

URL: <https://stvp.stanford.edu/clips/be-your-only-board-member>

Upon starting his third company, serial entrepreneur Brent Constantz decided not to take on outside investment, a decision that reaped benefits. Constantz also describes serving as the sole board member, which meant avoiding the loss of time management teams suffer when dealing with larger boards. Constantz states this saved time can then be put toward a better use ? fulfilling the company's vision.



## Transcript

So, my third company, actually it wasn't even a C corporation.. It was what we call an LLC.. Everybody remembers.. We funded ourselves, got checks from the famous orthopedic surgeons.. And we're selling products and we're profitable with no outside investment, no professional investors very soon.. It was an enjoyable experience.. The main thing about it was there was only one person on the board now with me and we always got along.. There is never-ending controversy.. It's a sad thing but the board of directors debilitate companies.. It's not intended but the reality of the situation is if you have a board meeting every month, your management team is going to spend a day or two just preparing for the board meeting..

And then, they spend a day or two just recovering from the board meeting.. And typically, most venture capitalists are on more than one board.. And even though you send out the board package days ahead of time, FedEx and all that, they show up at the board meeting, opening the board package.. They make a lot of shoot from the hip decisions.. And then, at the next board meeting they ask you why did you make that decision.. And so, it literally takes about 20% of the management team's time.. What I learned in that one company is by not having a board and by actually being able to be fast and operate quickly, you've just gained 20% of your time.. And you've lowered everyone's stress level a lot and you're allowed to pursue your original vision.. And that's what we are able to do there.. It was successful..

I have made more money off that company than the other two combined.. I still am.. It's all over the world.. It's in operating rooms.. It's a better product than the first product and they are competing...