



# Is an advisory board right for your business?

## What is an advisory board?

An advisory board is like having the best aspects of a quality management team, an experienced board of directors *and* a business coach. They are a group of experienced business specialists who meet regularly with the business owner or chief executive to help them make better business decisions and achieve higher business performance as a result.

## Why have an advisory board?

Are you the type of business owner who has multiple roles within the business? You are not alone. Many owners are the key salesperson, operations manager and accounting officer all rolled into one. You probably make all the employment decisions and do most of the business planning and measurement. This can make it difficult to step back and get enough perspective to make good strategic decisions. An advisory board is one of a number of options that can help, as discussed in the following table.

	Used for...	Great for...	But watch out for...
<b>Business Coach</b>	<ul style="list-style-type: none"> <li>Facilitating the development of a business plan</li> <li>Helping you execute the plan over a short term (3-6 months) or a longer period (years)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Developing a new or clearer vision of your business</li> <li>✓ Motivation</li> <li>✓ Highlighting skill gaps</li> <li>✓ Knowledge transfer (depending on their specialist skills)</li> </ul>	<ul style="list-style-type: none"> <li>Any gaps in the skills of the coach who is likely to be a specialist in certain areas</li> <li>The capability of your team – they need to develop the skills required to implement the plan</li> </ul>
<b>Specialist Advisor (e.g. lawyer or accountant)</b>	<ul style="list-style-type: none"> <li>Advice on solving a specific issue, usually a complex business problem</li> <li>Producing legal documents and other specialist reports</li> </ul>	<ul style="list-style-type: none"> <li>✓ Quickly helping you solve complex issues</li> <li>✓ Giving you confidence in your solution or direction</li> <li>✓ Supporting you with difficult negotiations or situations</li> </ul>	<ul style="list-style-type: none"> <li>Cost vs. benefit</li> <li>This isn't the solution if you are looking for knowledge transfer</li> </ul>
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>All companies as it is a requirement of the NZ Companies Act to have one director or more</li> <li>Governance which is decision-making on the business's direction and management activities</li> </ul>	<ul style="list-style-type: none"> <li>✓ Meeting statutory requirements</li> <li>✓ Structured business reviews and decision-making</li> <li>✓ Bringing multiple skill sets to decision-making</li> </ul>	<ul style="list-style-type: none"> <li>Cost (for external)</li> <li>Family members who may not be sufficiently independent</li> <li>Directors' liabilities – this can make it harder to find board members</li> </ul>
<b>Advisory Board</b>	<ul style="list-style-type: none"> <li>Advising and supporting the business owner, chief-executive or management team</li> </ul>	<ul style="list-style-type: none"> <li>✓ Providing a range of business skill sets to guide diverse decisions</li> <li>✓ Flexibility – can be changed depending on the business need at the time</li> <li>✓ Challenging the business owner</li> </ul>	<ul style="list-style-type: none"> <li>Finding a good advisor</li> <li>Not decision-makers. This still rests with the business owner</li> </ul>

## How do you set up an advisory board?

You can go about this process in several different ways, however we believe that finding an experienced advisory board member at the start, can help you flesh out the right approach for your business. Together you should work through a process as follows:

### 1. Assess your need

- ✓ What are your key strengths and those of your team?
- ✓ What is your vision for the business?
- ✓ Do you have the skills required to achieve your vision?
- ✓ If not, what are the gaps – for example financial management, sales, marketing, general management, cultural development, branding, planning, exporting know-how, governance skills etc.



### 2. Structure your board

- ✓ Prioritise the skills you need initially to focus on the ideal advisor mix.
- ✓ Source potential advisors using your network – for example other business owners, your accounting advisor, lawyer, the local chamber of commerce or go to [www.advisoryboards.co.nz](http://www.advisoryboards.co.nz).
- ✓ Document a summary of your rationale, aspirations, ideas and constraints for your board.
- ✓ Communicate these expectations with potential advisors, along with your budget for their fees.



### 3. Formalise

- ✓ Early in the process you will need to formalise your initial advisory board purpose, scope and schedule – this means agreeing the details in writing (a charter) with your members.
- ✓ You can do this through an initial planning meeting or one-to-one prior to the first meeting.
- ✓ Experienced advisory board members will be conscious that they must not be deemed a board director, so you will need to confirm that you and your management team retain full decision-making responsibilities.



## Where to next?

Your Crowe Horwath advisor can help you get started. A discussion about your current situation can quickly help you work out if an advisory board is right for you. Alternatively you can email our national advisory board co-ordinator at [tracy.mcelroy@crowehorwath.co.nz](mailto:tracy.mcelroy@crowehorwath.co.nz) to arrange a discussion (at no cost) about your situation.

Tel 0800 494 569

[www.crowehorwath.co.nz](http://www.crowehorwath.co.nz)

**The relationship you can count on**

This fact sheet provides general information only, current at the time of production. Any advice in it has been prepared without taking into account your personal circumstances. You should seek professional advice before acting on any material.

Crowe Horwath (NZ) Limited is a member of Crowe Horwath International, a Swiss Verein. Each member firm of Crowe Horwath is a separate and independent legal entity. Crowe Horwath (NZ) Limited and its affiliates are not responsible or liable for any acts or omissions of Crowe Horwath or any other member of Crowe Horwath and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe Horwath or any other Crowe Horwath member.