

Mix it up when seeking advice

Luanna McGowan

As appeared in Biz Magazine, Spring 2003, Page 13

Many businesses do not have a formal board of directors to turn to or, if they do, the board is typically composed mainly of family members or business partners and not able to offer objective or experienced advice in certain matters. A peer advisory group can prove invaluable as a business moves through different phases. In the business growth phase, owners can use peer advisors as a sounding board for new ideas to grow or promote the business, or to improve processes and management techniques. Entrepreneurs may also want to consider other peer advisory groups where the focus is broadened to include “softer” business issues such as retirement and succession. Independent business owners could establish a more formalized advisory committee, whose members are typically paid on a per-meeting basis and pulled together as needed. Having such a committee could reduce costs if an entrepreneur feels he/she only periodically needs specific advice or assistance.

Advisory committees are often made up of business colleagues, lawyers and financial advisors. Trained professionals can offer technical insight into issues that may otherwise be overlooked. Consider using such advisors as a lawyer, tax specialist or banker – preferably one *not* already working for you. Advisors should be knowledgeable about your particular industry and its products or services, and should be aware of external (e.g. economic, technological) trends.

A properly constituted advisory committee differs from a board of directors in that it's not governed by legal statute and has no voting control over the actual operations of the business. However, advisory committees also have no legal liability to the shareholders and, as such, owners should fully investigate options and suggestions before acting on them. Whatever the format – whether a peer group, advisory committee or formal board – getting good advice is always invaluable and can help set a business on the right track for success.