

## **How to Form Your Advisory Board**

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An advisory board is an informal group. This is not a board of directors. It is a group of mentors. The group has no financial interest in your firm. This is a group of outside advisors who share their knowledge to help you be more competitive, think strategically and offer specific advice in key skill areas.

First and foremost do NOT accept any member to an advisory board who is unwilling to sign a non-disclosure agreement and a non-compete agreement. Make it formal and clear in writing that these are confidential meetings.

The benefits of an advisory board include: setting aside time to think strategically, obtain feedback and insights from outside the company, and gather information and expertise from peers who have knowledge in different areas than your own.

In general, a three to five person board will likely meet your needs.

### **Advisory Board Attributes:**

- Objective and honest.
- Knowledge and expertise outside your skill set.
- A genuine interest in helping you/your business succeed.
- Problem solvers who are good communicators.
- Diverse in skills, work and life backgrounds.
- Top or well-respected individuals in their field.
- Well-connected with networks that might be leveraged to assist you.

### **Legalities/Ground Rules:**

- Require a non-disclosure and non-compete agreement.
- Set expectations for the time commitment you expect & duration of appointment.
- Provide a written invitation letter and spell out if there is an honorarium or not.
- Let each member know the specific type of assistance you hope to gain from him/her.
- Always provide a meeting agenda. This is your elite advisory team. Respect their time.
- Say thank you. This is mostly an honorary role. Express appreciation.

### **Advisory Board Value:**

- Identify the result you want from engaging an advisory board.
- Ask yourself, how will my business be different in one year, because of this board?
- Think about the questions you want to ask your advisors. Prepare in advance of meetings.
- How often do I plan to rotate members? Is this ongoing or just a one time board?

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