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New year, new board: How to evolve, evaluate and exit board members

By Marissa Levin



The beginning of the year is always a popular time for business owners to evaluate their advisory boards. Once you've completed your strategic plans for the coming year, you may decide it is time to implement an advisory board or modify your existing board to help you achieve your goals.

When it comes to employees, businesses should always be interviewing and meeting prospects. The time to recruit and interview new staffers isn't when the company is in a desperate state of immediate need. The scanning process should be ongoing. It works the same way with advisory board members.

Evaluating your board: The most effective way to establish evaluation criteria for board members is to create a baseline for performance matched against your specific requirements at that time. Just as a business holds its executive team accountable for specific goals, the business owner can ask the board for the same accountability. While CEOs report to boards of directors, the advisory board reports to the CEO. With a board in place, there should be a great deal of change in 12 months, so many companies evaluate their board against specific tasks or milestones annually. At the one-year anniversary, the executive team can evaluate who on the board can still add value and who has fulfilled objectives.

Evolving your board: Keeping in mind that you should always be actively looking for potential board members, it's a great idea to plant the idea of board service in the mind of anyone who might be a fit.

Exiting existing board members: When it's time to exit — "excuse" — current board members, it's wise to approach the situation like you would an exit interview with an employee who is departing the company. The exit is a great opportunity for you to gain insight into the board member's experiences. A business owner might have questions for board members on the company's leadership or organization, the effectiveness of the board, how the CEO managed the board, and whether the board met its objectives while the member was part of it. The goal at the conclusion of the relationship is to have delivered a mutually rewarding experience for both the board member and the organization.

Conducting the exit interview: Here are some sample questions a CEO can ask departing board members:

- How would you describe your experience as a board member?
- What do you value about the company?
- What did you dislike about the company?
- What are your views about management and leadership, in general, at the company?
- What did you like most about your role as an advisor?
- What did you dislike about your role as an advisor?
- Were your responsibilities communicated clearly?
- Did you clearly understand and feel a part of the accomplishment of the company mission and goals?
- What would you recommend to help us create a better board experience for future advisors?

Implementing or evolving an advisory board? Here's what's likely to change

1. **The role of the business owner.** As a company grows from perhaps a solopreneur structure to a company with employees and board members, or from under \$1 million to \$5 million or \$10 million in revenue, the founder's role will shift from practitioner to manager, to leader, and perhaps ultimately to advisor or bridge-builder. It's unavoidable. A business cannot grow if it is heavily dependent on the founder, who needs to be focused on setting the vision and strategy.
2. **The employees.** For a variety of reasons, employees who help a business reach one growth stage might not be the employees the business needs to reach another growth stage. This is one of the hardest parts of business ownership — weighing loyalty to employees that the company has outgrown against the loyalty to the rest of the company. Of course each employee is different, and sometimes a long-time employee does evolve and grow with the company — in his or her original role or in a different role. However, as a company grows up, it will usually require new experiences, ideas and leadership.
3. **The customers.** As the company grows, it will outgrow some of its customers. Those that were ideal five years ago

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- Overall, do you think the board of advisors is an effective support organization? Explain.
- Describe the qualities and characteristics of the person who is most likely to succeed as a board member of this company.
- Can you offer any other comments that will enable us improve? What can we do to become a better company?

As your business grows, the advisors you need will shift. By taking an intentional and mindful approach to evaluating and evolving your advisory board, you can ensure that the right advisors are alongside you to support your personal and professional growth. Good luck!

Do you have an advisory board, or are you looking for advisory board members? If so, please email me! I am now leveraging my online column to profile successful advisory boards, and to help those that are seeking advisors.

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might now seem too small or not strategic enough. Furthermore, going deep into a customer organization takes a lot of time, money and resources. Often, a growing company needs to narrow its focus to a handful of key accounts rather than spreading itself too thin. Customers that are good sources of revenue but have limited depth might not be a good fit. Finally, markets invariably shift, and so does what customers will need and buy, meaning you will need to ensure your solutions are aligned with customers' needs.

4. Marketing strategy. As a company shifts its customer base, its messaging and outreach strategy will shift as well. The right advisory board members will have valuable insight regarding marketing positioning and messaging, and can serve as a sounding board.

5. Business development strategy. The opportunities a company pursues will shift dramatically as it grows. The company will need to close larger contracts to keep pace with the growth. When a company has a target of \$1 million, a \$100,000 contract is significant. When a company has a target of \$15 million, a \$100,000 contract might not be worth the time. In the government contracting space, for example, companies just starting out should consider a "begin slowly" strategy, bidding on very small, single contracts. Eventually, they can grow their infrastructure to support the pursuit and win of large programs, but starting small is essential because chasing contracts can be very expensive. As companies build or evolve their advisory boards, business development should be a key requirement. There are many ways to compensate advisors who make introductions and open doors that ultimately lead to closed business. All advisors are essentially extensions to a company's business development team.

6. IT infrastructure. As a company grows, its IT

infrastructure will need to keep pace with growth. This applies to bandwidth, hardware, software, applications, mobile connectivity and security. Today's advisory boards often have an advisor who can provide expert IT and cybersecurity guidance.

7. Employee recruiting strategy and HR infrastructure. As an organization grows, it needs to make sure it's attracting the right people with evolving HR processes and policies that must also ensure legal compliance and provide competitive benefits packages. I work with so many business owners who do not pay enough attention to HR compliance. This exposure is potentially a big liability. Finding advisors who can share their HR experiences and lessons learned, or adding an advisor who is an HR expert, can help business owners avoid costly and damaging mistakes that may lead to lawsuits.

8. Culture. As a company moves from the entrepreneurial startup phase to a more mature phase, the culture can't help but change. This is sometimes a bitter pill to swallow. The organization has to stop revolving around a core group of people and must shift to being process-centric. Hero mentalities in which the company survives on the backs of a small group of employees are dangerous and unhealthy. Processes alleviate the burden of dependency, enable the company to function like a well-oiled machine, and strongly position the company for growth. The right advisors will be able to guide a business owner in the establishment of core business processes to build a strong infrastructure for both efficiency and effectiveness.

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