

Tapping into ADVISORY BOARDS

Every owner of a small to medium sized business (SME) can benefit greatly, both on a personal and professional level, by appointing an Advisory Board, as **Kim Mei-Li Dennis**, the Chair of SME Boardroom, explains.

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.

SME owners usually operate their business using their own limited expertise, experience and perspective. This might be sufficient to help the SME owner 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.

SME owners 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.

SME owners are also time and resources poor and need issues to be resolved quickly with minimum effort on their part. An Advisory Board allows SME owners to learn about real issues in real time, and to apply what they have learnt immediately to address the issue at hand.

How can Advisory Boards be a benefit?

Advisory Boards may be customised to meet the needs of an SME owner at any



Kim Mei-Li Dennis gives pointers to establishing an Advisory Board

particular point of time. The structure, the advisors appointed, method of operation and level of usage can also be adjusted as needed.

Grow the business

Advisory Boards can assist an SME owner 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; and
- Change their mindset to be an effective leader of a growing business.

Manage major change

Advisory Boards can assist an SME owner 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
- Minimise the impact the major change has on the productivity and revenue of the business; and
- Effectively manage staff, clients and the public during the stage or project.

Operate more efficiently

Advisory Boards can assist an SME owner to 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; and
- Stay focused on achieving the business' goals and objectives

Why not use a Board of Directors or professional advisors?

The nature and legal structure of a Board of Directors mean that SME owners 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.

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 SME owner or business. ●

Kim Mei-Li Dennis is Chair of SME Boardroom, a social enterprise that gives SMEs a united voice in Australia with a view to influencing government policy. SME Boardroom also provides access to Australia's top business leaders, entrepreneurs and industry experts through its Advisory Boards Program. To become a member or an advisor or form an Advisory Board, go to www.smeboardroom.com.au or call 1300 JUNGLE (586 453)

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.

