

Are investors valuable board members?

Given the choice, I suspect most entrepreneurs wouldn't opt to have an investor sitting on the board – investor directors (IDs) tend to just arrive with the money as part of the package. And it's true that while some people make their way into VC from an operational background, many don't (myself included). Being an investor is our career, and it makes sense that founders might have some suspicions around the expertise we have to offer, but IDs bring value, within some boundaries.

Working in VC isn't just a privilege – it's my dream job. Beyond finding and backing the founders shaping tomorrow, it's our responsibility as investors to help our portfolio companies grow into the world-changing businesses we believe they have the potential to be and, yes, part of this means participating in board meetings. Over the decade-odd I've spent as an investor I've joined over 200, which has given me a clear sense of where, and how, I can add value. But perhaps more significantly, it's given me a clear understanding of the importance of stepping back.

Founders are used to pouring years of work into a single business, and their experience of a company's growth-cycle is correspondingly linear. Over time,

especially in the case of serial founders, they'll start making sense of what should and shouldn't be done, and when. For investors, working with multiple businesses in a similar space (and with full access to their management teams and KPIs) gives us an advantage; we see patterns emerge across overlapping portfolio companies, and that can give us enhanced insight when it comes to answering key questions.

While a founder might go through a fundraising round every few years, for example, we participate in the process far, far more regularly. At Octopus Ventures we have over 130 portfolio companies, raising over \$500m every year across more than 100 funding rounds. With high-quality data points, supplied on a real-time basis, giving us a detailed picture of what a company looked like entering a funding process – and how the fundraise went – we're the experts in the room when it comes to strategy and tactics for raising future funding.

But perhaps the key area where IDs earn their place at the board meeting is on the topic of risk. While decisions might be made on the basis of cost/benefit, or upside/downside, they are, effectively, questions of risk and probability. As VCs, we're well practiced at making risk-adjusted decisions, and sometimes it feels like my principal role around the Board table boils down to a kind of risk-o-meter: signalling when it should be increased or decreased.

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There is another side of the equation, though. There are plenty of areas in which IDs might input but wouldn't necessarily add more than that of *any* management consultant. On strategy, for example, we can be useful, especially if they have access to similar or adjacent companies, but the contributions of a current operator with domain expertise would likely be superior. Product too; many of my worst board meetings are when an ID takes a specific interest in the product roadmap and wants to shape the plan whilst the founders and VP Product who know the customers' needs better than anyone have to politely go along with it! Recognising the limits of one's expertise is critical for any responsible ID.

And we have a shelf-life. As an investor with particular experience in early-stage companies, I see getting a company with seven clients from a Series A to a point where it's ready to raise a gigantic round (with dozens of clients and

international expansion on the horizon) as a job well-done. When the business secures that next round of funding, and another ID joins the board, bringing with them a proven track-record of international expansion and a skillset up to the challenges and puzzles that accompany the next stage of growth, I know it's time to pass the baton.

I am increasingly coming to the view that having investors that specialise in a specific part of the journey, in which they then step back when their journey is coming to an end is optimal

Founders building a team know that the talent they need to hire is the talent that complements their strengths – and weaknesses. As an ID, with the responsibility that comes with a seat at the Board, I'm aware of the risks that overreaching beyond my areas of expertise can introduce. Working in VC, getting a front-row seat on the growth of companies that will shape the future for the better, is an incredible privilege. Over the course of my career I've learned that to truly support those companies, and prove the value of my presence to those pioneering founders, knowing when to step back is as important as knowing when to lean in.

Will Gibbs, partner in our health team at Octopus Ventures.

Article by WILL GIBBS