

How a Board of Advisors May Benefit Your Firm in the Covid-19 Pandemic

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Bombarded by confusing governmental mis-directions, challenged by daily changes in your work teams, and bewildered about the future in this pandemic?

Wouldn't it be great to have Jack Welch, the legendary (former) CEO of General Electric as advisor and mentor to your business? Well, you may not be able get Jack Welch as a mentor but you can develop your own team of advisors to add leverage to your leadership and strategic planning skills. The value of a board of advisors to an owner or manager (and successors) of a business lies in the wise judgment, counsel and advice it can bring to company issues.

An advisory board can be a life preserver for business, family, and key employee relationships, at a time when everything has gone to hell in a hand basket with black swan events of 2020. Identifying and training leaders becomes paramount. This is a group appointed to advise, counsel and assist the Owner/CEO in the individual leadership of the business. Its role is to:

- Help develop policies, strategic plans and corporate tactics
Reopen the business? Bring workers back to the office? Remote working for all of 2021? How to improve the company cash position?
- Provide objective, non-shareholder viewpoints concerning financial and other investments.
- Give advice on major pandemic recession decisions.
- How to work with furloughed or laid off employees?
- Assist in the transition of the owner or manager from fully active to inactive, the transfer of wisdom and knowledge and in training family or intra-corporate successors.

Advisory boards that are designed to assist the sole shareholder or CEO should be comprised of outsiders, providing a confidential atmosphere in which to discuss sensitive issues.

Depending on the company size, the optimum number of outsiders is generally between two and five. Growing companies can always expand their advisory boards. The best advisors are typically other CEOs, bankers, attorneys, accountants (usually at the partnership level), and retired business owners who have strong professional and practical experience.

Advisors should possess marketing skills, strategic planning skills, financial and analytical skills, multi-business experience and a positive interest in the success and future of the business. It is helpful to have an attorney knowledgeable in business affairs on the advisory board, but others can be invited to periodic meetings if they are found to offer fresh perspective.

Here is how you can get started.

Step 1. Select potential board members.

Talk to your current advisors and explain that you are building future success by building a board of advisors. Ask for recommendations on key specific issues; this is not a group gab session.

Step 2. Invite your candidate to join your advisory board.

The following is a letter to a potential advisory board member:

“I am writing to invite you to serve as a member of an advisory board I’m forming to assist me in operating my company. I believe that an advisory board can provide valuable benefits for both the company and me personally. I would like for you to consider accepting a position in the group.

“The advisory board will be separate and distinct from the company’s board of directors. I’m not asking you to serve in a fiduciary role as a director, but rather in a consultative role as an advisor. “The advisory board will not take votes, establish policy or conduct the company’s business. It will serve as a forum through which I can discuss issues that concern me and gather suggestions from you and other members.

“I anticipate that this board will meet periodically – four to six times per year. Each meeting will be held at a time and place that is mutually convenient and will run for about 2 ½ hours. An agenda and any related information will be delivered to you at least one week in advance of each meeting.

“I am faced with a number of important opportunities and difficult decisions that must be addressed over the next year. Your participation at this time would be greatly appreciated. “As business conditions change, I will make changes in the composition of the board, dropping some advisors and adding others. By the same token, your participation would be ‘at will’, and you are free to resign at any time if you so desire.

“I am ready to go and plan to have a meeting later this month. I will call you to discuss this further.

Step 3. Form you advisory board and organize a meeting. Using advisors efficiently is key. Pick a date each month to start with. The number of meetings will vary with the needs of the CEO and the firm. The CEO has the obligation to prepare the meeting agendas, and background materials such as financial statements should be sent to all advisors at least one week prior to the meeting.

We will come through this Pandemic and recession...but all will be different. Are you preparing for the differences?