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Founder Bottleneck / Governance

When founder-led success must become institutional strength

Vietnam's growth agenda is turning governance from an internal matter into a strategic constraint.

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Vietnam is asking much more of its private sector. Resolution 68-NQ/TW sets a 2030 ambition of two million operating enterprises, at least 20 large private companies participating in global value chains, and private-sector growth of roughly 10-12% per year. The same resolution calls for stronger management capability, transparent financial systems and standardised accounting and audit practices to improve credibility and access to finance. In March 2026, the Government also approved a programme to train 10,000 private-sector CEOs in modern management, strategy, digital capability and sustainable growth.[1][2]

At company level, the pressure is already visible. PwC's 2025 Vietnam Family Business Survey, based on 32 Vietnam respondents, found that 75% reported sales growth and 31% targeted quick and aggressive growth. Yet only 6% reported having a family constitution, 22% a formal shareholders' agreement, and 47% said their boards consisted only of family members. The sample is small, but the pattern matters: ambition is rising faster than formal governance in at least part of the market.[3]

The external benchmark is moving as well. Vietnam introduced a new Corporate Governance Code in February 2026 for the public and listed-company environment, aligned with G20/OECD practice and focused on board effectiveness, internal control, risk, disclosure and shareholder protection. FTSE Russell has separately confirmed Vietnam's move from Frontier to Secondary Emerging market status, effective from the open on 21 September 2026. Neither development dictates how a private family company should be governed. Together they reinforce a broader direction: companies seeking institutional capital, listings, international partnerships or larger-scale financing will increasingly be judged on more than the founder's reputation.[4][5]

> **The founder becomes a bottleneck not because the founder has become less capable, but because the company has become more complex than one person's attention can reliably absorb.**

1. THE FOUNDER BOTTLENECK IS A SCALING MECHANISM, NOT A PERSONALITY PROBLEM

The founder is not the problem. The operating model is.

Founder-centred leadership is often economically rational in the early stages of a business. The founder knows the customers, remembers the informal commitments behind formal contracts, carries credibility with employees and banks, and can resolve uncertainty without waiting for a committee. Judgement, authority and accountability sit in one place. That concentration creates speed.

The problem begins when the business changes faster than the operating model. More products, locations, legal entities, managers, investment projects, lenders and family interests create a volume and variety of decisions that no individual can process consistently. The founder may remain the best-informed and most capable person in the company. The organisation nevertheless begins to queue for access.

At that point the founder is no longer merely making decisions. The founder becomes the routing infrastructure through which decisions, exceptions, relationships and trusted information travel. Managers prepare recommendations for approval instead of deciding within their mandate. Staff bypass formal lines because the direct route to the owner is faster. Difficult issues rise upward, but routine decisions also rise because the cost of being wrong feels higher than the cost of waiting.

> **THE CONTROL PARADOX**
> **The more the founder intervenes to protect quality, the less opportunity managers have to build the judgement that would make intervention unnecessary.**

This loop is self-reinforcing. Weak delegation creates weak management behaviour; weak management behaviour then appears to justify stronger founder control. Formal titles remain, but real authority follows personal access. That is why the bottleneck cannot be solved simply by telling the founder to “let go”, nor by hiring a professional CEO without redesigning the system around the role.

What dependence looks like before performance breaks

- Senior managers carry responsibility but do not exercise final authority. Meetings close with “we will ask the Chairman” rather than a decision, owner and deadline.
- Operational detail flows directly to the founder while management information remains fragmented. The owner becomes the only person believed to understand the whole company.
- Important customer, supplier, bank and government relationships remain personal rather than institutionally owned.
- Delegated decisions are informally reversed, teaching managers that escalation is safer than judgement.

2. CAUSAL MECHANISM

How personal control becomes an institutional constraint

Founder dependence reaches enterprise performance through a recognisable transmission mechanism. Recurring decisions and exceptions concentrate around the founder. Decision queues form and escalation becomes inconsistent. Managers optimise for approval rather than accountability. Information moves vertically instead of through the management system. The founder becomes both final decision-maker and the only person trusted to interpret the whole company.

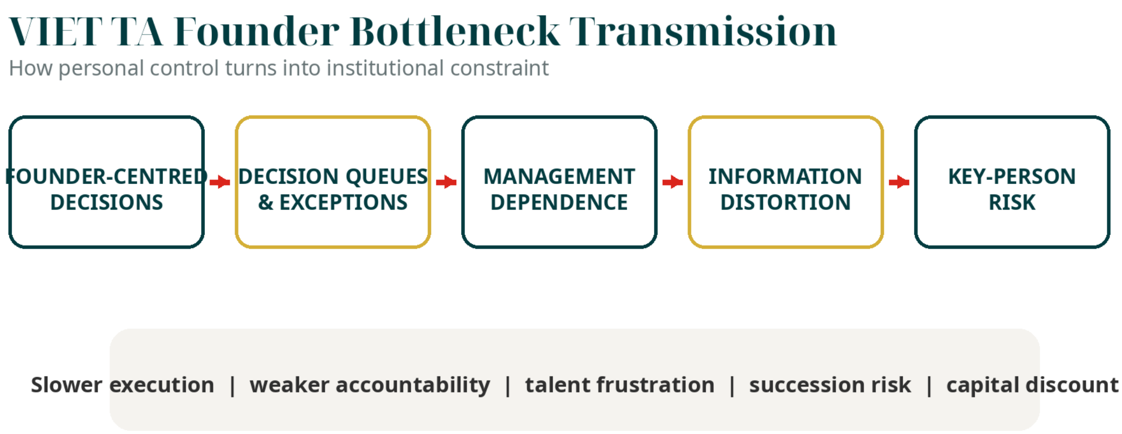

FIGURE 1 | VIET TA FOUNDER BOTTLENECK TRANSMISSION - VIET TA SYNTHESIS/APPLICATION

The commercial consequences are not abstract. Decision latency increases. Customer commitments can vary according to relationship. Investment proposals are judged through different criteria depending on who presents them. Strong executives become frustrated when responsibility is not matched by authority. Weaker executives can remain in place because the founder compensates for capability gaps personally.

The company can therefore continue to grow while becoming harder to govern. That is the dangerous phase because headline performance can hide institutional fragility. The founder sees continuing results; banks and investors may see key-person concentration; managers see unclear authority; the next generation may see a title without a credible path to real responsibility.

> **PRACTICAL TEST**
>
> **If the founder were unavailable for 30 days, which decisions would stop, which relationships would weaken, which numbers would no longer be trusted, and which managers would wait instead of act?**

3. GOVERNANCE ARCHITECTURE

Governance is the architecture of legitimate decisions

Many founder-led and family-owned businesses operate with four legitimate centres of influence: family, ownership, the board and executive management. Problems arise not because these centres exist, but because their decisions are mixed together. A family concern becomes an executive instruction. An ownership preference bypasses board oversight. A board discussion turns into daily operating intervention. Management can be held accountable for results without control over the decisions that create them.

Four governance arenas, four different decisions

The same people may sit in several arenas. The decision logic still has to remain distinct.

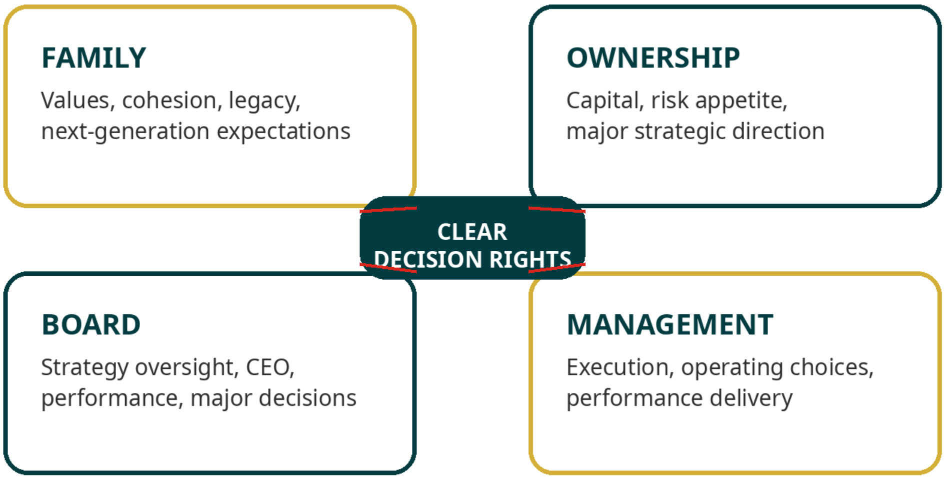

FIGURE 2 | FOUR GOVERNANCE ARENAS - THE PEOPLE MAY OVERLAP; THE DECISION PURPOSE SHOULD NOT

A workable governance model does not require importing the bureaucracy of a large listed corporation. It requires a recognised place for each type of influence: family for values, legacy and next-generation expectations; owners for capital, risk appetite and major strategic direction; the board for strategy, CEO accountability, risk and performance; and management for execution within an agreed mandate.

This clarity reduces personal friction because disagreement is attached to a role rather than to status or proximity. Professional managers can decide without appearing to challenge ownership, while family concerns can be raised without informally overruling the CEO. It also makes authority legible to banks, investors and external partners.

> **GOVERNANCE PRINCIPLE**
>
> **Respect is strengthened when influence has a recognised place, decisions have a recognised owner and escalation follows a recognised path.**

4. EXTERNAL VISIBILITY OF FOUNDER DEPENDENCE

The same dependency creates different risks for each stakeholder

For the founder and family, the core issue is continuity without loss of identity. Informal arrangements can preserve harmony while the founder is strong and present, but they become fragile when succession, illness, disagreement or liquidity needs force decisions under time pressure. A transition designed while the founder still has authority is fundamentally different from one triggered by an emergency.

For senior management, the problem is responsibility without authority. Executives cannot be held to account for margin, cash, customer outcomes or execution speed if significant decisions can be reclaimed informally. When that gap persists, capable managers either become cautious political actors or leave; weaker managers learn to survive by escalating.

For banks, investors and strategic partners, the question is institutional continuity. They are not only asking whether the founder is strong. They are asking whether the enterprise is strong because of the founder or only through the founder. Reporting reliability, cash resilience, board oversight and management capacity become part of credit, valuation and transaction confidence.

> **CAPITAL CONSEQUENCE**
>
> **A founder premium can become a governance discount when external stakeholders cannot see how judgement, authority and continuity survive beyond one individual.**

5. FOUNDER ROLE EVOLUTION

The founder's role should move up, not out

Professionalisation is often framed badly as a choice between founder control and professional management. The objective is not to reduce the founder's legitimate influence. It is to concentrate that influence where it creates the highest enterprise value: purpose, major capital decisions, selected strategic relationships and negotiations, senior appointments, leadership standards and long-term continuity.

FROM	Primary decision-maker and chief problem-solver
THROUGH	Strategic sponsor who tests judgement, coaches leaders and protects standards
TOWARD	**Steward of purpose, capital, key relationships and long-term continuity**

The discipline is behavioural, not ceremonial. Delegated authority must be exercised, supported and reviewed rather than silently reclaimed. The founder should become less operationally indispensable without becoming less strategically important.

6. THE GOVERNANCE OPERATING SYSTEM

Institutional strength requires more than better people

Governance becomes real only when authority, information and accountability reinforce one another. Five operating mechanisms matter most in founder-led companies.

1	**Reserved matters and decision rights** Define which decisions remain with owners or the board, which belong to the CEO, and which can be made within functions or business units. Thresholds should be economic and risk-based: capital size, leverage, related-party exposure, reputational risk, strategic deviation or other factors material to the company.

2 One trusted fact base

Financial and operating information must be timely, consistent and sufficiently detailed for managers to decide without reconstructing the company through personal conversations. If the founder is the only person trusted to know the truth, the information system is part of the bottleneck.

3 A disciplined management rhythm

Weekly operational control, monthly performance review and quarterly strategic discussion should serve different purposes. Each forum ends with decisions, owners and deadlines. This creates organisational memory and makes execution visible.

4 A decision and escalation log

Material decisions should have a named owner, rationale, deadline, escalation threshold and follow-up. The purpose is not paperwork; it is to stop settled matters from being repeatedly reopened or escalated merely because accountability feels uncomfortable.

5 Management consequences and development

Managers who exercise agreed authority should be supported even when every decision is not perfect. Managers who avoid authority should be challenged. Capability gaps require coaching, role redesign, recruitment or replacement. Governance without consequences becomes theatre.

> PRACTICAL RULE
> **A decision is not truly delegated until the manager has the information, authority and support to make it, and remains accountable for the outcome.**

7. IMPLEMENTATION

A controlled 90-day governance reset can start the transition without destabilising the business

The first move should not be an organisational-chart exercise. Governance transitions fail when titles are changed before the underlying decision system is understood. The safer sequence starts with actual decision flows and expands delegated authority only where information, capability and accountability can support it.

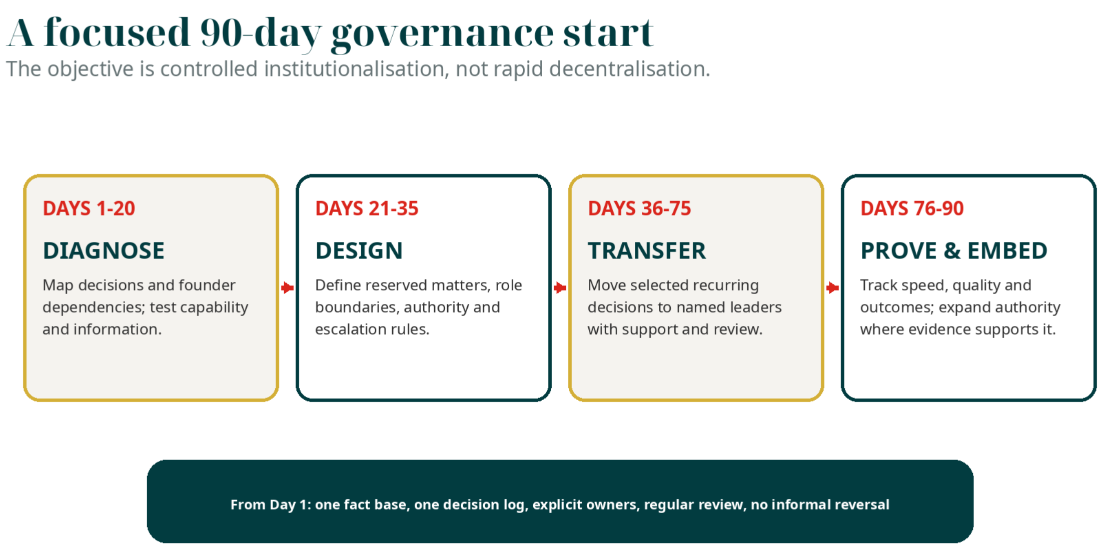

FIGURE 3 | VIET TA CONTROLLED 90-DAY GOVERNANCE RESET

Begin with decisions, not titles. Map which matters repeatedly return to the founder and why: unclear authority, weak data, insufficient management capability or reluctance to accept the risk of another person deciding. These are different problems and require different responses.

Then define the founder's future role, reserved matters, board responsibilities, executive mandates and escalation thresholds. Transfer a limited set of recurring decisions where information and capability are sufficient. Avoid informal reversal. Track decision speed and quality, customer outcomes, cash discipline, forecast reliability, exceptions, rework and leadership behaviour. Expand authority where evidence supports it.

> **90-DAY OBJECTIVE**
>
> **By Day 90, management should be able to show that selected important decisions no longer require founder intervention and that quality, control and accountability have not deteriorated.**

The aim is controlled institutionalisation, not rapid decentralisation. Authority moves only when capability, information and accountability can carry it; where they cannot, close the gap before transferring more.

WHAT OWNERS AND BUSINESS LEADERS SHOULD DO NOW

Institutionalise strength before transition becomes urgent

Founder dependence is often the natural result of a company built through personal judgement, trusted relationships and persistence. It deserves respect. But respect does not require avoiding the institutional question. A company becomes stronger when the founder's values, judgement and relationships are embedded in governance, management capability and reliable decision processes.

Vietnam's next corporate growth phase raises the stakes. Policy is explicitly pushing the private sector toward larger scale and stronger management capability; capital-market standards are moving upward; family businesses are ambitious. Under those conditions, a founder-centred operating model can remain successful for years and still become the constraint on the company's next stage.

FOUR QUESTIONS FOR THE OWNER / BOARD

- Which important decisions still depend on the founder even though they should not?
- Does management carry real authority together with responsibility?
- Are family, ownership, board and executive roles sufficiently clear to survive disagreement or absence?
- Would a bank, investor or successor see institutional continuity as well as entrepreneurial strength?

The first practical move

Identify the 10-20 recurring decisions that still depend unnecessarily on the founder. Separate family, ownership, board and management decisions. Define reserved matters, executive mandates and escalation thresholds in writing. Strengthen the fact base, transfer selected decisions, protect the mandate and measure the result before scaling.

The best time to redesign founder dependence is while the founder is active, respected and able to shape the transition. Waiting until succession, health, conflict, financing pressure or a transaction makes change unavoidable reduces choice and increases both emotional and economic cost.

> **The objective is not a company without its founder. It is a company strong enough to preserve founder judgement, standards and relationships without depending on constant personal intervention.**

Next step

VIET Transformation Advisors works confidentially with founders, business families, boards and investors to assess dependence, clarify governance and design a transition path that protects continuity and enterprise value.

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SELECTED EVIDENCE

Sources supporting current Vietnam-specific context

[1] Politburo Resolution No. 68-NQ/TW on development of the private economy, 4 May 2025; Government Portal full text, 5 May 2025.

[2] Prime Minister Decision No. 525/QĐ-TTg approving the programme to train and develop 10,000 private-sector CEOs by 2030; Government Portal, 31 March 2026.

[3] PwC Vietnam, 12th Family Business Survey 2025: Leading Vietnam's Family Businesses into a New Era. Vietnam sample: 32 respondents; fieldwork 1 April to 17 June 2025. Survey figures in this article are presented as directional findings, not national estimates.

[4] Vietnam Government Portal, "Thị trường chứng khoán có chuẩn quản trị mới tiệm cận quốc tế", 3 February 2026, on the Vietnam Corporate Governance Code 2026 launched by the State Securities Commission with IFC and SECO.

[5] FTSE Russell / LSEG, March 2026 Semi-Annual Country Classification Review, published 7 April 2026, confirming Vietnam's reclassification from Frontier to Secondary Emerging market status effective 21 September 2026.

> **FINAL TAKE-AWAY**
> **Convert founder authority into institutional capacity while the founder can still choose the timing and design of the transition.**