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SUMMARY

THE ROLE OF BOARD OF DIRECTORS IN UK EARLY STAGE HIGH-GROWTH HIGH-TECHNOLOGY VENTURES

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Principal Topic

What are the key drivers of successful high growth high tech ventures? While a wealth of entrepreneurship research has focused on the founder or the top management team as the key actors involved in this process (Shane and Venkataraman, 2000), the role of boards in new ventures (pre-IPO and trade sales) has so far attracted less attention in the literature, with a few exceptions in the context of venture capital backed US young ventures.

We examine three important dimensions of the board’s activities in the early stage venturing process -- monitoring, resource gathering and strategizing. As board’s monitoring function seems to be marginal to young firms whereas its resource provision and strategy role are of particular importance (Certo et al, 2001), we ask, how board’s resource and strategy role is manifested in UK early stage ventures. In particular, 1) what is the role of the early stage venture board in providing or accessing to managerial skills and knowledge? 2) what is the role of early stage venture board in providing or accessing to funding? 3) who initiates strategy at early stage ventures? And how is strategy developed?

Method

Drawing upon a field study lasting 38 months involving 8 new ventures in the UK high technology and biotechnology sector, we took a close look at the board of director’s involvement in young ventures from initial idea generation to forming a full scale business. Such a approach is desirable, as Stiles (2001:631) notes that, work that is conducted at one remove from the boardroom often misses key dimensions.

Results and Implications

Our findings show that the early venture board, consisting a majority of part-time, “self-selected” members with diverse knowledge background, is paramount to the high tech venture’s survival and growth. This suggests that the board and the internal top management team, as the “collective entrepreneurs”, are key to growing successful high tech ventures. Our research not only bridges the board and entrepreneurship literature, but also supports the dynamic view of board function. Implications for entrepreneurs and board members are discussed.

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