Webinar Transcript
The purpose and function of advisory boards for small business

Hi, everybody. Welcome to our governance made easy webinar today titled the purpose and function of advisory boards for small business.

Today, we're having a discussion with our special guest Craig Richardson of Crane, along with John Courtney from Boardroom Advisors and Julie Garland McLennan of the director's dilemma.

My name is Sean McDonald, and I'm the content director for Boardpro, and I will be your moderator for the next forty five odd minutes.

Firstly, though, thank you for attending today. We always appreciate the effort you make to be here for our live events.

During the session, if you have any questions for Craig or the panel, please use the q and a button on your toolbar. This will enable to keep a track of all the questions as they come through, and we'll be answering these during our session and try to get through as many of the questions as we have time for.

Now for those not too familiar with BoardPro, we are a board software provider sometimes called a board portal, and we serve just over thirty three thousand users around the world in about, I think today, it's about thirty nine different countries.

We enable organizations to prepare for and run their board meetings more effectively and efficiently with less time and deliver more impact and value for the organization.

Now as much as we are a board software provider, part of our wider mission here at Boardpro is to make the fundamentals of governance free and easy to implement.

And that's for all organizations, especially those with resource constraints. And these free webinars and the many templates, guides, and white papers on the BoardPro resource page are a great tangible example of how we look to achieve our mission for small businesses and nonprofits around the world.

Now the slides from today, a recording a full recording of the webinar and the transcript will be sent to you, tomorrow. So just relax, listen, and ask quest ask as many questions as you would like.

What I'm gonna do now is hand over to our team starting with Craig first to introduce themselves. Craig, over to you.

Thanks, Sean.

Great to meet you all. My background is I'm a a former CEO, CFO, and a current nonexecutive director, in both, listed private and state owned entities. So got played across a number of sectors.

For the last ten years, I've been working with a small mid market company. So, I guess, in, to give us a size of zero revenue, so pre revenue companies and start ups right through to about two hundred and fifty million pounds in terms of revenue.

And and most of my work is around designing, establishing, and chairing professional advisory boards.

John, would you like to go next?

Sure. Thanks, Greg. So I'm John Courtney. I'm, founder and chief executive of Boardroom Advisors.

I'm out in, Bristol, in the UK.

And, Boardroom, Advisors, provides fractional c suite experts and part time directors, either individually, or as part of main boards or, of course, as part of advisory boards.

So we have, over two hundred of these, mainly in the UK, but, we're now expanding, around the world.

I'm also, a nonexec director of several companies.

And, Julie, over to you. You're on mute.

You're on mute, Julie.

I'm on mute because my dogs were grumbling in the background.

I'm Julie Garland McClellan. I'm delighted to be here.

I'm possibly known to a few of you as the person who publishes the director's dilemma newsletter, which is a global free newsletter based on practical board case studies, comes out monthly.

If you don't know it, I hope you soon will. And I do a lot of work either serving on boards of my own or consulting to boards with a very strong interest in government, not for profits and startups, but also the occasional big listed that comes my way.

So I'm really looking forward to talking everything advisory boards tonight.

Thanks, Julie. Thanks, team. So, Craig, over to you, sir.

Great. Thanks, Sean.

Well, as I mentioned, we specialize at Crane in designing, establishing, and sharing professional advisory boards. We've we've done about two hundred and fifty advisory boards over the last seven years, and, typically, the companies or, in some cases, not for profits that come to us are at, I guess, fairly predictable pain points in their in their business life cycle.

They're either start ups, so looking to get out of the blocks and and, prove their products and find new markets.

They're more mature companies that are frustrated by lack of growth.

They're sometimes frustrated owners who see untapped potential in their business and have, significant sort of difficulty in figuring out how they'd move forward. In some cases, they're sort of late stage companies that are looking to exit, or in some cases, into general transition to, you know, the children or, or, management. So the the common theme is that they're kinda stuck and believe they have more potential, and so they're looking for alternatives to, traditional governance boards in some cases.

And and the people that approach us are either board, members, so traditional governance board directors, if you like, management, and and often, owner operators at the smaller end of the market.

The, there's there's basically three stages and or three components of the presentation we're about to talk through.

The first one is really and and I so the first two sections really are preconditions designing the optimal and most efficient advisory board in my view. The first section is really around understanding what a company does, what they have, and where they're going to plan when. And I think you could probably call that strategy, but a fundamental difference in terms of designing strategy for an advisory board is that you break up the strategy into a number of moves and components that have problems associated with them, and you design the the advisory board around solving those particular problems. And a common theme you'll hear as we go through our conversation tonight is their advisory boards are very focused on solving very specific problems, that that move companies up a profit curve, which we'll talk about very briefly.

The second stage is in building the capability, and the capability is really around problem solving. So it's it's not sales or marketing or necessarily operational capability. It's building the capability in organizations to solve increasingly higher level higher level or more difficult problems as they progress.

And then the third stage is really extending the university of knowledge, skills, and experience to solve higher level problems as companies progress, grow, and become, or or pursue higher conviction strategies, if you like. And that's really where, in our experience, an advisory board comes into play. And we very specifically design advisory boards around solving quite specific problems and their high impact problems on the organization.

So they're not typically operational level, issues, and it'll become clear as we go. So, let's move on, and I'll talk to you about some of the problems we see in in businesses.

So the first sort of point I wanted to make and there's a concept in here as well as, you know, maybe a fairly confronting fact, is that the uncomfortable truth is that most businesses make, no economic profit. You may be a profitable business, but if you took your accounting profit for the bean counters amongst us and deducted, a capital charge, I guess, for the investment that you've got in that business, then the numbers show based on research that McKinsey and Co have done, but also based on research that we've done in other, companies in the sort of Asia Pac market, is that most companies over a period of time recover on average about two percent above their cost of capital.

And the numbers are pretty revealing, actually. So twenty percent of companies, if you graph their economic profit as we've sort of shown here, in any particular market, in any particular segment, if you graph that, every company in in your sector, about twenty percent of companies over a period of about ten years will suffer deeper economic loss.

About sixty percent, this sort of majority in the middle, will recover about two percent above their cost of capital, which means they've worked incredibly hard for a very small return.

And about twenty percent take most of the profit, in fact, about ninety percent of the profit, and therefore attract about fifty percent of new capital that's available in their segment. And that's quite significant when you think about the difficulty there is to move up this curve. So this is called the profit power curve.

And, one of the more, interesting, behaviors on this is the difficulty there is in moving up this curve.

So over a ten year period, about fourteen percent of companies that start in the middle of this curve fall off and become, loss makers.

Seventy eight percent, so the majority stay exactly where they are. They may move to the right, but they get pushed back by, very efficient markets. And about eight percent end up in this upper quintile of highly profitable performance.

And the key theme here is that it's difficult to move, but it is possible. But your strategy has to be twelve times better than everybody else in your market.

Thanks, Sean. We'll move on to the next slide. So just keep that in mind as we sort of talk through some of the more difficult challenges in terms that companies face.

So the good news is there's twelve levers that really power this upward mobility up that curve to being in the upper quintile or the, I guess, the winners in that circle.

There's three components. So the first component you'd think of is endowments, so the company starts with.

In that component, their size and revenue relative to other players in the market is really important.

Their debt levels are really important, so their ability to better leverage their business is really quite significant.

And their past investment in research and development and innovation is also a key lever they can pull. Now there's lots of levers you can pull at the starting point, but what's interesting is even if you have, poor endowments, so relatively small in terms of market, perhaps quite high debt levels, maybe poor investment in in, r and d historically.

That's not the end of the game for you. It just means that the next two components you're gonna have to leverage very heavily.

The second component is around trends. So trends account for about twenty five percent of the power you need to move up that curve. Industry trends are most important. So if you're in a high growth industry, that's a really significant, tailwind that'll help push you up that curve. And, obviously, you're in a really good positive economic environment, which parts of the world are and aren't at the moment, then that can be favorable as well.

But the research shows that the the component or the driver that matters most are these six levers or what we would call big moves and what you'd probably think of as components of strategy that really power you up the curve.

It's a systematic approach to mergers and acquisitions.

It's being very aggressive in terms of reallocating resources from underperforming parts of your business to better performing parts of your business.

It's doubling down and literally doubling down, so spending twice as much on capital as your competitors.

It's finding a point of, productivity or, being far more productive than your competitors that allow you to move up the curve. In fact, you're gonna have to be in the top thirty percent of your market for this to be a lever you can pull, or it's finding a point of difference that allows you to generate higher margins, over a period of time. And, again, you're gonna have to be in the top thirty percent of your market. Now what's really interesting from the research is just making one of these moves has only about an eight percent chance of moving you up that curve. If you make two of these moves over five to ten years and make them with a high level of conviction, so double down and move hard, then it'll, increase your chance of moving about twenty percent.

But best practice is three moves or more. And if you make three or more of these moves over a period of five to ten years, then you have about a fifty percent chance of moving up to to that upper quintile.

And there's some implications and complications with making those moves, particularly for the small and mid market. They're complicated.

They they introduce variability and complexity into your business. And this, as you'll find out at the end of the conversation, is where professional advisory boards really can help you. It's in the not only executing one of these moves, but the combination and sequence. And as you'll find out towards the end of the presentation, the best practice or the most appropriate approach we'll find with assembly advisory boards is that you find advisory boards that specialize in each of these elements as you move through that sequence. So it's the sequencing combination of these moves that give businesses the best chance and the highest probability of moving up that that curve and being performers at the upper end of the market.

So you're probably asking what is it that really stops companies making these big and significant moves?

Well, next slide, Sean. The the big factor is that, big moves take time. So, these are not three month, six month type strategies. These are multi year strategies.

So big moves take time.

Time introduces variability.

Variability creates complexity in your business and requires you to be able to solve as both business owners, management, and directors high level problems as time goes on. There are just more unknowns the longer time goes on and the more significant number of moves that you make. So let's just take a simple example. If you strategy is really moving from point a to point b, and if you had a marketing campaign that maybe ran for six months or a year, sure, there's some variables that could take place in the market during that time, economics, competitive response, the consumers consumer response. Actually, the number of variables over that period, in particular, in a marketing campaign are probably fairly predictable and particularly with digital capability, then you can sort of monitor and adjust.

However, if you were trying to take significant market share, so move from point a to point b to, resource reallocation, grading points of difference, finding productivity opportunities, maybe mergers and acquisitions. There'd be a number of moves over that ten year period. That introduces all sorts of variability into the equation, changes in the economy, changes in consumer response, competitive response, technologies.

All these things are gonna change over that period. And so the problems the business needs to solve by that period become more complicated, and they're high level more complex problems that require far more cognitive capabilities to solve.

And as you'll see as we go through this, this is a key, element of how you design your advice report. Julie.

Craig, can I just ask one of the things that I see boards doing is using ad hoc task forces?

And can you elaborate a little on the difference and the benefits of a task force compared to an advisory board?

Because often, some advisory boards are not as focused on a single problem. How do you differentiate when you need a task force and when you need an advisory board?

Well, it's also context relevant, I guess. So what's the task force addressing?

But maybe one way to look at it is a task force is around a quite specific problem that probably has a fairly predictable number of variables, and I tend to find that task forces have a fairly defined period. So they they may have six months to address a particular problem. Maybe it's policy or maybe it's a particular operational issue the business is facing.

The advisory boards that we establish, and I'm not saying it's the only advisory board you can have because you can have very operational liberal advisory boards. But the ones that we tend to have the most significant impact on business and certainly the ones that, customers come to us for, have more dynamics and and maybe a wider brief than that.

So they're not necessarily as well defined. Usually, for task force, you can write a very clear brief. You can you can define the problem earlier up front.

Whereas I think with an advisory board, there's a need to be able to to far more dynamic and deal with many more unknowns.

Does that make sense?

Yep. Certainly does. And can I just encourage everyone else to jump in with questions in the q and a? Mhmm. Because John and I might be good, but we don't have all the questions.

Okay. Thanks. So the second, component or let me call it a precondition to designing a very effective advisory board, we find is being able to lift the problem solving capability of your business to meet the needs of your strategy. Design the strategy, then figure out what the cognitive or problem solving capabilities you need in your organization, and methodically and deliberately go about designing that.

So let me move on, Sean, if you don't mind the next slide.

We think and what we find with the business we work with is this updrift up that profit curve is largely limited by how fast a business or not for profit in that case can solve so can can both understand and solve problems as they emerge.

And we'll get to the unknown aspect in a moment. But in essence, you've probably seen this. I mean, it's basically a learning cycle. So how quickly can a a business, obtain, gather theoretical knowledge on what the issues are it's going to face or predict the issues it's going to face? How quickly can it apply that knowledge and build experience in solving the problems and understanding the problems that come forward? How quickly can it repeat both that knowledge and experience, application or practical sense, and build the skills to both, anticipate and respond to the changes they're going to make? And how much time, and this is a critical one, how much time does the organization actually spend reflecting on what worked, what didn't work, what are they going to do next, and how do they experiment?

And without being critical in any way of traditional governance board because I sit on them, I found in my experience that there's very little encouragement from governance boards in a traditional sense to spend time experimenting and finding out what's working, what's not working, and trying things. Now in small medium enterprises, this is the life we live, Brad. We try things. We spend time understanding what happened, and we tend to adjust, or we don't survive.

But as we get bigger, keeping those characteristics, those learning characteristics, absolutely critical. And a and an advisory board in our in our experience is just extending the learning cycle and capability of the company.

And so it plays a slightly different, role than a traditional governance board.

So, how does this solve solve problems, or how does this learning curve solve problems? Well, this is my sort of disclaimer and get out a free jail card for anybody who's in HR.

So we're all humans, but we are not the same when it comes to solving problems.

And once you understand that, then the next slide won't be offensive to anybody depending on their, or when they understand what level they are in your in an organization.

So we all have different knowledge, skills, life experiences, business experience, different states in life. Things are affecting, our ability to, and where we place our efforts.

But one thing is consistent in the environment around us, and the consistent thing is that most things are organized. In fact, all things are organized in hierarchies.

We are individuals. We're members of families. Families are members of communities. Communities, members of, of states and nations. And those hierarchies are all set up so that we can deal with increasingly complex problems. Family deals with family local issues.

Communities probably dealing with maybe water or infrastructure, states dealing with roads, and then governments dealing with more international affairs like trade and defense and maybe health care.

Those are more abstract processes, more complicated processes that take longer periods to change. Organizations and businesses are constructed exactly the same. And the reason why this is important to understand from a, advisory board perspective is that your advisory board needs to be tiered and injected at a level where it can create and extend the value and capability of the company, the problem solving capability. So give me couple minutes just to talk through this. At level one in your organizations, you'll have frontline team members, and they improve the performance of your business by improving the ways they operate. And in most places, like, with good feedback, they can improve the ways they operate, you know, in maybe one to ninety days if they've got a relatively short, task.

Team managers are responsible for improving things within a defined system, and they improve how team members work together. Once you go to a functional manager, head of sales, head of marketing, head of finance, then they're really charged with, redesigning and improving systems, and that can take some time, one to two years in reality. They'll make good progress, but in reality for those, improvements to embed and improve the business, then it's gonna take some time. If you're responsible for the profit and loss of your business, which most of the, owners that come to us are, then your job is really reallocating resources across those those operations, to optimize the profitability of their business, moving money from sales into marketing, from marketing to product development. That's a two to year two to five year, exercise in many cases, more complex, more variability, more problems to solve.

There's a line at level four in organizations.

Many organizations that come to us are focused on improving their own profitability.

But at level five, which is how you move up the curve, then you turn and look externally, and you start looking at your relative competitive position. Where you position the market? How do you outcompete? What do you have to do to move up the curve? That is a five to seven year problem in almost every industry. And then at level six, the complexity increases again. What strategy do you have to reposition your organization over seven to ten years to, to take advantage of changes in national infrastructure?

In our experience, professional advisory boards add the most value to organizations that have at least a level four capable CEO, and the design of an advisory board should be around at least level five. And when we analyze members that are joining advisory boards and we design the advisory board, we go through and analyze their problem solving capability to make sure that they can extend the capability of the organization in these strategies and areas that really add value to the business.

It's a really interesting chart, that one, because very often when there's been a problem in an organization, particularly in not for profits and members associations, for example, if they've had, a bad HR issue or a financial mismanagement, they'll very often bring someone onto the board or create an advisory board aiming very much at that level three on your chart.

And those people add value maybe for a year or two, and then they, sometimes, if you haven't got your term limits right, sit on your board and twiddle their thumbs for another year or so before they eventually drift off and go and add value somewhere else.

What do you see that happening in your neck of woods too, Craig? And, John, I'd be interested whether you see something like that.

Craig, I'll let you go first.

Certainly. I mean, many of the, clients that come to us have, established traditional governance boards. I mean, it's come some case informal advisory boards. Mhmm.

And they've been poorly designed.

There's no lack of intent and goodwill, but in actual fact, they've not been set up to succeed. The business is not clear about what it wants to do, and they just don't have the right people advising them on how to do it.

Yeah. So, and so but my experience, is, as well as everything that, that you say, Craig, we also find, in the UK, there are some advisory boards that are, functional advisory boards. Now maybe they're they're focused at at these, slightly lower levels, and maybe they have a shorter, time span, of usefulness, but they can still be very useful.

Of course. Yes. No. No. Undoubtedly, I think it's really a consciousness around, are you improving the operational profitability of the business, in in maybe a shorter time period, or are you positioning the business for, growth and, outperformance over a longer period?

And there's definitely a need for at both levels. I agree. Yeah. Yeah.

But I'm so sort of put it crudely, it's a question of do you have to fight the alligator now, or have you got enough time and space to be able to plan draining the swamp and get people ready to do that instead?

Yeah. Yeah. Absolutely. Just as just as an example, of those perhaps lower level, advisory boards that we see, sometimes they're they're focused on a particular issue that perhaps the main board don't have experience of, cybersecurity, AI, these sort of things, and extremely useful particularly into in in today's, fast moving world.

Mhmm.

But you're right that they only have a limited lifespan, and and they're just tackling something that the main board, and the executive don't have experience of.

Yep. I think we'll get to that in this next stage.

Actually in the chat now for you, Craig, from Karen McFadden. What would you say are a few objections you get from start ups and SMEs when you say you can offer most value at level four or five, but they consider themselves to be perhaps at level two or three.

Would they That's a really good question.

Fit for you?

That's a really good question.

So this is a longer conversation. Maybe we need to do another webinar, Sean, around levels of capability.

And generally, like, I'll I'll I'll keep it short so we don't run out of time. Startups are a real challenge, and simply because, not all start. I I run a startup at the moment. I'm in my fifties. But, generally, startups are a younger group of folk.

They are still working through getting the knowledge, skills, experience behind them to be able to solve some of these high level problems. I'm not saying they're not incredibly bright. They are.

But advisory boards tend to get dragged into, operational levels.

What I would say is in start ups, the cycle time of the device rewards tends to be much shorter if you deliberately design them around this, and they can be incredibly powerful in terms of lifting start ups through level two and level three and level four and level five very fast.

And if you spend any time particularly in the US, it's what they specialize in on the West Coast is, how do they move companies through that. So maybe that's another conversation, for another time, but it's a really good, really good question. Mhmm.

So the good question in the chat from, Zafar.

Big moves are compounded continuously by time, complexity, and uncertainty.

An AB is always playing catch up to a moving target.

So how can an advisory board then find strategic business solutions?

Hold that thought because once I go through how we design them, then I think that'll answer that question for you. So if I don't, ask just mention it again shortly.

Okay.

Alright. So the third stage the third stage is really if you think about the first stage, it's around strategy. The second stage is around capability.

I I think if you were to sort of define what the primary purpose of the third stage in your advisory board is about, it's really about probability. How do you dramatically shift the probability of success in your favor?

And to do that, you need to, very deliberately design your advisory board around that purpose. How do you design an advisory board that shifts and allows you to leverage that advisory board that shifts the probability of success in your favor? And here's what we've found.

So, next slide, please, Sean.

So, today today's directors and managers, and I think this is what sort of John was alluding to, I mean, they're increasingly facing problems that are outside their day to day areas of expertise. They have knowledge, so they have a theoretical knowledge of these issues.

But, really, if they reflected on their, skills and experience, I think most would say they have a theoretical knowledge but don't necessarily have the practical skills. And that's where, at these lower levels, advisory can be particularly helpful. But it can be also helpful at a at a level five or level six, layer. And, ultimately, what we're trying to do is most traditional governance boards and companies, are built around what they know, things they're aware of, and things they understand.

That's how they build their strategy. But the real opportunity to move up that curve is really in the things that they're not aware of and that they don't understand because the market is very efficient in terms of informing the majority in the middle. Everybody pretty much knows what everybody else knows very quickly. And so what we're looking for with an advisory board is how do we extend the universe of knowledge to make the company aware of things they're not aware of and help them understand things they don't necessarily understand.

And that is how you improve the probability of success. Next slide. Thanks, Sean. So how do we find companies increase the known knowns to really move further up that curve?

Well, here's what we've found. The first thing is as companies reach certain stages in their life cycle, they go to other, sources for knowledge, skills, and experience to expand their universe. When they're a start up, they go to friends and and family and peers in business because they need energy and encouragement. You know, they need that some moral support.

As time moves on and they mature, they start to look for business mentors, maybe industry networks, people like them that can help them solve the problems. But they're pretty unstructured, and they are solving their own problems, don't necessarily understand yours.

Then they reach a point where they start looking for capability and problem solving, so they understand that's the problem they need to address. They typically go to informal advisory boards. Informal advisory boards are often friends, acquaintances, maybe business associates, but they're generally poorly formed, often voluntary.

They're experts, but they're not ex necessarily experts in your business and compensated to solve your problems. So they tend to fall away over time. And so then the next step is they look towards a traditional governance board because they think that's the sort of default outcome. There's a few issues with traditional governance boards, which we'll talk about in a moment.

The primary one in our view is that they were really a last century solution to addressing an ownership problem As the businesses and the ownership moved further away from the shareholders, they needed an intermediary aboard to look after their investment and also hold the county their company accountable. They're absolutely necessary, but they were really and increasingly have become focused on conformance and risk management, whereas there's an alternative here, which is a professional advisory board, which can complement a traditional governance board, which is much more focused around performance and solving problems.

Keep going. Thanks, Sean.

So how do we organize our, advisory boards, or how do they work? Well, the advisory boards that we, assemble, and I'll go through how we design and appoint them in a moment. But the cycle is this.

They they are appointed based on the move the company needs to make, remembering there is a sequence and a combination of moves they'll make over time. We just help the company determine what the cognitive need or the problem solving need is. We design and establish the board with a charter, a very clear charter and a narrow focus around that problem. We find advisers that can solve that problem, and we appoint the advisory boards to address those issues.

The cycle time for solving that issue could be anything from three to six months to two to three years. It depends how significant the problem is. We measure the economic uplift and the progress from solving that problem, so this is very much a return on investment. I don't think many people talk about their traditional governance boards as a return on investment.

Advisory boards should be thought of that way.

We, as they solve the problem, when we attempt to transfer as much of the problem solving capability back into the organization, so it creates a new level of capability in the organization.

Once they've solved that problem and moved the company up the curve, we disestablish that advisory board, and we refresh it with a new advisory board to solve the next problem and make the big move.

And the companies that get very good at managing their adviser boards to cycle through this at an increasingly rapid cycle, solving as many problems as they can within the capability of the organization to execute. John?

Sorry to interrupt.

Do you do you find, with some companies, that when they, de establish, actually, for a while that so there's a gap maybe between There's definitely. Yeah.

At one point, it's very good point.

The next advisory board, particularly, I guess, at the smaller company levels because they're very focused on particular issues.

Absolutely.

I would say that's almost the case in every instance where, if the problem is significant enough for the business to solve, there's a period of I wouldn't call it relaxing because I generally tend to be very excited and very positive about what's going on. But there's a period of consolidation, making sure that that's locked down and working, and and then a conscious effort to make sure that, all those issues are addressed before they move on to the next problem. So those gaps can be sometimes three months and sometimes even six months.

But but they are, the companies get increasingly, productive and efficient in moving to the next, opportunity. So very good point.

Craig, can I just pick up there's a great question in the chat from Mark, asking for examples of how you measure that economic uplift?

What metrics do you use to be able to be sure that you are getting a return on your advisory board? And I'd like to extend it and say, and could you apply those measures to a governing board as well for those gap times?

Yeah. It's very interesting. So, one of the reasons advisors and, that or members of the advisory boards we work with are very pumped up around working on these as they're very performance oriented. They're performance oriented people.

So we measure the contribution of the advisory board. So the chair, is experienced in terms of understanding productivity and how quickly we move through solving problems.

The economic measures, in some cases, they're not necessarily dollars, but they could be metrics that are defined upfront, and those are defined when we define the problem.

And so that really depends on what the problem is. But the one thing about a very efficient and effective advisory board, it's very driven around metrics and outcomes that are tangible.

These are not touchy feely type groups, and they you know, I don't wanna be dismissive of, government sports because they do an amazing job.

But these are very much around outcomes, around driving numbers, and getting outcomes that, that would move the business forward. Yeah.

Yeah. There's another question in the chat. Can you give an example of the sort of journey that a high performance advisory board would go through, of company scaling?

Can you talk us about the impact?

Well, let me give you an example. I can't mention the company because it's confidential, but, they worked in the energy industry. They had a a, a subsidiary that, was performing, I think, modestly in the data space. So it was a tech company within the energy industry.

The strategy they followed was one of differentiation and, mergers and acquisitions. So they acquired a number of players that, that was small than them. There was a very specific outcome, which was effectively to annoy and prod the number two one and two players in the market to a point where they would acquire them. And over the course of four years, following a very clear strategy, they achieved that. They exited the business at about five times evaluation that it started at, and really only invested about twice the capital they already had in it.

But through that, there was capability built. And so that was a very specific journey. The adviser will be able to turn over about three times during that period. One in creating the original strategy, the second one in creating points difference, the third one in creating, or, driving a programmatic mergers and acquisition strategy, and the last one was specifically focused about getting a good outcome on exit. Does that sort of answer that question?

It does for me. I'm hoping it does for the, for Mark who I've been.

Let me keep moving because I've got a couple more slides, and then we can take any questions at, at the end.

So, Sean, would you mind, going to the next slide? So how we last one. Sorry. Before that, Sean.

So we design advisory boards in this way. There's an independent chair. That independent chair is an experienced advisory board chair. It's very critical because there's a different relationship with, the company, perhaps the most traditional, governance boards. They're typically CEOs, former business owners, or c suite executives that have, in our case in in our experience had both small and large company experiences is, very beneficial.

On the advisory board, there's usually the owner, or the CEO of the business. There we do not usually entertain, governance board members on the advisory board for reasons that sort of become obvious later. We don't wanna crossover between the the two roles.

There's usually the CFO, which helps us with the metrics, and there's usually the functional head or, leader or manager of the business in a particular area we're dealing with. So maybe two to three people.

We typically have one or two advisers who are very problem specific.

Most cases, they're at least level four, preferably level five. And from time to time, we may just come back to the point John was making. From time to time, there's consultants that participate on the advisory board that have very specific, capability.

Maybe that's AI. So you have the advisory board maybe mapping out the strategy, the plans, the moves, and you have capability or functional expertise in particular areas that advise the advisory board or help support the advisory board in those moves. They're typically not members, but they're important contributors to the outcome and the results.

So this is what turns over to, typically, the independent advisory board chair, is the continuing member of the advisory board, as well as the CEO. The advisers typically change at each problem.

So what are the differences So, Craig, before you leave that model, so, that that would be roughly, what, ten people?

Often yeah. Yeah. Maybe. Yep. Yep. I'd say, maybe six six to seven.

But but in terms of paid members, so then you're probably looking at three. So an independent chair and maybe two advisers, typically three, I'd say. Yeah.

And do you find with the smaller companies that the advisory board, the number of members are are less?

Yeah. Sometimes because of affordability.

Sometimes because the problems are smaller.

But what I would say is smaller companies, they tend to turn these over very quickly because they can act very quickly.

As they're going through this, how do they best transfer the new capabilities so that the company gets It's a fundamental knowledge. This is a a fundamental role.

A question from the chat.

Yeah. Yeah. Good question.

It's part of the engagement. So the adviser we bring on board, that's part of a deal, that they spend time. Having the right members from the business in the, advisory board is critical, and the advisory board chair you have is absolutely critical.

So the idea is that the learnings are distilled and, incorporated in the company.

Very briefly because we're running short on time, the difference between a traditional advisory board and a professional governance board primarily, governance boards, decision makers, advisory boards, problem solvers. There's a difference in duties. So a governance board is a fiduciary appointment subject to companies, acts, and other legislation, and so they act within that. An advisory board member and members are really acting within the charter and the objectives of the company. And there's issues with, shadow directors, which we're not going to cover today.

And two other key components of meetings. So, typically, governance boards meet monthly.

The advisory boards that we run, the chair is, in some cases, talking to the CEO or the business on a weekly, monthly basis. But, often, the advisory board maybe meets four to six times a year depending on what the problem is. And then the compensation numbers that we see in the, in the market, the chairs in a traditional governance board and directors are usually compensated monthly, so regardless of meeting cycles. However, governance traditional, sorry, advisory boards, typically, chair is compensated on a monthly basis, but the advisers are paid per meeting.

Alright. Two more points, and then we can take any last questions. There's really ten key attributes of highly effective advisory boards. You can see that in the slides when they come out.

Clear business objectives, a really clear, board charter and code of conduct. The meetings are structured. They're separate from the existing board of directors. And Sean told me I couldn't put this in here because it was too much marketing.

But absolutely critical is the board process that we use. It's the best system in the market and very, very efficient in terms of managing the advisory boards. So sorry, Sean. I left it in there, but, it's my slide deck, and, I totally believe in, the importance of using it.

Thanks. Last slide. So ninety percent of ninety percent of business leaders, that, have used our advisory boards, say the benefit is developing new ideas, high conviction strategies they're able to execute. And one of the main thing is that it breaks up the isolation that the owner and manager feels.

They can't necessarily go home and talk about the issues or talk about staff, but they can to their advisory boards.

So if I sort of cut to the chase, you know, the primary, objective is your advisory board.

In our view is traditional government boards tend to look backwards and look for still waters, low risk areas to play, whereas we design advisory boards to look forward and to very much deal with the agile rough conditions that businesses have to, operate in, and every player and the advisory board are playing their role.

And then in our experience, you should really design your adviser boards to lift the problems, solving capability of your business, to increase the norms, and really to deliberately shift the odds of success in your favor.

I love the fact that in your calm waters, you still had the governing board powering the organization forward.

They're still doing it.

That's great.

We've got one last question. How important is it that people have gone through a problem before they realize they need support?

That's a good question.

Well, perhaps you can give me a call if you like after it. I can go through what the problem is you might say. But, I think you will know the cost the the clients that come to us, tend to be recycling the same problems if they stood back and talked about it. And, if you stand back and look at it, it'll more often than not, be an organizational problem where you have not organized your problem around solving those particular issues. That comes up time and time and time again.

Thank you very much, team. So you'll receive an email from us, tomorrow, which will include, a copy of the recording, the webinar recording, a full copy of the slide deck, and also a copy of the transcript of the webinar. So, just as you leave the webinar, if you could spare just one quick minute to complete a short survey, we'd really appreciate it. It'll it'll pop up on your screen as soon as the webinar finishes.

So thanks again everybody for your attendance. I hope you enjoyed the session today. Thank you, Craig, again, for your, contribution. Julie and John for the great conversation.

Thank you very much. So this is our final webinar of the twenty twenty four calendar. I hope you enjoyed the series. We start again on February fifth, and we have some really great discussion topics for you in twenty twenty five, which will be running weekly.

So keep an eye on our website for the start of the new series from February. So thank you, everybody. Have a Merry Christmas, and, we shall see you later.