

Why An Advisory Board

We have just started to work for a successful, fast growing family-owned business that will pass \$100 million in revenues this year by being very good at what they do. They want to strengthen their management decision making, relieve some of the pressures on key decision makers, perhaps attract investors to support their capital-intensive growth, and ultimately help them formulate an exit strategy for the owners. [Gene Siciliano](#), President of [WMA](#), is guiding the company in forming a board of advisors. His role: helping to quantify goals, identifying skills and background needed, recruiting board members, and ultimately chairing the board.

Every publicly owned company has a board of directors to oversee and assist the management group on behalf of the shareholders. Many privately owned companies also have boards of directors, but most do not. The challenge to owners, management and directors to work together effectively in privately owned companies has been enough to discourage widespread adoption. The absence of a regulatory body like the SEC, which requires such oversight in public companies, is also a factor. The result has been depriving most privately owned companies of a valuable resource.

Enter advisory boards, which can provide many of the benefits of a board of directors without the headaches that come from oversight authority, fiduciary responsibility and performance pressures. Advisory boards also give comfort to potential investors who want some seasoned, successful people involved with family businesses and newer companies they plan to finance. Now privately owned companies can experience some of the advantages enjoyed by their public counterparts.