

Memo

To: Clients
From: Weber • O'Brien Ltd.
Re: Managing Small Business with Board of Advisors

Small Business Board of Advisors

Most small business entrepreneurs when asked who helps them manage their company often reply that they do it themselves. Yet when we look at truly successful small businesses, what we often find is that the owners surround themselves with competent business advisors who meet with them regularly to discuss business strategy.

Publicly traded companies are generally required to have a Board of Directors and with the Sarbanes Oxley Act passed in 2002 there are dozens of rules that have been created to govern a Board's performance and define Directors' duties. Because of legal liability associated with the creation of a formal Board of Directors, we see many successful small businesses creating a Board of Advisors -- a group of well-informed independent advisors who possess and use a great deal of professional skepticism (questioning mind and critical evaluation) when it comes to their assessment of the strategies deployed by the business owner.

The advisors selected are competitive owners from other markets who have various levels of business experience and expertise, creative advisors (accountants, attorneys) trusted business contacts (bankers and insurance agents) who can share with the owners from experience the best business practices. The advisors must be creative, dynamic, firm and open in their comments and suggestions. The advisors should also look to company employees for suggestions that perhaps the business owner did not see or hear, or possibly the employees were reluctant to "tell the boss." Meetings should be held quarterly and discussion should be lively. There should be an agenda, notes should be taken, and follow-up action and responsibility discussed. Advisors can be paid for their time at an hourly rate or a charitable contribution could be made in their name to a charity of their choosing.

Entrepreneurs are not alone in running their business if they do not want to be.