Governance Basics (Plain English)

What founders need to know before money, pressure, and opinions multiply

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First: What Governance Actually Is (No Jargon)

Governance =

> *How decisions get made, who can make them, and what happens when people disagree.*

That's it.
Not paperwork.
Not board theatrics.
Not "post-Series-A stuff."

Governance exists whether you design it or not.
If you don't design it, **confusion does**.

The Three Levels of Governance (Explained Like a Kitchen)

1. Daily Decisions (Founders & Team)

- Hiring
- Product choices
- Pricing tweaks

- Marketing experiments

No board permission needed.

2. Strategic Decisions (Founders + Advisors / Board)

- New markets
- Major hires
- Budget shifts
- Fundraising strategy

Requires alignment, not improvisation.

3. Existential Decisions (Board-Level)

- Issuing equity
- Changing control
- Selling the company
- Replacing leadership

These must *never* be unclear.

Founder lesson:
Most startup fights happen because no one agreed which kitchen they were cooking in.

The Minimum Governance Every Company Needs

(Even Before You Raise)

Clear Founder Roles

Not vibes. Not "we decide together."

- Who owns product?
- Who owns revenue?
- Who breaks ties?

Two equal CEOs = one future argument.

A Clean Cap Table

If someone owns equity:

- Why do they own it?
- What did they earn it for?
- What happens if they leave?

Investor truth:
Messy cap tables don't scare investors.
Unexplained ones do.

Decision Rights (Written Once, Used Forever)

Document:

- What founders can decide alone
- What requires mutual consent
- What requires board approval

This avoids:

- Emotional escalations
- “But I thought…” disasters
- Passive-aggressive silence

Financial Discipline (Not Perfection)

You don’t need a CFO.
You need:

- Cash visibility
- Spending logic
- Basic forecasting honesty

Governance begins when money stops being a mystery.

Advisor vs Board Clarity

Advisors:

- Suggest
- Guide
- Open doors

Board members:

- Approve
- Challenge

- Hold power

Never confuse the two.
That's how founders lose control accidentally.

Common Governance Myths (That Hurt Later)

"We'll Fix Governance After We Raise"

Reality:
Investors assume **current behavior predicts future behavior**.

"Governance Slows Us Down"

Reality:
Bad governance causes:

- Rework
- Conflict
- Founder burnout
- Investor mistrust

Speed without structure = fragility.

"We Trust Each Other"

Reality:
Trust is emotional.
Governance is operational.

You need both.

What Investors Really Look For

Not heavy boards.
Not legal gymnastics.

They look for:

- Predictability
- Accountability
- Reduced founder risk
- Fewer surprises

Good governance doesn't impress investors.
It reassures them.

And reassurance is what unlocks conviction.

Simple Governance Starter Checklist

Before serious investor conversations, ask:

- Do we know who decides what?
- Are equity promises documented?
- Can we explain our cap table in 2 minutes?

- Do founders answer strategic questions consistently?
- Is money discussed calmly, not emotionally?

If yes → you're ahead of most startups.

How This Resource Should Be Used

- As a **founder alignment tool**
- As a **pre-investor sanity check**
- As a **quiet confidence builder**