

STRATEGIES



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STRATEGIC INSIGHTS

Advisory Board Best Practices for Privately-Held Companies

Quote of the Month

“No man is wise enough by himself.”

*Titus Maccius Plautus
254-184 BC*

“Intelligence is knowing what you don't know. Wisdom is knowing who to ask. Success is the courage to do so.”

Anonymous

So what do you know?

The Johari Window is tool developed by Joseph Luft and Harry Ingham in 1955 that can be used to help people better understand their communication and relationships in corporate settings.

The Johari Window consists of a foursquare grid which represents information about you and shows whether the information is known or not known by you or others.

Johari Window



In addition to improving team communication and building trust, applying this concept to your Advisory Board can reveal hazards as well as profitable options that would have been missed if you “went it alone.”

Click here to learn more about [The Johari Window.](#)

Advisory Board Overview

The objective of the private company is to conduct its business activities so as to increase corporate profit and shareholder value. To that end, your closest advisors - lawyers, CPAs, bankers, estate planners - each have a unique perspective of your business. Individually, their scope is powerful but limited; collectively, however, they possess a broadened view of your organizational standing and outlook that could vastly differ from their sole view and from your own.

Creating and facilitating a purpose-driven and judicious advisory board and engaging your roundtable of advisors regularly can expose threatening pitfalls as well as open profitable opportunities-scenarios that can make or break your business. A specialized "task force" with both a strategic and tactical focus, the advisory board expands your understanding of opportunities and obstacles in performance, organizational development, long range planning, business development, and exit or succession planning.

The Role of the Advisory Board

The principal role and direction of the Advisory Board is typically as follows:

Strategy

- Developing a corporate Vision and assessing the Culture of the Organization.
- Understanding, challenging and approving management's strategic business plans, human resource plans and improving the overall quality of the strategy. This includes acquiring an in-depth knowledge of the business; understanding and questioning the assumptions upon which the plans are based, and reaching an independent judgment as to the probability that the plans can be realized.
- Monitoring the implementation of strategic initiatives to ensure they are on schedule, on budget, and producing effective results.

Organization

- Selecting, monitoring, evaluating, compensating, and ensuring executive management succession and ownership succession.
- Assessing the Advisory Board's effectiveness in fulfilling its responsibilities.

Financial Planning

- Understanding and approving the corporation's financial objectives, plans and actions, including significant capital allocations and expenditures.

Control and Reporting

- Ensuring the Company has adequate information, control and audit systems in place to keep the Board and senior management aware of whether the Company is meeting its objectives.
- Monitoring corporate performance against the strategic and financial plans, including overseeing the operating results on a regular basis to evaluate whether the business is being properly managed.
- Reviewing and approving material transactions outside the ordinary course of business.
- Ensuring ethical behavior and compliance with laws and regulations, auditing and accounting principles, and the corporation's own governing documents.
- Assessing risk management.

Surround yourself with a purpose-driven team of experienced advisors who support you with balanced and objective advice.