Outcome Report

Governance in MSMEs Programme at Pearl Initiative

WEBINAR | FOUNDERS' GOVERNANCE LAB

AstroLabs KSA x Pearl Initiative

Overview

As part of the Pearl Initiative's Governance in MSMEs Programme, the Founders' Governance Lab was convened in partnership with AstroLabs to explore how micro, small and medium enterprises (SMEs) and early-stage founders can embed governance practices from the outset of their journey.

Facilitated by Afaf Al Kharfan, MSME Programme Manager at the Pearl Initiative, the session brought together founders and professionals from diverse sectors including proptech, creative industries, logistics, consultancy, and community sports. The conversation underscored that governance is not a bureaucratic exercise, but a practical framework for clarity, accountability, and continuity.

The roundtable combined an introductory Governance 101 for Founders presentation with a case study simulation and an interactive discussion, enabling participants to exchange first-hand experiences and identify common governance challenges across the SME ecosystem in Saudi Arabia.

Key Takeaways

1. Governance as Clarity and Alignment

Participants consistently defined governance as clarity: clarity of purpose, roles, and expectations. Founders emphasized that documenting decisions, defining roles, and formalizing agreements help prevent miscommunication and scope overlap. As one participant summarized, "Governance is all about clarity; once you understand it, everything else becomes easier." This clarity strengthens both internal alignment and external credibility.

2. Founders' Responsibilities and Decision-Making Discipline

The discussion highlighted that many SMEs face difficulties in defining founder responsibilities, particularly when co-founders wear multiple hats. Governance frameworks such as RACI charts and delegation matrices were identified as useful tools to delineate accountability. Participants agreed that decision-making should be structured yet agile, allowing strategic choices to rest with leadership while maintaining operational transparency.

3. Early Governance Builds Investor Trust

Governance maturity was viewed as a critical enabler of investor readiness. Several founders noted that investors increasingly assess governance indicators, such as clear cap tables, role definitions, and financial record-keeping, before committing to funding. A tidy internal structure signals discipline, preparedness, and long-term viability, making governance a competitive differentiator.

4. Documentation and Risk Mitigation

The absence of documented processes and intellectual property (IP) protections was identified as a key vulnerability. Participants cited risks ranging from unclear equity agreements to unprotected creative outputs. The group stressed the need for basic founder agreements, IP ownership documentation, and financial controls, even in small teams, to safeguard continuity and reduce exposure to legal or financial disputes.

5. Tailoring Governance to the SME Context

There was emphasis on the distinction between “SME governance” and corporate governance. Given SMEs’ resource constraints, the objective is to adopt proportionate systems that support, and not stifle growth. Participants discussed prioritizing essential elements such as basic financial hygiene, role clarity, and IP management, before scaling into more formal structures.

6. Governance as a Cultural and Strategic Foundation

Beyond compliance, governance was recognized as a cultural framework that shapes leadership style and team dynamics. Participants noted that founders often rely on trust and intuition, but sustainable enterprises require systems that outlast individuals. Governance fosters this continuity, ensuring that businesses remain resilient amid market shifts and leadership changes.

Insights from the Case Discussion

The case study simulation served as a practical exercise for participants to identify governance gaps in a fictional SME. Common observations included lack of defined decision-making authority, unclear equity ownership, and absence of advisory boundaries. Participants proposed solutions such as designating a CEO to lead strategy, engaging qualified financial advisors, and establishing clear SOPs for operational decisions.

The dialogue also revealed a shared appetite for more founder-facing training on topics such as equity structuring, sweat equity, and cap table management. Participants expressed that many governance concepts, while essential, remain inaccessible to early founders, and called for simplified, sector-specific resources that translate governance theory into daily business practice.

Outcomes

The Founders' Governance Lab delivered tangible outcomes, both at the participant and programme level:

- Participants gained a practical understanding of how governance frameworks can enhance operational discipline and investor readiness.
- Founders identified their own governance starting points and committed to implementing one key improvement, whether documenting an agreement, clarifying a role, or introducing financial controls.
- The dialogue-built peer connections between Saudi-based founders and ecosystem enablers, strengthening community engagement within the Governance in MSMEs network.

Next Steps

Pearl Initiative will roll out follow-up training modules in 2026 focused on:

- Governance frameworks for creative and service-based SMEs
- Equity and ownership structures for founders
- Investor readiness through governance maturity mapping
- Discuss the possibility of future cohort-based learning track is planned in collaboration with AstroLabs to continue building governance capacity within Saudi Arabia's SME ecosystem.

Conclusion

The Founders' Governance Lab demonstrated that effective governance begins with intentionality, not scale. For SMEs and startups, embedding governance early ensures clarity in vision, efficiency in operations, and trust among investors and partners.

Through initiatives like this roundtable with AstroLabs, the Pearl Initiative continues to strengthen the region's entrepreneurial ecosystem by making governance an accessible and practical growth enabler; one that equips founders to lead ventures that are transparent, resilient, and conducive to scale.