

Venture capitalism's evolution: The rising emphasis on startup governance

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Synopsis

In this new era of venture capitalism, success is about more than just the next big idea. It's about the ability to execute that idea effectively and responsibly. VCs are placing their bets on companies that understand the value of governance and, in doing so, they are shaping the future of funding in the startup world.



Sahil Kanuga

The author is co-head - international dispute resolution and investigations practice at...



Maulin Salvi

The author is leader - corporate governance practice at Nishith Desai Associates.



Representative image

In the ever-evolving landscape of venture capitalism, one constant remains: pursuit of the next big thing. **Venture capitalists** (VCs) always seek the next disruptive **innovation** that promises to yield substantial returns on their investments. Yet, a new trend is emerging that is reshaping the way VCs approach their investments. It places equal emphasis on the groundbreaking technology or idea as well as on the **governance** structure of a startup. This evolving approach is changing the game and shaping the future of funding in the **venture capital** world.

VCs are not your average investors. They are strategic partners who bring much more to the table than just capital. This engagement often materialises through board representation or advisory capacities. By sitting at the table, VCs can influence decision-making processes, provide guidance and ensure the startup is on the right path. Their industry acumen, experiential insights and expansive networks can chart the startup's trajectory and ensure alignment with prevailing market exigencies.

VCs have traditionally focused primarily on the innovation and potential of a startup, often overlooking governance and management. They were driven by the allure of revolutionary ideas and their potential to disrupt markets. However, as the tech world matures, they have embraced the importance of **strong governance**.


Here's why:


The power of governance: Startup governance includes policies, procedures and framework by which a company operates and makes decisions. Strong governance is about establishing transparency, accountability and efficiency. It ensures that a startup operates effectively, remains compliant with laws


and regulations, and mitigates risks. It's about more than checking boxes. It's about setting the stage for long-term success and responsible growth.

One reason VCs are beginning to bet on startup governance is risk mitigation. Early-stage investments are inherently risky, but a well-structured governance model can help minimise risks. It can reduce the chances of mismanagement, legal issues or internal conflicts that can cripple a startup. When VCs invest in companies with strong governance, they not only protect their investments but also increase the likelihood of success.

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Sustainability and long-term growth: Startup governance isn't just about reducing risks. It's also about ensuring sustainable and scalable growth. A solid governance structure encourages a startup to plan for the long term, fostering stability and resilience. When VCs invest in companies with robust governance, they essentially plant seeds for future growth. These companies are better equipped to navigate challenges and adapt to market changes, making them more attractive investment opportunities.

Attracting talent: Another aspect of strong governance is the ability to attract and retain top talent. Employees, especially in the tech sector, are increasingly seeking companies that value transparency, fairness and ethical practices. [Startups](#) with good governance practices are more likely to attract the best minds in the industry, enabling them to innovate and grow faster.

Market reputation and exit strategies: VCs are not just investing in a startup, they are investing in a brand, a vision and a future. A startup with a reputation for strong governance is more likely to earn the trust of customers, partners and potential acquirers. It's an asset in exit strategies, such as acquisitions or IPOs. Companies with good governance are more attractive to larger corporations and public markets.

The bottom line: VCs are increasingly realising that investing in startup governance is not just an ethical choice but also a strategic one. The landscape is shifting towards a focus on sustainability, responsibility and long-term growth. Startups that prioritise governance are more resilient, more attractive to top talent and more appealing to potential exit partners.

In this new era of venture capitalism, success is about more than just the next big idea. It's about the ability to execute that idea effectively and responsibly. VCs are placing their bets on companies that understand the value of governance and, in doing so, they are shaping the future of funding in the startup world. The road to innovation and profit is now paved with transparency, accountability and strong governance. It's time for the investment community to recognise that investing wisely means investing in governance.

estimated from the RTI applications are d has been used to hold accountable for lapses access to basic rights and between citizens and the democracy. slide of applications, to mention threats aga- system. In August, old dished from the central and restored. Experts ha- al Personal Data Protec- eking information. It is est within government s in strength. Given this l keep up the good fight.

Wa Chauth, Meet Celeb!

Karwa Chauth was im- both socio-commercial- ar, has given rise this year Chauth. Not to be confused e subtle shift in consonant tter. Being a new, fresh-off- being observed today, a day e by observing women, and oms as transportational de- cover of ghosts and ghouls. ness not just a virtue but a es with Karwa C the aspect some interpretations of All perse spite — in this case, in y. In this feeding frenzy, whe- ch more than to their heart's er drink of choice. Again, lest dwa C, know that it's all done ing the safety and longevity fety and longevity of all gen- her ritual of stuffing a particu- in the name of love and care.

Add a touch of s to your celebra
The Goldiee Group, known for their high-qual a special gifting box to celebrate the spirit of

Other development activities. A snapshot...

Jharkhand	33%
Odisha	32%
Meghalaya	45%
Manipur	35%

Note: States not included in the table have not provided salary estimates for 2023-24

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VENTURE CAPITAL INVESTMENT

G-Force of Startups



Sahil Kanuga & Maulin Salvi

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More topsy, less turvy

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do is a metaphor: An

kind that slide on and don't involve shoelaces in prison — and one of three ties lent by an acquaintance. Without the hair, however, in his playing-by-the-rules get-up, Bankman-Fried seems kind of... average. Even in courtroom sketches, the only visual record of the trial because the judge does not allow cameras in the courtroom, the just-like-us transformation comes through. (Bankman-Fried, transported from jail, enters the court building