
Maximising Entrepreneurial Potential: Governance as Insurance



By Theodoros Evgeniou and Ludo Van der Heyden , INSEAD, with Yann Lechelle , INSEAD MBA '01J

Lessons from a serial entrepreneur on why good governance is crucial for tech start-ups to succeed.

Tech entrepreneurs today move at much greater speed and scale, making it increasingly necessary to anticipate rapid change and potential chaos.

In this video, tech executive and serial entrepreneur Yann Lechelle sits down with INSEAD professors Theos Evgeniou and Ludo Van der Heyden to discuss the hard lessons he has learned. “I've founded or co-founded five or six companies, all of which have been sold,” says Lechelle. “But each of them in some way has been a failure.”

Lechelle emphasises that it took him two decades of trial and error to identify governance as a crucial driving force in his various endeavours. Looking back, he realises that good governance could have prevented value destruction along the way.

The aim of this discussion is to help today's entrepreneurs maximise their impact from the outset so that they don't spend 20 years making the same mistakes.

Good governance is crucial for entrepreneurs to create long-term value and ensure start-ups don't hit major roadblocks on their journey. Unfortunately, many tech entrepreneurs misunderstand, neglect or even avoid governance altogether. In complex, fast-paced environments, tech entrepreneurs should seek the external help governance provides from day one.

One problem is that entrepreneurs often do not want to relinquish power, explains Lechelle. A question an entrepreneur should ask him or herself is: Am I willing to forego absolute power for the benefit of the mission and the business?

In the early stages, governance can be flexible and informal, allowing founders to learn from and lean on experienced executives. As a start-up progresses, alignment at all three levels – owners, board members and business leadership – becomes critical for value creation. Shifts in shareholding inevitably trigger changes in power, and hence of mission, board membership and governance practices. Appropriate governance at each stage can help manage these transitions.

“Entrepreneurs typically want to change the world,” says Lechelle. “To change the world, they need to ensure longer-term value creation, capture and distribution.” Implementing better governance practices from the outset can increase the chances of successfully bringing a venture to its desired destination.

“Proper governance is insurance to protect value creation when things become complex. And I guarantee you, things become complex.”

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<https://knowledge.insead.edu/entrepreneurship/maximising-entrepreneurial-potential-governance-insurance>

About the author(s)

Theodoros Evgeniou is a Professor of Decision Sciences and Technology Management at INSEAD. He has been working on machine learning and AI for over 25 years.

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Yann Lechelle is an entrepreneur and tech executive and holds an MBA from INSEAD. He was CEO at Scaleway and has founded, grown and exited a total of five tech start-ups.

About the series

Corporate Governance

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The ICGC harnesses faculty expertise across multiple disciplines to teach and research on the challenges of boards of directors in an international context. The centre also fosters global dialogue on governance issues, with the ultimate goal of developing high-performing boards. Through its educational portfolio and advocacy, the ICGC seeks to build greater trust among the public and stakeholder communities, so that the businesses of today become a strong force for good for the economy, society and the environment.