



Michael Hilb
(Editor)

Governance of Ventures

The Role of Venture Boards, Entrepreneurs
and Investors in Entrepreneurial Value Creation

 Haupt

Michael Hilb
(Editor)

Governance of Ventures

Michael Hilb
(Editor)

Governance of Ventures

**The Role of Venture Boards, Entrepreneurs and
Investors in Entrepreneurial Value Creation**

Haupt Verlag

1st edition: 2020

ISBN 978-3-258-08165-6 (Print)
ISBN 978-3-258-48165-4 (EPUB)
ISBN 978-3-258-44165-8 (PDF)

All Rights reserved.

Copyright © 2020 Haupt Berne

Any kind of reproduction without permission of the owner of copyright is not allowed. Cover

illustration: [iStock.com/Peshkova](https://www.istock.com/Peshkova)

Typesetting: Die Werkstatt Medien-Produktion GmbH, D-Göttingen

www.haupt.ch

Introduction

As usual in times of disruption, such as the currently unfolding Fourth Industrial Revolution, venturing gains in importance. Entrepreneurs, corporates and investors alike become excited – sometimes over-excited – about the potential of the new over the old. Although venturing has become more prominent, comparably little is said about the glue that holds the processes together: governance.

It is, therefore, a tremendous honor to have found eleven distinguished pioneers in venture governance to share their insights, which are based on their commercial experience or academic investigation. Together, we are proud to present twelve diverse perspectives on the governance of ventures. The contributions are structured in three sections.

The first four contributions explore the *foundations of venture governance*. I begin by proposing an overall framework for venture governance, followed by Dietmar Grichnik and Manuel Hess introducing the St. Galler Startup Navigator as a governance tool. Bijan Khezri explores the power of free energy in venture governance, while Hermann Arnold suggests fourteen decisive questions that help board members become more effective in the governance of their ventures.

The second section zooms into the governance of *founder-led ventures*. Sebastian Becker explores the contributions of the lean startup philosophy in defining and deploying effective indicators to monitor venture performance, followed by Thomas Duebendorfer who examines the role of the investor in financing the venture. Menno van Dijk shifts the focus onto the role of the board in scale-ups, introducing ten principles of effective scale-up governance. Completing this segment, Rico Baldegger examines the specific requirements of venture governance in the context of international high-tech startups.

The four final contributions explore different challenges and propose approaches to the governance of *corporate ventures*. Thomas Sieber examines the key opportunities and challenges in mastering corporate startups. Jan Sedlacek shares his conviction about the benefits of a principles-based approach to corporate venturing. I propose the idea of thinking and acting in collaboration codes to better align the interests of established players and upstarts and jointly succeed in ecosystems. Finally, Jan Paul Grollé introduces the innovation partnering canvas to ensure that all innovation partners are aligned.

Bringing together these pioneers in venture governance and compiling this collection of unique perspectives has been a venture in itself, though a very

rewarding one. We hope that reading and reflecting on these perspectives and insights will prove just as rewarding for you.

Prof. Dr. Michael Hilb

Berlin, September 18, 2019

Table of Contents

Introduction	5
Section A:	
Foundations of Venture Governance	9
Venture Governance – The Hidden Driver of Entrepreneurial Value Creation (Prof. Dr. Michael Hilb)	11
The St. Galler Startup Navigator as a Governance Tool (Prof. Dr. Dietmar Grichnik and Dr. Manuel Hess)	24
Free-Energy Governance – An Approach to Effective Venture Governance (Bijan Khezri)	36
Leading and Overseeing Ventures – Fourteen Decisive Questions (Herman Arnold)	42
Section B:	
Governance of Founder-led Ventures	47
Venture Governance: How the Lean Startup Philosophy Changes the Work of the Board (Prof. Dr. Sebastian D. Becker)	49
After a Financing Round means before a Financing Round – The Role of the Investor in Venture Governance (Dr. Thomas Duebendorfer)	57
Ten Principles of an Effective Scale-up Board Member (Menno van Dijk)	64
Corporate Governance in International High-Tech Startups (Prof. Dr. Rico J. Baldegger)	69

Section C:
Governance of Corporate Ventures 77

 Mastering Corporate Startups – Opportunities and Challenges
 (Dr. Thomas Sieber) 79

 A Principles-based Approach to Corporate Venturing
 (Jan Sedlacek) 86

 Cracking the Collaboration Codes – How to Succeed in Ecosystems
 (Prof. Dr. Michael Hilb) 97

 The Innovation Partnering Canvas – Getting Innovation
 Partners on the Same Page
 (Jan Paul Grollé) 107

Venture Governance – The Hidden Driver of Entrepreneurial Value Creation

Prof. Dr. Michael Hilb

Abstract

The contribution of the venture board to entrepreneurial value creation and its pivotal role in venture ecosystems is often overlooked despite a long history of venture governance. This article examines the relevance of venturing in creative destruction and highlights the challenging and changing role of the venture board as companies evolve. It also introduces six principles of excellence for the venture board to uphold when mastering the dualities of venture governance. The article closes by discussing the future of venture governance and its impact on the continued evolution of corporate governance.

Author

Michael Hilb is Founder and CEO of DBP Group, a business group that develops growth platforms in Asia and Europe. He serves on various supervisory boards, including Klingelberg and the Board Foundation, is Titular Professor at the University of Fribourg, Switzerland, and lectures on issues of strategy, entrepreneurship and corporate governance at universities in Asia and Europe. Michael graduated from the University of St. Gallen with an MSc and a PhD in Management, was a Visiting Fellow at Harvard University and INSEAD and completed executive education programs at IMD, HBS and MIT.