="checkbox"/> KPI dashboard (T-13 months, variance causes)? | ..... | Yes; with KPIs aligned to key value-creation drivers (and CEO incentives). |
| <input type="checkbox"/> IS/BS/CF versus budget and prior year, with cash forecast, covenant status? | ..... | Yes; more than numbers - commentary on causality and implications included. |
| <input type="checkbox"/> One strategy deep-dive per meeting (rotates, quarter by quarter)? | ..... | Yes; depends on the needs of the business. |
| <input type="checkbox"/> People snapshot: org chart, open roles, bench? | ..... | Yes; can be a "back up" slide/document; often a strategy deep dive 1/year. |
| <input type="checkbox"/> Decisions summary with options, owner, due date? | ..... | Yes; includes any decisions made offline prior to the meeting (as a catchall). |
| <input type="checkbox"/> Current risks, conflicts and/or legal issues? | ..... | Yes; can be a "back up" slide/document; often a strategy deep dive 1/year. |
| <input type="checkbox"/> Current view of company valuation and the pro forma "waterfall" | | Yes; analyzes current equity value and implied CEO / Mgmt carry value. |

4 For feedback loops

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| <input type="checkbox"/> Does the CEO have clear KPIs (which can be measured accurately)? | | Yes, aligned to value-creation drivers; set annually as part of budgeting cycle. |
| <input type="checkbox"/> Does the board deliver regular feedback to the CEO vs agreed KPIs? | ..... | Yes, verbally within 72 hrs of NED sessions; summarized in writing. |
| <input type="checkbox"/> Does the board conduct self-evaluations and seek feedback annually? | ..... | Yes, if not after every meeting. |
| <input type="checkbox"/> Does the board have term limits, and review director participation annually? | ..... | Yes, 3 years max (2 years suggested); reviewed annually. |
| <input type="checkbox"/> Does the board engage shareholders formally (beyond quarterly reports)? | ..... | Yes, via annual general meeting/call; being mindful of disclosure conflicts. |