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More than one way to help: Why business-development advisory boards often fall apart

By Marissa Levin

Virtually every company I work with asks about using an advisory board as a business-development tool. While it is advantageous to engage advisors in the business-development process, it's generally not a good idea to form an advisory board specifically focused on it.

Here are some of the reasons why this idea is flawed:

Business development is one aspect of your business. To successfully deliver what you sell, your business must be strong in all of the supporting operational areas. Your advisory board is one of the most valuable resources to ensure equal strength among all business areas.

Board members are not interested in being your business-development arm. My strategic partner Stan Krejci of The SK Group has assembled hundreds of advisory boards and directors' boards for more than 30 years. Krejci shares this insight: "Business development advisory boards fail relatively quickly because the board members are *not* interested in being held responsible for actually bringing in business, even if they receive some sort of compensation for their efforts."

"Most board members want to focus on the strategic direction and financial well-being of the company, versus being held accountable for bringing in business. A good advisory board member will always be willing to make introductions and open doors for the company's own business development team to actually bring in the business."

Business-development advisory boards lose their appeal quickly. "Advisory board members who are solely focused on business development lose interest pretty quickly, often because they are focused on the business-development aspects of their own companies," says Krejci. "Frankly, business-development advisory boards are boring to most board members. There are not enough engaging conversations and sharing of past experiences of growth to help the company on whose board they sit."

Board members want to contribute more than just their networks. They join boards because they truly want to help solve problems, and help the leadership team become the best leaders they can be.

Businesses need much more than business-development guidance. "While all growing business want as much new business as they can garner, what they really need in the early stages of the company's growth is the stability and advice that experienced advisors will bring to the board and company," says Krejci. An advisory board should be a reflection of your organizational structure, your culture and your offerings.

For one of our clients, who is working to open up the Department of Health and Human Services, we will include a subject-matter expert to help navigate the agency, and understand which missions and sub-agencies will benefit best from my client's offerings. This expert will not be responsible for business development, but rather for educating my client on how the agency runs.

It's entirely reasonable to create a compensation structure that financially rewards board members in the event they bring an opportunity to your business. However, this doesn't replace the standard board-service compensation, and there is no accountability tied to business development.

In addition, depending on how you have defined your board position, your advisors can provide guidance and expertise in various aspects of the business-development process, including prospecting, capture and proposal development. Advisory boards make great mentors to other team members beyond the C-suite.

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