



# Strengthening Scaleups: The Role of an Effective Board

What it takes to create one and what  
can be learned from family businesses

by Helene Renoul-Grimm

## THE UNDERESTIMATED ASSET: WHY BOARDS MATTER MORE THAN FOUNDERS THINK

In the dynamic world of scaleups, the founding team rightly commands most of the attention. But in our experience, one factor consistently separates companies that successfully navigate hypergrowth from those that stumble: the quality of the board. An effective board can contribute significantly to sales performance, headcount growth, equity performance, and clarity of vision.

Many founders are not fully satisfied with how their board operates. The complaints are familiar: cumbersome meetings, unsuitable composition, too much time spent on reporting, and too little on strategy. When things go well, directors are criticized for not challenging management enough. When difficulties arise, they are criticized for retreating into control rather than supporting the team.

These difficulties are not inevitable. Founders who take the time to establish effective governance tend to appreciate the unique contribution a well-managed board can make.

*What we observe in successful multigenerational family businesses is that the board is not an obstacle to entrepreneurial agility – it is the guardian of long-term purpose. Scaleups, often focused on the next funding round, would benefit from internalizing this perspective earlier.*

## ADVISORY BOARD VS. REAL GOVERNANCE

Before thinking about how to improve a board, it is worth being honest about what you actually have. There is a critical distinction between an advisory board and a genuine board of directors – one that is frequently blurred but matters enormously.

An advisory board offers perspective and connections but carries no fiduciary responsibility or formal authority. A board of directors, by contrast, is a decision-making body with legal obligations, defined authority, and structural independence to challenge management when necessary. As companies scale, the board becomes the primary mechanism through which owners maintain genuine oversight.

## GOVERNANCE IS AN OWNERSHIP DUTY

Whether you are a founding entrepreneur, a family shareholder, or a family office investor in a growth company, the quality of the board ultimately rests with you. It is worth asking yourself these four questions:

- Does the board have enough independence to challenge the CEO – including when that CEO is you?
- Does the board's composition reflect where the company is heading, not just where it has been?
- Are the board's decision rights clearly defined and actually exercised?
- Would you be satisfied with this board's performance if your children were to inherit this company in ten years?

## ROLE AND RESPONSIBILITY: GOVERNANCE, MENTORSHIP, AND STRATEGIC COURAGE

A scaleup board typically wears multiple hats: governance, yes – but also mentorship, functional expertise, and strategic challenge. The CEO defines and presents the strategy; the board's role is to challenge it rigorously and then support it fully once the direction is set. The board owns the critical decisions: the annual budget, compensation of founders and key executives, equity plans, and anything outside the ordinary course of business.

Above all, boards often need to be willing to make difficult people decisions. As Peter Drucker observed, "The ability to make good decisions regarding people represents one of the last reliable sources of competitive advantage." In practice, board members work best when they act as 'mediators' – balancing the interests of investors, employees, customers, and other stakeholders – rather than as 'agents' representing only particular shareholders.

## FOUNDER-LED GROWTH AND GOVERNANCE

The 'Founder Mode' debate – popularized by Paul Graham following comments by Brian Chesky – argues that founders should remain deeply hands-on even as companies scale. The discussion remains active in 2026, especially in fast-moving sectors such as AI. There is truth in this: stepping back too early can create a vacuum that neither management nor the board is ready to fill. Taken too far, however, it can become an excuse for weak governance or poor delegation. For scaleups, the real issue is balance. Founder conviction and independent governance should reinforce each other rather than work against one another.

When a founder sits on the board, three questions are worth addressing openly:

- Can they genuinely separate their role as operator from their role as director?
- Are conflicts of interest disclosed transparently and handled appropriately?
- Does the board include enough independent voices with the credibility to challenge even a strong founder?

## BOARD COMPOSITION: BUILDING FOR THE PHASE

Most scaleup boards emerge organically: founders first, then VC investors as board seats become part of funding terms. The result is often a board shaped more by capital structure than by strategic need. The strongest boards, by contrast, are composed with real intentionality – bringing together intellectual capital, networks, operating expertise, and emotional intelligence, and refreshing that mix as the company's needs evolve.



Some principles worth considering:

- Keep boards small: 3-5 directors up to Series B, and 6-8 beyond
- Odd numbers help prevent deadlock in critical votes
- Add no more than one investor representative per funding round
- Consider removing investor representatives automatically when ownership falls below a defined threshold
- Limit independent director terms to two years, with no automatic renewal
- Actively monitor diversity: skills, gender, age, and international background

## FIVE COMPETENCY PROFILES FOR 2026

Beyond traditional financial and industry expertise, five profiles have become increasingly important for European scaleup boards:

- 1. The Operator-at-Scale:** Someone who has personally led an organization through the specific transition your company is facing – whether from 50 to 500 employees, from one market to many, or from product to platform. Not a consultant who has advised on it, but someone who has lived it.
- 2. The AI-Literate Director:** AI has moved from being a technology topic to a strategic and regulatory one. The EU AI Act entered into force on 1 August 2024, with phased implementation running through 2026 and beyond. For the most serious violations, fines can reach up to EUR 35 million or 7 % of global annual turnover, whichever is higher. Boards increasingly need someone who can ask the right questions about AI strategy, risk, and compliance.
- 3. The Capital Markets Navigator:** With continued pressure on later-stage European scaleup funding, it helps to have someone on the board with direct experience navigating complex capital structures, international investor relationships, and the specific discipline required to prepare for an IPO or strategic transaction.
- 4. The Talent Steward:** This is the profile we see missing most often – someone who understands how board-level decisions on compensation structures, equity plans, and senior leadership appointments ripple into culture, retention, and the organization's capacity to sustain growth. These decisions shape culture as profoundly as any founder behavior.
- 5. The Long-Horizon Steward:** Particularly relevant when family offices or family shareholders are involved: someone whose orientation is not primarily toward the next exit, but toward building something durable. This is the perspective that family business governance has refined over generations.

*What we have learned from working with leading family firms is that they tend to bring outside expertise onto boards precisely when the family itself lacks a specific competency. The same logic applies to AI or capital markets experience – if the founding team does not have it, the board is often the right place to introduce it.*

## CAPITAL EFFICIENCY IN A TIGHTER FUNDING ENVIRONMENT

Since 2023, scaleups have been operating in a markedly different funding environment: higher interest rates, stricter VC selection criteria, down rounds in some sectors, and a far greater premium on capital efficiency over growth at all costs. This shift has real implications for boards.

Boards assembled during the growth-at-all-costs era may not be ideally configured for a period that demands disciplined resource allocation and strategic focus. Here, the family business perspective offers something valuable. Family businesses, with their instinctive aversion to excessive external debt and their orientation toward long-term sustainability, tend to develop a different relationship with capital – one that many VC-backed scaleups have not historically needed to cultivate.

Boards that can ask not just “How do we grow?” but also “How do we build something that endures?” are likely to be particularly valuable in the years ahead.



## DIVERSITY AS A PERFORMANCE IMPERATIVE

Diversity in board composition is often discussed as a moral or regulatory obligation. We would make a slightly different case: research consistently links greater gender diversity to stronger oversight, more disciplined capital allocation, and higher levels of innovation. While causal effects vary by context, the overall direction is clear.

The operational argument is straightforward: homogeneous boards tend to be cognitively vulnerable. They share assumptions and blind spots, and can reinforce rather than challenge each other's intuitions. This becomes a structural risk precisely when clear-eyed judgment matters most – in a crisis, a pivot, or a major capital decision.

## MAKING THE BOARD WORK: BEST PRACTICES

### Board management:

It is worth having a structured onboarding process for new directors. Annual board evaluations – common in mature family businesses and still relatively rare in scaleups – can be remarkably clarifying. As the board expands, consider creating committees for specific topics. Closed sessions without the CEO are not a sign of distrust; they are basic governance hygiene.

### Board meetings:

Aim to send board packs at least two working days in advance and expect participants to have read them. Start on time. Address legal and compliance topics efficiently at the beginning. Then devote the majority of the meeting – ideally over 80 % – to strategy and people. Meeting minutes are more valuable than they are often given credit for: when taken in real time by someone observing both process and content, they help surface open questions and ensure closure on decisions.

### Frequency:

Monthly meetings may be appropriate early on; quarterly meetings often make more sense as the company matures. At least one in-person meeting per year is valuable for board cohesion and strategic depth. Physical gatherings work well for board team-building, learning, and reflecting on how strategic decisions are playing out in the market.

## WHEN TO REFRESH THE BOARD

One of the more challenging governance conversations is recognizing when a board member's time has passed. Avoiding this discussion is one of the most common governance failures we see – in scaleups and family businesses alike.

Concrete triggers suggesting it might be time for a board refresh include: a significant strategic pivot, an M&A process, preparation for an IPO, international expansion into a new geography, or a material change in the competitive landscape. The question worth asking is not "Is this director performing?" but rather "Is this director still the right profile for where we are heading?".

## EARLY WARNING SIGNS

A few patterns worth watching for:

- Board meetings feel more like investor updates than genuine strategic conversations.
- The CEO is rarely, if ever, surprised by a board member's question.
- Independent directors are consistently outvoted or outmaneuvered by investor representatives.
- The board has not initiated a serious people discussion in the past twelve months.
- No one has raised questions about AI governance, regulatory exposure, or long-term capital efficiency.
- Board composition has not changed despite significant shifts in the company's stage, strategy, or competitive context.

## CONCLUSION: THE BOARD AS A STRATEGIC ASSET

Building an effective board is not just a priority for scaleups. In our view, it is close to being an imperative. The right combination of skills, independence, and perspectives can make an enormous difference in a company's journey from a promising startup to a sustainable, high-performing enterprise.

What the family business world has understood for generations – that governance is not an administrative burden but a genuine strategic asset – is something scaleups would do well to absorb sooner rather than later. In an environment increasingly shaped by AI disruption, constrained capital, and ongoing debates about founder control, the boards that can hold both long-term stewardship and short-term agility in productive tension will be the ones that create lasting value.

**Better boards make better companies. That has always been true. In 2026, it feels more consequential than ever.**



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