

Hire an Advisory Board – For FREE!

By Carol Milano
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A fortune 500 company wines and dines its Boards of Directors lavishly, and provides handsome stipends. At Creative Courseware in Kansas city MO, the advisory board is larger than the firm. “We can’t pay them, but we do feed them well,” confides Connie Swartz, owner of the 16-year-old curriculum development firm.

“I think an advisory board is something a small company should definitely seek,” declares Martha Gershun, president of BizSpace.com, an Internet publishing company in the telecommunications field, who serves on Creative Courseware’s board.

How can an advisory board help a small business? At Creative Courseware, annual revenues in the early '90s consistently averaged \$400,000 per year. Since 1994, when their board began advising, revenues have nudged \$1 million.

The gains are more than monetary. Years ago, Swartz felt her company’s weaknesses were in marketing, finance, legal issues, and technical skills. After reviewing Creative Courseware’s marketing plan, her new advisory board agreed. They suggested more strategic approaches to growing her business instead of just relying on luck and word-of-mouth.

How often does an advisory board need to meet? At first, Swartz’s board held a two-hour meeting each quarter, then semi-annually. In January, they’ll gather for their now seventh annual meeting. Swartz often sees one advisor at a time, to talk about a specific area.

Why They Serve

What attracts a volunteer advisor? For Dave Richter, president of Intellectual Property Management Group in Kansas City, and a member of the Creative Courseware’s advisory board, it’s all about networking and the exchange of ideas. “Connie has a nice mix of people on her advisory board, which keeps the dynamic interesting and exciting. We have members with different perspectives: legal, marketing, finance, general business. The exchange of ideas is always fun.” The venture catalyst suspects board members often come away with a few ideas to use in their own businesses, too.

Fellow advisory board member Gershun certainly agrees, finding that “thinking through problems for someone else is a little like going back to school.” By networking with high-level professionals in a non-competing situation, “I’ve met several great people on the Creative Courseware board. When you hear someone say something smart in a meeting, you want to get to know them.” She’s had lunch with other board members, who have, for example, referred her to vendors. “Now they’re part of my network,” says Gershun, who considers board service an excellent addition to her own resume.

Although Swartz’s advisory board members are volunteers, no one goes unrewarded. Swartz thanks her advisory board members with “gift baskets, company t-shirts and gift certificates to bookstores or restaurants--things we feel

they'd like. We feature them in our company newsletter, and try to promote their businesses, year-round." The gestures are noticed. "Connie makes us feel appreciated. She always says thank you, feeds us, sends cards... You wouldn't want to serve on the board of a company that just took you for granted," Gershun says.

Recruiting Your Own Advisory Board

So how do you form an advisory board for your company?

:First, identify your goals. For Connie Swartz, after the idea first struck her, she talked with her five employees to determine Creative Courseware's needs. For example, Swartz initially felt her company's weaknesses were in marketing, finance, legal issues, and technical skills.

Start a list of potential advisors. With accounting, finance and legal issues prominent, Swartz's staff nominated their accountant and lawyer. "We liked them, and had worked with them long enough to know their philosophies were in sync with ours," says Swartz. For a fresh perspective on areas like marketing and customer service, they put two clients on the list.

Expand your pool of nominees. "We asked ourselves, who knows and loves us, has the skills we need, and would volunteer to advise us?" Swartz remembers. She particularly considered people she'd met through the non-profit Silicon Prairie Technical Association, while serving on several committees over six years. Other prospects included former classmates or professors, vendors, suppliers and friends.

Invite your nominees to an initial meeting. As company president, Swartz personally made calls for Creative Courseware. "I talked about why we were starting an advisory board, our objectives, who else would be included, and what their roles and responsibilities would be." She met with two nominees over lunch to explain in more detail. All six of her candidates agreed to sit on the board.

Setting the Right Tone, Right From the Start

For an advisory board, its first meeting sets a tone and image for members. In August 1994, Creative Courseware's new board convened from 4 to 6 pm, in an advisor's office. Swartz had sent each attendee a binder of advance reading material: a meeting agenda, company mission, organizational structure, financial data, goals, current activities, a mini business plan, and contact information for other advisors. "We wanted them to feel we'd put time into this, and that it was worth it to give up two hours of their day." Creative Courseware's entire staff was on hand.

Keep in mind that an advisory board is NOT a board of directors. Swartz had carefully researched the differences. "Because of our goals, I realized our need was for a board of advisors, which requires no liability insurance." Her attorney recommended that Creative Courseware prepare a brief confidentiality agreement, covering financial disclosures and other topics. Each advisor signed it at the first meeting. And today? Swartz's advisory board is still going strong. Two advisors have since resigned when new professional duties interfered with their service. "Every year, I say, 'Okay, you've done this all year. Do you want to continue?' Our four original members continue to feel it's rewarding," Swartz beams. "You don't have to be a big company to have this kind of support structure: wonderful ideas, incredibly strong interest. I'm so glad I thought of an advisory board!"

Carol Milano is the author of this article and *HERS: THE WISE WOMAN'S GUIDE TO STARTING A BUSINESS ON \$2,000 OR LESS* (Allworth Press, 1998)