

## **What is the value of an advisory board? V2**

### **What is the purpose of this article?**

This article enables a discussion about strategic advisory boards for a CEO.

The audience for this article is focused on the CEO of a for-profit business. This article applies to all long-established companies.

This article does not provide tax, legal or financial advice.

You must do your own research and fact-based analysis using current and relevant information.

AI did not write this article. 100% human written.

### **What are the critical learnings in this article:**

- 1) The strategic advisory board helps the CEO understand the underlying problems. The board also helps the CEO change their thinking about how to make critical decisions.
- 2) CEOs leave successful advisory board meetings emotionally and intellectually exhausted. Fundamental learning is like physical training – improvement is painful and exhausting.
- 3) CEOs leave unsuccessful advisory board meetings “feeling good”. The meeting was pleasant with no difficult action or outcomes for the CEO.
- 4) A successful advisory board has members with an extremely diverse background. E.g. exclude people with many years of industry experience and heavily biased towards “the way to solve yesterday’s problems”.
- 5) CEOs who cannot admit being wrong will not benefit from a strategic advisory board. They may not have the cognitive and psychological capabilities to unlearn and change their core thinking.

### **What are different types of advisory boards?**

The strategic advisory board helps you understand the underlying problems. The board also helps you change your thinking about how to make critical decisions.

Other types of advisory boards include:

- 1) External warning board. Making you aware of changes occurring in the world.
- 2) Introductory board – doing introductions for you to potential customers, suppliers, employees, and investors.
- 3) Expert board – a group of experts providing answers to the questions posed by you.

### **What are the differences between a strategic advisory board and consultants?**

The board helps you identify and define the underlying problems. The consultants help solve defined problems.

- 1) Symptoms are indications of problems.
- 2) Your challenge is to identify the root causes of the problems.

### **What does success and failure of the board look like to you after 12 months?**

Success may look like:

- 1) At least one major flawed initiative was stopped due to new insights.
- 2) Significant changes made to the strategic plan before the strategy is presented to the fiduciary board.
- 3) At least one major implementation ran more smoothly.
- 4) You left advisory board meetings emotionally and intellectually exhausted. Fundamental learning is similar to physical training – improvement is painful and exhausting.

Failure may look like:

- 6) Your advisory board offered minor changes to major initiatives and decisions.
- 7) Your advisory board was focused on minor deep details.
- 8) You left each advisory board meeting “feeling good”. The meeting was pleasant with no difficult action or outcomes for you.

### **Who should be on your strategic advisory board?**

Your advisory board has an extremely diverse background. Potential members could include:

- 1) A former corporate CEO.
- 2) A former leader who from complex challenge environments e.g. retired politician, retired faculty dean from a university.
- 3) People who are comfortable telling you that your underlying assumptions are wrong and then explaining why.
- 4) People who can go beyond symptoms to identifying underlying problems and causes.
- 5) People who can use the Socratic technique to enable you to learn and change your core thinking

### **Who should not be on your strategic advisory board?**

People with: a short-term focus, deep historical industry experience, or conflicts-of-interests.

- 1) People with many years of industry experience and heavily biased towards “the way to solve yesterday’s problems”.
- 2) People who are deeply focused on the minutia of what’s happened in the past or currently.
- 3) Professional services providers who may have biases to sell you major projects or be concerned about the financial implications if they upset you.

### **How can you deal with the conflicting advice you’ll get from your strategic advisory board?**

The onus is on you to determine your actions and not for the advisory board to be in 100% consensus. Some of the ways for you to deal with conflicting advice are:

- 1) You must always take notes.
- 2) Always ask for the rationale for the advice, the assumptions or facts.
- 3) Immediately after the board meeting, write down your top 3 cognitive changes.
- 4) Within 48 hours of the board meeting (you must have been able to sleep at least once regarding the board discussion), write down immediate actions regarding changes to current initiatives and plans.
- 5) Ask an executive to validate or invalidate a critical assumption.
- 6) Schedule a meeting with your executive team to deeply probe an issue.

### **What are the characteristics of a CEO who can benefit from a strategic advisory board?**

- 1) You view yourself as the decision maker with accountability vs a consensus seeker.
- 2) You can separate your views of your personal worth from your ideas.
- 3) You know that many decisions will, in hindsight, be wrong.

### **What are the characteristics of a CEO who cannot benefit from a strategic advisory board.**

You cannot admit being wrong. You defend your past decisions rather than learn why they were wrong.

- 9) You try to have the advisory board make the decisions and shift accountability to the board.
- 10) You use the board to support the decisions you have already made. i.e. validate your thinking.
- 11) You do not have the cognitive and psychological capabilities to unlearn and change your core thinking.

### **What are your next steps?**

- 1) Define the words/concepts you’re using, in a glossary. I’ve seen major confusion when the same words mean different things to different people.
- 2) Write the strategic advisory board mandate: Why does it exist? What is within its scope? What is not within scope (e.g. quarterly financial results)
- 3) Define the cognitive profiles of the advisory board members. Recruit the members. To pass an interview each candidate must push back on a strategic problem identified by you.
- 4) Prepare the operational documents e.g. NDA, compensation, meeting schedule for the upcoming 12 months.
- 5) Prior to meeting #1, an onboarding package is sent to each board member and you meet for 1 hour with each board member.
- 6) Structure the first meeting e.g. single problem or question to discuss, you don’t use slides, you restate the rules of engagement (“I am not looking for validation. You must help me understand the flaws in my thinking”)

### **What further reading should you do?**

Are you solving the right problem? Koor & Associates

<https://koorandassociates.org/avoiding-business-failure/are-you-solving-the-right-problem/>

Note taking is key to value creation. Koor & Associates

<https://koorandassociates.org/creating-business-value/note-taking-is-key-to-value-creation/>

Does everyone agree on what strategic planning is? Koor & Associates

<https://koorandassociates.org/strategy-and-strategic-planning/does-everyone-agree-on-what-strategic-planning-is/>

Is the human expert panel concept obsolete? Koor & Associates

<https://koorandassociates.org/creating-business-value/is-the-human-expert-panel-concept-obsolete/>