



## ADVISORY BOARD WORKSHOP – Thursday 31 March 2022

### **Louise Brokeman, CEO Advisory Board Centre**

<https://www.advisoryboardcentre.com/>

The Advisory Board Centre is the only organisation operating globally across 20 countries. Supported 850 businesses past two years. Key role is about research, education, advocacy for sector. Started because of hardship incurred in own business journey and saw the need.

Louise spoke about the different advisor engagement models. It starts informally with family and friends, peers in business and business network groups. Professional advisors can be useful – accountants, coaches, mentors, consultants etc – but it is important not to rely on just one source. Noone is an expert in all areas which is where an Advisory Board brings value.

An informal Advisory Board might start out ok but they tend to fizzle out. A formal Advisory Board has an independent chair, charter, external advisors, has set meetings, and it measures impact. It is still up to the business to make the decisions. A Governance Board is the highest level. The difference is that it a decision-making model, binding on the directors and the organisation to implement.

Tradition has shown that businesses use an advisory board at make and break points, between \$1 – 1.5m revenue turnover seems to be common starting point. 29 percent of advisory board appointments are in the emerging business pre revenue \$1.5m but tend to start and stop. Key barriers to scale relate to delegation / network access, business investment literacy, execution etc.

The most common AB structure meets 4 to 6 times per year. Chair makes contact on a monthly basis. The Board consists of an independent certified chair, 2 x internal executives and 2 x approved advisors.

There are different types of Advisory Boards.

- Advisory Board for the Business Sector (all of business)
- Project Advisory Boards (overseeing one strategy for a period of 3-18 mths)
- Corporatised Advisory Boards (well defined governance in an ecosystem)

New business model can relate to Market Testing, Crisis, International Markets, Investment Ready etc. Ethical Frameworks to engage advisors need to have Purpose, Process and People. Impact is mostly financial and business confidence

How can you get started with an Advisory Board?

- Advisor Concierge – free service when you're not sure, scope out priorities and options
- Mentor Chair – ease your way into it, half day a month
- Board Starter Program – do it well, focus on best practice. 3 mths to establish.

Louise advised that it is best to start with an 18 month view. Where do we want to be in that period of time? Top 3 priorities that will get us there? Out of those priorities which is the biggest need for the business? Generally this will give you the profile of your advisory board. The one with the biggest need should be the role of the chair so they can address that major need. Solid growth needs a 3 year Advisory Board.

We were then delighted to hear from Tom Smith and Theo Williams about their two very different Advisory Board pathway experiences.

### **Tom Smith – Kia Ora Piggery**

<http://www.kerryanderson.com.au/blog/2018/4/3/top-ten-percent>

Advised to think about an advisory board at a Murray Darling event – assistance given to set up. Only one change in all that time. Made us accountable to do the financials and work on the business, not just in it. Quarterly meetings. Best in person. Sons find it beneficial. Gives confidence in helping us to make decisions. AB enabled boys to step up. Tom rarely attends now. Advisory Board is a part of their employment budget.

### **Theo Williams – Localised**

<http://www.kerryanderson.com.au/blog/2020/2/11/localised>

Took over the CEO role. Inherited the Advisory board - investors. Not paid. Vested interest. Currently using Skalata Accelerator Program to access independent advisors. Went back to solo after the accelerator program.

### **Q & A Louise**

Stats show that an AB provides 30% more confidence in decision making.

Difficult to chair your own AB. Should be an independent.

Structure agenda to suit the priorities of the discussion. Best to give them something to do and bring to the table. Just don't expect them to turn up and listen. Issue Board Pack. These are the questions we want you to think about in preparation for the meeting. You want a return on investment.

Could be a different focus each meeting. Guest advisor.

Every AB advisor has a use by date. Rock solid relationship after 3 years but are you getting the best out them. Healthy to have a turnover.

Rob - needs are constantly changing of startups as they move through different stages so it makes sense to bring in new advisors with new skills. Good to keep some consistency and corporate knowledge, relationship value.

Remuneration - \$2-3.5k per day. Average \$40-70k per year.

Incentivising they lose their independence, navigate carefully as you could be locking in people with equity and their use by date passes. When raising capital – it is an investment to have advisors. Helps you to negotiate with investors better. Demonstrate that you know what your gaps are. Already planning how to resource.

Nonpaid advice is ok when starting out but it peters out. You can't expect it to continue.

Try asking for 90 day pro bono AB. Don't overstay your welcome. Set commitment/time limit.

Kerry Anderson  
Startup Central Victoria

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