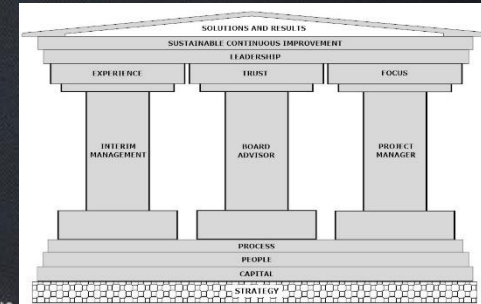
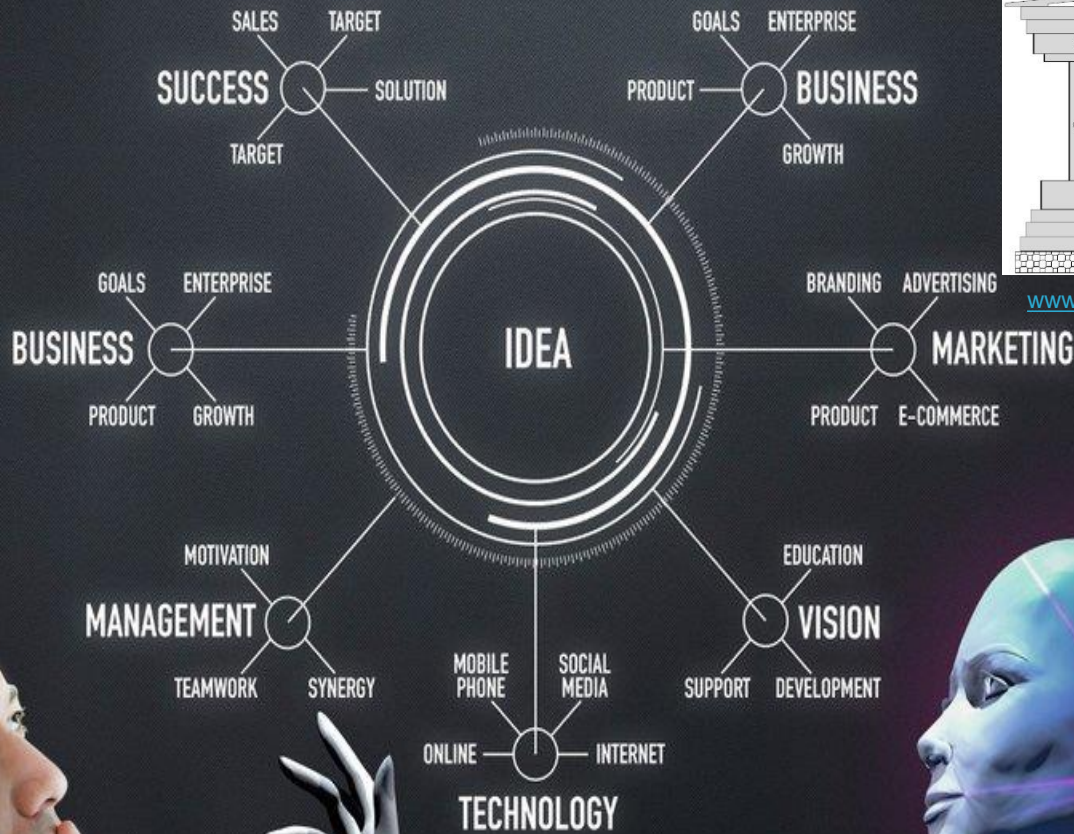


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**Advisory Boards – Who Needs Them?**

# Words of Wisdom

If you want to go fast - go alone  
If you want to go far - go together

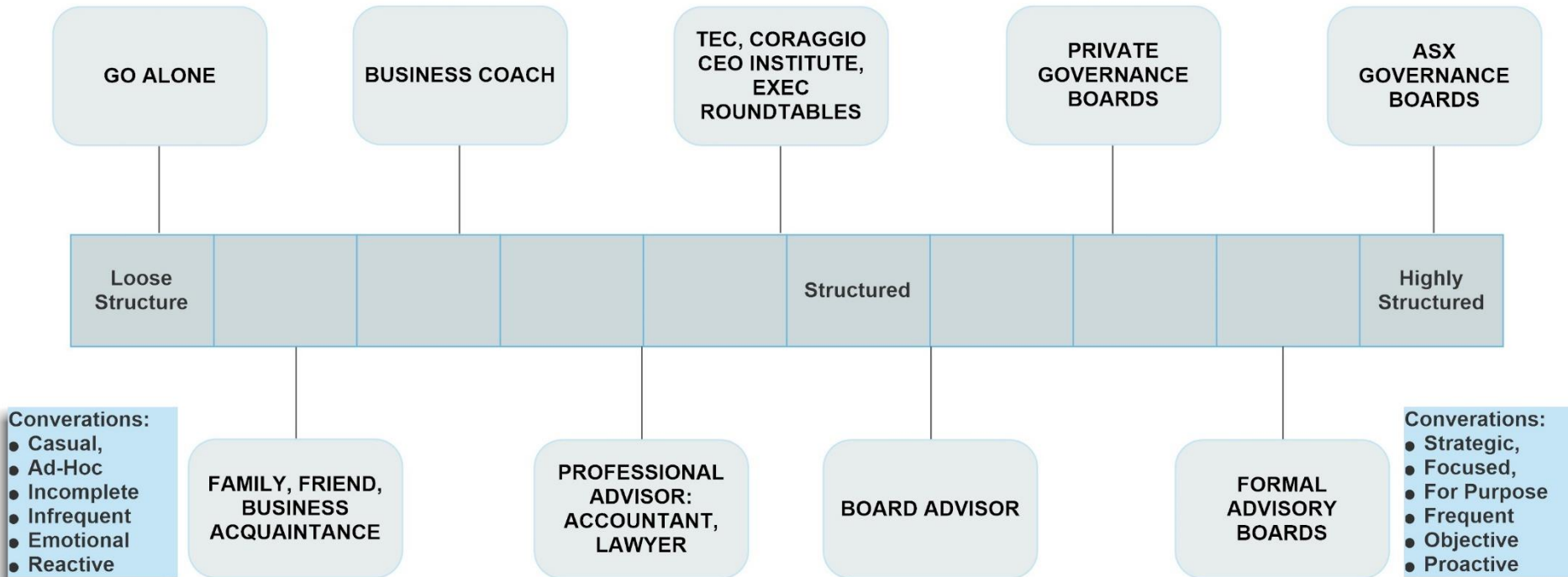
African Proverb

## Open Your Mind To A New Perspective

No matter how brilliant your mind or strategy, if you are playing a solo game, you will always lose out to a team.

Reid Hoffman.  
LinkedIn co-founder, venture capitalist, entrepreneur, author

# Advisory Options



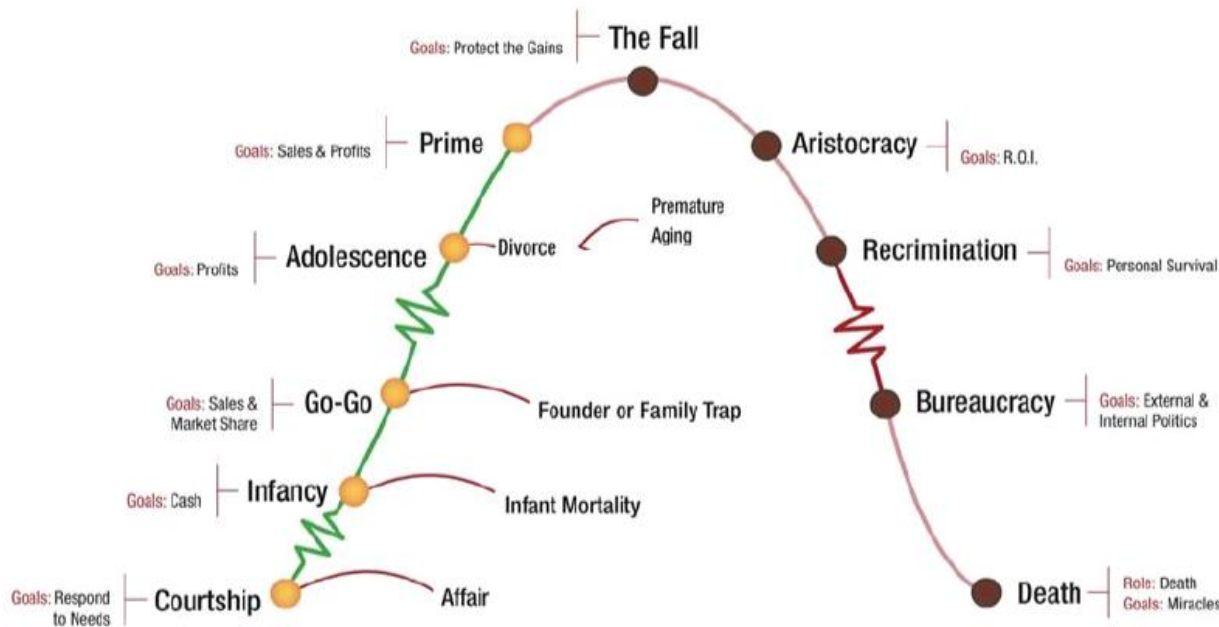
Best fit option influenced by:

- Business Life Cycle
- Business Size
- Business Age
- Owner / Management Maturity
- Self Awareness
- Regulatory Environment

# Business Life Cycle Influences

Business Life Cycle influences Board selection, mix, experience and objectives.

## Organisational Lifecycle



## Attributes That are LC-Driven

- Normal Problems
- Abnormal Problems
- Strategic Priorities
- Opportunities
- Goals
- Structure
- Leadership
- Measurement
- Rewards

# Typical Advisory Board Projects

## Typically For Purpose:

- Revenue Growth
- Succession Planning
- Increase Business Value / Performance – for sale, LVR
- Sustainability
  
- Capital Raising
- Turnaround
- Crisis Management
  
- Strategy Review / Shift
- Acquisition / Divestment
- Product or new market launch
- Technology change / implementation

## Businesses Start Advisory Boards when:

- Emerging 21%
- Changing 41%
- Growing 33%
- Exiting 5%

Ref: Advisory Board Centre  
2019 State of the Market Annual Report

# Governance V Advisory Boards

Criteria	Governance Boards	Advisory Boards
Prime Purpose	Governance, Approve Strategy, Hire & Fire CEO	For Purpose (Project Orientation and Problem Solving)
Duties	Fiduciary & Statutory compliance	As per Commercial Agreement
Outcome	Good Judgement Consensus	Good Advise Non-Consensus
Skills	Broad Skills	Specific Skills
Decision	Binding by Board Resolution to direct management	Non-binding, Recommend or Advise Governance Board or Management to Decide
Appointment by	Shareholders	Board, Owner, CEO
Duration	Long Term - Usually Fixed Term, 2 - 4 years, Re-elections	Short term - varies to suit purpose
Director Risks	Director personal liability	Shadow Director
Insurance	D&O Insurance	Professional Indemnity
Engagement	Director Appointment Letter Board Charter	Commercial Agreement

# How to Maximise Advisory Board Outcomes

- Identify business needs and challenges – be clear on the right objectives
- Bench Mark Assessments: Growth Potential, Value Chain, Life Cycle
- Board Readiness?
- Implement best practice process:
  - Independent Certified Chair
  - Then Select Approved Advisors
  - Confidentiality and commercial agreements
  - Implement Good Governance Framework – charter, agreements, agendas, prepare
  - Use Recognised Experts where required
- Well managed regular meetings
- Implement



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# *Benefits of an Advisory Board*

- Cost effective expertise for specific purposes
- Gain fresh experienced external insights
- Safe and confidential environment to discuss issues and test options
- Improve the quality and speed of management decisions
- Best practice and KPI's indicate quantum leaps
- Increase investor confidence and support
- Leverage off Board Networks
- Transition before Governance Board





# *Ideal Business Seeking Advisory Board*

- Ready, Willing and Able - to accept and challenge feedback
- Transparent - provides all information for Advisors to be informed
- Transparent - with good and bad news
- Ethical and honest
- Complies with obligations and expectations
  
- Leverage from the Advisory Board knowledge
- Regularity in process and preparation
  
- Note: Owner still controls business and required to make informed decisions



# Ideal Advisory Board Members

## AS INDIVIDUALS

- Relevant Experience and Expertise (for objectives)
- No conflicts of interests
- Independent thinking
- Ability and willingness to challenge and probe
- Collaborative and fit
- Good networks
- Aware and up to date on emerging technologies
- Able to allocate time to role
- Attributes: Positive, Honest, controls confidential information, integrity, independent

## AS A GROUP

- Diversity mix (different specialist skills and demographics)
- Collaborative, constructive conflict of views
- Different risk appetites
- Not clones of owner or peers

## INDEPENDENT CHAIR

- Independent



# *Behavioural Issues to Avoid*

## AS INDIVIDUALS

- Being agreeable to topic – just to preserve relationships
- Advisors cannot also be the Consultant – conflict in roles
- Fees more important than Purpose
- Domineering personalities

## AS A GROUP

- Group Think
- Same routine
- “Silent collusion to agree not to discuss the undiscussables”

# How to Maximise Advisory Board Outcomes



Certified Chair  
Approved Advisor  
0409 490 530

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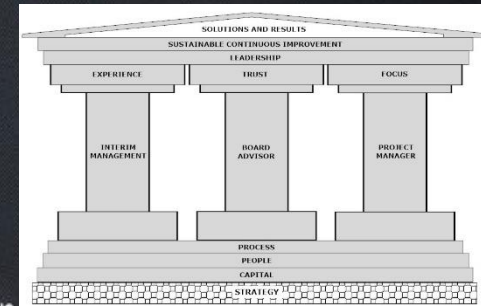
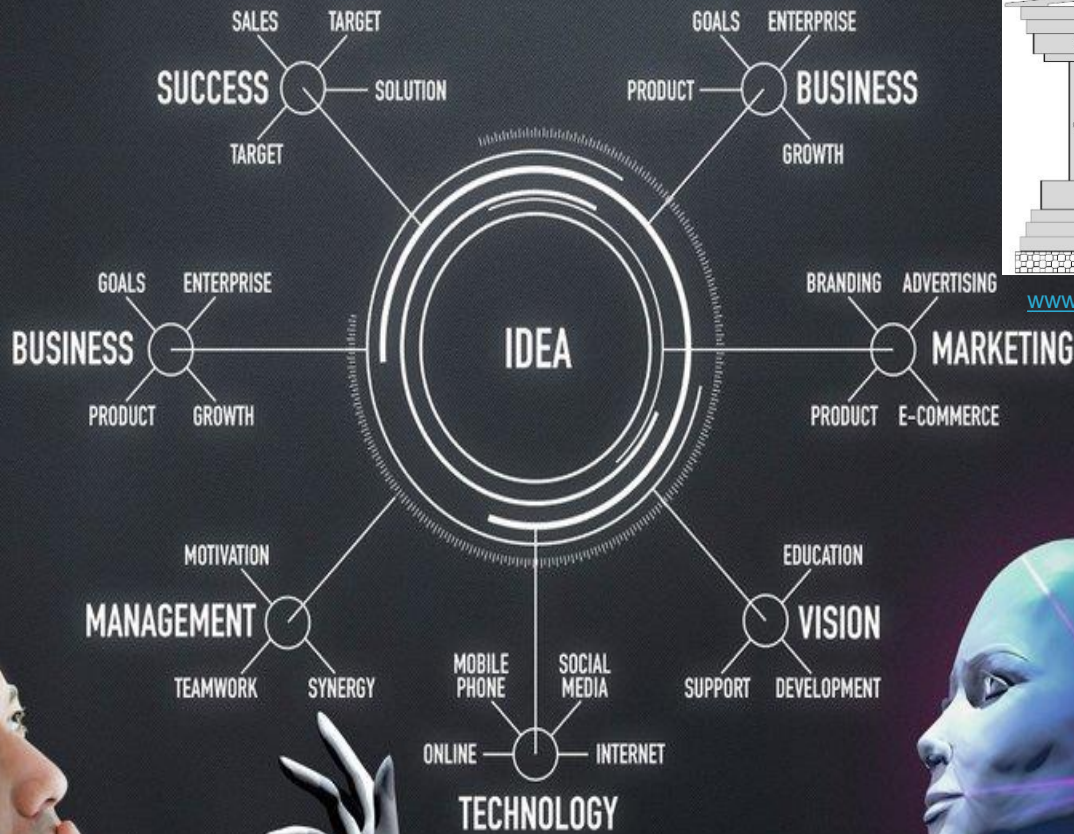
ADVISORY  
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Leading Experience

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# Advisory Boards – Who Needs Them?