

Newsflash

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April 12, 2006 – Any business – profit or nonprofit – can benefit from an advisory board.

POWER MANAGEMENT – ADD AN ADVISORY BOARD TO YOUR BUSINESS

An advisory board may be the most underused management tool currently available. No matter how small – or big – the business, an advisory board brings fresh ideas, creative energy, and a new way of doing things that can be invaluable in the growth of your business.

The difference between an advisory board and a board of directors is governance. An advisory board has no policy making or management authority within the business – it functions purely in an advisory capacity.

A good advisory board develops a consultative relationship with you, in part because they are not financially invested in the business.

Even if you don't want to create a formal advisory board, you can create an informal one of people whose opinion and advice you trust. Use them on an ad hoc basis.

Benefiting from an advisory board

An advisory board creates continuity, develops perspective, and brings a level of expertise not currently available from your employees.

- An advisory board should be a friendly group who will help you think through difficult issues with an objectivity that your employees may not share.
- As the leader of the business, your job is to manage for the long term while keeping an eye on the day-to-day. Often, that's a lonely place. With an advisory board, you have a safe place to speak openly – to get both ideas and feedback.
- The more you work with the board, the more knowledgeable they become so their contributions are tailored to where the business is.

- Members of your board are also available to help with ad hoc questions that may arise, e.g., pricing, employee, or contract issues.

Creating and managing an advisory board

As with anything, attention to planning and follow up builds success:

- Write a description of the roles and responsibilities for members – this will ensure that they understand and act in an advisory role only – not as directors. You decide how much and what information to share with them.
- Decide on compensation. This may depend on how well the business is doing. Many consider a meal adequate. You might want to reimburse travel and parking if appropriate.
- Set up a schedule of meetings. If you have pressing needs, meet more frequently until you've achieved some stability, and then meet quarterly. You can adjust this as you move forward.

Once you've outlined how the board will work, next step is to add members.

- Study your business with an objective eye. What are the weaknesses, e.g., marketing, financials, operations, human resources, or organization development? You want members with the depth of expertise to minimize your limitations. You want members who will become part of your vision and strategic planning.
- Identify the people you think will add value to your business. And, yes, it's as simple as just asking them to participate. You may be surprised at how willing people are to help.

Once you're up and running, be sure to produce written minutes and periodic review of the advisory board's roles and responsibilities to ensure everyone is on track. Then, look forward to growing your business profitably – with your advisory board's help.

If you want help in setting up an advisory board, please contact us at 617-277-0222 or linda@level2solutions.com

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