

Benefits of a Business Advisory Board

As a small-business owner, you probably do not have deep experience in every area of business. By establishing good procedures for things like financial analysis, recruiting and retention... your success on these tasks can benefit from highly focused professionals in those areas of business. Even the

hurdles of what and how they should perform and measure marketing and sales strategies is crucial to future business.



An advisory board helps supplement the gaps in knowledge and experience of business ownership, providing a safe place for discusses sensitive and complicated strategic decisions. It makes the management team evaluate all the challenges and opportunities in front of them.

During this weird time (coronavirus) in 2020, we could likely REALLY benefit by having a group of “outside” people to guide you into the new unknown territory of how to conduct business once we get “back to a new normal!”

Many times, experienced advisory members can help you to avoid the same old mistakes. As your business grows and expands, having an advisory board who've had similar problems to yours, can reduce your stress when it comes to how you approach growth challenges. Sometimes it's the difference between success and failure.

Faced with a business dilemma, your problem involves all your emotional and passionate concerns. However, your advisory members provide a great simplification tool. Often, just explaining the business challenge to your advisory board can create the kind of revolution in which the remedy becomes apparent to all.

Here are a few advantages to having an advisory board:

1. Refining a product idea or business plan:

Every entrepreneur needs to perfect his or her concept or business plan. Advisors are likely to have greater industry expertise, and an enhanced sense of what will and won't work.

2. Understanding your competitors:

A lot of entrepreneurs do the classic dumb thing which is to claim that they don't have any competitors. Advisors can help you gain a better view of the marketplace and see what companies yours will wind up competing with, by asking the really hard questions. An advisor can also provide introductions to key customers for a B2B relationships.



3. Credibility and Authority:

If your service or your company is largely unknown, one of the fastest ways to prove you're for real is to get a top name in your industry onto your board of advisors.

Utilizing your Advisory Board effectively:

Recruit doubters. No entrepreneur needs yes men disguised as advisory board members. The most ideal advisors have the entrepreneur's best interests at heart and are not afraid to give advice -- even if it contradicts the thinking of the entrepreneur. Because the feedback can be brutally honest, don't pick advisors who are close friends or family members.

Leverage the network. Initially, identifying potential advisors can seem like a daunting task. Your best approach is to identify people within your personal or professional network with the necessary skills and experience. These individuals are familiar with the owner and may be willing to serve as advisors.

Write it down. While advisory boards are less formal than governing boards, the entrepreneur should protect his business. Advisors will be privy to highly confidential information about business plans, intellectual property and trade secrets. Each advisor should complete nondisclosure and conflict of interest agreements.

Time is money. Advisory members are not contributing their valuable time for money. They become involved because of their desire to help the entrepreneur -- and perhaps feel good about mentoring someone. It is good form to provide some type of modest compensation, depending on the financial ability of the business. Compensation could include meals, travel expenses or a small stipend. Advisors who feel appreciated will put forth their best effort.

Keep it intimate. The value of an advisory board is determined by its members -- not its size. Entrepreneurs should get three to five advisors with the skills needed to meet the current challenges. As your business changes over time, you can seek new advisors with the needed skills. Set term limits for advisors, since asking advisors to step down is not easy.

Advisory meetings can be a vital company asset, and advisors can provide valuable feedback and recommendations -- when prepared before meetings. Relevant data such as business plans, financial statements and other reports should go to advisors well in advance of board meetings. Since boards tend to meet once per quarter, have all the meeting details well planned out.



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