

BLACKTECHSTARTUP EDUCATION

Institutional Startup Governance: Boards, Protective Provisions, Consent Rights & Decision Authority

Understand how board seats, voting agreements, preferred-stock protective provisions, information rights and approval thresholds reshape founder authority after institutional capital.

Institutional financing changes more than the cap table. NVCA's model financing documents include charter, voting, investors' rights and ROFR/co-sale agreements because economic rights and governance are distributed across multiple documents. Founders should know which decisions management controls, which belong to the board, which require stockholder approval and which trigger a preferred-holder veto.

Know what weak and strong look like

READINESS AREA	WEAK / DILIGENCE RISK	STRONG / INVESTOR-READY
Board	"Founders control because we own most shares."	Board composition, appointment/removal and observer rights documented.
Protective provisions	Skipped as legal boilerplate.	Reserved matters summarized with exact approval threshold/class.
Information rights	Investor updates sent voluntarily.	Contractual reporting/access obligations calendared and owned.
Consent	One founder signs material actions.	Corporate authority matrix distinguishes officer, board and stockholder approvals.
Minutes	Approvals happen in Slack/email.	Board/stockholder actions documented consistently and stored in corporate records.

Draw the governance stack

Layer 1: charter and stock-class rights. Layer 2: board composition/voting agreement. Layer 3: investors' rights/information rights. Layer 4: ROFR/co-sale and transfer rules. Layer 5: internal delegation/signature policies. Map conflicts to counsel.

Separate fiduciary role from constituency

Directors owe duties under applicable corporate law; an “investor director” is not simply an agent who votes every issue for the fund. Founders should use qualified counsel on fiduciary questions and conflicts.

Translate protective provisions into operating language

For each reserved matter write a one-line example: issuing a senior security, taking debt above threshold, changing board size, selling the company, altering charter rights, paying dividends or repurchasing shares. Know the approval path before urgency hits.

Professionalize board cadence

Send materials early; include cash/runway, key metrics, plan vs actual, hiring, major contracts, risks and decisions required. Separate information items from approval items so consent is explicit.

Keep authority aligned with reality

If the CEO can negotiate but not sign a contract above a threshold without board approval, sales/legal workflows should reflect that. Governance that exists only in the legal folder fails when the company moves fast.

Run the diligence stress test before investors do

Do not rehearse an answer. Rehearse the evidence. Give yourself a short diligence window and try to produce the underlying records without rebuilding the story from memory. A clean result is reproducible, tied to a source system or signed document, and consistent with the numbers elsewhere in the company.

➔ **Board:** Put the underlying records on screen and prove this standard: Board composition, appointment/removal and observer rights documented. If the evidence still looks like this weak

state—"Founders control because we own most shares."—record the gap, name an owner and give it a due date instead of explaining it away.

- **Protective provisions:** Put the underlying records on screen and prove this standard: Reserved matters summarized with exact approval threshold/class. If the evidence still looks like this weak state—Skipped as legal boilerplate.—record the gap, name an owner and give it a due date instead of explaining it away.
 - **Information rights:** Put the underlying records on screen and prove this standard: Contractual reporting/access obligations calendared and owned. If the evidence still looks like this weak state—Investor updates sent voluntarily.—record the gap, name an owner and give it a due date instead of explaining it away.
 - **Consent:** Put the underlying records on screen and prove this standard: Corporate authority matrix distinguishes officer, board and stockholder approvals. If the evidence still looks like this weak state—One founder signs material actions.—record the gap, name an owner and give it a due date instead of explaining it away.
 - **Minutes:** Put the underlying records on screen and prove this standard: Board/stockholder actions documented consistently and stored in corporate records. If the evidence still looks like this weak state—Approvals happen in Slack/email.—record the gap, name an owner and give it a due date instead of explaining it away.
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Do the math investors will do

Governance matrix columns: decision, management owner, officer signature threshold, board approval, common-stockholder approval, preferred-class approval, notice requirement, governing document and evidence of approval. Build it from executed documents—not from memory.

Build the evidence investors can verify

- ✓ Current board/observer roster and appointment rights
 - ✓ Governance/authority matrix
 - ✓ Protective-provision summary
 - ✓ Information-rights calendar
 - ✓ Board calendar, materials template and minutes/action archive
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✓ Conflict-of-interest/related-party process

✓ Delegation and signature policy

Questions an investor may ask

? Which decisions require preferred approval?

? Can the board size change without investor consent?

? Who appoints/removes each director?

? What information are investors contractually entitled to receive?

? Show the approval trail for the last equity grant or material financing action.

30-day repair sprint

1 Days 1–5: collect charter, voting, rights and transfer documents.

2 Days 6–10: build governance/consent matrix.

3 Days 11–15: reconcile internal signature/delegation policies.

4 Days 16–20: rebuild board calendar/materials/minutes gaps.

5 Days 21–25: train executives on reserved matters and conflict paths.

6 Days 26–30: run a mock approval for financing, large contract and acquisition offer.

Research behind this guide

Use the primary and authoritative sources below to verify current rules, market conditions and technical guidance. Terms and regulations can change.

NVCA — Model Legal Documents



SEC — Ready to Raise CAPITAL



Cooley GO — Startup Legal Document Library / VC Due Diligence List



Carta — State of Private Markets Q1 2026



Important: This guide is educational information, not individualized legal, tax, investment, employment, security or compliance advice. For decisions with material legal or financial consequences, use a qualified professional who can review your facts.

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