

Top Tip for Small Business: Form an Advisory Board

Years ago, I started a corporate interior design and office furniture business in the Greater Cincinnati area. I had years of experience growing sales for an \$18M office furniture business, but this was different. This was scratch-made, and for the first time, I was the CEO. I had plenty of passion and more than enough adrenaline, but I knew that I still needed help to succeed. My father had always coached me to listen carefully to those with experience, so it felt natural to seek out people with more wisdom than me.

To that end, a friend suggested I contact Richard Siegel, a partner at the law firm Keating, Muething, and Klekamp. I was intimidated. After all, Rick was Chief Legal Counsel to one of the largest banks in the region as well as a board member for Comair, a regional airline out of Cincinnati, Ohio. I humbly reached out, and Rick agreed to meet with me.

At no expense and with genuine concern, he suggested to me that I form an Advisory Board. "Pick the best and the brightest people you can," he suggested. Not knowing how this worked and being a new business, I asked if I needed to pay them. Not necessary, he assured. "People are interested in helping," he told me.

That was the beginning of extraordinary insights and guidance that assured my success in the next two business enterprises. So, here is my prescription for a killer board.

Recruit the Best

Successful people want to give back and are interested in being involved in emerging businesses. So don't be afraid to aim high in who you ask. Network amongst your business peers

and recruit the most respected and successful individuals you can. Seek diversity in experience, culture and thinking. These are some possible experience areas to seek:

- Finance (banker or large corporate CFO)
- Merger and Acquisition (investment banker, or M&A attorney)
- Government and Policy (state or regional chamber)
- Sales and Marketing (executive)
- Specialty (services, technology)

Organize productive meetings

You've got the best and the brightest, so you need to respect their time and efforts. Distribute financials and other detailed information in advance of your meeting.

Limit your meetings to 90 minutes and provide a detailed agenda and theme. Start on time and end on time. Be studied and prepared on your business. The meetings will force you to examine your business from a high-level vantage point—an added benefit to quarterly board meetings.

Be Transparent

While it's natural to want to make a good impression, remember that your advisors are there to help you solve problems and seize opportunities. It's good to share your accomplishments, but if that's all you talk about, they won't be able to help you figure out how to advance your business.

Get down to the serious business issues of the business. Lay all of your cards on the table and be honest about the challenges, frustrations, and missteps you've had. These men and women live in reality and are successful because they've been there too and know how to overcome risk and problems. They will recognize you as a strong leader if you are willing to expose the worst, seek counsel, and then act on suggestions for improvement.

Be Appreciative

Top business and community leaders are highly compensated in their fields, your board members aren't on your Advisory Board for the money. They are there to make a difference and give back. Their satisfaction comes from being involved. That said, be demonstrative in your appreciation. Introduce them to others as "my board member." Bestow the title of Board of Directors. If you can afford it, offer a stipend of \$1,000 to \$1,500 per meeting. Consider inviting them to a post-meeting dinner. You'll be surprised at the stream of suggestions and nuggets that flow in a casual setting.

In my third company, we achieved a very successful divestiture of our business. My board member, Rick Siegel said, "David, the smartest thing you ever did was to surround yourself with a strong board." He may have forgotten that he was the originator of the concept . . . but I did not.