

Advisory Boards

FOR ENTREPRENEURS & CEOs

How to use an Advisory Board to
Take Your Business to the Next Level



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"Every entrepreneur and CEO can benefit greatly, both on a personal and professional level, by appointing an Advisory Board."

Kim Mei-Li Dennis
Chair - The Round Room

WHAT IS AN ADVISORY BOARD?

An Advisory Board is a group of advisors (typically consisting of business leaders, professional advisors and industry experts) who together or individually provide advice to a business owner/CEO. The purpose of an Advisory Board is to provide guidance, outside perspective, expert advice and support.



WHY ENTREPRENEURS AND CEOS SHOULD APPOINT AN ADVISORY BOARD?

- 1.** Entrepreneurs and CEOs usually operate their business using their **own limited expertise, experience and perspective**. This might be sufficient to help the Entrepreneur or CEO achieve their goals. However, an Advisory Board can help make this process much easier and quicker, and less stressful and costly. An Advisory Board provides the immediate benefit of diverse expertise, proven experience, independent perspective and quality contacts.
- 2.** Entrepreneurs & CEOs also have **personal issues which need to be managed but are not appropriate to be shared with directors, management or staff**. Such issues include exit strategies, skill weaknesses, financial issues, work life balance concerns and lack of confidence or motivation. An Advisory Board can provide effective support in this area.
- 3.** Entrepreneurs and CEOs are also **time and resources poor and need issues to be resolved quickly with minimum effort** on their part. An Advisory Board allows entrepreneurs and CEOs to learn about real issues in real time, and to apply what they have learnt immediately to address the issue at hand.

HOW CAN AN ADVISORY BOARD HELP AT DIFFERENT LEVELS OF THE BUSINESS?

Advisory Boards may be customised to meet the needs of an entrepreneur or CEO.

An entrepreneur or CEO can customise as needed:

- the structure
- the advisors appointed
- the method of operation
- the level of usage.

This will vary depending on the level the business is at.

Three levels where an advisory board can be invaluable are:

- Growth
- Consolidation
- Major Change

GROWTH

Advisory Boards can assist an entrepreneur or CEO to grow their business by helping them to:

- increase revenue and profit
- obtain credibility to secure customers, financing or introductions
- make strategic business decisions
- develop and implement growth and marketing strategies
- develop new products & services
- build strategic relationships to enable and support growth
- expand the business into new geographic markets
- recruit, manage and motivate staff

change their mindset to be an effective leader of a growing business.

CONSOLIDATION

Advisory Boards can assist an entrepreneur or CEO to consolidate and operate their business better by acting as a sounding board and extension of their management team and helping them to:

- devise or improve their business plan or strategy
- increase revenue and profit through sound financial management
- make major decisions regarding the management of the business
- improve their systems, reporting and compliance functions
- improve their accountability, time management and management of priorities
- improve their financial, management, marketing, operational and other skills
- stay focused on achieving the business' goals and objectives

MAJOR CHANGE

Advisory Boards can assist an entrepreneur or CEO to transition their business through a specific stage or project (such as a business sale or purchase, exit strategy, restructure, public listing, recession, succession planning strategy or major business problem or threat) by helping them to:

- obtain expert advice in relation to technical issues arising during the specific stage or project
- access key contacts to assist with the specific stage or project
- obtain practical and strategic advice based on real experience
- make difficult decisions smartly and quickly
- avoid costly mistakes
- minimize the impact the major change has on the productivity and revenue of the business
- effectively manage staff, clients and the public during the stage or project.

COMPARED TO THE ALTERNATIVES

Cons for using a Board of Directors

The nature and legal structure of a Board of Directors mean that entrepreneurs & CEOs lose control of the decision making in the business, directors are less likely to provide broad and open advice, and there is a focus on governance rather than strategy. A Board of Directors cannot be used in sole trader and partnership structures.

Cons for using Professional Advisors

Professional advisors are limited in the advice they can legally provide, generally have a lower level of commitment to the business and its ongoing success, and do not always provide advice that is consistent with the goals of the entrepreneur, CEO or business.

PROCESS FOR FORMING AN ADVISORY BOARD

1.	Identify the reason for forming an Advisory Board.
2.	Set a goal for the Advisory Board to achieve.
3.	Identify the types of skills, experience and knowledge required from the Advisory Board to help achieve this goal.
4.	Write a plan on how the Advisory Board will operate.
5.	Prepare a list of potential advisors.
6.	Determine a remuneration package for the advisors.
7.	Approach potential advisors.
8.	Retain advisors by using a service agreement outlining expectations and requirements.
9.	Publicise the appointment of the new Advisory Board.
10.	Regularly reflect on whether the Advisory Board is working in the best way possible to achieve its goal.

The Round Room is an advisory service for entrepreneurs and CEOs who wish to take their business to the next level.

The Round Room acts as a quasi-advisory board to offer high level expertise, guidance, support, focus and accountability.

Stimulate lateral thinking and problem solving.

Collaborate on real business issues with like-minded peers.

Access tailored advice from the most successful entrepreneurs & business leaders in Australia.

See www.roundroom.com.au