Title

Optimising for exponential growth: what happens on early boards of tech ventures?

Abstract

There is evidence that active boards of investor-backed tech ventures add huge value. Yet very little is known about what happens on early boards of investor-backed ventures and what it is directors do that contributes towards growth during the crucial early stages of development. This paper showcases the preliminary findings of an inductive study into the director experiences on early boards of investor-backed tech ventures in the UK. The results reveal that directors engage in the process of optimising for exponential growth which takes place over three stages: validating, behaving bigger and realigning. The emerging model is novel as it integrates behaviours, structural and cognitive processes and offers an explanation for the variation in director behaviour and the level of contribution during the early stages of venture development.

(130 words)

Keywords

Venture Boards, Director Behaviour, Board Processes, Growth

Introduction

Active boards of tech ventures have long been associated with exponential growth and bringing multiplied value for investors (Fried, Bruton and Hisrich 1998, Gabrielsson and Huse, 2017, Garg and Furr, 2017). Despite their reputation for being able to propel startups to exponential growth, we tend to only hear about venture boards when they fail to meet founder and shareholder expectations with significant consequences (Daily, McDougall, Covin, and Dalton, 2002, McNulty, Florackis and Ormrod, 2013, Garg and Eisenhardt, 2016). For example, following a collapse of Theranos, a self-proclaimed revolutionary in blood-testing technology, its board was highly scrutinised in the media for governance failure to spot and challenge a serious misconduct within the company (Epstein, 2018). Equally, the conduct of boards of some other ventures such as Uber, Zenefits and FanDuel, have only become known after serious questions were raised about director behaviours and accountability in the context scandals and relentless pursuit of hypergrowth (Garg, 2013, Edelman, 2017, Epstein, 2018). There is actually very little known about how boards of successfully growing ventures operate, especially behaviours and interaction of directors themselves.

The objective of this paper is to showcase the results of the study to explore what happens on boards of investor-backed technology-based ventures. The scope of the study includes early stage investor-backed companies in the UK. Using inductive theory-building approach (Glaser and Strauss, 1967), this study has been examining the experiences of different types of directors, including founders, VC investor directors, Business Angel directors and independent non-executive directors (NEDs). The initial results presented in this paper reveal a more integrative model of optimising for growth, highlighting several behavioural and interaction strategies used by directors to perform their roles.

Theoretical Background

Traditionally, corporate governance literature suggests several ways the relationship between the board and growth performance can be formulated and explained.

Agency theory perspective, for example, considers the board of directors as an operational solution for governing the self-interest driven behaviour, known as agency problem, of a company CEO (i.e. agent) on behalf of its shareholders (i.e. principals) (Jensen and Meckling, 1976). Inherently, agency assumes a reasonably direct relationship between the board and performance and suggests that it can be inferred from demographic characteristics of the board members (Pfeffer, 1983). It contends that demographic characteristics can simply be used as a proxy for director behaviour and as long as the impact of demography can be explained, agency argues there is no need to be concerned with the underlying processes and interrelations at board and director levels because these can simply be deduced (Zahra and Pearce, 1989, Pettigrew, 1992, Forbes and Milliken, 1999). Agency clearly advocates for structuring boards as strong monitoring mechanisms and aligning interests of agents and principals even if this means incurring considerable costs, known as agency costs (Jensen and Meckling, 1976, Fama and Jensen, 1983, Hillman and Dalziel, 2003, Roberts, McNulty and Stiles, 2005).

From the agency perspective, the key distinct feature of investor-backed startups as opposed to corporations is that there is no or little separation between control and ownership, where both investors and founders have ownership equity in the business (Sapienza and Gupta, 1994; Arthurs and Busenitz, 2003; Zahra and Filatotchev 2004; Garg 2013). On the one hand it may, therefore, seem that the agency problem is somewhat reduced in investor-backed startups as managers are also shareholders. On the other hand, however, research reveals that investor-shareholders and founder-managers typically have a very different attitude to risk and as such their interests may be significantly misaligned and therefore agent's decisions can still be led by self-interest (Sapienza and Gupta, 1994). Consequently, the agency problem would still exist and so the board of investor-backed company should still be structured to align interests and monitor (Sapienza and Gupta 1994).

In contrast to agency theory, the resource dependence theory suggests the company board should link up to the external environment in order to provide important resources required to maximise the performance of the firm (Pfeffer, 1983, Pfeffer and Salancik, 1978). The theory argues that a company with a board that possesses a high number of links to the external environment and stakeholders, such as customers and suppliers, sources of capital and market or other information, will have a better and faster access to those resources compared to its competitors (Nicholson and Kiel, 2007). The board's main objective, using the resource dependence lens, is therefore to effectively leverage and manage external relations (Zahra and Pearce, 1989).

Since majority of startups are founded by young first-time entrepreneurs and desperately lack resources during the initial stages of development, it is argued that resource dependence theory is strongly relevant as a theoretical lens when examining businesses in such context (Gulati and Higgins, 2003, Lynall et al., 2003, Zahra and Filatotchev, 2004). From this perspective, on their journey to minimize risk and resource dependence on the external environment, startups set up boards, attracting directors with skills and experiences highly relevant to the growth of the business. Some studies even show that attracting a particularly relevant board member can result in a significantly increased value of the startup, however, this would be at a price of giving up founder control either in a form of shareholding or a board seat (Wasserman, 2014).

The theory therefore provides a resource-based explanation for the relationship between boards and company performance as directors can bring a wide range of skills, expertise, customer contacts and capital (Zhang, Baden-Fuller and Pool, 2011). However, in the context of entrepreneurial firms backed by VCs, the theory seems to downplay a "potential for damaging appropriation of their resources" highlighting only a cooperative side of parties that act as linkages to the external environment (Katila, Rosenberger and Eisenhardt, 2008, p.31).

The behavioural theoretical perspective on board-performance relationship is very much emerging and, apart from a few recent pioneering studies, for example by Voordeckers et al (2014) examining the relationship between board structures and actual board behaviours in SMEs in Belgium, the Netherlands and Norway, it remains largely untested and it does not yet offer a coherent alternative to the dominant theories of agency and resource dependence.

Since agency and resource dependence perspectives have been dominating the literature so far, the majority of the theoretical knowledge and policy recommendations in regard to boards have been constructed with very little insight from what actually happens on boards, i.e. processes and associated with them behaviours in and around boardrooms (Pettigrew, 1992). Empirically, 99% this research has also been generated using deductive quantitative methods collecting data from company and director databases and without actually speaking with a single board director (McNulty, Zattoni and Douglas, 2013). As illustrated above, it seems directors and their behaviours have a much more implicit relationship with the performance of the firm than previously believed (Van Ees, Van der Laan and Postma, 2008).

Method

This study has been investigating experiences of directors on boards of early stage ventures in the UK to uncover patterns of behaviour and factors explaining variations in that behaviour. The lack of theoretical insight into director behaviours justified employing an inductive method for this study (Van Ees, Gabrielsson and Huse, 2009, Minichilli et al 2011, Eisenhardt, Graebner and Sonenshein, 2016). An inductive method allowed exploration of issues in under-researched fields. It is also a well-recognised and powerful insight-led approach to discover patterns of interactions and explain variance in processes that underpin these interactions (Suddaby, 2006, Urquhart, 2013).

This study employed the classic inductive grounded theory developed by Glaser and Strauss (1967) and extended further by Glaser (1978, 1992, 1998, 2001, 2011). Grounded theory is defined as an approach to generate theory from systematically collected data (Urquhart, 2013). It is particularly fitting for studying behaviours and processes about which very little is yet known, as it allows the researcher to openly explore a substantive area of interest without imposing pre-conceived ideas about hypothesis-type relationships on the data (Glaser and Straus, 1967, Suddaby, 2006). Grounded theory also allows the researcher to recognise patterns in the interactions among social actors and theoretically account for the interplay between context and circumstances, actions and consequences, and behaviours and outcomes (Suddaby, 2006, Urquhart, 2013). The field of corporate governance research would also benefit from extending the existing theories or develop alternative theories and models in order to “effectively uncover the promise and potential of corporate governance”

(Daily, Dalton, and Cannella, 2003, p. 375). The study thus contributes towards not only building much-needed critical mass of all types of qualitative knowledge in the field of corporate governance but also informs theoretical insights.

Research Question

Grounded theory offers researchers a degree of freedom by instructing to approach the study with a broad and open research question (Glaser and Strauss, 1967, Urquhart, 2013). Given that there is a limited number of empirical studies on director behaviours in startups, this feature of the grounded theory is particularly enabling for the researcher to be open to discovery. According to the guidance of the grounded theory, the research question needs to identify the substantive area and population but not make any assumptions about the phenomenon of interest (Glaser, 1992, Urquhart, 2013). As such, this approach allows for a discovery of the recurring main concern of participants and how they go about resolving it, thus identifying patterns of behaviour and resulting in an explanatory framework for this behaviour.

The initial research question for this study has therefore been simply crafted as follows:

- What are the issues that directors face on boards of investor-backed tech startups?
- How are these issues being resolved?

Grounded Theory Procedures – Data Collection and Analysis

Glaser grounded theory is notable for its set of specific procedures, most of which are non-optional (Jones and Noble, 2007). Distinctly, data collection and data analysis take place concurrently, systematically and iteratively (Urquhart, 2013). This study used interviews as the main method for collecting data. Interviews with 21 participants were conducted between

August 2017 and October 2018. Data collection was carried out concurrently with data analysis, in accordance with the procedures of the grounded theory, and this can be broadly outlined in three stages:

Stage 1. Identifying Main Concern and Core Category

Interviews were constructed to be open and explorative. As soon as the first piece of data was collected, it was analysed via a construction of analytical codes and categories (Urquhart, 2013). During the initial stage, the purpose of the analysis was to discover the "informants' main concern and how they seek to resolve it" (Glaser, 2001, p. 177). This was done by employing a key grounded theory principle of constant comparison of data incident occurrences to one another and then grouping similar incidents into codes and categories (Glaser, 1998). Constant comparison of data and the discovery of the main concern were assisted by asking questions "What category does this incident indicate? What property of what category does it indicate? What is the participant's main concern?" (Glaser, 1998, p.140). At the same time, memos were written to note relationships and connections between categories, properties and codes, and to develop conceptualisations.

Stage 2. Selective Coding and Theoretical Sampling

Once the core category was known, coding became selective where only core category and categories related to it are coded for and irrelevant categories are abandoned (Glaser, 1978). Further data collection was sampled theoretically i.e. the researcher collected data relevant to core and related categories from the best source of such data (Glaser, 1998). At this stage interview questions become more focused and derive from emerging concepts (Urquhart, 2013). Data collecting, coding and sampling continue until all categories were saturated, i.e. incidents of data did not yield new properties (Glaser, 1978). Theory advancement was thus progressed through selective coding and theoretical sampling as emerging categories were used to direct further data collection until all relevant categories are "saturated, elaborated and integrated" (Glaser, 1992, p.102, Heath and Cowley, 2004).

Stage 3. Theoretical Coding

Theoretical coding took place to identify theoretical code which helped conceptualise how concepts related to each other. This was aided by memo sorting and write up. This took place while theoretical sampling was still ongoing and collection of data was attuned in real time to fit with the theoretical development of concepts and the relationships between them (Glaser and Strauss, 1967).

Results

Not surprisingly, given the substantive area of interest is early stage investor-backed startup boards, the data revealed that the central essence of participant concerns pertained to ***growing exponentially***:

> *"Ultimately needing to secure growth in the portfolio company is the most important thing for a VC."*
>
> *"We are trying to grow huge companies."*
>
> *"What we are after is not necessarily profit but big growth."*
>
> *"The growth curve had to hit a certain range."*

The data highlighted several properties pertaining to growing exponentially. It revealed that exponential growth is volatile in nature, unstable in speed, requires multiple performance indicators to confirm.

At the outset, growth does not reveal itself as a linear upward curve. Also, it does not necessarily come at fast speed and requires more than one performance indicator to identify it. For example, a rapid growth in a number of users of an application does not necessarily mean a growth of revenue. As one participant said:

> *"we could see rapid growth in user number stats and then it was just a matter of trying to convert those and locking down a business model that would convert the user interest into a revenue generating activities, which the company did through, an iterative process"*

Growth was also indicated by a transformation within the startup company, it expanded, professionalised and felt like a 'grown-up' company, as expressed by participants:

> *"When you go into the office and it is suddenly like a grown-up company. There are all these people here, and you don't know what they do."*
>
> *"You suddenly like 'oh wow' this is actually real now rather than a couple of people in a broom cupboard somewhere."*
>
> *"It feels like a vibrant living thing."*

Along with the main concern, initial interviews uncovered several patterns of behaviours and actions. Using memos and further analytical comparison with new interview data, these were coded and organised into categories, providing a rich base for conceptualising, which is necessary to identify the core category.

Core category in classic grounded theory is a category that relates to all concepts, summing up what is going on in the data (Glaser, 1978). Its identification is judged and confirmed by extensive criteria; core category must be central and related meaningfully to all others, occurring frequently in the data and accounting "for a large portion of variation in a pattern of behaviours" (Glaser, 1978, p.95). Informed by this criteria, extensive memoing helped reveal a process-type core category which expressively explained the connection between all other emerging categories and concepts. Inductive discovery of the main concern and core category is the main reason why grounded theory is so valuable when investigating unexplored areas, such as boards of directors, especially since processes and behaviours of directors are partly shaped by a legal responsibility, partly by wider interest of investors in the context of founder's lack of experience.

As such, to resolve their main concern, i.e. make growing exponentially possible, the data revealed that directors engaged in behaviours and actions revolving around a process of ***optimising***. This process contained three distinct stages – ***validating, behaving bigger*** and ***realigning.*** Each stage was characterised by a set of actions, conditions and consequences. During validating, directors confirmed gaps in systems and teams, and probed the founding team for the level of understanding the value and benefits of governance. Outcomes used during the next stage, behaving bigger, when directors engaged in attuning systems, processes and communications and filling gaps in executive and non-executive teams. At a decision point when further funding was required, directors made judgements about execution and performance, considered cognitive capability of the founder and asserted power with significant consequences to startup and its team which ranged from startup failure, CEO replacement to new investors and realignment and re-start of the optimising process.

Once core category was identified, data analysis and coding became selective, supported by collecting data by sampling theoretically according to the needs of the emerging concepts and model. This process continued until categories were saturated, detailed and linked up (Glaser, 1992). Table 1 illustrates the evolution of organising codes into final categories.

/Insert Table 1 here/

__**Validating**__

Data shows that post-investment, directors engaged in validating a ‘fit for purpose’, i.e. ability to grow exponentially. This included confirming structural and cognitive gaps in the team and the company:

> *“My focus from day one is get in there and work out whether it is going to be fit for purpose and if it’s not, you are going to be needing to put all those processes and systems in place.” (structural)*
>
> *“a lot of it is in their heads and they haven’t committed down into a formal style.” (structural)*
>
> *“They don’t really have almost the mentality or the culture of it.” (cognitive)*

Results suggested that post-investment, directors engaged in various degrees of validating their pre-investment assessments. This happened in addition to the extensive pre-investment due diligence on the startup and its founders when gaps were typically identified and planned to be filled as a condition of investment.

Structurally, directors focused on confirming gaps in skills and experiences, examining performance indicators and gaps in systems and processes. As participants said:

"Success to me is when all of the skills required or represented on the board either in executive or non-executive capacity."

"Often on boards, you are looking to bring that in experience on how you grow and scale software companies from a commercial sense rather than from a technical sense."

Structurally, directors also examined if startups used most suitable indicators when tracking and reporting performance:

"What are the right metrics that are going to give you advance notification. Are we looking like we are going to be on track or not."

"He examined the KPIs and he decided whether they were the right KPIs."

"He first and foremost tested if that KPI is relevant and it was."

"What are you measuring in the company right now? What metrics are you measuring for your customers and how are you going to educate them?"

Cognitively, directors explored whether the founders had a real understanding of the functions of the board and the purpose of governance, not just as a legal entity with fiduciary duties and responsibilities but specifically recognising it as bringing benefit and value. As some participants said:

"The number one priority is to make sure the CEO understands what's the function of the board is and a lot of them don't."

"In the very early stages a lot of the CEOs don't really value the board meetings and the input of the board."

"They don't necessarily understand what's the benefit is."

The CEO's understanding and recognising that boards bring value and benefit and are there to help rather than monitor was indicated by the data to be a meaningful micro-foundation for the development of the board into value-adding board as opposed to a monitoring board. As participants noted:

> *"There are a lot of CEOs think of it more as governance rather than helpful and it is self-fulfilling prophecy because if the CEO does not value the board, the board doesn't really get much out of the CEO and the meetings are all just going to be a waste of time."*
>
> *"They start off thinking that the board is checking up on them and if that's the case, you almost certainly will turn into that kind of a board."*

However, data also indicated a variation in director effort that went on verifying cognitive gaps vs verifying structural gaps. Focusing much of the effort on identifying and filling gaps in skills and experiences of executive and non-executive teams suggested they were used as a proxy for resolving cognitive gaps.

Behaving Bigger

In the process of optimising for growth, validating stage is followed by behaving bigger:

> *"The main thing, as I say, behaving as a bigger company before you are one."*
>
> *"You need to start pretty early and make sure you've got all of the stuff in good order."*
>
> *"You want your reporting and everything else to be able to be scaled quicker than you can scale the business."*

This stage was characterised by a wide range of changes taking place internally within the company and externally. Internally, for example, as well as working on technological and product development, startups' executive and non-exec teams were changing, with new people joining and existing people taking on wider roles, inevitably leading to new relationship dynamics. Externally, at the same time, startups were experimenting with different 'go-to market' strategies, in order to grow their customer base and revenues. These changes placed founders under unique set of pressures to deliver on expectations within extremely unstable and ever-changing internal and external environments while at the same time, for most of them, this was their first instance dealing with any of that.

In such pursuit of exponential growth, the purpose of behaving bigger stage in the process of optimising was to ensure the startup and its team were structured and were behaving as a much bigger company than they actually were. Therefore, structurally, during this stage directors focused their attention on **formalising governance** and **attuning board norms**. Cognitively, directors were concerned with **aligning the mindset** of the board members and founders.

Formalising governance as soon as possible was highly important to investor directors. It consisted of implementing changes to the structures and processes of the governance function:

> *"We need to build an exec team, build a non-exec team, build the whole board, formalise it and structure it properly."*
>
> *"you're having not just to bring the governance but also think about who should be on the board what role should be on."*
>
> *"you've got to get that [governance] right first and foremost."*

Having confirmed assumptions about structural gaps during the validating stage, formalising typically included structuring the board by bringing new non-executive directors or replacing existing ones and asserting expectations for reporting and communications.

Data revealed a significant variation in the style of how formalising governance was implemented. As such, structural changes were simply a typical condition of investment and therefore startups had a legal obligation to get on with. For example, such obligations included forming a board if they had not already had one, taking on a NED agreed by the investor or provide information monthly in a specific format and follow prescribed board meeting schedule. However, some changes were heavily influenced by investor preferences:

"I put a really challenging character on the board as a non-exec, I've worked with him for [a number of] years, so I know what I've got there."

"We have templates and things like that which we provide."

"Put together a template of this is what we think a board pack should look like."

On other occasions, completely to the other side of the scale, changes were done subtly, in full consideration of not only the gaps in skills, experiences and systems, but also of the management acceptance and approval of the changes:

"You've got to do things very, very slowly, very subtly. You've got to almost get the management team to buy into that."

Data also revealed that formalising governance, i.e. installing systems and processes to be structured and to behave as a bigger business, had to be balanced. This is because using large company's reporting mechanisms could be over-burdensome and unnecessarily resource-intensive for a startup with a very small team where all board paperwork is probably done just by the CEO:

> *"We follow the template that [Venture Capital Investor] provided, which sometimes can feel a little bit unnecessary."*
>
> *"The investors they had no idea how much effort went into preparing the material for the board meeting."*
>
> *"It was a wake up call for them as well that just to cover just a check, they made the CEO to spend half a week just preparing the pack."*

Having said that, the quality of the reporting information and its timeliness were revealed to be very important to the directors since, not surprisingly, installing templates for board reporting did not necessarily lead to the provision of quality information and board schedule and agenda did not by themselves ensure quality and valued discussions. Essentially, board norms needed attuning to the needs of all directors and at the same be of value to the startup and the founder. Therefore, the outcomes of formalising were attuned over time.

Alongside formalising and attuning structurally, an additional activity of behaving bigger stage was revealed to be aligning cognitively. This related to aligning of the mindset of all board members. During the early stages of startup development, boards were perceived to have two functions: strategic and governance. The governance function was very important to investors, as supported by strongly asserted expectations for reporting and board norms as part of the legal obligations of the company. At the same time, during behaving bigger stage the significance of the governance function in relation to growing exponentially was almost dismissed by directors, including investors themselves. As some of the participants said:

“Obviously you’ve got your various little duties to ensure fiduciary and you know director responsibilities to the company but that’s no any good to anyone.”

“If you think corporate governance is your role on the board, you are missing the point.”

In contrast, directors really valued the strategic, adding value role of the board and their approach was to make sure all members on the board understand this:

“Being helpful for the company’s side, and to me that’s the most important thing.”

“You’ve got to get mindset on the board should be about helping, facilitating and optimising not about egos and corporate governance.”

“A common understanding on board that they are there to help, rather than to check up what’s happening.”

“I think what’s most detrimental is where the members of the board are not properly aligned.”

As such, aligned mindset to be helping, facilitating and optimising rather than just monitoring was considered as a micro-foundation of an effective board. As one of the participants said:

“And if you manage to achieve that you’ve probably got a very effective board”

In summary, behaving bigger stage in the process of optimising revealed several behaviours, actions and strategies as micro-foundations of effective adding value boards. These included formalising, attuning and aligning. At the same time, the results offered several explanations for the variation in director behaviour, for example focusing much of the effort on formalising and using it as a proxy to enable attuning.

Realigning

The final stage in the process of optimising for growth is realigning. The stage was triggered by a need for more investment funding. As such, the need for further external investment was somewhat inevitable since exponential growth could not usually be funded by profits or other internal resources within the startup company. Also, growing was just one of several possible reasons for triggering the need for more investment. The other scenarios included anything in between needing more time to get to market or failing to commercialise all together. Regardless of the type of the scenario, during this stage, directors broadly engaged in two activities: judging performance and execution, and asserting power.

During judging, directors evaluated the performance of the company and the emerging track record of the founding team to execute on strategy. However, while judging, Investor Directors' behaviour was somewhat distinct from the behaviour of independent Non-Executive Directors. While Non-Executive Directors followed their fiduciary duties and acted in the best interest of the company, the actions by Investor Directors were characterised by taking a long-term view on the capability of the company and its team to deliver exponential growth and therefore returns on investment. At the same time, Investor Directors also considered their investment portfolio and relative size of their exposure and risk. These considerations shaped actions they asserted alongside their fiduciary duty. For example, regarding the need for more funding, their actions then ranged from following on the original investment, or making an offer to co-invest with new investors, or completely withdrawing from the new investment round.

One of the consequences of asserting power was a consideration whether the management team was the right team for the job (Golden and Zajac, 2001). As participants put it:

> *"there is always the question, if the company is successful, is founding team the right team"*
>
> *"And at that point, all the investors were kind of aligned, [...] and I am sat there thinking, are they just going to throw me off soon."*
>
> *"We just thought the founders didn't really have the experience to take the company forward at the pace it needed to go. So trying to professionalise it, brought in this other guy."*

This appeared in stark contrast to the formalising, attuning and aligning activities of the previous stage of optimising where CEOs were encouraged to value the input of the board, use them as sounding board, make time to develop a trusting relationship and generally, come to regard the board as a safe place. The boards of directors, of course, have the ultimate power to replace CEOs and at this stage, it seemed to be a real consideration even if startup was growing.

To summarise, the results revealed that, fundamentally, directors on boards of investor-backed tech startups focused their concerns on growing exponentially. Consequently, they engaged in a complicated process of structural and cognitive optimising through stages of validating, behaving bigger and realigning. Data revealed patterns of behaviours and actions within each stage of optimising and variations in the behaviour. The optimising process was culminated by a significant event of either securing or failing to secure further external funding. Data suggested that in case of securing funding, which saw new investors brought in and therefore new board members installed, the process of optimising restarted.

The model suggest directors and boards of startups with high growth potential should invest in cognitive costs, such as, for example, understanding the value of the board, aligning mindsets and encouraging experiential habits, alongside agency costs, which for example include structuring, formalising and asserting reporting expectations (Wirtz, 2011).

Conclusion

Board operate behind closed doors and investor-backed startups are no different. However, some of them are clearly able to boost the growth of the company and others are not. Demographic characteristics of directors are no longer regarded as trustworthy indicators of effectiveness and performance. This paper showcased the preliminary findings of the grounded theory study into a more complex relationship between director behaviours and processes on boards of VC-backed technology startups in the UK. The results indicate a novel and more integrative model of behaviours, structural and cognitive processes as part of optimising for exponential growth. The next step in this research would be to move from substantive theory grounded in this one particular context of early stage, investor-backed, technology-based startups, to a conceptual level with more general implications and relevance.

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Tables

Table 1. Evolution of Organising Categories into Final Categories.

Preliminary Organising Categories	**Final Coding Categories**	**Optimising for Exponential Growth** **Core Category Stages**
Skills and Experience Gaps Examining Performance indicators Systems and Processes Gaps	Confirming Assumptions	Validating
Understanding Governance Recognising Board Value	Understanding Value of Governance	
Structuring boards Formalising governance processes Asserting Reporting Expectations	Formalising	Behaving bigger
Balancing Evolving board norms Communicating	Attuning	
Encouraging experiential habits Future focusing Prioritising strategic role	Aligning Mindsets	
Taking long term view Considering portfolio Judging execution Assessing cognition	Judging	Realigning
Influencing HR (Human Resources) Aligning power Growing up	Asserting	