How to Create an Advisory Board
(In 6 easy steps!)

By Christine Comaford-Lynch

We all can benefit from advisors—they're the friends from the trenches who've been on the business battlefield longer than we have. Or they're friends who're from a different industry or field who provide a unique perspective. Or they're seasoned or high profile executives who lend you credibility, thus helping you secure customers, financing, or approval for an internal project. You need advisors to bounce ideas off of, to provide a reality check, to tell you when you're about to mess up, to confide in when you're alone at the top of the organization or department.

Here's a process for getting and keeping advisors on your team. Remember: life = the people that you meet + what you create with them. Let's start meeting and creating.

1. **Define your advisory board member profiles.** This is a list of skills and connections you want advisors to have. For instance, I recently mentored a startup in the fashion world. They had two strategic goals: to get a deal with Target and to secure more celebrity endorsements. So, some of the advisors they'd need would have experience/connections:
    a. Cutting favorable and binding deals with mass-market retailers
    b. Selecting, managing, assuring quality of outsourced manufacturers, shipping, lines of credit, all aspects of back-end retail infrastructure and operations
    c. Securing celebrity endorsements in the music, film, TV worlds
    d. Building and incenting a field sales force to ensure the hot boutiques carry their wares and that their merchandise is included in high-profile displays
    e. Marketing expertise in building buzz and perception as an exclusive hot brand, and carefully crafting a separate brand for the mass-market retailers that wouldn't cannibalize their high-end brand, but rather would cause consumers to crave it

You get the idea. You want to advisors that will help you build your business as well as mentor you as an executive. The best size for an advisory board is 8-10 people. With a group of this size you've got plenty of room for diverse skills and contacts.

2. **Determine your expectations of each advisor.** For some advisors, you'll be happy just to have their name on your web site. For others, you'll want to interact with them on a regular basis. For the latter, start out by asking for 15 minutes per quarter. This doesn't sound like much, whereas 1 hour per year might scare busy potential advisors away. You

want to develop a mentor/sounding board relationship with your advisors, so be willing to communicate via the method most convenient for them. Let *them* invite you to meet in person. Don't immediately ask for favors—ask their opinion, ask for advice. *Don't* be greedy. *Do* be grateful. Over time they'll build trust and will introduce you to their contacts.

3. **Create your pitch and comp package.** Why should someone become an advisor to you? What's in it for them? Getting involved in a developing company in a super cool field? Access to interesting/thought-provoking people, such as your executive team and other advisors? Focus on the "soft" benefits first, as you likely won't have tangible financial benefits to offer just yet. You should be able to explain the opportunity to them in 5 minutes or less. Like your financing pitch, your advisor pitch must be concise and compelling. If you have stock, of course you should offer it. Standard advisory board stock ranges are .25 – 3% of your common stock (vested in equal increments over 24 months), based on the degree of interaction you expect from them and their desire for involvement (from light to intense). If you have to give away 3% of your common stock to an advisor who could seriously rock your company, it may be worth it—just make sure the expectations are set out in advance. If you don't have stock to give away, what other compensation might you offer? Perhaps volunteering at their favorite non-profit, or helping them with a project at their office, or helping to remove a problem/hassle they may have in their life. You don't have to offer specific compensation if you don't have anything to provide at the moment. You must, however, express appreciation frequently plus the desire to help them with a project at a later date.

4. **Brainstorm your target list.** This, my friends, is where you *work it*! You'll be glad you've invested time in building your network, because it's about to get a lot better. Ask your friends, colleagues, mentors, vendors, financiers if they know people who meet the profile you seek. Practice your pitch on them to see if they find it compelling. Ask for personal intros to your target advisors. For "cold" pitches, gather all necessary contact info and research the interests of each targeted advisor. What causes do they care about? What are their hobbies? What are their interests?

5. **Recruit your advisors.** Seek out your targeted advisors. Perhaps they're scheduled to speak on panels, at bookstores, at a conference. I've traveled great distances to meet potential advisors, and it's been worth it. Once you give your pitch, they'll likely want to know more. A business plan must be *concise*, *compelling*, and *complete*. A pitch must only be *concise* and *compelling* in order for the prospect to request more info. That's the time to then be *complete*—once they request more info.

6. **Celebrate, incorporate, communicate.** After celebrating your great good fortune in securing some rockin' advisors, it's time to incorporate them into your company's communication flow. Add their names and bios to your web site, set up an e-mail list for monthly or quarterly high-level (10 bullet points, max) advisory board communication, consider two advisory board conference calls twice per year. Keep your requests to a given advisor within the scope of their expertise so you can establish a success pattern

from the get-go. As you work together over the coming months and hopefully years, fulfilling relationships and terrific business connections will result.

Some advisors will contribute more than others, and don't worry if an advisor doesn't end up working out. Rarely is it worth "firing" one—you'll still gain credibility via your association with them. If you committed a high stock compensation package to an advisor, and after repeated requests and they still don't give you any time, have a respectful conversation with them and suggest changing their comp package. It's better to reduce the options you give an advisor than to "fire" them.

For more information on Creating an Advisory Board, see Christine Comaford-Lynch's book ***Rules for Renegades*** *(McGraw-Hill, Summer 2007).*