ABSTRACT

A positive CEO-board relationship is critical to venture success but also challenging to create due to competing aims: boards seek transparency and influence, while CEOs seek autonomy. Building a positive CEO-board relationship is especially daunting for first-time venture CEOs who often have no training or experience working with boards. Using inductive, multiple case methods and a unique longitudinal research design, we explore this gap and uncover two emergent cycles for the CEO-board relationship. A virtuous cycle is one in which the behaviors across interactions improve the CEO-board relationship over time, such that the central aims of both parties in the relationship are met and a positive CEO-board relationship is formed. By contrast, the vicious cycles satisfy only one party or neither, leading to deterioration and often termination of the relationship. Our study also reveals how both virtuous and vicious cycles rely on similar mechanisms but in different orders. Collectively, our study contributes fresh insights to both strategy and entrepreneurship.
"I have learnt the hard way that one of the most important things is building the relationship with the board. If this relationship turns sour, getting anything done becomes very difficult. If you have a good working relationship, it is much smoother." (A venture CEO)

The CEO-board relationship is critical for practitioners and scholars alike. CEOs and boards influence strategy formation and execution, resource allocation, and ongoing organizational adaptation (Lorsch & MacIver, 1989; Charan 2005; Hoffman 2021). Researchers suggest that while the CEO-board relationship is important, it is also challenging to get right and so may evolve to be problematic or positive (Gulati & Westphal, 1999; Sonnenfeld et al. 2013). On the one hand, research suggests CEO-board relationship can be adversarial; the board seeks to control and monitor CEOs (Dalton et al. 2007) while CEOs often seek to circumvent their boards (Westphal & Zajac 2013; Westphal & Park, 2020). On the other hand, scholars suggest that CEO-board relationship can be cooperative, where boards provide advice and other resources (Hillman et al. 2009) and even consider themselves as strategic partners of the CEO (Boivie et al. 2021). Yet, despite these divergent possibilities, we do not know how a CEO-board relationship evolves to become either positive or problematic.

In this paper, we look at this question in the context of new ventures. Boards in new ventures provide a unique window into the evolution of the CEO-Board relationship in the earliest stages of firm lifecycle when incentives are well-aligned, and boards and CEOs start their relationships, seeking to foster a positive one (Huang & Knight 2017; Feld and Ramsinghani, 2013; Wasserman and Braid 2013). We focus on firms with similar initial performance, good prospects, and first-time venture CEOs who have no prior experience of working with boards of directors.

Prior corporate governance literature provides some insight into CEO-Board relationship but exhibits key limitations. First, prior research often takes a one-sided view of the CEO-board relationship – primarily the board’s. For example, it often focuses on what boards do – monitoring (Dalton et al. 2007) or providing advice and other resources (Hillman et al. 2009), and factors that amplify and suppress these actions (McDonald, Westphal & Graebner 2008; Krause et al. 2013). But, it does not investigate both sides in the relationship which is necessary for a more accurate
understanding of the relationship. Second, prior studies on CEO-board relationship mainly focus on one specific issue at a time, such as strategy-making (Garg & Eisenhardt 2017) or financing (Forbes et al. 2009), which often require decision-specific tactics. But they do not explore how to develop the relationship itself that transcends specific decisions and forms a foundation for decision making in general (Gulati & Westphal, 1999). Third, although some prior research recognizes the role of interactions outside the board meetings through survey data, and the potential role of the TMT or the chair through one-off informational interviews (Westphal, 1999; Boivie et al. 2021; Srour et al. 2021), there is no overarching framework on how these different interaction opportunities build on each other and how/when TMT members or lead directors are useful or hurtful in CEO-Board relationship. Taken as a whole, prior literature presents one-sided view of the relationship, focuses on a single-issue, offers a relatively narrow view of interactions and actors involved in evolution of CEO-Board relationships, and is overall static in nature. This leaves open the question of how some CEO-Board relationships evolve to become either positive or negative.

Understanding how CEO-Board relationships evolve over time is critical, both for practice and theory. From a practical perspective, if a particular order of relationship-building leads to better performance outcomes, there are immediate applications for senior leaders and boards. Further, without a positive CEO-Board relationship, leaders may become disengaged, the CEO may be replaced, and ultimately the organization may perish. Thus, it is important for CEOs to develop a positive relationship with their boards through continuous but appropriate information flow such that both parties achieve their key aims. From a theoretical perspective, not understanding the evolutionary process of how a positive CEO-board relationship forms is problematic since the CEO-board relationship lies at the heart of much governance research (Westphal & Garg, 2021; Hambrick et al. 2008) and one that is explicitly highlighted when scholars seek to build theory from process data (Boivie et al. 2021; Srour et al. 2021).

Following prior research (Graen and Uhl-Bien 1995, Dutton and Heaphy 2003), we define positive relationships as those in which the central aims of both parties in the relationship are met.
Positive relationships are characterized by mutual respect and satisfaction in the relationship (Graen and Uhl-Bien 1995), and often lead to positive organizational outcomes due to the commitment they engender (Dulebohn et al. 2012, Agarwal et al. 2020).

Prior research suggests that there are differences in the central aims of directors and CEOs within the CEO-board relationship in ventures. Directors seek transparency into the firm's activities and seek to influence the CEO (Sapienza and Korsgaard 1996). Transparency is essential to reducing information asymmetry (Lerner 1995), and influencing CEO's actions is critical for boards as ventures entail significant risks that boards can potentially mitigate through the resources they can facilitate (Feld and Ramsinghani 2013). By contrast, venture CEOs (who are often well-aligned with the firm) seek autonomy in running the firm and seek to signal competence to the board. A high degree of autonomy is a central driver in entrepreneurial endeavors (Ehrlich et al. 1994, Barney et al. 1996, Rindova et al. 2009), especially in the high-velocity environments which often require more CEO discretion (Eisenhardt 1989c). Signaling competence is also crucial for venture CEOs to avoid being dismissed by their powerful boards.

However, there is an inherent tension between these two sets of aims. The venture board’s quest for transparency and focus on influencing the CEO, for example, may limit the CEO’s autonomy. CEOs may find that they are not given enough opportunity to show their competence and the inability to do so may cause them to be dismissed by their powerful boards. This leads to a conundrum: both CEOs and boards seek positive relationships (Feld and Ramsinghani 2013, Wasserman and Braid 2013), but how to foster this relationship is not necessarily clear (and doing so incorrectly could create negative outcomes), especially in ventures with first-time CEOs who have little experience with boards. Thus, some CEO-Board relationships may turn positive and some may turn problematic.

Given limited insights in the prior literature, we adopt a multi-case inductive study approach (Eisenhardt and Graebner 2007, Eisenhardt et al. 2016). We track 4 ventures with first-time CEOs. We draw on data from the beginning of the CEO-board tenure through rich, in-depth retrospective
interviews with the CEOs, directors, and the top management team (TMT), as well as difficult-to-obtain real-time observations of multiple board meetings and multiple waves of additional interviews.

Our core contribution is helping establish “CEO-Board relationship cycles” as a meaningful concept and focus in process research on governance. First, we uncover the existence of distinct relationship cycles – a virtuous one and a vicious one. Second, we reveal how these cycles evolve in distinct ways but with the same mechanisms. Finally, we show how different relationship cycles differentially affect performance, thereby implying that it matters which relationship mechanisms organizations use and when. Beyond contributing to governance scholarship, these findings have implications for process management and entrepreneurship. Overall, we offer a dynamic view of CEO-Board relationship that considers the interests of the CEO and the board, goes beyond specific decision tactics, and incorporates a broader set of interactions and actors.

THEORETICAL BACKGROUND

Agency theory is the dominant perspective in the corporate governance literature on CEO-board relationships. It assumes the CEOs to be self-interested vis-à-vis the owners (Jensen and Meckling 1976), and implicitly suggests an adversarial relationship between the CEOs and the board. The research predominantly focuses on the board’s role in controlling and monitoring the CEO on behalf of the firm owners (Fama 1980, Eisenhardt 1989a, Dalton et al. 2007). Much of the agency-theoretic corporate governance research was originally set in the context of public-listed firms (Berle and Means 1932, Jensen and Meckling 1976), but early work on CEO-board relationships in ventures also adopted the agency theory lens (Garg and Furr 2017). For example, research shows venture directors are more likely to monitor when ventures are physically proximate to them (Lerner 1995) and the directors perceive goal misalignment with the CEO (Sapienza and Gupta 1994). Research also indicates that venture boards may dismiss CEOs due to adverse selection and moral hazard issues (Bruton 1997, Bruton et al. 2000). Instead of optimizing ventures’ interests, venture directors may advance their own interests during financing (Forbes et al. 2009) and by pushing firms for early IPOs (Gompers 1996). Overall, agency-theoretic work in venture boards, as
in public firm boards, generally focuses portrays an adversarial relationship between the board and the CEO, focuses primarily on the board, and neglects the potential for fostering a positive CEO-board relationship.

The behavioral approach in corporate governance generally builds on the view of the self-centered CEO and adds important nuances often through survey-based data. Some research in this strand emphasizes how CEOs may use power and influence to “win” in the adversarial CEO-Board relationship at the expense of the firm (Westphal and Zajac 2013). It explores how CEOs exert power and influence over the board through structure (Westphal and Zajac 1994), symbolic action (Westphal and Park 2020) and impression management techniques (Westphal 1998; Westphal and Stern 2007), all of which keep the boards from monitoring.¹ On their own, directors may also monitor less in some cases due to own group biases (Westphal and Bednar 2005, Zhu 2013) and interest in additional board appointments (Westphal and Stern 2007), but overall CEOs seek an upper hand over their boards, including through recruitment of potentially favorable directors (Westphal and Zajac 1995, Zhu and Westphal 2014). Positive CEO-board relationships may occur (Gulati and Westphal 1999), but this body of work does not explore the antecedents of such relationship.

There is limited behavioral work on CEO-board relationship in ventures. However, some research documents that boards can replace CEOs even amidst good firm performance (Boeker and Karichalil 2002, Wasserman 2003) and when boards feel the relationship with the CEO is not as good (Feld and Ramsinghani 2013). Some research draws upon behavioral data on specific organizational processes such as financing (Forbes et al. 2009), M&A (e.g., Graebner & Eisenhardt 2004) and strategy-making (e.g., Garg & Eisenhardt 2017), all of which require their own decision tactics. For example, Garg & Eisenhardt focus on the CEO’s challenges of drawing the best board input for strategy-making by engaging in actions such as presenting a single decision, not multiple options, to the board. Overall, this work does not shed light on the evolution of positive or problematic CEO-

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¹ It may be argued that such actions lead to a collusive, as opposed, to an adversarial CEO-Board relationship. Nonetheless, these actions are a result of the need to suppress board control and monitoring of the CEO. Importantly, they do not to foster positive relationships in that these resultant relationships ultimately harm the firm interests.
board relationships that transcend specific decisions and form the foundation for other decisions (Gulati & Westphal, 1999).

Corporate governance literature also offers an alternate: a “strategic partnership” view of the CEO-Board relationship, rooted in the board's resource provisioning role (Hillman et al. 2009). Studies largely focus on the board and suggest that boards provide advice and other resources that can help to manage key contingencies in the environment (Hillman et al. 2009; Pfeffer & Salancik, 1978). A recent study with interviews of public firm directors suggests that some directors see advice and helping the CEO as their primary role (Boivie et al. 2021). However, a key assumption in this literature is that boards automatically provide resources if they have access to the relevant resources (Hillman et al. 2008). Gulati and Westphal (1999) suggest that automatic resource provisioning does not occur – board interlocks do not lead to M&A if the CEO-board relationship is not a positive one. Research also shows directors are more likely to offer advice when they have prior friendship ties with the CEO (Westphal, 1999), and the directors who are CEOs are helpful with advice when they have received advice from their own boards (McDonald and Westphal, 2010). They may share their expertise (e.g. acquisitions) which can add to firm performance in that area (McDonald et al. 2008). However, director advice is likely to be driven much more by their own expertise rather than the changing needs of the CEO (Krause et al. 2013).

Consistent with research on public firm boards, early research on venture boards suggests that boards may provide important resources such as advice (Fried et al. 1998, Zahra et al. 2009). They can also assist in hiring key personnel, formalizing human resource policies, and stimulating product commercialization (Hellmann and Puri 2000, Boeker and Wiltbank 2005); and they offer legitimacy when firms undergo an initial public offering (Higgins and Gulati 2003, Chen et al. 2008). However, recent research in new venture context is beginning to show that venture boards’ resources are not always accessible to the CEO. For example, investor-directors, despite being central in investment networks, may not help with alliance portfolio formation (Beckman et al. 2014), and domain experts on the board may not always help with venture innovation (Katila et al. 2017).
Further, CEOs may not want their boards’ advice even if the boards want to give it (Barney et al. 1996), sometimes even without being well-informed (Sonnenfeld et al. 2013). Research shows boards may not provide the best strategic advice due to potential conflicts of interests within their portfolios, and so CEOs need to guide their boards for strategy-making (Garg and Eisenhardt 2017). Although this paper focuses on the CEO perspective for board-level strategy-making, it neglects incorporating the board’s perspective and particularly the evolution of the underlying CEO-Board relationship. Srour and colleagues (2021) focus on the relationship between the board chair and the CEO through an interview each with the CEO and the chair at 6 Israeli firms (ventures of different size and a public firm) with varying relationship tenure of CEO and chair. This works highlights the importance of clear separation of roles, shared mental models and mutual respect to achieve firm-level outcomes such as knowledge recombination. Although this work does not track the evolution of the CEO’s relationship with the board, it suggests it is likely to be crucial for firm-level outcomes. Conceptual work also suggests that positive CEO-board relationship is key to obtaining board resources and ongoing support in ventures (Huang and Knight 2017). Overall, while this literature on strategic partnership view of CEO-Board relationship is helpful in understanding the potential resource role of the board and the board’s inclination to be a strategic partner, it does not adequately consider both the CEO and the board perspectives. Importantly, while this literature recognizes CEO-Board relationship to be an essential precursor of the board’s resource contributions, it does not provide insights on how CEO-board relationship evolves into a positive or problematic relationship.

Overall, the corporate governance literature highlights the central importance of CEO-Board relationship. It suggests that the relationship can be positive or arduous, but offers limited insights into how CEO-board relationships evolve into one or the other. In particular, the literature presents one-sided view of the CEO-Board relationship, focuses on single-issue, offers a relatively a narrow view of interactions and actors involved in evolution of CEO-Board relationships, and is overall static in nature. We posit it is important to understand how CEO-Board relationships evolve into positive or
problematic relationships because CEO-Board relationship is ultimately the foundation of key strategic decisions (Gulati & Westphal, 1999; Huang & Knight, 2017). Fostering a positive CEO-board relationship is challenging as it requires each party to respond appropriately to the other’s behaviors such that there is ultimately a climate of mutual respect in which both parties achieve their core aims in the relationship (Graen and Uhl-Bien 1995, Carmeli et al. 2015, Lee et al. 2020). In this paper, we attempt to answer how some CEO-Board relationships evolve to flourish and become positive, whereas others become arduous and problematic.

METHOD

Given the limited theory and evidence regarding how first-time venture CEOs learn to develop these positive CEO-board relationships, we use an inductive multiple-case method (Eisenhardt and Graebner 2007, Eisenhardt et al. 2016). This method is appropriate for process questions such as ours, including when variance occurs in the data (Kouamé and Langley 2018). Our embedded design has multiple levels of analysis (e.g., CEO, board, TMT, firm) to address our research question. Multi-level analysis is an important advantage in inductive research when deep access is available (Graebner 2009, Davis and Eisenhardt 2011). It also helps to improve the accuracy and overall richness of the related theory (Yin 2008, Eisenhardt and Ott 2017). Multiple cases can be more useful than single cases for theory development because replication across cases can enable more accurate, parsimonious, and generalizable theory (Eisenhardt and Graebner 2007).

Our research setting is the information technology sector. Consistent with theoretical sampling, we study ventures with first-time CEOs. We have a mix of CEOs in the sample: a founder-CEO, a non-founder CEO, and two quasi-founder CEOs who negotiated co-founder titles when they were recruited by investors.3 We selected ventures in which the CEO had between one and three years of relationship tenure with the board so that we could capture retrospective data that would reveal the evolution of the relationship since its early days, as well as real-time data that would illustrate a

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3 Quasi-founder CEOs are prevalent but are not well-documented in the academic literature.
relatively steady state of behaviors. This practice allows us to be both rigorous and rich (Eisenhardt and Ott 2017, Volmar and Eisenhardt 2020). Our sample consists of four ventures, defined as privately-owned, professionally funded young firms (Garg 2013). Sample size is an advantage of our study, as it is rare to get systematic access to CEOs and boards, including the opportunity to observe multiple board meetings and conduct waves of interviews with senior executives and directors in even one firm. Since common patterns emerged, particularly among the CEOs who developed positive work relationships with the board, this sample size approaches theoretical saturation (Eisenhardt 1989b).

We summarize the key characteristics of ventures in Table 1 and of their CEOs and boards in Table 2. All venture names and identifying information are disguised. At the time we started data collection, focal CEOs had between one-and-a-half and three years of tenure with the board, and the ventures were about five years old. This helps ensure accurate recall of events. None of the CEOs had any other prior role in the focal firms. The ventures were located on the West Coast of the U.S. and received funding from top 20 U.S. venture capital (VC) firms. When we began the study, all ventures had revenues but limited cash and were unprofitable. Each board had five or six members, including outside directors who were professional investors in the venture or independent directors with sector knowledge. Each board also had one inside director (a founder-TMT member) in addition to the CEO. The CEOs were well-educated and had experience in management positions. Like many CEOs in ventures beyond the earliest stages of the firm, they had minority but substantial equity ownership (Wasserman 2006, Hallen 2008) that was financially meaningful for them, creating strong financial alignment for them with their firms. No CEO had prior social or professional relationships with any director, and none was board chair. Two of the four CEOs had venture experience and two did not, enhancing the potential theoretical generalizability of our study.

Data Sources

4 The CEO-board relationship tenure is shorter than venture age because in some cases ventures had other prior CEOs. Also, the formal board can be formed after the founding.
We use a longitudinal, multi-source data collection approach. We collected retrospective data from the beginning of the focal CEO's role, as well as ongoing, real-time data from June to December 2009 to limit post-hoc rationalization. Combining retrospective and real-time data improves data validity, accuracy, and the overall inducted theory (Leonard-Barton 1990, Ott and Eisenhardt 2020).

We also extended data collection by 12-24 months to measure the post-study outcomes described below. Our data sources include semi-structured interviews, board meeting observations, and archival data (see Table 1). Overall, data from multiple sources, informants, and points in time strengthen the accuracy of the emergent framework (Jick 1979).

A key data source is our rare in-depth interviews with CEOs, directors, and key top management team (TMT) members. Given our focus on the CEO-board relationship, CEOs, inside directors, and outside directors were particularly relevant. Originally, we did not plan to interview TMT members, but we included them because they were mentioned repeatedly by the informants. We conducted four waves of semi-structured interviews at each venture. On average, each of our 87 interviews lasted 60 minutes. The initial retrospective interviews covered the history of the CEO's career, board members' and the CEO's perceptions of each other, an account of CEO and board behaviors, and the major changes that had occurred in those behaviors and in the relationship. For example, we asked how the informant became involved with the firm, and how the board meetings and other key interactions evolved since the beginning of the CEO term. The TMT members described their role and involvement with the board. We then conducted additional waves of interviews over the next six months. These later interviews focused on preparation for the board meetings and other interactions outside the board meetings between the CEO and directors. This is also where the distinction between board meeting previews and debriefs became apparent. We also asked about the most recent board meeting, how it was conducted, and the actors' key observations during the board meeting. We recorded and transcribed the interviews within 72 hours. We stopped data collection when we began to observe repeated behavioral patterns.
A second unique data source is our personal observation of board meetings, which provides very rare and yet essential data for understanding CEO-board relationships. We observed every board meeting at each firm over six months, with three or four meetings per firm. Each board meeting lasted between two and three hours. We positioned ourselves discreetly to watch the CEO, directors, and presentation screen. We took detailed notes on the discussion and tracked non-verbal behaviors, using periodic time stamps. We then transcribed the notes immediately after the board meeting. We stopped data collection when we started observing similar patterns of interactions, which coincided with the end of interview data collection.

Finally, we complemented interview and observational data with archival data, including firm documents (e.g., board meeting slides, email exchanges among CEOs and directors); background information on board members, the CEO, and other executives; and funding data from company sources and major technology news websites and blogs (e.g., TechCrunch). These data were helpful for assessing behavior as well as for assessing firm outcomes after the interviews and observations ended. Thus, we have a rich mix of longitudinal data sources.

An important question is whether the evolution of behaviors underlying the CEO-board relationship we capture in our study is complete. The limited literature on relationship development in workplace settings where actors work with each other on a nearly daily basis suggests that the relationships and related behaviors reach a steady state within a few months (Liden et al. 1993, Graen and Uhl-Bien 1995). Prior conceptual research in corporate governance suggests a steady set of behaviors after the CEOs finish the first year (Gabarro 1987, Shen 2003). In our sample, CEOs had been in the role for 1.5 to 3 years. Adam and Chad, for example, were both at their respective firms as CEOs for about three years, and we saw the repeat behaviors during the real-time data collection period. We observed a change in Brad (with a 1.5 year relationship tenure) from an ineffective process to an effective process that was similar to that of Adam during our study period. And Ethan, with a relationship tenure of two years, did not exhibit major variations. Other venture CEOs and directors who were not part of our study confirmed our observations that CEO and board behaviors
progressively stabilize in about two years, and that boards tend to replace the CEO if the CEO does not develop a positive relationship within that timeframe. As a result of this pattern across CEOs—which is generally consistent with prior research and based on our data from multiple sources, informants, and points in time—we believe that we capture a relatively complete evolution of CEO-board relationship behaviors.

**Data Analysis**

We followed the multi-case analysis procedure (Eisenhardt 1989b). We began by writing individual case histories to address our research question. We triangulated data from various sources, emphasizing themes supported by different sources and confirmed by several informants. Where necessary, we followed up with emails and calls to fill in details. Each case history is between 55 and 75 single-spaced pages. The first section provides background information concerning the venture, the CEO, and the directors. The second section tracks the key behaviors and changes which the CEO and the board members describe as significant in the evolution of their relationship. We emphasized those that were corroborated by multiple informants. The third section summarizes observations from board meetings, complemented by interview data that reflected on the board meetings and reviewed interactions outside the board meetings.

To address possible bias, we triangulated data from multiple informants and types of data—interviews, observations, and archival material. We gained feedback on our emergent analysis from multiple informants and from other CEOs and board members who were not in our study. Further, we did peer debriefing with academic colleagues (Lincoln and Guba 1985). Our research design further helps to mitigate biases because we could verify the behaviors described in retrospective interviews with multiple board meeting observations and associated interview waves. Where we found changes, we tried to understand the trajectory with the informants.

We conducted a cross-case analysis (Eisenhardt and Graebner 2007) with tables and other cell designs to compare cases (Miles and Huberman 1994). We iterated among case pairs to sharpen similarities and differences. We then formed tentative relationships between constructs. We refined
these relationships via replication logic (Yin 2008), frequently revisiting each case to verify constructs, theoretical logic, and relationships. This iteration between theory and data sharpened construct definitions, theoretical relationships between constructs, and underlying logical arguments. As the theoretical frame clarified, we iterated with the literature to highlight similarities and differences from prior research, strengthen internal validity, and refine constructs and theoretical relationships.

Our outcome variable is the nature of relationship between the CEO and the board of directors: positive or problematic. We assess the relationship using multiple indicators (Eisenhardt et al. 2016, Eisenhardt and Ott 2017). In so doing, we adapt the insights from the leader-member exchange (LMX) framework, an established organizational behavior theory that focuses on work relationship quality (Graen and Uhl-Bien 1995). Meta-analysis on more than 50 years of the LMX literature shows good relationships are characterized by satisfaction of key goals of each party, lower centralization of power, lower turnover, and more resource contributions for task accomplishments through the relationship (Dulebohn et al. 2012).

First, we assess whether CEO’s aims of autonomy and signaling of competence are achieved in the relationship. Second, we assess whether board’s aims of transparency and ability to influence the CEO are achieved. Our third indicator is whether the power is centralized in the relationship. We assess CEO’s response to the question, "Who is the boss?" A more decentralized power dynamic indicates mutual respect for the other's aims, and greater maturity with respect to the relationship. By contrast, extreme views (e.g., “I am the boss” or “the board is the boss”) suggest a more simplistic focus on power, rather than an integrative view of this complex relationship (Tetlock et al. 1993, Wong et al. 2011). Such focus on power inhibits learning (Bunderson and Reagans 2011). Consistent with this, Mike Volpi distils his learnings from 20 years of experience as venture director: “We are not the CEO’s boss (emphasis original)...I have personally found that the healthiest relationship between a board director and the CEO is one that is peer-like.” (TechCrunch, 2020).
Fourth, we consider turnover on the board—for outside directors and the CEO. Higher turnover is a strong indicator of a poor relationship, according to a large body of the LMX literature (Graen and Uhl-Bien 1995, Gerstner and Day 1997), as well as the literatures on turnover (Hom et al. 2017) and group effectiveness (Gladstein 1984). In particular, venture directors rarely exit the board until a liquidity event such as M&A or IPO. Similarly, voluntary departures of CEOs in ventures are very rare, and occur mainly when CEOs are fired by the board (Bagley and Dauchy 2008, Feld and Ramsinghani 2013).

Fifth, we assess board’s resource contributions to the firm 12-24 months after the study to complement the other proximate indicators above. These are higher if the CEO-board relationship is positive (Gerstner and Day 1997, Dulebohn et al. 2012, Huang and Knight 2017) and low otherwise. Equity events (e.g. fund-raising, acquisitions) are key events that require board’s support and approval. A more positive CEO-board relationship is likely to lead to greater attention, more support, and superior resource contributions even amidst poor performance, although ultimately operating success or failure is shaped by a multitude of factors (Sapienza and Korsgaard 1996, Cable and Shane 1997, Huang and Knight 2017). It is important to note that some of our outcome measures of the CEO-board relationship are objective (e.g., turnover, funding) while others were coded from archival and informant data.

Our multiple indicators suggest an overall robust pattern. We found striking—and unexpected—variation in the positivity of the CEO-board relationship across the ventures. Given our research design, we did not have any ex-ante insight into what we would find. We found that Ethan, a CEO who developed a poor relationship with the board, did not achieve autonomy and he was not perceived competent, nor did the board achieve their goals in the relationship. One director disappointingly said at the end of the study “I think Ethan is going to ‘the school of Epic board’ – that is what it feels like to me.” Ethan’s views regarding his relationship with the board remained simplistic throughout the study. Within a few months after our study period ended, one director resigned from board, and Ethan was fired. By contrast, Adam learned to develop a positive relationship with the
board, and both Adam and his board achieved their key goals in the relationship. As one director said, "Adam is really a role model." Adam also developed a much more nuanced view of the board that reflected a peer-like relationship, instead of an adversarial one with power struggles. There was no turnover on the board. The board remained supportive despite poor firm performance. Brad's relationship with the board continued to become more positive during our study, and his behaviors becoming increasingly similar to Adam's. This allows for a better exploration of causality.

**EMERGENT FRAMEWORK**

Our data reveal that fostering of CEO-Board relationship is driven by CEOs, and boards do not offer any explicit guidance. In particular, CEOs exhibited three key relationship building choices that collectively combine to influence their board relationship. The three choices were: (1) Whether to have live or offline board meeting previews (*preview structure*)? (2) Whether to present or have others present material in board meetings (*meeting structure*)? and (3) Whether to have board-level or individual-level post-meeting follow up (*post-meeting structure*)? Each choice was associated with a reinforcing set of behaviors. For example, all the CEOs that had offline previews adopted a similar set of behaviors, and all those that had live previews adopted a different set of behaviors.

Below, we describe each core relationship choice and related behaviors and then compare the CEO-board relationship outcome with different relationship choices. In each instance, one choice was consistent with the prescriptions of extant literature and the other was not. Interestingly, it was the choice that deviated from prior literature that appeared best for building strong CEO-board relationships. These choices feed into each other, and ultimately lead to a vicious or virtuous cycle of CEO-Board relationship. We draw upon these patterns to build theory.

**Preview Structure**

Consistent with research on effective communication all CEOs in our study communicated information with board members prior to board meetings. However, CEOs varied with respect to the way they structured these previews. This was one core relationship choice. One group of CEOs had live board meeting previews while the other group of CEOs had offline previews. We thus define
synchronous previews as those previews where CEOs met with and personally discussed meeting agenda items with board members and asynchronous previews as those previews where CEOs did not meet live with board members prior to board meetings but instead sent out brief packets of information to review. We assess preview structure by examining the nature of information exchange between CEOs and boards prior to board meetings. To help assess the impact of this core choice, we also provide qualitative evidence of resulting changes in the CEO-board relationships. See Table 4.

Extant research suggests several benefits to having live previews. First, it avoids surprises in actual board meetings. As one board member said, "One thing that all directors dislike is a surprise in board meetings. I want to know beforehand what we are going to discuss." Since the knowledge requirements for each board members are unique (given that they have different levels of past experience) and board members want different types of influence, meeting individually and synchronously with each board members ahead of time can help structure the board meeting in a way that helps avoid idiosyncratic requests. Second, having time to meet one-on-one with directors prior to board meetings reduces information overload and allows CEOs and their teams greater time for reflection and review after each interaction (Levitt and March, 1988; Dierickx and Cool, 1989). Finally, research suggests that that ability to communicate richly (face to face) and interactively prior to board meetings may improve decisions in board meetings by improving buy-in and joint understanding. Consistent with theory, several CEOs chose to have live board meeting previews and adopted supporting behaviors.

Chad, for example, conducted elaborate live interactive previews with directors and sent no board packets prior to the board meeting. Chad had worked as a strategy consultant prior to this venture. He told us that he treated his board as his "client." Chad believed: "Everything that they should know about and decide about is already done even before we get to the board [meeting]." Analogizing from his consulting experience, Chad began his first CEO role at Classic by conducting detailed previews of the upcoming board meetings with directors individually in the days prior to the meeting, just as consultants at his firm often did with their clients. The board members appreciated
Chad’s efforts to keep them informed through these previews. The positive response from the board encouraged Chad to continue.

These interactive one-on-one previews also created opportunities for the directors to ask that Chad consider additional issues and present associated materials in the board meetings which were just a few days later. After a detailed discussion in the preview meetings, these directors sought more at the board meeting, not a repetition of the preview. These last-minute requests for additional preparation were difficult for Chad to accommodate, and he frequently disappointed the directors at the board meetings. One director who asked Chad to present additional analysis at the board meeting during his one-hour preview meeting told us: "What didn't meet my expectations was getting a bit more of an in-depth analysis. I feel personally that he's not listening. I bring all this stuff up...it doesn't seem to go anywhere."

Further, Chad did not send any formal board packets before the board meetings: "Everything comes together at the last minute. And so, although I wish I could, I'm not able to send the board deck, except usually a few minutes before the board meeting. Which some of them complain about, but I think they've stopped complaining now [laughs]." Some directors, however, continued to privately harbor discontent, and they would have traded the interactive previews for focused communication that prepared them for the board meetings. As one director told us:

"What I would like, for instance, is him to give me a call and say, ‘Okay, you know, here's a little summary and these are the five challenges I have. You know, I think these are the decisions we need to make, can you please think about it before the board’ and then we have an efficient and effective board meeting."

In contrast, another set of CEOs made a different choice: asynchronous previews. For example, unlike Chad, Adam did not conduct live previews with directors. Rather, he sent out a brief one-page document (not the meeting agenda) that board members could read and ponder prior to board meetings on their own time. This practice was influenced by Adam’s prior work experience as a general manager at a large public-listed firm where Adam reported to the CEO. In that position Adam sent elaborate reading materials but had no preview meetings. Initially, he decided to do the
same as a first-time CEO and so sent detailed board packets yet did not preview the board meeting with each director separately. Adam did not receive any comments from the board on the preview materials or approach. But after the first few board meetings, he began to realize the ineffectiveness of such an elaborate preview approach in his new role. In particular, he observed in the board meetings that the directors had not all actually read the materials, which made it difficult to conduct the board meeting without alienating some of them. In light of this observed negative feedback from board behaviors, he changed and began to send a one-page summary of the key points to be covered instead, which was short enough for all the directors to read and develop a common knowledge base. Adam explained the logic to us:

"We used to send out [board meeting] packs...there are some board members who will be super diligent and go through it and make deep notes and there are others who will basically ignore it or just use it as an excuse not to engage during the meetings because they've already seen it. So I think it's much better to send out two short paragraphs with all these key points we're going to cover and then walk them through the pack [in the board meeting]. It also gives us more time to prepare."

Adam saw this approach as a sweet spot that avoided the excessive transparency and information overload that could become dysfunctional in the board setting because directors do not have enough firm-specific knowledge and context despite their sectoral knowledge. He explained:

"There is potential for more micromanagement if you are extremely open. There is potential for engaging on non-substantive issues. So, I have to do more work. I have to make sure that the way I have structured things does not lead them to ratholes where they get stuck." Adam told us that the one-pager requires between 10 and 12 hours to prepare, as he has to work through the presentation materials that are being developed and distill the critical messages he wants to communicate. He includes significant points that directors had previously asked to discuss, as one director acknowledged: "Adam largely sets the agenda of the board meeting...but he is very responsive to direction in terms of what we want to hear more of or less of." Sending a brief preview document instead of the elaborate slide deck allowed Adam to adjust his content until just before the board meeting, without being out of sync with the key points sent to the board in the brief document.
Brad became increasingly like Adam in his approach to board meeting previews. For the first few board meetings as CEO, Brad followed the example of the CEO at his previous job and sent a large board meeting packet to board members to "keep them off the back." This packet consisted of about 100 highly dense slides and did not include a document that framed the message and oriented the reading of the slides he sent. This led to negative reactions from the board during the meeting as the directors began to pick at numbers. Brad reflected on his first few months as CEO: "They just start to glaze over or they start picking at ridiculous things rather than absorbing it, right. And so it will just start being counter-productive."

In response to this negative board behavior following the first few board meetings, Brad experimented with other preview approaches. As an initial step, he separated the board presentation packet into three different decks: (1) operations reviews with the latest data (2) a company report card—red, green, and orange ratings on key functions, and (3) discussion of key items. The first two decks were sent out a day or two in advance, but the third was not always included. Adding the company report card was a step toward Adam's approach in framing the upcoming board meeting discussion, but it still did not allow him to lay out the most important issues that he wanted the board to focus on explicitly. In response to the directors' positive reactions to this change, however, Brad kept refining and simplifying these decks over the next several board meetings. He started to better frame the upcoming board meeting discussions in the first few slides in the board packets so that the directors could quickly understand the material. He reflected on this transition:

"Well, [later] I spent a lot more time working on the board presentations. I think before the board presentations were, 'Here are the numbers,' right, and now the board presentations are, 'Here's the story of what's going on. Here are the trade-offs.'... [Now] we frame the issue so that it can be easily understood and easily tackled."

Finally, Ethan, like Chad, eventually conducted interactive previews, but he held these previews through his top management team (TMT) members. At the same time, he also sent elaborate board packets prior to the meeting. He began his first-time CEO role by avoiding any personal previews. As he explained to us, "I don't think it is very useful for me." Instead, he sent several slides
a few days before the board meeting. The board, however, sought richer previews. Ethan thus focused on making the most relevant functional experts on the TMT the contact points for the directors. These TMT members began to extensively preview the board meeting slides with the directors who then gave detailed instructions on how to modify them. Although the directors achieved the transparency they sought through this approach, such board meeting previews and new last-minute requests distracted the executives from their regular management tasks. They rushed to address the director requests for the upcoming board meetings, without always seeking permission from the CEO. Ethan would quickly ratify and elaborate the board meeting materials prepared by these executives and send them out, but without any accompanying commentary to frame the discussion to follow in the board meeting. Thus, while the board got the transparency it sought prior to the meeting, Ethan increasingly lost control over the executives' direction and often even the content for the board meetings, decreasing his autonomy in the firm.

In summary, we find evidence for CEOs making different choices related to board meeting previews. Some had synchronous previews while others had asynchronous previews. We also find that that this choice matters. Although extant literature suggests that live previews may allow rich information to be shared and better understood between parties, we find that the CEO-board relationship begins to be less positive when CEOs (or TMT members on their behalf) have live, synchronous board meeting previews. By contrast, we find that a more positive CEO-board relationship is fostered when venture CEOs have brief asynchronous previews. Why do brief asynchronous previews of board meetings help develop a positive CEO-board relationship? We suggest that this behavior helps meet the central aims of both parties in the relationship—the directors and the CEO. For the directors, this approach has the advantage that it offers them adequate transparency without information overload.\(^5\) It also retains their opportunity to influence by asking the CEO to make modifications.

\(^5\) Venture boards meet frequently (every four to six weeks) and are often knowledgeable about the sector (Garg and Furr 2017).
Brief asynchronous previews further allow directors the time they need for absorptive capacity. Letting leaders digest sent information on their own helps improve comprehension, retention and saves time and money by avoiding many one-on-one in-person previews. It also adds to the perception of transparency by creating "common knowledge" among the directors, i.e., everyone knows what everyone else knows prior to board meetings. Research in psychology (Thomas et al. 2014) as well as economics (Rubinstein 1989) suggests that common knowledge, such as that achieved through these brief preview notes, is likely to be more effective for communication and subsequent coordination among group members than the private/privileged knowledge gained, for instance, from multiple personal previews with the CEO.

For venture CEOs, brief asynchronous previews help with autonomy and signals competence. While interactive synchronous previews with directors serve the transparency aims of the board members, they do not necessarily help CEOs achieve autonomy—they do the opposite. They distract the CEO (and executives) from other tasks and can generate last-minute requests that limit the CEO's autonomy because CEOs (as in Chad's case) and their teams (as in Ethan's case) are forced to attend to these requests. By contrast, asynchronously sending brief written previews to board members allows the CEO to set the agenda and avoid escalating board expectations. Although board members can still request a meeting or more information based on the CEO's brief notes, we found that directors rarely did. These notes also generate a perception of CEO competence because they force CEOs to be more disciplined in their own thinking process and to show the board that they have a strong grip on the most important issues that they summarize. Finally, concise previews delivered asynchronously lead to better board meetings, and ultimately better relationships, because directors are more attentive at board meetings when they are counseling on details rather than rehashing information that was already presented in detailed, personal previews. Brad's director emphasized this critical importance of CEO preparation: "The dirty little truth of board meetings is that their benefit is concentrated all the way up until such time that the board meeting starts."

**Board Meeting Structure**
CEOs are fundamental to organizations but also face a fundamental tension in board meetings – to be seen as the most competent or not. On one hand, CEOs may wish to be viewed as the most competent leader to speed decision-making and reduce the risk that they lose the respect and/or confidence of board members. On the other hand, CEOs may choose to surround themselves in board meetings with others they hope can compensate for CEO managerial deficiencies, help expose biases and blind spots, uncover fresh thinking, and provide a strong signal of team leadership to the board. An important relationship choice thus relates to meeting structure – that is, the degree to which CEOs present information in board meetings or have others involved. Accordingly, two options emerged from the data. The first is CEO lead meetings, which we define as board meetings where the CEO presents the majority of information. The second is TMT lead meetings, which we define board meetings where the TMT presents the majority of information. We assess meeting structure by examining the extent of TMT involvement in board meetings. To help assess the impact of this core choice, we also provide qualitative evidence of resulting changes in the CEO-board relationships. See Table 5.

Much research suggests that CEOs are central to success. They create hiring and training plans, build the brand, manage overall operations, oversee resource allocation, and act as the primary point of communication with shareholders and the public. Given their centrality having CEOs primarily present in board meetings can signal credibility, leadership, and competence to board members and allows trust among them to develop over time, which increases the incentives for collaboration so that a positive relationship will eventually be formed. Consistent with this research, several CEOs structured board meetings so that they occupied center stage. Chad, for example, conducted the reporting at the board meeting himself. As a former consultant, he saw himself as the intellectual leader, and he wanted to be in full command of these “client review meetings,” which is how he viewed the board meetings. He also began his CEO role by rarely bringing the TMT members to the board meetings. The CFO, who put the slides together for Chad, noted: "Chad leads the board meeting, and he’s pretty much the dominant force in the board meeting, throughout the board
meeting...we haven't been consistent, but occasionally the functional head has come in and gives a functional update."

As described earlier, Chad had extensive board meeting previews and sent no board packet ahead of time to frame the conversation at the board meeting. This practice created a dynamic in which directors often made new requests during the previews, and Chad did not deliver on these requests at the board meetings. In addition, the directors often surprised Chad by asking unexpected questions at the board meeting because they had already had time to think over Chad's preview discussion. They expected the board meeting to go beyond what they had already heard in the previews. Since there was no common knowledge among the directors about what other directors knew, the meetings were highly uncoordinated. And with no TMT members to answer questions and offer significant details, all questions were directed at Chad who often became defensive and offered relatively superficial answers that usually did not satisfy the directors. The stream of challenging questions overwhelmed Chad, who felt that the directors were grandstanding by posing questions in different domains at the expense of his agenda for the meeting. Chad described this frustrating dynamic: "They're also showing off a little bit to each other." As Chad lamented:

"I hate those board meetings from my standpoint because I'm the facilitator and through me the company is the topic, so I have to also be engaged in discussion in really deep things. You've got seven people who are pounding questions and all that and at the same time I have to manage the facilitation of the discussion, the agenda, and all that. That's a lot."

Over time, as the board meetings became contentious, Chad became even more circumspect about bringing TMT members to the meetings, as he did not want the TMT to see him being challenged so heavily and to potentially lose control over the TMT. Chad attributed the negative climate in the board meetings, especially to some vocal directors who then triggered distraction and grandstanding by other directors, and so he did not see a need to change his own behaviors. And, Chad's lack of change in his behavior further reinforced the negative dynamic at the board meetings, as the board saw them as non-transparent.
In contrast, other CEOs adopted a different board meeting structure. They played a more supporting role and had TMT members lead discussion and present information to board members. Adam, for example, was clear from the beginning that the board meetings are "my meeting with the board." However, he used the TMT to assist him. This largely stemmed from Adam's early learning that the TMT had in the past failed to be transparent with the board that the firm had developed two (not one) products in parallel, leading to significant financial difficulties before he became the CEO. So, Adam used the TMT to present the materials because of the increased transparency it generated: "I think the team is able to explain to the board better because they're closer to what they've done"

With largely positive reactions from the board, Adam continued with this approach and refined it further based on new observations. When a TMT member deviated from the core message, for example, he began giving the TMT the one-page preview document he was sending to the board to help TMT members prepare for their presentations. He also coached TMT members individually prior to the board meeting on the content; regulated their speed during the presentation by giving them verbal/nonverbal hints about their speed, controlling the presentation clicker even when he was not the presenter, or cutting them off; and gave them feedback after the board meeting. Over time, he even began to use the airtime with the board as an incentive for the TMT members.

Like Adam, Brad also asked his TMT members to present materials. This practice created a perception of transparency among the board members, and they encouraged Brad to continue it. Consequently, Brad increasingly began using the TMT in board meetings. Like the CEO at his previous job, he began his tenure as CEO by excluding the TMT from the board meetings. Instead, he presented the materials himself. However, over time, as Brad's board sought to engage more on strategic issues, Brad felt that he could not handle it all himself. He began to involve the TMT as his friend, also a venture CEO, recommended it. Brad described the transition:

6 This is the only instance of vicarious learning regarding CEO-board interactions in our study. Notably, Brad did not indiscriminately imitate all the behaviors suggested by this friend. The friend also suggested, for example, keeping separate accounting books and even sales targets for board members vs. TMT members, which Brad rejected.
"I was really uncomfortable with members of my management team being at the board meeting at first, but now I got comfortable with this...they are doing a lot of the presentations. But I am not completely through with this transition yet."

Over the next few board meetings, Brad became comfortable with letting his TMT present regularly, especially as he observed that the board members were more engaged and less frustrated. He then began to further refine the approach. For example, he began holding dry runs with the team for several hours to sharpen the message he wanted to communicate. Such transparency with the TMT allowed the directors to assess the team. One of Brad's directors noted that those presentations allowed him to "calibrate the optimism level of individual TMT members and assess the relationship dynamics." Based on the board’s feedback after TMT presentations, Brad replaced two TMT members and identified some new skills gaps in the TMT. Later, when the firm hired a new senior executive who had been a CEO before (and potentially wanted to be considered for the CEO position in the future), Brad sat back to observe and let him present to the board. The board pointed out that this executive was very assertive and used "I" often, warning of a future conflict. One director explained:

"I don't know if I were Brad if I could have sat there and had been as patient... that showed great maturity on Brad's part and great confidence on his part, and I thought he handled himself in an interesting and in a very professional, CEO-like way."

In summary, data reveal different CEO choices related to board meeting structure. Some CEOs chose to present almost everything themselves while other CEO chose to have their TMT present almost everything. This finding is important because while prior research suggests the value of CEOs working with their TMT to influence the board it does not examine this triadic relationship directly and so does not reveal whether and how much different levels of TMT involvement matter to the CEO-board relationship. We find that organizations where CEOs primarily presented at board meetings had less positive relationships with their board. While the aim of presenting personally was for CEOs to signal credibility and build up trust during their direct sharing of information, it did not seem to be as effective for building a positive relationship with the board as having them take a supporting role and the TMT take a leading role. Why does using TMTs in board meetings help
CEOs develop a more positive relationship with their board? We find that this behavior, again, allows both the directors and the CEOs to achieve their respective aims in the relationship. Directors value the transparency and opportunities to have an influence that this approach provides. Venture boards are particularly sensitive to challenges related to the management team (Feld and Ramsinghani 2013, Gompers et al. 2020). This approach not only helps mitigate the central issue of information asymmetry about business issues, but also creates an opportunity to build relationships with the TMT for more nuanced information even outside the board meetings. As Adam's director noted: "We need to know if things aren't going well from someone on the team other than the CEO... I almost can linearly correlate my ability to be effective to the depth of relationships I have beyond the CEO. If they're not existent, it's pretty risky." Further, having TMTs present in board meetings allow directors to have influence by identifying inadequacies in TMT competence and relationships, which may be otherwise difficult for CEOs to recognize and resolve.

Having TMT take the lead in board meetings also enables greater autonomy for the CEO and signals competence to the board. Having well-coached TMTs present at meetings inspires board confidence in the CEO's leadership and leads to greater autonomy for the CEO. Even letting TMT members share their own views in board meetings that may be different than those of the CEO can strategically benefit CEOs. As venture boards often seek to limit dysfunctional dynamics in the team (Feld and Ramsinghani 2013) and the TMT member often has an information disadvantage vis-à-vis the CEO, these episodes typically resolve with boards thinking more positively of the CEO and clearing the TMT opposition to generate more autonomy in the firm for the CEO. By contrast, when TMT members are kept at bay (as in Chad's case), the CEO is often unable to respond adequately, and the board, therefore, exerts greater control resulting in less autonomy for the CEO.

Post-meeting Structure

Aside boarding meeting previews and board meetings, what else impacts the evolution of CEO-board relationship? Our data point to the additional influence of post-meeting debriefs. All CEOs in our sample engaged in post-meeting debriefs. These were opportunities to meet with board members
following the formal board meeting to address questions and concerns and get aligned. However, CEOs differed with respect to how they structured these post-meetings. And, choices made about boarding meeting previews and board meetings appeared to influence post-meeting structure. Post-meeting structure emerged from the data and is defined as the degree to which the CEO had a one-on-one post-meeting debrief with each individual board member. Table 6 assesses post-meeting structure by examining whether CEOs personally met with board members or had someone else follow up with board members. Finally, we examined the impact of post-meeting structure on the CEO-board relationship.

Although Chad began his tenure as CEO by meeting with his all his directors to debrief about board meeting discussions, he stopped such debriefs just as board meetings became contentious. He avoided directors in debriefs and resorted to asking his lead director to follow-up and pacify other directors. Chad rationalized this approach of indirect follow-ups by explaining that the directors who challenged him at the board meetings did not have much to contribute anyway. One director who Chad alienated explained, "I never found the right way to communicate [with Chad] ...I felt that there was a perception that Chad thought I was too negative always." Chad increasingly avoided direct debriefs with yet another director, believing that the director was not well connected in the first place. This director saw this perception as a misrepresentation:

"I think Chad felt initially where I was going to be the most helpful was providing introductions to him to some of these big media companies so he could come and present... I am using a relationship to get you in, I'm going to be a door opener and then it's going to be up to you. So don't ask me to do this until you're ready. So very early on I provided a number of introductions at meetings for Chad which didn't really result in anything, and it puts me in a very uncomfortable position... I can't keep going back to people."

Chad’s lead director told us about Chad’s requests: "periodically [Chad says] 'can you call directors xyz?" Early on, this director helped Chad in such follow-ups, noting that "this is Chad's first time as a CEO." But he began to find this role to be too onerous. This director also had other co-investment/board relationships with these fellow directors, and so he had to consider how much he wanted to push for Chad's interests in light of the broader portfolio of issues. Through these
interactions with other directors, the lead director also learned of the concerns these directors had about the CEO in greater detail, which unexpectedly made him also less positive about Chad.

Further, with this arrangement and lack of direct interaction with the directors, Chad received no follow up feedback (positive or negative) to meetings, so he continued to seek the help of the lead director in buffering the deteriorating relationship. For other directors who are often busy, Chad was (as one director said) "out of sight, out of mind." After a hiatus of several weeks during which the tension subsided, Chad again conducted his live board meeting previews. It was in the preview meetings that directors often had the first opportunity to substantively engage with Chad since the prior board meeting. As a result, they were increasingly forceful in demanding to add items for the upcoming board meeting because there were remaining issues from the previous board meeting, as well as new demands based on Chad's preview.

Ethan's approach was similar to Chad's in that he did not follow-up with the directors personally. In the beginning, he did not meet directors for any follow-ups. When the directors began to raise questions at the board meetings, he sent the TMT members to follow-up with them. This delegation had several consequences. First, the CEO was bypassed in these debrief conversations, and directors directly shaped the work priorities of these executives who followed the directors' orders. As a result, Ethan was less able to lead the TMT and manage future interactions with the board. Second, these directors found it exhausting to be so involved despite their non-executive roles. And the directors' follow-ups with the TMT gave them excessive (and biased) transparency into operational matters and relationship issues between some of the executives. These details cast Ethan in a negative light for letting these matters fester and not proactively sharing them with the board. Third, these interactions strengthened the direct relationship between some of these TMT members and the directors over time, making it difficult for the CEO to hold these executives accountable. For example, when a TMT member (who had been hired on the strong recommendation of a director) did not perform to Ethan's expectations, Ethan found it difficult to fire the executive until another director put pressure on Ethan by threatening with his own resignation.
After the first few months when Ethan did not debrief after board meetings with the directors personally, two directors began to force-schedule recurring calls with him. Another director forced weekly breakfasts to gain more transparency into Ethan's thought process as CEO. This director also reached out frequently for status updates on issues that he had identified, which was frustrating for Ethan. One director commented on Ethan's approach to working with the directors: "Ethan benefits from the interaction. But the interaction is I would say overwhelmingly initiated by the board member, and he is on the receiving end." Ethan believed that all these interactions with the board were more than adequate, especially because the TMT members were already in frequent contact with the board. Thus, he continued with this approach of delegation with limited personal involvement for board meeting follow-ups, as well as subsequently for the board meeting previews and the actual board meetings.

In contrast, other CEOs chose to personally debrief with each director at the board meetings. Adam and Brad are two. There were fewer issues because of the way Adam conducted his previews and board meetings, but Adam addressed unexpected challenges at board meetings through direct follow-ups with each director. For example, after one director strongly challenged the executives' ideas in the board meeting, Adam held an extended follow-up meeting with him alone to review detailed data. Adam explained to the director how he might have misunderstood the matter and then sought the director's input on next steps. This direct exchange helped to win the director's support subsequently.

With positive feedback from the directors, Adam continued his approach of personal follow-ups, but also made some adjustments over time as he learned information about relationship management in the exchanges. Rather than simply attributing the directors' challenges to the directors' capabilities (as Chad did), Adam began to cognitively reframe and consider whether the pushback originated from the directors' situation. For example, he became aware through personal follow-up discussions that VC-directors have numerous performance pressures that may conflict with the firm's interests, such as the VC fund lifecycle, directors' dual role as investors, and their financial interests in
competing firms. When the firm received an unsolicited acquisition offer from another venture in which the majority of his directors were involved as directors/investors, Adam felt pressured by these directors to accept the low-ball offer. Rather than alienating the directors, Adam engaged with them to indicate that they were legally ineligible to participate due to conflicting financial interests on that specific issue. Adam told us that he became "less transparent the closer I get to a financing [where conflicting interests come to the fore]. And once the financing and other equity transactions is done, it's, you know, clear again." Over time Adam continued personal follow-ups to develop mutual clarity on strategic issues ranging from strategy formation to M&A. Due to these personal dyadic board meeting follow-ups, he also did not feel a need to change his approach to sending brief asynchronous previews prior to the board meetings.

Brad did not initially debrief with directors personally because he felt there was not much to talk about. When he was compelled to meet one director to provide details on a mistake that became apparent during the board meeting, he found the director to be sympathetic rather than harsh: "It was a pretty bad error. His reaction was 'oh, let me tell you a story of what happened to us at [a firm in which the director had served], it was ten times worse.' And so he's able to bring a little bit more perspective to things." Thus, Brad began to feel comfortable with one-on-one debriefs with directors and started doing them on a regular basis. As he did so he quickly learned that directors were not always volunteering to help. For example, one director unexpectedly dodged an introduction request to one high-value potential customer during a board meeting. Brad, however, personally followed up with this director after the board meeting for advice on how he might approach this potential customer if Brad were to do it on his own, without the director's reference. As Brad's firm had poorly served some other customers that this director had helped secure, the director did not want to be in a similar awkward situation (this scenario is similar to that described by one of Chad's directors). But when Brad closed the customer without the director's referral and simply by drawing upon the director's input, the director began to see Brad more positively.
Brad, like Adam, began to use these dyadic debriefs to communicate his point of view and offer necessary firm-specific details, rather than simply giving the directors an opportunity to elaborate on their thoughts. For example, Brad noticed that one director had begun to give input that was too radical (e.g., eliminate that customer segment right away, fire that person immediately). In dyadic debriefs, Brad communicated that he needed to pace the organizational changes to arrive at the recommendations from the director with which he agreed. As he said: "Nothing wrong with a board member being three steps ahead in terms of ideas because they're not anchored by the day-to-day reality. But I've got to bridge between ideas that not just the board member has but everyone has, including myself, and then how do we implement that reality?"

In summary, we find evidence for different choices related to post-meeting structure. Some CEOs delegated debriefs while other CEOs conducted them personally. We also find that these different post-meeting structure choices matter. Intriguingly, we found that while using others (e.g., TMT) during board meetings is helpful, using them during board meeting debriefs is hurtful. By contrast, a more positive CEO-board relationship is fostered when venture CEOs debrief themselves. Why are personal (vs delegated) debriefs helpful for developing a positive CEO-board relationship? One reason is that they allow both the venture directors and CEOs to more directly address their central aims in the relationship. Through CEOs' personal follow-ups, directors get deeper insights into CEOs' strategic thinking and are, therefore, able to assess and influence the CEO. This behavior is especially helpful after detailed information from the TMT in the board meetings so that the director can dive deeper into certain issues and make specific requests for subsequent board meetings. Broader research on knowledge transfer also suggests that in important, but often conflicting, relationships, it is more effective to have in-person elaborations after knowledge is shared with the other party (Szulanski et al. 2016). By contrast, impersonal follow-ups (either using the TMT or the lead director to do it) make it difficult for board members to get transparency into the CEO's thought process and limit their direct influence on the CEO. As one director said, “A board [meeting] has a theatre to it
that I find to be largely bureaucratic... I think we get our most effective time with a CEO one-on-one.”

Personal CEO debriefs also allow the CEOs to achieve greater autonomy and signal competence as leaders of their firms. With this open and personal communication, CEOs and board members develop a better mutual understanding of contentious issues. CEOs have an opportunity to showcase their competence by explaining the firm context, the team’s efforts, and the alternatives already considered, unbound by the time constraints of board meetings. Moreover, direct communication during dyadic debriefs signals respect for the other party’s concerns and enables more autonomy, whereas distancing the other party unintentionally inhibits the autonomy (Wiedner and Mantere 2019). Prior research on organizational behavior also suggests that exerting extra effort and explaining decisions personally are likely to be associated with positive perceptions and affect; avoidance is likely to have the opposite effect (Tsui et al. 1995). For example, one director explained how much he appreciated the leadership that Brad exhibited through the one-on-one communication, stating that the occasion offered the opportunity to provide feedback (and so provide director input and validation) but also realize that "It's not my job to tell him what to do” (and so preserve CEO autonomy). Debriefs done through intermediaries are less effective for CEO autonomy because the intermediaries in this context tend to promote their own self-interests. Intermediaries such as lead directors may be perceived by CEOs as a tool for two-step leverage against some directors (Gargiulo 1993), but Chad's case illustrates that the lead director may not push the peer directors due to other extant and possible future relationships. Similarly, executive intermediaries (as in Ethan's case) may contribute to less, rather than more, autonomy for the CEO when they seek self-promotion directly with the board members.

Overall Model: Two Cycles of CEO-Board Relationship

Overall, our inducted framework suggests that as venture CEOs navigate the relationship, two potential cycles for the CEO-board relationship emerge: a virtuous cycle and a vicious cycle. A virtuous cycle is one in which the behaviors across three key types of interactions improve the CEO-
board relationship over time, such that the central aims of both parties in the relationship are met. By contrast, the vicious cycles satisfy only one party or neither, leading to deterioration and often termination of the relationship.

Chad and Ethan both slipped into vicious cycles in which their relationships with their respective boards soured over time. Chad’s synchronous previews set the stage for board meetings that he conducted without the TMT. And the increasing contentiousness at board meetings made him even more circumspect about involving the TMT. He buffered the worsening relationship by discontinuing personal post-meeting follow-ups and asking the lead director to mediate and help with the follow-ups instead. This was not effective. Often, the directors passed on more negative feedback during the subsequent synchronous previews when they were able to meet Chad directly, setting up even more difficult board meetings and reinforcing the perceived threat that Chad found necessary to buffer with the help of the lead director. The relationship worsened as board members began to disengage, and Chad was ultimately dismissed. He then became an executive, not the CEO, in another firm.

Ethan also fell into a vicious cycle of increasingly poor relationship dynamics with the board by delegating synchronous board meeting previews, board meetings, and board meeting debriefs to the TMT members. In so doing, he was bypassed in the direct relationship between the TMT and the board members. Ethan began to lose autonomy as board members played an active role in influencing the firm, such that even TMT members took direct orders from the board members. The board also saw Ethan as inadequately transparent and even incompetent, especially when board members heard the self-serving operating details from the TMT. Overall, Ethan missed the opportunity to develop a positive relationship dynamic and was ultimately dismissed as CEO. One of his directors summarized: "He’s a great entrepreneur, but we need a CEO."

By contrast, Adam’s and Brad’s behaviors with their boards fostered a virtuous cycle that improved the relationship over time. For board meeting previews, Adam (and later Brad) began to conduct brief asynchronous previews to generate common knowledge but not overwhelm. This
provided the board time to process the information as well as adequate transparency and an
opportunity to influence. It also helped the CEO to set a board meeting agenda with some flexibility
and signal competence through the content of the note. At the board meetings, they evolved to
bringing in a well-coached TMT that helped create a perception of transparency and adequate
opportunity for the boards to influence the CEOs and their TMTs, while the CEOs remained in charge
of the conversation and signaled competence as the TMT addressed many of the board questions.
Finally, they personally conducted post-meeting follow-ups that helped in creating opportunities for
board members to feel they had unique insights into the CEO's strategic thinking and could influence
the CEO directly. At the same time, the CEOs used the opportunity to showcase their competence and
hence retain autonomy. Overall, our data suggests that two CEO-Board relationship cycles. These
findings have implications for the scholarship on corporate governance that we discuss below.

DISCUSSION

Our study offers a dynamic view of CEO-Board relationships, in particular how they evolve
into positive or problematic relationships. We track the development of CEO-Board relationships
from their inception in promising new ventures. In contrast to prior research, we consider the central
aims of both CEO and the board, and incorporate a wider set interaction opportunities and actors that
shape the CEO-Board relationship.

Our core contribution is helping establish “CEO-Board relationship cycles” as a meaningful
concept and focus in process research on governance. First, in contrast to prior literature that provides
a static view of CEO-board relationships as positive (Hillman et al. 2009; Boivie et al. 2021) or
problematic (Dalton et al. 2007; Westphal & Zajac, 2013), we show these relationships develop into
one or the other since their early formation, and unexpectedly uncover the existence of distinct
relationship cycles – a virtuous one that leads to positive CEO-board relationships and a vicious one
of problematic relationships. These cycles emerge through ongoing feedback cycles among the three
key interaction choice structures. CEOs who ultimately develop a positive relationship conducted
asynchronous board meeting previews where they sent brief notes on the important points for
discussion, rather than sharing elaborate presentation slides or conducting synchronous preview meetings with the directors. For board meetings, CEOs who develop a more positive relationship let their well-coached TMT deliver the presentations. For post meeting follow-ups, CEOs who develop a more positive relationship conduct personal, not mediated, follow-ups. These behaviors offer adequate transparency for directors and a perception that they can influence the firm; they also help the CEOs with achieving autonomy and signaling competence to the board. These three interactions feed into each other not only within a given full set of interactions (previews, board meetings, follow-ups), but also over time across multiple sets of such interactions. Overall, these choices foster the development of a virtuous or vicious cycles in which these behaviors are reinforced.

We find that the CEOs who were able to foster a positive relationship did so by incorporating the board’s behavioral reactions across all three key interaction opportunities to develop behaviors that satisfied the aims of both parties. Adam, who made the successful transition, described to us the process of "finally becoming the CEO" in the CEO-board relationship. Adam reflected on this "mind shift": "I was sort of finally making the connection that this is not like being a professional manager in a company." Brad criticized the "naive idealism of transparency" in the CEO-board relationship, which is often the central focus of the agency-theoretic literature; yet, his board commended him: "he's become more comfortable with our relationship."

Chad and Ethan and their respective boards recognized that their relationships were not on positive trajectories. Chad acknowledged at the end of our study that his relationship with the board was getting "stiffer" and that the board was "removing the gloves"; his board members felt that they were unable to influence him due to his "defensiveness," which they called "the wrong attitude." Similarly, Ethan's relationship with the board was inadequately developed. At the end of the study, one director assessed Ethan: "He is really at a very early stage of learning how to use a board." Ethan sensed that the board was "not as confident anymore." Like many professional (and social) relationships that become problematic despite mutual selection into them, the relationships between
Chad and Ethan and their boards deteriorated, and they were terminated as an end to their respective vicious cycles.

Second, we reveal how these CEO-Board relationship cycles evolve in distinct ways but with the same mechanisms. We find that the creation of a positive CEO-board relationship reflects an evolution from indirect (i.e., asynchronous previews) to partially direct (well-coached TMTs lead board meetings) to direct (CEO-led post meeting follow-ups) mechanisms. Such a sequence of starting indirect before transitioning to direct can be useful for first time CEOs because these executives are often inexperienced in the context where knowledge is needed. By contrast, we find that a less positive CEO-board relationship reflects an evolution from direct (i.e., synchronous board previews and non-mediated board meetings) to more indirect (mediated post board debriefs) learning mechanisms.

Can boards help break the vicious cycle of deteriorating CEO-board relationships? Prior research suggests that "relationship work" comprising direct discussion and feedback on the relationship can help develop positive relationships (Eberly et al., 2011; Maslyn and Uhl-Bien, 2001). We find in our study, however, that venture CEOs are often left with the responsibility for discovering how to foster the relationship with the board; boards seldom intervene and give very little explicit feedback. We observed that any overt feedback that is offered by the board tends to be about business content, possibly because directors tend to avoid difficult conversations about relationship. These first-time venture CEOs were well-educated individuals with diverse experience and exhibited adaptability in terms of products and business models. We, therefore, expect that with some feedback from the board, they could have adapted their behaviors appropriately (Beyer and Hannah, 2002).

There is a potential role for CEO's vicarious learning in developing a positive CEO-board relationship. Although there are no peers in the focal venture to observe, CEOs could proactively join a "CEO club" of fellow CEOs for vicarious learning that may help them gain insights into some of these issues (McDonald and Westphal, 2011). Some potential limitations of this approach include the time constraints that venture CEOs face, their hesitation to share details due to reputation concerns in
highly local venture ecosystems, and importantly, often those who join such venture CEO clubs are often novices themselves. Venture CEO training on developing a positive relationship with the board is also germane, though it was absent in our data.

Finally, our data indicates different relationship cycles differentially affect performance, thereby implying that it matters which relationship mechanisms organizations use and when. Virtuous cycles that foster positive relationship lead to superior firm-level outcomes, whereas the vicious cycles lead to degeneration of CEO-Board relationship with negative outcomes. In particular, we uncover the critical but contingent role of the “third” – the TMT as a mechanism for developing CEO-Board relationship. Prior literature seldom considers the TMT in the CEO-board relationship (Hambrick et al. 2008), though recent interviews with directors in a contemporaneous study suggests TMTs may be relevant to CEO-Board relationship (Boivie et al. 2021). We add by identifying how the TMT can be used effectively by venture CEOs during the board meetings. We find that CEOs need to guard against the TMT's proclivities for self-promotion with the board at the expense of the CEO. An important insight is that the CEO-board relationship may unexpectedly strengthen when TMT members portray strong disagreement with the CEO. In particular, this can help resolve CEO conflicts with founder-TMT directors. A CEO's relationship with a founder-TMT director is hierarchical within the executive team but not on the board – such mixed hierarchies often create conflicts (Magee and Galinsky 2008) that can occupy the CEO and hurt the firm. Thus, by letting these founder-executives air their disagreements with the CEO during the board meetings, the CEOs can strategically involve their boards without formally complaining about a founder-executive, and thus avoid the costly distractions that may occur when CEOs address these task conflicts that often evolve into interpersonal conflicts.

Our empirical focus on the development of the CEO-board relationship in ventures also widens the focus in the emerging literature on scaling-up and professionalization of ventures (Baum and Bird, 2010; DeSantola and Gulati, 2017). Although research predominantly highlights management teams (Lazar et al., 2020) and investors as potential resource providers (Clough et al.,
2019), our study suggests venture CEO-board relationship is particularly important during the scale up trajectory due to its impact on key organizational and strategy outcomes.

Overall, we put a spotlight on the crucial CEO-board relationship and offer a dynamic view of this relationship. We show how CEO-board relationships develop into positive and negative relationships through three key interaction choices, how relationship cycles emerge and are difficult to escape, and how TMTs can be an important influence in the development of the CEO-board relationship.

**Generalizability**

We expect the inducted process framework to be applicable to those public-listed firms where CEOs and their boards are at least interested in positive relationships. While CEOs and boards in public-listed also aspire to positive relationships and strategic partnerships in the firm’s interests (Boivie et al. 2021), this is unlikely to be universal in firms (e.g., Hillman et al. 2008). We studied ventures where all CEOs and boards were interested in fostering positive relationships to begin with, but the relationship outcomes depended much on the process. Our framework may also not apply when the firm performance is extreme. Very low performance may require the boards to fire the CEO, and stellar firm prospects or performance may lead the CEO to gain immense power and sideline the board. We did not have such performance and prospects extremes in our sample; all our firms had good prospects and performance was typical of firms at that stage.

**REFERENCES**


Table 1: Sample Firms (beginning of study) and Summary of Data Collection

<table>
<thead>
<tr>
<th>Firm Name</th>
<th>Ace</th>
<th>Beta</th>
<th>Classic</th>
<th>Epic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founding Year</td>
<td>2003</td>
<td>2005</td>
<td>2003</td>
<td>2005</td>
</tr>
<tr>
<td>Funding</td>
<td>$30m; 4 rounds Top 20 VC</td>
<td>$21.5m; 2 rounds Top 20 VC</td>
<td>$30m; 3 rounds Top 20 VC</td>
<td>$16m; 2 rounds Top 20 VC</td>
</tr>
<tr>
<td>Remaining Cash ($m)</td>
<td>2</td>
<td>12.5</td>
<td>7</td>
<td>7.3</td>
</tr>
<tr>
<td>Profitable?</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td># Board Meetings Observed</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td># of Interview Waves</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td># of Interviews</td>
<td>19</td>
<td>27</td>
<td>21</td>
<td>20</td>
</tr>
</tbody>
</table>

Table 2: Board and CEO Characteristics (beginning of study)

<table>
<thead>
<tr>
<th>Firm name</th>
<th>Ace</th>
<th>Beta</th>
<th>Classic</th>
<th>Epic</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO name</td>
<td>Adam</td>
<td>Brad</td>
<td>Chad</td>
<td>Ethan</td>
</tr>
<tr>
<td>Total Board Size</td>
<td>6</td>
<td>5</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Outside Directors</td>
<td>3 VC-directors; 1 independent director</td>
<td>2 VC-directors; 1 independent director</td>
<td>3 VC-directors; 1 independent director</td>
<td>3 VC-directors; 1 independent director</td>
</tr>
<tr>
<td>Inside Directors</td>
<td>CEO; founder-CTO</td>
<td>CEO; founder President</td>
<td>CEO; founder-CTO</td>
<td>CEO; founder-CTO</td>
</tr>
<tr>
<td>CEO as Founder?</td>
<td>Non-founder</td>
<td>Quasi-Founder</td>
<td>Quasi-Founder</td>
<td>Founder</td>
</tr>
<tr>
<td>CEO’s relationship tenure w/ the board (yrs)</td>
<td>3</td>
<td>1.5</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>CEO Ownership %</td>
<td>7%</td>
<td>16%</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>CEO Age</td>
<td>42</td>
<td>40</td>
<td>40</td>
<td>33</td>
</tr>
<tr>
<td>CEO Education</td>
<td>BS(EE); MBA</td>
<td>BS(EE); MBA</td>
<td>MS(CS); MBA</td>
<td>BS(CS); MS</td>
</tr>
<tr>
<td>Functional experience</td>
<td>General Management</td>
<td>Sales &amp; Marketing</td>
<td>General Management</td>
<td>Product Management</td>
</tr>
<tr>
<td>Venture Experience</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

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The CEO-board relationship tenure is shorter than venture age because in some cases ventures had other prior CEOs. Also, the formal board is often formed after the founding.
<table>
<thead>
<tr>
<th>Autonomy and Signaling Competence (CEO aims)</th>
<th>Transparency and Ability to influence CEO (Directors’ aims)</th>
<th>Centralized Power?</th>
<th>Turnover?</th>
<th>Board Contributions</th>
<th>Overall Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adam</td>
<td>Yes; Yes</td>
<td>No</td>
<td>No Directors: No</td>
<td>High</td>
<td>Positive</td>
</tr>
<tr>
<td>“I don't go present tradeoffs to them. I think now I go and I say, I believe we have to run this way, are you with me?” (CEO)</td>
<td>“[Adam has created] uniquely open board environment with a very constructive view and from that perspective I think it’s one of the boards I enjoy being on.” (Dir)</td>
<td>“Who is the boss?” Initial: board 100%; Final: board 60-70%</td>
<td>“I’d say it has shifted from 100% that I report to these guys to more like 60-70%.” (CEO)</td>
<td>- Rejected an early attractive acquisition offer based on CEO’s appeal - Approved investment for two small acquisitions even when the firm was not doing well</td>
<td>Ultimately, the firm was sold at premium to a mature global, public-listed firm</td>
</tr>
<tr>
<td>Brad</td>
<td>Yes; Yes</td>
<td>No</td>
<td>No Directors: No</td>
<td>High</td>
<td>Positive</td>
</tr>
<tr>
<td>“I've got to do what I'm comfortable with...if I'm looking at them as a fortune-teller telling me what the future is like, then I'm shirking my role and I'm not really stepping up.” (CEO)</td>
<td>“I noticed that he actually calls me more frequently now to talk about issues and to engage me as a thought partner...he's become more comfortable with our relationship” (Dir)</td>
<td>“Who is the boss?” Initial: CEO</td>
<td>“I don’t see them as my boss.” (CEO)</td>
<td>Final: A more balanced view “I feel like I let them in too close and now they're starting to interfere...from a balance perspective that maybe it tipped the other way.” (CEO)</td>
<td>The board helped raise additional $56 million in two rounds at higher valuation from existing and new prominent investors. Ultimately, the firm did an IPO.</td>
</tr>
<tr>
<td>Chad</td>
<td>No; No</td>
<td>Yes</td>
<td>Yes Directors: Yes, 1 of 4 disengaged and threatened to resign</td>
<td>Low</td>
<td>Problematic</td>
</tr>
<tr>
<td>“right now my relationship with the board is a bit stiffer… I mean people came across removing the gloves a little bit” (CEO)</td>
<td>“I sense a little bit of defensiveness in him. And that I think that is actually the wrong attitude.” (Dir)</td>
<td>“Who is the boss?” Initial: Board Final: CEO</td>
<td>“You know, as a CEO you don’t have a boss. You have a board, basically that's it.” (CEO)</td>
<td>- The board did not approve new funding - Ultimately, the firm was sold to another small private firm</td>
<td></td>
</tr>
<tr>
<td>Ethan</td>
<td>No; No</td>
<td>No; No</td>
<td>Yes Directors: Yes, 1 of 4</td>
<td>Low</td>
<td>Problematic</td>
</tr>
<tr>
<td>“I feel that they were not as confident anymore … they are every day on your back to check with you.” (CEO)</td>
<td>“He is going to ‘the school of Epic board’ - that is what it feels like to me. Going, listening, and learning...He is really at a very early stage of learning how to use a board.” (Dir)</td>
<td>“Who is the boss?” Initial: Board Final: Board</td>
<td>“I have multiple bosses” (CEO)</td>
<td>- The board did not approve new funding even 1.5 years after replacing Ethan. - Ultimately, the firm was sold to another small private firm</td>
<td></td>
</tr>
</tbody>
</table>

Table 3: CEO-Board Relationship (end of study)
<table>
<thead>
<tr>
<th>Name</th>
<th>Initial approach</th>
<th>Board’s Reactions</th>
<th>Later approach</th>
<th>Overall Final Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adam</td>
<td>Preview Meetings: None</td>
<td>Negative</td>
<td>Preview Meetings: None</td>
<td>Asynchronous previews</td>
</tr>
<tr>
<td></td>
<td>Board Packet: Yes – usually sent few</td>
<td></td>
<td>Board Packet: None – just one page on high-level issues,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>days before the board meeting</td>
<td></td>
<td>usually sent few days before the board meeting</td>
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<tr>
<td></td>
<td>“We used to send out [detailed board</td>
<td></td>
<td>“I think it’s much better to send out two short paragraphs</td>
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<tr>
<td></td>
<td>meeting packs”” (CEO)</td>
<td></td>
<td>with all these key points we’re going to cover and then</td>
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<td></td>
<td></td>
<td></td>
<td>walk them through the pack [in the board meeting]. It also</td>
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<td></td>
<td></td>
<td></td>
<td>gives us more time to prepare… And I think by doing that</td>
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<td></td>
<td></td>
<td></td>
<td>you keep people’s attention more focused. If you’re just</td>
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<td></td>
<td></td>
<td></td>
<td>showing them lots and lots of data then they will take</td>
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<td></td>
<td></td>
<td></td>
<td>the meeting in any direction they want or they’ll just</td>
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<td></td>
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<td></td>
<td>sit back and at the end of the day you really haven’t</td>
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<td></td>
<td></td>
<td></td>
<td>told them anything.” (CEO)</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Brad</td>
<td>Preview Meetings: None</td>
<td>Negative</td>
<td>Preview Meetings: None</td>
<td>Asynchronous previews</td>
</tr>
<tr>
<td></td>
<td>Board Packet: Yes – usually sent few</td>
<td></td>
<td>Board Packet: None – just one page on high-level issues,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>hours before the board meeting</td>
<td></td>
<td>usually sent few days before the board meeting</td>
<td></td>
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<tr>
<td></td>
<td>“Initially, my M.O. was to keep the</td>
<td></td>
<td>“I think it’s much better to send out two short paragraphs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>board at arm’s length and really not</td>
<td></td>
<td>with all these key points we’re going to cover and then</td>
<td></td>
</tr>
<tr>
<td></td>
<td>want to deal with them. You know,</td>
<td></td>
<td>walk them through the pack [in the board meeting]. It also</td>
<td></td>
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<tr>
<td></td>
<td>give them some of the data, show that</td>
<td></td>
<td>gives us more time to prepare… And I think by doing that</td>
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</tr>
<tr>
<td></td>
<td>things were going well and just sort</td>
<td></td>
<td>you keep people’s attention more focused. If you’re just</td>
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<td></td>
<td>of appease them” (CEO)</td>
<td></td>
<td>showing them lots and lots of data then they will take</td>
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<td></td>
<td></td>
<td></td>
<td>the meeting in any direction they want or they’ll just</td>
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<td></td>
<td></td>
<td></td>
<td>sit back and at the end of the day you really haven’t</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>told them anything.” (CEO)</td>
<td></td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chad</td>
<td>Preview Meetings: One-on-one with every</td>
<td>Positive</td>
<td>Preview Meetings: One-on-one with every director</td>
<td>Synchronous previews (personal)</td>
</tr>
<tr>
<td></td>
<td>director</td>
<td></td>
<td>Board Packet: None</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Board Packet: No – sometimes sent few</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>hours before the board meeting</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>“Everything that they should know about</td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>and decide about is already done even</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>before we get to the board [meeting].”</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>(CEO)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethan</td>
<td>Preview Meetings: None</td>
<td>Negative</td>
<td>Preview Meetings: One-on-one interactive previews</td>
<td>Synchronous previews (delegated to TMT)</td>
</tr>
<tr>
<td></td>
<td>Board Packet: Yes – usually sent few</td>
<td></td>
<td>(delegated to newly hired TMT members)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>days before the board meeting</td>
<td></td>
<td>Board Packet: Yes – sent few days before the board meeting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>“I don't think it [doing previews] is</td>
<td></td>
<td>“As always, Executive 1 and Director 1 and sync up, and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>very useful for me.” (CEO)</td>
<td></td>
<td>Executive 2 and Director 2 sync up before the meeting.”</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>“We try to send the deck few days</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>before the board meeting” (CEO)</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Table 5: Board Meeting Structure: CEO-led/TMT-led Meetings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Initial approach</strong></td>
<td><strong>Board’s Reactions</strong></td>
<td><strong>Later approach</strong></td>
<td><strong>Overall Final Approach</strong></td>
<td></td>
</tr>
<tr>
<td>Adam</td>
<td>Involved TMT to present during the board meetings. TMT also received the one-pager sent to the board. “I see this meeting more as my meeting with the board, the management team more like assisting… They see my memo so they know what direction I'm going on I prepare 1 on 1 with them and we say, okay this is what you should emphasize and this is what you shouldn't.” (CEO)</td>
<td>Positive</td>
<td>“One of the comments that Director X made to me early on that I really enjoy the board meetings because we never talk about things that are extraneous. We always get to the heart of the matter and go right into it. Another director’s comment was around just being very straight and shooting straight. After getting that kind of reaction, we kept it up.” (CEO)</td>
<td>Mainly TMT presented the slides, with coaching before and after the board meetings, CEO jumped in to reign them in if there was too much deviation from the message. “I like to keep the message focused, but I wanted them to get a little more of the limelight for their own good, especially Executive 1 because he has done well. I think the team is able to explain to the board better because they're closer to what they've done” (CEO)</td>
</tr>
<tr>
<td>Brad</td>
<td>Did not involve TMT to present during the board meetings. “I was really uncomfortable with members of my management team being at the board meeting at first” (CEO)</td>
<td>Negative</td>
<td>“she (the TMT member) is familiar with what's necessary to be successful in that part of the business…. given that she has that familiarity, she naturally has a good grasp for what are the key metrics that allow us to know progress or lack thereof. (Dir)</td>
<td>Mainly TMT presented the slides, often after coaching/rehearsals with the CEO. &quot;they (TMT members) are doing a lot of the presentations. But I am not completely through with this transition yet.” (CEO)</td>
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<td>Chad</td>
<td>Did not involve TMT to present during the board meetings. If occasionally involved, they presented their slides and left the room. &quot;Chad leads the board meeting, and he's pretty much the dominant force in the board meeting, throughout the board meeting” (CFO)</td>
<td>Negative</td>
<td>“maybe I need to talk to him directly about this, but my sense is that he does need to sit down with his management team” (Dir)</td>
<td>Did not involve TMT, except for the CFO who occasionally spoke. “I hate those board meetings from my standpoint…You've got seven people who are pounding questions and all that and at the same time I have to manage the facilitation of the discussion, the agenda, and all that. That's a lot.” (CEO)</td>
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<td>Ethan</td>
<td>Delegated to TMT to present during the board meetings. “I think my job is not to work for the board but for the customers, products, and the value of the company. But, sometimes I should spend more time (laughs) because you can make some communication mistake with one slide or with the marketing plan which we didn't want to approve but I still leave in the package.” (CEO)</td>
<td>Negative</td>
<td>“Jane [the CFO] wasn't on top of the numbers as much as we would have liked, and Ethan was clueless about them” (Dir)</td>
<td>Delegated to TMT to present during the board meetings. “everything went wrong when Executive X just mentioned one sentence (chuckle), which was catastrophic…we wasted like half an hour during the conversation speaking about this collection.” (CEO)</td>
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<tr>
<td>Name</td>
<td>Initial Approach</td>
<td>Board’s Reactions</td>
<td>Later Approach</td>
<td>Overall Final Approach</td>
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<td>Adam</td>
<td>Personally met with the directors to maintain contact</td>
<td>Positive</td>
<td>Personally met with the directors to follow-up on the key issues that emerged at the board meeting</td>
<td>CEO debriefs directors</td>
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<td>“some of the board involvement was just to get their temperature and some of it was not necessary; the unnecessary stuff I think has gone away from those discussions [such as ‘hey, let me just get together with Director X because I haven't seen him for a long time and hear his thoughts.’” (CEO)</td>
<td>“I think I've actually just shown up with a lot more good data and been able to convince them… I’m a little less deferential and more assertive about what we need to do. I don't know how much they've noticed it. I'm not sure they were necessarily unhappy with the old state of affairs... I feel myself performing better as a CEO as a result of this.” (CEO)</td>
<td>Sought to develop mutual understanding</td>
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<td>“Director Y and I met for about an hour where he wanted to dig in deeper into the revenue and what we're seeing in the pipeline” (CEO)</td>
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<td></td>
<td>Avoided directors</td>
<td>Negative</td>
<td>Personally met with the directors to follow-up on the key issues that emerged at the board meeting</td>
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<td>“I don’t feel like I have a good rhythm with these guys outside the board meetings… I don’t interact with them outside my monthly email updates.” (CEO)</td>
<td>“I’m going to send him [Director X] an email and say ‘look, I want you to give me a report card.’ At the last board meeting, they all suddenly said, I wish they had said this much earlier, that you know Director X said across my portfolio companies, you guys have the highest burn, except for [company name]. So, it’s like, oh ok, that’s interesting you know, I didn’t know that. Maybe I’ll wrench my burn a little bit, I had no idea. I don’t necessarily want to be the top burn and so it’s good to benchmark against that peer group.” (CEO)</td>
<td>Adapted to focus on director insights when the director had a conflict of interest; sought to develop mutual understanding</td>
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<td>“I feel like I let them in too close and now they're starting to interfere... nothing wrong with a board member being three steps ahead in terms of ideas because they're not anchored by the day-to-day reality. But somehow, I’ve got to bridge between ideas that not just the board member has but everyone has, including myself, and then how do we implement that reality?’” (CEO)</td>
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<td>Chad</td>
<td>Personally met the directors periodically for discussions, but soon started avoiding them</td>
<td>Negative</td>
<td>Sought the lead director’s help in pacifying the directors who raised issues at the board meetings</td>
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<td>“It is continuous channel. I have weekly breakfast or meetings or calls with each of them between the board meetings” (CEO)</td>
<td>“[those breakfasts] haven’t happened for the last maybe three or four months and actually Director X sent me an e-mail asking if we wanted to reinstate that” (CEO)</td>
<td>“I try to help with Chad’s requests periodically ‘can you call directors xyz?’ ” (Dir)</td>
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<td>Ethan</td>
<td>Rarely met the directors for debriefs</td>
<td>Negative</td>
<td>Delegated the debriefs to TMT members with specific directors</td>
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<td>“the interaction is I would say overwhelmingly initiated by the board member, and he is on the receiving end.” (Dir)</td>
<td>“if he wanted to manage the relationship with me he would probably e-mail me, suggest we get together for breakfast or lunch, do a phone call, you know, give me an update, tell me what's going on, stuff like that. He doesn't do that. Again, he’s very responsive but not proactive.” (Dir)</td>
<td>Was forced to schedule periodic calls/meeting initiated by some of the directors, but CEO did not always keep the appointments</td>
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<td>“if you plot the frequency of our dinner get-togethers, those have gone down in frequency and Ethan has been always notorious at missing our once-a-week telephone conference” (Dir)</td>
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<td>“I don't think I have any follow ups this time. Maybe I have some small details, which I write [to them]” (CEO)</td>
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Table 7: Summary of How to Build a Positive CEO-Board Relationship

<table>
<thead>
<tr>
<th>Definition</th>
<th>Meeting Structure: TMT leads</th>
<th>Post-Meeting Followups: CEO meets</th>
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<td>Sharing minimal codified information offline before live meetings</td>
<td>Using an involved intermediary to help facilitate understanding between two parties involved in an event</td>
<td>A form of interpersonal discussion where two parties directly interact in follow-ups to meetings</td>
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</table>

**How Mechanism Occurs**

- Venture CEOs send a short preview document to the board outlining the key issues to be discussed at the board meeting.
- Venture CEOs use coached TMT members to present much of the material at board meetings.
- Venture CEOs personally engage one-on-one with directors after board meetings.

<table>
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<tr>
<th>When Best Used</th>
<th>Prior to board meeting</th>
<th>During board meeting</th>
<th>After board meeting</th>
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**Why Important for Developing a Positive CEO-board Relationship**

- Meets the central aims of both parties in the relationship—the directors and the CEO.
  - Allows directors adequate transparency without information overload.
  - Allows directors the time they need for absorptive capacity.
  - Helps the CEO to set the agenda and avoid escalating board expectations.
  - Generates a perception of CEO competence because they force CEOs to be more disciplined in their own thinking process and to show the board that they have a solid grip on the most important issues that they summarize.

- Meets the central aims of both parties in the relationship—the directors and the CEO.
  - Helps mitigate the central issue of information asymmetry about business issues, but also creates an opportunity to build relationships with the TMT for more nuanced information even outside the board meetings.
  - Allows directors to have influence by identifying inadequacies in TMT competence and relationships, which may be otherwise difficult for first-time CEOs to recognize and resolve.
  - When well-coached TMTs present, boards receive richer information and have their questions sharply answered by those executing. This behavior inspires confidence in the CEO’s leadership and leads to greater autonomy for the CEO.

- Meets the central aims of both parties in the relationship—the directors and the CEO.
  - Directors get deeper insights into CEOs’ strategic thinking and are, therefore, able to assess and influence the CEO. This behavior is especially helpful after detailed information from the TMT in the board meetings so that the director can dive deeper into certain issues and make specific requests for subsequent board meetings.
  - CEOs have an opportunity to showcase their competence by explaining the firm context, the team’s efforts, and the alternatives already considered, unbound by the time constraints of board meetings. Moreover, direct communication during dyadic debriefs signals respect for the other party’s concerns and enables more autonomy.