

From dart boards to dashboards: How founder blueprints and investor demands shape evolving management control systems in a startup

Viktor Widhagen (25946) and Julius Larsson (25884)

Abstract

As startups grow, they must introduce more formal management control systems (MCSs) while maintaining the founder-shaped culture that supported their early success. This thesis examines how this balance is navigated through a retrospective longitudinal single-case study of AI Co, a Swedish software startup. We trace the development of its control systems across three ownership stages and analyse how the founder's engineering blueprint shaped both the timing and the form of emerging controls. The study shows that formalisation did not follow automatically from receiving external capital but accelerated when new, more active owners introduced a strict profitability mandate. We further demonstrate how the engineering blueprint functioned as a translation mechanism, enabling new financial and results controls to be perceived as tools for technical efficiency rather than bureaucratic impositions. Overall, the case illustrates that founder imprints are not replaced as investor demands shift, but reweighted in ways that preserve the firm's core identity while accommodating stricter control requirements.

Keywords: Management control systems, Startups, Founder blueprint, External investors, Control evolution

Supervisor: Kalle Kraus, Professor, Department of Accounting

Acknowledgements: We would like to express our sincerest gratitude to our supervisor, Kalle Kraus, for his thoughtful guidance and feedback throughout this process. We would also like to thank all our interviewees for their valuable contributions, and extend a specific thank you to our case firm for generously sharing their time and insights.

Table of contents

1. Introduction: Background and problematisation.....	3
2. Theory and literature review	4
2.1 Domain theory: Management control systems in startups	5
2.1.1 The emergence of formal controls in growing startups	5
2.1.2 Balancing formal and informal controls in practice	7
2.1.3 External governance and investor-driven formalisation.....	8
2.1.4 Gap discussion.....	10
2.2 Method theory and analytical tool.....	11
2.2.1 Founder blueprints: The underlying logic	11
2.2.2 Object-of-control framework: The analytical tool.....	13
2.3 Theoretical framework: Integrating founder blueprint and objects of control.....	14
3. Methodology.....	15
3.1 Research design.....	15
3.2 Data collection	17
3.2.1 Case firm selection	17
3.2.2 Semi-structured interviews and snowball sampling	17
3.3 Data analysis	19
4. Empirical findings	19
4.1 Introducing AI Co	20
4.2 Phase 1: Founding and early blueprint.....	20
4.2.1 Founding logic and the emergence of an engineering blueprint.....	20
4.2.2 Early personnel and cultural controls: curiosity, self-selection and the role of early investors.....	23
4.3 Phase 2: Formalising for growth	25
4.3.1 Professionalising the engineering logic	25
4.3.2 Codifying the cultural values.....	27
4.3.3 Building investor credibility: the hygiene of control.....	28
4.4 Phase 3: PE entry and the reconfiguration of control.....	30
4.4.1 Profitability first: tightening results controls under Mattson Capital	30
4.4.2 Reorganising and protecting the core: personnel and cultural controls under pressure ..	32
5. Discussion	34
5.1 Why early investor involvement did not lead to immediate formalisation.....	34
5.2 Founder blueprint as a lens for absorbing formalisation.....	36
5.3 Subtle reweighting within a stable engineering blueprint.....	38
6. Conclusion	39
6.1 Main contributions and implications for practice	39
6.2 Limitations	41
6.3 Future research	41
7. References.....	42
8. Appendix.....	44
8.1 Interview table.....	45
8.2 Interview guide.....	46
8.3 Use of generative AI	48

1. Introduction: Background and problematisation

Stockholm, also referred to as “Silicon Valhalla” in the startup community, is quickly emerging as one of the most exciting startup hubs in the world. Recent data show that Stockholm ranks #1 in Europe in venture capital investment per capita, and that Stockholm has produced more unicorns per capita than cities like New York, London and Los Angeles. In 2024, more than 21,000 new companies were started in Stockholm, which accounts for 30% of all new firms in Sweden that year (Stockholms Handelskammare, 2025). As many of these young firms scale up quickly, they face a recurring challenge: how to grow the business while preserving the foundations that underpinned their initial success. A central part of this challenge concerns how to introduce more formal control systems without undermining the informal “startup culture” that initially allowed them to move fast. Practically, this raises questions for founders, managers and investors about how far formalisation can be pushed without eroding the cultural glue of the organisation. Theoretically, existing research still struggles to capture how this balancing act actually unfolds over time.

Research on management control systems (MCSs) in startups has developed along several streams. A first stream examines when and why MCSs are adopted, linking adoption to growth, firm size and access to venture capital (Davila & Foster, 2005; 2007). Other studies show not only that venture capital investors tend to push for more formal financial controls, but also how such pressures can create tensions with existing cultures and practices (Granlund & Taipaleenmäki, 2005). More recent work shifts attention to how informal and formal controls coexist, illustrating how these can act as complements rather than simple substitutes (Taylor et al., 2019), and how founder-shaped cultures interact with emerging control structures (Akroyd & Kober, 2020). Taken together, these studies offer important insights into MCS adoption in growing firms and into the interplay between cultural and formal controls. At the same time, much of this work treats adoption and formalisation at a relatively aggregate level, which means that the underlying processes of how controls are worked out over time often remain in the background.

Against this backdrop, we argue that the current literature is incomplete. It has paid relatively little attention to the micro-processes through which founder-driven cultural control interacts with evolving investor demands, especially over longer periods where owners range from early angels to more mature private equity (PE) firms. Existing studies rarely follow how founders and investors negotiate control expectations in practice, how informal routines are

reinterpreted as new systems are introduced, or how different types of control are rebalanced as ownership and investor logics change. In other words, we still know relatively little about how MCSs evolve in startups when persistent founder imprints and external investor demands meet and are gradually reworked. Without such a process perspective, there is a risk that the relationship between founder culture and investor-driven formalisation is oversimplified, for example as a static clash between “culture” and “control”, rather than as something that becomes intertwined and reshaped as the firm develops.

In this thesis, we investigate how MCSs evolve over time in a startup exposed to multiple stages of investor involvement, and how founder-imprinted cultural controls and external investor expectations shape this process. Thus, we aim to answer the following research question:

How do startups navigate evolving management control systems when external investor demands interact with persistent founder imprints?

Empirically, we conduct a qualitative, retrospective longitudinal single-case study, drawing on interviews and internal documents to trace how MCSs have developed across successive ownership stages. Analytically, we combine blueprint theory with Merchant and Van der Stede’s object-of-control framework to examine how the founder blueprint and investor-driven expectations are interpreted, negotiated and reconfigured as the firm grows. By doing this, we contribute to the literature on MCSs in startups in three main ways. First, we nuance the established link between receiving external capital and MCS adoption. We demonstrate that formalisation is driven not by the mere presence of external capital, but by more active investors shifting the investor logic (e.g. transitioning from a growth focus to a strict profitability mandate). Second, we extend research on founder imprinting by showing how an engineering blueprint functions as a translation mechanism, allowing new controls to be absorbed by framing them as tools for technical efficiency rather than bureaucratic constraints. Finally, we offer a longitudinal insight into the “elasticity” of these imprints, illustrating how founder-led logics are not replaced by active ownership but are instead reweighted to accommodate new demands while preserving the firm’s core identity.

2. Theory and literature review

This chapter examines the theoretical background underlying this study. In 2.1, we review prior research on management control systems in startups, focusing on how and why MCSs

are introduced, how formal and informal controls interact in practice, and how external governance and investor influence shape the development of control systems over time. Building on this review, we identify and synthesise the research gap that motivates our study. In 2.2, we introduce blueprint theory as our method theory and Merchant and Van der Stede's object-of-control framework as our analytical lens for describing and categorising control mechanisms. In 2.3, we show how these perspectives are combined into a theoretical framework that guides our analysis.

2.1 Domain theory: Management control systems in startups

2.1.1 The emergence of formal controls in growing startups

Historically, extensive research has been done on the topic of management control system (MCS) adoption and implementation. Davila and Foster (2005), in a quantitative field study, studied when and why startups adopt management accounting systems (MAS), with a focus on financial planning and evaluation. Operating budgets were found to often be the first formal control to be adopted, while variables like firm size, CEO experience, hiring a financial manager and the presence of VC were all driving MAS adoption (Davila & Foster, 2005). The presence of VC and external investors is important to recognise when investigating the implementation of MCSs in startups, as much research attributes MCSs implementation to outside pressure. Quinn and Hiebl's (2018) qualitative case evidence shows how external investors directly pressure firms to formalise forecasts, budgets, variance analysis, and reporting, and Davila and Foster (2005) quantitatively showed that VC funding accelerates the adoption of MAS. For instance, Davila and Foster (2005) concluded: "Companies that access venture capital speed up their adoption of budgeting and other MAS components such as variance analysis, operating expense approval, capital expense approval, and product profitability. This is an important indicator of the perceived value of such systems." (Davila & Foster, 2005) (p. 1066).

Building on their previous research, Davila and Foster (2007) extended their findings by examining the broader evolution of MCSs in startups, including comprehensive control systems like HR planning, strategic planning, sales and marketing. They reaffirmed that the first MCSs that startups typically implement are formal planning systems (e.g. operating budgets), and added that formal evaluating systems (e.g. procedures for capital investment approval) typically are introduced after e.g. financial planning systems. An increase in the

number of MCSs is positively associated with company size, and is important to facilitate an organisational scale-up, which was also identified as one of the reasons for the adoption of MCSs (Davila & Foster, 2007).

Building on Davila and Foster's (2005; 2007) research on MCS adoption, Reinking and Resch (2023) added the perspective of why some MCSs gain better traction in SMEs (small and medium-sized enterprises) than others, going from the adoption stage to institutionalisation. Formalisation alone is not enough, but requires foundational HR controls and systematic communication, and lower-level employee buy-in, to be successful (Reinking & Resch, 2023). Reinking and Resch (2023) further reiterated the assumption from previous research: "The key underlying premise for the adoption of MCS is that, as firms grow, the complexity of operations increases the need for more sophisticated organisational systems, whereas management through informal controls becomes less feasible" (p. 373). This idea is especially relevant for startups and SMEs early in their growth journey, where the need for implementing MCSs becomes evident as the firm scales up, and it is also congruent with previous research correlating MCS adoption with firm size growth (Davila & Foster, 2005; 2007).

However, Akroyd and Kober (2020) nuances this in a single-case study on an early-stage firm following a founder's blueprint. They showed that growth pressure could be managed by emphasizing cultural controls, that in turn were supported by personnel, results, action and informal controls. More specifically, when managers designed MCSs, it was with explicit links to the organisational culture (Akroyd & Kober, 2020). While the firm in question managed to keep more informal control aspects than prior research suggested, even during periods of rapid growth, it was reliant on strict personnel selection where employees deviating from the core values of the organisation were fired (Akroyd & Kober, 2020). This research extended the literature on the emergence of MCSs in startups by addressing the founders' influence on MCSs, a quite novel angle, showing that formalisation is not the only way to handle growth pressure. Instead, cultural and personnel controls can serve a similar function if they are tightly linked to the founder's value. Taken together these studies suggest that startups may rely on varying mixes of control elements as they grow, depending on how culture and structure develop within the firm.

2.1.2 Balancing formal and informal controls in practice

How this balance between formal and informal controls unfolds in practice has been illustrated in several studies. Taylor et al. (2019) followed an Australian SaaS start-up where an initially informal, heterarchical way of working gradually came under pressure as the organisation grew. Different teams operated with their own priorities, where developers emphasised interesting and innovative code, while commercial teams focused more on sales and customer satisfaction, which made coordination increasingly challenging. Over time, “team members reported some breakdowns in inter-team communication, even though informal controls were in place to facilitate co-operation.” (Taylor et al., 2019, p. 18). In response, the company introduced more formal management controls, such as team leader roles, cross-team rotations and regular inter-team meetings, to better handle interdependencies and ensure that multiple evaluative principles were considered in day-to-day work. Rather than being driven primarily by external investors, these formal controls were adopted to manage internal tensions and to structure the innovation process. Through management control systems, the organisation could “promote idea generation and “buy-in” across all functional areas, order competing priorities for innovation” (Taylor et al., 2019, p. 1), while still preserving a heterarchical structure with distributed authority and a collaborative, innovative environment.

Similar dynamics around how different controls are combined into a coherent whole were examined by Sandelin (2008), who analysed how cultural, personnel, action and results controls operated together as a “control package” in a growing tech firm. Instead of looking at single systems in isolation, he compared two packages with different primary logics; one built mainly around cultural and personnel controls, and one more accounting-centric with results controls at the core, and showed that both could function effectively as long as the elements were internally consistent and reciprocally reinforcing. In his terms, internal consistency is achieved when: “the primary mode of control shapes the design of the control package whereas the use of the secondary modes of control complements the primary one” (Sandelin, 2008, p. 338). He further argues that a relatively simple, less accounting-centric package can be functionally equivalent to a more formal, accounting-centric design if this internal consistency holds, but that this equifinality is conditional on operational complexity: as

geographical and product complexity increase, the need for more formal, information-mediating controls also grows (Sandelin, 2008).

Further evidence of this culture-formality nexus was given by Akroyd & Kober (2020), who used a blueprint lens to evaluate how the founder's blueprint influenced the subsequent evolution of different MCSs. By studying an early-stage firm following a founders' distinct commitment blueprint (one of five possible blueprints, the others being: star, engineering, autocracy and bureaucracy), the authors found support for the notion of: "an interaction between formal and informal controls [...] and their complementarity rather than substitutability [...], such that both formal and informal controls facilitate organizational objectives" (Akroyd & Kober, 2020, p. 15). The authors thus add a more nuanced view, showing that while informal controls may strengthen the existing culture, that culture itself depends on being first established and supported by formal systems that make its underlying values explicit. By laying a strong cultural foundation, partly by explicit core values and vision statements, partly by strong personnel control in the form of employee selection based on fit, the founders managed to keep strong informal elements even as the firm grew, something that usually entails stronger formalisation pressures. While formal controls existed, they were primarily used as a means to support the culture: "The continual reinforcement of organisational culture supported by other formal controls and visible penalties for deviating from organizational values enabled HRV [the case firm] to reduce reliance on other forms of control to guide behavior" (Akroyd & Kober, 2020, p. 15). Together, this raises an intriguing question of how such founder-imprinted firms adapt once new owners enter with their own, potentially more bureaucratic or autocratic blueprints. This is especially interesting as these investors rarely remain passive owners; instead, their monitoring and reporting requirements often begin to redefine what control means for the firm.

2.1.3 External governance and investor-driven formalisation

Multiple empirical studies have shown that such external governance plays a decisive role in shaping startups' control systems. While specific MCSs implementations differ from startup to startup, the pressure from external investors is important for this adoption process (Davila & Foster, 2005; 2007; Quinn & Hiebl, 2018). When researching startups (NEFs), Granlund and Taipaleenmäki (2005) showed that investors are not passive in this adoption process. Instead, when startups get funded by venture capital, they not only adopt MCSs faster, but the

investors play an active role in shaping how those specific systems should look like. These financing patterns thus create external pressure from VCs to specify e.g. budgeting and key figure monitoring, an expectation that is later reinforced by the stock market. Critically, a hypothesis for why VC monitoring is translated into reporting architectures even when the owners (VC) are relatively “hands-off” is presented: “Venture capitalists, especially those not pursuing hands-on management practices, may require reliable control and reporting systems due to the physical distance from the funded business operations.” (Granlund & Taipaleenmäki, 2005, p. 30). This means that VC governance doesn’t only create pressure to formalise, but also influence the design features of the controls adopted (e.g. cadence, metrics, documentation), even when they are physically distant from the business. As a result, firms professionalise their control functions earlier than they would have on their own, and the extent to which they follow these controls are also increased: “...smaller NEFs especially are more likely to meet the expectations as regards their financial controls [...] placed by external venture capitalists than requirements originating from their internal corporate evolution.” (Granlund & Taipaleenmäki, 2005, p. 49). Additionally, VC governance influenced what startups prioritise and at what speed they perform them: “The need for a *speedy reporting cycle* emerged as an important issue regarding reporting. This is due to the *short-term orientation* emanating from venture capitalists’ pursuit of short-term profits” (Granlund & Taipaleenmäki, 2005, p. 33).

While many startups are pressured to formalise their control through VC financing, incubators (also known as technology parks) can perform a similar governance function. The key difference, of course, is the incubator’s lack of ownership, but its ability to demand target-setting and structured reporting remains (Flanschger et al., 2023). Another difference is the purpose of and approach to control: “...technology parks are characterised by advice and networks, while VCs are characterised by control.” (Cumming et. al., 2019, p. 455). The VCs, typically wanting to maximise their return on investment, take control through board seats and other contractual rights. When VCs get involved, it often leads to replacing the founding CEO and implementing organizational changes necessary to set the company up for an acquisition (Cumming et. al., 2019). While incubators lack these motives, they still tend to demand formalisation, which contrary to common assumptions is appreciated from the startups’ perspective: “We also show that most entrepreneurs in our sample appreciate not only the advice and support, but also the control elements of their governance relationship,

acknowledging that, in the absence of such control, they would lack the self-discipline of doing what needs to be done.” (Flanschger et. al., 2023, p. 88).

Becker and Endenich (2023) further demonstrated that external governance does not have to come only from owners. Rather, other stakeholders in the startup ecosystem can also shape or standardise routines, KPIs, progress documentation and other expectations that formalise behavior. As they put it: “Our data point to a key role of the ecosystem in which star entrepreneurs, business angels, venture capitalists, mentors, incubator managers, authors, bloggers, and business school professors play a decisive role as they influence entrepreneurial activity and discourse. [...] and shapes the way in which entrepreneurs run their companies, including their MCSs.” (Becker & Endenich, 2023, p. 626).

Together, these studies show that external governance, whether coercive, supportive or something in between, is a central force in shaping startups’ management control systems. Still, much of the literature treats investor interventions as fixed end points rather than as unfolding processes. We know too little about how control is reworked as ownership changes over successive investor stages, and how founders and new owners negotiate their respective control logics over time.

2.1.4 Gap discussion

This study aims to explore the evolution of MCSs within a startup, and specifically how they have interacted with, and evolved under, external investors. Previous research on MCSs in startups have largely examined why and when specific systems are implemented (Davila & Foster, 2005; 2007; Quinn & Hiebl, 2018), why certain MCSs gain traction after adoption (Reinking & Resch, 2023), and what governance functions external investors fulfill in shaping these systems (Granlund & Taipaleenmäki, 2005). Furthermore, previous research has also covered how informal and formal controls can coexist (Taylor et al., 2019) and be combined into coherent control packages in growing firms (Sandelin, 2008), and how a strong founder’s culture influences how MCSs evolve within a firm (Akroyd & Kober, 2020).

However, existing studies stop short of examining how these dynamics interact over time, and how founder-imprinted controls and investor-driven formalisation is negotiated in practice. Collectively, the existing body of work provides limited insight into the micro-processes when external investors enter, start to exert influence over the firm and potentially reshape how formal and informal controls interact. Furthermore, prior research has not

examined how these dynamics evolve over successive ownership stages. Thus, this study aims to fill this gap by extending prior research on how a founder-driven culture shapes the emergence of control systems (cf. Akroyd & Kober, 2020), incorporating the perspective of external investors and tracing how their demands interact with founder-imprinted controls over multiple investment stages.

2.2 Method theory and analytical tool

2.2.1 Founder blueprints: The underlying logic

The idea of founder blueprints comes out of the SPEC (Stanford Project on Emerging Companies) programme, where Baron et al. (1996) first showed how early employment models leave lasting imprints on young firms. Later SPEC studies applied this lens to inertia and change in employment relations, managerial intensity and the emergence of formal HR policies (Hannan et al., 1996; Baron et al., 1999a, 1999b, 2001). The accumulated findings were later brought together in Baron and Hannan's (2002) overview of organisational blueprints in high-tech start-ups, and together these studies set out the typology on which our analysis builds.

A founder's blueprint, an early mental model built on assumptions regarding how people should be motivated, coordinated and selected, has a profound impact on an organisation's control systems. Even though companies grow and evolve over time, blueprint theory posits that the founding model tends to persist, and form companies' HR and control systems for years (Baron et al., 1996).

An organisational blueprint typically consists of three dimensions; attachment, control and selection, where each differs across three different bases. The three bases for attachment (why people stay) are *love*, *work* and *money*. *Love* entails being emotionally attached to the work-place and viewing the workplace as your family, thus creating highly loyal employees. *Work* is contingent on employees being intrinsically motivated to be at the technological frontier, and that challenging work is the reason for attracting and retaining them. *Money* relies on people being extrinsically motivated, where founders view "employment relationship as a simple exchange of labor for money" (Baron et al., 1996, p. 15).

The bases for control are *peer/cultural control*, *professional control* and *formal procedures and systems*. A commitment blueprint relies extensively on *peer/cultural control*, where peer

pressure and norms will ensure conformity. *Professional control* is used by founders taking employees committed to excellence for granted, and emphasizing autonomy and independence rather than enculturation. A view of control as being embedded in *formal procedures and systems* are used by founders having a more traditional view of control, where rules and monitoring are part of the process. (Baron et al., 1996).

The third source of variation in founders' organisational blueprints concerns how employees are selected to join the firm. It can be based on either *skills*, *potential* or *fit and values*. Founders prioritizing *skills* were looking for employees who could be "brought on board and be up to speed as soon as possible and who would not decimate the founder's wallet or purse." (Baron et al., 1996, p. 16). For these founders, time and money are the main concerns. Founders with a longer perspective in mind, e.g. a series of projects over time, were instead looking to select highly-skilled people with *potential*, willing to let them gain experience rather than demand they already have it. Finally, founders selecting people for their *fit and values* also had a long-term perspective in mind, but also prioritised the hiree's ability to connect with the other people in the organisation (Baron et al., 1996).

From different combinations of the three dimensions, four pure-type blueprints emerge; *Commitment*, *Star*, *Engineering* and *Factory*. The commitment blueprint relies on employees' emotional attachment for the company, peer group control and selection based on cultural fit and aligned values. The star blueprint is characterised by challenging work, professional control and autonomy, and selection based on long-term potential. The engineering blueprint combines challenging work with peer group control and selection based on skills and abilities to complete specific tasks. The factory blueprint emulates more of a traditional bureaucratic model, where motivation is monetary, control formal and hierarchical, and selection based on skills able to perform predefined tasks (Baron et al., 1996). In later work, *Factory* blueprint is further divided into *Bureaucracy* and *Autocracy*, the difference being that bureaucracy blueprint achieves attachment from providing challenging work and opportunities to develop while still using formal controls, whereas autocracy blueprint is defined by purely monetary incentives and close personal oversight (Baron et al., 1999b).

The three dimensions underlying the different blueprints are interdependent, creating internal consistency and complementarities among HR practices (Baron et al., 1996). These complementarities make the system self-reinforcing, which causes organisational stickiness and path dependence, while making incremental changes costly and potentially destabilising

(Baron et al., 1996). Altering one element of the blueprint without adjusting the rest disrupts this internal coherence, undermines legitimacy, and often triggers organisational instability. As a result, foundational models tend to persist over time, and attempts to alter them are quite rare and often destabilising, producing higher turnover and elevated failure rates (Baron & Hannan, 2002).

2.2.2 Object-of-control framework: The analytical tool

To analyse the specific mechanisms that sustain or challenge these blueprints in practice, we use Merchant and Van der Stede's (2017) object-of-control framework. The framework distinguishes four objects of control: results, action, personnel and cultural, which together give us clear categories to identify and discuss how control is designed and used in practice (Merchant & Van der Stede, 2017). In short, results controls define desired outcomes and tie consequences to measured performance; action controls ensure or prevent specific behaviours through constraints, pre-action reviews, accountability and redundancy; personnel controls work through selection, training and the provision of resources so people can and want to do the right things; and cultural controls shape shared norms and mutual monitoring (Merchant & Van der Stede, 2017). Reasons for the need for control and implementation of different MCSs can be classified into three main categories: a lack of direction, motivational problems and personal limitations. Lack of direction means employees are not aware of what the organisation expects of them, and are willing to perform but do not know what good performance looks like. Motivational problems imply employees know what to do, but lack motivation or incentives to actually do it. Personal limitations may result in people not doing a good enough job due to their inability to perform the tasks asked of them, even if they want to (Merchant & Van der Stede, 2017).

We also use Merchant and Van der Stede's (2017) notion of tightness, defined as a high degree of assurance that employees will behave in the organisation's best interests. Any of the four control types can be tightened or loosened, but in this thesis we mainly use the term when describing results and action controls that become more demanding, for example through more specific targets, timelier measurement or clearer consequences. This gives us a straightforward way of indicating how strongly the controls constrain behaviour at different points in time.

2.3 Theoretical framework: Integrating founder blueprint and objects of control

While the blueprint perspective helps explain the founding logic and its lasting influence on control design, it offers limited tools for examining how these logics are enacted and reconfigured in practice. To address this, we combine blueprint theory (Baron et al., 1996; 1999b) with Merchant and Van der Stede's (2017) object-of-control framework, as can be seen in figure 1 in the appendix. Used together, these lenses make it possible to capture both the underlying assumptions that shape the design of control systems and the ways in which these systems later develop and adapt as the organisation grows and its ownership structure changes.

Blueprint theory focuses on the early imprint of founders and how their assumptions about attachment, coordination and selection become embedded in the organisation's practices. Because these dimensions are interdependent, they form a coherent configuration that tends to persist over time (Baron et al., 1996). The theory is particularly relevant for our study, as our case firm was strongly influenced by its founder's initial ideas about culture, leadership and employee fit. However, the blueprint lens mainly explains *why* certain systems emerge and endure, not *how* control is expressed and negotiated when new actors with different expectations enter the organisation. The control dimension thus primarily captures the founders' implicit assumptions about how control *ought* to function, rather than providing an analytical framework for examining or categorising the actual MCSs that later emerge.

Merchant and Van der Stede's (2017) framework complements this limitation by providing clear categories for observing how control is designed and used in practice. The four objects of control; results, action, personnel and cultural, offer a structure for identifying different control mechanisms and how they interact and evolve over time. The framework also highlights the importance of combining several control types to achieve effective control, and it acknowledges that these combinations involve trade-offs and potential side effects. Furthermore, the framework helps us analyse *why* new controls are introduced, by linking specific changes to lack of direction, motivational problems or personal limitations. This complements blueprint's implicit, macro-level assumptions of control with explicit, micro-level mechanisms of control, that make it possible to analyse the concrete forms of control and why they actually emerge and evolve over time. Previous studies have used this approach to organise and interpret qualitative field data, showing that it can be applied flexibly across different organisational contexts (cf. Efferin & Hopper, 2007).

By combining the two perspectives, we can explore how a founder's initial control logic interacts with new governance demands as ownership and strategic priorities shift. In this study, the blueprint serves as the underlying logic that explains the initial mix of controls, while the object-of-control framework provides a structure for analysing how this mix evolves when new formal systems are introduced. This integrated approach allows us to examine both continuity and change, and how cultural and personnel controls rooted in the founder's values coexist with, or are reinterpreted through, new results and action controls imposed by external investors.

The framework is therefore adjusted to our empirical phenomenon: a startup that has evolved from a founder-led organisation into one governed by professional investors. In such settings, control systems are not replaced in a single step but gradually layered and negotiated. Using the combined lens helps us analyse this process as one of translation rather than substitution, where formal systems are added to existing informal practices and adapted to fit the organisational culture. In doing so, the framework provides the basis for our analysis of how formalisation unfolds over time, and how management control systems in startups come to reflect both enduring founder imprints and new external expectations.

3. Methodology

We begin this chapter by presenting our research design in section 3.1, where we motivate the choice of a qualitative single-case study to address our research question. Following this, in section 3.2, we discuss the specific criteria used to select our case firm and describe how we collected primary data through interviews. Finally, section 3.3 details our data analysis, explaining the abductive and iterative approach used to interpret the empirical material.

3.1 Research design

The objective of this study is to explore the micro-processes and interactions involved when external investor demands interact with persistent founder imprints and their effects on MCS design. While earlier large-sample studies have examined variables affecting the introduction and formalisation of MCSs (Davila & Foster, 2005; 2007), our research question asks how startups navigate evolving control systems. Therefore, we have adopted a qualitative approach to ultimately answer our research question:

How do startups navigate evolving management control systems when external investor demands interact with persistent founder imprints?

This choice is motivated by the fact that we want to understand the complex and context-dependent nature of organisational change, rather than simply measuring variables. As noted by Ahrens and Chapman (2006), qualitative field studies are distinct because they view social reality as emergent and subjectively created through human interaction, rather than as an objective external reality waiting to be measured. This perspective was essential for capturing the specific tensions and negotiations involved when the founder-imprinted culture at our selected firm (hereafter referred to as AI Co) met the pressure from new owners to adopt formal management control systems.

To gain the necessary depth we decided to employ a retrospective longitudinal single-case study, as the transition from founder-led to investor-backed control is a process that unfolds over years, and a snapshot view would thus have been insufficient. While single-case studies are sometimes criticised for a lack of statistical generalisability, we argue that in this context, the depth of the study is an advantage. This aligns with Dubois and Gadde (2002), who argue that "learning from a particular case (conditioned by the environmental context) should be considered a strength rather than a weakness". (p. 554). By looking retrospectively at the firm's development from its founding in 2018 to the present day, we were able to trace the evolution of control systems over different phases of ownership in a way that a cross-sectional study might have missed. As Dubois and Gadde (2002) put it: "The interaction between a phenomenon and its context is best understood through in-depth case studies." (p. 554). To contribute to the gap outlined in 2.1, we believe this is the best approach to develop a richer theoretical understanding.

Since we aimed for this level of depth, our analysis did not follow a straight, predetermined path. We did not approach the study with a fixed hypothesis to test, but we also did not treat the interviews as if we had no theoretical ideas at all. Instead, we worked abductively and followed what Dubois and Gadde (2002) describe as "systematic combining": continuously moving between the empirical world and the model world. They note that: "The researcher, by constantly going 'back and forth' from one type of research activity to another and between empirical observations and theory, is able to expand his understanding of both theory and empirical phenomena." (p. 555). In practice, this meant iterating between what our interviewees at AI Co told us and the literature on management control systems and startups,

letting both sides shape the other. We began with a broad interest in how MCSs develop in young, growing firms, but after the first interviews, the founder's importance became clear, which led to us redirecting our theoretical focus and bringing in Baron et al.'s (1996) blueprint concept, and later Akroyd and Kober's (2020) work on founder imprinting. As we added these lenses, we could revisit our transcripts and re-read these episodes with slightly different questions in mind, and modify our interview guide going forward. In that sense, our theoretical framework and our understanding of the case developed together, rather than one simply being applied on top of the other.

3.2 Data collection

3.2.1 Case firm selection

To properly examine our research question, we established three key criteria for selecting an appropriate case firm. Firstly, given the importance of capturing organisational evolution over time, we needed a firm that would grant us access to key actors who have been at the firm for a long time and possess a deep understanding of it. Secondly, to address the core tension of our thesis, the startup had to be backed by external investors, more specifically we wanted a firm that had transitioned through different phases of investors, ranging from angels or VC to being PE-backed. Thirdly, we wanted a company in the right life-cycle phase, where they were experienced enough to have established ways of working and a functioning product, but still young enough to be growing rapidly. Therefore, we limited our search to firms having between 10-50 employees, capturing firms with an established business idea that still find themselves in a somewhat chaotic environment.

3.2.2 Semi-structured interviews and snowball sampling

To get enough depth for our research question, we relied mainly on semi-structured interviews. Rather than treating the interview as a fixed tool for extracting "facts", we approached it as a conversation where accounts are shaped in the interaction between us and the respondent (Alvesson, 2003; Qu & Dumay, 2011). The semi-structured format worked well for this. It allowed us to keep a clear focus on themes we were interested in, such as how control had changed over time and how investors were involved, while still giving interviewees room to describe events in their own words and bring up things we had not thought of. To reduce language barriers and make it easier to build rapport, all interviews were conducted in Swedish, the native language of both us and our respondents. This made it

easier to ask follow-up questions on the spot when something seemed unclear or surprising, in line with Qu and Dumay's (2011) emphasis on probing, facilitating data-richness.

We selected respondents through purposeful sampling, looking for people who had a broad view of how the company and its control practices had evolved. We started with the founder and the current CEO, and then used snowball sampling (Emerson, 2015) by asking them to suggest others who had been close to key decisions or transitions. In the end, this resulted in six interviews with four respondents (Table 1, see appendix), who together represent both "incumbents" who had been there from the early years and "newcomers" who entered during later phases. This mix helped us see the same events from different angles and made it easier to spot tensions between the original way of working and newer demands. Given the challenge of getting access, and the time constraint to produce this study, the use of snowball sampling was practical. However, it may have introduced a certain bias toward people who share similar interpretations of events and of the company (Emerson, 2015). We considered this when analysing our empirical findings, and aimed to mitigate this limitation through interviewing both people who have been with the company from the start and relatively new employees, including an external consultant.

The interviews were guided by a thematic framework informed by our literature review, but we kept the order and phrasing of questions flexible. In practice, this meant that we always covered topics such as the firm's history, culture, investor relationships and the use of different control tools, but allowed the conversation to follow the interviewee's narrative. Before some of the interviews, we also reviewed the company's OKR (Objectives and Key Results) dashboards and selected budgeting materials. We did not analyse these artefacts in detail at this stage, but used them as a factual baseline for understanding how goals were currently formulated, which we could then relate to how managers and employees described them in the interviews. All interviews were recorded with the respondents' consent, and to process the data, we utilised a transcription software which allowed us to be more present in the interviews. However, instead of simply relying on the generated text, we listened through the recordings and manually corrected the transcripts. Besides making sure the data was correct, in line with Bryman and Bell (2011), it also gave us an excellent opportunity to familiarise ourselves with the material even before the formal analysis began. All quotations used in the thesis were originally expressed in Swedish and have been translated into English by us, and all names are pseudonyms.

3.3 Data analysis

To make sense of the material we had collected, we started out with a thematic analysis (Braun & Clarke, 2006), which gave us a way of looking for patterns across interviews without locking ourselves into a strict coding scheme that would have clashed with our abductive approach. In the first round of analysis, we carefully read the transcripts and coded quite openly, but refrained from trying to squeeze the data into our theoretical framework from the start. Because our study follows an abductive logic, these initial codes were treated as a starting point rather than an end-point. In line with Dubois and Gadde's (2002) idea of "systematic combining", we moved back and forth between the emerging themes in the material and the literature on management control systems and founder imprinting. When we returned to the theory, it became easier to make sense of what we saw by drawing on Merchant and Van der Stede's (2017) objects of control and the blueprint perspective developed by Baron et al. (1996). This prompted a second round of coding where we grouped our earlier, more descriptive codes into broader categories informed by these concepts.

To illustrate this process, comments that we had initially coded simply as "how people are hired" were later re-read as part of AI Co's personnel controls within an engineering blueprint, as respondents repeatedly emphasised curiosity, learning fast and being able to work close to the product. In a similar way, descriptions of how goals were set and followed up were organised under action and results controls. By iterating between the raw data and this evolving theoretical lens, the analysis gradually moved from a loose set of themes to the more structured phase narratives and control patterns presented in chapter 4.

4. Empirical findings

In this chapter, we present the empirical findings from our case. We start by introducing AI Co and the background of its founders in section 4.1, before structuring the company's development into three distinct phases (see figure 2 in the appendix). In section 4.2, we examine the first phase and the establishment of the founder's blueprint. We then move to the second phase in section 4.3, where we analyse the initial steps toward professionalisation under new leadership, before finally exploring the third phase in section 4.4, focusing on the entry of private equity and the subsequent reconfiguration of control.

4.1 Introducing AI Co

AI Co is a Swedish B2B software company founded in 2018 that helps other firms automate repetitive workflows with the help of AI. The co-founders had backgrounds in banking, automation and IT consulting and initially started out as consultants, before shifting towards a SaaS model to enable scaling. This shift required external capital, and in late 2019 they received their first angel investment, followed by further venture funding as the firm grew. Early on, the founders took on different roles, with one mainly active on the board, one involved in several companies in parallel, and one (hereafter referred to as Tony) that led the firm operationally. As he put it himself: “I was operationally active, and he [the co-founder] was CEO on paper, but he wasn’t there” (Tony - CGO). It did not take long before Tony took over as CEO and became the central founder figure in the day-to-day business, which is why we focus on his imprint when examining the founder’s blueprint and its influence on AI Co’s MCSs. In January 2024, to professionalise and structure the growing organisation, an external CEO, Monica, was recruited and Tony took the role as CGO instead. Then, in April 2025, they took their next step when the PE firm Mattson Capital entered as a major owner. Mattson wanted to move in a different strategic direction, and pushed for a shift from growth to profitability. This led to a reorganisation, where the workforce was reduced from 25 to 17 employees, illustrating the active role external investors played in reshaping AI Co’s development.

4.2 Phase 1: Founding and early blueprint

4.2.1 Founding logic and the emergence of an engineering blueprint

In AI Co’s earliest days, the co-founders decided to start their own company based on their shared experience from previous employers. Coming from both the contractor and buyer side, they had seen how repetitive administrative work consumed time and slowed down decision-making. Their decision to start AI Co was therefore not based on a grand ideological vision of what kind of company they wanted to build, but on a concrete, analytical view of a problem they thought they could solve. As Tony put it:

“We sat down and asked: How does it look today? What do you need? What should it look like? How do we do it? [...] Eventually we thought: instead of helping other startups with this, why don’t we start one ourselves? [...] Then we can help others with the entire transformation process by doing it through

automation and AI. [...] At first we imagined that we would work as consultants, that was simply the easiest starting point.” (Tony - CGO)

The logic Tony describes shows founders who are technical, structured and problem-oriented, rather than cultural and identity-driven. They start by mapping the current situation and then work their way towards a solution, instead of beginning with a purpose statement or a set of values. This closely follows what Baron et al. (1996) describe as an engineering blueprint built on technical rationality, where work and professional competence become the main reference points, rather than a family-like culture or formal hierarchies. In AI Co’s case, the full implications of this blueprint become clearer when we look at how people were selected and attached to the firm in the next section, but the structured, diagnostic way of reasoning is already visible at the founding stage.

With this problem-oriented mindset in place, the founders also started thinking about how they wanted AI Co to appear externally. From the beginning, they were clear that they did not want to recreate the kind of bureaucracy they had just left. Instead, they talked about tone, how they should be perceived and how they should position themselves towards customers. Out of these conversations came three words that would later become central: “simple”, “engaged” and “reliable”. As the new CEO explained, this was very much a reaction to their earlier experiences: “The founders were really tired of these large consulting firms throwing around complex terms and making 78 PowerPoint slides for every little thing.” (Monica - CEO). In line with this, Tony described their first customer as “a Christmas gift” in late December 2018, reflecting an early test of how they wanted to be seen: “We wanted it to be simple, easy to grasp, not complicated.” (Tony - CGO). While these keywords mark the firm’s first identifiable cultural artefacts, they were at this stage closely tied to how work should be done rather than to create a family-like atmosphere. In practice, “simple” and “reliable” pointed to what the automation and its delivery should look like and how it should perform, while “engaged” captured how they wanted to act towards customers. The emphasis was on avoiding the bureaucracy they associated with large consulting firms and on doing straightforward technical and client-facing work, not on cultivating the kind of affective belonging that is typical of a commitment blueprint (Baron et al., 1996). In that way, the values reinforced an engineering blueprint where legitimacy comes from solving problems efficiently and helped keep formalisation at a minimum, so that attention could remain on technical reasoning and rapid execution.

A similar pattern appeared in how work was coordinated internally. Lukas, one of the first employees who later became CPO, described the early organisation as strong on the technical side but relatively light on formal processes: “We didn’t have equally structured processes for how we should work, so a lot of it was about figuring out how we wanted to work while we were also building towards the first customers.” (Lukas - CPO). Much of the workflow was, as he put it, “in people’s heads” rather than written down, and “everything happened over email back and forth” (Lukas - CPO). In Merchant and Van der Stede’s (2017) terms, this points to weak action controls. There were few formalised procedures or process standards that told people exactly how to carry out their tasks. Instead, coordination came from sitting together, talking to each other and solving problems as they appeared. Using Merchant’s framework, this can be interpreted as a way of avoiding some of the potential side effects of tight action controls, such as operating delays and reduced flexibility, by relying on tacit knowledge and informal communication in a small team, even if the founders themselves did not formulate it in those words.

The same informality characterised how they worked with goals and follow-up. Tony explained that, even if they had not yet introduced any formal frameworks, they still knew where they were heading: “Even if we didn’t have OKRs... we still had clear goals.” (Tony - CGO). Because everyone sat in the same room, there was, in his words, “no need to write them down” (Tony - CGO). Goals and priorities were instead adjusted in everyday conversations, rather than through documented targets or structured performance reviews. In Merchant and Van der Stede’s (2017) language, this suggests a reliance on informal results controls: expectations were clear, but they remained largely implicit and were shared through proximity and continuous dialogue rather than through formal metrics and tight follow-up routines.

Taken together, these choices formed what can be seen as AI Co’s initial coordination baseline. Work was organised around a shared technical problem and a common understanding of where the product should go, rather than around detailed process descriptions or formalised target systems. The result was a low-bureaucracy environment that depended heavily on the specific people involved and their ability to coordinate informally. To understand how this could function in practice, it becomes important to look at who was actually invited into this setting. In the next section, we therefore turn to early personnel controls, and to the role of curiosity and self-selection in sustaining these informal controls.

4.2.2 Early personnel and cultural controls: curiosity, self-selection and the role of early investors

Once the founders had defined the basic principles that later would become the key words “simple”, “engaged” and “reliable”, they needed to make sure that the people joining the firm shared the same outlook. When asked about early recruitment, Tony said: “We realised that we must be damn careful [...] to make sure people would actually thrive here. You need to be curious and think what we do is exciting.” (Tony - CGO). While not formalised in HR processes, the recruitment can be described as selective, through this clear view of what kind of people that were suited to work at an automation-based startup. A theme that kept coming up was curiosity, and one could even argue that it was an informal requirement or selection criteria. As Tony remarked: “It does not matter if you are 23 or 60, you have to be curious. Ask Tone [referring to himself], you can be damn sure he is still curious about AI at 60” (Tony - CGO). In Merchant and Van der Stede’s (2017) terms, these practices show how personnel controls were front-loaded into selection and socialisation. Selection is also one of the three dimensions in blueprint theory, where different founders’ blueprints have different selection-logics. Engineering blueprints mainly prioritise technical competence and task ability, commitment blueprints emphasise shared values and emotional attachment, and autocratic or bureaucratic blueprints favour obedience, loyalty or adherence to formal rules (Baron et al., 1996). Choosing individuals with an interest in AI Co’s technology and mission, who also have a tolerance for ambiguity, likely reduced the motivational problem that is one of the core reasons why more formal MCSs are introduced (Merchant & Van der Stede, 2017). This helps explain how the founders could continue to rely on informal personnel and cultural controls rather than on explicit action or results controls.

Looking at the attachment to the work from an employee perspective, similar mechanisms could be observed, which became visible in how early recruits described why they joined. Lukas explains how he was tired of traditional consulting and wanted to move to “a smaller company where you can be more involved”, noting that AI Co allowed him to work closer with the product, and that they were “really at the forefront when it comes to both automation and AI” (Lukas - CPO). The same narrative is corroborated by the founder, noting that: “we did not think much about the culture... it was just there. You have to be fearless and curious to join a startup” (Tony - CGO). The quote also reinforces that early attachment came from the work itself: people joined because they found what AI Co was doing exciting and could see themselves thriving in that environment, not because of any explicitly crafted cultural

tools. This is in stark contrast to firms with a commitment blueprint, as their main aim is to create a family-like feeling, and where the main attachment to work is “love”. The interviews also make it clear that the work is not a simple exchange of time and money, as Tony described how they “don’t buy anyone,” adding that there are companies “like Google that pay much more,” but that people joined AI Co because they were “tired of working somewhere where you can’t get things done” and wanted “to be where things happen.” (Tony - CGO). Together, this paints a clear picture of the work itself as the main attachment mechanism, which aligns with what Baron et al. (1996) describe as an engineering blueprint.

The firm’s first angel investor also became part of this configuration rather than a challenge to it. Tony described how there “were not that many investor demands”, and how the early investor essentially provided funding and “trusted [them] to run the business and the company” without imposing new reporting routines or governance structures (Tony - CGO). Instead of pushing for budgets, forecasts or formalised follow-up, the investor accepted the founders’ informal way of running the company. This “hands-off” stance effectively protected the engineering blueprint: by not tightening results or action controls from the outside, the investor enabled the founders to continue relying on curiosity, self-selection and shared technical ambitions as their main control mechanisms. In other words, the early investor contributed to the organisation’s trajectory precisely by not demanding the formalisation that often accompanies external capital.

In sum, the first phase of AI Co’s development was characterised by internally coherent but largely informal controls rooted in the founders’ engineering blueprint. The three value words, “simple”, “engaged” and “reliable”, were not launched through a formal process, but, as Tony put it, “came almost from the beginning” and “grew organically” (Tony - CGO). In practice, they functioned more as straightforward guidelines for how to design the product and work with clients than as tools for building belonging. Personnel and cultural controls thus dominated in Merchant and Van der Stede’s (2017) terms, while action and results controls remained loose. As the company grew, hired more staff and attracted new types of owners, however, this informal setup increasingly came under pressure, setting the stage for a second phase where Monica (CEO) and Erik (CFO) began to introduce more formalised systems and structures

4.3 Phase 2: Formalising for growth

4.3.1 Professionalising the engineering logic

As AI Co was growing and maturing as a company, they felt ready to take the next step in their growth journey. When 2024 began, there were around 15 people at the company, and at this time the current CEO was recruited. Before this, the company had lacked a formal strategy and vision of where they were going, and recruited a new CEO to help with this. In the words of the current CEO:

“One reason I was hired was my experience with stepping into a company at this stage, when you’re waiting to take the next leap, and implementing a structure and a strategy for where we’re going and how we’re going to get there. That was an important part, of course. That was one part. Another part was scalability. They didn’t really know how to build something scalable, so that was also part of my assignment - to see how we could build a product for more customers. So that was the second part, I would say.” (Monica - CEO)

Monica’s response was to introduce a clearer structure for goals and coordination. By focusing on strategic goals and team-specific OKRs, broken down into five key results, she wanted to create greater coherence between the teams, as “communication between teams was lacking, and one team didn’t know what the others were doing:” (Monica - CEO). The introduction of weekly meetings with all teams, where each team presents a slide of their progress towards their internal OKRs, was meant to make work more transparent and align efforts across the company. These quarterly key results included, for example, signing a certain number of new customers, reaching a specific net revenue retention (NRR) rate, and launching a portal for customers to see and evaluate the value created by AI Co’s products. Company-wide key results were then broken down at team level, and both the targets and progress were communicated through town hall meetings and weekly check-ins.

In Merchant and Van der Stede’s (2017) terms, these changes can be seen as a combination of results and action controls. The OKRs, including financial targets, define desired outcomes and link them to consequences, thereby influencing behaviour while maintaining employee autonomy. At the same time, the weekly team check-ins and town hall meetings function as action controls by creating regular pre-action reviews and structured follow-ups that make behaviour more predictable and coordination easier. Monitoring success in financial terms is

important for for-profit firms and a natural way for managers to direct employee efforts (Merchant & Van der Stede, 2017). Using their logic that managers in such firms tend to monitor financial performance because this is how external stakeholders evaluate them, it becomes easier to understand why Monica emphasised results and action controls at this stage. As will be discussed further in 4.3.3, a new investor who wanted to be more involved took a stake in AI Co in 2023 and demanded a clearer financial overview than previous investors. This created a context where financially oriented results controls and structured follow-up routines appeared particularly appropriate and was an additional reason to recruit Monica as CEO, making this prioritisation a natural early focus.

Additionally, the changes above added to a pre-existing competence-based culture rather than replacing it, and reinforced the founder-imprinted engineering blueprint by codifying its emphasis on technical discipline, performance excellence and transparency. By translating the new demands into the founder-logic of precision, efficiency and measurable performance, the CEO formalised and scaled the existing technical rationality into a structured system. These changes were welcomed by employees and founders, who understood how it aimed to increase understanding and cross-functional teamwork. As Monica put it: “Removing the changes now would be perceived as a catastrophe by many” (Monica - CEO).

From a blueprint perspective, Monica’s changes could be seen as a shift in the coordination dimension. Moving from largely informal coordination to team-specific OKRs, KPI reviews, weekly check-ins and structured communication routines resembles the kind of bureaucratic formalisation that blueprint research has shown to be unusual and often destabilising (Baron & Hannan, 2002). In AI Co however, our empirics suggest that these controls were translated into the existing engineering logic rather than perceived as an external bureaucratic layer. By framing OKRs and follow-up meetings as tools for clarity, structure and performance discipline, Monica tapped into the founder-imprinted engineering blueprint, which already valued precision and transparency. Rather than altering the underlying logic, the formalisation reinforced it. This is reflected in how employees describe the new routines in positive terms, as told by the CPO: “They’ve been really good, I would say. It has been great that we work with clear goals. Even if you don’t always reach all the way, it provides clarity on where the company is heading and what each team needs to do to get there. [...] I think most people have appreciated that, and it’s important to keep it at a level that suits our organisation.” (Lukas - CPO). Monica added to this by saying that “Removing the changes

now would be perceived as a catastrophe by many” (Monica - CEO). The changes maintained internal coherence and were well-received by employees, which was reflected by the positive feedback in Monica’s follow-up interviews after the changes had been implemented. In this sense, what could have appeared as a shift towards bureaucratic coordination was instead experienced as an extension of the engineering blueprint, making the transition comparatively smooth.

4.3.2 Codifying the cultural values

On the other hand, even if the founder-imprinted engineering blueprint was reinforced by many of Monica’s actions, a slight pivot in the selection dimension of the founder-blueprint can be detected. In the company’s early days, Tony described how they did not think much about the culture, and instead stressed the importance of hiring people that were skilled and motivated to work in a startup environment. While culture was not a big issue when the company had a handful of employees, as they were growing Lukas mentioned the importance of recruiting people that fit into the company culture:

“It [culture] has always been very important [...] we were better at it before I’d say, maybe because we were fewer employees. Back then it was a bit easier, you had more freedom to do what you wanted, which doesn’t work when you’re growing [...] As we’ve grown, we’ve continued working with it, but the results aren’t as good because we’ve hired more people, and it’s not as easy to find the right match. So I don’t think we’re working well enough with it, and we need to get much better at it.” [...] Just the other day, I was thinking that the final step in our hiring process should be a culture interview.” (Lukas - CPO).

From this perspective, AI Co’s changes aimed at keeping the company culture made their selection dimension start to resemble a commitment one, where fit and values are crucial to the selection process. (cf. Baron et al., 1996). As Lukas stressed, the culture had always been very important, but when they grew so did the need to work actively with ensuring that their selection process favoured people who were a good cultural fit.

Monica added to this when speaking about the importance of culture when recruiting new employees: “An important part of our hiring process is ensuring that employees align with our values, which is something we address in the first interview. I’m noticing more and more, as we continue recruiting, how important it is that someone fits into the culture” (Monica -

CEO). She further spoke to the importance of culture by talking about ways to preserve it when growing. In their Gothenburg office, they ensured the presence of someone who was “a culture carrier [...] at that office almost every week” (Monica - CEO) to make sure the culture scaled across locations. This further illustrates the importance of culture and the cultural fit between employee and employer, and shows that it is no longer enough to assume that culture will follow along when hiring skilled and motivated people. From a blueprint view, this aligns more with a commitment view of selection rather than an engineering one.

A slight pivot in the selection dimension, going from engineering to commitment, would challenge discussions in Baron et al. (1996) regarding the altering of one dimension of the blueprint, without altering the rest. The three dimensions are interdependent, and if complementarity between them is broken, it can be contentious and create internal tension (cf. Baron et al., 1996). This would suggest that AI Co would be moving towards a turbulent period with these changes taking place. Instead, our interviews convey employees being satisfied with the changes and happy. This was exemplified by a recent employee engagement report that Monica told us about where “engagement and safety ratings from employees across the whole company have exceeded our set target” (Monica - CEO). The target was an average score of 4.1 out of 5, and they were at 4.3 out of 5. The satisfaction with the changes was echoed by Tony, who described these changes focusing more on fit and values of employees as “Very, very good, she’s [Monica] been doing the right things ” (Tony - CGO).

4.3.3 Building investor credibility: the hygiene of control

One of the tasks that faced Monica when she was recruited to AI Co was an obsolete financial reporting system, which would be important to improve for her to take the company to the next level. The company had received additional funding from a new investor in 2023, an investor who wanted to be a bit more active than previous ones and was described by Tony as being “full of ideas and thoughts” (Tony - CGO). He also took a seat on the board, signalling a shift towards more direct investor involvement and clearer expectations on financial control. These investor demands also contributed to the CEO recruitment, as described by Monica: “When I came in, the financial reporting and forecasting were not exactly top-notch, and I replaced our CFO consultant. [...] There was a demand from the company’s investors to achieve better control and accuracy in the reporting.” (Monica - CEO).

To improve financial reporting and overall financial control, Monica decided to replace the former CFO consultant and hire Erik, who joined the company in January 2025. Describing his first time, he stated: “When I came in, I started by establishing a reporting structure, setting up the budgeting process, defining procedures and KPIs, and doing this on more of a monthly basis rather than how it had previously been done, quarterly or semiannually.” (Erik - CFO). Erik himself framed his role in terms of preparing AI Co for external capital, pointing to his “experience with doing accounting work for listed companies and increasing quality in reporting and financial controlling” as the reason he was brought in (Erik - CFO). He started by implementing what he calls “hygiene factors”, which are “cornerstones for us to pass an audit, and factors we need to have in place in order to be able to tell external investors ‘here you can see that we have all hygiene factors in place; income statement, balance sheet, cash flows’” (Erik - CFO).

Viewed through Merchant and Van der Stede (2017), the main problems AI Co faced were related to personal limitations and the quality of information. Decision-makers could not obtain and present reliable financial figures to investors, and internally the company lacked the capacity to produce frequent, audit-ready reports. In practice, this meant that both management and owners had a weak basis for setting, monitoring and discussing financial targets. Replacing the former CFO consultant with Erik can therefore be seen as a personnel control action aimed at addressing these limitations by bringing in someone with the necessary skills and discipline.

Erik’s work in formalising the firm’s financial planning and reporting was a way to strengthen the control around financial information, primarily through tighter action controls. Reporting became more frequent, on a monthly rather than quarterly or semi-annual basis, and followed more clearly specified procedures and KPIs. The emphasis on hygiene factors, correctly reported line items and defined cornerstones for passing an audit standardised how AI Co produces, checks and reports financial data, making both the process and the resulting numbers more predictable and reliable. Rather than introducing new behavioural targets, these changes mainly aimed to ensure that existing financial and operational targets rested on valid and credible numbers.

These changes also had an important signalling function. Erik repeatedly linked the hygiene factors to the auditing process and to investor expectations, arguing that demonstrating control over the numbers is essential to be seen as a serious company. Lacking control over

the figures is, as he put it, a “major red flag for investors” (Erik - CFO), which means that the new controls address both internal needs for better information and external demands for legitimacy. In that sense, internal financial discipline is turned into investor-facing credibility, where audit-ready reports and standardised processes become a way of showing that AI Co can be trusted with additional capital.

From a blueprint perspective, using Baron et al. (1996), AI Co’s development can again be seen as an extension rather than a break with the engineering blueprint. Erik’s changes professionalise the existing setup by treating financial reporting and control as a technical system that needs clear specifications and quality checks. Framing the new controls as hygiene factors and cornerstones for passing an audit resonates with an engineering emphasis on correctness and reliability: the numbers have to be clean before they can be used. Additionally, selecting Erik as their new CFO on the basis of his experience with big, listed firms and professional auditing ties into the blueprint’s focus on competence and task-specific skills. Instead of challenging the engineering logic, the new financial controls are translated into a form of technical hygiene that makes it easier for the blueprint to coexist with investor demands.

4.4 Phase 3: PE entry and the reconfiguration of control

4.4.1 Profitability first: tightening results controls under Mattson Capital

When Mattson Capital entered as new major owners in early 2025, AI Co’s strategic direction shifted in a noticeable way. While the ambition in previous years had, according to Monica, been to expand internationally, the new owners emphasised a different order of priorities. As she put it: “We had this ambition that now we were going to go out into the world. But then we realised that this is hard if you do not get the right capital. And these owners were more like: focus on Sweden and focus on profitability” (Monica - CEO). The directive was clear: before thinking about expansion, the company needed to reach break-even. According to the CFO, the new owners communicated an explicit expectation that AI Co “should reach profitability within twelve months” and that the company therefore “had to cut costs more than planned and be more restrictive with growth, since growth costs money” (Erik - CFO).

Seen from a control perspective, the shift from growth to profitability created a different kind of problem than before. The engineering blueprint and the earlier growth focus had given clear direction on what to build and which customers to go after, but they offered little guidance on how fast the company could afford to grow or how strict it needed to be on the cost side once break-even became the main priority. In Merchant and Van der Stede's (2017) terms, Mattson's entry required a redefinition of the desired outcomes. Targets that previously encouraged growth now had to be replaced or reweighted so that cost-efficiency and cash flow became the dominant results guiding managerial decisions. The break-even demand thus functioned as a tightening of results controls, signalling more specific expectations that decisions about spending and hiring now needed to be evaluated primarily against their contribution to short-term profitability.

Mattson's entry thus shifted both the strategic focus and how tightly results were controlled. Merchant and Van der Stede's (2017) explains how tighter results controls mean that key result areas are congruent with the organisation's main objectives and that expectations are made more specific and followed up more frequently. With profitability replacing growth as the primary goal, the new owners moved the financial discussion towards cash flow. Erik described how cash flow became "the most central metric [...] if you have no money, you have no staff and no products to sell", and how they started following it "on a monthly basis" (Erik - CFO). The combination of a concrete break-even mandate, more frequent cash-flow monitoring and the very real risk of running out of money increased both the specificity and timeliness of results controls and made the consequences of missing targets more definite and salient than in the earlier growth-focused phase.

This shift in priorities fit better into AI Co's existing logic than one might have expected. The CFO noted that the new expectations were "perceived as very sound in the boardroom", and interviews with the CPO revealed that the new direction had "not clashed with anything" and instead felt like "a good match" with where the company already believed it needed to go (Lukas - CPO). These reactions can be viewed as a result of the engineering blueprint that shaped the organisation early on. It emphasised structure, problem-solving and efficiency, and those assumptions made the profitability mandate easy to translate into familiar terms. Therefore, instead of creating any ideological friction, the new focus and subsequent changes in control were largely interpreted as an extension of what had already been guiding the company. As Erik put it: "Employees are smart and know that if the company is profitable,

then their jobs are also secure.” (Erik - CFO), framing the profitability mandate as a way of safeguarding the company’s future, even if, as the next section shows, it also involved difficult decisions about staffing.

4.4.2 Reorganising and protecting the core: personnel and cultural controls under pressure

However, aiming for profitability required sacrifices. Erik described how some employees perceived the changes as: “negative [...] because people suddenly see that we’re saving money. You’re a bit more restrained and a bit more cautious about investing in things, which probably means the staff doesn’t get as much out of it. Not as many after-works and such.” (Erik - CFO). This quote describes how some uncertainties regarding the focus shift, imposed by Mattson Capital, began to spread amongst employees. However, the subsequent tightening of results controls did not only lead to new financial targets and less after-works, it was also followed by a reorganisation where several employees had to leave in order to reduce the cost base. As the CFO explained: “since personnel costs are our biggest cost base, it becomes very natural to start looking at that line” (Erik - CFO). Monica tied the same decision directly to the new owners’ priorities, describing how the shift from international ambitions to profitability was accompanied by “a small reorganisation in the spring, and that is always a bit messy” (Monica - CEO). The cuts had clear emotional and cultural effects. Monica acknowledged that the reductions created insecurity and when asked whether there was fear or worry among those who stayed, she answered: “Yes. Absolutely” (Monica - CEO). On an individual level, this was shown in employee surveys performed every second week, containing questions on wellbeing, motivation and perceived safety. About the results, Monica said “We saw quite early on, right after that, that engagement of course dropped quite significantly.” (Monica - CEO). On an organisational level, Lukas highlighted how even a small reduction affected the broader organisation: “It absolutely has an impact across the organisation,” even though only one person from his team had to leave (Lukas - CPO).

A reason for this initial uncertainty could be the shift in the nature of ownership. While previous investors had pushed for better reporting and transparency, they rarely interfered with the company's strategic course. This stands in stark contrast to how the CFO describes Mattson’s “absolutely active ownership”, noting that in comparison to this profitability mandate “other investors have not had any real directives” (Erik - CFO).

These strict mandates produced reactions consistent with what Merchant and Van der Stede (2017) describe as negative attitudes, a common effect of tighter results controls such as ambitious target setting (in the case of AI Co, turning a significant negative profit margin positive in 12 months). To counter this uncertainty and rebuild trust, AI Co has been “working very actively” to regain employee engagement, motivation and safety (Monica - CEO). Everyone has gotten the opportunity to meet the new owners and get to know them, in order to understand their vision for the company. Monica explicitly emphasised their long-term vision, describing it as “generational” and that “it’s not like they’ll have a three-year plan and sell this for eight times” (Monica - CEO). To further rebuild commitment, Monica explained that they broadened their options programme after the reorganisation to include all employees, saying that “those we have left now after the reorganisation are our core team and very important for our success, which creates another layer of engagement” (Monica - CEO). This served both to signal who formed the core unit going forward and to strengthen engagement at a moment of uncertainty. Furthermore, while stock options are typically classified as results controls, in this context they also supported cultural control (Merchant & Van der Stede, 2017). By broadening the programme to include the entire core team, the incentives acted as a group-based reward that fostered mutual monitoring, shared norms of ownership, and collective alignment with the new investors’ vision.

Beside reducing costs, the reorganisation also became a moment where AI Co clarified who actually belonged to the cultural core of the company. Monica never described it as a deliberate opportunity to remove people based on culture, but she was clear about what she values in the team more generally, noting that “attitude is extremely important [...] you need both parts to have an engaged, productive and functioning team,” and that even a top performer with the wrong mindset can be “really dangerous for an organisation” (Monica - CEO). Internally, they reinforce the same values in everyday ways, such as through a praise channel in Slack, “where we highlight when someone does something good or lives our values” (Monica - CEO). Even Mattson reacted to this, with Monica explaining how the new owners were “really impressed by our culture,” and how strongly people cared about keeping it intact (Monica - CEO). Together, these practices show how AI Co uses cultural and personnel controls to preserve the core of the organisation, especially in moments of change. The reorganisation was therefore not only about lowering the cost base, but also about strengthening the group that remained, the people who, in Monica’s words, form the company’s “core team”.

This stability was reinforced by the relationship between founders and new owners. Tony, who has been in contact with Mattson since 2019 also says that Mattson: “understands what we are doing” in a way “no other investor has been able to” (Tony - CGO). This kind of cognitive alignment between AI Co and Mattson was important, as it meant that Mattson’s profitability push did not arrive as a foreign logic, but rather as a more disciplined version of the efficiency-oriented thinking the founders had practiced from the beginning. The shared way of thinking helped secure buy-in at management level, but it was the concrete personnel initiatives, such as the expanded options programme and the opportunity to meet the owners and understand their vision for AI Co, that carried this confidence into the rest of the organisation and contributed to engagement scores ending up well above target. Seen through blueprint theory, the strategic pivot therefore looks less like a rupture and more like a redirection of the same underlying assumptions. The engineering logic remained intact; the only thing that changed was the target it was applied to. The pressures could thus largely be absorbed because they could be understood through the same cognitive frame that had guided the company since its earliest days.

5. Discussion

In this chapter, we put our findings in direct conversation with the existing literature and show where our case confirms, nuances, or pushes back against earlier work. In section 5.1, we discuss why the presence of early investors did not translate into immediate formalisation, despite this being what much of the prior research would lead us to expect. Section 5.2 then examines how the founder’s blueprint worked as a lens through which new demands were interpreted and translated into the organisation. Finally, in section 5.3, we show how the engineering logic remained resilient over time, not by rejecting change outright but through a subtle reweighting of what was given priority.

5.1 Why early investor involvement did not lead to immediate formalisation

The case of AI Co adds to the existing research on the adoption of MCSs in startups, by nuancing Davila and Foster’s (2005; 2007) findings that access to venture capital through external investors tends to accelerate startups’ adoption of budgeting and other types of MCSs. In tension with their results, our empirics show a startup in which formal MCS use was very thin for several years after the access to venture capital was secured. Our case adds nuance by showing that under certain contextual conditions, such as ingrained founder-

shaped ways of working, startups may resist or delay formalisation despite early presence of investors. Additionally, while Davila and Foster (2005; 2007) examine adoption events through a quantitative field study, our retrospective longitudinal qualitative study demonstrates that the implementation of MCSs in a startup can be a gradual process, unfolding over multiple investor stages. Thus, we add the perspective of how formalisation is shaped and negotiated through sequential interactions with different investors, from early angels to a major PE firm.

Some initial steps towards formalisation appeared with the hiring of Monica as CEO in 2024. Once on board, she quickly implemented clear OKR-dashboards, cross-functional meetings and improved financial reporting, partly by hiring a new CFO-consultant. The formalisation of control can be attributed to preparing AI Co to secure capital from a PE-investor, and once Mattson entered they continued to emphasise the importance of financial control and accelerated formalisation. However, these changes occurred roughly five years after the first capital was secured in 2019, thereby indicating that the presence of early investors did not accelerate MCS adoption in the way Davila and Foster (2005; 2007) predicted. While they suggest firm growth and size as important correlates for MCS adoption, our findings suggest shifts in investor logic, from growth to a focus on profitability, following the entry of Mattson Capital, as a turning point for formalisation. This extends Davila and Foster's (2005) research by adding the presence of PE-investors, and the possibility of raising capital from PE, as factors important for MCS adoption. By incorporating the presence of PE investors and investor-logic shifts, our study adds a layer of contingency to existing literature on MCS adoption in startups.

Finally, we also nuance previous literature on investor influence more broadly. During AI Co's early years, they received their first venture funding through an investor who was described as not having many demands for the business and who "trusted" the founder and his team to run the business. This challenges Granlund and Taipaleenmäki's (2005) often implied assumption that early investors actively shape MCS implementation and introduce requirements and expectations on the business. While they hypothesise that, hands-off investors especially, may require formalised control due to the physical gap between them and the business, our findings instead suggest that under certain conditions, like a strong founder engineering blueprint and limited early-investor involvement characterised by trust, investors may not exert the formalisation pressure highlighted in previous studies (Granlund

& Taipaleenmäki, 2005; Davila & Foster, 2005; 2007; Quinn & Hiebl, 2018). Instead we extend existing literature on MCS adoption by suggesting that even during the presence of external investors, formalisation can be a non-linear process that emerges due to shifts in investor logic rather than early investor entry and pressure. To understand why these shifts in investor logic did not lead to abrupt changes, but could be gradually absorbed, we now turn to the role of the founder's blueprint in shaping how such demands were interpreted inside AI Co.

5.2 Founder blueprint as a lens for absorbing formalisation

Akroyd and Kober (2020) show how founders' blueprints leave a clear imprint on the design of MCSs in young, fast-growing firms. In their case, the company followed a commitment blueprint built around closeness, loyalty and a "family-like" atmosphere, which meant that new control systems always had to be designed so they did not undermine that culture. Any attempts at bureaucratisation were seen as potentially dangerous, and formal tools had to be translated into terms that employees could accept and recognise as consistent with "who we are". Their focus is also mainly internal: they look at how a founder-shaped culture copes with growth and the need for more structure, but say nothing about how new owners and external capital or governance enter into that picture.

Our case follows the same basic idea that founder blueprints matter, but the content of the blueprint, and what it does, is quite different. As discussed in section 4.2, AI Co's founders followed what Baron et al. (1996) would call an engineering blueprint. People did not join because they wanted to be part of a family, but because they wanted to work "at the forefront" of automation and AI and to be "where things happen" (Lukas - CPO). The main attachment was the work itself, through the possibility to solve interesting problems with competent colleagues, and although employee selection emphasised cultural fit, the criteria for fitting in revolved around being curious, efficient and getting things done rather than around warmth or harmony in the way commitment-blueprint firms typically define it. As Monica put it, both fit and performance matter, but performance is a basic requirement when you are building a company. This sits much closer to later control elements such as OKRs, dashboards and cash-flow targets than to the value-protecting environment in Akroyd and Kober's (2020) commitment case.

This difference primarily becomes visible once the formalisation starts to accelerate. When Erik talks about introducing “hygiene factors” and avoiding “red flags” for future investors, he frames better budgeting and reporting as building a technical system that needs to function reliably, rather than as administrative routines added on top simply to satisfy external stakeholders. Similarly, when Mattson pushes for profitability and tighter follow-up, the demands are tough and the reorganisation is clearly painful for some, but interviewees still describe the owners’ expectations as reasonable and aligned with what the company “had to do anyway”. In other words, formalisation is not experienced as a threat to the culture, but as a more “grown-up” version of the same engineering logic that was there from the start.

Seen in this light, our case both supports and extends Akroyd and Kober (2020). We support their argument that founder blueprints continue to matter for MCS design long after the founding phase. At the same time, we show that different blueprint types can have very different implications for how formalisation is perceived. In a commitment blueprint firm, budgets and KPIs easily clash with a love- and family-based identity; in our engineering blueprint firm, they can be framed as improving how the work is done. By framing it in that way, it is easier to accommodate investor demands in everyday routines without triggering the kind of cultural backlash Akroyd and Kober (2020) observe. A similar point connects our findings to Reinking and Resch (2023). They show that formal systems gain traction when foundational HR controls and communication create transparency and employee buy-in. In AI Co, this seemed easier since the new controls were presented as strengthening the existing engineering way of working, rather than as bureaucratic or externally imposed routines. This alignment appears to have facilitated employee acceptance and increased understanding for why the changes were necessary. This adds to Reinking and Resch’s (2023) findings, showing how the success of formalisation may depend not only on HR and communication routines, but also on the extent to which new controls can be translated into terms that fit with an existing founder-shaped blueprint.

We also add an element that is missing in Akroyd and Kober’s (2020) study: the role of new owners. Their analysis stays within a founder-controlled context, whereas our case follows an engineering blueprint across several ownership stages, from angels to PE. The engineering blueprint at AI Co does not disappear when new owners arrive, but instead acts as a kind of translation mechanism through which external demands are interpreted and made sense of. This helps explain why PE ownership in our case did not lead to a sharp break or a “loss” of

culture, but to a negotiated reweighting of the existing configuration of control. In that sense, our study suggests that blueprint theory should pay more attention not only to how founders shape early MCSs, but also to how different blueprints condition the way investor-driven formalisation is absorbed later on, complementing insights from research on MCS adoption in startups (Davila & Foster, 2005; 2007).

5.3 Subtle reweighting within a stable engineering blueprint

Blueprint theory does not only provide labels for different employment models, but also emphasises how practices tend to cluster into relatively coherent packages. Baron et al. (1996) show how founders' assumptions about what holds a company together, how people are selected and how work is coordinated often line up into a small number of recurring models: star, engineering, commitment, bureaucratic and autocratic, and how these "blueprints" have lasting effects on how firms develop. They also point to complementarities between elements of a blueprint and describe changes to the employment model as difficult and potentially contentious, as organisations have to renegotiate shared understandings of what kind of place this is. In Baron and Hannan (2002), they acknowledge that, due to the SPEC study design, they have a limited ability to analyse the determinants of blueprint change. Their data enables a comparison between founders' and later CEOs' description of employment models, not an observation of how change unfolds over time. Our study contributes to this gap by longitudinally and retrospectively studying the evolution of MCSs in AI Co, and how their founder's blueprint has continuously shaped these developments. We offer insight into the specific organisational pressures that challenged the durability of AI Co's blueprint, and in doing so add process-level detail to the blueprint literature and to the broader SPEC research.

In sections 4.2 and 5.2, we argued that AI Co's early and continued development fits closely with an engineering blueprint. Attachment flows through the work itself and the possibility to solve interesting problems, selection has focused on curiosity and getting things done, and later formalisation has largely been absorbed because it could be framed as improving how the work is done rather than as a threat to the culture. At the same time, our case also shows that the emphasis within this blueprint is not completely static. In section 4.3, we discuss how as the company grows and prepares for PE ownership, Monica and others talk more about cultural fit, shared values and clearer expectations, and more formal tools in the form of budgets, OKRs and structured follow-up become part of everyday life.

We do not see this as evidence of a clean shift from an engineering blueprint to a different model, nor as a move towards a fully inconsistent hybrid. While the stronger emphasis on cultural fit may at first glance look like a move towards a commitment blueprint, our material suggests that the underlying logic remains different: fit is still described mainly in terms of whether people can handle the demands of the work rather than as a way of building a family-like attachment to the organisation. The core logic at AI Co still revolves around the work and solving problems properly, and both the increased focus on “the right people” and the tighter formal systems are justified in those terms. What our case instead seems to illustrate is a gradual reweighting within a broadly engineering blueprint, where selected cultural and bureaucratic elements are added and translated through the existing logic. This brings tensions, especially around layoffs and tighter controls, but it does not result in the kind of abrupt break or loss of identity that a stricter reading of blueprint theory might lead one to expect. In that sense, our findings suggest that an engineering blueprint can be both durable and somewhat elastic at the margins: they continue to anchor how people think about work and control, while still allowing for incremental adjustments as the organisation grows and new owners enter.

6. Conclusion

This chapter concludes the thesis by first summarising our main contributions and their practical implications in section 6.1. In section 6.2, we reflect on the limitations of our study, before turning to potential avenues for future research in section 6.3.

6.1 Main contributions and implications for practice

The aim of this study was to examine how external investors, in multiple stages, shape and affect the evolution of MCSs within a startup. By doing this, and adding a perspective of how the founder identity (i.e. the founder’s blueprint) affects this process, we add nuance to extant research on the topic. We contribute to research by Davila and Foster (2005; 2007), who mainly focus on how variables such as external investor presence and firm size speed up MCS adoption, by illustrating that adoption can instead be gradual over multiple phases. We show that shifts in investor logic, e.g. going from a focus on growth to a focus on profitability, rather than pressure from early-stage investors, can accelerate the formalisation process.

The current research on MCS evolution in startups under external investors, and the effect a founder's blueprint has on this process, is an undeveloped angle in the current literature. While research by Akroyd and Kober (2020) focused on how a founder's commitment blueprint is reflected in an early-stage firm's design and use of MCSs, we extend this research by contributing the external investor angle, how it interacts with the founder blueprint and how they together ultimately shape MCS evolution in a startup. Whereas Akroyd and Kober's (2020) research assumes a founder-controlled environment, we enrich this by examining how a founder's blueprint lives on in a startup over several ownership stages.

Furthermore, we answer the call of Akroyd and Kober (2020) for future research to look at how founders following other blueprints than the commitment one can influence the design and use of MCSs, since we examine a startup with a founder following an engineering blueprint. We show that in that context, the startup can reframe increased formalisation as reinforcing their engineering blueprint and analytical ways of working, thus being able to cope with investor demands and facilitate employee buy-in instead of employee hostility. This implies that an engineering blueprint can translate how external demands are interpreted internally, and affect how investor-demands are handled.

Finally, our study provides insights that can be of future use for other startups with an explicit founder blueprint. With AI Co, one important factor for success was that they had investors who understood their blueprint logic and what they wanted to do. Despite some formalisation being imposed, it could through their engineering blueprint be translated into extended technical excellence and increased efficiency, seen as acceptable adjustments by employees. This suggests the importance for both the startup, and the investor, to understand each other's implicit logics and goals to create a successful relationship. Furthermore, our study indicates that, when the underlying engineering blueprint is strong, non-engineering elements can be added without disrupting internal harmony. Instead, they too can be translated through the existing logic, and contribute to a reweighting of the engineering blueprint. In that sense, our case nuances the stickiness typically associated with founder models by showing that an engineering blueprint can remain durable while still accommodating incremental formalisation, as long as new controls are framed as tools for efficiency rather than as a change in identity.

6.2 Limitations

This study relies on a single, longitudinal in-depth case of a Swedish startup following an engineering blueprint. Although it allowed us to gain a deep understanding for our specific case, the findings cannot be generally transferable. While they offer analytical insights that might be applicable to similar contexts, the findings may be limited to the context of our specific case. In addition, our study is retrospective, where we analyse events dating back to 2018, and primarily relies on semi-structured interviews regarding these events. This introduces a hindsight bias risk, especially for the early years when few formal systems existed.

A further potential bias is that our data mainly comes from executives such as the CEO, founder (current CGO), CPO and CFO, which risks creating an elite bias regarding how change was perceived. However, some of our interview objects started out further down in the hierarchy, and have since risen, thus being able to give us dual perspectives on things. In addition, data provided to us on e.g. employee surveys gave us the ability to cross-reference information. Finally, our analysis and conclusions are steered by our theoretical framework. Via blueprint theory and the object-of-control framework, we foreground cultural interpretation and control design, while other perspectives might have highlighted other dynamics and yielded different findings. Taken together, our acknowledged limitations do not detract from the value of our study, but they do bound the claims we make.

6.3 Future research

Future research can deepen the understanding for how the interaction between investors and founder-logic affect the evolution of MCSs in startups. By examining different blueprint types, future research could explore whether our identified pattern – that a founder blueprint can condition how investor-demands are interpreted – holds in other settings. This would be useful also for studies examining how a strong founder's blueprint affects the evolution of MCSs within firms, such as Akroyd and Kober (2020). Alternatively, since many of the developments were occurring while we were collecting data, future longitudinal follow-up studies could examine whether new budgeting, OKR and reporting routines become solid parts of everyday work for a longer time, or whether they are later modified or replaced as ownership or strategy shifts further.

7. References

- Ahrens, T., & Chapman, C. S. (2006). Doing qualitative field research in management accounting: Positioning data to contribute to theory. *Accounting, Organizations and Society*, 31(8), 819–841.
- Akroyd, C., & Kober, R. (2020). Imprinting founders' blueprints on management control systems. *Management Accounting Research*, 46, 100645.
- Alvesson, M. (2003). Beyond neopositivists, romantics, and localists: A reflexive approach to interviews in organizational research. *Academy of Management Review*, 28(1), 13–33.
- Baron, J. N., & Hannan, M. T. (2002). Organizational blueprints for success in high-tech start-ups: Lessons from the Stanford project on emerging companies. *California Management Review*, 44(3), 8–36.
- Baron, J. N., Burton, M. D., & Hannan, M. T. (1996). The road taken: Origins and evolution of employment systems in emerging companies. *Industrial and Corporate Change*, 5(2), 239–275.
- Baron, J. N., Hannan, M. T., & Burton, M. D. (1999). Building the iron cage: Determinants of managerial intensity in the early years of organizations. *American Sociological Review*, 64(4), 527–547.
- Baron, J. N., Burton, M. D. and Hannan, M. T. (1999) Engineering bureaucracy: The genesis of formal policies, positions, and structures in high-technology firms, *Journal of Law, Economics, and Organization*, 15(1), pp. 1–41.
- Baron, J. N., Hannan, M. T., & Burton, M. D. (2001). Labor pains: Change in organizational models and employee turnover in young, high-tech firms. *American Journal of Sociology*, 106(4), 960–1012.

- Becker, S. D., & Eendenich, C. (2023). Entrepreneurial Ecosystems as Amplifiers of the Lean Startup Philosophy: Management Control Practices in Earliest-Stage Startups. *Contemporary Accounting Research*, 40(1), 624–667.
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77–101.
- Bryman, A. and Bell, E. (2011) *Business Research Methods* (Third edition). Oxford University Press.
- Cumming, D., Werth, J. C. and Zhang, Y. (2019) Governance in entrepreneurial ecosystems: Venture capitalists vs. technology parks, *Small Business Economics*, 52(2), pp. 455–484.
- Davila, A., & Foster, G. (2005). Management accounting systems adoption decisions: Evidence and performance implications from early-stage/startup companies. *The Accounting Review*, 80(4), 1039–1068.
- Davila, A., & Foster, G. (2007). Management control systems in early-stage startup companies. *The Accounting Review*, 82(4), 907–937.
- Dubois, A., & Gadde, L.-E. (2002). Systematic combining: An abductive approach to case research. *Journal of Business Research*, 55(7), 553–560.
- Efferin, S., & Hopper, T. (2007). Management control, culture and ethnicity in a Chinese Indonesian company. *Accounting, Organizations and Society*, 32(3), 223–262.
- Emerson, R. W. (2015). Convenience sampling, random sampling, and snowball sampling: How does sampling affect the validity of research? *Journal of Visual Impairment & Blindness*, 109(2), 164–168.
- Flanschger, A., Heinzelmann, R., & Messner, M. (2023). Between consultation and control: How incubators perform a governance function for entrepreneurial firms. *Accounting, Auditing & Accountability Journal*, 36(9), 86–107.
- Granlund, M., & Taipaleenmäki, J. (2005). Management control and controllership in new economy firms—A life cycle perspective. *Management Accounting Research*, 16(1), 21–57.

Hannan, M. T., Burton, M. D., & Baron, J. N. (1996). Inertia and change in the early years: Employment relations in young, high technology firms. *Industrial and Corporate Change*, 5(2), 503–536.

Merchant, K. A. and Van der Stede, W. A. (2017) Management Control Systems: Performance Measurement, Evaluation and Incentives (Fourth edition). Harlow: Pearson.

Qu, S. Q., & Dumay, J. (2011). The qualitative research interview. *Qualitative Research in Accounting & Management*, 8(3), 238–264.

Quinn, M., & Hiebl, M. R. W. (2018). Management accounting routines: A framework on their foundations. *Qualitative Research in Accounting & Management*, 15(4), 535–562.

Reinking, J., & Resch, P. (2023). Gaining traction: How SMEs succeed in making management control systems stick. *Qualitative Research in Accounting & Management*, 20(3), 372–397.

Sandelin, M. (2008). Operation of management control practices as a package—A case study on control system variety in a growth firm context. *Management Accounting Research*, 19(4), 324–343.

Taylor, D., King, R., & Smith, D. (2019). Management controls, heterarchy and innovation: A case study of a start-up company. *Accounting, Auditing & Accountability Journal*, 32(6), 1636–1661.

Electronic sources:

Bergqvist, C. and af Petersens, F. (2025) ‘Stockholm - The greatest capital in the world?’. *Stockholms Handelskammare* https://stockholmshandelskammare.se/en/reports/stockholm-the-best-capital-in-the-world/?utm_source=chatgpt.com#report-toc
[Accessed 07.12.2025]

8. Appendix

8.1 Figures

Figure 1. Theoretical framework

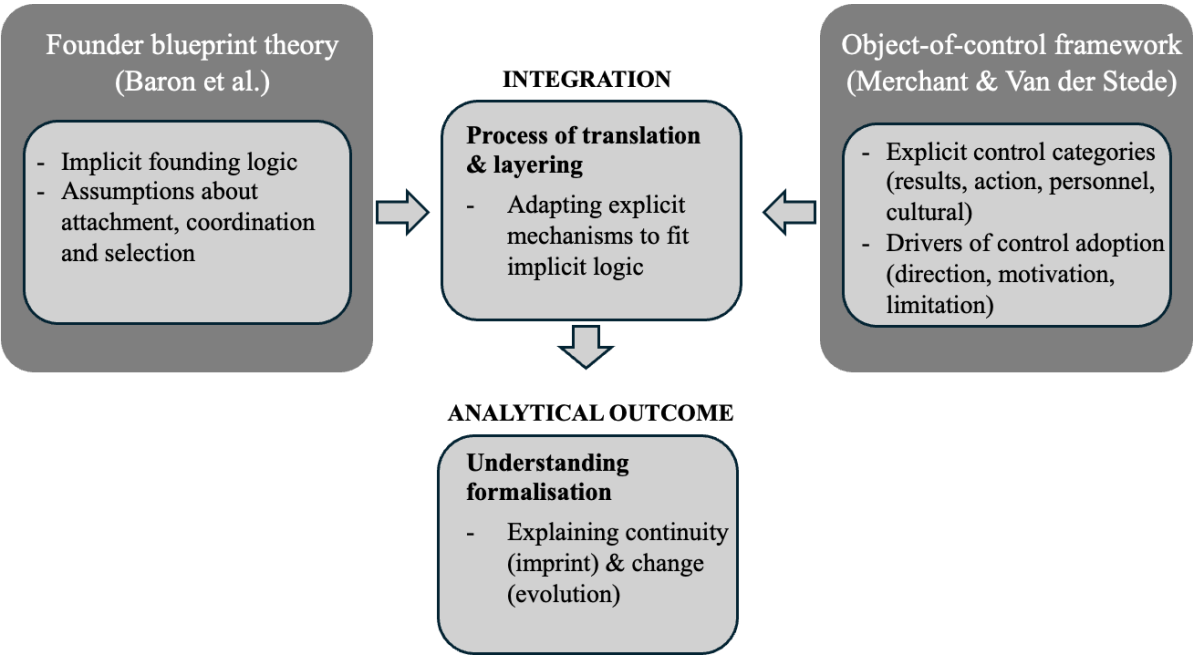
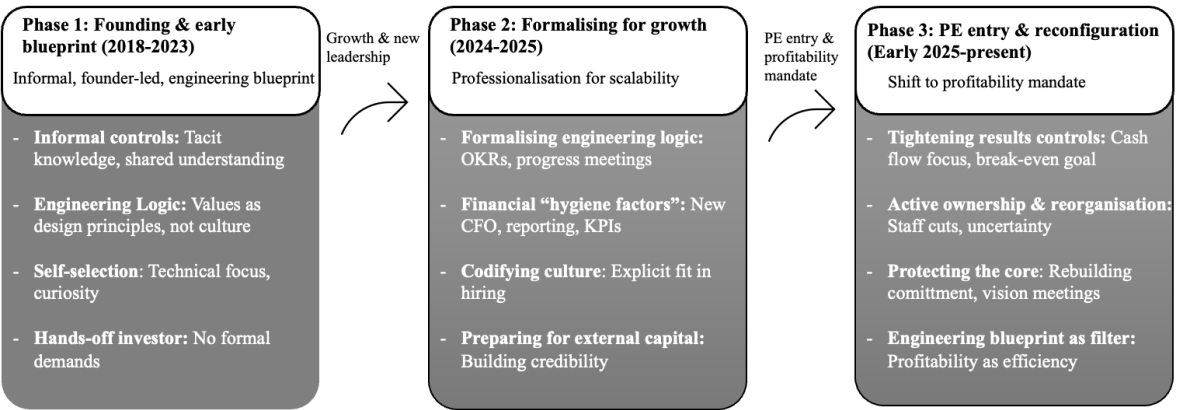


Figure 2. Illustrating the three empirical phases



8.2 Interview table

Table 1: List of Interviewees

Pseudonym	Role	Date	Duration
Monica	CEO	16/10	45 min
Tony	Founder & CGO (Former CEO)	24/10	75 min
Erik	CFO (Consultant)	4/11	50 min
Monica	CEO	13/11	30 min
Lukas	CPO	14/11	45 min
Tony	Founder & CGO (Former CEO)	14/11	60 min

8.3 Interview guide

The following is the approximate structure we followed in our interviews. We tailored each interview to the interviewee, but used this as a general template:

1. Introducing ourselves and our research project

2. Background and role:

- Can you tell us a bit about yourself and when you joined AI Co?
- How was the company when you started - Ownership structure, size, organisation?
- When you joined, how would you describe the governance and culture at that time?
- What are your main areas of responsibility? How does your role relate to governance, reporting, or organisational culture?

3. Phase 1 - Founder phase

General

- Did you use any management control systems?
- What did the decision-making process look like at the time?
- How did you manage the company in everyday operations before the investment?

Results Controls

- Which goals or KPIs (if any) did you track before?
- Who created them? Who saw the numbers? How often were they monitored?
- Any consequences when the goals were not reached?

Action Controls

- What processes, routines, or budgets existed?
- Approval levels? Checklists/processes? Pre-approval before decisions?

Personnel Controls

- How did you recruit and onboard employees?
- Were there role descriptions, competency frameworks, training, or mentorship?

Cultural Controls

- How were values and “how we do things” reinforced?
- Stories, symbols, meetings, social control? Example?

4. Phase 2 - Professionalisation**Investors’ Expectations**

- What requirements or expectations did the investors express?
- Were they explicit or implicit? 100-day plan? Metrics, reporting packages, meeting

Changes in Results Controls

- Which KPIs, goals, or reports were added or redefined?
- How were the goals set? How often were they followed up?

Changes in Action Controls

- What new budgeting rules, approvals, or policies were introduced?
- Spending limits, decision steps, pre-launch reviews?
- Effects on pace/quality?

Changes in Personnel Controls

- Did recruitment, onboarding, or career paths change?
- New role profiles? Training? Effects on “self-management”?

5. Phase 3 - PE entry and reconfiguration

- When Mattson joined, what changes did you notice in what was expected?

Results controls under PE

- Which performance measures became more important in this phase?
- Which new financial targets, KPIs or reporting demands has been introduced?

Action controls

- Have any new formal processes, decision pathways, or policies been introduced?
- How has this affected your flexibility and ability to innovate?

Cultural & Personnel Controls

- How did the PE requirements affect the culture in your [specific] team?
- How did you work to maintain engagement and motivation in [specific] after the downsizing?

6. Rounding off

- Is there anything important we haven't discussed?

8.4 Use of generative AI

In accordance with the guidelines set by the Stockholm School of Economics, we were careful in our use of generative AI, specifically ChatGPT (model GPT-5.1). We used it mainly to explore alternative formulations, consider different ways of structuring sections, and improve the overall flow of the text. Any suggestions were used with moderation and were always rewritten or modified before being included in the thesis. No AI-generated content was inserted directly. The outputs were critically assessed and integrated with our own judgement to ensure that the final version reflects our reasoning and independent analysis. We did not use generative AI for data analysis, coding or the interpretation of empirical material.