

# Report reveals advisory boards are a growing force in corporate business

2019 State of the Market Annual Report

Business leaders are backing a global trend and introducing independent advisory boards to help shape their future. The latest report reveals 74% of businesses appointing an advisory board do so to assist with growth strategies.

A further 17% are tapping into the independent expertise delivered by an advisory board for succession planning.

The Advisory Board Centre State of the Market Report reveals a thriving sector with at least 1.3 million advisors operating within an estimated 434,000 advisory boards worldwide.

Report author and CEO of the Advisory Board Centre (The Centre), Louise Broekman, points out "The growth of the advisory board sector is a direct response to the new reality of how the business sector is sourcing advice."

The report estimates that 6% of businesses in the OECD (\$1.5m to \$100m in revenue turnover) show significant growth potential and are strong candidates for advisory boards.

In 2018, 92% of advisor appointments were for new advisory boards, and 8% were for existing advisory boards.

These advisory boards are increasingly able to offer a unique perspective on emerging businesses, ambitious mid-market organisations, multi-nationals and corporations.

The Bank of America, JPMorgan Chase and Deutsche Bank are high profile examples within the banking sector of firms adopting a Corporatised Advisory Board model, one of three formal structures for advisory boards.

The report suggests Corporatised Advisory Boards will continue to build as a "bone-fide business practice driven by ethical and independent input". At a time when there is increased global scrutiny of governance boards and increased director workload advisory boards can help safeguard corporate executive teams and preserve business integrity.

The report points to the benefits of a customised advisory board comprised of independent C-suite advisors with skills and experience pertinent to a firm's current requirements. Business chiefs are able to shape the board to suit their needs, at every stage of the company's development.

The key drivers for appointing an advisory board are:

Growth (74%) Succession planning (17%) Increasing asset value of the business (5%) Sustainability of operations/business model (5%) "A formalised Advisory Board is a simple and powerful management tool. Its inherent flexibility allows the board structure to shift to meet the needs of the business, making the model a compelling instrument for strategic thinking and independent evaluation," Broekman says.

Broekman recommends advisors and advisory boards be considered as part of the consulting process by organisations seeking a multi-disciplinary and integrated approach.

She says increased education, expert selection of advisors and monitoring are crucial in further cementing the sector's role in shaping Australian business.

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Download the Advisory Board Centre 2019 Annual State of the Market Report

Key statistics:

434,000 advisory boards worldwide 1.3m active advisory boards advisors 92% of advisory board appointments were to newly established boards 34% of advisory boards are appointed on a project basis Additional information

Case studies:

100% growth

Greg Kentish is founder and CEO of Acacia Connection, a boutique specialist provider of EAP services in Australia and New Zealand. Greg appointed an advisory board to provide a solid foundation and leverage points to support rapid growth.

"Since implementing the Advisory Board, my business has experienced 100% growth," he reveals. "Our growth forecasts remain strong and the outlook for our group of businesses is very positive.

"The support and advice that I have received from the Advisory Board has been invaluable.

As an entrepreneur, I really appreciate that I receive great advice from my Advisory Board, but I am not bound by their recommendations.

"I enjoy the structure and discipline of the meetings. But I think one of the very best parts is the opportunity to work closely with advisors who are

successful entrepreneurs and business professionals who are willing to share their success, experience, connections and innovative thinking with me.”

#### Advice with no strings attached

Anthony Jones is the principal of Templetons Financial, one of Brisbane’s leading financial planning groups. Anthony recently appointed an advisory board to take the business to the next level.

“Templetons Financial has been around since 1982 and I believe we have been very successful in helping thousands of clients make wise financial decisions. Over the past two years however the business has substantially changed in response to increasing regulatory pressure and the digital disruptions occurring in the industry and we are now on a strong growth trajectory.”

Anthony admits that the business needed to get its backyard in order.

“We were looking for specific advice from our advisory board and were able to appoint members who could provide that advice with no strings attached. The fact the board members have no financial or fiduciary stake in business meant I feel comfortable their advice is independent.”

#### Start-up sounding board

For start-up business leader Matthew Horton of foundU, an all-in-one HR platform providing solutions from recruitment to payroll, an advisory board provided an appropriate sounding board for the leadership team.

“Having worked with governance boards in the past I appreciated the benefit of other counsel testing your ideas and challenging your assumptions. I also recognised that governance boards don’t work for start-ups. They are too structured and far too focused on their own fiduciary obligations,” he says.

Matthew’s advisory board has provided “incredible value” to the business, he says.

“They have forced us to become more structured in our thinking, challenged our decisions and provided some much needed advice in the tech space which is the backbone of our business.”

For more information or an interview with Louise Broekman, CEO and Founder, contact [media@advisoryboardcentre.com.au](mailto:media@advisoryboardcentre.com.au) +61 408 477 165

#### About the Report

The findings in this report are based on a series of surveys conducted on behalf of the Advisory Board centre and actual case studies of Advisory Board activities from July 2017 to December 2018. Respondents are drawn from 250 individual chairs, advisors and experts. Participating organisations include those which are actively engaged with more than 100 Advisory Board events. These firms range from pre-revenue start-ups to intranational organisations with annual turnover of \$200m. The report investigates how companies are engaging with advisory boards in future-proofing their business and reviews long term trends in the sector.

#### About the Advisory Board Centre

The Advisory Board Centre is an independent industry group supporting the business and professional advisory sector. Our research, advocacy and education programs provide a practical pathway for businesses to increase competitiveness, support faster innovation and drive economic impact through effective engagement with Advisors.

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