


# ADVISORY BOARD GUIDE



# INTRODUCTION

An advisory board acts as a strategic sounding board for a business, offering guidance to owners, directors, or management.

Distinct from a board of directors, an advisory board lacks the authority to vote on company matters or bear legal obligations. This structure makes them particularly suitable for startups and smaller businesses seeking expert insights without the complexities associated with a traditional board.

When well-structured and guided by best practice principles, advisory boards enable organisations to refine their strategic thinking and gain access to expertise or connections that may not otherwise be readily available.

The names and structures of advisory boards can vary depending on their purpose, scope, or even the country in which they operate

## THE PURPOSE OF AN ADVISORY BOARD

The primary purpose of an advisory board is to provide organisations with fresh perspectives, advice, and insights to address business challenges or explore new opportunities.

Unlike governance boards or boards of directors, advisory boards typically do not have decision-making authority. Instead, their role is to offer industry-specific knowledge, critical thinking, constructive feedback and analysis to support and increase the confidence of the organisation's decision-makers.

The focus of an advisory board can vary depending on the organisation's needs. Some organisations rely on their advisory boards for insights into the latest scientific or technological developments, while others use them to gain expertise in international relations, government affairs, public relations, or reputation management.

## THE VALUE OF DIVERSE STAKEHOLDER REPRESENTATION

Incorporating a diverse range of stakeholders as advisory board members can significantly enhance the value of the board. Their unique experiences, concerns, and aspirations bring varied perspectives that enrich the guidance provided to the organisation.



By ensuring diverse viewpoints are represented, stakeholder involvement helps bridge gaps between the organisation and its key constituencies—such as customers, employees, investors, and the community. This diversity of insight is especially valuable in areas like improving customer satisfaction, boosting employee engagement, and fostering community trust.

## ROLES & RESPONSIBILITIES

There are typically three key roles within an advisory board structure:

### CHAIR

The Chair of an advisory board plays a crucial role in optimising its effectiveness. This includes establishing new advisory board structures, evaluating existing ones to ensure best practices, and facilitating smooth board planning and meetings.


Beyond logistical support, the Chair contributes valuable insights and advice, driving meaningful outcomes for the business. Additionally, they often act as mentors, guiding the business owner or executive on strategic and operational matters.

### INTERNAL EXECUTIVES

An organisation appoints advisory board members based on their skills, experience, and the value they can bring to the board's specific scope and intended impact. This may include internal representatives such as departmental heads, executives, or other internal stakeholders, appointed for their knowledge and direct experience to problem solve and explore strategic direction.

### EXTERNAL ADVISORS

Diverse stakeholder representation significantly enhances the value of an advisory board. By bringing unique perspectives and experiences, stakeholders offer invaluable insights that help organisations navigate complex challenges. Including external stakeholder representatives can include subject matter specialists, investors, community representatives, or seasoned professionals.

 **Larger organisations** may have additional advisory board members. Careful consideration should be given to the overall size and scope of the advisory board to support focus, efficient operation and impact measurement.



# CREATING AN ADVISORY BOARD

Begin your search for advisory board members within your existing network. Reach out to colleagues, mentors, and industry contacts for recommendations. Leverage professional associations and networking events to connect with experienced professionals.

You can also expand your search using online platforms like LinkedIn or dedicated board advisor services. These resources provide access to a diverse pool of potential advisors.

Advisory board compensation depends on the company and the role. Early-stage startups may offer equity instead of cash, and advisors with more specialised skills or experience may receive more compensation than others. Compensation agreements are typically negotiated between the company and the each advisor individually.

**DEFINE YOUR NEEDS AND GOALS:** Identify the areas where expert advice is needed, such as technology, finance, customer relations, or governance. This will help determine the specific skills and experience required from advisory board members.

**ESTABLISH THE STRUCTURE:** Decide on the number of members and the composition of the board. Balance internal knowledge with external perspectives to ensure diverse input.

**OUTLINE ROLES AND EXPECTATIONS:** Clearly define the responsibilities of each member, including their role in meetings, decision-making, and deliverables. Set expectations for frequency of meetings and specific contributions.

**ENSURE ALIGNMENT WITH COMPANY CULTURE:** When evaluating candidates, prioritise those whose skills and insights directly address your company's unique challenges. During interviews, assess how well their approach aligns with your company culture.

**CREATE A COLLABORATIVE ENVIRONMENT:** Foster open communication, trust, and collaboration among advisory board members. This ensures that the board functions effectively and provides valuable guidance to support the organisation's growth and decision-making.

## NEED MORE HELP?

If you need further advice on advisory boards, you can contact the team at: [info@future-plus.co.uk](mailto:info@future-plus.co.uk).

