



A study into boardroom  
remuneration and diversity  
in high-growth businesses

erevena™

# Introduction

We are delighted to have been joined by our partners, Anthemis Group, Balderton Capital and Smedvig Capital for the 2019 Ereveva Boardroom Remuneration and Diversity Report, which delivers the largest data set to date of Non-Executive and Chair remuneration for small cap boards.

This latest survey demonstrates that compensation trends for Chair and Non-Executive appointments have continued to crystallise, in line with the continued maturing of the venture sector and the increased use of professional independent directors on venture boards.

Alongside our exploration of remuneration trends, we expanded this year's survey to examine diversity trends in the boardroom. In particular, focusing on the extent to which small cap boards identify diversity as a key issue and are taking proactive action to address the balance.

Diversity is an area of acute focus in the listed environment. We were interested in better understanding the current levels of gender and BAME diversity on boards in the private sector and, more importantly, the extent to which lack of diversity is perceived as a weakness or a focal point for improvement. With more and more written about the commercial impact of a lack of diversity among key decision makers in businesses, we were keen to explore whether the traditionally male and white world of technology was actively considering these issues.

We would like to thank all of this year's respondents and hope that the survey results will provide you with a useful guide on trends in boardroom remuneration and diversity.

“Another fascinating set of statistics.”





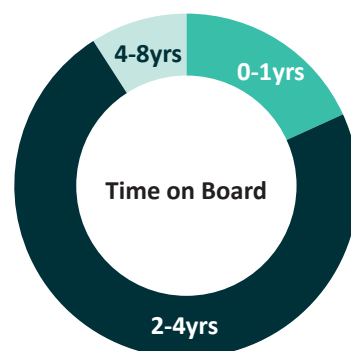
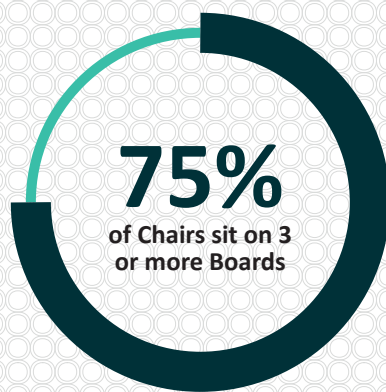
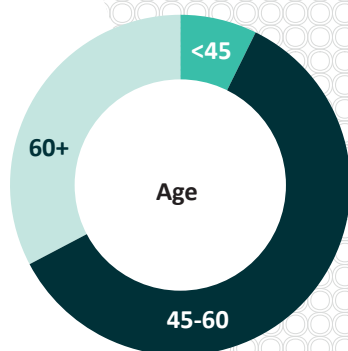
## Maria Josife

Senior Partner, Erevena  
[maria.josife@erevena.com](mailto:maria.josife@erevena.com)

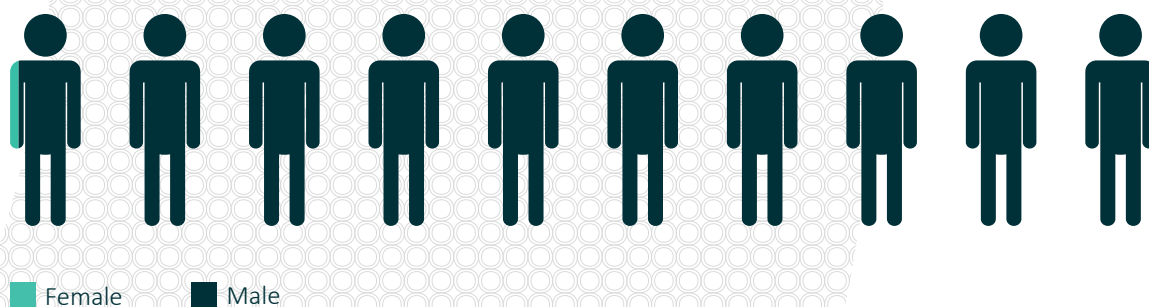
Maria specialises in Executive and Board-level appointments for VC-backed consumer-facing businesses. Her areas of expertise include FinTech, Marketplaces, Health and Education. She has deep experience across a range of functions, particularly in General Management/Operations, Marketing and Product, and works with a range of well-known funds.

# Demographics Overview

## Chairs



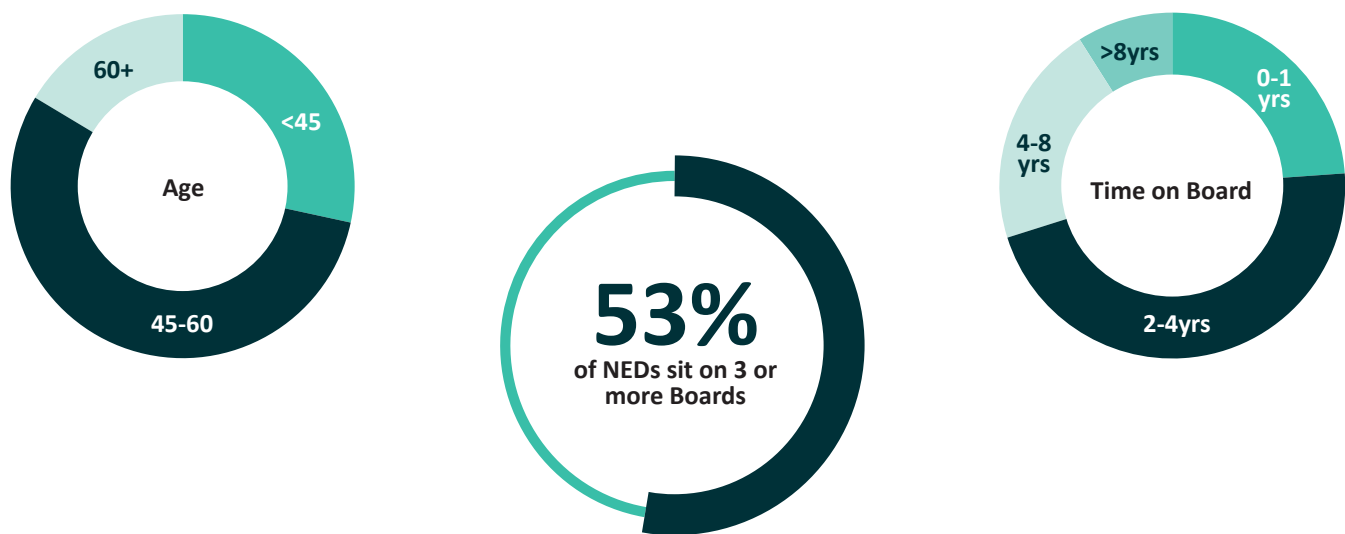
### Gender



“Another fascinating set of statistics - The critical role of the Chair is clearly shown at Series A and beyond. Committing 2-4 days per month and typically doing it across multiple companies – they are well remunerated both in terms of cash and equity, so don't come cheap but the value of knowledge sharing and showing a founder what great looks like is invaluable. Given the US don't really have or understand the Chair role, this could be the differentiator that allows UK / European companies to out perform their US peers.”

Jon Lerner, Managing Director, Smedvig Capital

# Non-Executives



## Gender



“Like any role in a growing company, bringing on the right Chair or Non-Exec Directors can make a huge difference. At Octopus Ventures, we recognise that as a company grows, the people best suited to these roles are likely to change. As we continue to build out our talent function at Octopus Ventures, the results of this survey will help us support our portfolio companies in attracting the best talent to their boards.”

Laura Willming, Portfolio Talent, Octopus Ventures



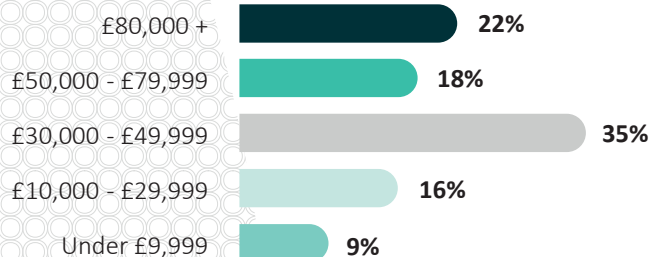
# Chairs

Average salaries for Chairs are on the increase. In our 2018 survey, 51% were paid under £40,000; this year that figure has reduced to 44%. Conversely, equity grants are decreasing, with only 7% of respondents being offered over 3% versus 20% last year.

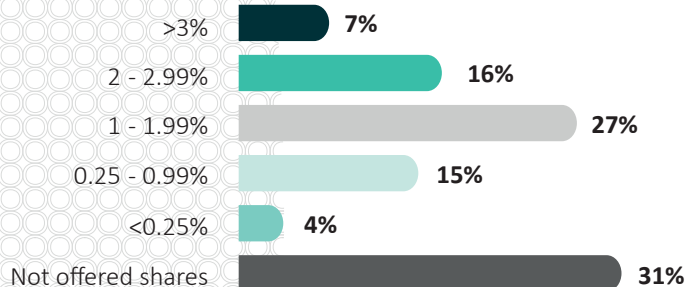
Together, these two findings indicate that Chair remuneration is more evenly balanced between cash and equity, in contrast to earlier years where equity outweighed cash compensation. However, Chairs are also seeing an increase in the opportunity to invest in their portfolio companies, with 84% of respondents being offered the opportunity.

The other marked trend seen is the average tenure of Chairs shortening. In 2018, 23% of our respondents had served on their Boards for more than 4 years. This year, only 9% had served over 4 years. This is a significant drop, some of which may be due to the number of net new high-growth companies taking Chairs. However, it may also indicate that the rapid scaling journey that companies go on requires different talent in the Boardroom for different phases of growth. Accompanying this is the recognition that Chairs, like the Executive Team, can often be stage appropriate, driving growth companies to offer shorter Board terms to their independent directors.

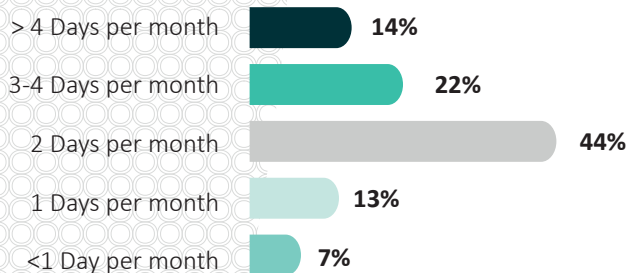
## Average Salary

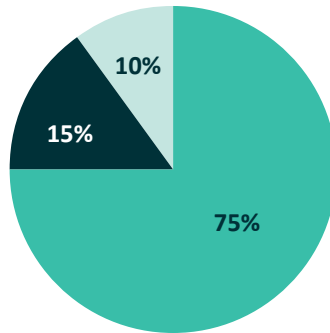
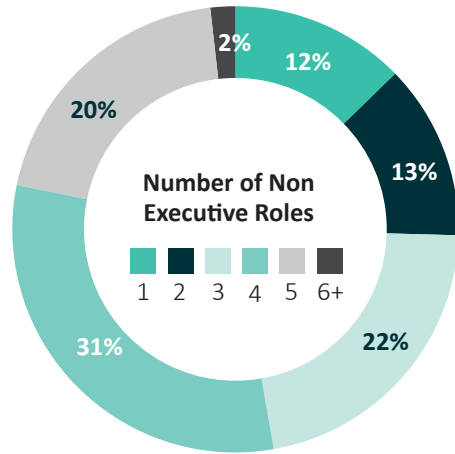


## Overall Equity



## Time Commitment

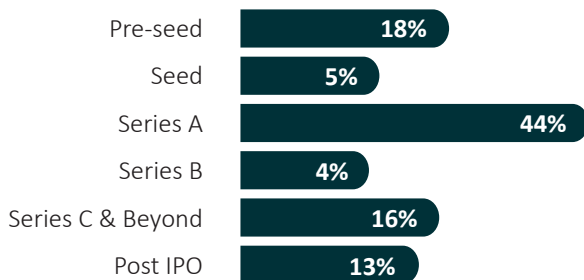




#### Committee Participation

- Chairs committees
- Participates in committees
- Does not chair or participate

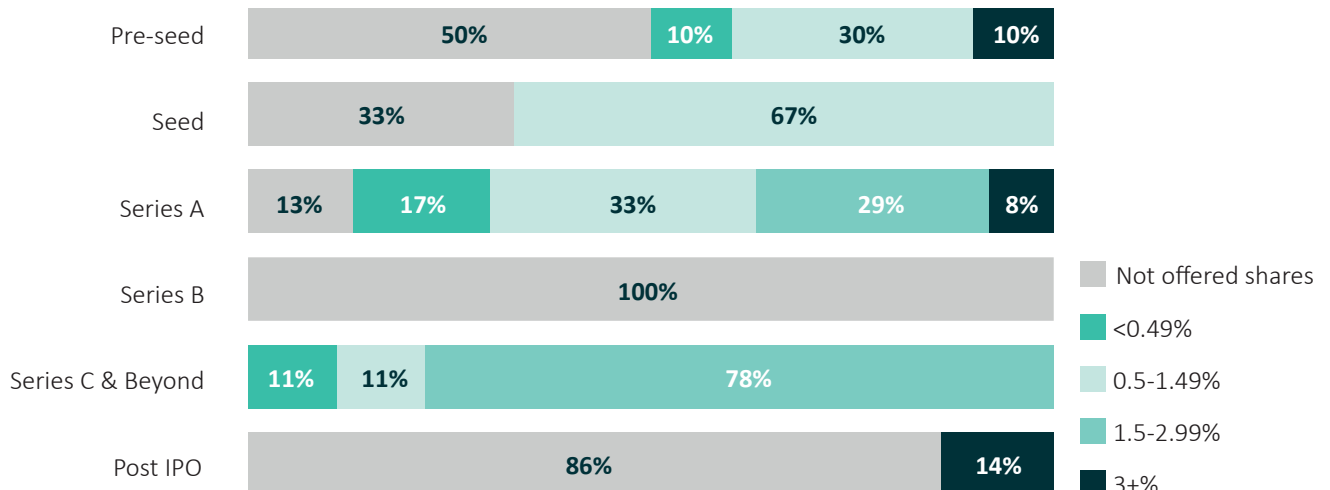
#### Company Stage When Hired



“When we work with early-stage companies and investors, our advice is always that the transactions up to and including Series A set the direction for the rest of a company’s life. The findings in this survey about Board Chairs are a prime example of that; the data clearly shows that your long-term Chair (who is likely to be experienced and hugely influential) more than likely joins the company during this stage.”

David Willbe, Partner, Lewis Silkin LLP

#### Stage vs Equity

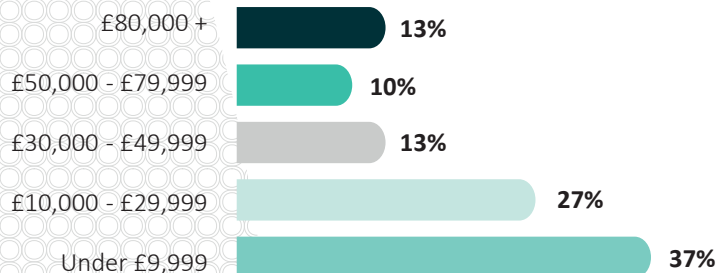


# Non-Executive Directors

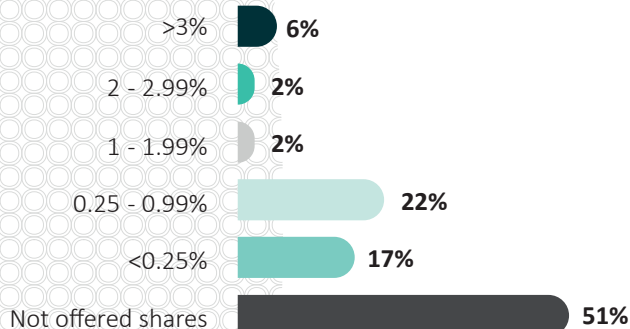
Non-Executives continue to join Boards at a later stage, usually post C round, and are more frequently utilized as a company matures.

The average salaries for Non-Executive Directors, unlike Chairs, have decreased marginally; 64% are earning £30,000 or under versus 53% last year, and fewer are being given the opportunity to invest. However, this also reflects a decline in required time commitment with 30% of respondents committed to their portfolio companies for less than a day a month.

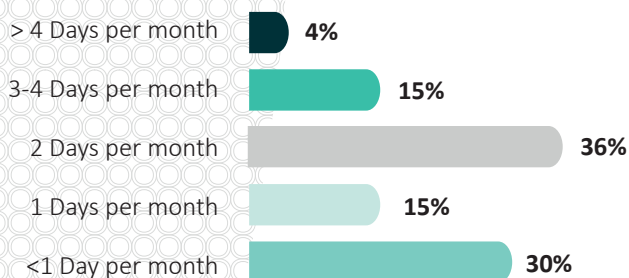
## Average Salary



## Overall Equity



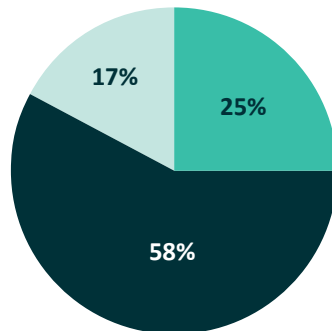
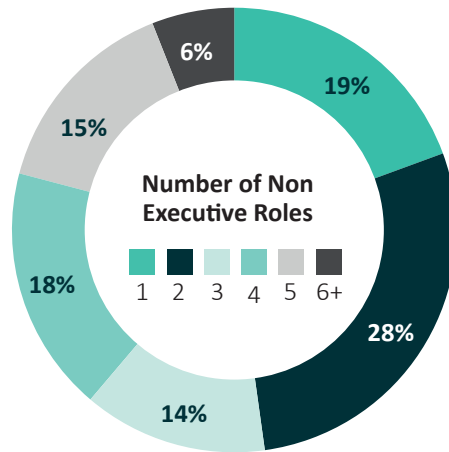
## Time Commitment



“At Balderton, we believe strong, independent NEDs and Chairs are an important part of building successful international tech companies out of Europe. Many companies wait too long to bring the first independent NED on board and the talent pool needs to continue to improve. It is great to see more attention put on this topic.”

Rob Moffat, Partner, Balderton Capital

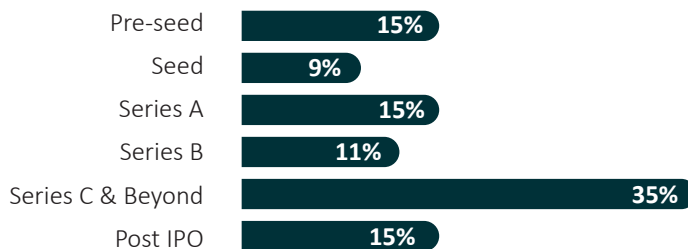




#### Committee Participation

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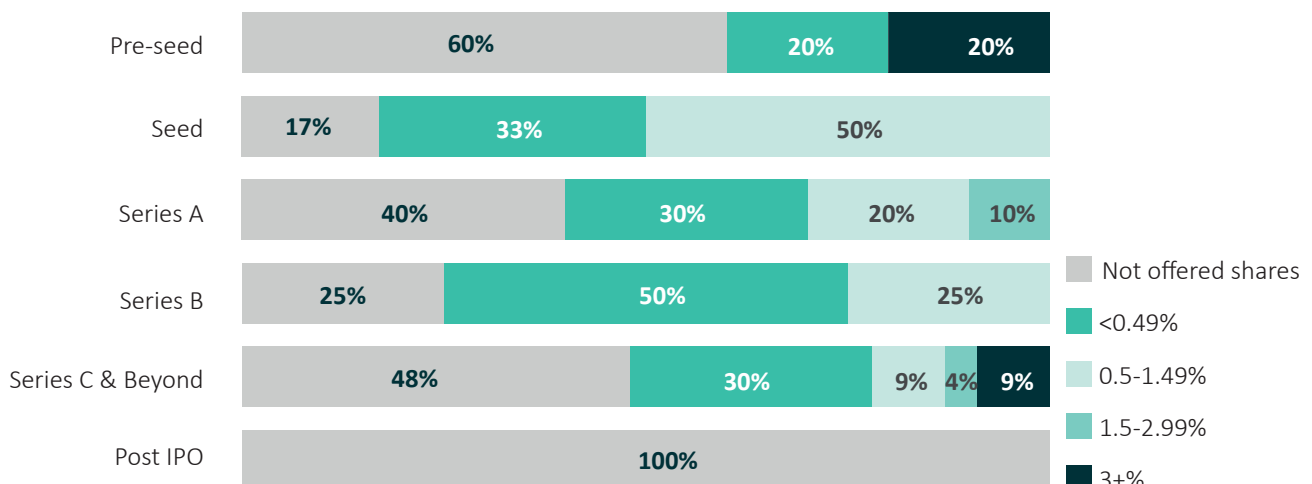
#### Company Stage When Hired



*It's surprising that whilst 67% of companies have appointed a Chair at or before Series A, only 39% of companies have appointed an NED. Perhaps this reflects the emergence of the Advisory Board, which gives young companies greater flexibility to tap into the skills and experience of people most relevant to their most pressing priorities. Regardless of the structures used, the value of having objective perspectives from experienced operators can be the catalyst that elevates the performance of entrepreneurs and their business. In my experience, high performing entrepreneurs are keen to learn, so the sooner NEDs, NXC's and advisory boards are in place, the better the outcome for investors.*

Richard Gibson, Chairman, Speechmatics

#### Stage vs Equity



# Boardroom Diversity Introduction

## Jacqueline de Rojas CBE

Diversity breeds innovation, and if tech is to serve its purpose to benefit society, the teams creating the technology must look like the society they seek to serve. In the words of Dame Wendy Hall, “If it is not diverse it is simply not ethical...”

When women and ethnic minorities are excluded, we push divisiveness to the forefront of our lives. This study shows that 33% of boards surveyed had no gender or ethnic diversity. That is not a great statistic, but what’s worse is the fact that of the boards with no gender or ethnic diversity, 43% are not taking active measures to improve it.

Women making up only 16% of boards shows that many leadership teams aren’t considering the positive impact diversity can have in their company. By taking a proactive approach to developing diverse talent, organisations can take steps to future-proofing their businesses against the digital skills shortage. In working together to shift the balance and look at every stage of the pipeline, we can attract more women into the sector, retain them, and support their progression throughout their tech careers.

According to these figures, women are not being supported and they are not being elevated into leadership positions. There is no doubt that there are women and minorities who deserve to be on these boards, and they need sponsorship.

Diversity isn’t just going to show up at your door. Diversity efforts are most successful when they’re driven by a commitment from company leaders. We must work tirelessly to ensure this commitment happens, even in those boards that aren’t currently addressing diversity issues.

Ultimately, I believe that diversity is not something that you do, it is something that you are.

“Diversity  
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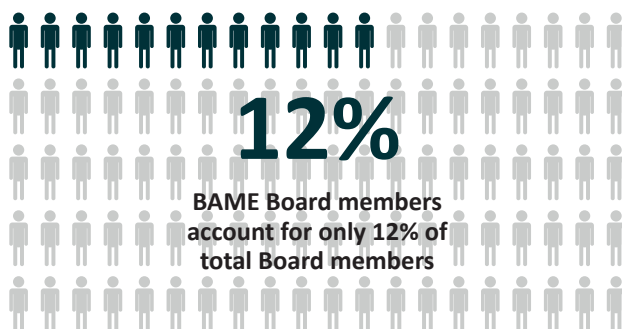
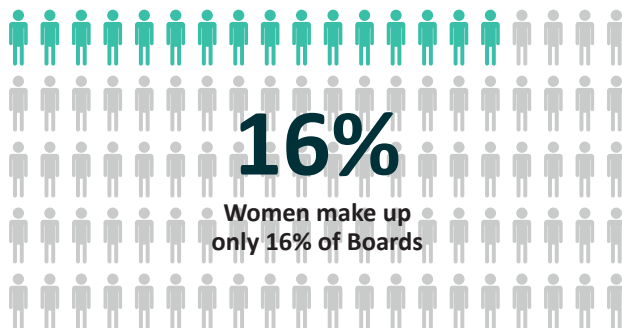
## Jacqueline de Rojas CBE

President at techUK  
President at Digital Leaders  
Co-Chair at Institute of Coding

Advocate for diversity and inclusion in all its forms. Passionate about redressing the gender balance via advisory positions at Big Youth Group, Accelerate-Her and The Girlguiding Association.



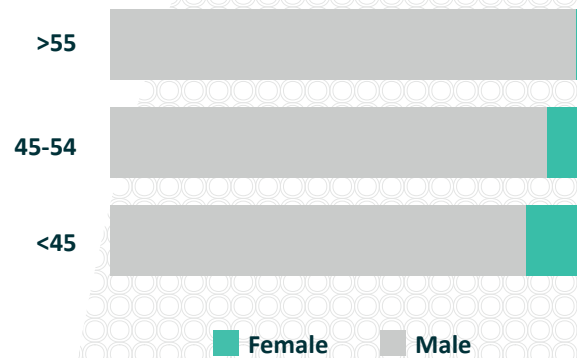
# Boardroom Diversity



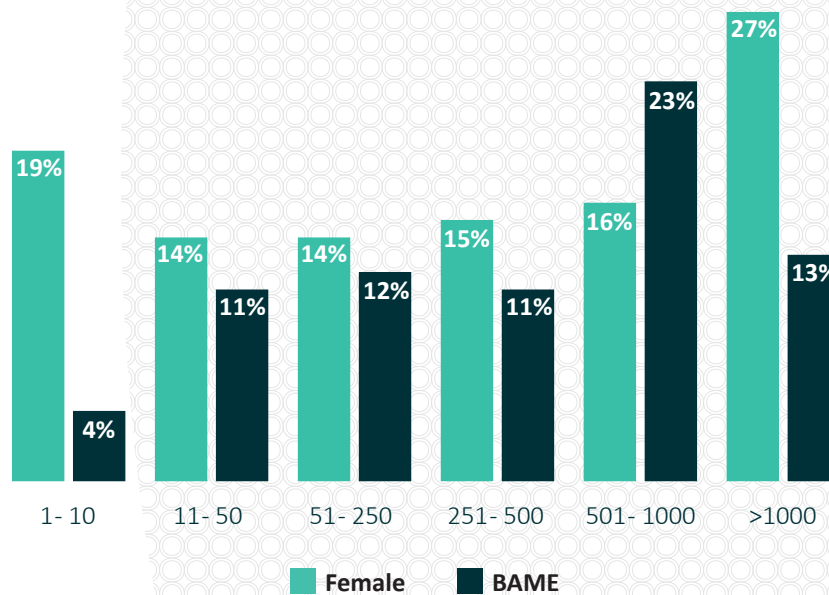
*“Studies show that 33% representation is required for a minority to be able to influence a given group. With non-diverse Boards setting strategy and being visible as the highest level of senior leadership in the majority of companies, the lack of diverse influence can be expected to trickle down into the workforce. Whilst there are some promising trends in the attitudes of new entrants to the job market, diverse candidates are not adequately represented at senior levels, and the flexibility of Board composition provides an opportunity for companies to be proactive in improving diverse representation from the top down.”*

Sabrina Castiglione  
Chief Financial Officer, Tessian

### Age vs Gender

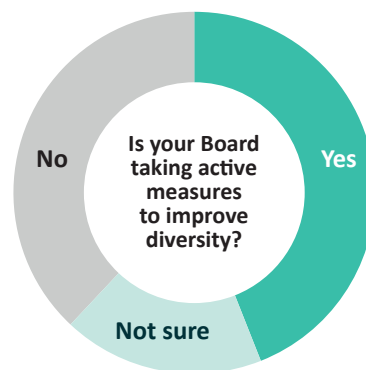
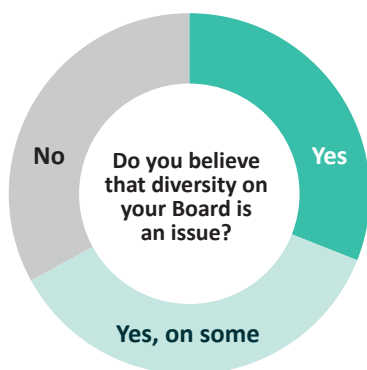


### Percentage of Women/BAME on Boards by Company Size

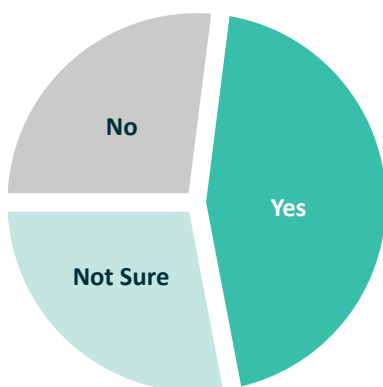


“As always, Erevena’s small-cap Board overview is fascinating reading, shining an important lens onto the governance of some of the UK’s most innovative and fastest growing companies. However, their spotlight on diversity shows how much more needs to be done. While FTSE 350 Boards have become far more diverse, the small caps lag significantly behind, with women occupying only 16% of Board seats and a shocking 33% of Boards composing of only white men. The evidence that more diverse leadership enables better decision making is compelling, making diversity a required focus for small cap Boards.”

Natalie Ceeney CBE, Chair, Innovate Finance



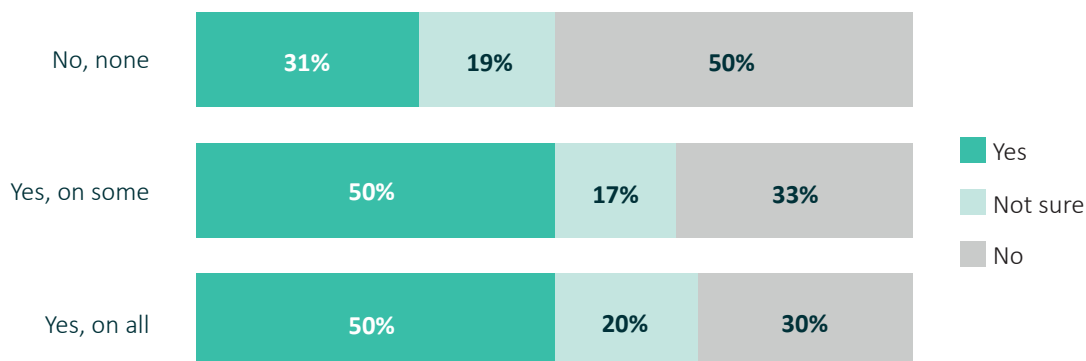
**Nearly half of respondents believe that Board diversity has a direct impact on commercial success**



“As a business leader, creating a diverse and inclusive workplace from entry-level roles to the boardroom is firmly grounded in logic – it naturally results in diversity of thought. The most obvious business case for embracing diversity is the productivity benefit. Organisations that have the right structures in place to attract the best talent across all levels of the business are going to be more successful. The kind of things you need to do to improve gender diversity are very similar to the things you need to do to improve LGBT diversity, to improve ethnic diversity or any other form of diversity.”

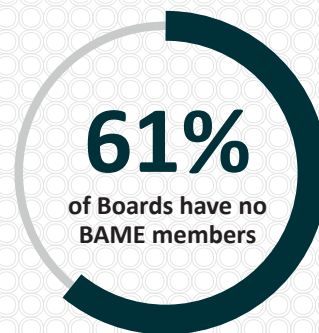
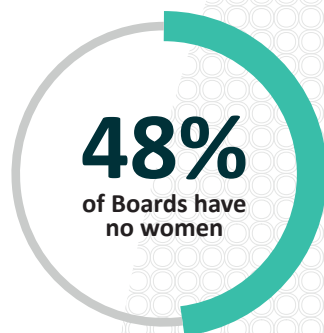
Martin Stead, Chief Executive Officer, Nutmeg

Do you believe that diversity on your Board is an issue?

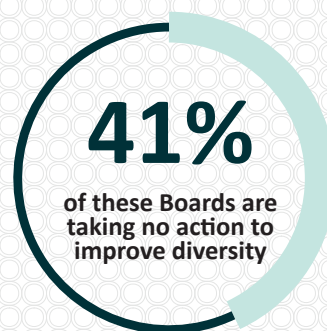
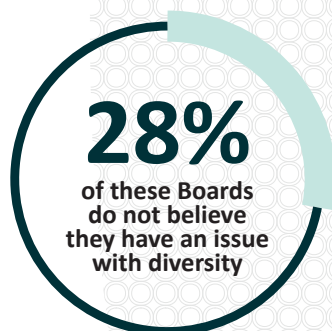


Is your Board taking active measures to improve diversity?





of these Boards



*“Diversity goes beyond just having gender, race or ethnic diversity. It’s about ensuring a broad range of backgrounds, perspectives and insights are pouring into these companies on a continuous basis. There’s a long way to go to achieve real parity, but as investors committed to building sustainable companies in financial services, we are committed to playing our part in holding ourselves, our portfolio and ecosystem accountable to cultivating true change in our industry.”*

Briana van Strijp, Chief Operating Officer, Anthemis

# About Erevena

Erevena is an executive search firm that helps high-growth, innovative companies identify and recruit C-suite and board executives. We work with some of the fastest growing companies in the world and the VCs that back them; and with publicly-traded companies undergoing transformation. The investors, boards and leadership teams that we work with value our advice, collaborative approach, diligence, global reach and expertise in hiring executives who understand innovation and disruption.

Learn more at [www.erevena.com](http://www.erevena.com)

## anthemis

### About Anthemis

Anthemis cultivates change in financial services by building, growing, and sustaining businesses committed to improving the world. Our deep understanding of markets and models, passion for emerging technology, and spirit of collaboration inspire everything we do.

By creating fertile ground for entrepreneurs, institutions, researchers, academics, and visionaries to come together, we believe we can solve the financial services world's most pressing challenges faster, better, and for the benefit of all.

[www.anthemis.com](http://www.anthemis.com)

## Balderton. capital

### About Balderton

Balderton Capital is Europe's largest early-stage venture capital investor, focused on European technology companies at Series A. Based in London, the firm manages \$2.7bn and invests in entrepreneurs building globally ambitious businesses. Previous investments include Betfair (FTSE: BET), Magic Pony (Twitter), NaturalMotion (Zynga), Sunrise (Microsoft), Talend (NASDAQ: TLND), and Yoox Net-a-Porter (BIT: YNAP). Among Balderton's current portfolio of 85 companies are Aircall, Carwow, Citymapper, Contentful, Frontier Car Group, GoCardless, The Hut Group, Kobalt Music, Nutmeg, Prodigy Finance, Recorded Future, Revolut, ROLI, SOPHiA Genetics, Vestiaire Collective, and Vivino.

[www.balderton.com](http://www.balderton.com)

## SMEDVIG CAPITAL

### About Smedvig

Since 1996, Smedvig Capital has partnered with and helped scale over 70 companies. Leading Series A/B rounds, we are passionate about finding and investing in the best tech-enabled businesses across the UK and Nordics. We work closely with a small number of high-quality teams. We build strong relationships with our founders and aren't afraid to roll up our sleeves when needed, supporting them through the inevitable ups and downs of growing a business. We're a flexible source of capital with a long-term view, often backing companies over multiple rounds all the way to exit. We understand that great things take time.

[www.smedvigcapital.com](http://www.smedvigcapital.com)

**erevena.com**  
[marketing@erevena.com](mailto:marketing@erevena.com)

**London:** +44 203 816 9340  
**Dubai:** +971 4 313 2851  
**San Francisco:** +1 415 429 3662

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